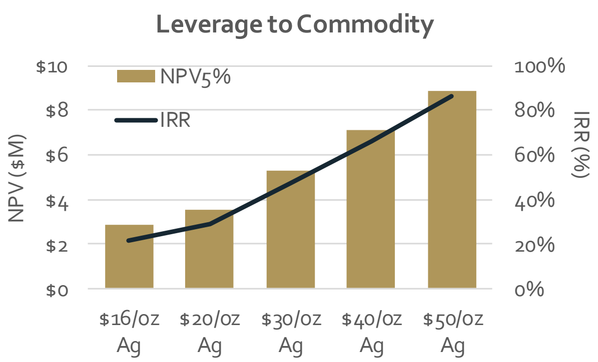
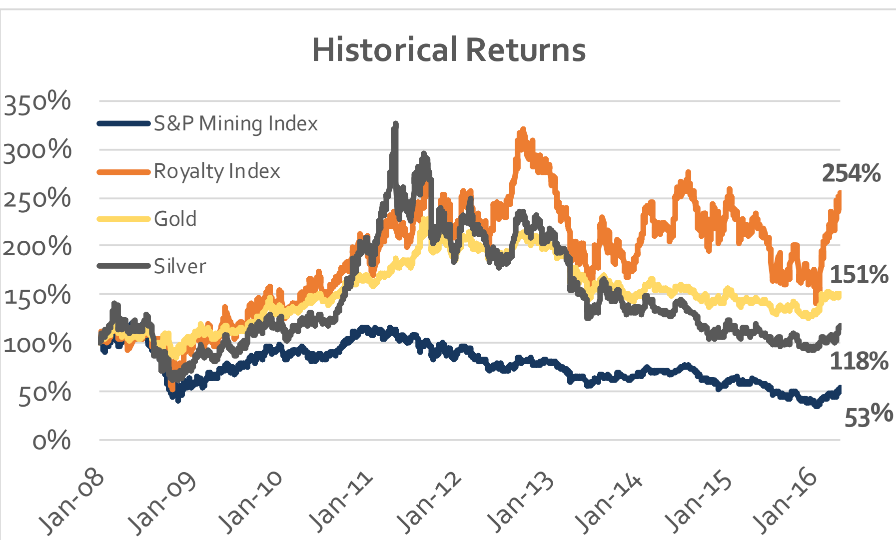
Lemuria Royalties Corp.
Royalties and Streaming Overview

April 2016

A mineral royalty or metal stream is a contract between a mine operator and a royalty or stream holder that pays (in cash or in kind) a percentage of the net revenue or metal production from the mine

- There are four main types of royalties common to the metals mining industry
  - A gross overriding royalty (GORR) is a structure based on gross revenue or a percentage of the final unit sale price of the metal produced
  - A net smelter return (NSR) is one of the most commonly used royalty structures today where the mine operator pays the royalty owner a percentage of the net revenue returned from the smelter or refinery, deducting refining and transportation charges
  - A net profits interest (NPI) is a royalty structure that provides the royalty owner with a percentage of a mine’s net profit including deductions related to mine production costs
  - A metal stream is a royalty structure where the royalty owner receives a certain volume of a mine's production in exchange for an upfront payment plus an on-going co-payment per unit of metal delivered
- A metal stream transaction has the ability to mitigate taxes to the buyer and seller, hence a higher valuation is usually obtained and its considered a win-win transaction
- Royalty/streaming transactions have a higher leverage to commodity prices when compared to mining companies. Shown in the chart are the results of investing $1.5M on a cash flowing 2% Silver NSR with a 10yr mine life and average Silver production of 1.7Moz/yr





Advantages & Disadvantages	Royalty Company	Mining Company
Exploration and Mine Upside	✓	✓
Leverage Metal Price	✓	✓
Low Opex	✓	✗
No Capex	✓	✗
Diverse Asset Base	✓	✗

Note: Royalty Index includes Franco Nevada, Royal Gold and Silver Wheaton

LEMURIA ROYALTIES CORP

Lemuria Royalties Corp.
Royalties and Streaming Overview (Cont.)

April 2016

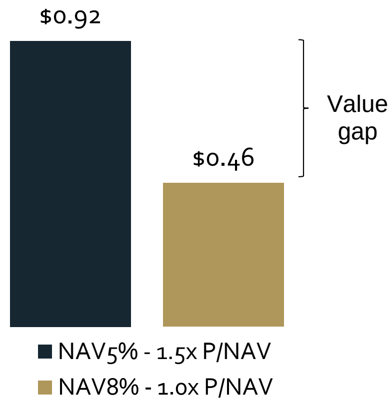
- Royalty/streaming companies such as Lemuria are formed to take advantage of premium market valuations given to precious metal-focused royalty/streaming companies
- Base metal companies and junior producers trade at a discount valuation to royalty companies

Historical Price/Net Asset Value Multiples

	Precious Metals	Base Metals
Large Producers	1.5x – 2.0x @ $NAV_{5\%}$	1.0x – 1.2x @ $NAV_{8\%}$
Intermediate Producers	1.2x – 1.7x @ $NAV_{5\%}$	0.8x – 1.1x @ $NAV_{8\%}$
Junior Producers	1.0x – 1.5x @ $NAV_{5\%}$	0.6x – 0.9x @ $NAV_{8\%}$
Developers	0.7x – 1.0x @ $NAV_{5\%}$	0.4x – 0.6x @ $NAV_{8\%}$

Royalty company trading range (Large Producers – Intermediate Producers)

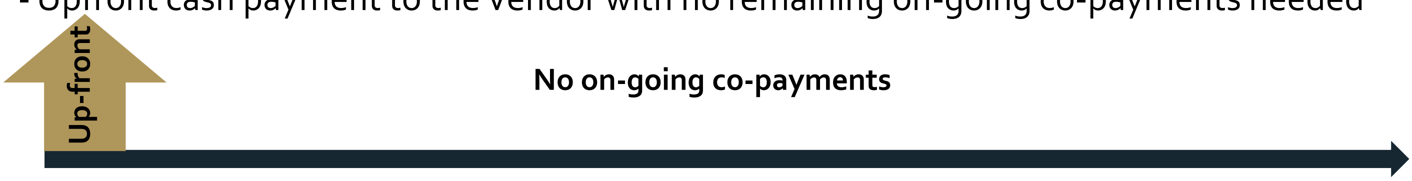
NPV of $1 over 10 years



- Precious metals royalty streams generally are contracts to purchase by-product gold/silver (or other metals) from an operating mine
  - Upfront payment to the Vendor and on-going co-payment at the lower of a stipulated $/oz or spot (on-going co-payments can fixed or variable as a % of spot)

Life-of-mine Metal Stream

- Royalty agreements are a contract to receive a % of the cash revenues from the mine, as defined
  - Upfront cash payment to the Vendor with no remaining on-going co-payments needed



Life-of-mine Royalty

Contact Information

David Morgan – Chairman & CEO, dmorgan@Lemuriaroyalties.com, (509) 869-8899

Abraham Drost – Director & President, adrost@Lemuriaroyalties.com, (807) 252-7800

Chris Marchese – Director, chris@Lemuriaroyalties.com, (408) 596-0624/ (408) 395-5271

Johnny Mellgren – Director, johnny@Lemuriaroyalties.com, (+46) 709575888

Carlos Vicens – Director, cvicens@Lemuriaroyalties.com, (416) 457-6529

www.lemuriaroyalties.com

Headquarters:

401 Bay St, Suite 2702

Toronto, Ontario, M5H2Y4

Canada

LEMURIA ROYALTIES CORP