

# Royalties Inc. Reports Q1 Results For March 31, 2025 and Update on Capstone Lawsuit

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Toronto, May 29, 2025 - [Royalties Inc.](#) (CSE: RI) (OTC Pink: ROYIF) (or "the Company") reports its results for the first quarter ended March 31, 2025.

This news release should be read in conjunction with the Company's unaudited financial statements and the associated management's discussion and analysis (MD&A) for the year ended March 31, 2025 which are available on the Company's website at [www.royaltiesinc.com](http://www.royaltiesinc.com) or under the Company's profile on SEDAR+ at [www.SEDARplus.ca](http://www.SEDARplus.ca).

## Recent Activities

On January 13, 2025, the Company completed a non-brokered private placement with directors and officers for 5,280,000 shares at \$0.03 per share for net proceeds totaling \$158,400, and 720,000 shares at \$0.03 per share as debt settlement totaling \$21,600 in respect of a fee paid for electronic clearing and settlement in the United States through the Depository Trust Company ("DTC"). DTC eligibility was approved on April 3, 2025 which is expected to simplify the process of trading and enhance the liquidity of common shares in the United States. Note that 3,650,000 share options exercisable \$0.06 per share are expiring June 4, 2025.

## Capstone Lawsuit Update

Since 2020, Royalties Inc. has been in a dispute with [Capstone Copper Corp.](#), ("Capstone") over the ownership of a 2% NSR on five concessions called the Portree claims, established in 2002, that are now part of the Cozamin Mine in Zacatecas, operated by Capstone. The company filed lawsuits in Mexico against Capstone in 2021. On April 9, 2025 the company's 88% owned subsidiary, the lawyers for Minera Portree de Zacatecas S.A. de C.V. ("MPZ") filed the final arguments with the court in Zacatecas, Mexico in the lawsuit against Raul Gonzalez Anaya and Capstone Gold S.A. de C.V. to invalidate their contract assigning the 2% NSR, without the knowledge or consent of the rightful and longstanding owner, which is MPZ. On May 12, 2025, the case was officially forwarded to the Judge to render a decision which is expected to be made in the month of June.

Capstone initially reported that mining started within the Portree claim in the fourth quarter of 2019. In anticipation of the successful resolution of the dispute, the assertion is that Capstone owes the Company a 2% NSR on the ore mined from the Portree portion over the last 5 years, which the Company estimates is 30% of the Mala Noche Footwall Zone ("MNFZ") based on the assumption of the proportion of the surface linear strike of 1.5 km of the MNFZ, the area which represents almost all of the production at the Cozamin Mine, according to Capstone.

In 2024, Capstone paid US\$4.4 million in royalties on US\$234 million of net revenues for an average 1.9% NSR paid to two royalty holders. Royalties of US\$3.2 million were paid to Grupo Minera Bacis S.A. de C.V. ("Bacis") under the terms of a December 2003 agreement where a 3% NSR is paid on production from the property covered by the agreement, which the Company estimates as about one third or 500 meters of the MNFZ. Royalties of US\$1.2 million were paid to [Gold Royalty Corp.](#) ("GROY") in respect of a 1% NSR on 2 claims only 300 meters and down strike from the Portree block on the MNFZ.

If the Portree portion of the MNFZ represents about 30% of the 1.5 km strike being mined, GROY represents 37% of the strike and Bacis represents 33% of the strike length, then the Company estimates the 2% NSR on the Portree claim in dispute represents US\$1.5 million in potential cash flow per year plus the amount owed on production since 2019. This figure excludes the long term potential of the 2% NSR on both the depth potential and any resource mined on the entire area covered by the five Portree claims which include

the historical high grade Parroquia copper mine in the southwest area of the Cozamin Mine land holdings. The precise figures will only be determined with the actual co-operation of Capstone, which has not been forthcoming.

## Results of Operations

The Company generated dividend and royalty income of \$26,925, lower than the prior year quarter of \$31,569 due to the cancellation of a TV syndication. Total expenses were \$58,664 vs \$54,069 in the prior year, resulting in an increased operating loss of \$31,739 vs \$22,500 in 2024.

## Assets and Liquidity

Total assets as at March 31, 2025 were \$1,345,389 compared to \$1,252,384 at December 31, 2024, mostly representing the Company's investment Music Royalties Inc. and four other music royalty streams.

As at March 31, 2025, the Company had cash of \$141,375 to settle current liabilities of \$99,819, excluding a US\$2,000,000 contingent liability of a Mexico subsidiary to a defunct company, which the Company is working on to legally cancel.

## About Royalties Inc.

- Royalties Inc. owns a 100% interest, subject to a 1.5% NSR owned as a separate asset, on the Bilbao silver-zinc-lead project located in the State of Zacatecas, Mexico.
- Royalties Inc. owns 88% of the outstanding shares of Minera Portree de Zacatecas, S.A. de C.V ("MPZ") which holds an asserted claim (backed by a court approved lien) to a 2% net smelter royalty established in 2002 on five mining concessions called the 'Portree claims', a portion of which is on the Mala Noche Footwall Zone, the main source of production at the Cozamin mine where Capstone Copper Corp. ("Capstone") has been mining since 2010. Capstone assigned this royalty to themselves without the knowledge of or proper payment to MPZ, the longstanding and rightful owner, in 2017 and 2019. MPZ filed civil and criminal lawsuits in Zacatecas in 2021 to invalidate the contract to transfer ownership. The claim is challenged by Capstone.
- Royalties Inc. has a 2% stake in Music Royalties Inc. ("MRI"), which has acquired 30 cash-flowing catalogs and paid out over \$11 million in dividends since 2019 from 30 cash-flowing catalogs generating a 7.2% annual yield.

For further information contact Royalties Inc. at [www.royaltiesinc.com](http://www.royaltiesinc.com)

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information. In some cases, forward-looking information can be identified by words or phrases such as "may", "will", "expect", "likely", "should", "would", "plan", "anticipate", "intend", "potential", "proposed", "estimate", "believe" or the negative of those terms, or other similar words, expressions, and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is based on assumptions made in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to: sufficient capital and financing required in order to fulfill the Company's business plans and strategy may not be obtained as expected; that the Company will not be able to pay future dividends; and other risks related to the Company as disclosed in the documents filed on the Company's profile at SEDAR+ at [www.SEDARplus.ca](http://www.SEDARplus.ca). Accordingly, readers are cautioned not to place undue reliance on forward-looking statements contained in this press release and they are expressly qualified in their entirety by this cautionary statement. The forward-looking statements herein are made as at the date hereof and are based on the beliefs, estimates, expectations, and opinions of management on such date. The Company does not undertake any obligation to update publicly or revise any such forward-looking statements whether as a result of new information, future events or to explain any material difference between subsequent actual events and such forward-looking information, except as required under applicable securities law.

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