ECORA ROYALTIES (TSX:ECOR)

INITIATION OF COVERAGE

RATING:	**BUY**
TARGET:	**C$4.50**
POTENTIAL RETURN:	**70%**

April 13th, 2026
Metals & Mining

Distributed on behalf of Ecora Royalties

SUMMARY

Ecora is on the tail end of a transition from a coal royalty company to one with copper at its core, and uniquely diversified into critical minerals like cobalt, rare earths and uranium. The company is on track to see 75% or greater royalty growth through this decade while significantly diversifying its asset mix.

The company trades at a 30%-60% multiple discount to peers, offering investors a significant rerating opportunity as the coal transition is completed this year.

BOTTOM LINE

- Ecora is run by a team that has grown royalty income 12x over the last twelve years and has a long history of making countercyclical acquisitions and buying assets that pay back more cashflow than originally modeled at acquisition.
- Royalty income is expected to grow 75% over the next 5 years at copper prices of $4.50/lb, ranking favorably against diversified base metals royalty peers. With copper currently at $5.87/lb there is upside to our growth estimate.
- **Valuation:** Our blended target price of C$4.50/sh is based on commodity prices 20% below current levels on average, leaving additional upside under a very strong commodity macro tape and Ecora's history of squeezing more revenue than expected out of royalties. Ecora would generate an attractive total return CAGR of 15%-16% over the next 5 years if it reaches our target price by 2030.

KEY STATISTICS
Market Cap (C$M): 657M
Enterprise Value (C$M): 735M
Common Shares (M): 249M
Inst. Ownership (%): 40%
Avg Volume (30 Days): 500k

VALUATION
EV/EBITDA (FTM): 10x
P/E (Est): 0.66x
P/NPV: 0.65x

KEY ASSETS

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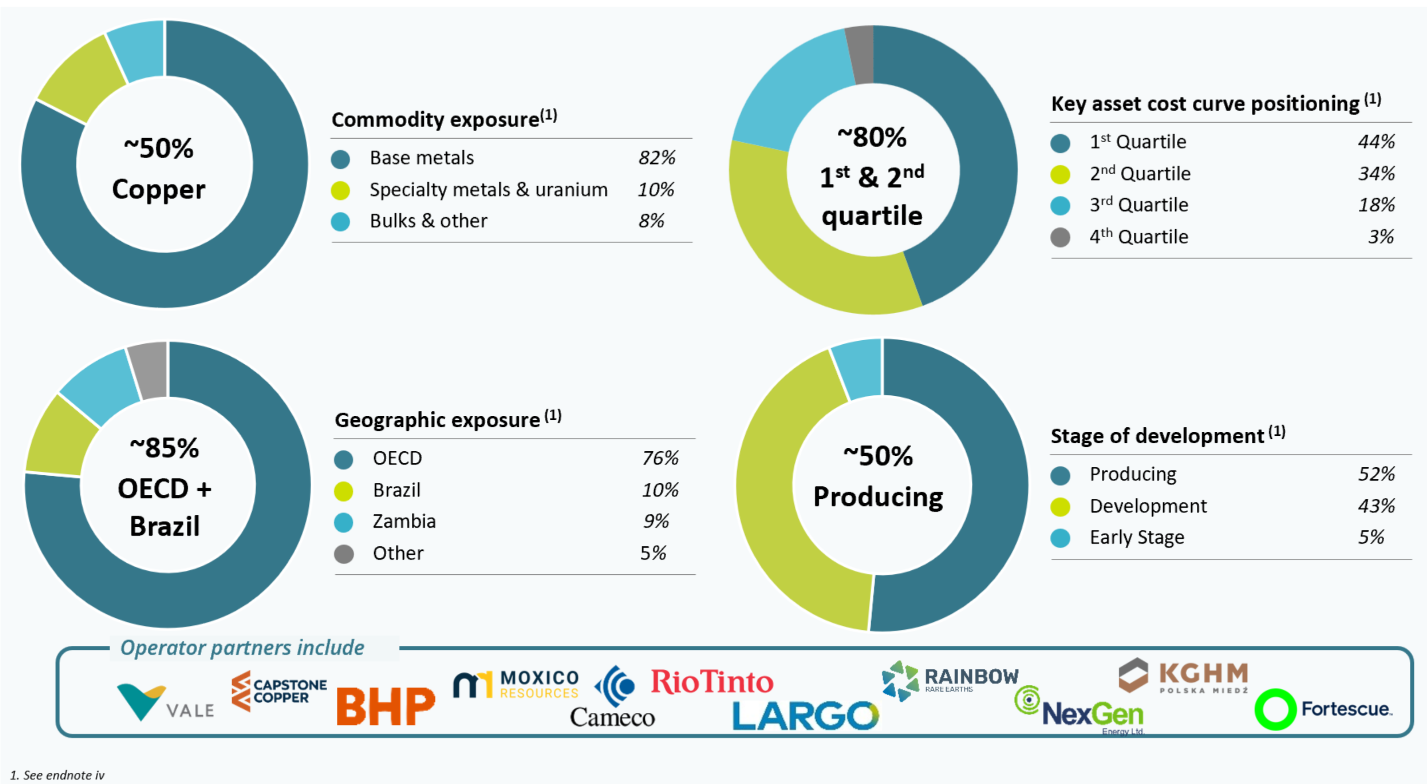
Who is Ecora?

Ecora is a diversified royalty company focused on “critical minerals”, the commodities that are essential to building AI infrastructure, electric vehicles and renewable energy, among other themes. Half of Ecora’s NAV currently comes from copper, with additional exposure to low production costs mines in cobalt, rare earths, uranium and other base metals.

Ecora’s assets are spread out geographically and by commodity. Positively, the projects are largely concentrated in developed countries with low political risk. Political risk is one of the major but, often underappreciated risks facing commodity investors and Ecora has clearly decided to limit this risk as much as possible.

Ecora Commodity Mix Snapshot



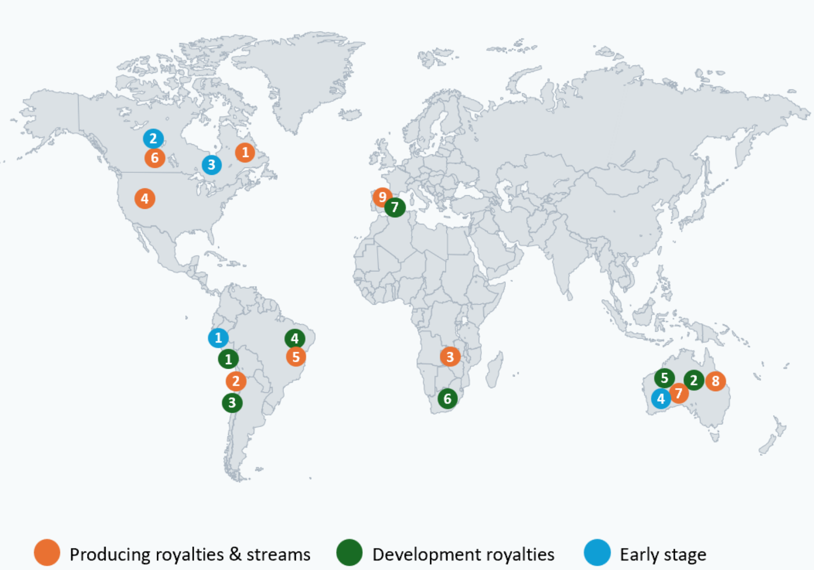
Source: Ecora research analyst consensus NAV as at 9 January 2026. Cost curve positioning weighted to analyst consensus NAV with producing assets at 2024 positions; ramp-up, construction and development assets at 2027 positions. Cost curve sourced from S&P Global Market Intelligence.

Besides the Kestrel and EVBC royalties, producing projects have attractive project lives that stretch into the next decade.

Most importantly for investors, Ecora's portfolio is far more diversified than in the past, justifying a potential multiple premium looking forward.

Ecora's Global Royalty Portfolio

Existing Royalty Portfolio



Royalty Description

		Asset	Commodity	Operator	Reserve Based Mine life
Producing royalties & streams	1	Voisey's Bay	Cobalt	Vale	19 years
	2	Mantos Blancos	Copper	Capstone Copper	15 years
	3	Mimbula	Copper	Moxico Resources	11 years
	4	Carlota	Copper	KGHM	4 years
	5	Maracás Menchen	Vanadium	Largo	29 years
	6	McClean Lake Mill	Uranium	Orano	11 years
	7	Four Mile	Uranium	Quasar Resources	5 years
	8	Kestrel	Steelmaking coal	EMR Capital/Adaro	4 years[(1)]
	9	EVBC	Gold	Orvana Minerals	5 years
Development royalties	1	Santo Domingo	Copper	Capstone Copper	19 years
	2	West Musgrave	Nickel / copper	BHP	24 years
	3	Vizcachitas	Copper	Los Andes Copper	26 years
	4	Piaui	Nickel / cobalt	Brazilian Nickel	18 years
	5	Nifty	Copper	Cyprium Metals	20 years
	6	Phalaborwa	Rare Earths	Rainbow Rare Earths	16 years
	7	Salamanca	Uranium	Berkeley Energia	14 years
Early stage	1	Cañariaco	Copper / Gold	Fortescue	28 years
	2	Patterson Corridor East	Uranium	NexGen	n/a
	3	Ring of Fire	Chromite	Wyloo Metals	n/a
	4	Pilbara	Iron Ore	BHP	n/a

1. Although the mine life extends beyond 2030, mining beyond this date is expected to be outside the Group's private royalty area.

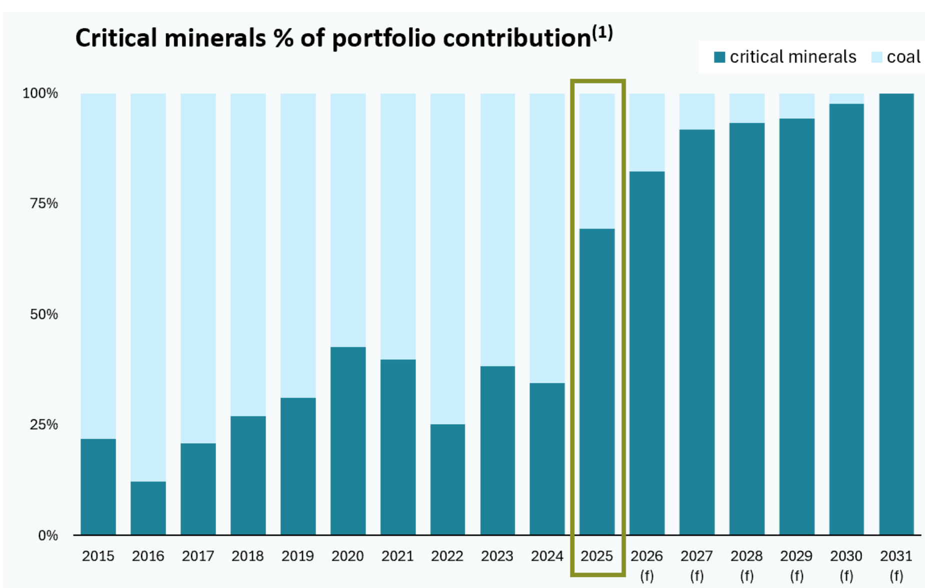
Source: Ecora Royalties

A History of Coal but a Future Tied to Base Metals

Ecora has a strong track record of royalty income growth, with the previous CEO Julian Treger and current CEO Marc Bishop Lafleche growing income from $4.5 million in 2013 all the way to $57 million in 2025

Management's ongoing priority #1 is to acquire producing and soon to produce royalties to backfill income from coal and results in 2025 showed that goal was largely complete. Kestrel declined to 30% of royalties in 2025 and ended the year at 18% in the fourth quarter.

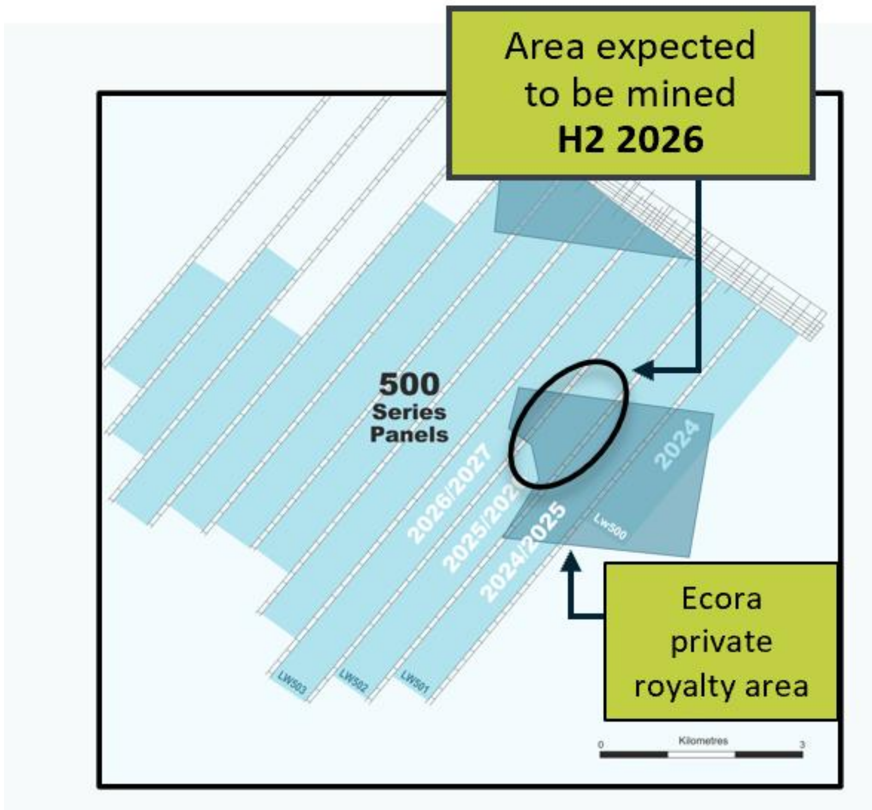
Management has been very clear to the market about the declining royalties from coal, even going so far as to provide a helpful visual of the royalty area at Kestrel so investors can better forecast when the remaining income will flow in from Kestrel.



Source: Ecora YE 2025 Investor Presentation *2015-2025 actuals; 2026-2030 based on analyst consensus forecasts.

This year will be the last meaningful year of royalties from Kestrel. Ecora's financials will clearly show it is a growing, copper, cobalt and rare earth's focused royalty company in 2026, which could bring in additional capital from investor's who previously wrote the company off as a coal royalty stream in decline.

Mining Forecast Diagram for Kestrel



Source: Ecora Royalties

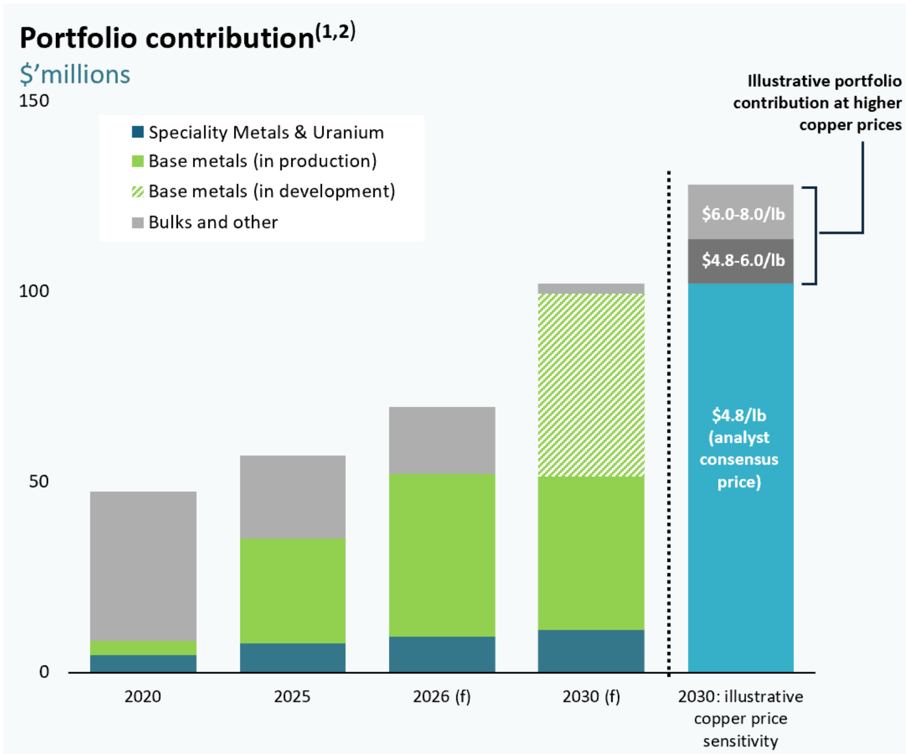
2025 was the Income Trough for Ecora

Ecora has already been successful in acquiring royalties to replace Kestrel and even without additional asset purchases, analyst consensus predicts royalty income can hit close to $100 million in the medium term, compared to $57 million in 2025.

2025 likely marked the royalty income trough and Ecora management is guiding to royalty volume growth in 2026 and beyond.

Growth will be driven by exposure to critical minerals such as copper, cobalt, uranium and rare earths.

Consensus Royalty Growth Outlook



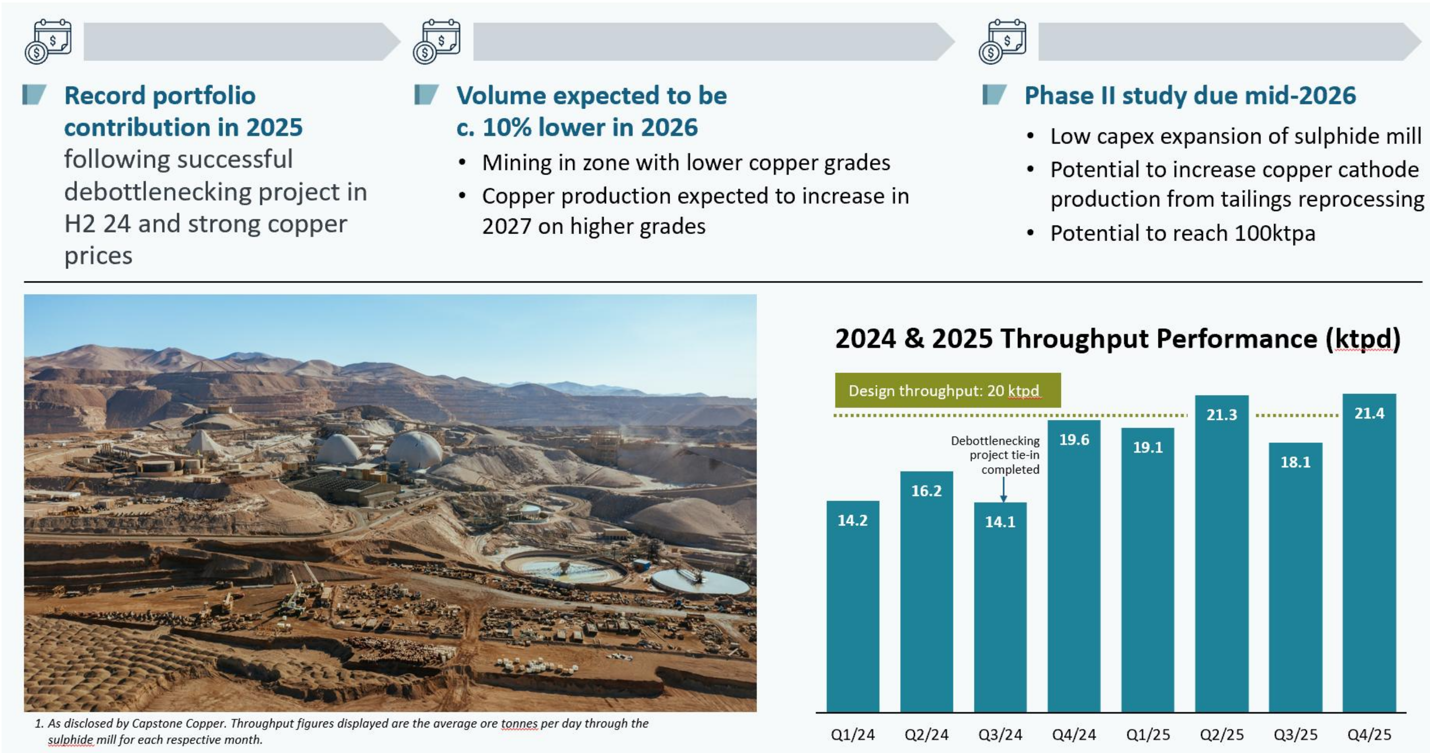
i. **Source: Ecora research analyst consensus forecasts; Ecora analyst 2030 copper consensus forecasts on $4.77/lb. Research analyst consensus (Atrium, Berenberg, Canaccord Genuity, Peel Hunt, RBC, Scotiabank) with the following price assumptions: Copper: 2026 $5.71/lb, 2030 $4.77/lb. Cobalt (alloy grade): 2026 $25.1/lb, 2030 $21.0/lb. Steel-making coal: 2026 $213/t, 2030 $206/t. Nickel: 2026 $7.89/lb, 2030 $8.41/lb.**

Ecora's currently producing portfolio already covers more than 100% of coal royalties, with upcoming copper projects set to push royalty income to new highs. Santo Domingo is expected to reach FID in the second half of 2026 and begin producing and generating meaningful cashflows by 2029.

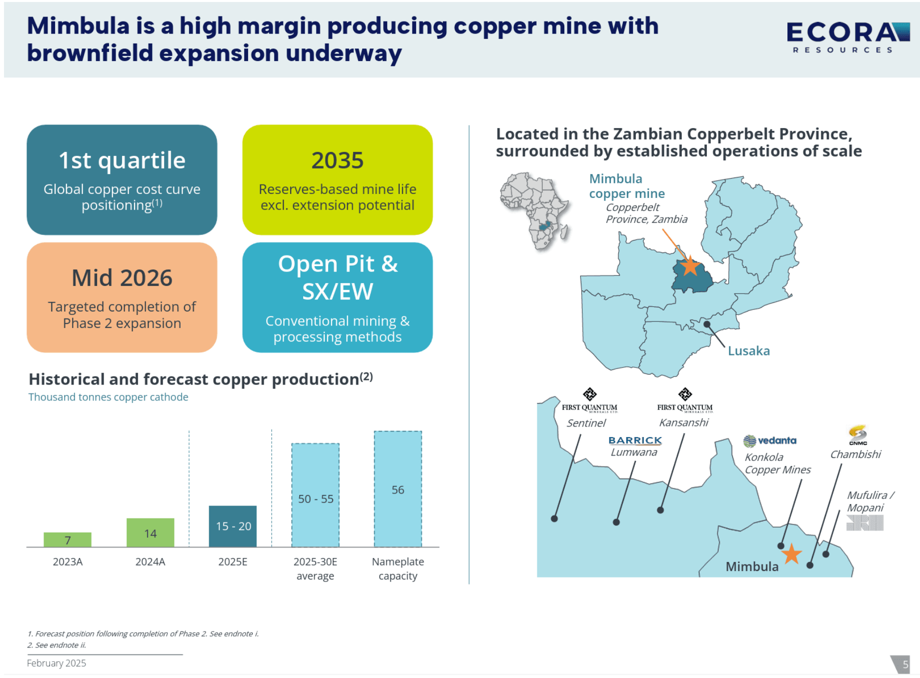
Mantos Blancos copper, currently 1/6 the royalty income of Kestrel, has near term royalty upside. Production is expected to remain 17% above 2024 levels with steady state production of 54k tonnes, 21% above the 2024 run rate.

A phase 2 expansion study, due mid-year, could see production grow to 100ktpa, from 80ktpa of throughput today.

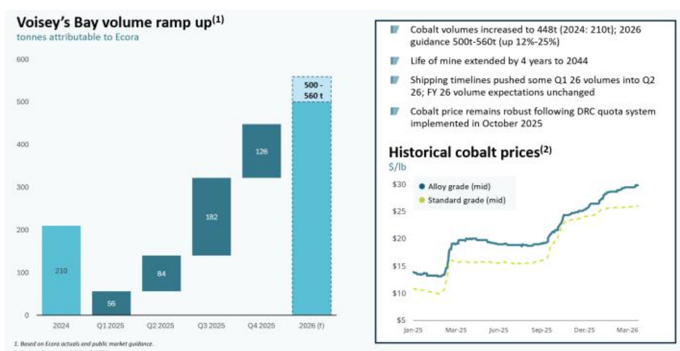
Mantos Blancos Year End 2025 Review and 2026 Outlook



Also in February of 2025 Ecora bought a stream on the producing Mimbula copper mine in Zambia which will provide near term royalty income of $10 million per year for at least the next 7-8 years at $4.40/lb copper with expansion opportunities longer term.

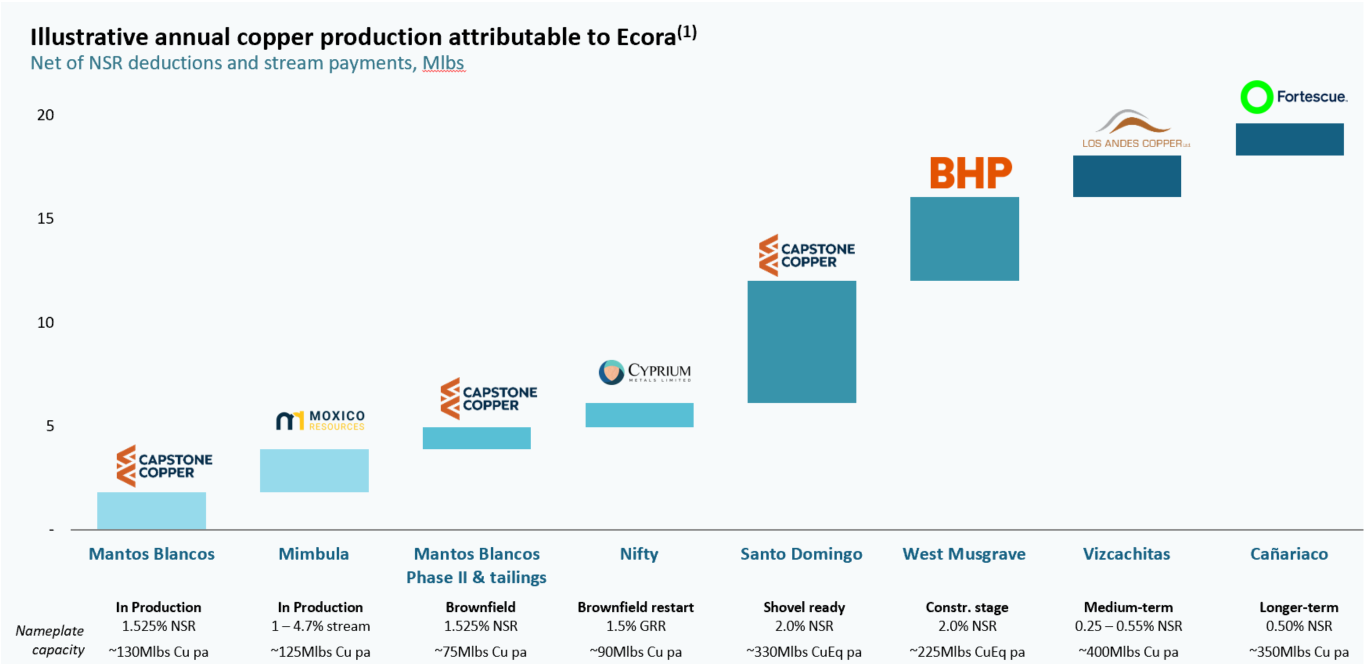


If there is a remainder of coal royalty runoff to be filled, Ecora is confident growth in cobalt deliveries from Canada's Voisey's Bay project, operated by Vale and the Piaui project operated by Brazilian Nickel will fill the gap. Ecora received 448 tonnes of cobalt in 2025 and expects 500-560 tonnes in 2026. On top of production growth, alloy grade cobalt prices have increased from $13/lb in early 2025 to $30/lb in the first quarter of 2026.



A Laser Focus on Copper

Ecora management are big believers in the long term demand trends effecting the copper market and have made this commodity a priority for future growth. Ecora will have royalties on over 500,000 tonnes a year of copper by the end of the decade, up from only 60,000 tonnes in 2025.



Ecora Asset Review

Ecora holds a diversified royalty and streaming portfolio providing exposure to copper, cobalt, nickel, vanadium, iron ore, uranium, gold, rare earths and industrial minerals. As of January 2026 the portfolio consists of nine cash-flowing assets alongside a suite of development-stage royalties expected to underpin medium-term growth. Portfolio contribution in 2025 was dominated by Kestrel, Voisey's Bay, Mantos Blancos and Mimbula, which together account for a large part of revenue visibility over the next three years.

Base Metals

Voisey's Bay (Canada) – Cobalt Stream

Royalty Structure: 70% interest in a life-of-mine cobalt stream, equivalent to 22.82% of total cobalt production until 7,600 t delivered, falling to 11.41% thereafter. Ecora pays 18% of cobalt reference price until stream payback, then 22%.
Year Acquired: 2021.
Operator: Vale.
Metal: Cobalt (nickel-copper by-product).

Location: Newfoundland & Labrador, Canada.
2025 Production: 448 tonnes attributable cobalt deliveries, with ramp-up underway following underground expansion.
2025 Contribution: US$15.3m portfolio contribution after stream cost of sales.
Commentary: Voisey's Bay is entering its volume inflection as the Eastern Deeps and Reid Brook underground mines reach steady-state. Ecora expects attributable volumes to increase toward ~560 tpa by 2026, establishing this asset as a cornerstone of the critical-minerals cash-flow base.

Mantos Blancos (Chile) – Copper

Royalty Structure: 1.525% NSR on copper.
Year Acquired: 2019.
Operator: Capstone Copper
Metal: Copper
Location: Antofagasta, Chile.
2025 Production: Achieved nameplate throughput of ~61.9 ktpa copper output.
2025 Contribution: US$9.5m.

Mimbula (Zambia) – Copper G

Stream Structure: Sliding-scale GRR: 4.7% (0–15 ktpa), 2.5% (15–30 ktpa), 1.0% (>30 ktpa).
Year Acquired: 2025.
Operator: Moxico Resources.
Metal: Copper (SX-EW cathode).
Location: Zambia.
2025 Production: Approx. 20ktpa exit rate; ramping to 30-35ktpa in 2026 and 56ktpa longer term.
2025 Contribution: US$2.9m net of sales in 2025

Carlota (USA) – Copper

Royalty Structure: 5% NSR.
Year Acquired: Acquired with South32 deal in 2022.
Operator: KGHM.
Metal: Copper.
Location: Arizona, USA.

2025 Production: End-of-life heap-leach operation
2025 Contribution: US$0.8m.

Santo Domingo (Chile) – Copper & Cobalt

Royalty Structure: 2% NSR.
Year Acquired: 2022 (South32 portfolio)
Operator: Capstone Copper.
Metal: Copper, cobalt by-product.
Location: Chile.
Status: Development project with updated feasibility study confirming robust economics and industry-low operating costs (~$0.33/lb).
2025 Contribution: None.
Commentary: Provides medium-term copper exposure with potential to scale significantly once financing and construction decisions are finalised (post-2026 FID). Expected to generate $30-$35 million per year for Ecora at lower spot prices than where we are in early 2026.

West Musgrave (Australia) – Nickel & Copper

Royalty Structure: 2% NSR.
Year Acquired: 2022 (South32 portfolio).
Operator: BHP (post-OZ Minerals acquisition).
Metal: Nickel, copper.
Location: Western Australia.
Status: Development remains suspended pending BHP's review by February 2027; BHP stated during 2025 it would consider divesting the project and commenced a sale process..
2025 Contribution: None.
Commentary: Strategically important long-life copper & nickel exposure; timeline contingent on BHP's market-led reassessment.

Vizcachitas (Chile) – Copper

Royalty Structure: 1% NSR.
Year Acquired: acquired in 2023.
Operator: Los Andes Copper.
Metal: Copper.

Location: Chile.
Status: Pre-construction; no revenue.
Commentary: Provides long-dated optionality on a large copper porphyry.

Piauí (Brazil) – Nickel & Cobalt

Royalty Structure: 1.6% GRR with option to increase stake to 4.25% with additional $62.5 million investment. No obligation to exercise this right.
Year Acquired: 2017
Operator: Brazilian Nickel.
Metal: Nickel, cobalt.
Location: Brazil.
Status:
Development-stage. During 2025 the operator advanced pre-construction work, community relations and construction financing, and announced non-binding MHP supply agreements with European and US-based refiners.

2025 Contribution: N/A

Nifty (Australia) – Copper

Royalty Structure: 1.5% GRR.
Year Acquired: 2022.
Operator: Cyprium Metals.
Status: Development-stage restart. The Cathode Project restart plan was approved, with first copper cathode production expected in mid-2026. Royalty payments are triggered once cumulative copper production from the mine reaches 800kt; Ecora expects that threshold about five years after mining restarts.
2025 Contribution: None.

Cañariaco (Peru) – Copper & Gold

Royalty Structure: 0.5% NSR.
Operator: Fortescue (acquired from Alta Copper in March 2026 following a December 2025 binding agreement).
Status: Early-stage; no cash flow. Ownership quality improved materially with Fortescue taking control, which should strengthen the project's technical, permitting and community capability.

Specialty Metals & Uranium

Maracás Menchen (Brazil) – Vanadium

Royalty Structure: 2% NSR.
Year Acquired: Legacy royalty.
Operator: Largo Resources.
Metal: Vanadium (V_2O_5).
Location: Bahia, Brazil.

2025 Production: 9.2kt V_2O_5 produced; 8.7kt V_2O_5 equivalent sold.
2025 Contribution: US$1.7m.

McClean Lake Mill (Canada) – Uranium Toll Milling

Royalty Structure: 22.5% of toll-milling revenue derived from Cigar Lake ore.
Year Acquired: Long-standing loan/royalty structure.
Operator: Orano (mill), Cameco (Cigar Lake).
Location: Saskatchewan, Canada.
2025 Contribution: US$3.7m.

Four Mile (Australia) – Uranium

Royalty Structure: 1% NSR.
Operator: Quasar Resources.
Location: South Australia.
2025 Contribution: US$2.2m following normalisation of sales volumes.

Phalaborwa (South Africa) – Rare Earths

Royalty Structure: 0.85% GRR.
Year Acquired: 2024.
Operator: Rainbow Rare Earths.
Metal: NdPr-rich rare earths.
Status: Development-stage. Rainbow advanced the project during 2025 and is targeting publication of a Definitive Feasibility Study in 2026, with production expected from as early as 2028.

Commentary: High-margin, low-capex project utilising historic tailings; strategically aligned with global REE supply-chain diversification.

Salamanca (Spain) – Uranium

Royalty Structure: 1% NSR.
Operator: Berkeley Energia.
Status: Development-stage; no cash flow.

Patterson Corridor East (Canada) – Uranium

Royalty Structure: 2% NSR
Operator: NexGen.
Status: Early-stage. The 2025 drill programme expanded the mineralised footprint to 700m of vertical extent and 620m of strike length, with the high-grade subdomain vertical extent increasing to 412m.
Commentary: The 2026 programme is planned at 42,000m, including testing a repeating zone 600m to the south-east.

Bulks & Precious Metals

Kestrel (Australia) – Steelmaking Coal

Royalty Structure: GRR varying from 7–40% depending on coal prices; applies only to Ecora's private royalty lands.
Year Acquired: Legacy cornerstone asset.
Operator: EMR Capital & Adaro.
Location: Queensland, Australia.
2025 Production: ~2.2 Mt from Ecora royalty lands.
2025 Contribution: US$17.5m

EVBC (Spain) – Gold

Royalty Structure: 2.5–3% NSR.
Operator: Orvana Minerals.

Location: Spain.
2025 Production: 30,953 oz Au.
2025 Contribution: US$3.2m.

IOC / LIORC (Canada) – Iron Ore

Royalty Structure: Exposure to 7% GRR via remaining shareholding in LIORC.
Operator: Rio Tinto (IOC).
2025 Contribution: Included within "Other" (~US$0.2m).
Commentary: Residual income stream following partial divestment; minor NAV impact.

Incoa (Dominican Republic / USA) – Calcium Carbonate

Royalty Structure: ~1.23% GRR once in production.
Status: Development-stage; no cash flow.
Strategic Role: Industrial minerals diversification with structurally stable demand profile.

Amapá (Brazil) – Iron Ore

Royalty Structure: 1% GRR.
Status: Redevelopment project; no contribution in 2025.

Ring of Fire (Canada) – Chromite

Royalty Structure: 1% NSR.
Status:
Early-stage; contingent on regional infrastructure.

Pilbara (Australia) – Iron Ore

Royalty Structure: 1.5% GRR.

Status: Exploration-stage; no revenue.

Investment Framework & Capital Allocation Strategy

Ecora applies a disciplined, criteria-driven approach to royalty and streaming acquisitions designed to maximise risk-adjusted returns while maintaining a portfolio that can compound cash flow through market cycles. Management operates under a formal Investment Framework that screens all opportunities for cost position, jurisdictional quality, operator capability, expected returns, commodity alignment and sustainability compliance.

According to Ecora's published Investment Framework, the company focuses the majority of its capital on projects that are:

- Relatively low cost, ideally in the lower quartile of global cost curves, as this improves downside protection during commodity downturns.
- Located in established mining jurisdictions, typically OECD or comparable regions with strong permitting, rule-of-law and stable fiscal regimes.
- Operated by strong management teams with proven execution track records and robust technical capacity.
-
- Aligned with Ecora's commodity basket, prioritising copper, cobalt, vanadium and other base and specialty metals tied to the energy transition.
- Fully compliant with Ecora's sustainability investment criteria, including environmental impact, local community considerations and operator ESG performance.

An Emphasis on critical minerals

Ecora is intentionally reallocating capital away from coal and legacy bulks toward critical minerals. Critical-minerals royalty value has already grown from US$21m in 2024 to US$37m last year and is expected to reach over US$100m by 2030, ultimately comprising ~90% of income while already representing 90% of net asset value . As the portfolio continues to diversify away from coal there is the potential for multiple expansion with Ecora trading at a significant value discount to peers, as we discuss later in this initiation report.

Focus on low-risk, cash-generating assets

Ecora consistently prioritizes acquisitions that:
- carry lower operating-risk profiles,
- sit on the lower end of the cost curve,
- and provide early visibility on near-term cash flow.

For example, the 2024 addition of the Phalaborwa rare-earths royalty satisfied all framework criteria—low cost, no primary mining requirement, strong sustainability and mid-teens IRR potential.

Ecora Has a Clear Capital Allocation Framework

Ecora introduced a new, formalised Capital Allocation Framework in 2024, which is now the foundation for all capital deployment decisions. The framework has four pillars, each tied to a defined priority:

1. **Growth** – Acquire high-quality royalties to diversify and expand the portfolio.
2. **Deleveraging** – Reduce leverage post-acquisition to maintain balance sheet strength.
3. **Cash Dividends** – Distribute semi-annual dividends equal to 25–35% of free cash flow (FCF).
4. **Strategic Share Buybacks** – Consider buybacks when the share price trades at a discount to NAV and when liquidity allows.

This framework is explicitly designed to balance income, growth and balance sheet resilience while maintaining flexibility to deploy capital into high-return royalty transactions. The shift in policy "aligns the dividend with free cash flow generation and frees up capital for growth".

Dividend Policy is Flexible

Dividends are not fixed; instead they float within a defined payout band tied directly to free cash flow:

$$\textbf{Dividend Payout} = 25\% \textbf{ to } 35\% \times \textbf{Free Cash Flow}$$

The formula applies on a semi-annual basis, giving management flexibility to respond to commodity-price volatility and lumpy royalty receipts.

Reinvestment Into New Royalties

Freed-up cash not allocated to dividends or buybacks is redeployed into accretive future-facing royalties. The updated framework enabled Ecora to reduce dividends by US$11m in 2024 and subsequently deploy US$8.5m into the Phalaborwa rare-earth royalty without increasing leverage.

This demonstrates the mechanics of the framework:
Lower payout ratio → More available capital → Royalty growth → Higher long-term FCF per share.

Balance Sheet & Deleveraging

Ecora prioritises maintaining a conservative leverage ratio. The framework emphasizes post-transaction deleveraging and maintaining covenant headroom under the company's revolving credit facility—the RCF was upsized to $180m with a $75m accordion in early 2025.

Strategic Rationale Behind the Framework

Ecora's capital allocation model is structured to support a long-term transition in the portfolio:

1. From legacy bulk/coal exposure (Kestrel runoff)
2. Toward royalty cash flows dominated by copper, nickel and cobalt

Management explicitly states that achieving scale and diversity is key to long-term valuation and that the company's strategy is built around adding producing or near-term producing royalties to accelerate portfolio cash flow in the second half of the decade.

The combination of:
• strict investment screening,
• flexible payout policy,
• opportunistic buybacks, and
• disciplined deleveraging

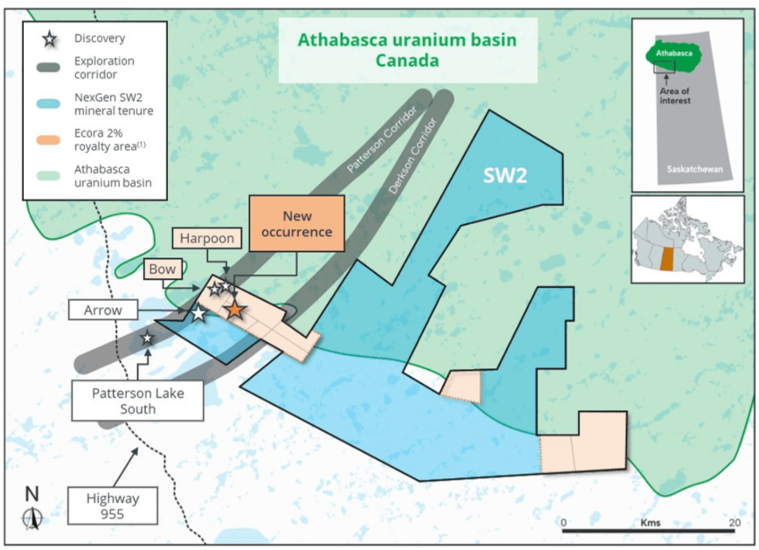
is designed to maximise per-share value creation, not just absolute revenue growth.

Consensus NAVs Exclude High Potential uranium Royalty

Uranium in particular is an underappreciated value driver for Ecora. Ecora owns a royalty on NexGen's Patterson Corridor East project which borders the Arrow deposit, soon to be the largest new uranium project in the world. The Rook 1 project is anticipated to supply 30 million pounds of uranium per year later this decade. For perspective, 30 million pounds is 20% of world uranium supply.

NexGen recently discovered the PCE deposit, on Ecora's royalty, which already has the potential to be even bigger than Arrow according to NexGen management. This royalty alone has huge potential, yet as we discuss below, its not priced in to the current stock price. Back of the envelope math would put Ecora's royalty income at close to C$50 million dollars per year if PCE eventually produces 30 million annual pounds like the planned capacity at Rook 1.

Ecora's royalty area at NexGen's SW2 project(1)



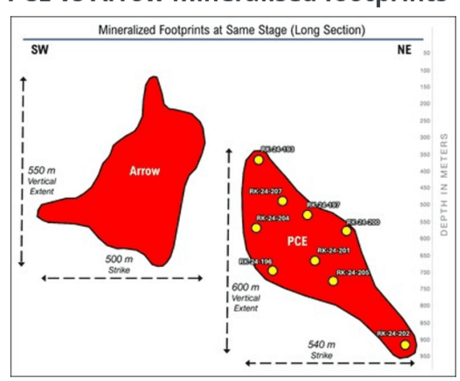
*The footprint of PCE is **currently larger than Arrow's** at the same stage of meters drilled, with the geological setting indicating a tremendously prospective basement hosted system with many geological similarities to Arrow*

NexGen Energy Ltd.

NexGen has announced a material expansion in the mineralised zone at Patterson Corridor East (PCE)(2)

- Off-scale (>61,000 cps) high-grade uranium mineralization has been intersected in four drillholes
- Geological characteristics are very analogous to Arrow indicating a large, pervasive and high-grade system
- **New occurrence is within Ecora's royalty area**

PCE vs Arrow mineralised footprints(2)



1. Advanced Royalty Corp. (ARC) is a wholly owned subsidiary of Ecora Resources. ARC is entitled to a 2% NSR over a number of areas within the Athabasca Basin.

2. NexGen press release titled "NexGen announces best hole (RK-24-207) to date and material expansion of the mineralized zone at Patterson Corridor East" dated 8th August 2024.

A Culture of Deep Due Diligence

Ecora grew royalty income 1,000% over the past decade through a deep understanding and expertise in both the commodities and the projects they invested in.

Looking at recent asset acquisitions, Ecora continues to make astute acquisitions that are currently priced to pay back multiples of the cost to acquire them. The current investment team has been with Ecora for close to a decade and CEO Marc Bishop Lafleche, who was previously the head of the team, is still heavily involved in asset sourcing and final signoff, giving us comfort that the past return profile of the company can be upheld and strengthened over time.

A History of Accretive Royalty Acquisitions

(In US$m)	Acquisition Price	Cumulative Income[1]	Consensus NAV Estimate[2]	NAV + Income Received	(Income Received + NAV) / Purchase Cost[3]
Maracás Menchen 2014	**$25**	$30	$29	**$59**	**236%**
McClean Lake 2017	**$31**	$40	$21	**$61**	**197%**
Piauí 2017	**$9.5**	n/a	$41	**$41**	**431%**
Mantos Blancos 2019	**$50**	$38	$57	**$95**	**190%**
Voisey's Bay 2021	**$208**	$52	$186	**$238**	**114%**
Santo Domingo 2022	**$93**	n/a	$129	**$129**	**139%**
West Musgrave 2022	**$86**	n/a	$101	**$101**	**113%**
Nifty 2022	**$5**	n/a	$24	**$24**	**480%**
Carlota 2022	**$1**	$2	$1	**$3**	**300%**
Vizcachitas 2023	**$20**	n/a	$23	**$23**	**117%**
Phalaborwa 2024	**$8.5**	n/a	$14	**$14**	**165%**
Mimbula 2025	**$50**	$3	$75	**$79**	**158%**

1. Portfolio contribution since acquisition up to 31 December 2025; Voisey's Bay and Mimbula streams calculated net metal purchase costs (cost of sales)

2. Calculated using consensus unrisked NAV of covering sell-side research analysts at 23 March 2026

3. Unlevered

Source: Ecora Investor Presentation March 2026

The current CEO, Marc Bishop Lafleche was the company's Chief Investment Officer prior to being promoted to the top job. Subject matter expertise runs deep at Ecora. The company's second most recent acquisition, the Phalaborwa Rare Earth Project, perfectly demonstrates the investment team's process and investment discipline.

Criteria #1: The Right Commodity

The Ecora investment team chose a rare earths royalty due to the strong macroeconomic demand trends for rare earths, the western world's move to invest in and purchase sources of supply outside of China and the fact that the deposit contains large amounts of the four most in demand rare earths.

Overview of rare earth elements and their uses

ECORA RESOURCES

What are rare earth elements (REEs)?[1]

- Group of 17 elements split into two categories "light" and "heavy"
- Most are naturally occurring, but are rarely found in concentrated forms that are commercial to extract
- Due to similar chemical properties, can be challenging to split into individual elements with producers often using harsh solvents to aid separation
- China produced over 90% of refined output in 2023, with 66% of rare earth feedstock sourced from domestic production

Consumption of REEs and their use in permanent magnets

- Rare earth magnets, or permanent magnets, is the largest area of demand accounting for 90% of total market value in 2023
- Elements Nd and Pr are core components in NdFeB magnets due to their ability to create powerful magnetic fields
- Small additions of Tb and Dy can further enhance performance by improving temperature resistance

Permanent magnet uses and their importance

- Permanent magnets are used in wind turbines, electric vehicle motors and many consumer electronics
- Electric vehicles are a key growth area, where vehicle performance can be significantly improved with minimal additional cost
- The added efficiency of using permanent magnets allows EV manufacturers to reduce the size and cost of battery packs whilst maintaining performance

Light rare earth elements (LREE)

Nd | Pr | La | Ce | Sc

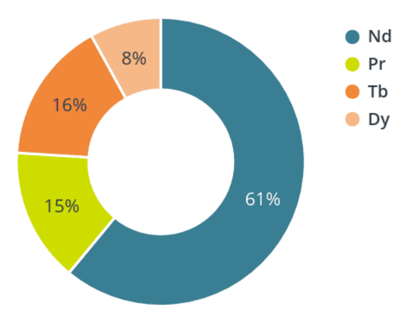
Heavy rare earth elements (HREE)

Tb | Dy | Pm | Sm | Eu | Gd | Ho

Er | Tm | Yb | Lu | Y

High demand / value elements

Phalaborwa's magnet rare earth basket[2]



1. See endnote iii.
2. See endnote i.

Phalaborwa Royalty Acquisition July 2024

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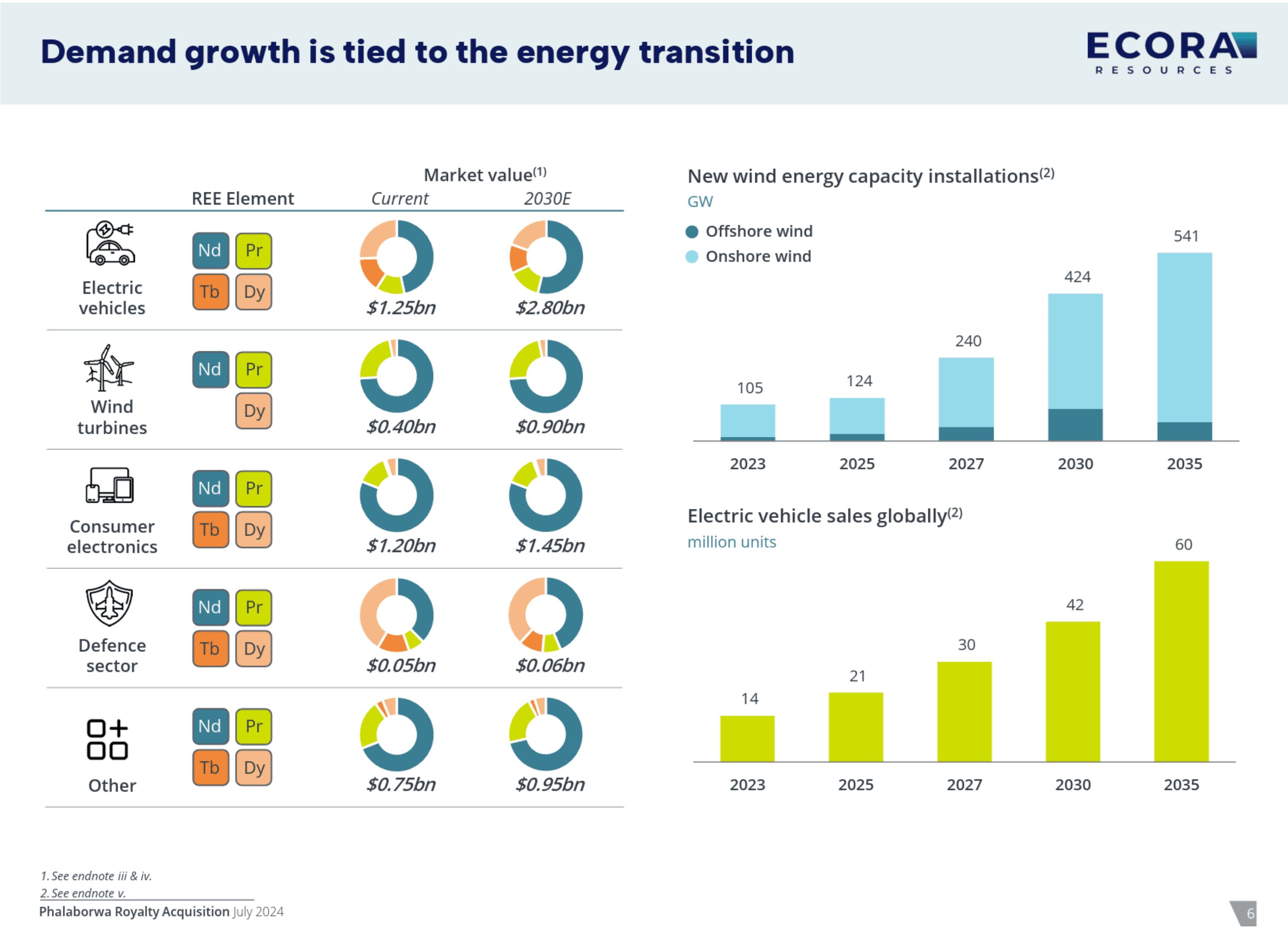
Criteria #2: Demand Growth

Rapid adoption of electric vehicles and the priority buildout of renewable energy will drive rising demand for rare earths critical to both trends.

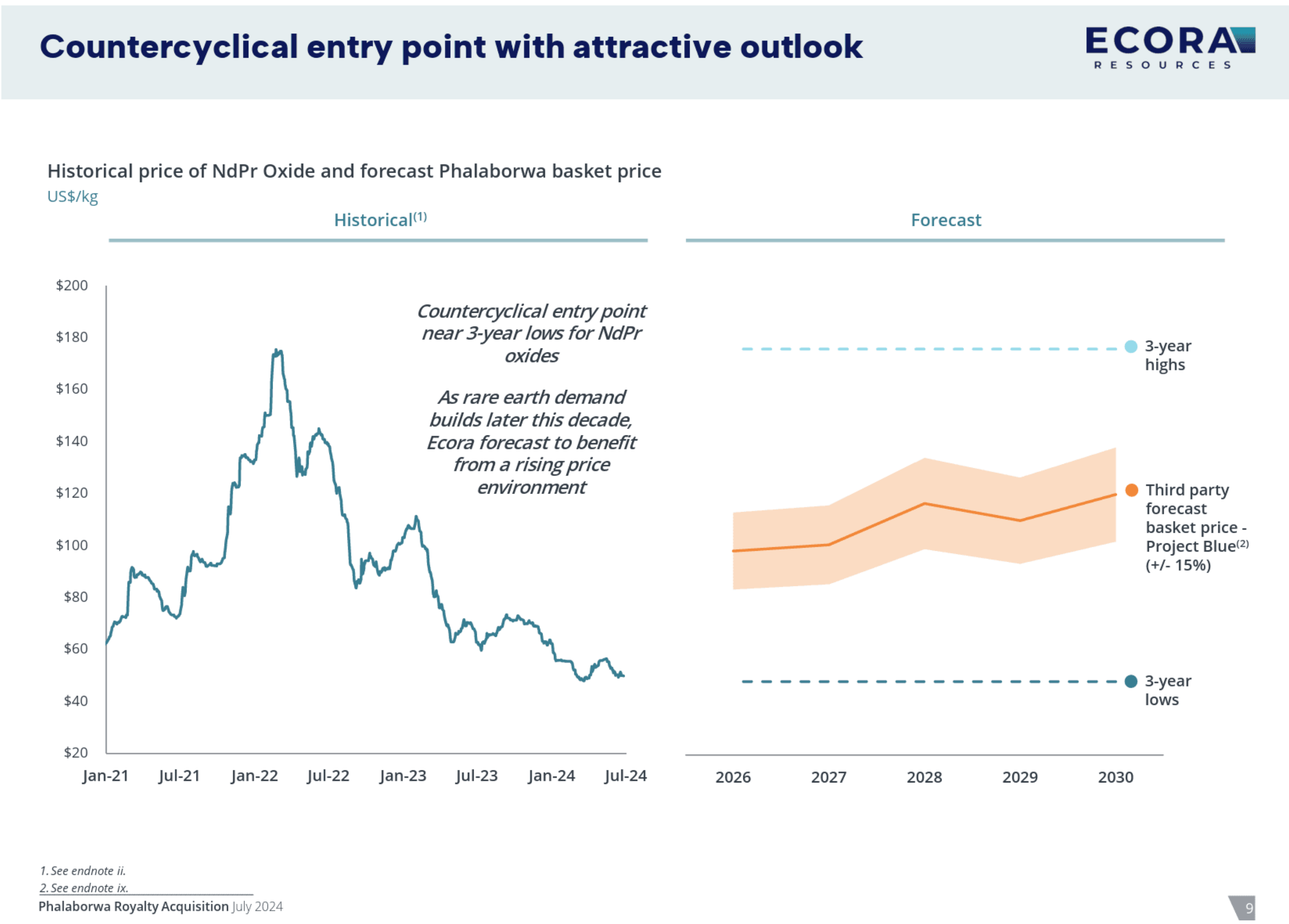


Criteria #3: Low on the Cost Curve

While the current price of rare earths is so low that Benchmark Mineral Intelligence estimates only eight projects outside China currently break even, Phalaborwa will have a production cost of only $33.50/Kg. The project is one of the lowest cost rare earth deposits outside China and can run profitably even if todays depressed prices persist.

Criteria #4: Prices at Multi-year Lows, Not Highs.

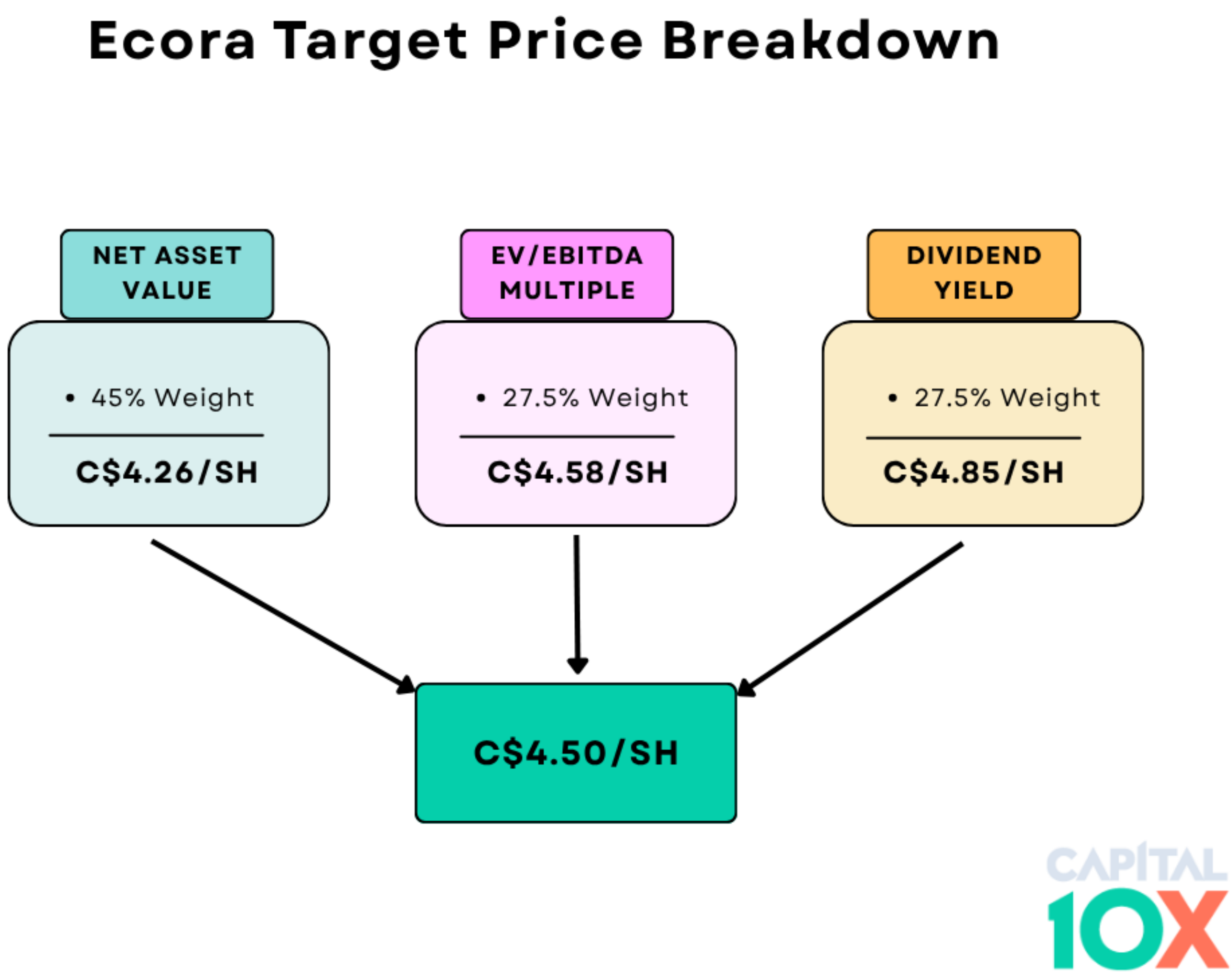
Rare earth prices declined in 2023 and 2024, driven by transitory slowing growth of end markets, EVs and renewable energy. Growth in supply from the low cost global supplier China also impacted prices. Ecora took weak prices as an opportunity to sign their first rare earth royalty. Buying royalties when commodity prices are depressed increases the probability prices will be a tailwind, not a headwind. Commodity prices are probably the most important driver of royalty returns outside of cash costs.



Valuation: Ecora Trades for Both a Fundamental and Relative Discount

We choose to look at Ecora's valuation through three different lenses. A fundamental lens, a market-based lens and a long-term shareholder return lens.

We will walk through all three, but the bottom line is Ecora looks to have meaningful upside regardless of the valuation technique used.



Source: Capital10x Estimates, Bloomberg Data

Ecora Net Asset Value

Even after almost a doubling of the stock price in 2025, Ecora continues to trade at a significant discount to our estimate of net asset value.

In particular, we are out of consensus in ascribing real value to the Patterson Corridor East royalty. The social momentum for building a wave of new nuclear reactors hasn't been this strong in 50 years and will require significantly more western uranium than is planned. With Nexgen only months away from a government approval for its Rook 1 uranium mine, we think there is a significant probability Patterson Corridor East becomes a mine by the mid-2030's.

Ecora Net Asset Value

Asset	Location	Operator	Commodity	Stage	Risk factor	Valuation USDm	Valuation CADm	Risked Valuation CAD/sh	Unrisked Valuation CAD/sh
Voisey's Bay	Canada	Vale	Cobalt	Producing	100%	175.8	243	0.97	0.97
Mimbula	Zambia	Moxico Resources	Copper	Producing	100%	64.0	88	0.35	0.35
Mantos Blancos	Chile	Capstone Copper	Copper	Producing	100%	57.1	79	0.32	0.32
Maracas Menschen	Brazil	Largo Resources	Vanadium/Ilmenite/TiO	Producing	100%	25.0	35	0.14	0.14
Cigar Lake	Canada	Denison/Orano/Cameco	Uranium	Producing	100%	22.7	31	0.13	0.13
Four Mile	Australia	Quasar Resources	Uranium	Producing	100%	20.0	28	0.11	0.11
Kestrel	Australia	Adaro/EMR Capital	Metallurgical coal	Producing	100%	20.0	28	0.11	0.11
LIORC	Canada	Rio Tinto	Iron Ore	Producing	100%	3.0	4	0.02	0.02
Carlota	USA	KGHM	Copper	Producing	100%	1.0	1	0.01	0.01
El Valle	Spain	Orvana Minerals	Gold, copper, silver	Producing	100%	0.1	0	0.00	0.00
West Musgrave	Australia	BHP	Nickel	Development	90%	120.0	166	0.66	0.74
Santo Domingo	Chile	Capstone Copper	Copper	Development	90%	125.0	173	0.69	0.77
Vizcachitas	Chile	Los Andes Copper	Copper	Development	90%	21.0	29	0.12	0.13
Nifty	Australia	Cyprium Metals	Copper	Development	90%	22.0	30	0.12	0.14
Phalaborwa	South Africa	Rainbow Rare Earths	Rare earth elements	Development	90%	13.0	18	0.07	0.08
Piaui	Brazil	Brazilian Nickel	Nickel	Development	25%	40.0	55	0.22	0.89
Salamanca	Spain	Berkeley Energia	Uranium	Development	25%	3.2	4	0.02	0.07
Patterson Corridor East	Canada	NexGen	Uranium	Early Stage	50%	114.8	158	0.64	1.27
Canarico	Peru	Candente Copper	Copper	Early Stage	20%	15.0	21	0.08	0.42
Pilbara	Australia	BHP	Iron Ore	Early Stage	10%	5.0	7	0.03	0.28
Ring of Fire	Canada	Wyloo Metals	Chrome	Early Stage	10%	3.0	4	0.02	0.17
Amapa	Brazil	Zamin Ferrous	Iron Ore	Early Stage	10%	3.0	4	0.02	0.17
Operational NAV						**874**	**1,206**	**4.84**	**7.26**
Adjustments									
Net (debt) / cash						(87.00)	(120.06)	(0.48)	
Payments for royalties o/s						(17.67)	(24.38)	(0.10)	
Narrabri deferred consideration						8.37	11.55	0.05	
Mining equity interests						2.79	3.85	0.02	
G&A						(12.00)	(16.56)	(0.07)	
Total adjustments						**(105.51)**	**(145.60)**	**(0.58)**	
NAV						**768.26**	**1060.21**	**4.26**	

Source: Capital10x Estimates, Bloomberg Consensus

Source: Capital10x Research Estimates, Wood Mackenzie, Bloomberg

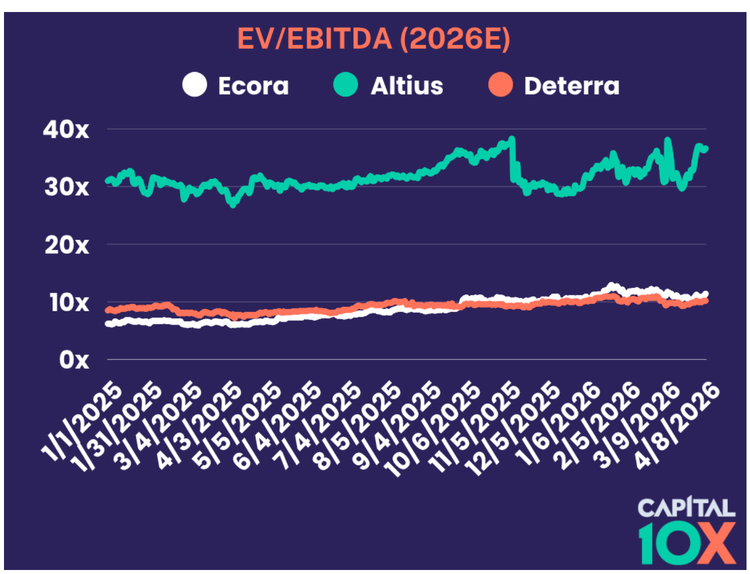
Commodity Estimates Underpinning our Model*

LT COMMODITY PRICE ASSUMPTIONS	
Cobalt (US$/t)	$50,000
Copper (US$/lb)	$4.50
Nickel (US$/t)	$18,000
Thermal Coal US$/t	$140
Premium Coking Coal (US$/t)	$275
Gold (US$/oz)	$4,500
Silver US$/oz	$65
Platinum US$/oz	$2,000
Palladium US$/oz	$1,500
CAD:USD Exchange Rate	1.38

***List is not exhaustive (Source: Capital10x estimates)**

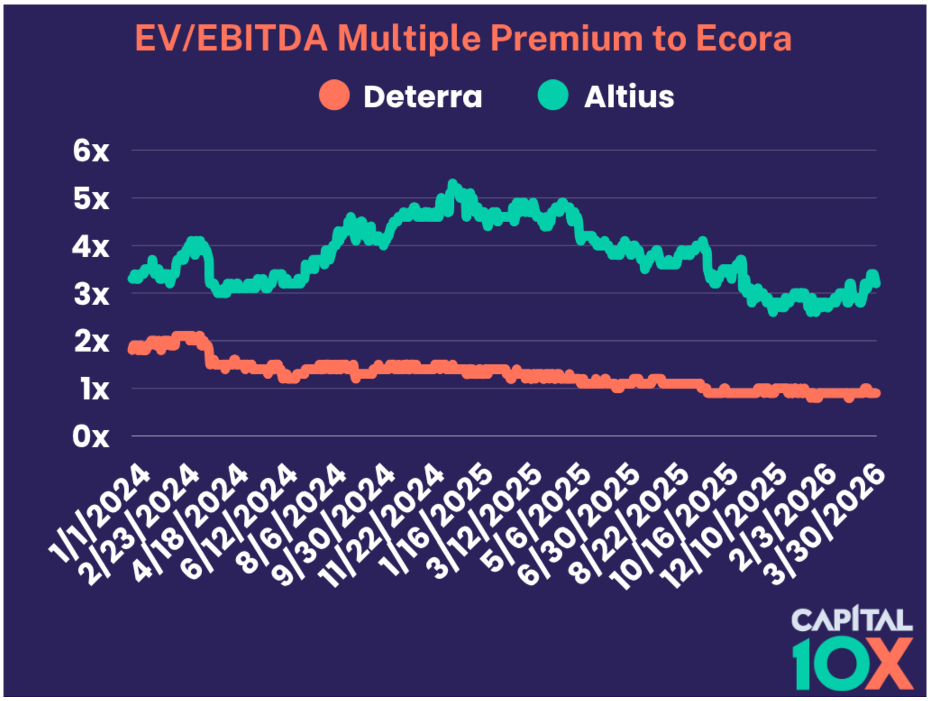
Relative Value Multiple

We also like to look at companies based on year ahead trading multiples vs peers. This method takes into account the reality of market prices instead of solely assuming the dozens of assumptions that go into the Net Asset Value are 100% correct. Historically, Ecora has traded at a discount to its two closest peers Altius Minerals and Deterra Royalties, though the discount to Deterra has recently closed as investors no doubt better appreciate Ecora's significant copper growth exposure. The large EV/EBITDA discount to Altius has largely remained in 2025, but we think this discount will shrink over the next few years as the earnings power of the non-coal portfolio shows up definitively in results.



Source: Bloomberg, Capital10x Estimates

Altius currently trades at 3.2x the multiple of Ecora, but historically has been closer to 2x Ecora's EV/EBITDA multiple. Given Ecora's strong royalty and dividend growth outlook and high exposure to copper and critical minerals in demand, we believe Ecora will move towards a 50% discount to Altius, not the 70% discount we see today.



Source: Bloomberg, Capital10x Estimates

At a 15x EBITDA multiple, half that of Altius, and our estimate for EBITDA in 2026, Ecora's present value at an 8% discount rate is ~$4.58/sh.

Ecora Valuation (Relative EV/EBITDA Multiple)

EV/EBITDA Valuation	Valuation USDm	Valuation CADm	Valuation CAD/sh
Target EV/EBITDA multiple (x)		15x	
EBITDA 2026E (CAD)		89	
EV (CAD)		1,337	$5.37
Net (debt) / cash (CAD)	(77)	(107)	-$0.43
Minority interest (CADm)		-	-
Present Equity value (2026E)		**1,140**	**$4.58**

Source: Capital10x Estimates, Bloomberg

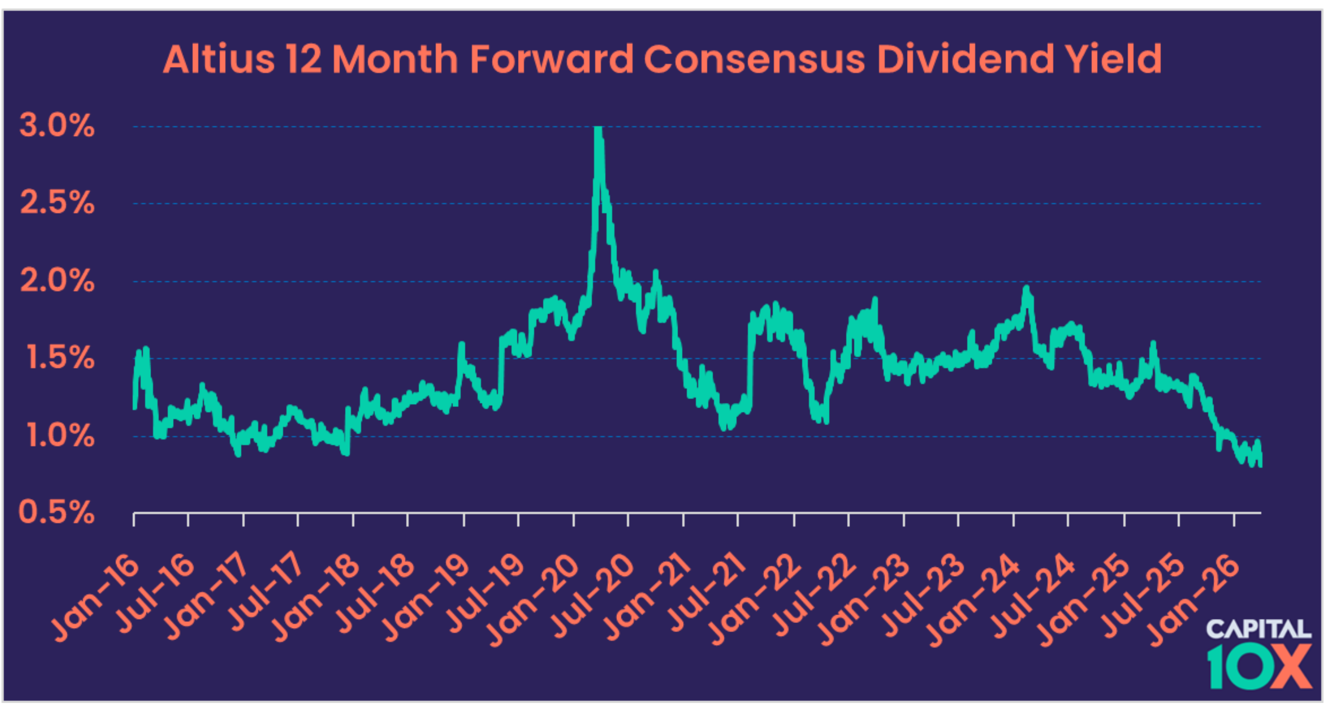
Dividend Yield

Lastly, we looked at the potential future value for Ecora using a dividend yield model. Ecora currently pays a dividend and has laid out a transparent payout rate so investors can better anticipate how dividend payouts will grow with royalty income growth.

Ecora pays out 25%-35% of free cashflow as dividends. The company's calculation averages free cashflow from the past 12 months before management chooses the % of that number to pay as dividends. In the most recent half-year report ending in June management paid 25% of free cashflow as dividends, but we believe they will move back towards 35% once they hit the cash harvesting phase of their growth portfolio.

Ecora currently trades at only a 1% yield on the last 12 months dividend payout rate, which we think shows the market is looking through the current period of low free cashflow towards the company's long-term target of C$140 million in royalty income.

So while a 1% yield is unrealistic longer term we think Ecora should trade at a 2% yield, which is a reasonable 2x yield to Altius, who has a much longer history of dividend growth. Once Ecora shows the market it is back in dividend growth mode and is meeting royalty growth targets, we think the dividend yield will settle lower than the 4% historic yield, given a new more diversified and less volatile royalty mix.



Source: Bloomberg

Using consensus estimates of C$140 million of royalty income by 2030 and our expected 2% dividend yield longer term we arrive at a value for the shares in 2030 of C$4.85/sh, a significant 19% annual return (including the dividend yield).

Ecora Valuation (Dividend Yield Model)

Dividend Yield ($CAD)		
Royalty Income (2030E)	138	
FCF Margin (%)	50%	
FCF Payout Ratio (2030E)	35%	
Dividend (2030)	$24	
Target Yield (%)	2.0%	
Implied equity value	**1,208**	**4.85**

Source: Capital10x Estimates, Mgmt Commentary

A Note on Reinvesting vs Dividends

Even if management chooses to reinvest in the business instead of raising the dividend, due to attractive expected project returns, the stock price, using a peer FCF multiple, would be C$4.75/sh.

Ecora trades at a 7% yield based on consensus 2026 free cashflow while peers trade 37% lower at 4.4%. As Ecora demonstrates peer leading royalty growth and reinforces its exposure to some of the most in demand commodities we believe the stock could trade to, or even through the industry average. Our $100 million royalty estimate by 2030 is also based on $4.50/lb copper, 22% below where prices have been averaging in 2026 and below industry estimates

Ecora's trades for a significant discount regardless of which valuation metric is used and under our C$4.50/sh target price, would generate a 14% compound annual return for investors over the next 5 years including dividends.

A Review of the Management Team – Depth in Metals, Capital Markets and Investor Communication

We view Ecora's senior team experience as highly leveraged to deal origination, structuring and capital markets, which is exactly where the value-creation fulcrum lies for a royalty platform. Below we profile the key executives

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Marc Bishop Lafleche – Chief Executive Officer

Marc Bishop Lafleche has effectively grown up with the modern Ecora platform and is the architect of its transition away from coal and towards critical minerals.

Marc joined the company (then Anglo Pacific) in May 2014 and progressed through investment roles before being appointed Chief Investment Officer in December 2020 and then Executive Director and Chief Executive Officer in April 2022. In these roles he led the Voisey's Bay cobalt stream acquisition (2021) and the South32 portfolio acquisition (2022), which together reweighted the portfolio toward cobalt, copper and nickel and away from legacy coal exposure.

Prior to Ecora, Marc began his career in investment banking at Citigroup, working within the metals & mining coverage and leveraged finance teams, executing M&A, debt and equity mandates across the sector. He holds an MSc in Banking and International Finance from Cass/Bayes Business School, a BA in Political Science from Western University and has passed all three CFA examinations.

Relevance to current role:
Marc's background is squarely in metals-focused investment banking and royalty investing, giving him:

- Deep familiarity with mine project economics, capital structures and risk allocation.
- A strong network among operators, banks and investors in the mining ecosystem.
- Direct experience structuring the transformational transactions that underpin Ecora's current growth runway (Voisey's Bay, South32 portfolio).

Kevin Flynn – Chief Financial Officer & Executive Director

Kevin Flynn provides the financial backbone of the Ecora story and is central to the group's capital allocation discipline.

Kevin joined the company as Chief Financial Officer in January 2012, later becoming Company Secretary in 2015 and was appointed to the Board as Executive Director in January 2020. He is a Chartered Accountant with 20+ years of corporate finance experience in both practice and listed-company environments. Before Ecora/Anglo Pacific, he qualified with Deloitte, and subsequently held senior finance roles in FTSE 100 and FTSE 250 real estate businesses, giving him experience of leveraged, asset-heavy balance sheets and public-market scrutiny.

Within Ecora, Kevin has originated and negotiated all of the Group's borrowing facilities, led every major debt refinancing and plays a key role in tax structuring for royalty and stream acquisitions. He is also "closely involved in all investment decisions and in driving the Company's strategy," per the Board biography.

Relevance to current role:
Ecora is in a phase where balance sheet flexibility and cost of capital are critical. Kevin's experience is directly aligned with that need:

- Debt structuring and banking relationships are essential for funding large-ticket royalties like Voisey's Bay without over-diluting equity holders.
- A real-estate and corporate-finance background translates well into project finance, covenant discipline and capital structure optimisation.
- His involvement in tax and structuring helps maximise post-tax IRRs on new deals, which is central to the company's investment framework.

We see Kevin as a key counterweight to management's growth ambitions, ensuring the platform is scaled without compromising balance-sheet resilience.

Barbora Rocke – Investment Manager

Barbora Rocke sits at the heart of Ecora's deal evaluation and portfolio-management engine.

Barbora joined Ecora (then Anglo Pacific) in 2019, initially as a Senior Investment Associate, and is now Investment Manager, focusing on investment evaluation, transaction execution and portfolio management. She brings nine years of experience across financial services, including a front-line Metals & Mining Equity Research role at RBC Capital Markets (2017–2019) and earlier consulting experience in financial services at Deloitte UK (2015–2017).(The Org) She is a qualified chartered accountant and holds an MA (Hons) in Economics and International Relations from the University of St Andrews.

Barbora's combination of equity research, consulting and accounting gives her a multi-angle view of mining assets:

- RBC equity research experience means she has valued and compared a wide universe of metals & mining companies, which directly informs Ecora's royalty pricing and risk assessment.
- Deloitte's consulting background adds process discipline and analytical rigour, useful in due diligence and scenario modelling.
- Accounting training underpins cash flow, tax and covenant analysis, crucial for long-dated royalty contracts.

We view Barbora as a core part of the investment "spine" beneath Marc, strengthening Ecora's ability to underwrite complex assets and monitor counterparties.

Geoff Callow – Head of Investor Relations

Geoff Callow brings specialist natural-resources IR and financial communications experience, which is increasingly important as Ecora attempts to re-rate its equity as a "critical minerals royalty" story rather than a coal-linked vehicle.

Geoff joined Ecora in 2022 as Head of Investor Relations. He is a financial communications and IR specialist with over 15 years' experience in the natural resources sector, having led IR functions through multiple equity and debt financings, M&A transactions and activist situations. His earlier career spans accountancy, financial PR and then in-house IR, giving him both the technical and communications skills to engage effectively with institutional investors. He holds the Investor Relations Society Diploma in IR and previously served as Co-Chair of the Society's Best Practice Committee and sat on the society's Education Committee, positioning him at the centre of emerging IR best practice in the UK.

Relevance to current role:

Ecora's rebranding from Anglo Pacific and its strategic pivot away from coal mean the equity story has materially changed over the past three years. Geoff's profile is tailored to this challenge:

- His background in financial PR and IR for resources companies is directly applicable to explaining a relatively complex royalty model to generalist investors.
- Experience managing activist situations and capital markets events is valuable as Ecora reshapes its shareholder base and defends its valuation case.

- His role on the IR Society Best Practice Committee suggests strong awareness of disclosure standards, which should support transparency on asset-level performance and capital allocation.

In our view, Geoff's presence increases the probability that Ecora's fundamental transition to critical minerals royalties is reflected in the share price, not just in the NAV.

Overall Assessment

Taken together, the management team combines:

- Deal structuring and sector expertise (Marc Bishop Lafleche & Barbora Rocke),
- Balance sheet and capital allocation discipline (Kevin Flynn), and
- Capital markets and communication capability (Geoff Callow).

For a royalty business whose value is driven by sourcing the right assets, funding them efficiently and then telling the story clearly, this is a coherent and complementary mix of skills. The key execution risk is less about capability and more about opportunity set and cycle timing; on the human-capital side, we see the team as a relative strength versus peers.

Bottom Line: A plan for Growth at a meaningful Discount

The dramatic transition Ecora is going through has created an opportunity for investors. The current financial results, when analyzed by AI or a generalist investor, paints a picture of a coal royalty company in decline. However, those who dig a bit deeper will see the margin of safety Ecora potentially presents. Mispricings often last for years, but when they do close, it rarely happens slowly.

Ecora reported its first quarters of significant non-coal royalty growth in only the last six months, proving in our view that the company's diversification away from coal is on track. It should only take another quarter or two of strong non-coal royalty results until investors fully realize Ecora Royalties is now a completely different company with a different risk profile than in the past. The company's discount to non-coal royalty peers and high and rising free cashflow yield is becoming increasingly hard to ignore.

APPENDIX

A Brief Royalty Primer: Why They Are a Superior Way to Invest in Mining Companies?

A royalty is an interest in the ultimate production of a mine. Royalties differ from owning an entire mining company in that the royalty owner usually gets paid directly from selling the output of the mine, before any operating costs are factored in. This is a huge advantage for the royalty owner.

The one advantage to owning a mining stock over a royalty is the mining stock owns the economics of 100% of the property while a royalty is sometimes on only a portion of the property.

Royalties are usually revenue based and use terms like NSR (Net Smelter Royalty) or GRR (Gross Revenue Royalty). The visual below explains the most popular types of royalties and how they work.

The two most common royalty types are:

Revenue-based Royalties are based on the value of the production or net proceeds received by the operator with defined deductions as specified by the royalty contract. Some forms of revenue-based royalties in the mining and energy industries are:

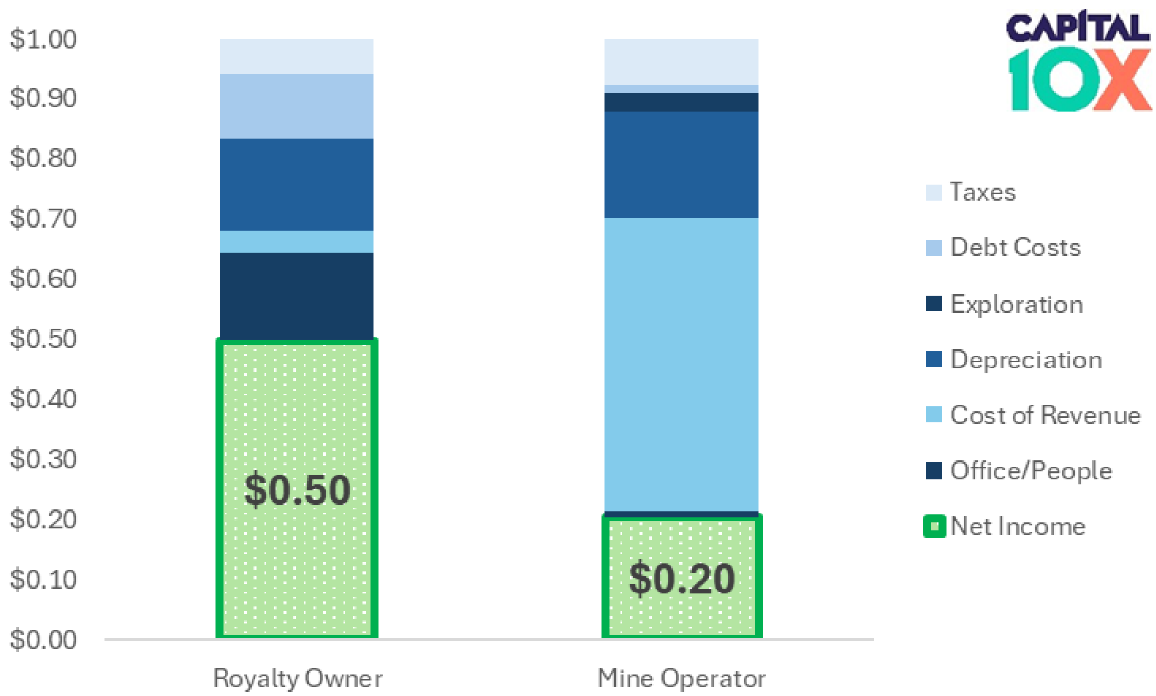
"NSR" Net Smelter Return Royalty
"ORR" Overriding Royalty
"GR" Gross Royalty
"FH" Freehold or Lessor Royalty

Profit-based Interest Royalties are based on the operating profit as defined in the royalty contract. Often, royalty payments only begin after the operator has recovered its capital costs. The net profits interest royalty ("NPI") is the most common form of these royalties. Similar to an NPI, a net royalty interest ("NRI") is paid net of operating and capital costs.

The visual below is a helpful guide to understanding the economics of an oil and gas royalty vs the oil and gas producer's economics. The main difference you should notice is that a royalty has essentially zero production costs. Every $1 of revenue reaches the royalty investor as profit, less taxes. The only costs you have to worry about is the corporate overhead from paying the salaries of the management team picking the royalties.

Keep in mind the royalty owner only receives a small portion of the total production of the mine, but as this illustration shows, they keep a far higher share of the revenue generated from every unit sold.

Economics of a Royalty Owner vs the Mine Owner



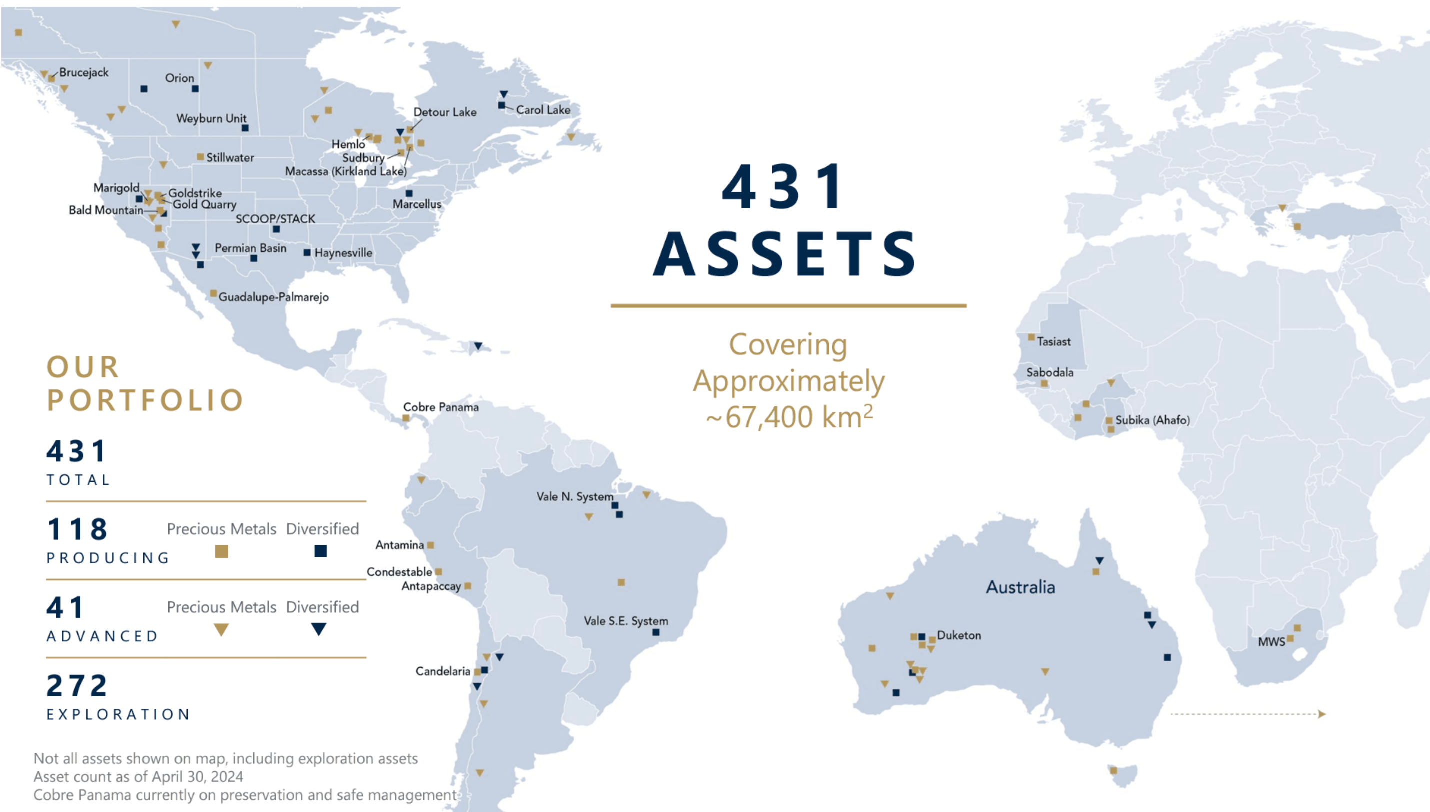
Source: Capital10X

Royalties Have Three Key Advantages Over a Pure Mining Stock

1) Diversification

This is the huge differentiator and the main reason we believe every investor who invests in the mining space should consider owning royalties as well. Yes we've all heard of the mining stock that went up 10 times or more, but what you rarely hear about are the mining stocks that went to zero, and there are a lot of them. Mining is a risky business, but at a royalty company you own pieces of many different projects picked by a team with significant experience evaluating opportunities.

Diversification of Royalty Owner Franco Nevada



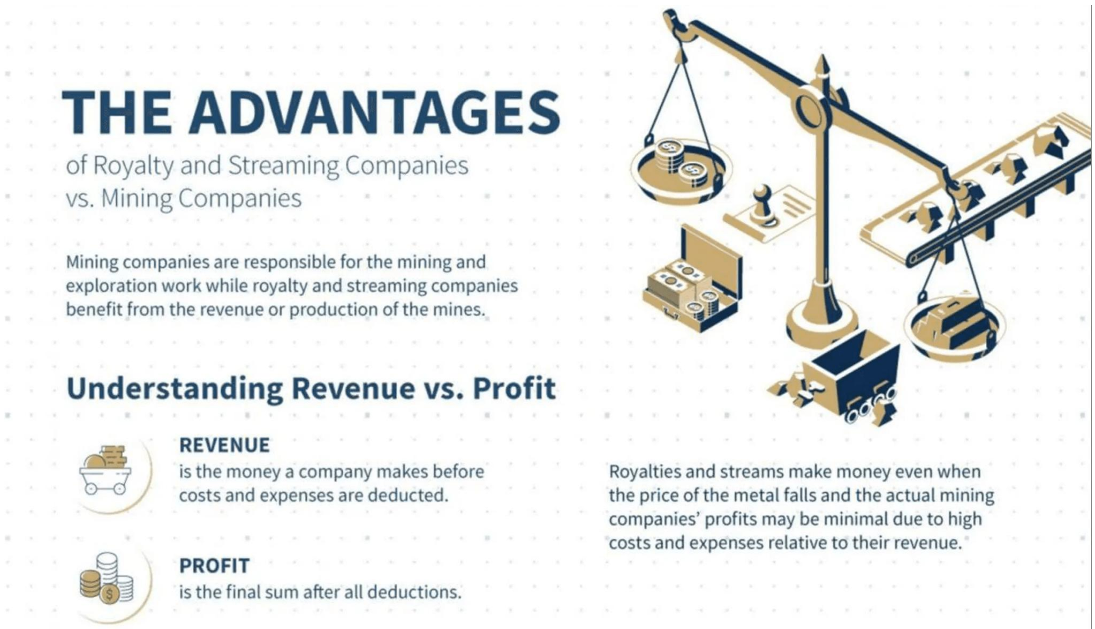
Royalty companies buy small royalties in many different mines giving investors key diversification by geography, commodity, mine or all three. If one project dies on the vine, it doesn't mean an automatic writeoff for your investment.

Mining is by nature a very risky business due to exploration and commodity price uncertainty and diversification is key to staying in the game long enough to find a world class project or discovery.

2) No Exposure to Cost Inflation

Another significant advantage of owning a royalty is that you aren't exposed to rising operating costs. Any investor whose been through more than one commodity cycle knows that operating costs are almost always rising, especially when commodity prices are rising as well.

So while the margins on a project end up being squeezed in a bull market, royalty investors are paid out from revenue, capturing 100% of the upside from higher prices. As long as the company's margins are high enough to justify keeping the mine in business, royalty investors don't have to care about operating cost inflation. This is a huge advantage to owning a royalty.



3) Lower Cost of Capital

The diversification benefits of a royalty company feed over into its cost of funding as well. With less risk that one problem project will sink the company, lenders are willing to offer debt at lower rates.

Debt costs today range between 5%-8.5% depending on the size and operating history of the company which is significantly below debt costs of 10%+ for 102 asset mining companies. This capital cost arbitrage enhances royalty returns over owning the underlying mining company stock.

Royalty companies still have to compete with public and private markets to fund mining projects which keeps internal rates of return in check somewhat, but with the lack of asset managers in the space, future returns are on the rise.

Royalty Companies Generate Upside Three Ways

The beauty of royalties and miners is they can generate value above and beyond what is priced into the estimated net asset value. Some royalties even trade at a discount to net asset value which offers additional upside if they can simply execute on the current resource. We would argue that the company's trading at a discount to net asset value are simply mispriced vs the true asset value of what they own, meaning good operators can often be bought for a discount before they build a multi-decade track record of success.

1.Exploration Success

The value of a royalty increases as more pounds of metal are discovered. While royalty companies aren't usually the operators of a project, partner drilling and exploration success still accrues to the royalty.

As an example, owning a 1.5% royalty on a property where drilling discovers another 1 million ounces of gold = 1Moz X $2,430 X 1.5% = $36.5M of additional value accruing to the royalty. Analyst NAV estimates don't fully account for exploration upside as a general rule making an active drilling campaign very valuable to royalty investors.

2.Accelerating Production

Both the mine operator and the royalty owner come out winners when a mine increases production above what was originally planned. The main reason ramping up production is so valuable is because of the time value of money. An ounce produced in year 30 all else equal is worth far less to us today than an ounce produced in year 5. Pulling forward production and cashflow significantly increases the value of a project to royalty holders.

3.Earning the Project's Cost of Capital

This one is the most straightforward but also least appreciated.

Say a royalty company trades at NAV with an 8% discount rate applied. This means if the portfolio of projects start up on time and produce as expected, you will earn an 8% return over time all else equal. Over time the gap between the undiscounted net asset value and the NAV with an 8% discount rate closes. An example will help illustrate. Say we have a mine expected to produce 100,000 oz per year for fifteen years. At $2,200/oz gold the project is worth $29.1 million to us today.

Value of a 100k oz Mine at $2,200 Gold (Year 1)

Year	Production (k oz/year)	Royalty (1.5% NSR)	NPV (8) of Royalty
1	100,000	$3,300,000	$3,149,089
2	100,000	$3,300,000	$2,915,823
3	100,000	$3,300,000	$2,699,836
4	100,000	$3,300,000	$2,499,849
5	100,000	$3,300,000	$2,314,187
6	100,000	$3,300,000	$2,142,765
7	100,000	$3,300,000	$1,984,042
8	100,000	$3,300,000	$1,837,076
9	100,000	$3,300,000	$1,700,638
10	100,000	$3,300,000	$1,574,664
11	100,000	$3,300,000	$1,458,023
12	100,000	$3,300,000	$1,350,021
13	100,000	$3,300,000	$1,249,756
14	100,000	$3,300,000	$1,157,181
15	100,000	$3,300,000	$1,071,464
Total NPV		**$49,500,000**	**$29,104,415**

Now lets move forward in time 1 year. The mine has generated $3.3 million of royalties so it should now be worth $29.1M – $3.3M = $25.8M.

But instead the present value is now $28 million, how can this be?

As you move through time the value of future cashflows increase as the NPV approaches the total undiscounted value of the project ($46.2 million). In this example the NPV of each year gained 8%!

Value of a 100k oz Mine at $2,200 Gold (Year 2)

Year	Production (k oz/year)	Royalty (1.5% NSR)	NPV (8) of Royalty
2	100,000	$3,300,000	$3,149,089
3	100,000	$3,300,000	$2,915,823
4	100,000	$3,300,000	$2,699,836
5	100,000	$3,300,000	$2,499,322
6	100,000	$3,300,000	$2,314,187
7	100,000	$3,300,000	$2,142,765
8	100,000	$3,300,000	$1,984,042
9	100,000	$3,300,000	$1,836,689
10	100,000	$3,300,000	$1,700,638
11	100,000	$3,300,000	$1,574,664
12	100,000	$3,300,000	$1,458,023
13	100,000	$3,300,000	$1,349,736
14	100,000	$3,300,000	$1,249,756
15	100,000	$3,300,000	$1,157,181
Total NPV		**$46,200,000**	**$28,031,752**

A mine that can simply produce as planned can generate a significant return for equity owners. But in mining this is often harder than it looks. You want to find management teams with significant experience building successful mines and working on similar commodities and geological trends if possible.

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