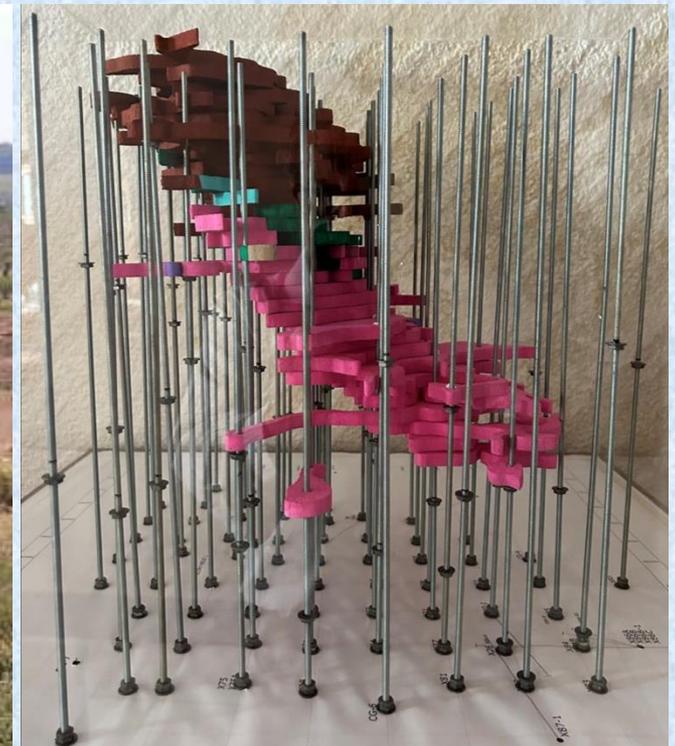


BILBAO - A Polymetallic Deposit in Skarn



AGENDA

I. Introduction

II. Location, Climate and Infrastructure

III. Historical Background

IV. Mining and Surface Property

V. Regional Geology

VI. Local Geology

VII. Exploration and Drilling

VIII. Mineralization

IX. Resource Estimate

X. Bilbao in the Regional Metallogenetic Context

XI. Conclusion

I. INTRODUCCIÓN

The Bilbao Project is located in the municipality of Pánfilo Natera, in the state of Zacatecas, Mexico. The first mining record of the Bilbao property dates back to 1928, although the initial discovery of high-grade silver and lead oxide mineralization undoubtedly predates this, likely stemming from one of the numerous silver mines discovered during the Spanish colonial era in Zacatecas, which dates back to 1546. Regionally, by the 1590s, there were already beneficiation estates in Ojocaliente processing minerals from the area of the current Pánfilo Natera municipality. Since then, Bilbao, El Cabezón, and other mines in the region have been worked intermittently.

The Bilbao Project consists of nine (9) mining concessions totaling 1,406.69 hectares. Additionally, Royalties Inc., formerly Xtierra, through its subsidiaries, owns approximately 300 hectares covering the area of the Bilbao deposit southwards to State Highway 49.

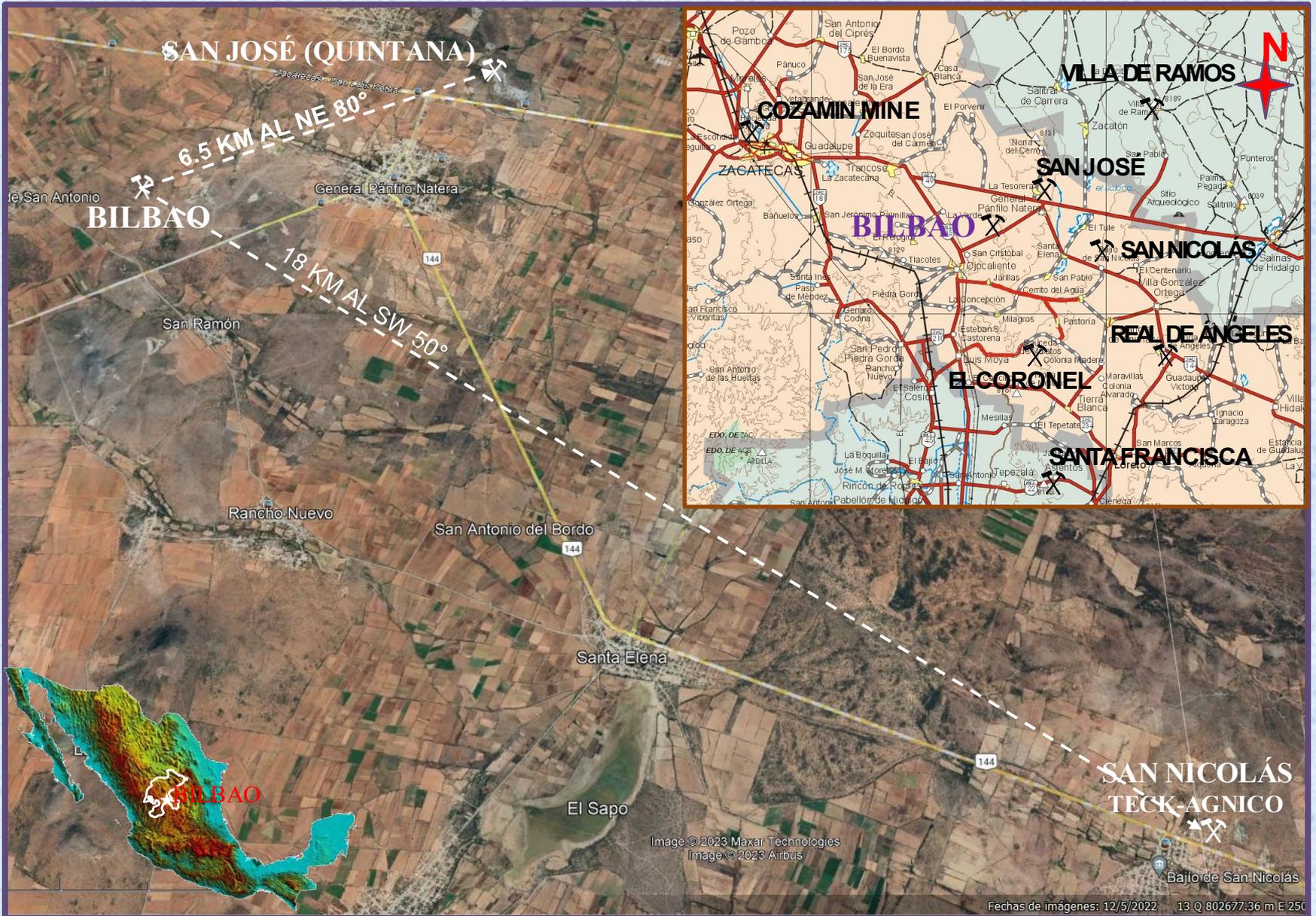
The Bilbao deposit occurs as massive sulfide bodies in skarn, replacing porous Cretaceous limestone at the contact with a Tertiary granodioritic intrusion. The mineral bodies are irregularly shaped, consisting of sulfide and/or oxide minerals, appearing as lenses up to 50 meters thick that preferentially follow the limestone stratification or align along the contact with the granodiorite, where they develop as skarns. Drilling has also intersected at least seven (7) strongly mineralized bodies representing oxide, mixed, and sulfide mineralization. Furthermore, there are numerous intersections of lower-grade mineralization with partial replacement of the limestone by sulfides or their oxide equivalents.

The continuity of the skarn-type deposit remains open to the south and northeast. Additionally, high-grade silver veins have been identified to the southeast of the main deposit, with high silver potential; drill hole 26 intersected 3.00 meters with 1.3 kg/t of silver. There is also the possibility of discovering volcanogenic massive sulfides (VMS) within the mining concessions that constitute the Bilbao Project, as Bilbao is hosted in a volcanosedimentary environment.

The NI 43-101 report, prepared in 2014, presents a resource estimation of:

- *9.7 million tonnes of Indicated Resources with grades of: 2.43% Zn, 2.09% Pb, 0.21% Cu, 59.40 g/t Ag*
- *4.0 million tonnes of Inferred Resources with grades of: 1.43% Zn, 1.55% Pb, 0.18% Cu, 53.64 g/t Ag*

II. Location, Climate, and Infrastructure



II.1. Climate



The Bilbao Project, located at an average elevation of 2,145-2,160 meters above sea level, has a semi-arid steppe climate with moderate temperatures of 18-20°C throughout the year, occasionally dropping to 0°C and rising to as high as 38°C, typical of the Mexican Plateau. The prevailing winds are light to moderate but constant, typically coming from the southeast. The average annual precipitation in Bilbao is 395.6 millimeters, with the majority of rainfall occurring during the months of June and September.

II.2. Excellent Infrastructure



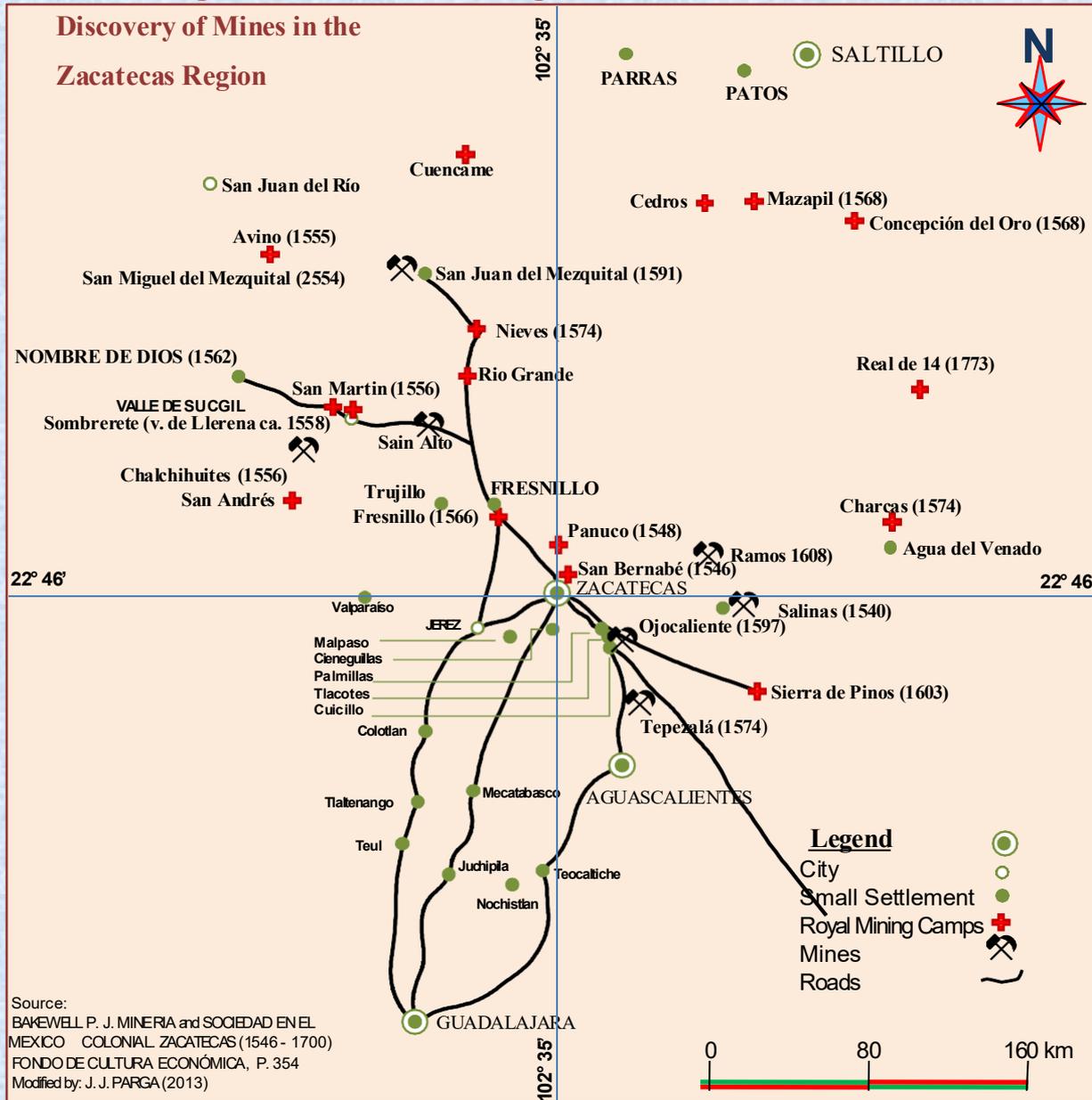
III. Historical Background and Mining of Bilbao

In Zacatecas, there are remnants of pre-Hispanic mining activities in Chalchihuites, where malachite and chrysocolla were produced; it has been interpreted that in the 5th century AD, the most intense mining activity in Mesoamerica took place. Other regions in Zacatecas with mines of “green stones” include the municipalities of Concepción del Oro, Mazapil, Melchor Ocampo, and near Bilbao in Ojocaliente. The first mining record of the Bilbao property dates back to 1928. Since then, the mine was worked intermittently until the late 1940s, and modern exploration of the deposit began in 1992 and continued until 2021.

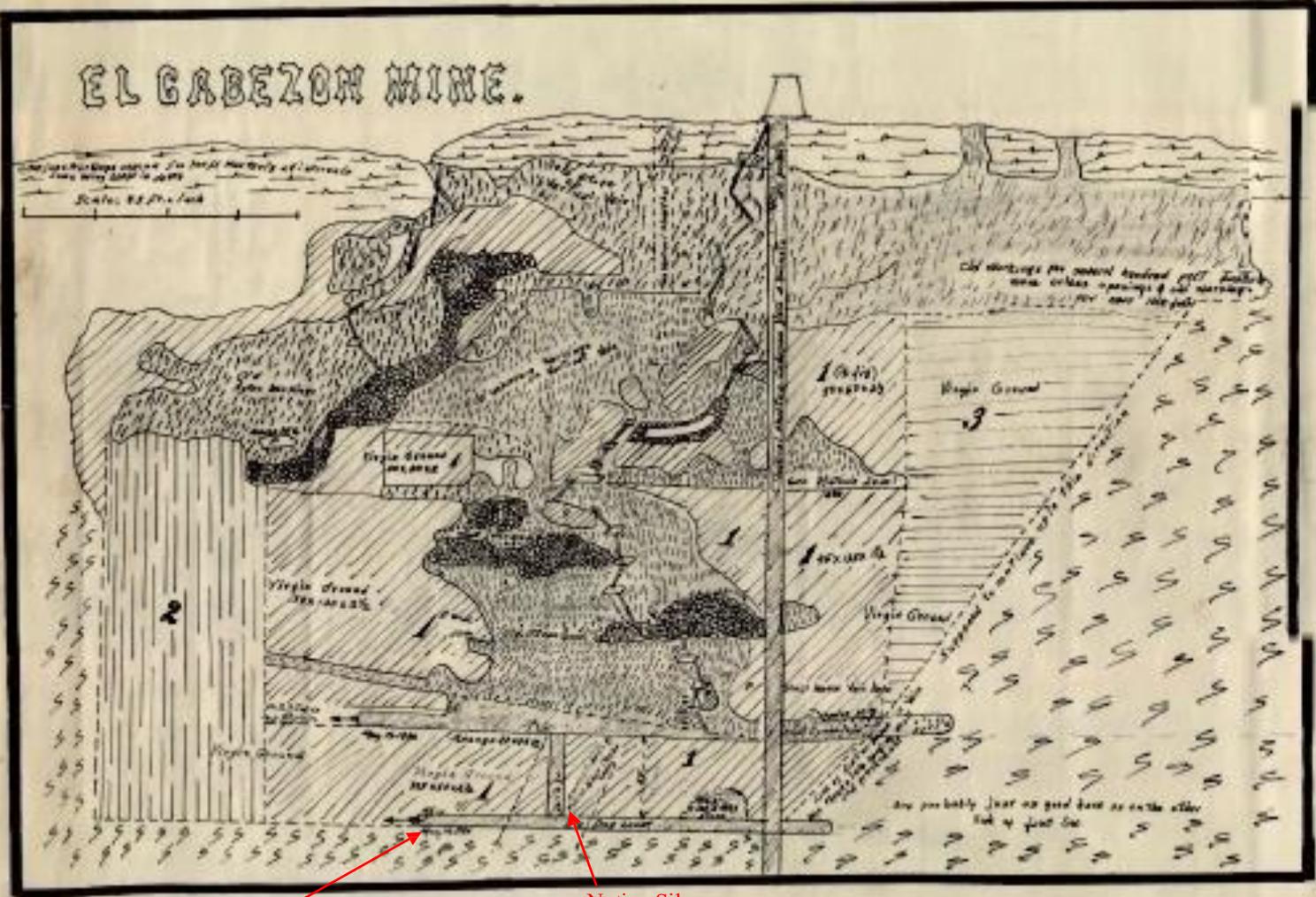
Currently, Zacatecas primarily produces silver, gold, lead, copper, and zinc. To a lesser extent, it also produces mercury, antimony, cadmium, non-metallic minerals, and ornamental rocks. Mining currently contributes significantly to the economy of Mexico, and particularly to Zacatecas.

Geologically, it is considered that the silver wealth of Mexico, and especially that of Zacatecas, is the result of a perfect storm of geological, tectonic, and magmatic events (P. Megaw).

III. Historical Background of Mining in Bilbao



EL CABEZÓN MINE.

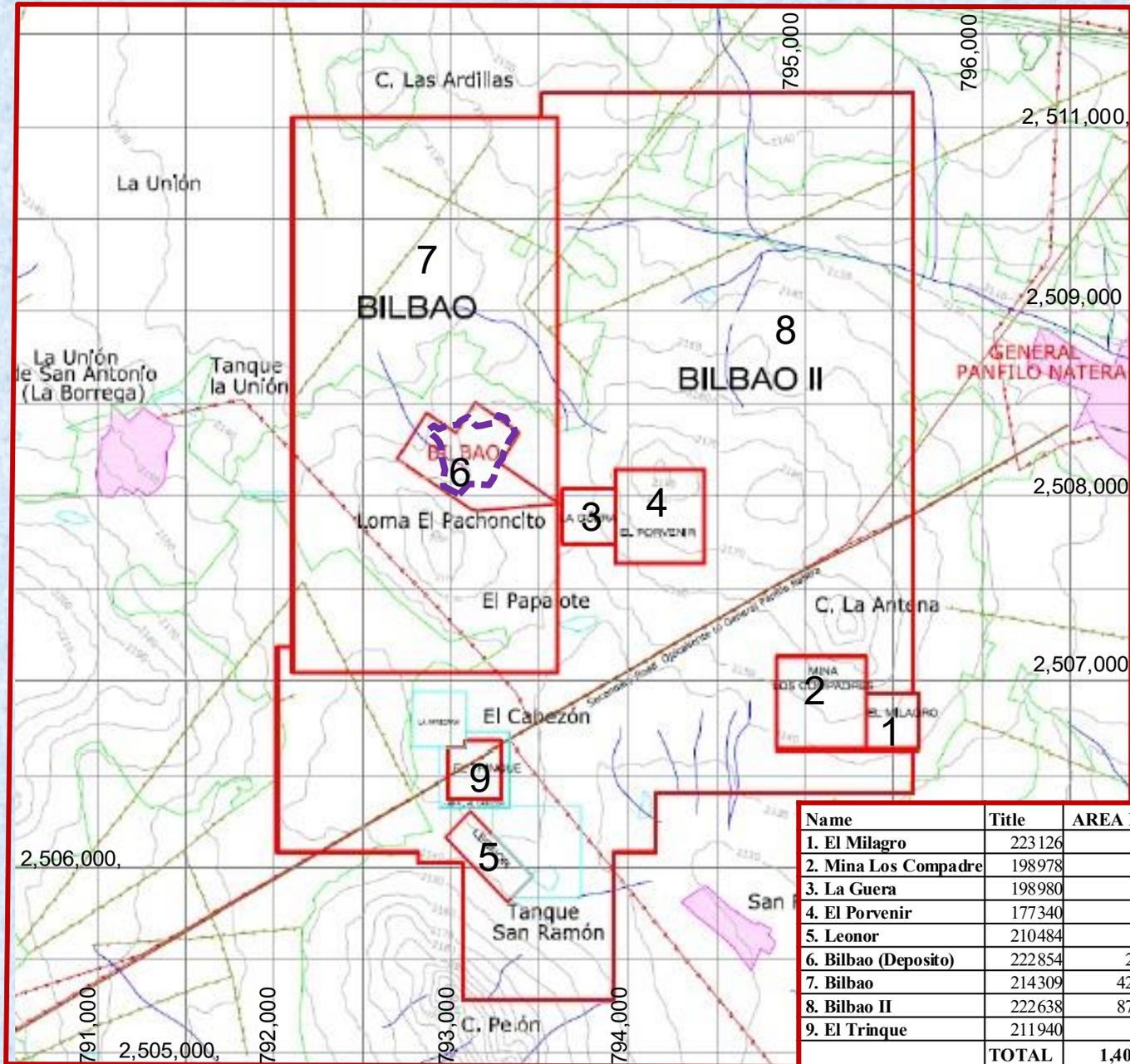


May 14-1890

Native Silver

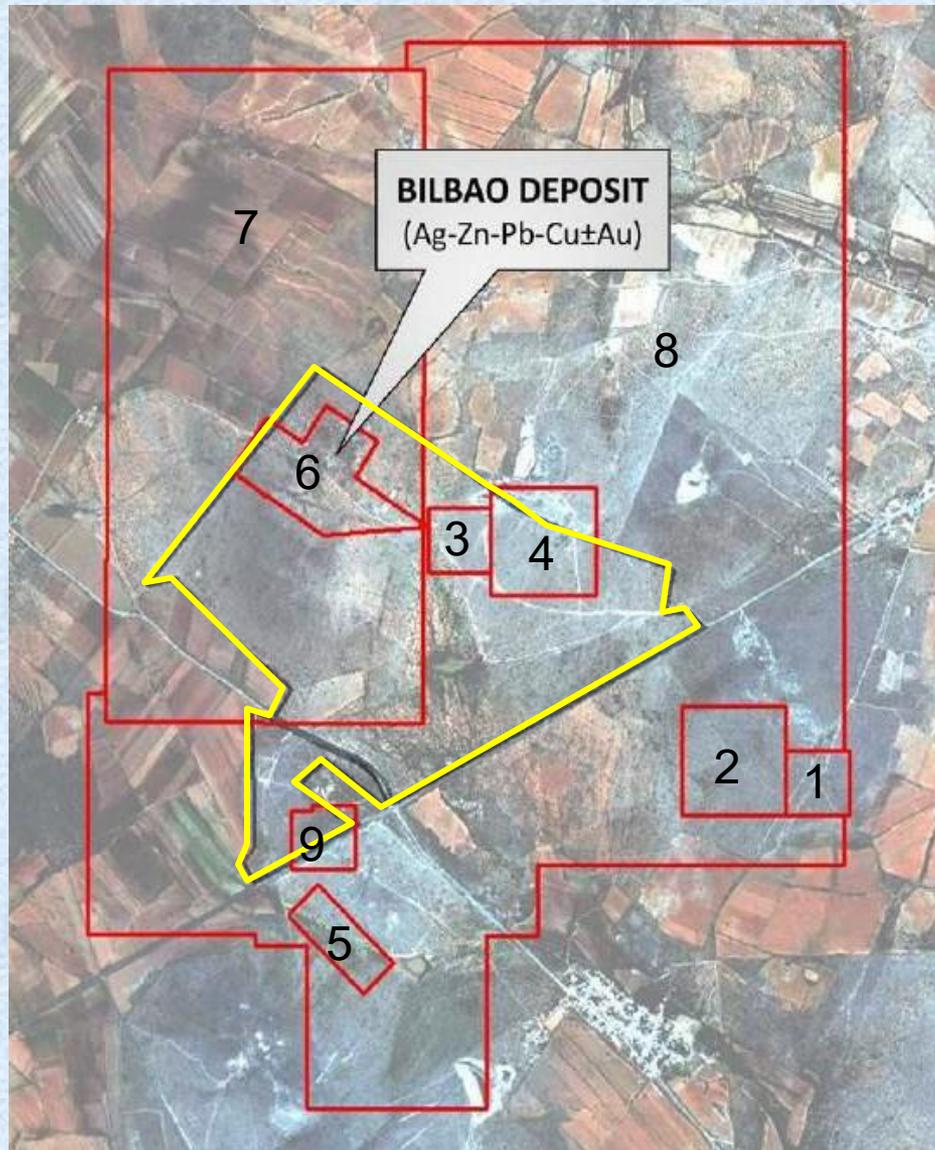
SECTION OF THE EL CABEZÓN MINE, MADE IN MAY 1890. THE MINE WAS OPERATED BY AN ENGLISH COMPANY.

IV.1. Mining Property



Name	Title	AREA Has.	Owner
1. El Milagro	223126	9	Bilbao Mining, S.A. de C.V.
2. Mina Los Compadre	198978	25	Bilbao Mining, S.A. de C.V.
3. La Guera	198980	9	Bilbao Mining, S.A. de C.V.
4. El Porvenir	177340	25	Bilbao Mining, S.A. de C.V.
5. Leonor	210484	10	Bilbao Mining, S.A. de C.V.
6. Bilbao (Deposito)	222854	27.34	Bilbao Resources, S.A. de C.V.
7. Bilbao	214309	422.77	Bilbao Resources, S.A. de C.V.
8. Bilbao II	222638	870.03	Bilbao Resources, S.A. de C.V.
9. El Trinque	211940	8.54	Bilbao Resources, S.A. de C.V.
TOTAL		1,406.69	

IV.2. Mineral And Surface Property



Mineral Property

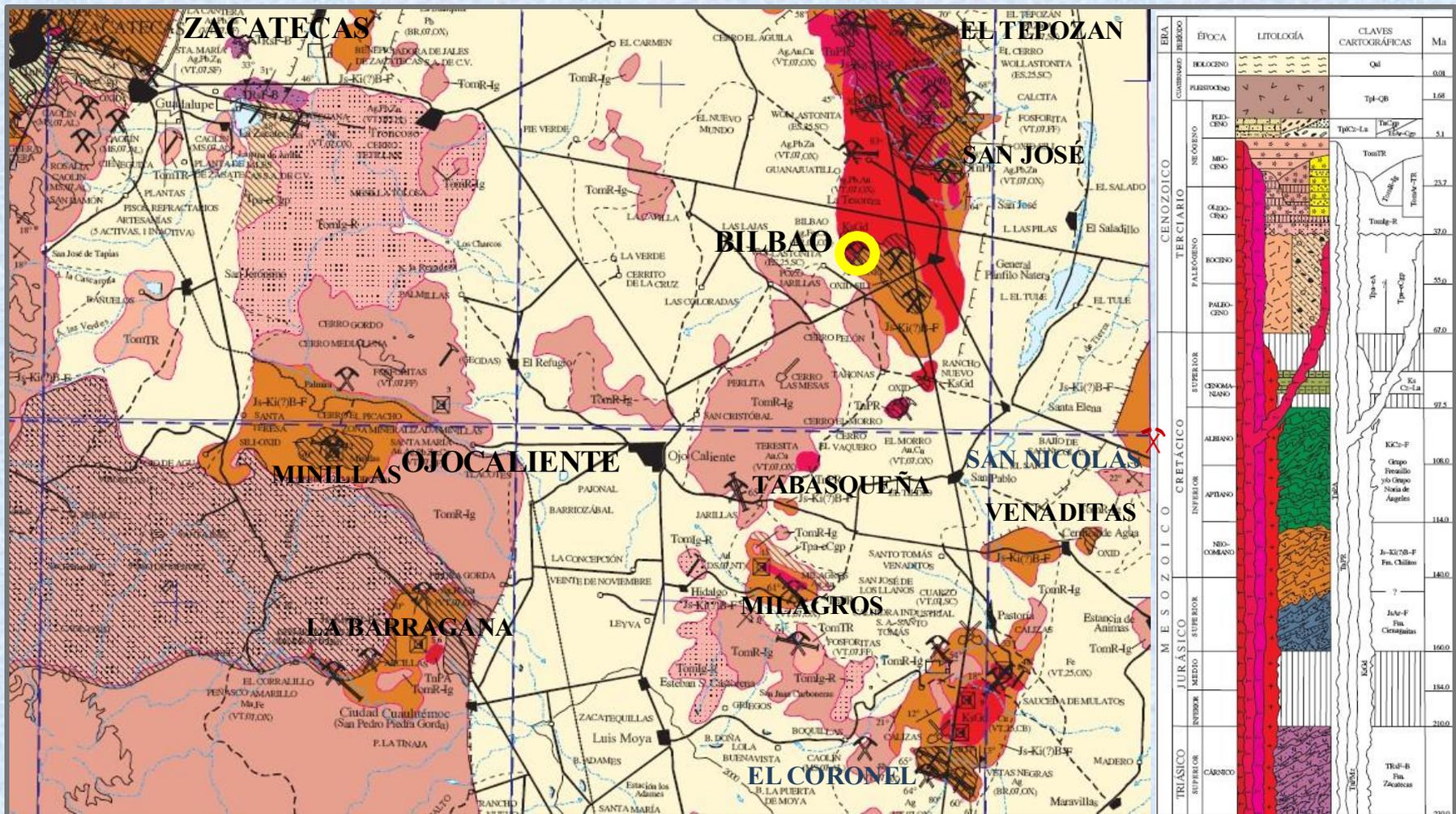
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	TOTAL	1,406.69	

Image of Google Maps showing the boundary of mining concessions and surface land owned by Royalties Inc.

 Boundary of Royalties Inc.'s mining concessions.

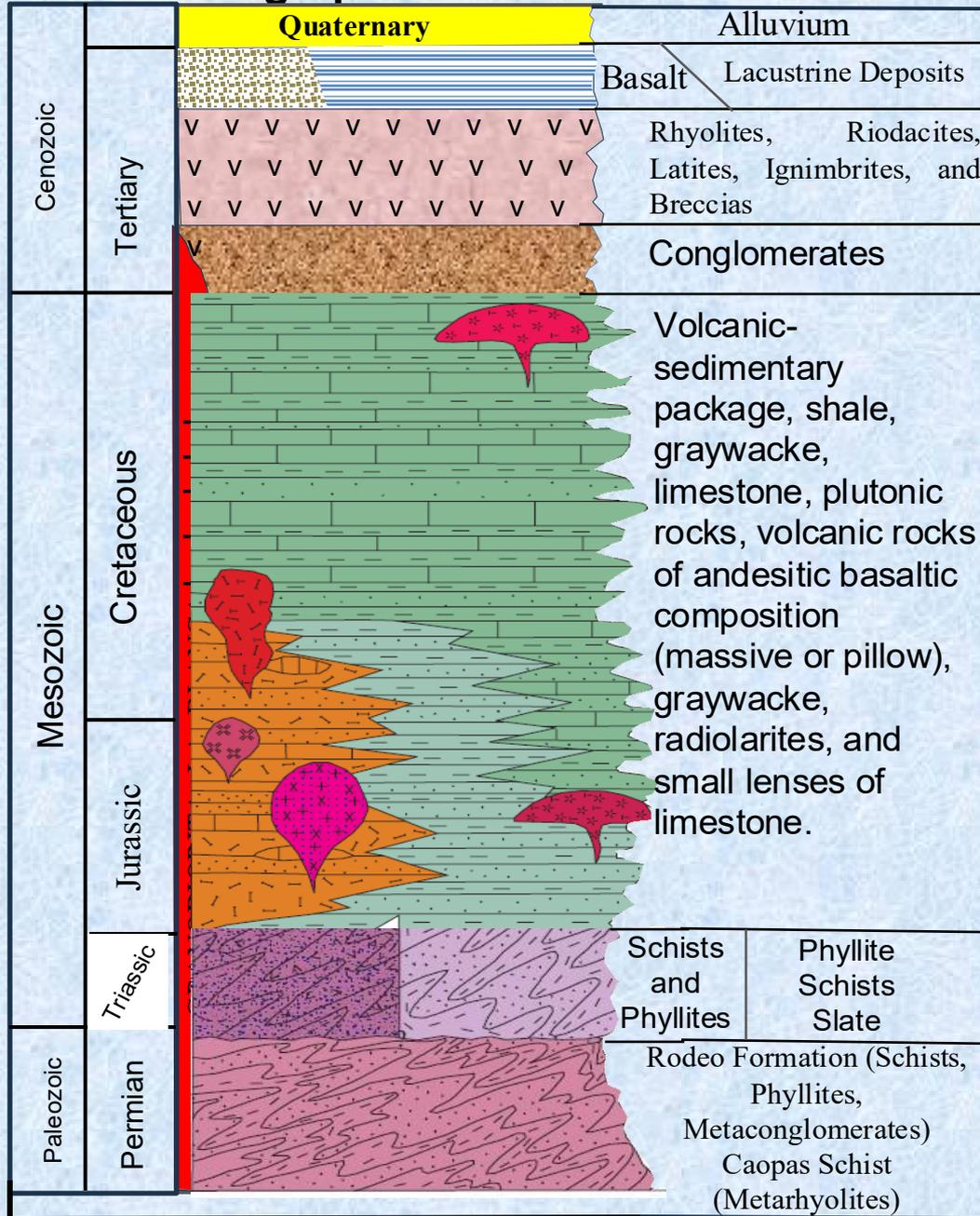
 Boundary of surface lands owned by Royalties Inc. (300 hectares).

V. Regional Geology of the Pánfilo Natera Area, Zacatecas.

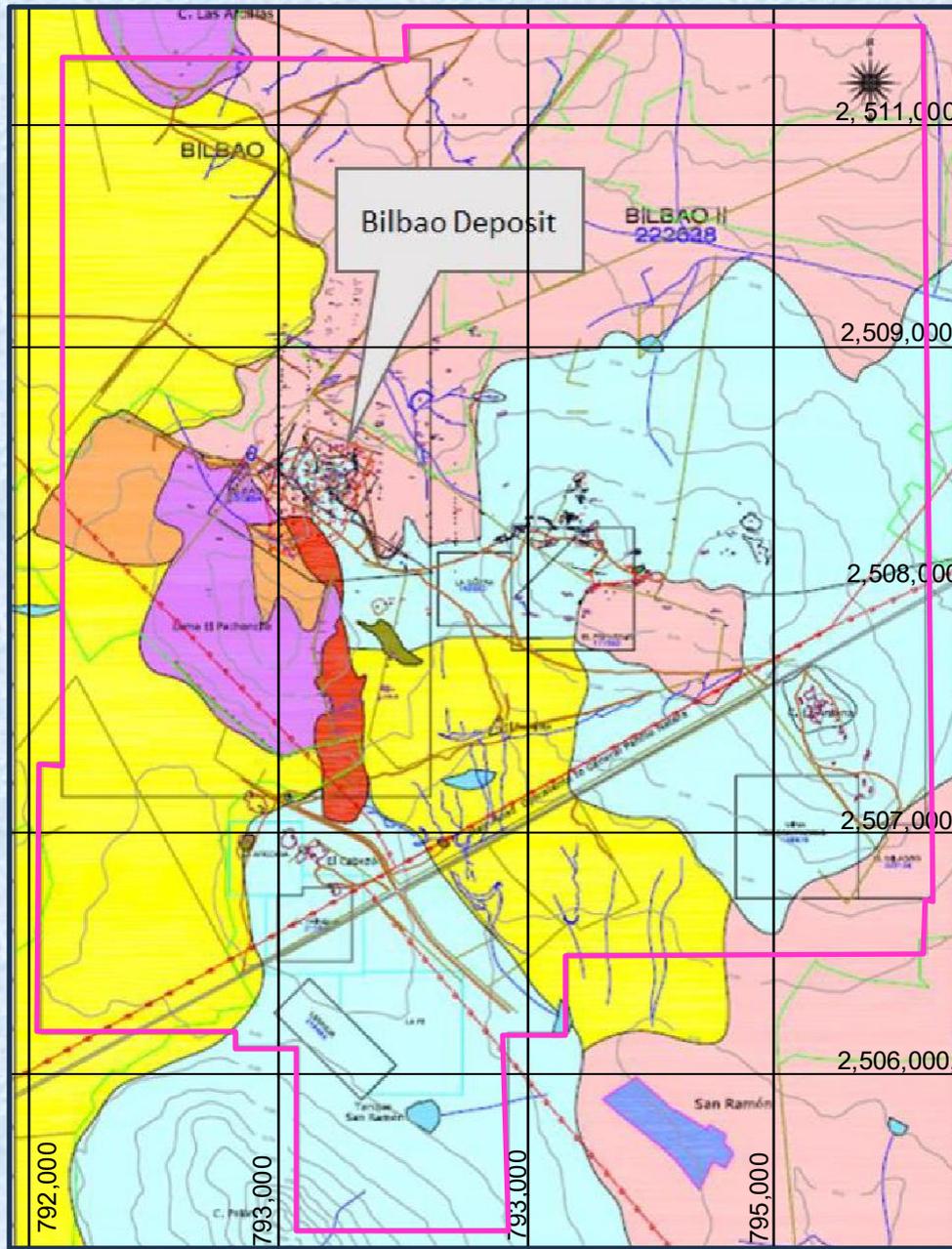


In the southeast region of the state of Zacatecas, sedimentary, intrusive igneous, volcanic, and metamorphic rocks outcrop. The apparently oldest volcanic unit corresponds to a volcanic-sedimentary sequence from the Upper Jurassic to Lower Cretaceous, represented at the base by marine flysch-type deposits and a thick package formed by a sequence of massive and pillow basalts, sandstones, shales, limestones, and calcareous sediments, occasionally exhibiting low-grade metamorphism. The Cenozoic is mainly composed of volcanic rocks and intrusive rocks with acidic to intermediate composition. The Lower Tertiary is represented by a polymictic conglomerate. Later, the emplacement of intrusive igneous rocks generated skarn zones at the contact between limestones and bodies of granodioritic intrusive igneous rocks. The youngest rocks are Quaternary alluvial deposits.

Bilbao in the General Stratigraphic Column of Central Mexico



VI. Local Geology of Bilbao



Legend:

- Alluvium
- Basalt
- Granodiorite La Blanca
- Rhyolitic tuff
- Intrusive rhyolite
- Limestone
- Chilitos Formation, Andesite
- CONCESIÓN MINERA
- Town
- State Highway
- Dirt Road
- Power Line
- Fence
- Dam
- Contour Line
- Geological Contact
- Strick and Dip
- Vien
- Fault/Lineament
- X33 Drill Hole

VII. Exploration and Drilling

Since 2006, a total of 113 diamond-drill holes with core recovery (HQ-NQ) have been drilled at Bilbao, of which 104 were vertical. All holes were geologically described and sampled in the mineralized intervals. The estimated mineral resource block was constructed using only 105 drill holes with assays (27,609 meters), with unreliable holes discarded for various reasons.

Campaign	Year	Number	Meters
FASE I	2006	28	7,222
FASE II	2006	15	4,138
FASE III	2008-2009	7	1,900
FASE IV	2010-2011	31	7,688
FASE V	2011-2012	18	4,875
FASE VI	2013	6	1,785
TOTAL		105	27,609

Geophysical studies, soil geochemistry, and various metallurgical and techno-economic feasibility studies were also conducted.

VIII. Mineralization

The Bilbao deposit is a contact metamorphism-origin deposit, classified as a skarn-type deposit. It developed in marbleized limestones at the contact with the La Blanca granodiorite. The mineralization occurs as replacement bodies of sulfides formed along the limestone strata and as smaller replacement bodies within the intrusive (endoskarn).

The highest grades are found at the contact between the limestone and the main intrusive body toward the west. The main economically valuable metals present are silver, zinc, copper, and lead, along with minor amounts of gold, cadmium, and tin.

The deposit is weathered to an average depth of 120 meters, so the upper part of the mineralized body is made up of iron oxides containing Ag-Zn-Pb-Cu. Beneath the oxide layer, there is a transition zone, and below that, the metals occur as sulfides.

VIII. Mineralization

The Bilbao deposit occurs as skarn bodies parallel to the stratification of the limestones within the Lower Cretaceous volcanosedimentary sequence (Guerrero Terrane). The mineralization replaces the limestone at the contact with the granodiorite, forming irregularly shaped bodies that crosscut the stratigraphy.

The mineralization within the Bilbao deposit is defined by:

Mineralization Styles of the Deposit:

- **Oxide Zone** (from the surface to a depth of 150 meters)
- **Mixed Zone** (Oxides–Sulfides)
- **Sulfide Zone**
- **Breccia Zones Rich in Silver (Ag)**
- **Late-Stage Veins Rich in Silver**



Figure 25-24: Unoxidized massive sulphide (DDH: X-13, approximately 174 metres depth)



Figure 25-23: Complex oxidation in limestone (DDH: X-29)

VIII. Mineralization

The oxide and sulfide mineralization of the Bilbao deposit occurs as **lenticular bodies** with thicknesses of up to **30 meters**, which are preferentially **concordant with the limestone stratification** or **transgressive within the stratigraphy** at the granite contact, where skarn bodies develop.

Drilling has intersected **at least seven strongly mineralized bodies** that occur as **oxides, mixed, and sulfide zones**. Additionally, there are numerous low-grade mineral intersections representing **partial replacement of the limestone by mineralization**.

The mineralized horizons have been defined within an approximate area of **400 x 300 meters** and are best developed in the **northeast direction**, particularly in drill hole **X13**, which shows **massive and semi-massive sulfide mineralization** over a thickness of **40 meters**.

The **intensity and thickness** of several mineralized horizons show a general trend of **lateral grade reduction**, which appears to define a **"core zone"**, containing the majority of the mineral resources.

The **transition zone from oxides to sulfides** extends to a depth of **130–150 meters**. Some lenses occur **above the transition** and are predominantly oxidized, while **sulfides dominate below** this depth.

VIII. Mineralization

The Bilbao deposit represents a typical case of skarn originated by contact metamorphism developed through a systematic fluid replacement in carbonate rocks. The selective replacement of certain limestone horizons favored the formation of mineral bodies with lenticular geometry. The skarn-type mineralization is preferentially located at the contacts of the granodiorite with the intrusive. Sulfides have been identified from a minimum depth of 58 meters to a depth of 298 meters.

The distribution of mineralization in the Bilbao deposit is complicated; pervasive oxidation preferentially affects the thinner layers and the marginal zones of the thicker ones. The main primary sulfide species are: pyrite, sphalerite, galena, and chalcopyrite. Sphalerite occurs as the "black-jack" variety. Other sulfides present in smaller amounts in Bilbao are: pyrrhotite, marcasite, arsenopyrite, bismuthinite, bornite, molybdenite, and guanajuatite. The list of the main minerals recognized in Bilbao is presented in the following table.

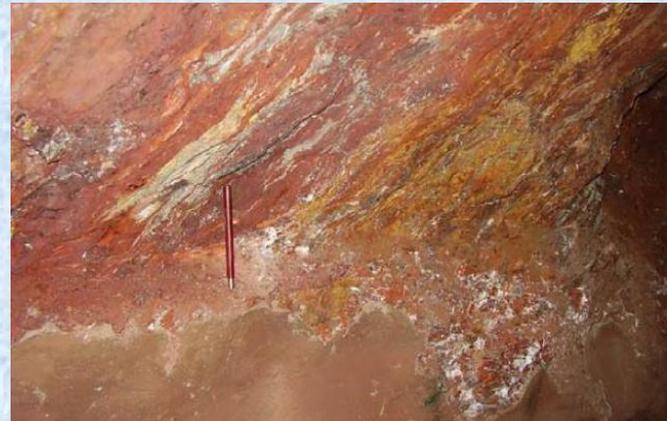
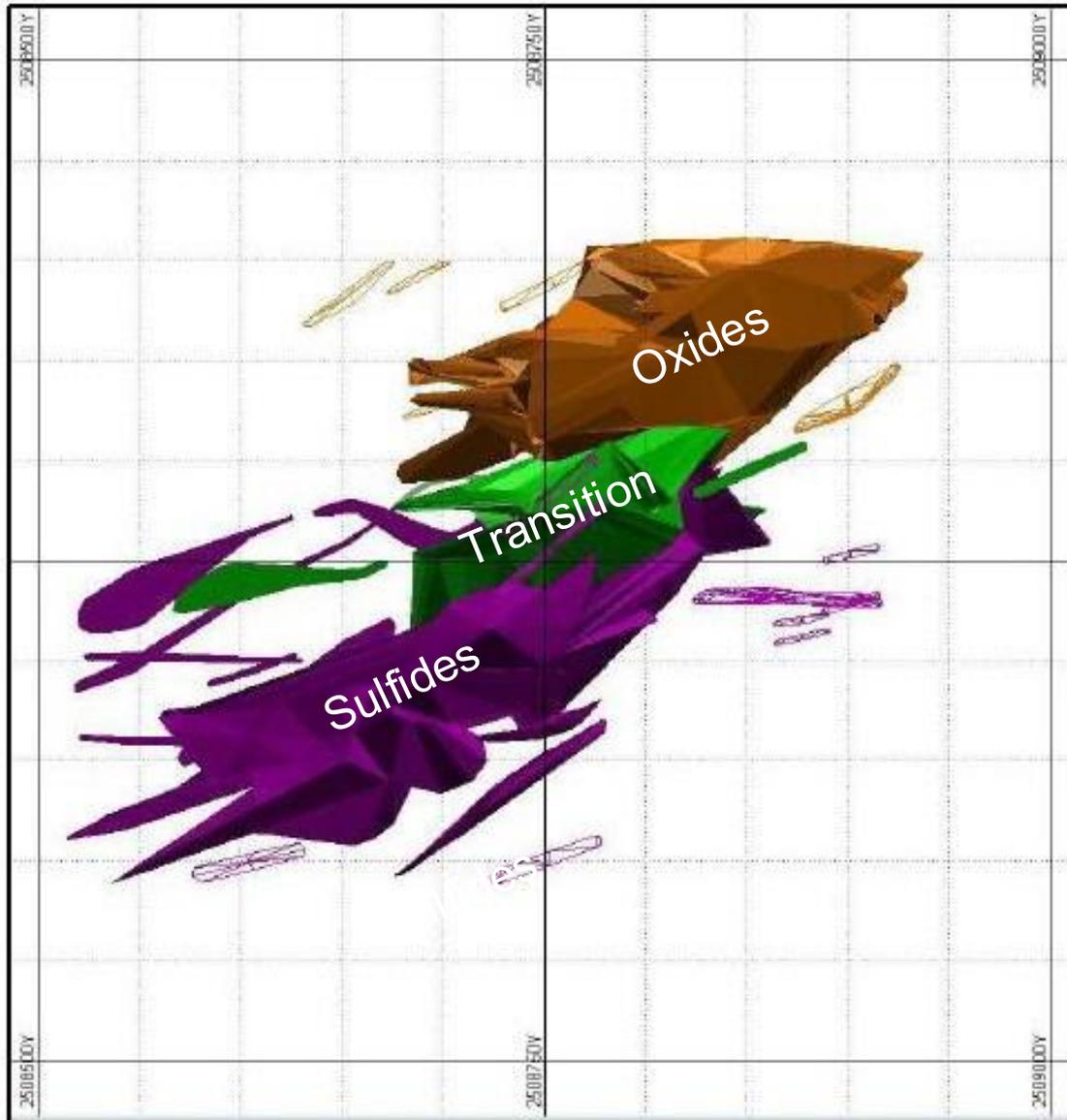
Main Minerals Identified in Bilbao

METAL	Native Element	Sulfides	Oxides	Silicates	Sulfates	Phosphates	Arsenates	Carbonates
Copper	Cu Native	Chalcopyrite Chalcocite Bornite Emplectite		Chrysocolla		Pseudomalachite		Malachite
Lead		Galena	Minium	Larsenite	Anglesite	Pyromorphite Phosphohedyphane Corkite	Hedyphane Ogdensburgite	Cerussite
Zinc		Sphalerite	Franklinite Hemimorphite					Smithsonite
Silver	Native Silver	Stromeyerite						
Gold	Native Gold							
Iron		Pyrite Marcasite	Hematite Goethite Limonite Magnetite		Jarosite			
Tin		Stannite	Cassiterite					
Others		Arsenopyrite Bismuthinite Guanajuatite	Quartz Ilmenite Wad	Garnets Clays Pyroxenes Hedenbergite	Barite Gypsum Anhydrite Basaluminite	Apatite Xenotime		Dolomite Calcite Rhodochrosite

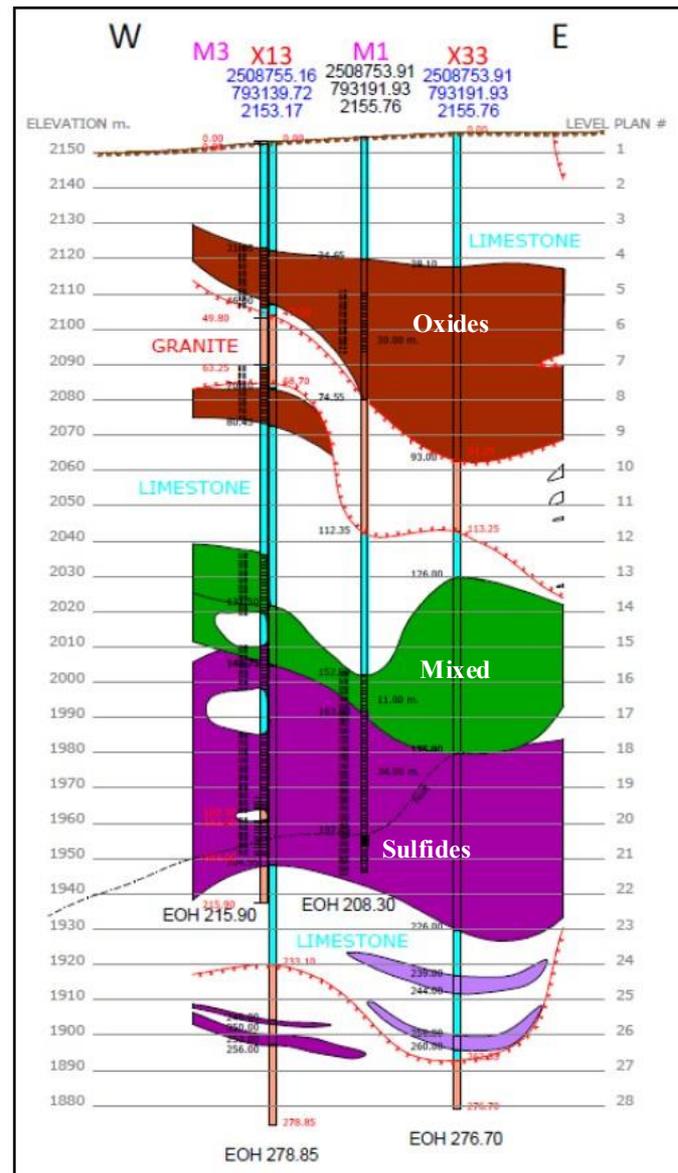
Note: The main minerals are in Bold and Yellow.

Prepared by: J. J. Parga, 2023.

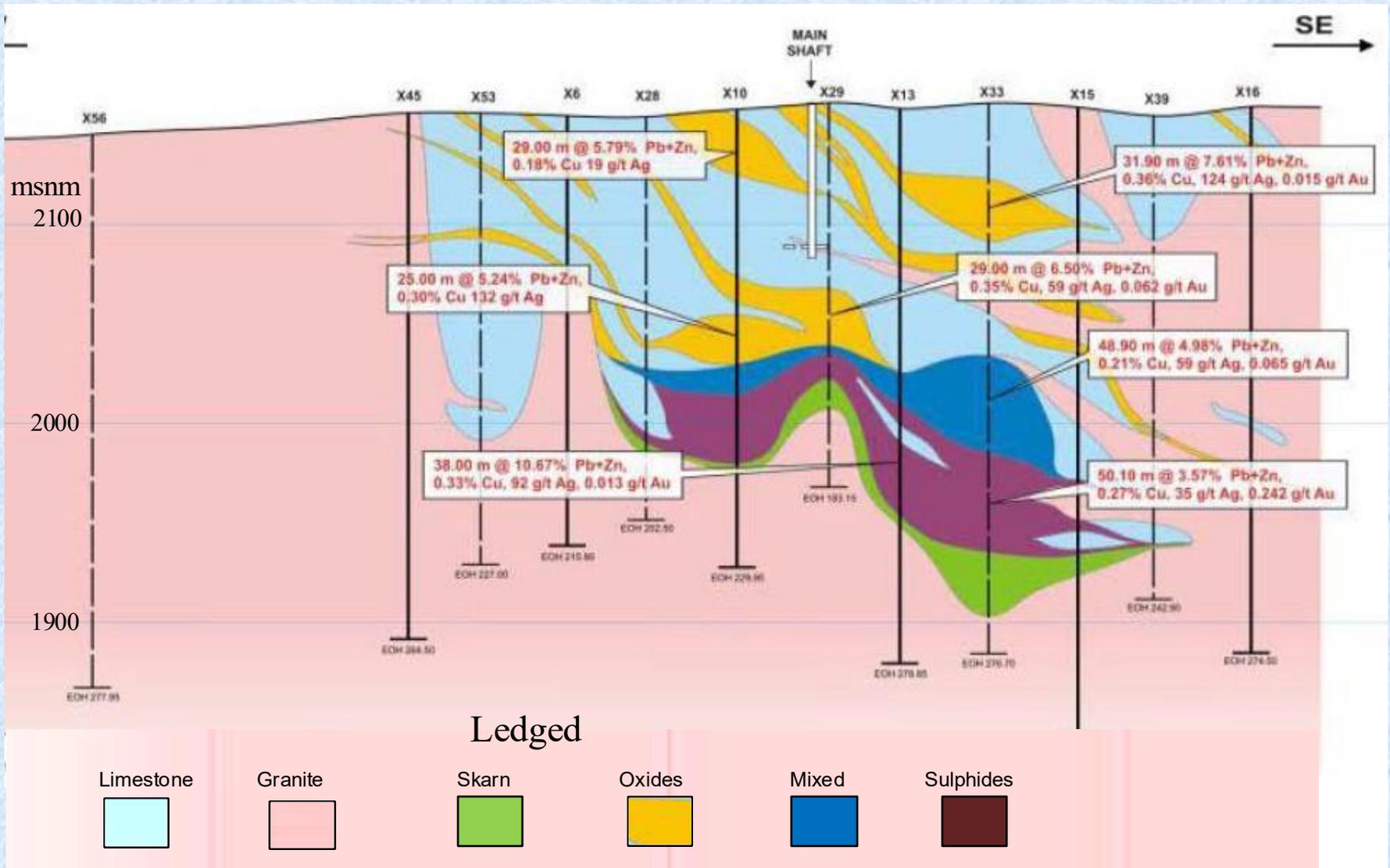
Vertical distribution of the different ore types in Bilbao



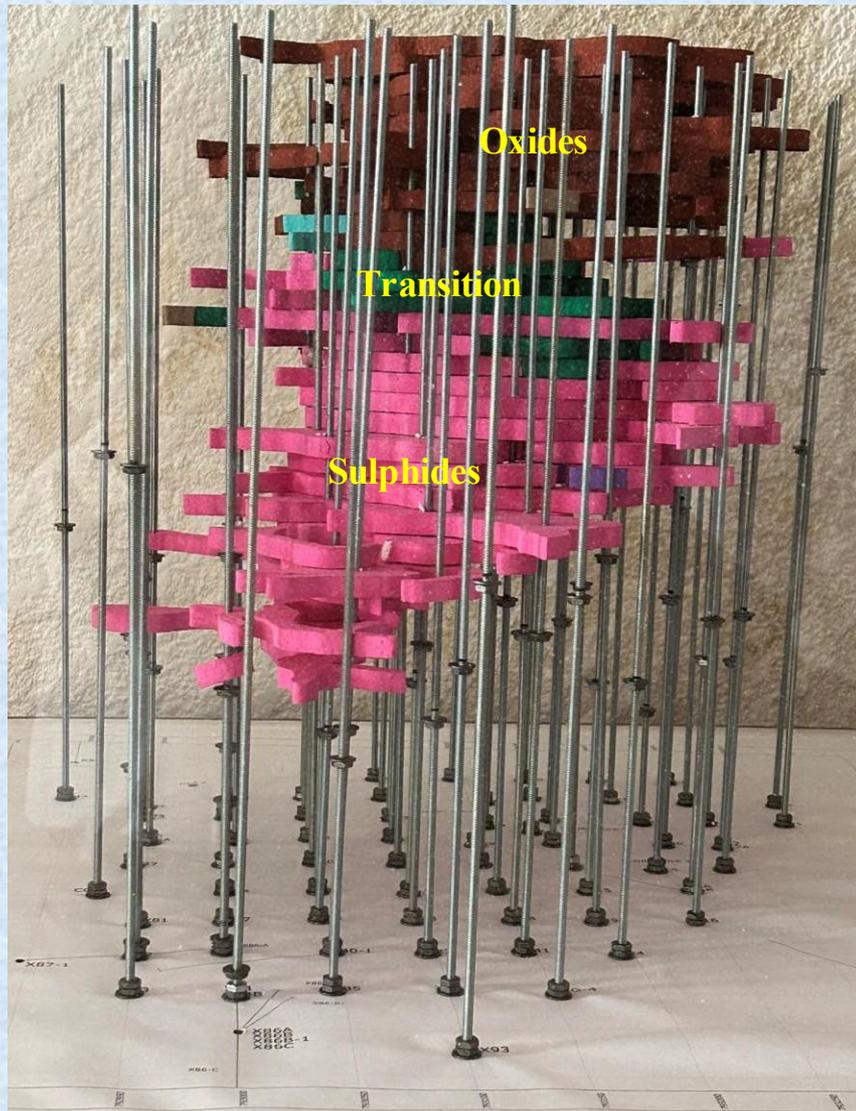
Vertical distribution of the different types of ores in Bilbao



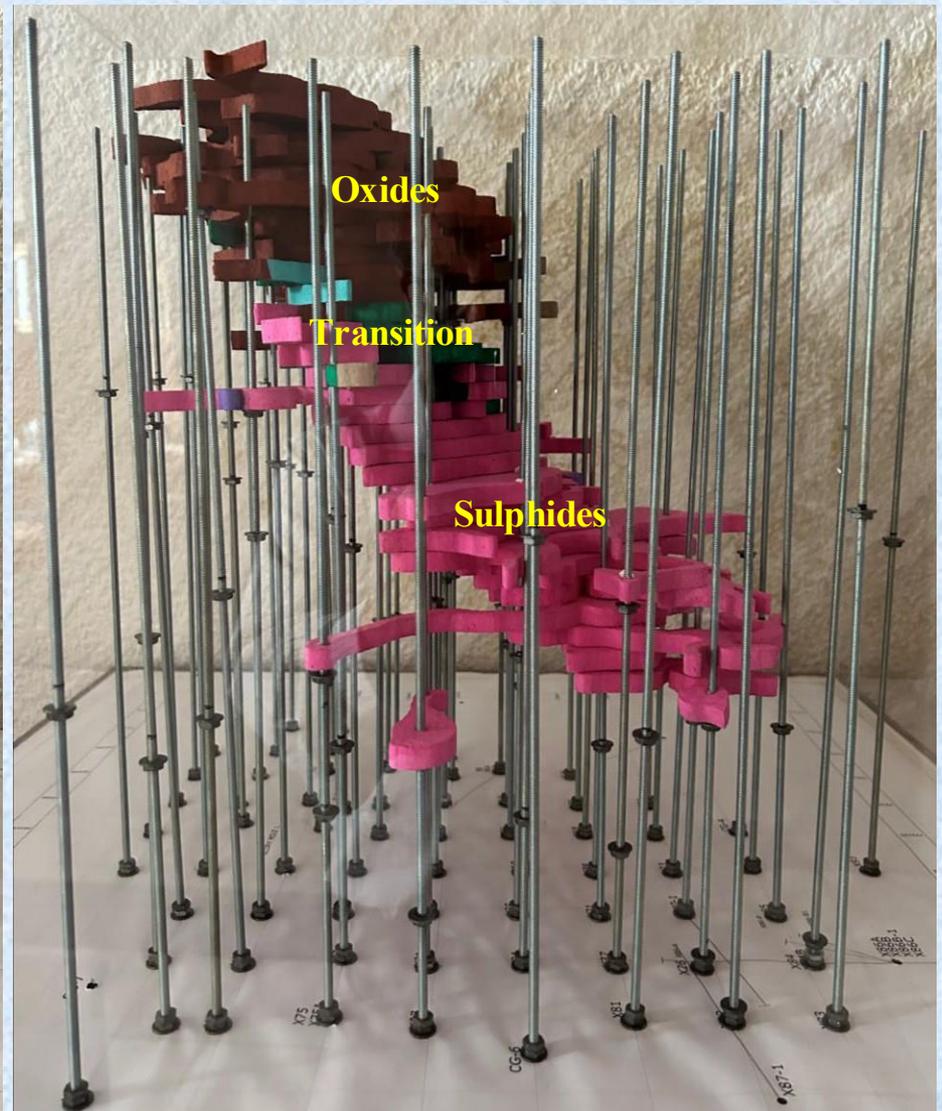
Vertical distribution of the different types of ores in Bilbao and some typical values of contents



ISOMETRIC BODY SHOWING THE VERTICAL DISTRIBUTION OF THE DIFFERENT TYPES OF MINERALIZATION IN BILBAO



VIEW FROM SOUTH TO NORTH



VIEW FROM WEST TO EAST

IX. ESTIMATION OF MINERAL RESOURCES

The model used, in the year 2014, for the estimation of mineral resources was established using the update of previously developed models, incorporating 20 drill holes drilled during 2011 and 2013, for a total of 113 drill holes. The geo-statistical method of kriging was used to estimate the resources of Zn, Pb, Ag, and Cu. The density used was obtained after making more than 200 determinations, with which a density of 3.6 g/cm³ was assigned.

The following tables show the indicated, inferred, and total resources according to the type of mineral with a minimum cutoff grade of 3% equivalent Zn.

Indicated Mineral Resources

Ore Type	Zn equiv. (%)	Tonnes	Zn (%)	Pb (%)	Ag (ppm)	Cu (%)
Oxide	6.69	791,082	1.73	2.53	39	0.18
Mixed	7.93	778,336	2.52	2.48	51	0.21
Sulphide	7.56	4,555,809	2.38	1.57	72	0.18
Total	7.5	6,125,227	2.31	1.81	65	0.19

Inferred Mineral Resources

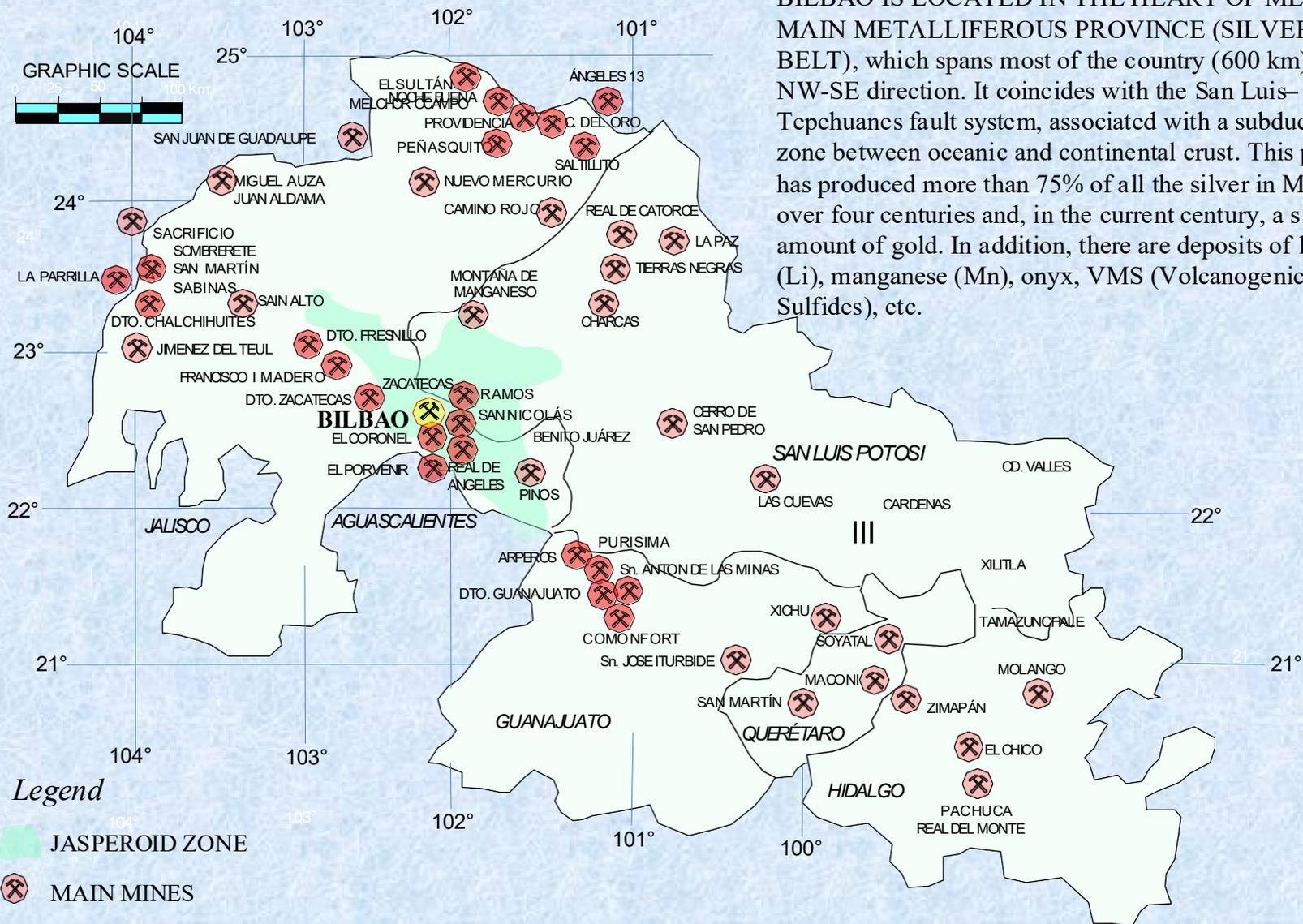
Ore Type	Zn equiv. (%)	Tonnes	Zn (%)	Pb (%)	Ag (ppm)	Cu (%)
Oxide	6.38	3,069,582	1.69	2.23	42	0.16
Mixed	4.43	238,923	0.59	1.13	55	0.11
Sulphide	4.31	1,201,032	0.67	0.77	60	0.11
Total	5.73	4,509,537	1.36	1.78	47	0.15

Total Inferred Mineral Resources

Ore Type	Zn equiv. (%)	Indicated Tonnes	Inferred Tonnes	Total Tonnes	Zn (%)	Pb (%)	Ag (ppm)	Cu (%)
Oxide	6.50	791,082	3,069,582	3,860,664	1.70	2.33	42	0.17
Mixed	7.10	778,336	238,923	1,017,259	2.06	2.17	52	0.18
Sulphide	6.88	4,555,809	1,201,032	5,756,841	2.03	1.40	69	0.17
Total	6.76	6,125,227	4,509,537	10,634,764	1.91	1.81	58	0.17

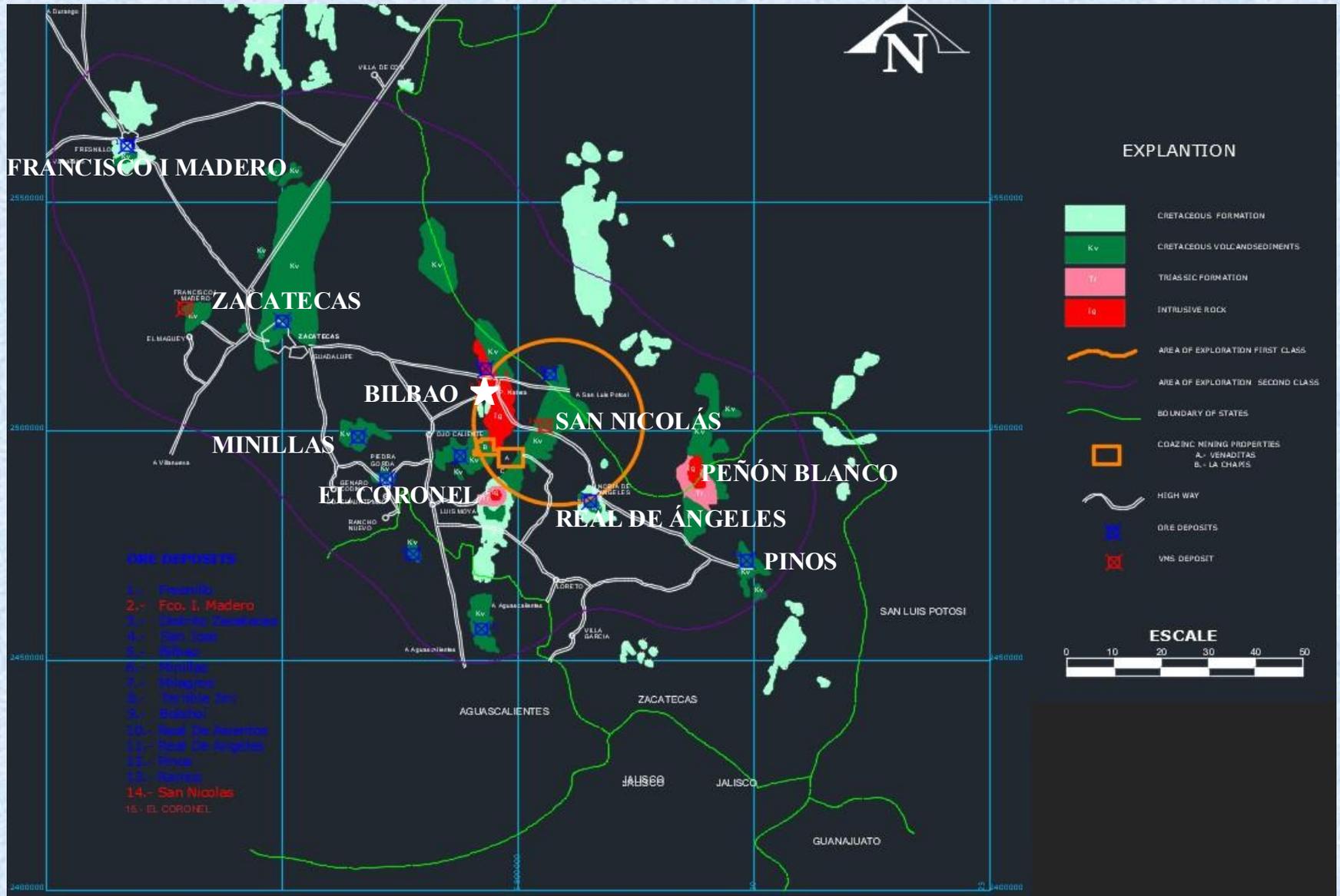
X. BILBAO IN THE REGIONAL METALLOGENETIC CONTEXT

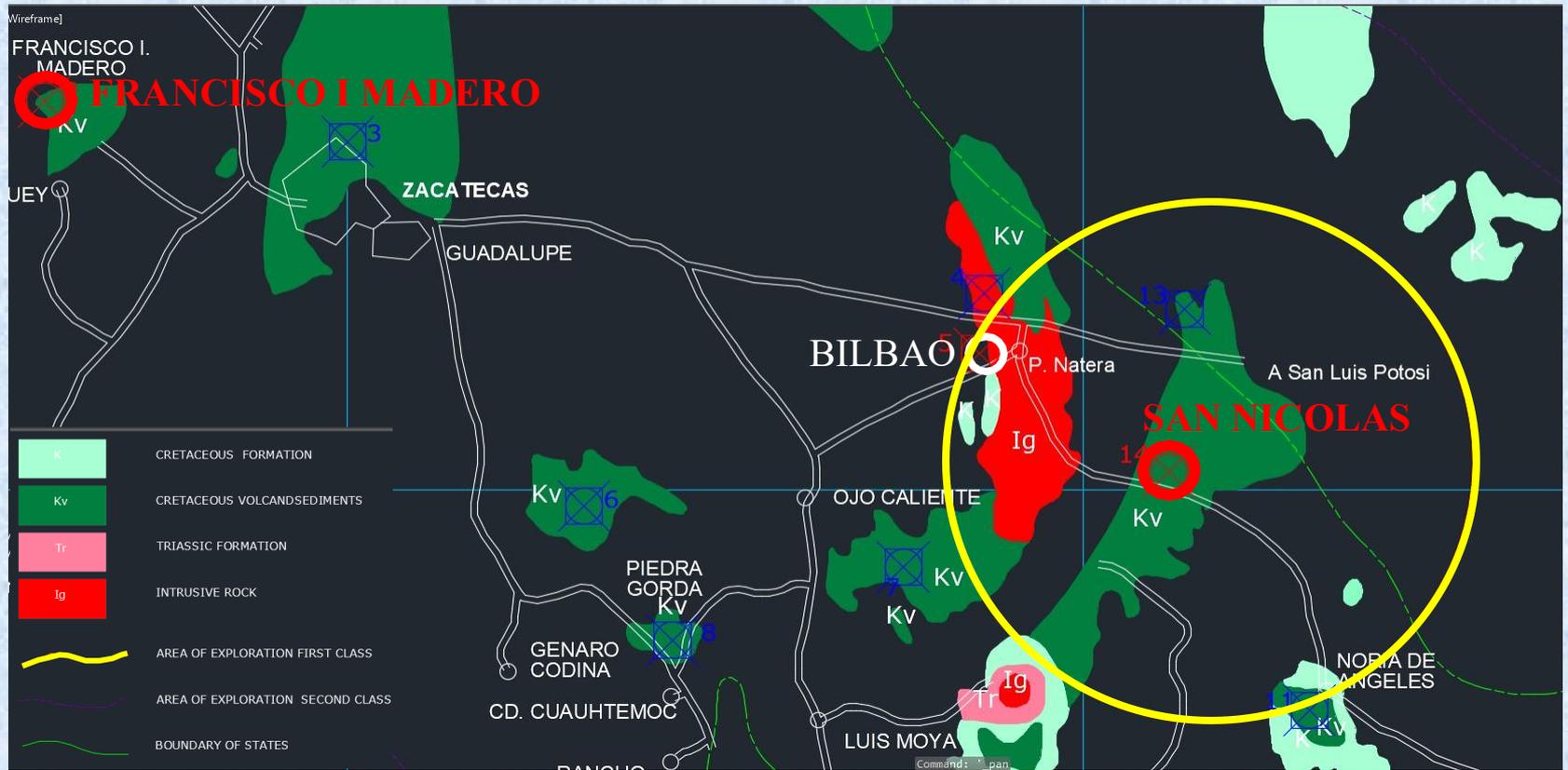
SPATIAL DISTRIBUTION OF THE MAIN DEPOSITS IN CENTRAL MEXICO



BILBAO IS LOCATED IN THE HEART OF MEXICO'S MAIN METALLIFEROUS PROVINCE (SILVER-GOLD BELT), which spans most of the country (600 km) in a NW-SE direction. It coincides with the San Luis–Tepehuanes fault system, associated with a subduction zone between oceanic and continental crust. This province has produced more than 75% of all the silver in Mexico over four centuries and, in the current century, a significant amount of gold. In addition, there are deposits of lithium (Li), manganese (Mn), onyx, VMS (Volcanogenic Massive Sulfides), etc.

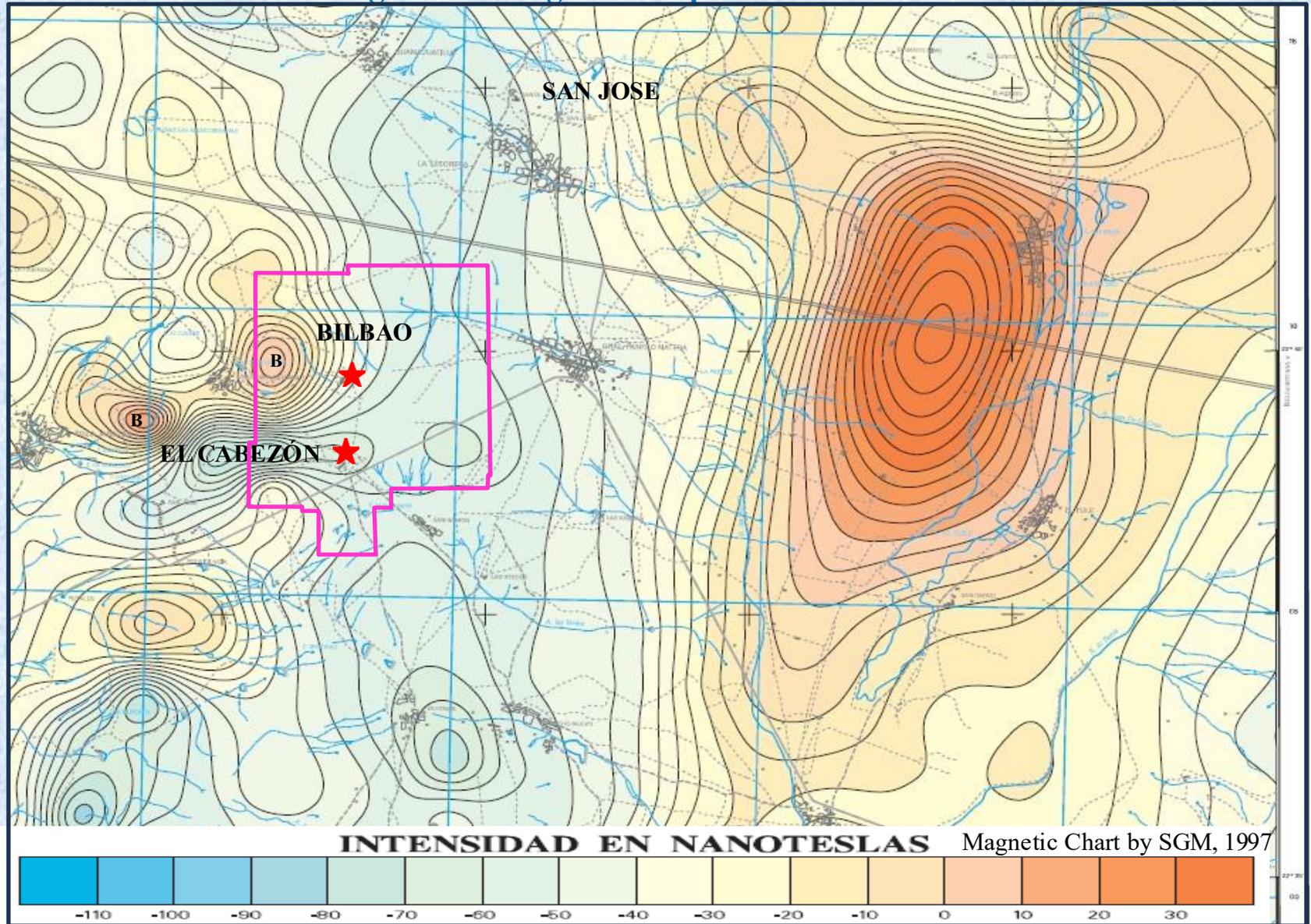
Bilbao could be some type of syngenetic deposit, specifically a VMS (Volcanogenic Massive Sulfide), affected by contact metamorphism that gave rise to skarn-type mineralization. Additionally, the emplacement of the granodiorite intrusion may have caused hydrothermal remobilization, resulting in silver-rich veins (such as El Cabezón, etc.).





The presence of the San Nicolás vms (JV with Teck & Agnico Eagle), located 8 km southeast of Bilbao and emplaced in the same volcano sedimentary sequence, as well as the stratiform nature of the massive sulfide bodies in Bilbao and their texture, suggest that it could be a metamorphosed vms. If we also consider that vms deposits always occur in clusters, it allows us to suggest that we are in a favorable zone for the existence of vms-type deposits and that Bilbao could be a metamorphosed vms-type deposit, with some genetically related silver-rich veins, such as in the El Cabezón mine, where silver-rich veins have been identified.

Image of the Magnetic Map of the Bilbao area



In this image, no magnetic anomaly is observed in the Bilbao area. Practically the entire granodiorite intrusive is in a low magnetic zone, and the anomaly located to the east of Bilbao corresponds to a tectonic basin, with saltwater lagoons.

XI. Conclusion



Bilbao, located in Pánfilo Natera, Zacatecas, was one of the numerous silver mines discovered during the Spanish colonial era around the year 1546. Located in central Mexico, this project has excellent infrastructure, including a 4-lane highway, electrical energy, railroads 40 km to the east and 30 km to the west, groundwater, and skilled labor.

This property consists of nine (9) mining concessions. Royalties Inc. also holds the surface rights for 300 hectares, over part of the mineral concessions covering the deposit.

Bilbao is presented as massive sulfide bodies in skarn that replace porous Lower Cretaceous limestones at the contact with the Tertiary granodiorite intrusive. The bodies have irregular morphologies of sulfide and/or oxide minerals, presented as lenses up to 50 meters thick, preferentially following the stratification of the limestones or lying along the contact with the granodiorite, where they develop as skarns. Drilling has also impacted at least seven (7) strongly mineralized bodies representing oxide, mixed, and sulfide mineralization. Additionally, there are numerous intersections of lower-grade mineralization representing partial replacement of limestone by sulfides or their oxide equivalents. The deposit's continuity is open to the south and northeast.

There is also high potential for silver-rich veins; Drill hole 26 intersected 3.00 m with 1.3 kg/t Ag.

The NI 43-101 report, prepared in 2014, presents a resource estimate of:

- 9.7 million tons of indicated resources with a grade of: 2.43% Zn, 2.09% Pb, 0.21% Cu, 59.40 g/t Ag
- 4.0 million tons of inferred resources with a grade of: 1.43% Zn, 1.55% Pb, 0.18% Cu, 53.64 g/t Ag

Bilbao is located in the heart of Mexico's main silver-producing province (Silver-Gold Belt), which spans most of Mexico (600 km) in a NW-SE direction. This region hosts world-class mineral deposits such as replacement in carbonated rocks (CRD), volcanogenic massive sulfides (VMS), and precious and polymetallic metal veins, such as the mining districts of Zacatecas, Fresnillo, Pinos, etc. Therefore, Bilbao has excellent potential to continue exploration within its mining concessions.



Thank you for your attention.

