

Sandbox Royalties Corp. Announces US\$100 Million of Fully Funded Acquisitions

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[Sandbox Royalties Corp.](#) ("Sandbox Royalties", "Sandbox", or the "Company") today announces that it has entered into definitive agreements to acquire three royalty and streaming assets on high-quality, in-construction mining projects for total consideration of US\$100 million. These acquisitions will drive significant revenue growth and transform Sandbox's diversified royalty portfolio.

Transaction Details

Acquisitions:

- US\$75 million Gold Purchase Agreement ("GPA") with Equinox Gold Corp. ("Equinox Gold") in exchange for monthly deliveries of gold equal to the greater of (a) 500 gold ounces, and (b) gold ounces equal to 1.8% of the monthly gold production from the Greenstone mine ("Greenstone") in Ontario, Canada, with consideration payable to Equinox Gold in cash
- US\$25 million Asset Purchase Agreement ("APA") with Sandstorm Gold Ltd. ("Sandstorm") to acquire a 1.0% gross revenue royalty ("GRR") on the El Pilar project ("El Pilar") in Mexico, owned by [Southern Copper Corp.](#), and a 0.21% net smelter return ("NSR") royalty on a portion of Artemis Gold's Blackwater project ("Blackwater") in British Columbia, Canada, with consideration comprised of US\$10 million in cash and US\$15 million in Sandbox common shares at C\$0.70/common share¹

Funding Sources:

- US\$40 million investment from Regal Funds Management Pty Limited as trustee for the Regal Resources Royalties Fund ("Regal") comprised of a US\$22.5 million syndication arrangement whereby Sandbox has syndicated 30% of the GPA to an entity associated with Regal for cash consideration, and a US\$17.5 million equity subscription, whereby Regal has subscribed for approximately 34.6 million common shares of Sandbox at C\$0.70/common share
- US\$20 million investment from Beedie Investments Ltd. ("Beedie Capital"), comprised of a C\$22.2 million (US\$16 million) convertible loan and a US\$4 million equity subscription, whereby Beedie Capital has subscribed for approximately 7.9 million common shares of Sandbox at C\$0.70/common share
- US\$30 million revolving credit facility ("RCF") with a US\$15 million accordion feature arranged by the Bank of Montreal ("BMO"), as lead arranger, and National Bank of Canada ("NBC")
- US\$15 million of the consideration to Sandstorm in relation to the APA will be funded by issuance of common shares of Sandbox at C\$0.70/common share

"These transformational transactions enable our vision to create a leading diversified metals royalty and streaming company focused on acquiring and managing royalties on financially viable operations across a diverse range of commodities, located in mining friendly jurisdictions and managed by strong operators," commented John Armstrong, CEO of Sandbox Royalties. "The addition of meaningful immediate cash flows from Greenstone along with near-term growth via El Pilar and Blackwater, coupled with the addition of new supportive capital partners, will have a profoundly positive impact on our business and positions Sandbox for continued growth."

Highlights

- Differentiated Portfolio Focused on Significant Near-Term Cash Flows: The Equinox Gold GPA will provide immediate cash flow to Sandbox in the form of minimum monthly payments commencing in the fourth quarter of 2023, and will provide meaningful, stable, and long-term cash flow thereafter, expected to contribute more than US\$6 million in pre-tax cash flow in 2024 and between US\$6-8 million annually in pre-tax cash flow over a forecasted life of 14 years. Sandbox's pro forma portfolio will emerge with five assets that are cash flowing or near-term cash flowing (in-construction) and is expected to generate more than US\$16 million in annual revenue by 2026 with ongoing exposure to copper, zinc, graphite, gold and silver.

- **Peer Leading Stable of Sponsors:** The overall funding package arranged by Sandbox, including investments from Regal and Beedie Capital and the RCF arranged by BMO and NBC, bolsters an already robust group of sponsors including founding shareholders Equinox Gold and Sandstorm. These sponsors collectively provide Sandbox with a differentiated ability to continue to source, evaluate, fund, and execute on meaningfully sized transactions to drive Sandbox's growth strategy.
- **First Step in the Rapid Growth of Sandbox:** Sandbox intends to build scale quickly through high-margin royalty acquisitions with an asset-management-like focus on portfolio construction and diversification by operator, jurisdiction, stage of development (particularly, cash-flowing vs. non-cash flowing assets), and metal, guided by its diversified strategy focused on the three pillars of precious metals, industrial metals, and critical minerals. Sandbox believes that the expected growth in demand for industrial and critical minerals over the next several decades combined with the limited number and small scale of direct competitors to Sandbox has created an ideal business environment for Sandbox to thrive and grow in.

Equinox Gold GPA

On October 31, 2023, Sandbox together with Regal closed an amended and restated GPA with Equinox Gold, pursuant to which, and after taking into consideration the syndication of 30% of the GPA to Regal, Sandbox delivered US\$52.5 million (70% of a total US\$75 million) to Equinox Gold in exchange for monthly deliveries equal to the greater of: (a) 350 gold ounces, and (b) gold ounces equal to 1.26% of the monthly gold production from the Greenstone mine (on a 100% basis) at a purchase price per ounce of gold equal to 20% of the then prevailing market price. Monthly gold delivery obligations commenced upon closing of the GPA and will continue until a total of 63,000 ounces of gold have been delivered to Sandbox. While gold deliveries will be calculated based on Greenstone production, gold deliveries can be sourced from production from any of Equinox Gold's operating mines. Under the GPA, Equinox Gold retains the option to buy-down up to 75% of the delivery obligation at the then current spot gold price, subject to adjustment for the ongoing payment and a minimum gold price per ounce of US\$2,000.

Sandstorm APA

On October 31, 2023, Sandbox signed an APA with Sandstorm, pursuant to which Sandbox acquired a 1.0% GRR on [Southern Copper Corp.](#)'s El Pilar project, and, subject to a right of first refusal in favour of [Artemis Gold Inc.](#) ("Blackwater ROFR"), a 0.21% NSR covering a portion of Artemis Gold's Blackwater project for total consideration of US\$25 million, comprising US\$10 million in cash and US\$15 million in Sandbox common shares. The El Pilar portion of the APA closed upon signing on October 31, 2023. The Blackwater portion of the APA is expected to close in December, subject to the Blackwater ROFR not being exercised. In conjunction with these transactions, Sandstorm has agreed to convert approximately US\$14 million of its existing Sandbox convertible note into common shares of Sandbox at a price of C\$0.70/common share.

Regal - Syndication and Equity Investment

On October 31, 2023, Sandbox syndicated 30% of the GPA to an entity associated with Regal, for US\$22.5 million. Regal has also subscribed for approximately 34.6 million common shares of Sandbox at a price of C\$0.70/common share for total proceeds of US\$17.5 million. In conjunction with this investment, Regal and Sandbox have entered into an investor rights agreement which provides Regal with certain rights including pro-rata participation rights with respect to future capital raises and the right to nominate a board member or board observer in certain circumstances. Sandbox and Regal have also agreed to cooperate and collaborate with respect to future opportunities. Simon Klimt, of Regal, has been appointed to the Sandbox Board of Directors following completion of the transaction.

Beedie Capital - Convertible Loan and Equity Investment

On October 31, 2023, Sandbox entered into a 5-year, C\$22.2 million (US\$16 million) secured convertible loan agreement ("CLA") with Beedie Capital. Interest on the convertible loan will consist of an 8% base interest rate and a 1.5% PIK rate, with the PIK rate reducing to 1.0% upon a public listing of the Company. The Company has the option to pay 25-50% of the base interest rate in common shares of the Company, subject to certain conditions. Amounts outstanding under the convertible loan can be converted into common shares of the Company, at the option of Beedie Capital, at a price of C\$0.84/common share. The Company may prepay the convertible loan, subject to certain fees. Additionally, the Company has the right to force the

conversion of up to 50% of the convertible loan should the 30-day volume weighted average price of Sandbox (if public) equal or exceed C\$1.47/common share. Beedie Capital has also subscribed for approximately 7.9 million common shares of Sandbox at a price of C\$0.70/common share for total proceeds of US\$4 million. In conjunction with this investment, Beedie Capital and Sandbox have entered into an investor rights agreement which provides Beedie Capital with certain rights including pro-rata participation rights with respect to future capital raises and the right to nominate a board member or board observer in certain circumstances.

Revolving Credit Facility

On October 31, 2023, the Company entered into a RCF with BMO, as lead arranger, and NBC, which allows the Company to borrow up to US\$30 million (plus a US\$15 million accordion feature). The initial maturity date of the RCF is December 31, 2026. The amounts drawn on the RCF are subject to interest at the Secured Overnight Financing Rate plus 2.50% to 3.50% per annum (subject to a base rate option), and the undrawn portion of the RCF is subject to a commitment fee of 0.5625%-0.7875% per annum, both of which are dependent on the Company's leverage ratio.

Pro Forma Company

After giving effect to the above transactions, and assuming that the Blackwater ROFR is not exercised, Sandbox will have approximately 268.7 million common shares outstanding, of which approximately 34% will be owned by Sandstorm, 22% by Equinox Gold, 13% by Regal and 3% by Beedie Capital. The Sandbox portfolio will include 19 royalty and stream interests, of which 5 (representing over 50% of total portfolio net present value) are either cash flowing or expected to be cash flowing in the near-term. Approximately half of the portfolio (by net present value) will be in gold assets, with copper, graphite, zinc, silver and lead making up the balance. Approximately 70% of the portfolio (by net present value) will be in Canada, USA and other tier-one mining geographies. Sandbox estimates that annual revenue should exceed US\$11 million in 2024, growing by more than 40% to over US \$16 million in 2026.

Legal Advisors

Gowling WLG acted as legal counsel to Sandbox in connection with the GPA. Stikeman Elliott LLP acted as legal counsel to Sandbox in connection with the APA. Blake, Cassels & Graydon LLP acted as legal advisor to Sandbox in connection with the CLA, RCF and equity subscriptions.

For more information about Sandbox Royalties, please visit our website at www.sandboxroyalties.com
General inquiries email: info@sandboxroyalties.com.

About Sandbox Royalties

Sandbox is a private Vancouver-based diversified metals royalty company focused on acquiring and managing a portfolio of royalties on financially-viable mining operations and projects across a diverse range of commodities, located in mining-friendly jurisdictions, and managed by strong operators. Our diversified metals strategy provides investors with exposure to some of the most powerful trends shaping our world - decarbonization of power, electrification of transportation, digitization, and industrial growth - while also protecting against financial market and geopolitical turbulence. We provide the capital required to sustainably produce the metals our world needs to create prosperity, drive economic growth, and build a better future.

About the Regal Resources Royalties Fund

The Regal Resources Royalties Fund (the "Fund") was established in 2019 with the mandate to acquire and invest in commodity streams and royalties across the energy and mining sectors. The Fund owns a number of royalties including a royalty over a large producing gas field in Queensland and is seeking to acquire additional royalties.

The Fund is an Australian domiciled unlisted wholesale unit trust. The Fund's trustee and manager is Regal

Funds Management Pty Limited (ABN 30 107 576 821/ AFSL 277737).

About Beedie Capital

Beedie Capital is a multi-strategy direct investment platform that manages the alternative investments for Beedie, one of the largest private companies in Western Canada. It deploys capital using a flexible, evergreen mandate, and applies a highly agnostic approach to the duration, structure and size of its investments. Beedie Capital combines the strategic capabilities of an institutional investment platform with the flexibility and entrepreneurial mindset of a privately owned business. Beedie Capital invests in any sector, with a core focus on Metals and Mining, Technology and Tech-enabled Services, and seeks to grow its invested capital alongside the enterprise value of its investments. For further information on Beedie Capital, please visit <https://www.beediecapital.com>.

Cautionary Note Regarding Forward-Looking Information

This news release contains forward-looking statements regarding: the anticipated creation of a leading diversified metals royalty and streaming company; the timing and amount of payments under the Equinox Gold GPA; the ability of Sandbox to source, evaluate, fund and execute on meaningfully sized transactions; Sandbox's intention to build scale quickly through royalty acquisitions; the acquisition of the Blackwater ROFR and the anticipated timing of closing of the Blackwater ROFR; the agreement between Regal and Sandbox to cooperate and collaborate on future opportunities; the timing of the re-payment of the CLA; anticipated draws on the RCF; Sandbox's anticipated revenues; the conversion of interest payments with respect to the CLA into Common Shares; and other statements regarding future plans, expectations, exploration potential, guidance, projections, objectives, estimates and forecasts as well as the Company's expectations with respect to such matters. These forward-looking statements are provided as of the date of this news release, or the effective date of the documents referred to in this news release, as applicable, and reflect predictions, expectations or beliefs regarding future events based on the Company's beliefs at the time the statements were made, as well as various assumptions made by and information currently available to them. In making the forward-looking statements included in this news release, the Company has applied several material assumptions, including, but not limited to: the Company's activities will be conducted in accordance with the Company's public statements and stated goals; there will be no material adverse change affecting the Company; trends in currency exchange rates; that the Company will be successful in becoming a leading diversified metals royalty and streaming company; ability to meet current and future obligations and other assumptions. Although management considers these assumptions to be reasonable based on information available to it, they may prove to be incorrect. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that estimates, forecasts, projections and other forward-looking statements will not be achieved or that assumptions on which they are based do not reflect future experience. We caution readers not to place undue reliance on these forward-looking statements as a number of important factors could cause the actual outcomes to differ materially from the expectations expressed in them. These risk factors may be generally stated as the risk that the assumptions expressed above do not occur, but specifically include, without limitation, risks relating to general market conditions. The foregoing list of factors that may affect future results is not exhaustive. Readers should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on behalf of the Company, except as required by law.

¹ The Blackwater portion of the APA is subject to a right of first refusal ("ROFR") and is expected to close in December subject to the ROFR not being exercised.

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