

Metalla Royalty & Streaming Ltd.

(MTA-V)

SECTOR: Mining

STOCK PRICE \$4.55
RATING **BUY**
TARGET PRICE \$10.50

MERGER ANNOUNCEMENT

Metalla Combines with Nova Royalty

OUR TAKE: On September 8th, Metalla announced an all-share merger with Nova Royalty Corp. (NOVR-T, Not Rated) with Metalla and Nova shareholders owning 60/40, respectively of the new company. The merger adds one producing gold royalty and several long-life copper assets owned by majors to Metalla's portfolio. This deal also increases Metalla's liquidity, which advantageously positions the Company to be involved in future royalty company consolidation in the small cap space. Metalla is forecasting to grow its GEOs from 3,000 currently to over 30,000 by 2030, assuming the copper development projects at Taca Taca, Copper World, Vizcachitas and NuevaUnion come online. We do not assume Vizcachitas comes online by 2030 in our model. In our opinion, the optionality from a large copper royalty portfolio offsets the lack of immediate revenue and we like the merger.

KEY HIGHLIGHTS

- ◆ **Slight Premium Paid to NOVR Shareholders** – NOVR shareholders will receive 0.36 shares of MTA per share of NOVR, which implies a fully diluted equity purchase price for NOVR of C\$190M, a 25% premium to the NOVR share closing price on Sept. 7, 2023 (prior to the announcement). This deal is accretive to MTA on a NAV basis, as MTA traded at ~0.7x consensus NAV and NOVR traded at ~0.5x consensus NAV prior to the announcement. Closing is expected in Q4/23 and requires 2/3 of NOVR shareholder approval, with 17.5% locked up already with Beedie Capital and management. Metalla does not require a shareholder vote for approval.
- ◆ **Improved Liquidity** – Beedie Capital has agreed to a C\$15M equity placement into Metalla in exchange for 2.8M subscription receipts, at a price of C\$5.29 per subscription receipt, based on MTA's Sept. 7th closing price. As a result, Beedie will now own 9.7% of the newly formed combined entity. In addition, Beedie increased its existing convertible loan agreement with Metalla, raising the facility from C\$25M to C\$50M. Following the merger, newco Metalla will have drawn down ~C\$16.4M from Beedie and will have ~US\$23M in cash. In addition, the merger is expected to deliver modest annual G&A savings of ~US\$2.5M.
- ◆ **Significant Copper Exposure** – The merger adds significant copper exposure to Metalla's precious metals-based portfolio, resulting in a proforma portfolio split of 55/45 precious metals and copper. Nova has one producing royalty, a 1% NSR on Aura Minerals' Aranzazu gold mine in Mexico, which generates ~US\$2M in revenue per year. The main copper development royalties that we model are (1) a 0.42% NSR on First Quantum's Taca Taca copper project in Argentina, (2) a 0.315% NSR on Hudbay's Copper World project in Arizona, and (3) a 2% NSR on NuevaUnion in Chile, a JV between Teck and Newmont. The NuevaUnion royalty covers about 20% of the current resource.
- ◆ **Metalla Has a Good Pipeline of Royalties** – Metalla has several good gold royalties that are well advanced, including a 1.5% NSR on the Wasamac property owned by Agnico Eagle; a 1.35% NSR on ~10% of the Côté Gold project, almost complete and owned by IAMGOLD; a 1.0% NSR on the Fifteen Mile Stream deposit in Newfoundland, owned by St. Barbara Limited and slated for production in late 2026; a 2.5% gross value royalty on the northern and southern extensions of the Fosterville mine, owned by Agnico Eagle (where AEM has an aggressive exploration program planned); a 0.75% NSR on the Tocantinzinho project, under construction by G-Mining Ventures and now 30% complete and a 2.5%-3.75% sliding scale gold and silver Gross Proceeds Royalty on the Lama project, owned by Barrick Gold.

RECOMMENDED ACTION

We recommend investors accumulate shares at current levels

- ◆ Metalla has been actively growing their royalty portfolio over the past few years and in addition to six currently producing assets, has a pipeline of development/exploration projects. The shares trade at 0.6x NAV relative to peers trading at 0.8x.

CATALYSTS

1. **H2/23** – Côté Lake Initial Production

PROJECTED RETURN

131%

RISK FACTOR

Very High

SCENARIO ANALYSIS

| Downside Scenario | Current Price | Price Target |
|-------------------|---------------|--------------|
| \$3.25 | \$4.55 | \$10.50 |
| ↓ 29% | | ↑ 131% |

KEY STATISTICS AND METRICS

| | |
|---------------------------|------------------|
| 52-Week High/Low | \$7.95 / \$4.55 |
| YTD Performance | -33% |
| Dividend Yield | - |
| Shares O/S (basic) | 87M |
| Shares O/S (F/D) | 92M |
| Market Capitalization | \$394M |
| Cash | \$31M |
| Long-term Debt | \$16M |
| Enterprise Value | \$388M |
| Daily Volume (3 mon avg.) | 18,560 |
| Currency | C\$ unless noted |

HAYWOOD ESTIMATES (USD)

| | 2022A | 2023E | 2024E |
|---------------|--------|-------|--------|
| Revenue | 2,413 | 4,642 | 17,552 |
| Op. Cash Flow | 790 | 3,877 | 14,196 |
| CFPS | 0.01 | 0.01 | 0.14 |
| FCF | -519 | 4,217 | 14,420 |
| Capex | -1,310 | 340 | 224 |

VALUATION

Our \$10.50 target is based on a fully financed, after-tax basis considering a 1.30x multiple to our corporate net asset value NAV_{5%} of \$8.05 per share.

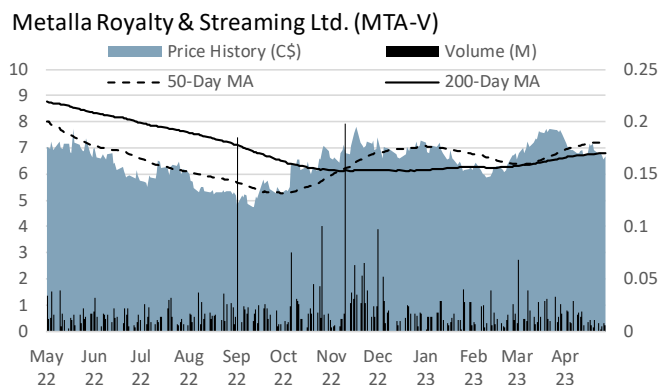
Metalla trades at a P/NAV of 0.6x NAV, versus royalty peers at 0.8x NAV.

INVESTMENT THESIS

Metalla Royalty & Streaming Ltd. is focused on acquiring gold and silver metal purchase agreements, net smelter return royalties and non-operating interests in mining projects that provide the holder a percentage of the gross revenue from metals produced.

Since formation of the Company in 2016, Metalla has acquired a total of 85 royalties or streams for ~\$240 million, and the completion of the Nova merger will bring the portfolio to 105 royalties and streams. Metalla currently has six producing assets (NLGM, Wharf, El Realito, La Encantada, Higginsville and Aranzazu) and has a pipeline of development assets that provide the Company with optionality going forward, although development of these assets may be constrained by the availability of construction capital, permitting challenges, and metal prices. The key development stage royalties in the Metalla portfolio include a 1.35% NSR on <10% of the Cote deposit and 100% of the Gosselin resource at Cote Lake (owned by IAMGOLD), a 2% NSR on the Santa Gertrudis project owned by Agnico Eagle, a 1.5% NSR on the Wasamac project owned by Agnico Eagle, a 0.45% NSR on the Amalgamated Kirkland project owned by Agnico Eagle and a 0.75% GVR royalty on the Tocantinzinho mine under construction by G-Mining Ventures.

SCENARIO ANALYSIS



Source: Capital IQ, and Haywood Securities

TARGET PRICE

Our \$10.50 target price continues to be based on a 1.30x NAV multiple.

DOWNSIDE CASE

Our downside case utilizes gold and silver prices at a 20% discount to our base case scenario of US\$1,900/oz Au and US\$23.75/oz Ag in 2025+. At a flat US\$1,520/oz gold price and US\$18.00/oz silver price, and using a discounted 0.50x NAV multiple, our target price drops to \$3.25 per share.

Our downside scenario price is a theoretical case based on notional valuation metrics and market assumptions. The downside price is solely intended for demonstrative purposes and is not to be regarded as a reflection of all market possibilities. It is not a guarantee that this company's share price will not drop below this price level and hence should not be taken as such.

KEY RISKS

- **Financial Risk:** The Company will require additional funds to continue to acquire streams or royalties on projects. Metalla Royalty and Streaming's primary sources of funding have been a combination of debt and equity financings. Metalla has modest cash flow and earnings currently and our valuation is dependent on growth from projects not yet permitted, financed, or built.
- **Political Risk:** Many of Metalla's assets are in Canada, the USA, Mexico, Australia, and South America, with one asset in each of Argentina, Australia, and Tanzania.

Metalla is a precious metals royalty and streaming company that has acquired a total of 82 royalties and streams since the Company's inception in 2016. The Company currently has five gold and silver producing assets, and one copper producing asset, plus a collection of development projects that provide the Company with a pipeline of assets in the development and exploration stage.

Website

www.metallaroyalty.com

Key Management

CEO – Brett Heath



Metalla Royalty & Streaming Ltd. (MTA-V, \$4.55)
Rating: BUY
Risk: Very High
Metric: 1.30x NAV

Target Price (C\$) \$10.50
Return (%) 131%
52 Week High/Low (C\$) \$7.95 / \$4.55
Daily Volume (3-month avg) 18,560

Shares O/S, millions: 86.7
 Shares F/D, millions: 92.0
 Mkt. Cap, C\$M: 394
 CEO: Brett Heath
 Company Website: www.metallaroyalty.com

| Balance Sheet and Capitalization | US\$M | US\$ / O/S Share | C\$M | C\$ / O/S Share |
|----------------------------------|---------|------------------|---------|-----------------|
| Market Capitalization | \$296.6 | \$3.42 | \$394.5 | \$4.55 |
| Current Cash | \$23.0 | \$0.27 | \$30.6 | \$0.35 |
| F/D Cash Adds | \$7.7 | \$0.09 | \$10.2 | \$0.12 |
| Working Capital | \$17.0 | \$0.20 | \$22.6 | \$0.26 |
| Long-Term Debt | \$12.0 | \$0.14 | \$16.0 | \$0.18 |
| Book Value | \$133.1 | \$1.54 | \$177.0 | \$2.04 |
| Enterprise Value (EV) | \$291.6 | \$3.36 | \$387.8 | \$4.47 |

EV = Market Capitalization - Working Capital + Long-Term Debt
 Spot C\$/US\$ FX Rate: 1.33

Dividend
 Suspended in FQ4/20

| Capital Structure | Shares |
|----------------------|--------|
| Shares Outstanding | 86.7 |
| RSUs | 0.6 |
| Options | 2.3 |
| Fully Diluted Shares | 89.5 |

| Share Ownership | Shares O/S (mln) | % O/S |
|---------------------|------------------|-------|
| Beeidle Investments | 8.7 | 10.0% |
| First Majestic | 4.2 | 4.8% |
| Van Eck Associates | 2.3 | 2.6% |
| Euro Pacific | 2.0 | 2.3% |
| US Global | 0.9 | 1.0% |
| Company Insiders | 1.6 | 1.8% |

Recent Financings
 Sept. 7, 2023 - Metalla merges with Nova Royalty Corp., exchange ratio of 0.36 common shares of MTA per common share of Nova representing a 25% premium on Nova shares as of the date of the announcement and implying a F/D equity purchase price of C\$190M
 Sept. 7, 2023 - Beeidle C\$15M equity placement, in exchange for 2.8M subscription receipts at a price of C\$5.29 per receipt
 Sept. 7, 2023 - Beeidle loan increased to C\$50M, 10% interest and MTA pays Beeidle an amendment fee of C\$125K
 May 11, 2023 - Beeidle loan is now C\$25M, matures May 9, 2027, 10% interest, conversion premium on drawdown ranges from C\$8.67 to C\$7.33 per share depending on the trace
 March 30, 2023 - Castle Mountain loan maturity extended to April 1, 2024, interest rate increased from 4% to 12%
 June 22, 2020 - Secondary offering of \$12.7M, 2.4M shares at US\$5.30/share, reducing Coeur's MTA ownership to 6.7%
 April 23, 2019 - C\$12M Convertible loan with Beeidle Capital (8% interest rate, 48 months, convert at \$5.56 at Beeidle's option)
 April 1, 2019 - 8.2M shares at C\$1.30/share (pre share 4:1 consolidation)
 Jan. 4, 2019 - C\$6.8M - 8.7M units at C\$0.78/unit; 1 unit = 1 share + 0.5 warrant exc. at \$1.17 for 24 months (pre share 4:1 consol.)
 June 2017 - C\$8.3M Convertible Debenture to Coeur Mining (5% interest rate, converted during F2019)
 Nov. 30, 2017 - Non-brokered private placement - 23.7 M units at \$0.10/unit, 1 share + 0.5 warrant (exc. at \$0.15 for 2 years)

| Financial Summary (US\$ 000) | 2022A | 2023E | 2024E | 2025E | 2026E | 2027E |
|------------------------------|--------|--------|-------|-------|-------|-------|
| Year-end May 31 | 87.4 | 88.9 | 89.3 | 89.3 | 89.3 | 89.3 |
| Shares Outstanding, mln | 89.0 | 89.7 | 89.7 | 89.7 | 89.7 | 89.7 |
| FD Shares, mln | (0.13) | (0.07) | 0.03 | 0.08 | 0.11 | 0.13 |
| EPS | 0.01 | 0.01 | 0.14 | 0.28 | 0.36 | 0.42 |
| Cash Flow Per Share | 503.2x | 438.0x | 32.0x | 16.4x | 12.7x | 10.8x |
| P/CF | - | - | - | - | - | - |

| Income Statement (US\$ 000) | 2022A | 2023E | 2024E | 2025E | 2026E | 2027E |
|-----------------------------|------------|-----------|----------|----------|----------|----------|
| Revenue | \$2,413 | \$4,642 | \$17,552 | \$34,708 | \$45,450 | \$54,099 |
| Operating Expenses | \$0 | \$0 | (\$0) | \$3,792 | \$6,410 | \$8,889 |
| Depreciation | \$1,808 | \$2,786 | \$5,844 | \$14,507 | \$19,031 | \$22,696 |
| General & Admin | \$3,886 | \$3,886 | \$3,886 | \$3,886 | \$3,886 | \$3,886 |
| Stock Based Comp. | \$2,881 | \$2,900 | \$2,900 | \$2,900 | \$2,900 | \$2,900 |
| Net Income | (\$10,928) | (\$6,527) | \$3,042 | \$7,015 | \$9,715 | \$11,591 |

| Balance Sheet (US\$ 000) | 2022A | 2023E | 2024E | 2025E | 2026E | 2027E |
|--------------------------|----------|---------|----------|----------|----------|-----------|
| Cash & Equivalents | \$4,555 | \$7,347 | \$15,642 | \$40,327 | \$72,185 | \$109,585 |
| Debt | \$10,000 | \$9,000 | \$9,000 | \$4,000 | \$4,000 | \$0 |

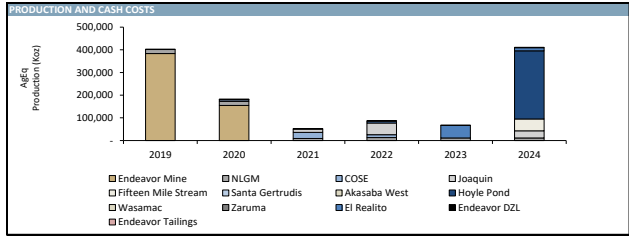
| Cash Flow (US\$ 000) | 2022A | 2023E | 2024E | 2025E | 2026E | 2027E |
|----------------------|-----------|---------|-----------|----------|----------|----------|
| Op. CF (before W/C) | \$790 | \$3,877 | \$14,196 | \$24,990 | \$32,164 | \$37,708 |
| Financing CF | \$3,793 | (\$901) | (\$5,901) | (\$305) | (\$305) | (\$308) |
| Investing CF | (\$1,310) | \$340 | \$224 | \$263 | \$213 | \$213 |
| Change in Cash | \$2,449 | \$2,855 | \$8,295 | \$24,685 | \$31,858 | \$37,400 |

| Production Estimates | 2022A | 2023E | 2024E | 2025E | 2026E | 2027E |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| Gold Price, US\$/oz | \$1,765 | \$2,025 | \$2,200 | \$1,900 | \$1,900 | \$1,900 |
| Silver Price, US\$/oz | \$22.05 | \$25.00 | \$29.33 | \$23.75 | \$23.75 | \$23.75 |
| US\$/CAD | 1.27 | 1.33 | 1.33 | 1.31 | 1.31 | 1.30 |
| Silver Attrib. Production, 000oz | 46 | 12 | 42 | 342 | 692 | 930 |
| Silver Attrib. Sales, 000oz | 46 | 12 | 42 | 342 | 692 | 930 |
| Gold Attrib. Production, oz | 2,681 | 3,700 | 7,810 | 13,743 | 14,985 | 16,558 |
| Gold Attrib. Sales, oz | 2,681 | 3,700 | 7,810 | 13,743 | 14,985 | 16,558 |
| GEO Attrib Sales, oz | 2,680 | 3,772 | 7,255 | 16,905 | 22,520 | 27,075 |
| Operating Margin, % | 100% | 100% | 100% | 89% | 86% | 84% |
| % revenue from Endeavour | - | - | - | - | 19% | 27% |
| % revenue from Wharf | 20% | 27% | 11% | 5% | 4% | 3% |
| % revenue from NLGM | 5% | 4% | 2% | 1% | 1% | - |
| % revenue from COSE/Joaquin | 18% | 4% | 2% | 1% | 1% | 0% |
| % revenue from other | 57% | 66% | 85% | 93% | 76% | 70% |

| Historical Quarterly Results | Q4/21 | Q1/22 | Q2/22 | Q3/22 | Q4/22 | Q1/23 |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Revenues, \$000 | \$814 | \$669 | \$460 | \$566 | \$628 | \$981 |
| Cash Flow before WC changes, \$000 | \$305 | \$305 | \$362 | \$300 | (\$177) | \$536 |
| CFPS, \$ | (\$0.01) | \$0.01 | \$0.01 | \$0.01 | (\$0.00) | \$0.01 |
| Adjusted EBITDA, \$000 | (\$535) | \$29 | (\$209) | \$10 | (\$1,324) | \$555 |
| Net Income, \$000 | (\$3,131) | (\$2,202) | (\$1,371) | (\$2,538) | (\$2,537) | (\$2,536) |
| EPS, \$ | (\$0.07) | (\$0.05) | (\$0.03) | (\$0.00) | (\$0.06) | (\$0.05) |
| Shares Outstanding, 000 | 43,954 | 44,272 | 44,583 | 44,828 | 45,501 | 50,514 |
| Realized Silver/Gold Price, US\$/oz | \$17.42 | \$18.35 | \$18.84 | \$17.14 | \$16.79 | \$18.86 |
| Cash Cost, US\$/oz Ag/GEO | \$5.00 | \$5.00 | \$9.00 | \$7.00 | \$8.00 | \$9.00 |
| Total Attrib. Gold oz Sold | 772 | 724 | 580 | 714 | 683 | 927 |

| Peer Group Comparables | Price C\$ | P/NAV | 2023 Rev/Share | 2023 CFPS | 2024 CFPS | 2023 EV/CF | 2024 EV/CF |
|-----------------------------------------|-----------|-------|----------------|------------|------------|------------|------------|
| Altus Minerals Corporation | \$21.04 | 1.0x | 1.2 | US\$0.66 | US\$0.60 | 27.0x | 29.9x |
| Elemental Rex Resources Corp. | \$11.16 | 1.0x | 0.1 | US\$0.04 | US\$0.06 | 21.1x | 16.7x |
| Gold Royalty Corp. | \$1.86 | 0.4x | 0.0 | (US\$0.01) | US\$0.02 | (101.6x) | 73.2x |
| Nova Royalty Corp. | \$1.58 | 0.5x | 0.0 | (US\$0.02) | (US\$0.01) | (83.5x) | (156.6x) |
| Osisko Gold Royalties Ltd | \$17.40 | 1.1x | 1.0 | US\$0.77 | US\$0.82 | 17.9x | 16.8x |
| Sandstorm Gold Ltd. | \$7.03 | 0.9x | 0.6 | US\$0.41 | US\$0.39 | 16.2x | 17.3x |
| Vox Royalty Corp. | \$2.76 | 0.6x | 0.2 | US\$0.11 | US\$0.16 | 16.4x | 11.3x |
| Peer Group Average | 0.8x | 0.4 | - | - | - | (12.4x) | 1.2x |
| Peer Group Average (excluding high/low) | 0.8x | 0.4 | - | - | - | (2.4x) | 18.4x |
| Metalla Royalty & Streaming Ltd. | \$4.55 | 0.6x | 0.1 | US\$0.03 | US\$0.13 | 94.0x | 25.4x |

CFPS and NAV sourced from Capital IQ, US\$CAD 1.33



| Corporate NAV Summary and Sensitivity | Base Case | \$16.35 | \$19.55 | \$24.95 | Spot |
|-----------------------------------------------|-----------|---------|---------|---------|---------|
| Forecast Silver Price, US\$/oz | \$16.35 | \$16.35 | \$19.55 | \$24.95 | \$25.00 |
| Forecast Gold Price, US\$/oz | \$1,800 | \$1,800 | \$1,800 | \$2,300 | \$1,925 |
| Endeavour Mine + Tailings | \$0.30 | \$0.24 | \$0.27 | \$0.34 | \$0.29 |
| Endeavour DZL | \$0.24 | \$0.19 | \$0.22 | \$0.27 | \$0.23 |
| Wharf | \$0.14 | \$0.10 | \$0.13 | \$0.16 | \$0.13 |
| Higginsville | \$0.05 | \$0.02 | \$0.04 | \$0.06 | \$0.04 |
| Garrison Mine | \$0.30 | \$0.24 | \$0.28 | \$0.36 | \$0.30 |
| Wasamac | \$0.63 | \$0.46 | \$0.56 | \$0.71 | \$0.59 |
| Hoyle Pond | \$0.42 | \$0.31 | \$0.37 | \$0.47 | \$0.40 |
| Santa Gertrudis | \$0.32 | \$0.24 | \$0.28 | \$0.36 | \$0.30 |
| Zaruma | \$0.16 | \$0.12 | \$0.14 | \$0.18 | \$0.16 |
| Tocantinzinho | \$0.22 | \$0.16 | \$0.20 | \$0.25 | \$0.21 |
| CentroGold | \$0.22 | \$0.16 | \$0.20 | \$0.25 | \$0.21 |
| Joaquin | \$0.04 | \$0.03 | \$0.04 | \$0.05 | \$0.04 |
| Fifteen Mile Stream | \$0.11 | \$0.08 | \$0.10 | \$0.12 | \$0.10 |
| Cote Lake | \$0.13 | \$0.10 | \$0.12 | \$0.15 | \$0.12 |
| El Realito | \$0.02 | \$0.02 | \$0.02 | \$0.02 | \$0.02 |
| La Encantada | \$0.06 | \$0.04 | \$0.05 | \$0.06 | \$0.06 |
| Penelope | \$0.14 | \$0.11 | \$0.13 | \$0.17 | \$0.14 |
| Aranzazu | \$0.40 | \$0.32 | \$0.38 | \$0.49 | \$0.41 |
| Taca Taca | \$1.08 | \$0.85 | \$1.03 | \$1.31 | \$1.16 |
| Copper World Complex | \$0.37 | \$0.29 | \$0.35 | \$0.44 | \$0.37 |
| NuevaUnion | \$0.81 | \$0.64 | \$0.77 | \$0.98 | \$0.82 |
| Other Projects | \$0.76 | \$0.60 | \$0.72 | \$0.92 | \$0.77 |
| Expl. Properties After-Tax Project NAV5%, CSM | \$1.11 | \$0.87 | \$1.05 | \$1.34 | \$1.12 |
| Corporate Adjustments, C\$/F/D share | \$0.02 | \$0.01 | \$0.02 | \$0.02 | \$0.02 |
| Corporate NAV, C\$/F/D share | \$8.05 | \$6.24 | \$7.48 | \$9.65 | \$8.01 |
| Current Price / Corporate NAV | 0.6x | 0.7x | 0.6x | 0.6x | 0.6x |
| Target Price / Corporate NAV | 1.3x | 1.7x | 1.4x | 1.1x | 1.1x |
| 2023E CFPS, US\$ | \$0.01 | \$0.01 | \$0.01 | \$0.01 | \$0.01 |
| Implied Target Price at 1.0x NAV | \$8.05 | \$6.25 | \$7.50 | \$9.65 | \$8.00 |
| Implied Target Price at 1.8x NAV | \$14.50 | \$11.25 | \$13.45 | \$17.32 | \$14.40 |

Base case gold price assumption of US\$2,025/oz in 2023, US\$2,200/oz in 2024 and US\$1,900/oz in 2025+
 2023E C\$/US\$ FX Rate: 1.33
 Fully Financed Fully Diluted Shares, millions: 89.5

| Metalla Royalty & Streaming Ltd. Consensus Estimate Summary (Barrick data sourced from Capital IQ) | Mean EPS | High / Low | vs. Cons. | Mean CFPS | High / Low | vs. Cons. |
|----------------------------------------------------------------------------------------------------|-----------|---------------|-----------|-------------|-------------|-------------------|
| 2023 Consensus Estimate | (\$0.16) | -0.15 / -0.18 | - | \$0.05 | 0.08 / 0.01 | -78% |
| 2024 Consensus Estimate | (\$0.04) | 0.01 / -0.11 | - | \$0.18 | 0.26 / 0.10 | -19% |
| Consensus Valuation | SO Rating | SP Rating | SU Rating | Mean Target | High / Low | Haywood vs. Cons. |
| | | | | \$10.13 | | 4% |

| Asset | Owner | Ticker | Type | % | Status |
|---------------------------|---------------------|---------|---------------------|--------|------------------|
| NLGM | Shanta Gold | SHG-L | Ag Stream | 15.0% | Producing |
| Wharf | Coeur | CDE-NV | NSR | 1.0% | Producing |
| Higginsville | Karora | KRR-T | Price Participation | 27.5% | Producing |
| La Encantada | First Majestic | FR-T | NSR | 2.0% | Producing |
| Aranzazu | Aura Minerals | ORA-T | NSR | 1.0% | Producing |
| El Realito | Agnico Eagle | AEM-T | NSR | 2.0% | Producing |
| Taca Taca | First Quantum Min | FM-T | NSR | 0.42% | Development |
| Copper World Complex | Hudbay Minerals | HBM-T | NSR | 0.315% | Development |
| NuevaUnion | Private | Private | NSR | 2.0% | Development |
| COSE | Pan American Silver | PAAS-T | NSR | 1.5% | Development |
| Joaquin | Pan American Silver | PAAS-T | NSR | 2.0% | Development |
| Santa Gertrudis | Agnico Eagle | AEM-T | NSR | 2.0% | Development |
| Akasaba West Royalty | Agnico Eagle | AEM-T | NSR | 2.0% | Development |
| Endeavour Mine + Tailings | CBH | Private | Ag Stream | 100.0% | Development |
| Penelope | Barrick Gold | ABX-T | NSR | 2.5% | Development |
| Hoyle Pond | Newmont Goldcorp | NEM-US | NSR | 2.0% | Development |
| Garrison Mine | O3 Mining | OIII-V | NSR | 2.0% | Development |
| Wasamac | Yamana | MQR-T | NSR | 1.5% | Development |
| Fifteen Mile Stream | St. Barbara | SBM-A | NSR | 1.0% | Development |
| Zaruma | Core Gold | CGLD-V | NSR | 1.5% | Development |
| La Fortuna | Minera Alamos | MAL-V | NSR | 1.0% | Development |
| Timmins West Ext. | Pan American Silver | PAAS-T | NSR | 1.5% | Development |
| Beaurof Mine | Monarch Mining | MQR-T | NSR | 1.0% | Development |
| Cote Lake | IamGold/Sumitomo | MQR-T | NSR | 1.4% | Development |
| DeSantis Mine | Osisko Mining | OSK-T | NSR | 1.5% | Exploration |
| Altures-Del Carmen | Barrick Gold | ABX-T | NSR | 0.5% | Exploration |
| Amalgamated Kirkland | Agnico Eagle | AEM-T | NSR | 0.5% | Exploration |
| Lourdes | Pucara Resources | Private | NSR | 1.0% | Exploration |
| Capricho | Pucara Resources | Private | NSR | 1.0% | Exploration |
| Eldorado Gold | Eldorado Gold | ELD-T | CSR | 0.75% | Development |
| CentroGold | QZ Minerals | QZL-A | NSR | 1% | 2% - Development |
| Guadalupe/Pararin | Pucara Resources | Private | NSR | 1.0% | Exploration |
| Santo Tomas | Pucara Resources | Private | NSR | 1.0% | Exploration |
| San Luis | SSR | SSRM-T | NSR | 1.0% | Exploration |
| Big Island | Copper Reef Mining | CSC-T | NSR | 2.0% | Exploration |
| Independence Gold | IGCO-V | Private | NSR | 1.0% | Exploration |
| Camflo NW | Monarch Gold | MQR-T | NSR | 1.0% | Exploration |

NAV Accretive Deal for Metalla

Metalla announced a merger with Nova Royalty last week. NOVR shareholders will receive 0.36 shares of MTA per share of NOVR, which implies a fully diluted equity purchase price for NOVR of C\$190M, a 25% premium to the NOVR share closing price on Sept. 7, 2023 (prior to the announcement). This deal is accretive to MTA on a NAV basis, as MTA traded at ~0.7x consensus NAV and NOVR traded at ~0.5x consensus NAV prior to the announcement. Closing is expected in Q4/23 and requires 2/3 of NOVR shareholder approval, with 17.5% locked up already between Beedie Capital and management. Metalla does not require a shareholder vote for approval.

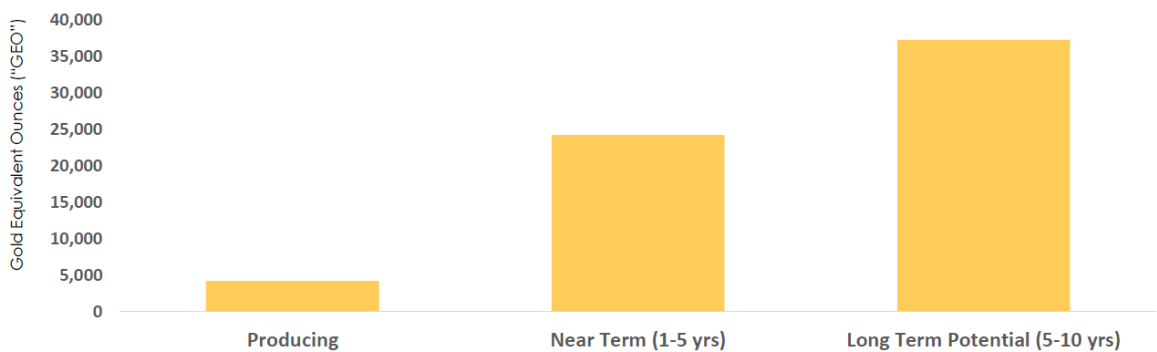
Beedie Capital has agreed to a C\$15M equity placement into Metalla in exchange for 2.8M subscription receipts, at a price of C\$5.29 per subscription receipt, based on MTA's Sept. 7th closing price. As a result, Beedie will now own 9.7% of the newly formed combined entity. In addition, Beedie increased its existing convertible loan agreement with Metalla, raising the facility from C\$25M to C\$50M. Following the merger, newco Metalla will have drawn down ~C\$16.4M from Beedie and will have ~US\$23M in cash. In addition, the merger is expected to deliver modest annual G&A savings of ~US\$2.5M. The increased liquidity puts MTA in a solid position to continue to participate in any future small cap royalty consolidation.

The merger adds significant copper exposure to Metalla's precious metals-based portfolio, resulting in a proforma portfolio split of 55/45 between precious metals and copper. Nova has one producing royalty, a 1% NSR on Aura Minerals' Aranzazu gold mine in Mexico, which generates ~US\$2M in revenue per year. The copper development royalties that we model are (1) a 0.42% NSR on First Quantum's (FM-T, not rated) Taca Taca copper project in Argentina, (2) a 0.315% NSR on Hudbay's (HBM-T, Buy, \$10.00 Target) Copper World project in Arizona, and (3) a 2% NSR on Nueva Union in Chile, a JV between Teck (TECK-B-T, not rated) and Newmont (NGT-T, not rated), where the royalty covers about 20% of the current resource. The value-add of these significant, long-life copper projects counterbalances the share dilution from the merger in our opinion.

Strong GEO Growth by End of Decade



METALLA TO GROW ITS GEO PRODUCTION BY OVER 600% BY THE END OF THE DECADE



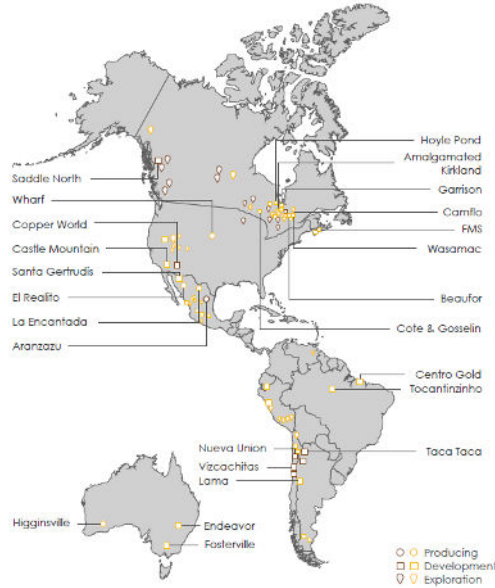
Source: Metalla Royalty and Streaming Ltd.



Portfolio Summary



PORTFOLIO HIGHLY CONCENTRATED ACROSS THE AMERICAS



Source: Metalla Royalty and Streaming Ltd.

Key Development Assets



| |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>TACA TACA First Quantum Total Resource: 7.2 Moz Au / 25,699 Mlbs Cu / 727 Mlbs Mo Latest Study: FS (March 2021) Construction decision expected in 2024</p> |
| <p>VIZCACHITAS Los Andes Total Resource: 30,245 Mlbs Cu / 1,021 Mlbs Mo / 109.1 Moz Ag Study: PFS (March 2023) Expected Production: 2029</p> |
| <p>NUEVAUNION Teck / Newmont Total Resource: 19.8 Moz Au / 13,750 Mlbs Cu Study: PFS (April 2018)</p> |
| <p>COPPER WORLD COMPLEX Hudbay Minerals Total Resource: 12,750 Mlbs Cu / 170.4 Moz Ag Study: PEA (May 2022) Expected Production: 2027</p> |

| |
|----------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>GOSSELIN & COTE IAMGOLD / Sumitomo Total Resource: 19.1 Moz Au Study: FS (August 2022) Expected Production: 2024</p> |
| <p>CASTLE MOUNTAIN Equinox Gold Total Resource: 7.1 Moz Au Study: FS (March 2021) In Production⁽¹⁾</p> |
| <p>TOCANTINZINHO G Mining Ventures Total Resource: 2.15 Moz Au Study: FS (February 2022) Expected Production: 2024</p> |
| <p>WASAMAC Agnico Eagle Total Resource: 2.5 Moz Au Study: FS (September 2022) Expected Production: 2027</p> |

Source: Metalla Royalty and Streaming Ltd.



Valuation

We have incorporated NOVR's main copper assets into our model and have given the company a residual asset value for the remaining royalties that we do not model. In our model, the Aranzazu gold royalty, along with copper royalties on Taca Taca, Copper World and NuevaUnión total \$2.66 per share of NAV, while our valuation for the remaining assets in Nova Royalty adds another \$0.19 per share. We do not model Vizcachitas, which is owned by Los Andes Copper (LA-V, not rated), as this project will require a much larger and better capitalized partner to move into development.

Our overall valuation for the Company, which is based on our NAV using a discounted cash flow (DCF) analysis to value Metalla Royalty and Streaming's assets, remains unchanged at \$8.05 per share, as the share dilution from the merger is offset by our estimated NAV, and our target price is unchanged at \$10.50 per share, which continues to be based on a 1.30x NAV multiple.

Metalla trades at a P/NAV of 0.6x NAV, versus royalty peers at 0.8x NAV.

Peer Group Comparables

| Peer Group Comparables | | | | | | | |
|------------------------------------------------|--------------|-------------|-------------------|------------|------------|----------------|---------------|
| | Price C\$ | P/NAV | 2023 Rev/Share | 2023 CFPS | 2024 CFPS | 2023 EV/CF | 2024 EV/CF |
| Altius Minerals Corporation | \$21.04 | 1.0x | 1.2 | US\$0.66 | US\$0.60 | 27.0x | 29.9x |
| Elemental Altus Royalties Corp. | \$1.16 | 1.0x | 0.1 | US\$0.04 | US\$0.06 | 21.1x | 16.7x |
| Gold Royalty Corp. | \$1.86 | 0.4x | 0.0 | (US\$0.01) | US\$0.02 | (101.6x) | 73.2x |
| Nova Royalty Corp. | \$1.58 | 0.5x | 0.0 | (US\$0.02) | (US\$0.01) | (83.5x) | (156.6x) |
| Osisko Gold Royalties Ltd | \$17.40 | 1.1x | 1.0 | US\$0.77 | US\$0.82 | 17.9x | 16.8x |
| Sandstorm Gold Ltd. | \$7.03 | 0.9x | 0.6 | US\$0.41 | US\$0.39 | 16.2x | 17.3x |
| Vox Royalty Corp. | \$2.76 | 0.6x | 0.2 | US\$0.11 | US\$0.16 | 16.4x | 11.3x |
| Peer Group Average | | 0.8x | 0.4 | | | (12.4x) | 1.2x |
| Peer Group Average (excluding high/low) | | 0.8x | 0.4 | | | (2.4x) | 18.4x |
| Metalla Royalty & Streaming Ltd. | \$4.55 | 0.6x | 0.1 | US\$0.03 | US\$0.13 | 94.0x | 25.4x |

CFPS and NAV sourced from Capital IQ.
USCAD 1.33

Source: Capital IQ

Cash-Flow and Target-Price Sensitivity to Gold Prices

| Corporate NAV Summary and Sensitivity | | | | | | Spot |
|------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Forecast Silver Price, US\$/oz | Base Case | \$16.35 | \$19.55 | \$24.95 | \$25.00 | \$25.00 |
| Forecast Gold Price, US\$/oz | | \$1,500 | \$1,800 | \$2,300 | \$1,925 | \$1,925 |
| Endeavor Mine + Tailings | \$0.30 | \$0.24 | \$0.27 | \$0.34 | \$0.29 | \$0.29 |
| Endeavor DZL | \$0.24 | \$0.19 | \$0.22 | \$0.27 | \$0.23 | \$0.23 |
| Wharf | \$0.14 | \$0.10 | \$0.13 | \$0.16 | \$0.13 | \$0.13 |
| Higginsville | \$0.05 | \$0.02 | \$0.04 | \$0.06 | \$0.04 | \$0.04 |
| Garrison Mine | \$0.30 | \$0.24 | \$0.28 | \$0.36 | \$0.30 | \$0.30 |
| Wasamac | \$0.63 | \$0.46 | \$0.56 | \$0.71 | \$0.59 | \$0.59 |
| Hoyle Pond | \$0.42 | \$0.31 | \$0.37 | \$0.47 | \$0.40 | \$0.40 |
| Santa Gertrudis | \$0.32 | \$0.24 | \$0.28 | \$0.36 | \$0.30 | \$0.30 |
| Zaruma | \$0.16 | \$0.12 | \$0.14 | \$0.19 | \$0.16 | \$0.16 |
| Tocantinzinho | \$0.22 | \$0.16 | \$0.20 | \$0.25 | \$0.21 | \$0.21 |
| CentroGold | \$0.22 | \$0.16 | \$0.20 | \$0.25 | \$0.21 | \$0.21 |
| Joaquin | \$0.04 | \$0.03 | \$0.04 | \$0.05 | \$0.04 | \$0.04 |
| Fifteen Mile Stream | \$0.11 | \$0.08 | \$0.10 | \$0.12 | \$0.10 | \$0.10 |
| Cote Lake | \$0.17 | \$0.13 | \$0.16 | \$0.20 | \$0.17 | \$0.17 |
| El Realito | \$0.02 | \$0.02 | \$0.02 | \$0.02 | \$0.02 | \$0.02 |
| La Encantada | \$0.06 | \$0.04 | \$0.05 | \$0.06 | \$0.06 | \$0.06 |
| Penelope | \$0.14 | \$0.11 | \$0.13 | \$0.17 | \$0.14 | \$0.14 |
| Aranzazu | \$0.40 | \$0.32 | \$0.38 | \$0.49 | \$0.41 | \$0.41 |
| Taca Taca | \$1.08 | \$0.85 | \$1.03 | \$1.31 | \$1.10 | \$1.10 |
| Copper World Complex | \$0.37 | \$0.29 | \$0.35 | \$0.44 | \$0.37 | \$0.37 |
| NuevaUnión | \$0.81 | \$0.64 | \$0.77 | \$0.98 | \$0.82 | \$0.82 |
| Other Projects | \$0.76 | \$0.60 | \$0.72 | \$0.92 | \$0.77 | \$0.77 |
| Expl. Properties After-Tax Project NAV5%, C\$M | \$1.11 | \$0.87 | \$1.05 | \$1.34 | \$1.12 | \$1.12 |
| Corporate Adjustments, C\$ / F/D share | \$0.02 | \$0.01 | \$0.02 | \$0.02 | \$0.02 | \$0.02 |
| Corporate NAV, C\$ / F/D share | \$8.05 | \$6.24 | \$7.48 | \$9.65 | \$8.01 | \$8.01 |
| Current Price / Corporate NAV | 0.6x | 0.7x | 0.6x | 0.5x | 0.6x | 0.6x |
| Target Price / Corporate NAV | 1.3x | 1.7x | 1.4x | 1.1x | 1.1x | 1.1x |
| 2023E CFPS, US\$ | \$0.01 | \$0.01 | \$0.01 | \$0.01 | \$0.01 | \$0.01 |
| Implied Target Price at 1.0x NAV | \$8.05 | \$6.25 | \$7.50 | \$9.65 | \$8.00 | \$8.00 |
| Implied Target Price at 1.8x NAV | \$14.50 | \$11.25 | \$13.45 | \$17.52 | \$14.40 | \$14.40 |

Base case gold price assumption of US\$2,025/oz in 2023, US\$2,200/oz in 2024 and US\$1,900/oz in 2025+.
2023E C\$/US\$ FX Rate: 1.330
Fully Financed Fully Diluted Shares, millions: 89.5

Source: Haywood Securities



Significant Investment Risks

- ◆ **Valuation Risk – High:** Valuation Risk is high as the potential for fluctuations in market sentiment and changes to project development timelines and capex/opex estimates is difficult to accurately quantify. Our estimates and forecasts are based on management guidance, comparable projects, technical reports if available, and our own expertise and research. Also, several of the projects that Metalla has royalties/streams on are either privately owned, and/or do not have completed feasibility studies.
- ◆ **Financial Risk – Medium:** The Company will require additional funds to continue to acquire streams/royalties on projects. Metalla Royalty and Streaming's primary sources of funding will be a combination of debt and equity financing. Historically, Metalla has been able to use its shares as currency when acquiring assets but if the markets were to sell off considerably this may no longer be a viable option.
- ◆ **Forecast Risk – High:** Our formal valuation is based on a long-term gold price of US\$1,900 per ounce Au. Volatility in gold pricing is a reality of the present global economic environment, and the price of gold tends to be less predictable than that of other commodities, where supply/demand fundamentals are more influential. A significant decrease in gold prices could impair the Company's ability to generate a reasonable rate of return and/or enough cash flow from operations to meet financial obligations. Many of the Company's projects are not in production and have seen limited historical production and only limited exploration and technical programs.
- ◆ **Political Risk – Medium-High:** A large part of Metalla's assets are in Canada, the USA, Mexico, Australia, and South America, with one asset in each of Argentina, Australia, and Tanzania, and are generally in active mining jurisdictions, which largely enjoy strong local support. There is always a risk of changes to corporate or mining taxation legislation in any country. All the Company's development assets require permitting and this risk is difficult to quantify.
- ◆ **Development Risk – High:** Metalla's project portfolio includes many development stage projects. Our formal valuation is based on project parameters derived from technical studies (if available), Company guidance, our estimates based on comparable operations, and peer-group comparables, however final development plans could differ materially. We have applied a 5% discount rate to mitigate risk in our formal net asset value, in line with Haywood's standard practice of using a lower discount rate of typically 5% to 10% for gold projects with an engineering study.



Important Information and Legal Disclosures

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Analyst Certification

I, Kerry Smith, hereby certify that the views expressed in this report (which includes the rating assigned to the issuer's shares as well as the analytical substance and tone of the report) accurately reflect my/our personal views about the subject securities and the issuer. No part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations.

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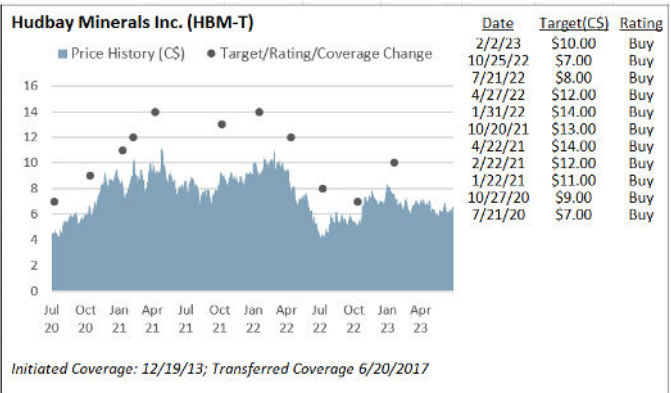
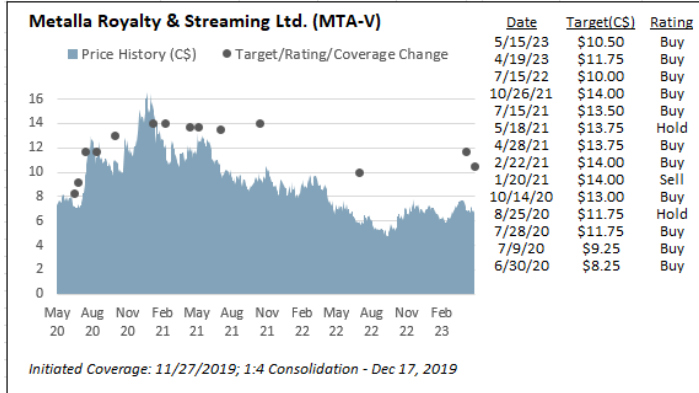
| Ticker | Company | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|---|---|---|
| TSXV:MTA | Metalla Royalty & Streaming | | | | | | | | |
| TSXV:ELE | Elemental Altus Royalties Corp. | | | | | X | | | |
| NYSEAM:GROY | Gold Royalty Corp. | | | | | | | | |
| TSX:HBM | Hudbay Minerals Inc. | | | X | | | | | |
| TSX:OR | Osisko Gold Royalties Ltd. | | | X | | | | | |
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Distribution of Ratings (as of September 12, 2023)

| | % | # | IB Clients (TTM) |
|----------------------|-------|----|------------------|
| Buy | 77.5% | 79 | 88.9% |
| Hold | 6.9% | 7 | 11.1% |
| Sell | 0.0% | 0 | 0.0% |
| Tender | 0.0% | 0 | 0.0% |
| UR (Buy) | 0.0% | 0 | 0.0% |
| UR (Hold) | 0.0% | 0 | 0.0% |
| UR (Sell) | 0.0% | 0 | 0.0% |
| Dropped (TTM) | 15.7% | 16 | 0.0% |



Price Chart, Rating and Target Price History (as of September 12, 2023)



B: Buy; H: Hold; S: Sell; T: Tender; UR: Under Review
 Source: Capital IQ and Haywood Securities

Link to Research Policy: <http://haywood.com/what-we-offer/research/research-policy>

