

## NEWS RELEASE



### Star Royalties Creates World's First Carbon Negative Gold Royalty Platform

**OCTOBER 18, 2021, TORONTO, ON - Star Royalties Ltd.** (the “Company” or “Star Royalties”) (TSXV: STRR, OTCQX: STRFF) is pleased to announce the creation of a wholly-owned, pure-green subsidiary, Green Star Royalties (“Green Star Royalties”).

#### Rationale for the Creation of Green Star Royalties

Since its inception, Star Royalties has been committed to funding sustainable environmental solutions for a carbon neutral economy and continues to view ESG-related investments as a highly scalable business model with attractive returns. As part of its portfolio construction strategy, Star Royalties targets a long-term 80% capital allocation to precious metals, with the remaining 20% reserved for green investments, which currently includes the development of carbon offset credit projects (biosequestration and renewable energies), green technology opportunities (diesel usage displacement) and battery metals investments (copper, nickel, lithium).

To address the positive response to the Company's novel green royalty model, the numerous origination opportunities, and the superior potential returns, Star Royalties has created a separate corporate entity, Green Star Royalties, to accelerate the growth of its pure-green portfolio beyond the current limitation of its 80/20 allocation framework. Green Star Royalties positions the Company to be carbon negative by 2023, through its existing and future carbon offset projects whose sequestration benefits more than offset the Company's direct CO<sub>2</sub> emissions from corporate activities and attributable CO<sub>2</sub> emissions sourced from its gold equivalent ounces. The Company views the ESG benefits and investor impact from the origination of new carbon offset projects as superior to purchasing carbon offset credits in the secondary market.

A more rapid build-out of the green investment strategy will allow Star Royalties to maximize its strong relationships and first-mover advantage, having created the first carbon offset credit royalty in May 2020. The Company's current vision is to use existing management, infrastructure and oversight to grow Green Star Royalties as a private subsidiary until an appropriate market-value critical mass is achieved. The ultimate public launch of a separately listed, green-dedicated royalty company will also facilitate and promote an enhanced fit with the rigorous investment mandates of rapidly expanding ESG-related funds.

While funding for Green Star Royalties has initially come from Star Royalties, the Company is planning to grow more rapidly by adding a strategic capital partner at the Green Star Royalties level.

Please refer to the Star Royalties presentation for further information, available on the Company's website at [starroyalties.com](http://starroyalties.com).

## Green Star Royalties Highlights

- **Carbon Negative Gold:** Green Star Royalties is expected to generate approximately 5,500 carbon offset credits per annum starting in 2023. By progressively expanding its net negative CO<sub>2</sub> balance with further green investments, Star Royalties will offer investors gold exposure with an increasingly negative carbon footprint.
- **Exposure to carbon credit pricing:** Green Star Royalties' strategy is to provide shareholders with exposure to rising carbon credit pricing and to generate superior returns through the origination of green royalties and streams.
- **Originating carbon offsets:** The Company's focus will be on funding new carbon credit projects in biosequestration (improved forest management and regenerative agriculture), renewable energies (solar, wind, geothermal, biomass), biofuels, as well as other cleantech investments.
- **Re-rating potential:** The combination of rapid growth in global ESG fund assets (Bloomberg forecasts ~US\$53 trillion in assets under management by 2025) and limited ESG investment opportunities to allocate these funds to has the potential to create strong valuation premiums for ESG-focused companies, such as Star Royalties and Green Star Royalties.
- **Essential relationships:** Green Star Royalties inherits a working partnership with North America's leading carbon offset project developer and existing relationships with numerous Canadian Indigenous communities and First Nations.
- **First-mover and strong pipeline:** Star Royalties pioneered the first forest carbon offset credit royalty investment in 2020 and is pursuing a pipeline of additional cash flowing and near-cash flowing green opportunities in both the compliance and voluntary carbon markets with a priority on North American investments.
- **Respected team:** Star Royalties will leverage the expertise of its existing management to incubate Green Star Royalties with additional guidance from a planned diverse panel of green experts on its Advisory Committee.
- **Superior alignment:** Green Star Royalties will be managed with the same top-quartile corporate governance principles under a diverse and majority-independent board, as with Star Royalties.
- **Funding:** Initial funding for Green Star Royalties will be sourced from Star Royalties. Star Royalties also intends to vend its two existing carbon offset credit royalties, the Lac Seul First Nation Forest Royalty and the Elizabeth Metis Settlement Forest Royalty, to Green Star Royalties.

Alex Pernin, Chief Executive Officer of Star Royalties, commented: "We believe that the creation of Green Star Royalties will enable the Company to achieve a lower cost of capital. This will allow us to accelerate our green royalty business and to capitalize on our strong relationships, first-mover advantage, and the several opportunities currently in our green pipeline."

"We are fundamentally passionate about financing a greener future with a conservative royalty and streaming investment model. Green Star Royalties will provide our shareholders with exposure to what we believe is the inevitable and dramatic rise in carbon credit pricing required to reach global greenhouse gas emission reduction targets by 2030, as outlined in the Paris Agreement. For instance, we are already seeing

record-high global compliance carbon credit prices and McKinsey forecasts the voluntary market will increase over 150-fold, from US\$300 million in 2020 to US\$50 billion in 2030.”

“To our knowledge, we were the first company to originate a carbon offset credit royalty. We are now in the process of pioneering innovative royalty structures based on our decades of experience within the mining royalty sector to fund new carbon offset projects into existence. The potential returns we are currently seeing in the green sector are superior to what is commonplace in the precious metals sector. One of our objectives since the formation of Star Royalties was to simultaneously realize goodwill and good returns with intelligent, mutually beneficial, ESG-centred transactions.”

“Once Green Star Royalties achieves critical mass, we would look to crystallize value for our shareholders through a go-public event to create a publicly traded, ESG-dedicated, pure-green royalty and streaming investment company. Overall, we see tremendous wealth creation potential for current shareholders and future investors alike.”

### **Carbon Offset Credits**

The Paris Agreement was adopted by 196 nations and entered into force in 2016 with the purpose of reducing global greenhouse gas (“**GHG**”) emissions. Specifically, the Paris Agreement reaffirms the goal to limit global temperature increase to below 2°C above pre-industrial levels, with a secondary aggressive target of limiting that increase to 1.5°C. In order to achieve these levels, many governments have meaningfully increased their commitment in recent years to reducing GHG emissions, with over 100 countries and thousands of corporations having since committed to significantly reducing GHG emissions by 2030 and being carbon-neutral by 2050. For instance, the Government of Canada announced in December 2020 an updated climate plan to raise the federal carbon price from the current C\$40/tonne carbon dioxide equivalent, (“**CO<sub>2e</sub>**”), to C\$170/tonne CO<sub>2e</sub> by 2030 via progressive annual C\$15/tonne CO<sub>2e</sub> increments starting in 2023.

Carbon offsets are generated from any activity that either prevents or reduces carbon emissions (such as renewable energies or methane capture technology), or improves carbon sequestration (such as reforestation and conservation of forested lands or direct carbon capture technology). Carbon offset credits are effectively a measurable net benefit from an activity versus the status quo. Their units are measured in tonnes of CO<sub>2e</sub>, meaning one carbon offset credit is equal to one tonne of CO<sub>2e</sub> emission reduction.

### **Existing Asset Transfers**

Star Royalties is in the process of transferring its two existing carbon offset credit royalties to Green Star Royalties. Given that Green Star Royalties is a wholly-owned subsidiary of the Company, any future developments realized by these transferred assets will ultimately benefit the Company.

- In May 2020, the Company executed a definitive gross revenue (“**GR**”) royalty and right of first refusal agreement with AurCrest Gold Inc. (“**AurCrest**”). The Company acquired both a 16% GR royalty on AurCrest’s revenue share from

the creation and sale of carbon offset credits from the Lac Seul Forest Pilot Project and a right of first refusal on any forest carbon sequestration within the overall Lac Seul Forest Management Unit located in Lac Seul First Nation in Ontario, Canada. The Company expects the GR royalty to commence revenue in 2023 and to generate approximately 2,500 attributable carbon offset credits per annum under a compliance regime.

- In July 2021, the Company executed a definitive royalty purchase agreement and gross revenue royalty agreement with Elizabeth Metis Settlement (“**EMS**”). The Company acquired a 13.5% GR royalty on EMS’ revenue share from the creation and sale of carbon offset credits from forested lands located in Elizabeth Metis Settlement in Alberta, Canada. The Company expects the GR royalty to commence revenue in 2023 and to generate approximately 3,000 attributable carbon offset credits per annum under a compliance regime.

## CONTACT INFORMATION

For more information, please visit our website at [starroyalties.com](http://starroyalties.com) or contact:

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## ABOUT STAR ROYALTIES LTD.

Star Royalties Ltd. is a precious metals and green royalty and streaming investment company. The Company created the world’s first carbon negative gold royalty platform and offers investors gold exposure with an increasingly negative carbon footprint. The Company’s objective is to provide wealth creation through accretive transaction structuring and asset life extension 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 the strategies and business plans of the Company. Forward-looking statements 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, the ability of the parties of the Acquisition to complete the transaction, changes in business plans and strategies, market conditions, share price, best use of available cash, the ability of the Company to identify and execute future acquisitions on acceptable terms or at all, risks inherent to royalty and streaming companies, title and permitting matters, metal and mineral commodity price volatility, discrepancies between actual and estimated production, 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 or streaming payments, regulatory restrictions, activities by governmental authorities (including changes in taxation), currency fluctuations, the global social and economic climate, natural disasters and global pandemics, including COVID-19, dilution, and competition. 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.