

Star Royalties Ltd. Announces Copperstone Stream Restructuring and Improved Project Economics

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TORONTO, Oct. 3, 2023 - [Star Royalties Ltd.](#) ("Star Royalties", or the "Company") (TSXV:STRR)(OTCQX:STRFF) is pleased to announce the entering into of a non-binding agreement with [Sabre Gold Mines Corp.](#) ("Sabre Gold") (TSX:SGLD),(OTCQB:SGLDF) to restructure the Company's existing gold streaming agreement on the Copperstone Gold Mine ("Copperstone"). The proposed restructuring will revise the Copperstone gold stream from 6.6% of gold produced with production-based step-downs to a flat 4% of gold produced for the duration of Copperstone's life-of-mine ("LOM") and additional consideration of C\$4.55 million being paid by Sabre Gold to Star Royalties in a combination of cash and shares. Under the terms of the streaming agreement, Star Royalties will continue to provide a cash payment to Sabre Gold equal to 25% of the spot gold price for each ounce of gold delivered.

Transaction Highlights

- **Stream revision:** The Company's gold stream on Copperstone will be revised from 6.6% of gold produced (with a step-down to 2.2% after 14,000 gold ounces have been delivered under the stream, and a further step-down to 0.8% after 18,133 gold ounces have been delivered) to 4% of gold produced LOM. This proposed gold stream structure would simplify its overall terms, its expected cash flow profile, and would provide Star Royalties with enhanced exposure to existing resource conversion and future exploration upside at Copperstone.
- **Cash and shares consideration:** As additional consideration for agreeing to the revised gold stream, Star Royalties will receive from Sabre Gold C\$4.55 million in a combination of cash and shares in three tranches. Payment of the second and third tranches will be timed so as to coincide with the payment by Victoria Gold Inc. ("Victoria Gold") (TSX: VGCX) to Sabre Gold of its second and third purchase price installments for its purchase of Sabre Gold's interest in the Brewery Creek Project and other certain mineral assets in the Yukon, which closed on September 14, 2023. The Company will receive:
 - A first tranche of C\$2.55 million, consisting of C\$1.55 million in cash on closing of the stream restructuring, expected in October 2023, and C\$1 million in Sabre Gold shares, equal to 7,407,407 shares based on a price of C\$0.135 per common share of Sabre Gold. As such, the Company is expected to become a 9.4% shareholder of Sabre Gold.
 - A second tranche of C\$1.2 million in a combination of cash and shares of Victoria Gold (depending on how Victoria Gold elects to pay its second installment on the Brewery Creek purchase), payable in September 2024.
 - A third tranche of C\$800,000 in a combination of cash and shares of Victoria Gold (depending on how Victoria Gold elects to pay its third installment on the Brewery Creek purchase), payable in September 2025.
- **Cash consideration improves the Company's balance sheet:** Star Royalties will maintain a meaningful interest in Copperstone's future gold production while converting a portion of its original gold stream value into cash and cash equivalents, thereby enhancing the Company's financial position.
- **Sabre Gold debt restructuring:** Sabre Gold's debt position is expected to decline to C\$3.25M from C\$13.2M (includes C\$3M in accrued interest forgiveness). The proposed terms also include the repurchase of an additional 1.5% royalty on the Copperstone mine for consideration of US\$1.25M. Post restructuring, Sabre Gold is projected to have a cash balance in excess of C\$3.5M.
- **Enhanced project economics:** The stream revision and royalty buyback are expected to improve Copperstone's project economics, where the Company estimates an after-tax IRR of 58% post-restructuring at US\$1,800/oz gold and cash costs of ~US\$950/oz. The restructuring will result in the fully-permitted Copperstone having a more attractive 4.5% total royalty equivalent encumbrance which should enhance Sabre Gold's ability to fund project construction.

- Improved long-term optionality: The revised stream will be maintained across Copperstone's entire LOM, providing meaningfully higher resource conversion and exploration upside exposure to the Company. Approximately 52% of the existing resource at Copperstone was not captured in Sabre Gold's preliminary economic assessment announced on June 20, 2023 and reflected in its National Instrument 43-101 Technical Report Preliminary Economic Assessment for the Copperstone Project, La Paz County, Arizona, USA prepared by Hard Rock Consulting, LLC dated August 2, 2023 and filed on Sabre Gold's profile on SEDAR+ on such date. The Copperstone deposit also remains open at depth with additional high-priority regional targets remaining to be tested.

Alex Pernin, Chief Executive Officer of Star Royalties, commented: "After working closely with Sabre Gold management, we are pleased to have achieved a positive restructure of our Copperstone gold stream. Through this agreement, we will maintain increased exposure to Copperstone's future production profile and significant exploration potential, while converting a portion of its value into immediate and near-term cash and liquid securities. Importantly, we believe this new structure will provide improved flexibility for Sabre Gold to secure financing and advance Copperstone to production."

CONTACT INFORMATION

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About Star Royalties Ltd.

[Star Royalties Ltd.](#) is a precious metals and carbon credit royalty and streaming company. The Company innovated the world's first carbon credit royalties in forestry and regenerative agriculture through its pure-green joint venture, Green Star Royalties Ltd., and offers investors exposure to precious metals and carbon credit prices. The Company's objective is to provide wealth creation by originating accretive transactions with superior alignment to both counterparties and shareholders.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this news release may constitute "forward-looking statements", including those regarding future market conditions for metals and minerals, future valuation of Victoria Gold, full permitting of Copperstone, the net cash position of Sabre Gold, the Company's position in Copperstone's future gold production, the net cash position of the Company, and future capital raising opportunities are statements that address or discuss activities, events or developments that the Company expects or anticipates may occur in the future. When used in this news release, words such as "estimates", "expects", "plans", "anticipates", "will", "believes", "intends", "should", "could", "may" and other similar terminology are intended to identify such forward-looking statements. Forward-looking statements are made based upon certain assumptions and other important factors that, if untrue, could cause the actual results, performances or achievements of Star Royalties to be materially different from future results, performances or achievements expressed or implied by such statements. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be an accurate indication of whether or not such results will be achieved.

A number of factors could cause actual results, performances or achievements to differ materially from such forward-looking statements, including, without limitation, changes in business plans and strategies, market and capital finance conditions, ongoing market disruptions caused by the Ukraine and Russian conflict, metal and mineral commodity price volatility, discrepancies between actual and estimated production and test results, mineral reserves and resources and metallurgical recoveries, mining operation and development

risks relating to the parties which produce the metals and minerals Star Royalties will purchase or from which it will receive royalty payments, risks inherent to the development of the ESG-related investments and the creation, risks inherent to royalty companies, title and permitting matters, activities by governmental authorities, currency fluctuations, the global, federal and provincial social and economic climate in particular with respect to addressing and reducing global warming, natural disasters and global pandemics, dilution, risk inherent to any capital financing transactions. These risks, as well as others, could cause actual results and events to vary significantly. Accordingly, readers should exercise caution in relying upon forward-looking statements and the Company undertakes no obligation to publicly revise them to reflect subsequent events or circumstances, except as required by law.

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