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TSXV:RNP

Vancouver, BC

Royalty North Transitions Business to Copper Company Through Acquisition of High-Quality Mining Assets from Sandstorm Gold Royalties

Royalty North Partners Ltd. (TSXV: RNP) (“Royalty North” or “RNP”) is pleased to announce that it has entered into a letter of intent (the “LOI”) with Sandstorm Gold Ltd. (“Sandstorm”, “Sandstorm Gold Royalties” or “SSL”) dated February 17, 2022, whereby RNP will acquire certain copper-gold assets from Sandstorm, repositioning RNP as a high-growth copper mining company. The assets acquired by RNP include a 30% equity interest in the Hod Maden copper-gold project and approximately 49.7 million shares in Entrée Resources Ltd. (“ETG” or “Entrée”).

The transaction will constitute a “Reverse Takeover” transaction (the “RTO” or the “Transaction”) for Royalty North under the policies of the TSX Venture Exchange (the “TSX-V”). Upon completion of the Transaction, RNP plans to change its name to “Horizon Copper Corp” or such other name as may be determined. Any following references to the “Resulting Issuer” or “Horizon Copper” are to RNP after the closing of the RTO. All financial references in this news release are expressed in US dollars unless otherwise indicated.

PREMIER COPPER GROWTH COMPANY

The business intent of the Resulting Issuer is to actively grow its existing portfolio of assets, with a focus on copper projects. As part of this transition, the parties have commenced negotiations with an arm’s length party to acquire a majority stake in a qualifying mining property, with closing of this purchase targeted to occur concurrently with closing of the RTO¹. It is anticipated that closing of the RTO will be conditional upon the acquisition of the qualifying mining property. Following closing of the RTO, the Resulting Issuer anticipates being listed on the TSX-V as a Tier 1 Mining Issuer.

TRANSACTION TERMS & DETAILS

Under the terms of the LOI, RNP will acquire Sandstorm’s 30% stake in the Hod Maden project and common shares of Entrée representing an approximate 25% equity stake in ETG. Sandstorm will also contribute \$10 million in cash to RNP as part of the Transaction which, together with the concurrent financing noted below, is expected to provide the Resulting Issuer with a cash balance of more than \$30 million upon closing of the RTO.

In consideration for the Transaction, RNP will:

- enter into a \$200 million gold stream with Sandstorm on the Hod Maden project;

¹ Discussions regarding the purchase of the qualifying mining property remain ongoing and there is no certainty that the purchase (and the concurrent RTO) will be completed. Terms of the purchase will be disclosed in a subsequent news release if and when an agreement has been reached.

- issue between 23,716,551 and 28,908,951 common shares to Sandstorm, which will correspond to an approximate 34% equity interest in the Resulting Issuer², and which amount is dependent on the size of the concurrent Financing described; and,
- provide Sandstorm a debenture with a principal amount of \$95 million.

Full terms of the consideration to be paid to Sandstorm, as contemplated in the LOI, are outlined below. A subsequent news release containing the definitive terms of the consideration payable under the Transaction will follow once such terms are finalized.

Resulting Issuer: Horizon Copper

The following is an overview of Horizon Copper following completion of the Transaction:

- **Hod Maden Interest:** A 30% equity interest in the Hod Maden project. Hod Maden is a high-grade copper-gold development project located in Turkey. Sandstorm has filed a National Instrument 43-101 technical report and feasibility study for the Hod Maden project entitled “Hod Maden Project Feasibility Study – Technical Report NI 43-101” with an effective date of February 28, 2021 (the “Feasibility Study”). The Feasibility Study is available on SEDAR under Sandstorm’s profile and was prepared for Sandstorm by GR Engineering Services Limited. First production is currently targeted for the fourth quarter of 2024, with average annual production of 19.6 million pounds of copper and 156,000 ounces of gold per year over a 13-year mine life. The Feasibility Study showed robust project economics, with a post-tax internal rate of return exceeding 35%.
- **Entrée Resources Equity:** Approximately 25% ownership interest in Entrée (49,672,515 common shares of ETG). Entrée holds a 20% joint venture interest in the Hugo North Extension project, a portion of the Hugo Dummett deposit at Oyu Tolgoi.
- **Financial Position:** Under the terms of the LOI, RNP will undertake a non-brokered concurrent subscription receipt financing to raise \$15 to \$20 million (the “Financing”). Together with the \$10 million to be contributed by Sandstorm, Horizon Copper is expected to have more than \$30 million in cash on closing of the RTO³.
- **Ownership:** Following completion of the RTO and the Financing, Horizon Copper is expected to be owned approximately (i) 34% by Sandstorm, (ii) 47% by the subscribers under the Financing, and (iii) 19% by the current shareholders of RNP⁴.
- **Management:** The composition of management and the board of directors of the Resulting Issuer will be determined prior to finalizing RNP’s information circular to be provided to its shareholders in advance of the shareholder meeting at which they will vote to approve the Transaction.

² Expected pro forma basic shares upon closing of the Transaction.

³ Cash balance on closing of the RTO assumes the Financing is completed at the high end of the stated range.

⁴ Expected pro forma basic shares upon closing of the Transaction. Ownership percentages for the current shareholders of RNP and subscribers under the Financing assume the Financing is completed at the high end of the stated range.

A description of the qualifying mining property will be disclosed in a subsequent news release if and when an agreement has been reached to acquire such property.

Mining Assets Overview

Hod Maden Project

The Hod Maden project is a development stage gold-copper project located in northeastern Turkey. The Feasibility Study considered an underground mine with a processing rate of 800,000 tonnes per annum. The base case has a mine life of 13 years with average annual production of 19.6 million pounds of copper and 156,000 gold ounces per year at an average head grade of 1.5% copper and 8.8 grams per tonne (“g/t”) gold. The average recovery is expected to be 85% for gold and 93% for copper.

Upfront capital expenditure is estimated at \$309 million and once the mine is operational, the all-in sustaining costs are estimated to be \$334 per ounce gold on a by-product basis and \$595 per ounce gold on a co-product basis. The post-tax NPV, using a 5% discount rate, is \$1.05 billion with an internal rate of return of 36%.

With the release of the Feasibility Study, the Hod Maden project moves into the next stage of development. The operator and 70% owner of the project, Lidya Madencilik Sanayi ve Ticaret A.S., commenced the application process for the forestry permit after receiving the final approval of the Environmental Impact Assessment (“EIA”) from the Ministry of Environment, Urbanization and Climate Change of Turkey in November 2021. Production from Hod Maden is currently expected in the fourth quarter of 2024.

The Hod Maden project has a Proven and Probable Mineral Reserve of 8.7 million tonnes at an average grade of 8.8 g/t gold and 1.5% copper for 2.45 million ounces of gold and 287 million pounds of copper (based on a breakeven NSR cut-off value of \$82/tonne with incremental NSR cut-off values of \$63/tonne for stopes and \$40/tonne for development, July 31, 2020, effective date).

For more information on the Hod Maden project and the Feasibility Study, please see Sandstorm’s press release dated November 24, 2021. All technical information in this press release regarding the Hod Maden project is supported by the Feasibility Study.

Entrée Resources

Entrée is a Canadian mining company that has a 20% joint venture interest on a portion of one of the world’s largest copper-gold projects, the Oyu Tolgoi project in Mongolia. The joint venture is managed by Oyu Tolgoi LLC (“OTLLC”), a subsidiary of Turquoise Hill Resources and the Government of Mongolia. Entrée’s interest in the project is fully carried to production, with OTLLC advancing Entrée’s share of project development and exploration costs via a long-term loan. The loan is repayable to OTLLC from 90% of Entrée’s free cash flow from the joint venture.

Several deposits have been identified in the Mineral Resources at Oyu Tolgoi: Oyut, Hugo Dummett (Hugo North, Hugo North Extension and Hugo South), and Heruga. The joint venture covers the Hugo North Extension and the Heruga deposits.

The Hugo North Extension is a rich copper-gold porphyry deposit that has a Probable Mineral Reserve of 40.0 Mt at grades of 1.5% copper, 0.5 g/t gold and 3.6 g/t silver (based on a \$97.52/t NSR cut-off value, May 15, 2021 effective date) within an Inclusive Indicated Mineral Resource of 120.0 Mt grading 1.7% copper, 0.6 g/t gold, 4.3 g/t silver or 2.0% CuEq (based on a 0.41% CuEq cut-off grade, March 31, 2021, effective date).

The Heruga Deposit is a copper-gold porphyry deposit that has an Inferred Mineral Resource of 1,400 Mt containing 0.4% Cu, 0.4 g/t Au, 1.5 g/t Ag, and 0.01% Mo or 0.68% CuEq (based on a 0.41% CuEq cut-off grade, March 31, 2021, effective date).

Entrée has filed a technical report on SEDAR entitled “Entrée/Oyu Tolgoi Joint Venture Project” prepared by Wood USA Consulting SLC Engineering with an effective date of October 8, 2021. All technical information relating to the Oyu Tolgoi project is derived from that technical report.

For more information visit www.entreeresourcesltd.com and www.turquoisehill.com.

Financing the Transaction:

Gold Stream

Concurrent with the Transaction closing, RNP will issue Sandstorm a gold stream on the Hod Maden project (the “Stream”).

Under the terms of the Stream, Horizon Copper will sell to Sandstorm gold ounces equal to 20% of all gold produced from Hod Maden (on a 100% basis) at a price equal to 50% of the gold spot price until 405,000 ounces of gold are delivered (the “Delivery Threshold”). Once the Delivery Threshold has been reached, Horizon Copper will sell to Sandstorm 12% of the gold produced for the life of the mine for a price equal to 60% of the gold spot price.

Debenture

RNP will issue Sandstorm a \$95 million debenture (the “Debenture”). The Debenture is expected to bear an interest rate of LIBOR plus 2% over a 10-year term and will include an interest grace period through January 1, 2026⁵. Principal repayments would begin once Horizon Copper begins receiving cash flows from its 30% interest in the Hod Maden project. Prepayment of the Debenture can occur at any time prior to maturity without penalty. Under the terms of the Debenture, certain additional principal amounts may be made available under limited circumstances.

Equity

RNP will issue between 23,716,551 and 28,908,951 common shares to Sandstorm, which will correspond to an approximate 34% equity interest in the Resulting Issuer⁶.

⁵ The earlier of January 1, 2026 or when Horizon Copper has started to receive dividends from the Hod Maden 30% interest.

⁶ Expected pro forma basic shares upon closing of the Transaction.

RTO PROCESS & NEXT STEPS

The Transaction is currently expected to close in the second half of 2022 and is subject to a number of conditions, including, but not limited to, execution of definitive agreements, TSX-V acceptance, and disinterested RNP shareholder approval.

The Transaction involves Non-Arm's Length Parties (as defined in the TSX-V policies) as Nolan Watson, a director of RNP, is also a director and officer of Sandstorm. Pursuant to TSX-V Policy 5.2, the Transaction will require the approval of shareholders of RNP. RNP intends to seek a waiver of sponsorship from the TSX-V, however, there is no certainty that this waiver will be granted.

A subsequent news release will be disseminated in accordance with TSX-V Policy 5.2 once additional information with respect to the RTO is available, including without limitation financial information relating to the target business, information relating to the Principals (as defined in TSX-V Policy 1.1) of the Resulting Issuer and the final terms of the concurrent subscription receipt financing. The full particulars of the RTO, the transferred assets and the Resulting Issuer will be described in an information circular to be prepared in accordance with the policies of the TSX-V. A copy of the information circular will be available electronically on SEDAR (www.sedar.com) under RNP's issuer profile in due course.

Completion of the RTO is subject to a number of conditions, including but not limited to, TSX-V acceptance and if applicable, disinterested shareholder approval. Where applicable, the RTO cannot close until the required shareholder approval is obtained. There can be no assurance that the RTO will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the information circular to be prepared in connection with the RTO, any information released or received with respect to the RTO may not be accurate or complete and should not be relied upon. Trading in the securities of RNP should be considered highly speculative.

The TSX-V has in no way passed upon the merits of the RTO and has neither approved nor disapproved the contents of this news release.

Trading in the common shares of RNP is currently halted and it is not anticipated that trading in the common shares of RNP will resume prior to completion of the RTO.

No deposit, advance or loan (as contemplated in s. 2.3 of TSX-V Policy 5.2) has been made or is to be made in connection with the RTO.

Qualified Persons

Keith Laskowski (MSc), Sandstorm's Vice President, Geology is a Qualified Professional (#01221QP) of the Mining and Metallurgical Society of America and a Qualified Person as defined by Canadian National Instrument 43-101. He has reviewed and approved the scientific and technical information in this press release.

For more information, please contact:

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Forward Looking Information

This news release contains forward-looking information within the meaning of Canadian securities laws. Such information includes, without limitation, information regarding the terms and steps of the Transaction, the assets, financial position and ownership of the Resulting Issuer, the terms of the Financing, the terms of the Stream and the Debenture and the expected closing date of the Transaction. Although RNP believes that such information is reasonable, it can give no assurance that such expectations will prove to be correct.

Forward looking information is typically identified by words such as: “believe”, “expect”, “anticipate”, “intend”, “estimate”, “postulate” and similar expressions, or are those, which, by their nature, refer to future events. RNP cautions investors that any forward-looking information provided by RNP is not a guarantee of future results or performance, and that actual results may differ materially from those in forward looking information as a result of various factors, including, but not limited to: RNP's ability to complete the Transaction; the expected timing and terms of the Transaction, the Financing and the issuance of the Stream and the Debenture; the state of the financial markets for RNP's securities; the state of the natural resources sector in the event the Transaction is completed; recent market volatility and potentially negative capital raising conditions resulting from the continued COVID-19 pandemic and risks relating to the extent and duration of such pandemic and its impact on global markets; RNP's ability to raise the necessary capital or to be fully able to implement its business strategies; and other risks and factors that RNP is unaware of at this time.

The forward-looking statements contained in this news release are made as of the date of this news release. RNP disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

The securities referred to in this news release have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. registration or an applicable exemption from the U.S. registration requirements.

This news release does not constitute an offer for sale of securities, nor a solicitation for offers to buy any securities.

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