

NEWS RELEASE



Star Royalties Increases its Royalty on Carbon Offset Credits from Elizabeth Metis Settlement Forest

JANUARY 14, 2022, TORONTO, ON - Star Royalties Ltd. (the “Company” or “Star Royalties”) (TSXV: STRR, OTCQX: STRFF), through its wholly-owned, pure-green subsidiary, Green Star Royalties (“Green Star Royalties”), is pleased to announce the execution of an additional definitive royalty purchase agreement and gross revenue royalty agreement with Elizabeth Metis Settlement (“EMS”). Under these agreements, Green Star Royalties will acquire an additional 27% gross revenue royalty on EMS’ revenue share from the creation and sale of carbon offset credits from forested lands located in Elizabeth Metis Settlement (the “EMS Forest Project”) in Alberta, Canada. In combination with the Company’s previously acquired 13.5% gross revenue royalty, announced on July 26, 2021, Green Star Royalties now owns an effective 40.5% gross revenue royalty (the “Royalty”) on the EMS Forest Project.

Investment Highlights

- **Expands carbon credit portfolio:** The Royalty is now expected to generate annual revenues equivalent to approximately 9,000 carbon offset credits starting in 2023.
- **Compliance credits in a tier-one jurisdiction:** Providing carbon finance for improved forest management practices in Alberta, Canada to create biosequestration-based compliance carbon offset credits.
- **Enhanced Indigenous partnership:** Green Star Royalties is proud to further enhance its existing partnership with EMS.
- **Developed by Bluesource:** Bluesource Canada ULC (“Bluesource”), North America’s leading carbon offset developer and marketer, is developing the EMS Forest Project to generate carbon offset credits that can be sold to federally regulated industrial emitters.

Alex Pernin, Chief Executive Officer of Star Royalties, commented: "We are honoured to expand our existing partnership with EMS and further assist in advancing the EMS Forest Project, which has the potential to sequester significant amounts of atmospheric CO₂ from enhanced management of their forest resource. This upsizing of our royalty not only represents a pure green investment in a tier-one jurisdiction with cash flow visibility, but it also highlights the intuitive and replicable structure of our revenue sharing business model. This re-investment also demonstrates our ability to partner with Indigenous communities to unlock their many carbon sequestration opportunities. Our company is committed to sustainable environmental solutions and continues to view this as a highly scalable business model with attractive returns."

Transaction Terms

- Green Star Royalties has agreed to increase its Royalty to 40.5% of EMS' revenue share from the EMS Forest Project for an additional consideration of C\$600,000 in cash.
- The Royalty covers the entire EMS Forest Project and has a term of the earlier of: 1) 10 years commencing on the date EMS receives any gross revenue from the monetization of carbon offset credits, or 2) the date hereof until the first 225,000 carbon offset credits are issued and sold in connection with the EMS Forest Project.

EMS Forest Project

The EMS Forest Project covers a forested area of 15,457 hectares and is located in Elizabeth Metis Settlement in Alberta, Canada, approximately 230 km northeast of the provincial capital city of Edmonton. Bluesource, North America's leading carbon offset developer and marketer, is assisting EMS in developing the EMS Forest Project with the intent of generating carbon offset credits that can be sold to federally regulated industrial emitters. The future financial benefits derived from the monetization of these carbon offset credits will be split with the majority going to EMS and the remainder to Green Star Royalties. The Royalty is anticipated to generate annual revenues equivalent to approximately 9,000 carbon offset credits under a compliance regime starting in 2023.

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 (“CO₂e”) to C\$170/tonne CO₂e by 2030 via progressive annual C\$15/tonne CO₂e 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 regenerative agriculture). Carbon offset credits are effectively a measurable net benefit from an activity versus the status quo. Their units are measured in tonnes of CO₂e, meaning one carbon offset credit is equal to one tonne of CO₂e emission reduction.

CONTACT INFORMATION

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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 future market conditions for carbon offset credits. 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, changes in business plans and strategies, market conditions, carbon pricing and carbon tax legislation and regulations, risks inherent to the development of the EMS Forest Project and the creation, marketability and sale of carbon offset credits by the parties, the potential value of mandatory and voluntary carbon markets and carbon offset credits, including carbon offsets, risks inherent to royalty companies, title and permitting matters, operation and development risks relating to the parties which develop, market and sell the carbon offset credits from which Star Royalties will receive royalty payments, regulatory restrictions, activities by governmental authorities (including changes in taxation) and EMS, currency fluctuations, the global, federal and provincial social and economic climate in particular with respect to addressing and reducing global warming, natural disasters and global pandemics, 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.