
2024
ANNUAL REPORT
LITHIUM
ROYALTY CORP

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All dollar amounts in this annual report are expressed in United States dollars, except as otherwise indicated.

Letter from the Executive Chair of the Board of Directors

Global electric vehicle sales have grown exponentially from 1% of global auto sales in 2018 to 20% in 2024. Energy storage systems ("ESS") are now surging (+60% in 2024), driven by renewables growth and the need for uninterruptable power supply. The United Arab Emirates recently announced a USD 6 billion, 90-square-kilometre solar - plus - storage project, which will have 19 GWh of batteries, equivalent to 400,000 EV batteries. The development of AI and the associated need for mission-critical digital infrastructure is just emerging as a considerable demand factor for batteries.

As was the case in 2018, China continues (as they planned) to dominate the sector, with 80% of global battery manufacturing and mass adoption of EVs reaching 50% of all autos sold. China remains the largest auto market in the world (24% of sales) and the fastest growing. The fact that China is so overwhelmingly biased to EVs (50%) means that all auto manufacturers are shifting towards EVs, regardless of U.S. and European preferences and government policy. The trend appears irreversible.

Unlike most commodities, the demand outlook for lithium over the medium and long term is materially higher than global GDP growth. Another positive factor for lithium prices is that the cost to produce lithium for the best operators has increased from USD 3,500 per tonne of lithium carbonate in 2018 to USD 7,000–8,000 per tonne today.

While LRC waits for lithium prices to recover, it has been busy assisting its investee companies, following their progress, evaluating new royalty acquisitions, and collecting royalties on producing projects. LRC ended 2024 with news of an agreement to divest part of its royalty on the Tres Quebradas lithium project in Argentina. While that project is about to go into commercial production and is high-quality, low-cost, long-life with a strong counter-party, the transaction implies a valuation for LRC shares more than double the current trading price and reloads our balance sheet with cash equivalent to 15% of our market capitalization.

Regards,

Blair Levinsky
Executive Chair

Letter from the CEO

Dear Fellow Shareholders,

Despite the volatile moves in share prices and commodity prices within the lithium sector in 2024, the demand trends continued unabated. In 2024, global lithium demand exceeded one million tonnes Lithium Carbonate Equivalent ("LCE") for the first time, which equated to a 30% year-over-year increase. Forecasts project demand will reach at least three million tonnes LCE by 2030.

SECULAR TREND REMAINS INTACT

The growth in the lithium market was once again primarily driven by Chinese electric vehicle ("EV") sales, while the energy storage sector ("ESS") emerged as the fastest growing sub-segment, now accounting for one-fifth of total lithium demand. In China, the EV market grew by more than 30%, driven by affordable EV models. More than two-thirds of electric vehicle models in China are now priced lower than their combustion engine counterparts. In response to strong EV demand, many auto manufacturers are phasing away from internal combustion engine production.

In China, electric vehicle penetration ended the year at over 50%. Recently, the CEO of CATL, the world's largest battery company, commented that they believe that EV penetration in China will grow to over 70% in 2025. China, the world's largest auto and electric vehicle market, is not just maintaining its momentum – it is accelerating at an unprecedented pace. In 2020, the Chinese government set a target of reaching 50% EV penetration by 2035, a milestone that is now on track to be achieved a full decade ahead of schedule.

ENERGY STORAGE, ENERGY STORAGE, ENERGY STORAGE

The energy storage sector, though one of the least closely watched segments of the battery market, is also the fastest growing and achieving critical mass at an unprecedented pace. Shanghai Metals Market ("SMM") estimates that the energy storage market grew by approximately 63% in 2024, which takes the segment to roughly 20% of global lithium demand.

The ESS market reached over 300 GWh in 2024, which is roughly 30–50% greater than the market consensus figures in 2023. The outlook for energy storage remains incredibly robust, led by the continued decline in battery costs and manufacturing improvements. The growth is also being led by economies of scale as lower battery costs allow for much larger storage projects. Rho Motion reported a significant surge in large-scale energy storage projects, with 17 installations exceeding 1 GWh in 2024, up from just 4 in 2023.

Building on this momentum, the United Arab Emirates announced in January 2025 the launch of the world's largest solar and battery project, backed by a $6 billion investment and powered by a 19 GWh battery plant. For perspective, this single project represents more than half of the capacity of Tesla's original Nevada Gigafactory unveiled in 2014. In short, the scale of energy storage is expanding rapidly, reinforcing the growing demand for lithium in the years ahead.

In an interview with Reuters, CATL's CEO stated his belief was that the energy storage market could grow to be 10 times the size of the automotive battery market – a bold vision not yet reflected in industry demand models. If this projection materializes, the need for lithium would far exceed current forecasts, signaling a dramatic shift in future supply requirements.

MANAGING THROUGH THE VOLATILITY

Following the peak in lithium prices in November 2022, the lithium market remained in a downturn throughout 2024, with prices continuing to face pressure. According to Shanghai Metals Market ("SMM"), spodumene prices averaged US$789 per tonne in Q4 2024, marking a 59% decline compared to the same period in 2023.

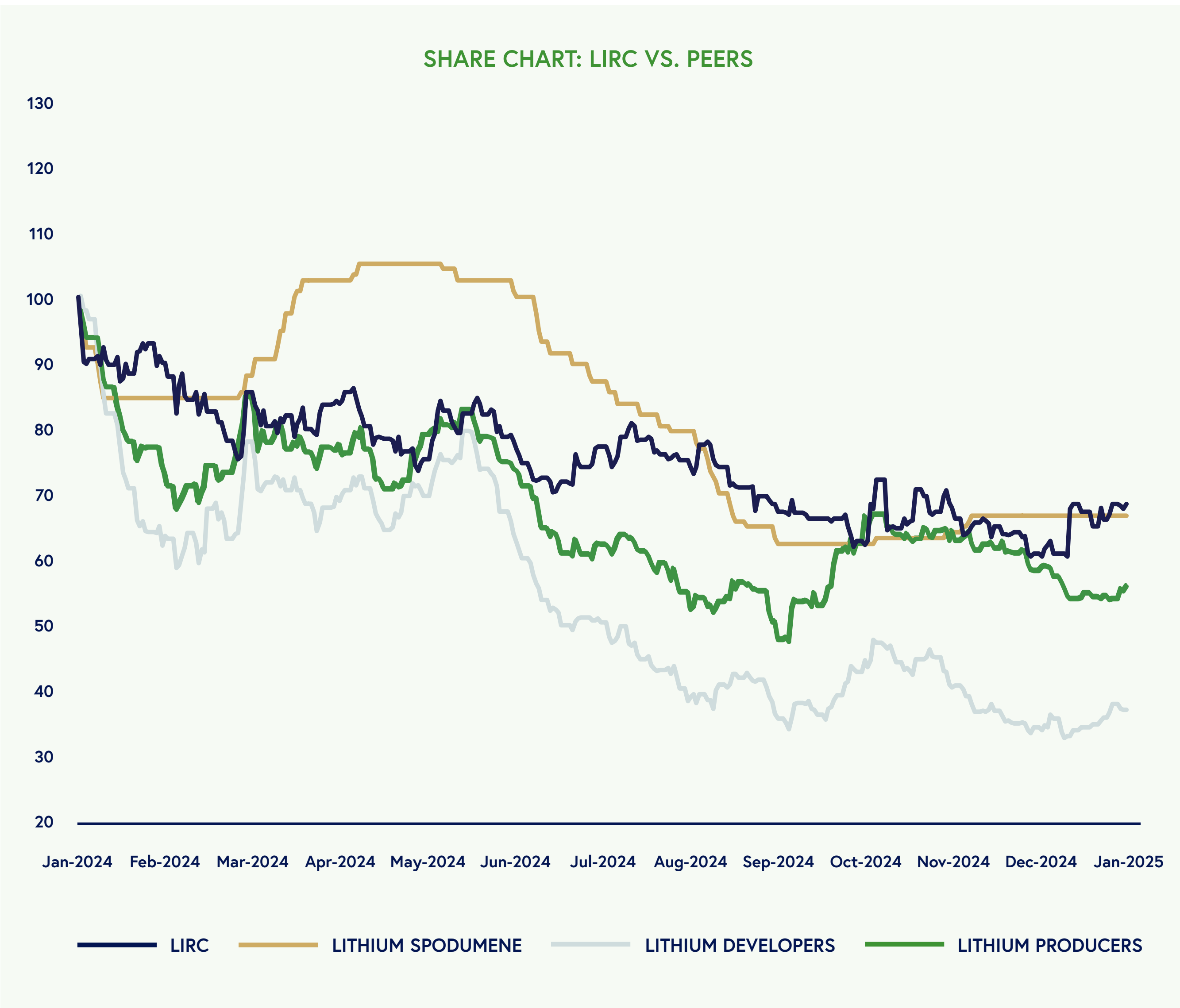
Spodumene prices have recently begun to improve, with spot prices reaching US$900 per tonne in January 2025 from the lows of approximately US$700 per tonne reached in September 2024.

In 2024, lithium chemical prices declined by 72% year-over-year, yet LIRC's revenue declined by only 45% over the same period. Notably, the Company's lithium carbonate equivalent tonnes ("LCETs") increased by 75% in 2024, driven by our diversified royalty portfolio and continued ramp-up of Sigma Lithium, one of the world's lowest-cost lithium mines.

	2023	2024	Y/Y
LCE Price	46,433	12,779	(72)%
LRC Revenue	5,522	3,024	(45)%
LRC LCET	134	233	75 %

Not only did our revenue performance outperform the commodity, the revenue performance of the Company also outperformed the peer group.

Additionally, LRC's shares outperformed its peer group, as our diversified royalty portfolio proved resilient amid the lithium market downturn. LRC also successfully reduced cash general and administrative costs in 2024 by 25% compared to 2023, reflecting our strong commitment to cost discipline during challenging market conditions.



SIGNS CYCLE IS STARTING ANEW

The lithium market shares many attributes with other commodities, but key differences include 1) the size of the market and 2) the growth rate of the sector.

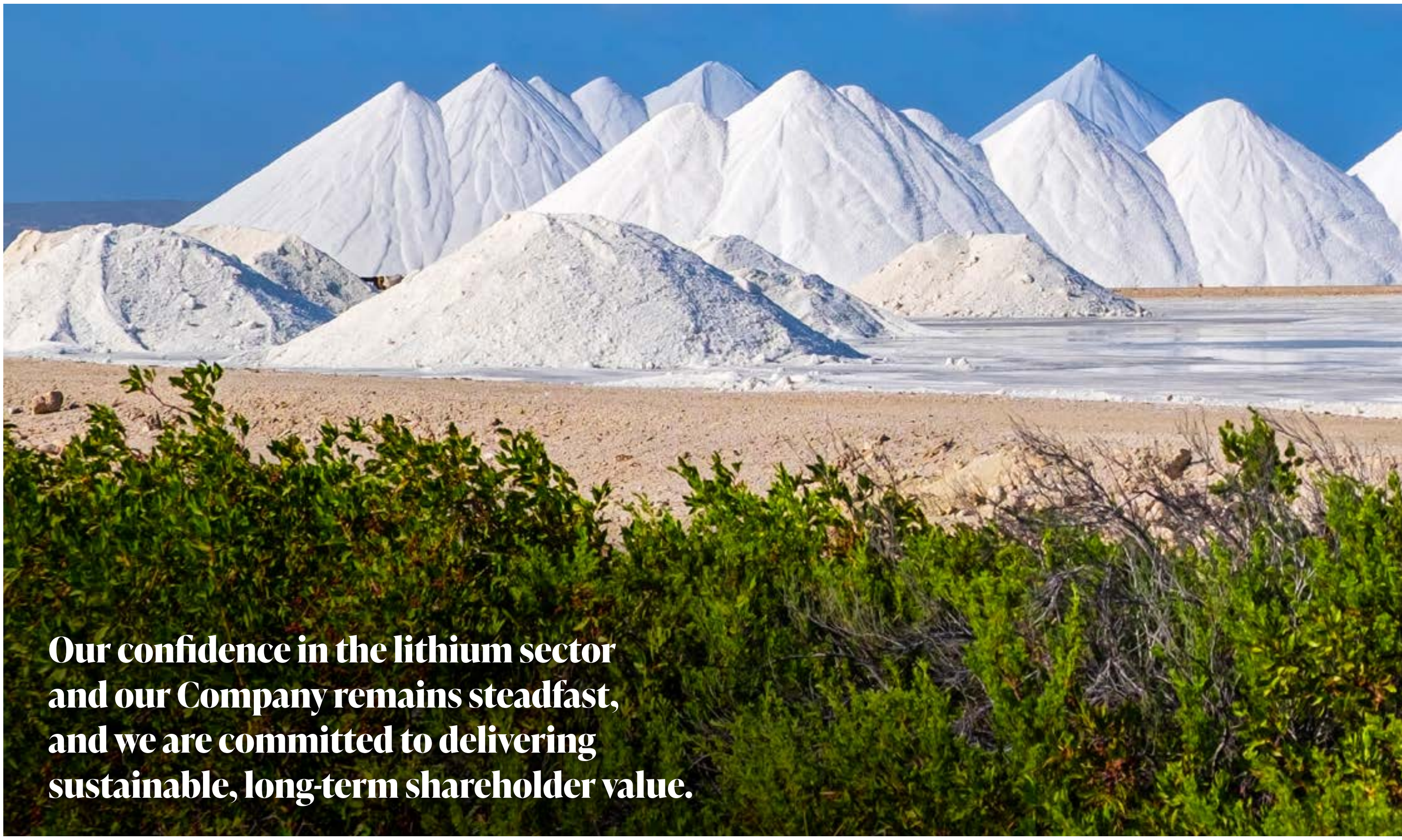
As lithium evolves into a major commodity, the lithium market remains a fraction of traditional resource markets, yet the growth rate far outpaces its peers. This rapid expansion leads to more pronounced market cycles, with sharp movements both upward and downward.

As seen below, lithium cycles tend to last between 2.5–3 years and are often marked by sharp swings both to the upside and downside.

Cycles

START	END	TIME	TREND	MAGNITUDE
June 2014	November 2017	41 months	**Uptrend**	**+342%**
November 2017	July 2020	32 months	Downtrend	–77%
July 2020	November 2022	28 months	**Uptrend**	**+1,394%**
November 2022	Current (March 25)	28 months	Downtrend	–88%
March 2025			**Uptrend**	

Beyond the broader macroeconomic cycle perspective, emerging indicators suggest that lithium prices have reached a bottom, signaling the potential start of a new market cycle.



Prices have reached marginal cost levels of producers, and analysts estimate that approximately 12% of supply has been curtailed or is set to be reduced. Industry consolidation is accelerating as companies seek to acquire lithium assets at attractive valuations – a key example being Rio Tinto's $6.7 billion acquisition of Arcadium Lithium announced in October 2024, marking Rio's largest acquisition since 2007. Meanwhile, investment in the sector has been slashed, with Albemarle, the world's largest lithium producer, cutting its 2025 capital expenditure budget by more than 50%, despite the industry's continued rapid growth, reflecting the impact of the current market cycle low.

2025: A YEAR OF EXCITING CATALYSTS FOR LRC

LRC successfully navigated market volatility by focusing on core principles: acquiring high-grade low-cost royalties, supporting our portfolio companies, and maintaining low overhead costs, aligning with the fundamental benefits of the royalty business model.

As a result, our revenue performance outperformed the commodity and the peer group, and our share price outperformed our peers in the lithium sector.

As we look forward to 2025, we embark on a new year with a strengthened balance sheet following our partial sale (0.5% gross overriding revenue ("GOR")) of the Tres Quebradas royalty located in Catamarca, Argentina to Triple Flag Precious Metals for US$28 million in cash. Our first royalty purchase of the Tres Quebradas asset was in 2018, when we paid US$14 million for a 1.0% GOR.

Our balance sheet strength will enable us to acquire additional royalties, preferably with a near-term cash flow component, and to buy back shares.

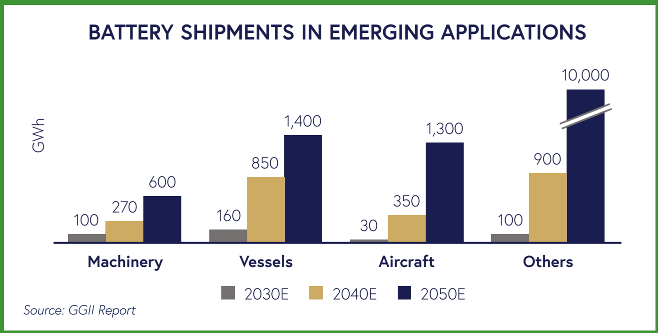
The additional acquisitions will complement our industry-leading portfolio of 35 royalties. Based on the latest portfolio company guidance, we anticipate three additional revenue-generating assets coming online in the near term, along with Sigma Lithium's expansion, all of which are expected to drive revenue growth this year.

Our confidence in the lithium sector and our Company remains steadfast, and we are committed to delivering sustainable, long-term shareholder value.

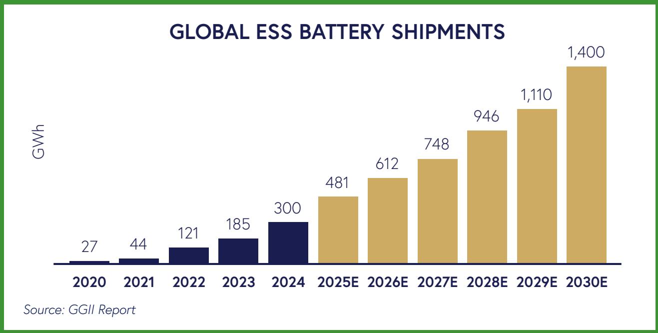
Ernie Ortiz
President and Chief Executive Officer
Lithium Royalty Corp.

Navigating the Lithium Market in 2024 and Beyond

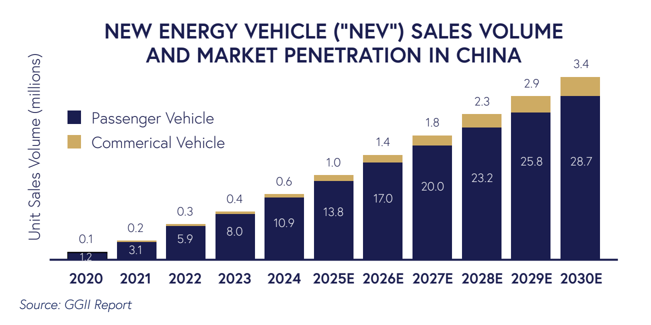
Lithium demand grew by 30% in 2024, driven by the continued adoption of electric vehicles and the proliferation of energy storage worldwide. Technological innovations and manufacturing improvements for batteries continue to drive down costs that are helping adoption expand to new areas of the market. In fact, BloombergNEF estimates that battery costs declined by 20% in 2024 to the lowest costs in history at US$115/Kwh compared to over $1,000/Kwh in 2010.



Continued technological progress has also allowed for energy storage to expand as it grew by 63% year-over-year to a market 300 GWh in size. On our estimates, the energy storage market now comprises 20% of annual lithium demand and is expected to grow by more than 50% in 2025 adding continued momentum to lithium usage.

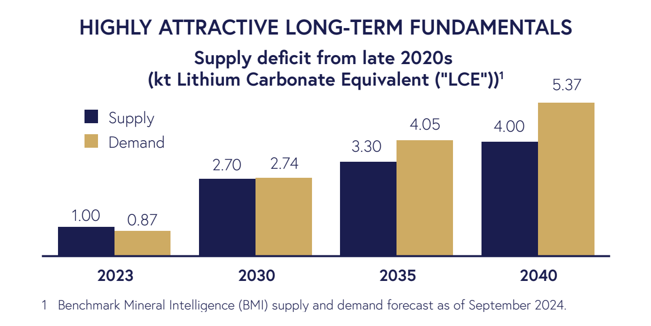


The largest end market and main growth driver continues to be the Chinese electric vehicle market which remained incredibly robust in 2024. The market grew in excess of 30% in 2024 and penetration of electric vehicles among passenger cars ended the year above 50%. Several new EV models are being introduced in 2025 to continue the momentum in the market. The innovation in the Chinese NEV sector is happening at breakneck speed. For example, Xiaomi, a leader in consumer electronics, introduced the SU7 in April 2024 and proceeded to sell 135,000 units in 2024. Its shipment target in 2025 is set at over 300,000 units or more than double its shipments in 2024 led by its affordable high-quality offerings but also a new electric SUV on the horizon.



We've always believed that different regions would electrify at different speeds but the trend remains clear as the CEO of Ford commented on their recent earnings call, "this capability of making money in high-volume EVs, getting new customers is going to be a global capability". Investments in electric vehicle plants, battery plants, and the overall supply chain continue helping to support a strong long-term thematic.

Looking ahead, we anticipate a more constructive market environment. Historical cycles suggest that as we move closer to supply deficits, restocking phases can significantly bolster prices. Furthermore, lithium's strategic importance is underscored by major corporate actions, such as Rio Tinto's acquisition of Arcadium at a 90% premium and Pilbara's 75% premium for Latin Resources. These moves reinforce the industry's confidence in lithium's role as a cornerstone material for the global energy transition.



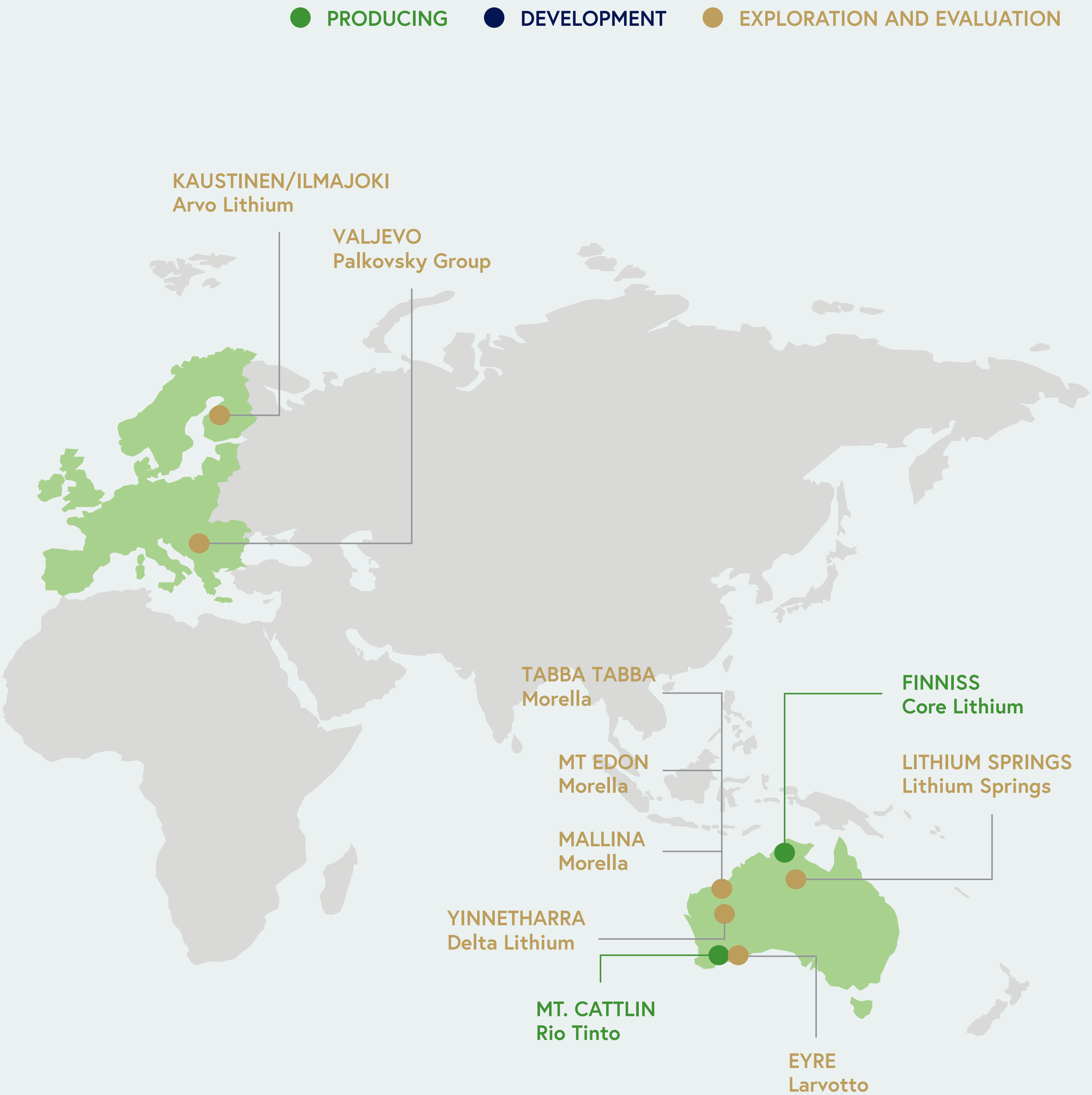
We remain steadfast in our belief that lithium's long-term trajectory is one of sustained growth, driven by electrification trends in transportation and energy storage. As we navigate these short-term market fluctuations, we are confident that our strategic approach will enable us to capitalize on the opportunities ahead while maintaining financial discipline and delivering value to our stakeholders.

Royalties

MINERAL PROPERTY[1]	LOCATION	OPERATOR	COMMODITY EXPOSURE	KEY TERMS
PRODUCING				
Mt. Cattlin	Western Australia, Australia	Rio Tinto	Lithium Spodumene	A$1.5 per tonne treated
Finniss	Northern Territory, Australia	Core Lithium Limited	Lithium Spodumene	2.5% GOR royalty
Grota do Cirilo	Minas Gerais, Brazil	Sigma Lithium Corporation	Lithium Spodumene	1.0% NSR royalty[3]
Mariana (Brine)	Salta, Argentina	Ganfeng	Lithium Chloride/Carbonate	0.5% NSR royalty[3]
DEVELOPMENT				
Tres Quebradas (Brine)	Catamarca, Argentina	Zijin	Lithium Carbonate	0.9% GOR royalty[3]
Horse Creek[2]	British Columbia, Canada	Sinova	Silica Quartz	8.0% – 4.0% GOR royalty[2]
Das Neves	Minas Gerais, Brazil	Atlas Lithium	Lithium Spodumene	3.0% GOR royalty
EXPLORATION AND EVALUATION				
Adina	Québec, Canada	Winsome	Lithium Spodumene	4.0% GOR royalty[5] 1.0% NSR royalty
Cancet	Québec, Canada	Winsome	Lithium Spodumene	4.0% GOR royalty[5] 1.0% NSR royalty
Sirmac-Clapier	Québec, Canada	Winsome	Lithium Spodumene	4.0% GOR royalty
Yinnetharra	Western Australia, Australia	Delta Lithium	Lithium Spodumene	1.0% GOR royalty
Seymour Lake	Ontario, Canada	Green Technology Metals	Lithium Spodumene	1.0% GOR royalty
Root Lake	Ontario, Canada	Green Technology Metals	Lithium Spodumene	1.0% GOR royalty
Wisa Lake	Ontario, Canada	Green Technology Metals	Lithium Spodumene	1.0% GOR royalty
Galaxy (formerly James Bay)	Québec, Canada	Rio Tinto	Lithium Spodumene	1.5% NSR royalty
Moblan	Québec, Canada	Sayona	Lithium Spodumene	2.5% – 1.5% GOR royalty[4,6]
Tansim	Québec, Canada	Sayona	Lithium Spodumene	2.0% NSR royalty
Mallina	Western Australia, Australia	Morella	Lithium Spodumene	1.5% GOR royalty
Donner Lake	Manitoba, Canada	Grid Metals Corp.	Lithium Spodumene	2.0% GOR royalty
Campus Creek	Ontario, Canada	Grid Metals Corp.	Lithium Spodumene	2.0% GOR royalty
Case Lake	Ontario, Canada	Power Metals Corp.	Lithium Spodumene	2.0% GOR royalty
Valjevo (Clay)	Valjevo, Serbia	Palkovsky Group	Lithium Carbonate/Boric Acid	GOR royalty at various rates
Lithium Springs[7]	Northern Territory, Australia	Lithium Springs Limited	Lithium Spodumene	1.5% GOR royalty
Zeus (Clay)	Nevada, United States	Noram	Lithium Carbonate	1.0% GOR royalty
Basin East & West/ Wikieup (Clay)	Arizona, United States	Bradda Head	Lithium Hydroxide	2.0% GOR royalty
Shatford Lake/Cat-Euclid	Manitoba, Canada	ACME Lithium	Lithium Spodumene	2.0% GOR royalty
Tabba Tabba	Western Australia, Australia	Morella	Lithium Spodumene	1.25% GOR royalty
Mt Edon/Mt Edon West	Western Australia, Australia	Morella	Lithium Spodumene	1.25% GOR royalty[8]
Eyre	Western Australia, Australia	Larvotto	Lithium Spodumene	1.0% GOR royalty
Kaustinen/Ilmajoki	Central Ostrobothnia, Finland	Arvo	Lithium Spodumene	1.25% GOR royalty
Adina East	Québec, Canada	Pinnacle Minerals	Lithium Spodumene	2.0% GOR royalty
Mia	Québec, Canada	Q2 Metals Corp	Lithium Spodumene	1.0% NSR royalty
Whitebushes/Mt. Elephant	Brazil	M4E Lithium	Lithium Spodumene	1.5% GOR royalty

1 *Lithium deposits at each mineral property are hard rock deposits unless otherwise noted.*
2 *The Horse Creek Royalty is assessed at 8.0% of annual gross revenues up to $45.0 million and 4.0% on any portion of annual gross revenues in excess of $45.0 million. Pilot production at the Horse Creek quarry took place in the third quarter of 2021. Commercial production is anticipated to commence in 2025.*
3 *Altius has an indirect 10% interest in each of the royalty over the Grota do Cirilo project (the "Grota do Cirilo Royalty"), the royalties over the Tres Quebradas lithium brine project (the "Tres Quebradas Royalties") and the Mariana Royalty through its limited partnership interest in LRC LP I. The Company holds the other 90% limited partnership interest. The general partner of LRC LP I is a subsidiary of the Company. See "Material Contracts – LRC LP I Limited Partnership Agreement".*
4 *The Moblan Royalty is assessed at 2.5% of gross revenues for the first one million tonnes of ore produced per annum and 1.5% of gross revenue for any tonne of ore produced thereafter.*
5 *Certain tenements comprising the property are assessed at 3.0% of quarterly gross revenues.*
6 *Royalty is payable only on production attributable to the ownership interest of the royalty payor in the relevant property, which ownership interest is less than 100%.*
7 *Our interest on the Lithium Springs project is an option to acquire the Lithium Springs Royalty. The option was exercisable until the earlier of (i) March 1, 2025, and (ii) Lithium Springs Limited completing a listing of its shares on the ASX, but the parties are in discussions regarding an extension of the option.*

LRC Royalty Map


PRODUCING
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Arvo Lithium
VALJEVO
Palkovsky Group
TABBA TABBA
Morella
MT EDON
Morella
MALLINA
Morella
YINNETHARRA
Delta Lithium
MT. CATTLIN
Rio Tinto
FINNISS
Core Lithium
LITHIUM SPRINGS
Lithium Springs
EYRE
Larvotto

Management's Discussion and Analysis

For the years ended December 31, 2024 and 2023

(Expressed in thousands of United States dollars, unless otherwise noted)

Management's Discussion and Analysis

BASIS OF PRESENTATION

This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Lithium Royalty Corp. ("LRC" or the "Company"), its operations, financial performance and the present and anticipated future business environment. This MD&A, which has been prepared as of March 19, 2025, should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes for the years ended December 31, 2024 and 2023 (the "Annual Financial Statements"), which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). Certain notes to the Financial Statements are specifically referred to in this MD&A. Certain financial measures contained in this MD&A are non-IFRS measures and are discussed further in the *Non-IFRS Measures* section of this MD&A. All amounts in this MD&A are in thousands of U.S. dollars unless otherwise indicated. References to "US$", "$" or "dollars" are to United States dollars, references to "C$" are to Canadian dollars and references to "A$" are to Australian dollars. In this MD&A, all references to "LRC", the "Company", "we", "us" or "our" refer to Lithium Royalty Corp. together with its subsidiaries, on a consolidated basis.

This MD&A contains forward-looking information. Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that LRC considered appropriate and reasonable as of the date such statements were made, and is subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the risk factors described in the "Risk Factors" section of the Company's Annual Information Form dated March 17, 2025, available on SEDAR+ at www.sedarplus.ca. There can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, users should not place undue reliance on forward-looking information, which speaks only as of the date made. See the *Forward-Looking Information* section of this MD&A.

COMPANY OVERVIEW

LRC is a lithium-focused royalty company organized in Canada, which has established a globally diversified portfolio of 35 revenue royalties on mineral properties that are related to the electrification and decarbonization of the global economy. The Company's royalty portfolio is focused on the battery supply chain for the transportation and energy storage industries and is underpinned by mineral properties that produce or are expected to produce lithium and other battery materials. LRC is a signatory to the Principles for Responsible Investment; the integration of ESG factors and sustainable mining are considerations in our investment analysis and royalty acquisitions.

Since commencing operations in 2018, our overarching objective has been to grow our portfolio and net asset value through ongoing investments in royalties within an electrification and decarbonization macroeconomic theme, with an emphasis on lithium. LRC owns a portfolio of 35 royalties on 33 properties and continues to seek opportunities to acquire additional royalty assets.

The major categories of the Company's interests are (i) producing, (ii) development, and (iii) exploration and evaluation assets. Producing assets are royalty interests over mineral projects which have reached commercial production. Development assets are royalty interests on projects which are not yet producing, but where the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Exploration and evaluation assets represent royalty interests for which the technical feasibility and commercial viability of extracting a mineral resource have not yet been demonstrated.

Our royalty acquisition strategy targets high-grade and low-cost mineral projects that are primarily located in Australia, Brazil, Argentina, Canada, and the United States. However, LRC also targets high-quality assets in other jurisdictions where we deem risk-adjusted returns to be appropriate and we are satisfied with available protections. Our portfolio includes a number of projects in the earlier stages of the mine life cycle, which provide an opportunity to increase the Company's EBITDA[1] per share over the long term to the extent that a favourable commodity price environment induces the underlying mines to begin production. Integration of ESG factors and sustainable mining are considerations in our investment and royalty acquisitions.

1 Adjusted Net Loss, EBITDA and Adjusted EBITDA are non-IFRS measures. For a reconciliation of these items to IFRS measures, see page 28 of this MD&A.

Selected Financial Highlights

KEY INCOME STATEMENT ITEMS	For the three months ended December 31, 2024	2023	For the years ended December 31, 2024	2023
Royalty revenue	$ 620	$ 1,013	$ 3,024	$ 5,522
Depletion	(139)	(279)	(585)	(935)
Gross profit	481	734	2,439	4,587
Loss from operations	(1,119)	(1,577)	(4,895)	(4,533)
Net loss for the period	**$ (278)**	**$ (826)**	**$ (2,659)**	**$ (4,967)**
Net income attributable to non-controlling interest	21	11	70	72
Net loss attributable to equity holders of Lithium Royalty Corp.	(299)	(837)	(2,729)	(5,039)
Adjusted net loss[1]	(240)	(202)	(1,884)	(2,721)
EBITDA[1]	(984)	(1,254)	(3,606)	(2,474)
Adjusted EBITDA[1]	**$ (877)**	**$ (695)**	**$ (2,500)**	**$ (306)**

KEY CASH FLOW STATEMENT ITEMS	For the three months ended December 31, 2024	2023	For the years ended December 31, 2024	2023
Net cash provided by (used in) operating activities	201	$ 950	$ (615)	$ (7,535)
Net cash used in investing activities	–	(2,521)	(3,800)	(53,609)
Net cash (used in) provided by financing activities	(523)	(301)	(540)	35,828

KEY BALANCE SHEET ITEMS	As at December 31, 2024	2023
Cash	$ 6,726	$ 11,757
Restricted cash	500	140,661
Royalty interests	116,107	140,661
Asset held for sale	27,459	–
Total assets	153,368	155,033
Total non-current liabilities	1,580	3,098

1 Adjusted Net Loss, EBITDA and Adjusted EBITDA are non-IFRS measures. For a reconciliation of these items to IFRS measures, see page 28 of this MD&A.

OUR ASSETS

The Company is organized into a single operating segment. Operations consist of acquiring and managing our royalty interests as part of a portfolio that provides exposure to lithium and other battery metals. The Company's chief operating decision maker, the Executive Chair, makes resource allocation decisions, reviews operating results and assesses performance.

Producing Stage Assets

Mt Cattlin (Operator: Rio Tinto)

LRC owns a A$1.50 royalty per tonne of ore mined at the Mt Cattlin project, which is located near Ravensthorpe in the Great Southern region of Western Australia. On September 4, 2024, Arcadium announced that it will suspend Stage 4A waste stripping, and that it intends to place the Mt Cattlin mine into care and maintenance after it completes Stage 3 mining and ore processing, expected to be completed by the end of the first half of calendar 2025. However, Arcadium has indicated that it does not intend to close the Mt Cattlin project and that it intends to keep the mine and processing facilities at the Mt Cattlin project in a position to potentially resume operations if market conditions become more favourable. Arcadium has also indicated it is conducting an underground mining study to potentially extend the mine life of the Mt Cattlin project, subject to market conditions. On March 5, 2025, Rio Tinto completed its previously announced $6.7 billion acquisition of Arcadium Lithium plc.

Finniss (Operator: Core Lithium Ltd. ("Core Lithium"))

LRC owns a 2.5% gross overriding revenue ("GOR") royalty over the Finniss spodumene project in the Northern Territory, Australia, operated by Core Lithium. On January 5, 2024, Core Lithium announced that it was temporarily suspending mining operations, while continuing to process stockpiled ore. Core Lithium has disclosed that it will continue the mine study for the nearby BP33 project, with early works on pause until market conditions improve. On September 15, 2024, Core Lithium disclosed an update to the mineral reserves at Finniss to 9.3 million tonnes at a grade of 1.38% Li_2O with a cut-off grade of 0.8% Li_2O and expects to complete the restart study in Q4 2025.

Grota do Cirilo (Operator: Sigma Lithium Corporation ("Sigma Lithium"))

LRC owns a net 0.9% net smelter return ("NSR") royalty over the Grota do Cirilo lithium project operated by Sigma Lithium in Brazil. In February 2024, Sigma Lithium announced plans to advance Phase 2 of the project, which would increase annual production from 270,000 tonnes to approximately 510,000 tonnes. In May 2024, Sigma Lithium upgraded its reserve estimate to 77.0 million tonnes ("Mt") of proven and probable reserves at 1.4% Li_2O, with a cut-off grade of 0.3% Li_2O. On February 24, 2025, Sigma Lithium announced that Phase 2 for the Grota do Cirilo project is expected to begin production in the last quarter of 2025.

Mariana (Operator: Ganfeng Lithium Co. ("Ganfeng"))

LRC owns a net 0.45% NSR royalty on the Mariana lithium project operated by Ganfeng in Salta, Argentina. In May 2022, Ganfeng announced it has spent $790 million to build a lithium chloride production facility in Salta with a targeted output of 20,000 tonnes annually, and $200 million on the related solar infrastructure for the asset. In its September 30, 2024 semi-annual report, Ganfeng commented that it continues to advance the construction of the Mariana lithium salt-lake project in Argentina. On February 12, 2025, Ganfeng inaugurated its lithium chloride facility for the Mariana project. Shipments from Mariana (and therefore revenue to the Company) have not yet commenced.

Development Stage Assets

Tres Quebradas (Operator: Zijin Mining Group Ltd. ("Zijin"))

LRC owns a net 0.9% GOR royalty on the Tres Quebradas lithium project operated by Zijin in Catamarca, Argentina. Zijin commenced construction of the Tres Quebradas project in February 2022. In October 2024, Zijin announced that commencement of production at the Tres Quebradas salar project in Argentina had been postponed to the second half of 2025. Zijin has indicated that it will seek to optimize production techniques and process flows during the period through to commencing production, with the aim of improving the project's ability to withstand price fluctuations. The Company finalized the $28 million sale of a 0.5% GOR royalty on the project on March 19, 2025, leaving the company a net 0.9% GOR royalty on the project.

Horse Creek Silica Mine (Operator: Sinova Quartz Inc. ("Sinova"))

LRC owns a GOR royalty on the Horse Creek silica mine operated by Sinova in British Columbia, Canada. Production at the Horse Creek mine is anticipated to commence in 2025. The Horse Creek quarry produces high-purity quartz that is used in the production of silicon metal. Silicon metal is increasingly being used as an anode battery material to increase the energy density of electric vehicle ("EV") batteries and, as a result, the range of EVs. Silicon metal is also used in the production of semiconductors and solar panels. Sinova is in the process of developing a silicon metal manufacturing operation in Tennessee to process quartz from the Horse Creek quarry. The Horse Creek quarry is permitted for up to 1,400,000 tonnes of quartz production per year.

Das Neves (Operator: Atlas Lithium ("Atlas"))

LRC owns a 3.0% GOR royalty on the Das Neves lithium project in Minas Gerais, Brazil. On October 28, 2024, Atlas announced that it had received an operational permit for the Das Neves project. On March 10, 2025, Atlas announced that the DMS processing plant that had departed from South Africa by ship to Brazil had arrived in Brazil. Atlas continues to advance the project and is targeting production in late 2025.

Exploration and Evaluation Stage Assets

LRC has royalty interests over assets that are at varying stages of exploration and evaluation, which are listed in the table below. LRC considers properties to be in the exploration and evaluation stage if they have not yet shown the technical feasibility and commercial viability of a project, and where the operator has not made a development decision. LRC does not expect that any of the following projects will graduate from this stage to the development stage prior to December 31, 2025.

UNDERLYING ASSET	LOCATION	OPERATOR	COMMODITY EXPOSURE	STATUS
Moblan	Québec, Canada	Sayona	Lithium Spodumene	DFS complete, regulatory approval in progress
Tansim	Québec, Canada	Sayona	Lithium Spodumene	Exploration
Mallina	Western Australia, Australia	Morella	Lithium Spodumene	Resource development
Valjevo	Valjevo, Serbia	Palkovsky Group	Lithium Carbonate and Boric Acid	PEA in progress
Cancet	Québec, Canada	Winsome	Lithium Spodumene	Resource development
Adina	Québec, Canada	Winsome	Lithium Spodumene	PEA complete
Sirmac-Clapier	Québec, Canada	Winsome	Lithium Spodumene	Exploration
Donner Lake	Manitoba, Canada	Grid Metals	Lithium Spodumene	Scoping study
Lithium Springs	Northern Territory, Australia	Lithium Springs Limited	Lithium Spodumene	Exploration
Zeus	Nevada, United States	Noram	Lithium Carbonate	PFS in progress
Basin East & West/ Wikieup	Arizona, United States	Bradda Head	Lithium Hydroxide	Updated mineral resource estimate
Shatford Lake/Cat-Euclid	Manitoba, Canada	ACME Lithium	Lithium Spodumene	Exploration
Yinnetharra	Western Australia, Australia	Delta Lithium	Lithium Spodumene	Mineral resource, scoping study in progress
Tabba Tabba	Western Australia, Australia	Sayona and Morella	Lithium Spodumene	Exploration
Mt Edon/Mt Edon West	Western Australia, Australia	Sayona and Morella	Lithium Spodumene	Exploration
Seymour Lake	Ontario, Canada	Green Technology Metals	Lithium Spodumene	PEA complete, DFS in progress
Root Lake	Ontario, Canada	Green Technology Metals	Lithium Spodumene	PEA complete, PFS in progress
Wisa Lake	Ontario, Canada	Green Technology Metals	Lithium Spodumene	Exploration
Eyre	Western Australia, Australia	Larvotto Resources	Lithium Spodumene	Exploration
Kaustinen/Ilmajoki	Finland	Arvo Lithium	Lithium Spodumene	Exploration
Galaxy (formerly James Bay)	Québec, Canada	Rio Tinto	Lithium Spodumene	Construction planning and design, awaiting permits
Case Lake	Ontario, Canada	Power Metals Corp	Lithium Spodumene	Drilling for mineral resource
Adina East	Québec, Canada	Winsome	Lithium Spodumene	Exploration
Mia Lithium	Québec, Canada	Q2 Metals Corp	Lithium Spodumene	Exploration
Whitebushes and Mt. Elephant	Brazil	M4E	Lithium Spodumene	Drilling for mineral resource

MARKET OVERVIEW

The royalties held by the Company are predominantly GOR royalties, but also include several NSR royalties and one tonnage-based royalty. For GOR and NSR royalties, royalty payments to the Company are heavily influenced by the realized revenues earned on the production of lithium precursor products (predominantly spodumene and to a lesser extent lithium carbonate, lithium hydroxide, and lithium chloride) by the parties bearing the royalty obligations. The royalty payments received by the Company have limited exposure to the operating costs of the payors.

In addition to directly affecting the revenues earned by royalty payors, the market price of lithium significantly affects the economic viability of, and ability to finance, the underlying projects. Among other factors, higher lithium prices increase the likelihood that any given lithium project will be developed and brought into production. Conversely, although lower lithium prices create more opportunities for the Company given the need for capital in the lithium sector, they may also impede or halt the progress of both producing and non-producing lithium projects. Currently, most of the royalties held by the Company are granted over development and exploration projects, and the likelihood of development of an underlying project has a significant impact on the expected value of a royalty on that lithium project. Higher lithium prices also influence the scope of development of a particular lithium project, and therefore the production volumes eventually realized for that project.

Accordingly, most royalty payments are predominantly determined by both the market price of lithium and the production volumes of the mineral projects covered by our royalties. Changes in foreign exchange rates also have an impact on our results. For the Mt. Cattlin royalty (which earns Australian dollars), LRC incurs foreign exchange gains or losses when revenues are converted to USD.

Lithium Market

The market price of lithium is a primary driver of the Company's profitability and ability to generate free cash flow for investors, particularly as the projects covered by its GOR and NSR royalties commence production. In addition to the direct increase in the value of royalty payments, an elevated market price of lithium is a significant contributor to the Company's royalty portfolio by stimulating exploration and development activity in the underlying lithium projects and improving the economics of development projects.

The market price of lithium is generally determined by the balance of demand and supply for lithium and the various precursor forms of extracted lithium. Currently, the lithium market is seeing demand growth that is significantly outpacing global GDP and passenger vehicle sales. Incremental supply has grown in 2024 with key marginal producers in China and Africa contributing, which in turn resulted in price volatility during 2024.

LRC believes inflation is generally positive for the Company, as the cost of developing and operating a mine rises with inflation, which has the effect of raising the marginal cost of lithium production and thereby increasing lithium commodity prices. As LRC's business model is dependent on the overall revenue potential of the mines under royalty agreements and LRC has targeted royalties on lower-cost projects, LRC benefits disproportionately from rising lithium commodity prices that may occur as a result of inflation as our costs are generally fixed, resulting in strong operating leverage at the Company.

During 2024, global lithium demand increased by approximately 30%, led by continued growth of EV sales and a surge in orders for energy storage products.

China

In China, the EV market grew by over 31% driven by affordable EV models. More than two-thirds of electric vehicle models in China are now priced lower than their combustion engine counterparts. In response to strong EV demand, many Chinese auto manufacturers are phasing away from internal combustion engine production.

In China, EV sales penetration ended the year over 50%. Recently, the CEO of CATL, the world's largest battery company, commented that they believe that EV sales penetration in China will grow to over 70% in 2025. EV sales in the United States grew by 10% in the year, according to EV volumes. EVs made up 10% of all cars sold in the quarter.

Europe

European EV car registrations declined by 3% during 2024. Weakness in Germany was compensated by growth in the United Kingdom and France. Sales trends have improved more recently, due to more affordable EV offerings.

Looking ahead, numerous European automakers are launching more affordable EV models in anticipation of the 2025 CO_2 emissions standards set to take effect in the region. EV sales penetration in Europe finished the year at 17%, with estimates indicating it would need to increase to ~22% by 2026 to prevent very meaningful fines to automakers across the continent. BloombergNEF is tracking at least five new EV models below €25,000 from a variety of car manufacturers which are expected to help affordability and promote demand in Europe.

Energy Storage Systems

The energy storage system (ESS) sector is another source of lithium demand and is growing quickly. Shanghai Metals Market (SMM) estimates that the energy storage market grew by approximately 63% in 2024, which takes the segment to roughly 20% of global lithium demand.

Growth rates within the ESS remain robust. Tesla reported 114% year-on-year growth for energy storage deployments in 2024. Tesla estimates at least 50% growth in 2025. Additionally, CATL has predicted a 60% global growth in the ESS market in 2025.

Commodity Pricing

Asian Metal Ince ("AM") reports that spodumene concentrate prices averaged $771 per tonne in the fourth quarter of 2024 and $970 during 2024, marking an 11% and 74% decline quarter-on-quarter and year-on-year, respectively. As a result of the severe price decline, a number of lithium producers have curtailed production and deferred expansions.

Given the current depressed economic conditions and depressed returns for new greenfield projects, we expect supply growth for lithium commodities to be more limited in the near term, which we believe will help support an eventual recovery in lithium prices.

	Average price in the year ended	
BENCHMARK LITHIUM PRODUCT ($/tonne)	**2024**	**2023**
99.5% lithium carbonate[1]	$ 12,535	$ 36,659
56.5% lithium hydroxide[2]	$ 11,517	$ 38,985
6% lithium spodumene[3]	$ 970	$ 3,728

1 Based on Bloomberg data for spot market price for 99.5% lithium carbonate delivered in China.
2 Based on Bloomberg data for spot market price for 56.5% lithium hydroxide delivered in China.
3 Based on Bloomberg data for spot market price for 6% lithium spodumene delivered in China.

Currency Exchange Rates

The Company is subject to currency fluctuations. For the year ended December 31, 2024, the royalty revenue attributable to the Mt Cattlin royalty interest was denominated in Australian dollars and paid to the Company's subsidiary LRC I Corporation, which uses U.S. dollars as its functional currency for accounting purposes. The Company is also subject to currency fluctuations on receivables, payables and cash balances denominated in currencies other than the functional currency of the Company and its subsidiaries. The majority of corporate administrative costs are denominated in Canadian dollars. The Company does not have any hedging programs in place for its non-U.S. dollar operating expenses.

The following table sets forth exchange rate information for the periods indicated.

AVERAGE EXCHANGE RATES[1]	For the year ended December 31,	
	2024	2023
C$/US$ exchange rate	1.3698	1.3495
A$/US$ exchange rate	1.5160	1.5063

PERIOD-END EXCHANGE RATES[1]	For the year ended December 31,	
	2024	2023
C$/US$ exchange rate	1.4349	1.3230
A$/US$ exchange rate	1.6080	1.4649

1 Based on Bloomberg exchange rate data.

ASSET ACQUISITION ACTIVITY

Year Ended December 31, 2024

In March 2024, the Company acquired a 1.5% gross overriding revenue ("GOR") royalty on mineral claims held by M4E Lithium Ltda. ("M4E") for $1.5 million. The Company has agreed to pay M4E a contingent payment of $2 million upon M4E achieving 10 million tonnes of measured and indicated resource on or before December 31, 2025. The contingent payment will be capitalized as part of the cost of the royalty when and if the underlying obligating event has occurred.

In July 2024, the Company paid Bradda Head $2.0 million relating to a contingent payment agreed to at the time of acquisition of the Basin-Wikieup lithium project. In accordance with the agreement, an additional $1.0 million was paid in January 2025. These payments have been capitalized as part of the cost of the royalty asset.

Subsequent to Year End

On December 19, 2024, the Company agreed to sell a 0.5% GOR royalty over the Tres Quebradas lithium project in Catamarca, Argentina to Triple Flag Precious Metals Corp. for total cash consideration of $28.0 million. As a result, the asset was classified as held for sale on the Statement of Financial Position. The transaction closed on March 19, 2025.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (LOSS)

Three and Twelve Months ended December 31, 2024 and 2023

The following table presents the summarized consolidated statements of income and comprehensive income (loss) for the three and twelve months ended December 31, 2024 and 2023:

	For the three months ended December 31,				For the years ended December 31,			
		2024		2023		2024		2023
Royalty revenue	$	620	$	1,013	$	3,024	$	5,522
Depletion		(139)		(279)		(585)		(935)
Gross profit	**$**	**481**	**$**	**734**	**$**	**2,439**	**$**	**4,587**
Management services		(59)		(110)		(358)		(810)
General and administrative expenses		(1,541)		(2,201)		(5,913)		(7,896)
Impairment expenses		–		–		(1,063)		–
Exploration expenses		–		–		–		(414)
Loss from operations	**$**	**(1,119)**	**$**	**(1,577)**	**$**	**(4,895)**	**$**	**(4,533)**
Other income (expense)								
Finance (expense) income		(3)		54		92		1,329
Other income (loss)		–		–		750		(37)
Foreign exchange (loss) gain		(4)		44		(46)		1,161
Earnings (loss) before income taxes	**$**	**(1,126)**	**$**	**(1,479)**	**$**	**(4,099)**	**$**	**(2,080)**
Current income tax expense		72		(99)		(446)		(1,141)
Deferred income tax recovery (expense)		776		752		1,886		(1,746)
Net income (loss) for the period	**$**	**(278)**	**$**	**(826)**	**$**	**(2,659)**	**$**	**(4,967)**
Net income (loss) attributable to:								
Non-controlling interest		21		11		70		72
Equity holders of Lithium Royalty Corp.		(299)		(837)		(2,729)		(5,039)
	$	**(278)**	**$**	**(826)**	**$**	**(2,659)**	**$**	**(4.967)**
Earnings (loss) per share attributable to shareholders of Lithium Royalty Corp.	$	(0.01)	$	(0.02)	$	(0.05)	$	(0.09)

Royalty revenue for the three months ended December 31, 2024 was $620, a decrease of $393 as compared to $1,013 for the same period in 2023. The decrease in revenue is primarily attributable to the reduction in the volume of spodumene concentrate sold, as the production at the Finniss project was temporarily suspended in January 2024. During the year ended December 31, 2024, revenue decreased by $2,498 as compared to the same period in 2023. The reduction in revenue is due primarily to lower realized lithium prices and a reduced volume of sales as compared to 2023.

Depletion expense for the three months ended December 31, 2024 was $139, a decrease of $140 as compared to $279 for the same period in 2023. The decrease is due to the reduction in the volume of spodumene concentrate sold by the operators as compared to 2023. For the year ended December 31, 2024, depletion was lower by $350 as a result of the decrease in total volume produced by the project operators underlying the Company's royalty interests as compared to 2023.

General and administrative expenses for the three months and year ended December 31, 2024 decreased by $695 and $2,018, as compared to the same periods in 2023. The decrease in expenses is largely due to the non-recurring initial public offering ("IPO") expense in 2023, partially offset by an increase in company head-count in 2024.

During the year ended December 31, 2024, the Company recorded a non-cash impairment expense of $1,063 on its Campus Creek royalty due to a lack of funding for the project.

Deferred tax recovery for the three months and year ended December 31, 2024 was $776 and $1,886, respectively. The recovery was primarily attributable to the change in the Company's position on the tax deductibility of its share-based compensation expense. In prior years, the share-based compensation expense was treated as non-deductible for tax purposes and was recorded as a permanent difference when computing the tax provision.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table presents the summarized condensed consolidated statements of financial position:

	As at December 31,	
	2024	**2023**
Cash	$ 6,726	$ 11,757
Restricted cash	500	140,661
Royalty interests	116,107	140,661
Total assets	**$ 153,368**	**$ 155,033**
Total liabilities	4,552	5,011
Total equity attributable to equity holders of the Company	**$ 145,614**	**$ 146,842**
Non-controlling interest	3,202	3,180
Total equity	**$ 148,816**	**$ 150,022**

Total assets were $153,368 as at December 31, 2024, as compared to $155,033 as at December 31, 2023. The Company's asset base primarily consists of cash and royalty interests. The $1,758 decrease in total assets during the period is largely attributable to cash expenses for the year, continued depletion of the Company's royalty interests and impairment expense taken on the royalty interests.

Total liabilities at December 31, 2024 were $4,553, as compared to $5,011 at December 31, 2023. Liabilities comprised accounts payable and accrued liabilities, related party payables, and deferred tax liabilities. The $458 decrease in total liabilities primarily comprised the decline in the Company's deferred tax liabilities.

Total equity decreased to $148,816 during the year ended December 31, 2024, from $150,022 as at December 31, 2023, as a result of the net loss for the Company of $2,659, partially offset by an increase in contributed surplus of $1,501 from share-based compensation and settlement of RSUs issued by the Company during 2024.

STATEMENTS OF CASH FLOWS

Three and Twelve Months ended December 31, 2024 and 2023

The following table presents the consolidated statements of cash flows for the three and twelve months ended December 31, 2024 and 2023:

	For the three months ended December 31,		For the years ended December 31,	
	2024	2023	2024	2023
Net loss for the period	$ (278)	$ (826)	$ (2,659)	$ (4,967)
Depletion	139	279	585	935
Non-cash management services	–	–	–	65
Amortization of debt issuance cost	37	–	148	–
Amortization of property and equipment	29	–	62	–
Non-cash accretion	13	–	23	–
Impairment expense	–	–	1,063	–
Share-based compensation expense	484	855	2,058	3,048
Current income tax (recovery) expense	(72)	99	446	1,141
Deferred income tax (recovery) expense	(776)	(752)	(1,886)	1,746
Non-cash loss	–	–	–	37
Foreign exchange loss (gain)	3	(44)	46	(1,161)
Income taxes withheld at source	(63)	(553)	(783)	(1,025)
Tax paid on settlement of share-based awards	–	–	(406)	–
Non-cash finance expense	–	31	26	15
Changes in non-cash working capital	118	1,861	(87)	(7,527)
Income tax refunded	567	–	749	158
Net cash provided by (used in) operating activities	**$ 201**	**$ 950**	**$ (615)**	**$ (7,535)**
Acquisition of royalty interests	–	(2,630)	(3,500)	(53,689)
Acquisition of property and equipment	–	–	(300)	–
Acquisition of investments	–	–	–	(30)
Proceeds from sale of investments	–	109	–	110
Net cash used in investing activities	**$ –**	**$ (2,521)**	**$ (3,800)**	**$ (53,609)**
Repayment of lease liabilities	(23)	–	(40)	–
Increase in restricted cash	(500)	–	(500)	–
Proceeds from issuance of common shares, net of issuance costs	–	–	–	102,359
Proceeds from contribution to existing common shares	–	–	–	86
Repurchase of common shares	–	(301)	–	(1,296)
Pre-IPO distribution to shareholders	–	–	–	(65,235)
Repayment of related party loan	–	–	–	(86)
Net cash (used in) provided by financing activities	**$ (523)**	**$ (301)**	**$ (540)**	**$ 35,828**
Effect of exchange rate changes on cash	46	153	(76)	1,196
Increase (decrease) in cash	(368)	(1,719)	(5,031)	(24,120)
Cash at the beginning of the period	7,094	13,476	11,757	35,877
Cash at the end of the period	**$ 6,726**	**$ 11,757**	**$ 6,726**	**$ 11,757**

Operating Activities

Net cash used in operating activities for the year ended December 31, 2024 was $615 (2023 – $7,535). The decrease in cash used in operating activities as compared to the same period in the prior year is primarily due to a reduction in cash operating expenses. In addition, during 2023, the Company satisfied payables relating to the Company's IPO, therefore creating a $7,527 negative working capital adjustment for the year ended December 31, 2023.

Investing Activities

Net cash used in investing activities for the year ended December 31, 2024 was $3,800 (2023 – $53,689). The decrease in cash used in investing activities during 2024 as compared to 2023 is due to a reduction in royalty purchase activities.

Financing Activities

Net cash used in financing activities for the year ended December 31, 2024 was $40 (2023 – inflow of $35,828). The variance is primarily attributable to the IPO and associated transactions, which occurred in March 2023.

QUARTERLY INFORMATION

The following table presents royalty revenue, net income (loss) attributable to shareholders and basic earnings (loss) per share by quarter:

	2024				2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Royalty revenue	$ 620	$ 224	$ 1,549	$ 631	$ 1,013	$ 2,963	$ 838	$ 708
Net income (loss) attributable to shareholders of Lithium Royalty Corp.	(299)	(1,638)	266	(1,057)	(837)	(1,578)	(893)	(1,738)
Basic (loss) earnings per share	$ (0.01)	$ (0.03)	$ 0.01	$ (0.02)	$ (0.02)	$ (0.03)	$ (0.02)	$ (0.04)

OUTSTANDING EQUITY INSTRUMENTS

As at March 19, 2025	Number of shares
Convertible common shares	30,549,214
Common shares	25,005,827
Restricted share units	432,241

As at December 31, 2023	Number of shares
Convertible common shares	30,549,214
Common shares	24,865,816
Restricted share units	391,999

Except for certain limited share provisions disclosed in the Annual Information Form of the Company dated March 17, 2025, the common shares and convertible common shares have the same rights, are equal in all respects and are treated by the Company as if they were a single class of shares.

The Company maintains an omnibus equity incentive plan, which provides for long-term incentives for executive officers of the Company, including the issuance of stock options, restricted share units ("RSUs") and performance share units ("PSUs"). The terms and conditions of grants of RSUs and PSUs, including the quantity, type of award, grant date, vesting conditions, vesting periods, settlement date and other terms and conditions with respect to the awards, are set out in each participant's grant agreement.

The Company also maintains a director deferred share unit plan to issue deferred share units ("DSUs") to directors of the Company. A DSU is a unit, equivalent in value to a common share, credited by means of a bookkeeping entry in the books of the Company to an account in the name of the director. Following an eligible director ceasing to hold all positions with the Company and its related entities, the director will receive a payment in cash at the fair market value of the common shares represented by his or her DSUs on the director's elected redemption date. As of March 19, 2025, there were 63,270 DSUs outstanding (16,180 as at December 31, 2023). The liability associated with the DSUs is recorded as Other liabilities on the Statement of Financial Position.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2024, the Company's cash balances were $6,726 as compared to $11,757 at December 31, 2023. Significant variations in liquidity and capital resources during the period are explained in the Statement of Cash Flows section of this MD&A.

The Company's liquidity is impacted by the lithium market and pricing, which impact the royalty payments that the Company receives from the underlying operators. The Company also has certain potential contractual obligations related to the acquisition of royalties and other interests for which the Company has purchase price commitments as set out in the Contractual Obligations and Commitments section of this MD&A.

The Company has experienced an environment of lithium price decline since its IPO in March 2023, and has incurred a cumulative deficit of $74,024 as of December 31, 2024. To continue as a going concern, the Company is dependent on receiving cash flows from the underlying royalty projects, which is dependent on a constructive lithium commodity price and also dependent on our project operators continuing their operations. On December 19, 2025, the Company entered into an agreement to sell a 0.5% gross overriding revenue ("GOR") royalty over the Tres Quebradas lithium project in Catamarca, Argentina to Triple Flag Precious Metals Corp. for a total cash consideration of $28.0 million. The transaction closed on March 19, 2025, and provides sufficient liquidity for the year ended December 31, 2025.

Management of the Company believes that the combination of the Company's existing cash balances, the sale of the Tres Quebradas lithium project and the properties expected to produce revenue will generate sufficient cash flow to support the Company's operations and working capital for at least the next twelve months. As additional royalties begin production, the cash generated from those royalties will further supplement the Company's cash balances by adding to the overall annual cash flow potential and diversifying the portfolio of producing royalties.

The Company is party to a July 2023 credit agreement with National Bank of Canada (the "Credit Facility"). The Credit Facility is undrawn at this time; the Company is unable to draw on the Credit Facility until such time as the interest coverage ratio is in compliance, with standby fees included as part of interest expense. See Note 21 in the Company's Consolidated Annual Financial Statements for a more detailed description of the status of the Credit Facility.

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COMMITMENTS AND CONTINGENCIES

Litigation and Claims

From time to time, LRC may be involved in disputes with other parties arising in the ordinary course of business that may result in litigation. If LRC is unable to resolve these disputes favourably, it may have a material adverse impact on the financial condition, cash flow and results of operations of the Company.

Thacker Pass Litigation with Orion Resource Partners

In February 2021, the Company brought an application against Orion Resource Partners in connection with the sale by Orion Resource Partners of part of its interest in a royalty over the Thacker Pass lithium project. The Company asserted that it had reached a binding legal agreement with Orion Resource Partners for Orion Resource Partners to sell an 85% interest in the Thacker Pass project royalty to the Company. Orion Resource Partners disputed this assertion and sold 60% of its interest in the Thacker Pass lithium project royalty to Trident Royalties PLC in 2021, retaining a 40% interest in that royalty and not completing any sale of the royalty to the Company. The Company's claim against Trident Royalties PLC has been stayed by the Ontario Superior Court of Justice for lack of jurisdiction, but the Company continued to advance its claim against Orion Resource Partners before the Ontario Superior Court of Justice.

On August 15, 2023, the Ontario court released its decision, confirming that the Ontario court had jurisdiction over Orion Resource Partners and related Orion entities and finding that a binding legal agreement had been reached. The Ontario court has not yet decided on the appropriate remedies for the breach by Orion Resource Partners, which will be addressed in a separate court hearing yet to be scheduled. On September 11, 2023, Orion Resource Partners commenced an appeal of the Ontario court's decision, including both the jurisdiction and the contract rulings. On October 20, 2023, the Ontario Court of Appeal dismissed a motion from Orion Resource Partners to stay the remedies phase of the litigation pending their appeal.

On January 3, 2024, the Ontario court granted an injunction restraining Orion Resource Partners, and any entity that employs that trade name in its business dealings, and its employees, agents, officers, directors and any other person acting on their behalf or in conjunction with any of them, from any conduct, or causing any conduct, that dissipates, transfers or encumbers that 40% interest in the Thacker Pass royalty that would hinder the delivery up for the Thacker Pass royalty as a remedy to LRC, pending the final disposition of the ongoing litigation between LRC and Orion Resource Partners.

The Company does not currently recognize this litigation as an asset of the Company for accounting purposes and expects that resolution of this matter may be subject to further delays. Neither Orion Resource Partners nor Trident Royalties PLC has asserted any claims against the Company.

Contractual Obligations and Commitments

Investments in Royalty Interests

The Company has contingent payment commitments related to the acquisition of royalties as detailed in the following table:

COMPANY	PROJECT (ASSET)	PAYMENTS	TRIGGERING EVENT
Noram	Zeus	$ 1,000	Noram releases a definitive feasibility study
Morella	Tabba Tabba	$ 350	Morella discloses a 5.0 Mt resource at the Tabba Tabba project at 1% Li_2O grade
Morella	Mt Edon/Mt Edon West	$ 100	Morella discloses a 5.0 Mt resource at the Mt Edon project at 1% Li_2O grade
M4E	Mineral claims held by M4E	$ 2,000	M4E achieving 10.0 Mt of measured and indicated resource on or before December 31, 2025

Our financial commitments as detailed in the table above are expected to be funded from the Company's cash on hand and the expected cash flow from the Company's royalties.

The following table summarizes the future payments related to the Company's office lease commitments:

Less than 1 year	$	64
1 to 5 years		260
After 5 years		305
Total	**$**	**629**

In July 2024, Bradda Head publicly reported a lithium carbonate equivalent mineral resource in excess of 2.5 million tonnes, with a lithium grade over 800 ppm. This announcement triggered an obligation on the Company to make a total payment of $3 million to Bradda Head, of which $2 million was paid during the third quarter of 2024 and $1 million was paid in January 2025. The transaction has been capitalized as part of the cost of the royalty asset and, as of December 31, 2024, the remaining obligation was included in accounts payable.

On December 31, 2024, the Company had no funded debt, including no outstanding advances under the Credit Facility.

The Company has obligations under the management services agreement with Waratah Capital Advisors Ltd. ("Waratah") to reimburse Waratah for certain costs incurred on behalf of the Company. That agreement is further described in the Annual Information Form of the Company dated March 17, 2025 under the heading "Material Contracts – Services Agreement".

Off-Balance Sheet Obligations and Commitments

The Company has not entered into any off-balance sheet arrangements or commitments other than as set forth in the *Contractual Obligations and Commitments* section of this MD&A.

MATERIAL ACCOUNTING POLICIES

The Company's material accounting policies, including the accounting policies discussed below, are set out in Note 2 of our Annual Financial Statements.

Royalty Interests

Royalty interests are recorded at cost and capitalized as tangible non-current assets and are not depleted until such time as revenue-generating activities begin. They are subsequently measured at cost less accumulated depletion and accumulated impairment losses, if any. The cost of the royalty interest comprises the purchase price and any closing costs directly attributable to acquiring the interest. Project evaluation costs that are not related to a specific royalty are expensed in the period incurred. Variable payments, such as contingent payments that are dependent on future events, are excluded from the cost of acquiring a royalty interest on initial recognition. These contingent payments are capitalized as part of the cost of the royalty interest when the underlying obligating event has occurred.

The major categories of the Company's interests are (i) producing, (ii) development, and (iii) exploration and evaluation interests. Producing assets are royalty interests over mineral projects which have reached commercial production. Development assets are royalty interests on projects which are not yet producing, but where the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Exploration and evaluation assets represent royalty interests where the technical feasibility and commercial viability of extracting a mineral resource have not yet been demonstrated.

Royalty interests are depleted using the units of production basis (based on the extraction of mineral products at the project) over the available estimates of future production when revenue generating activities commence. Measurement of the royalty interests is based on the proven and probable reserves and future production plans associated with the projects underlying the royalty interests, as determined by the project operator. These estimates affect the depletion of the royalty interests and the assessment of the recoverability of the carrying value of the royalty interests.

Impairment or Impairment Reversal of Royalty Interests

The Company reviews the carrying values of royalty interests for impairment when events or changes in circumstances indicate that any of the carrying values may not be recoverable. Management considers each royalty interest in a project to be a separate cash generating unit ("CGU"), which is the lowest level for which cash inflows are largely independent of cash inflows from other royalty interests. Where the Company identifies impairment indicators, the Company recognizes an impairment loss for the amount by which the asset's carrying value exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its fair value less cost of disposal ("FVLCD") and value in use ("VIU"). When determining the recoverable amount, the Company focuses on the FVLCD, as this will generally be greater than or equal to the VIU. FVLCD is based on the best available information, to reflect the amount the Company could receive for the CGU in an arm's length transaction, and is often estimated using discounted cash flow techniques. Impairment charges are included in the "Impairment expense" line within the consolidated statements of income (loss) and comprehensive income (loss).

An impairment charge is reversed if there is an indication that an impairment charge recognized in prior periods may no longer exist or may have decreased in amount since the impairment charge was recognized. Impairment charges can only be reversed up to the carrying amount that would have been applicable had no impairment been recognized previously.

Property and Equipment

Property and equipment are recorded at cost, less accumulated amortization and accumulated impairment losses. Amortization is provided for at the following annual rates:

Right-of-use asset	Straight-line	Ten years
Computers and equipment	Straight-line	Three years
Leasehold improvement	Straight-line	Ten years

Leases

The Company follows IFRS 16, Leases for lease accounting ("IFRS 16").

- At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the arrangement and if it has the right to direct the use of the asset.
- The Company's right-of-use assets are depreciated from the commencement date to the end of the lease term, under the assumption that the lease term approximates the useful life of the asset.
- A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments under the lease and any variable lease payments as described in IFRS 16.

The lease liability is measured as amortized cost using the effective interest rate method. The effect of the passage of time is recorded in the Company's Consolidated Statements of Loss and Comprehensive Loss as accretion expense. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the Consolidated Statements of Loss and Comprehensive Loss if the carrying amount of the right-of-use asset has been reduced to zero.

Variable lease payments not included in the initial measurement of the lease liability are charged directly in the Consolidated Statements of Loss and Comprehensive Loss.

Assets Held for Sale

Non-current assets classified as held for sale are presented separately and measured at the lower of (i) their carrying amounts immediately prior to their classification as held for sale and (ii) their fair value less costs to sell. Once classified as held for sale, the assets are not subject to depreciation or amortization.

Revenue Recognition

(a) Production-based royalty arrangements

Under production-based royalty arrangements, revenue is recognized when the underlying commodity is extracted from the mineral property, and it is probable that the economic benefits associated with a transaction will flow to the Company. Revenue is measured at the transaction price agreed to in the royalty agreement. In some instances, management makes an assumption of revenue, based on information received from an operator. In some instances, the Company will not have access to sufficient information to make a reasonable estimate of revenue and, accordingly, revenue recognition will be deferred until management can make a reasonable estimate. Differences between estimates and actual amounts are recorded in the period that the actual amounts are known.

(b) Revenue-based royalty arrangements

Under revenue-based royalty arrangements, revenue is measured at an agreed-upon percentage of the gross proceeds, less contractually allowable costs, received by the operator of the mineral property. The Company recognizes revenue when the commodities produced at the mineral property covered under the royalty agreement are sold to the operator's customers and control over the commodities transfers from the operator to its customers. In some instances, management makes an assumption of revenue, based on information received from an operator. In some instances, the Company will not have access to sufficient information to make a reasonable estimate of revenue and, accordingly, revenue recognition will be deferred until management can make a reasonable estimate. Differences between estimates and actual amounts are recorded in the period that the actual amounts are known.

Share-based Compensation

(a) Restricted Share Units ("RSUs")

The Company may grant RSUs to officers, employees, and certain other parties under the terms of its Omnibus Equity Incentive Plan (the "Omnibus Plan"). When RSUs vest, the Company plans to settle with one common share of the Company. The fair value of the RSUs is based on the stock price at the date of the grant. The Company expenses the fair value of the RSUs over the applicable service period, with a corresponding change in contributed surplus.

(b) Deferred Share Units ("DSUs")

The Company may grant DSUs to non-executive directors under its Director Deferred Share Unit Plan (the "DSU Plan") as compensation. Non-executive directors may choose to convert their director's fees into DSUs. When dividends are declared by the Company, directors are also credited with dividend equivalents in the form of additional DSUs based on the number of vested DSUs each director holds on the record date for the payment of a dividend. DSUs vest immediately. The fair value of the DSUs, which are settled in cash, is recognized as a share-based compensation expense with a corresponding increase in financial liabilities. The liability associated with the DSUs are recorded as Other liabilities on the Statement of Financial Position. The fair value of the DSUs is marked to the quoted market price of the Company's common shares at each reporting date, with a corresponding change in the consolidated statement of income. Participants are restricted from redeeming their DSUs until retirement or termination of directorship.

Income Taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the consolidated statements of income and comprehensive income.

Current tax expense is the expected amount to be paid based on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities, and their respective tax bases and losses carried forward.

Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recognized.

Deferred tax assets and liabilities are offset when (a) there is a legally enforceable right to offset current tax assets against current tax liabilities, and (b) when those tax assets and liabilities relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Critical Accounting Judgments, Estimates and Assumptions

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. However, actual outcomes may differ from the amounts included in the consolidated financial statements.

Judgments are made in the selection and assessment of the Company's accounting policies. Estimates are used mainly in determining the measurement of recognized transactions and balances. Estimates are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Judgments and estimates are often interrelated. The Company's judgments and estimates are continually re-evaluated to assess if they remain appropriate. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

The Company's critical accounting judgments, estimates and assumptions are disclosed in Note 3 of our Annual Financial Statements.

Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including any director of the Company. All transactions with related parties are recorded at the exchange amount.

Management services have been provided to the Company during the years ended December 31, 2024 and December 31, 2023 by certain employees of Waratah, including the Chief Executive Officer of Waratah (who also serves as the Executive Chair of the Company), for which the Company has compensated Waratah only through management services expenses for those periods.

Management services expenses in the statement of loss represent services provided to the Company by Waratah under the management services agreement and by parties related to Waratah and/or the Company, including consulting services provided by an officer of the Company. For the year ended December 31, 2024, management services expenses under the Waratah management services agreement were $358 (December 31, 2023 – $810).

During the year, the Company entered into an office lease agreement with Teramark Properties Ltd. ("Teramark"), an entity that is wholly owned and controlled by the Executive Chair. For the twelve months ended December 31, 2024, a total of $82 was paid by the Company to Teramark pursuant to the lease.

Related party payables are comprised of amounts owing to Waratah. As at December 31, 2024, $215 (December 31, 2023 – $281) was owing to Waratah for management services provided by Waratah. All amounts owing to related parties at December 31, 2024 were unsecured, non-interest bearing and had no fixed terms of repayment.

FINANCIAL RISK MANAGEMENT

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument held by the Company will fail to discharge an obligation or commitment that it has entered into for the benefit of the Company. Credit risk exposure for the Company arises from cash balances and accounts receivable held by the Company. In order to mitigate its exposure to credit risk, the Company closely monitors its financial assets and maintains its cash balances with high-quality financial institutions. The cash and cash equivalents are held with banks and financial institution counterparties which are rated A+ or better, based on Standard and Poor's ratings.

Currency Risk

The Company's activities involve holding foreign currencies, incurring costs and earning revenue denominated in foreign currencies. These activities result in exposure to fluctuations in foreign currency exchange rates.

Liquidity Risk

In managing liquidity risk, the Company considers anticipated cash flows from operations, its contingent payment obligations and its holdings of cash and cash equivalents. As at December 31, 2024, the Company had working capital of $5,947 (2023 – $12,459), and a cash balance of $6,726 (2023 – $11,757). The Company's maximum exposure related to its future contingent payment obligations at December 31, 2024 was approximately $3,450 (2023 – $5,574).

The Credit Facility is undrawn at this time; the Company is unable to draw on the Credit Facility until such time as the interest coverage ratio is in compliance, with standby fees included as part of interest expense.

CONTROLS AND PROCEDURES

Internal Controls over Financial Reporting ("ICFR")

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal control framework was designed based on the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission 2013 Framework. There were no changes in the Company's ICFR that occurred during the year ended December 31, 2024 that have materially affected, or are likely to materially affect, the Company's ICFR.

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to provide reasonable assurance that all relevant information required to be disclosed by the Company is accumulated and communicated to senior management as appropriate to allow timely decisions regarding required disclosure.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any internal controls over financial reporting and disclosure controls and procedures, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

NON-IFRS MEASURES

This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Accordingly, the non-IFRS measures should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS.

Adjusted Net Income (Loss)

Adjusted Net Income (Loss) is a non-IFRS financial measure, which excludes the following from net earnings:

- impairment charges and reversals;
- gain/loss on sale/disposition of assets/mineral interests;
- foreign currency translation gains/losses;
- increase/decrease in fair value of financial assets;
- expense related to share-based compensation granted on IPO (one-time);
- other non-recurring income and loss; and
- impact of income taxes on these items.

Management believes that in addition to measures prepared in accordance with IFRS such as net income and EPS, our investors and analysts use Adjusted Net Income (Loss) to evaluate the results of the underlying business of LRC. While the adjustments to net income and EPS in these measures include items that are both recurring and non-recurring, management believes that Adjusted Net Income (Loss) is a useful measure of LRC's performance because it adjusts for items which may not relate to or have a dispropor-tionate effect on the period in which it is recognized, impact the comparability of our core operating results from period to period, are not always reflective of the underlying operating performance of our business and/or are not necessarily indicative of future operating results. Adjusted Net Income (Loss) is intended to provide additional information to investors and analysts and should not be considered in isolation or as a substitute for measures of perfor-mance prepared in accordance with IFRS.

RECONCILIATION FROM NET LOSS TO ADJUSTED NET LOSS

The following table presents the reconciliation from Net Loss to Adjusted Net Loss for the three and twelve months ended December 31, 2024 and 2023.

Adjusted Net Income (Loss)

	For the three months ended December 31,		For the years ended December 31,	
ADJUSTED NET INCOME	**2024**	**2023**	**2024**	**2023**
Net income (loss)	$ (278)	$ (826)	$ (2,659)	$ (4,967)
Foreign exchange loss (gain)	3	(44)	45	(1,161)
One-time share-based compensation	104	603	748	2,009
One-time IPO costs	–	–	–	869
Impairment expense	–	–	1,063	–
Other non-recurring (income) loss	–	–	(750)	37
Exploration costs	–	–	–	414
Impact on income taxes of each of the above items	(69)	65	(331)	78
Adjusted Net Loss	**$ (240)**	**$ (202)**	**$ (1,884)**	**$ (2,721)**
Adjusted Net Loss per Share	**$ (0.00)**	**$ (0.01)**	**$ (0.03)**	**$ (0.05)**

EBITDA and Adjusted EBITDA

EBITDA is a common metric used by investors and analysts to assist in their valuation of the Company. EBITDA is a non-IFRS financial measure, which excludes the following from net earnings:

- income tax expense and recovery;
- finance costs, netted against finance income; and
- depletion, depreciation and amortization.

In addition to EBITDA, we have determined that the following adjustments are necessary to arrive at Adjusted EBITDA, which we believe is a more accurate indicator of the Company's ongoing operational performance:

- impairment charges and reversals;
- gain/loss on sale/disposition of assets/mineral interests;
- foreign currency translation gains/losses;
- increase/decrease in fair value of financial assets;
- expenses related to one-time share-based compensation granted at IPO;
- other non-recurring income and loss.

Management believes that EBITDA and Adjusted EBITDA are valuable indicators of our ability to generate liquidity by producing operating cash flow to fund working capital needs and fund acquisitions. These metrics are also frequently used by investors and analysts for valuation purposes, whereby the metrics are multiplied by a factor or "multiple" that is based on an observed or inferred relationship between Adjusted EBITDA and market values to determine the approximate total enterprise value of a company. LRC believes these measures assist investors, analysts and our shareholders to better understand our ability to generate liquidity from operating cash flow, as LRC believes that the excluded amounts are not indicative of the performance of our core business and do not necessarily reflect the underlying operating results for the periods presented.

RECONCILIATION FROM NET LOSS TO ADJUSTED EBITDA

The following table presents the reconciliation from Net Loss to Adjusted EBITDA for the three and twelve months ended December 31, 2024 and 2023.

	For the three months ended December 31,		For the years ended December 31,	
ADJUSTED EBITDA	**2024**	**2023**	**2024**	**2023**
Net loss	$ (278)	$ (826)	$ (2,659)	$ (4,967)
Income tax (recovery)/expense	(848)	(653)	(1,440)	2,887
Finance (income)/loss	3	(54)	(92)	(1,329)
Depletion	139	279	585	935
EBITDA	**$ (984)**	**$ (1,254)**	**$ (3,606)**	**$ (2,474)**
Foreign exchange loss (gain)	3	(44)	45	(1,161)
One-time share-based compensation	104	603	748	2,009
One-time IPO costs	–	–	–	869
Impairment expense	–	–	1,063	–
Other non-recurring (income) loss	–	–	(750)	37
Exploration costs	–	–	–	414
Adjusted EBITDA	**$ (877)**	**$ (695)**	**$ (2,500)**	**$ (306)**

FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws. Forward-looking information may be identified by the use of forward-looking terminology such as "plans", "targets", "expects", "is expected", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "believes" or variations of such words and phrases or terminology which state that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". Our assessments of, and expectations for, future periods described in this MD&A are considered forward-looking information. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding possible future events or circumstances. The forward-looking information included in this MD&A is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that LRC currently believes are appropriate and reasonable in the circumstances.

The forward-looking statements contained in this MD&A are also based upon the ongoing operation of the properties in which LRC holds a royalty or other similar interest by the owners or operators of such properties in a manner consistent with past practice; the accuracy of public statements and disclosures made by the owners or operators of such underlying properties; and the accuracy of publicly disclosed expectations for the development of underlying properties that are not yet in production. These assumptions include, but are not limited to, the following: assumptions in respect of current and future market conditions and the execution of our business strategies; that operations, or ramp-up where applicable, at properties in which LRC holds a royalty or other interest continue without further interruption throughout the period; and the absence of any other factors that could cause actions, events or results to differ from those anticipated, estimated, intended or implied. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Forward-looking information is also subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include, but are not limited to, those set forth under "Risk Factors" in our Annual Information Form filed from time to time and available on SEDAR+. For clarity, mineral resources that are not mineral reserves do not have demonstrated economic viability and inferred resources are considered too geologically speculative for the application of economic considerations.

Although LRC has attempted to identify important risk factors that could cause actual results or future events to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to LRC or that LRC presently believes are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this MD&A represents our expectations as of the date of this MD&A and is subject to change after such date. LRC disclaims any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable securities laws. All of the forward-looking information contained in this MD&A is expressly qualified by the foregoing cautionary statements.

TECHNICAL AND THIRD-PARTY INFORMATION

LRC does not own, develop or mine the underlying properties on which it holds royalty interests. As a royalty holder, LRC has limited, if any, access to the properties included in its asset portfolio. As a result, LRC is dependent on the owners or operators of the properties and their qualified persons to provide information to LRC or on publicly available information to prepare disclosure pertaining to properties and operations on properties on which LRC holds royalty interests. LRC generally has limited or no ability to independently verify such information. Although LRC does not believe that such information is inaccurate or incomplete in any material respect, there can be no assurance that such third-party information is complete or accurate.

Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in thousands of U.S. dollars, unless otherwise noted)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Lithium Royalty Corp.

Opinion

We have audited the consolidated financial statements of Lithium Royalty Corp. (the Entity), which comprise:

- the consolidated statement of financial position as at of December 31, 2024 and December 31, 2023
- the consolidated statement of income (loss) and comprehensive income (loss) for the years then ended
- the consolidated statement of cash flows for the years then ended
- the consolidated statement of changes in equity for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditors' report.

Evaluation of indicators of impairment and assessment of recoverability for royalty interests

Description of the matter

We draw attention to Notes 2(d), 2(e), 3(b) and 5 of the financial statements. The cost of the royalty interests comprises the purchase price and any closing costs directly attributable to acquiring the interest. The Entity has royalty interests of $116,107 thousand. The Entity reviews the carrying values of royalty interests for impairment when events or changes in circumstances indicate that any of the carrying values may not be recoverable. The assessment of impairment of royalty interests requires the use of judgments, assumptions and estimates when assessing whether there are any indicators that give rise to the requirement to conduct an impairment analysis on royalty interests. The assessment of fair values requires the use of estimates and assumptions for estimated future production, long-term lithium sales prices, and discount rates.

Why the matter is a key audit matter

We identified the evaluation of indicators of impairment for royalty interests as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of royalty interests. Significant auditor judgment was required to evaluate the results of our audit procedures and assess the Entity's determination of whether the judgments, individually and in the aggregate, result in indicators of impairment. The assumptions used to estimate the recoverable amounts of royalty interests where indicators have been identified are estimated future production, long-term lithium sales prices and the discount rates. Changes in these assumptions used in determining the fair value could impact the impairment analysis and conclusions.

How the matter was addressed in the audit

The following are the primary procedures we performed to address the key audit matter:

We read information included in the relevant technical reports and internal and external communications or reports for specific projects on which the Entity has royalty interests to assess if there were events or changes in circumstances that would indicate that the carrying value of royalty interests may not be recoverable.

Where relevant we evaluated the Entity's estimated future production of specific royalties by performing sensitivities and comparing it to relevant technical reports. We also compared the Entity's estimated future production to historic production achieved in prior years. We assessed the competence, capabilities and objectivity of the qualified person who prepared the technical report including considering the industry and regulatory standards they applied.

We involved valuation professionals with specialized skills and knowledge who assisted in:

- Evaluating the long-term lithium price by comparing to publicly available third-party estimates
- Evaluating the discount rate by comparing to a discount rate that was independently developed using publicly available third-party sources and data for comparable entities.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and auditor's report thereon, included in a document likely to be entitled "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions and the information and other than the financial statements and auditor's report thereon, included in a document likely to be entitled "Annual Report", as at the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors’ report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor’s report is Pieter Fourie.

Toronto, Canada

March 19, 2025

Consolidated Statements of Financial Position

(Expressed in thousands of U.S. dollars)

As at December 31,	Note		2024		2023
ASSETS					
Current assets					
Cash		$	6,726	$	11,757
Restricted cash	21		500		–
Trade receivables			931		1,250
Income taxes receivable	15		179		558
Other assets			584		807
Asset held for sale	5		27,459		–
Total current assets			36,379		14,372
Non-current assets					
Royalty interests	5		116,107		140,661
Property and equipment	7		882		–
Total assets		**$**	**153,368**	**$**	**155,033**
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities		$	2,103	$	1,473
Income taxes payable	15		327		51
Current portion of lease liability	8		68		–
Other liabilities	9		259		108
Related party payables	14		215		281
Total current liabilities			2,972		1,913
Non-current liabilities					
Long-term portion of lease liability	8		362		–
Deferred tax liabilities	15		1,218		3,098
Total liabilities			4,552		5,011
EQUITY					
Share capital		$	218,848	$	217,101
Contributed surplus			2,693		2,939
Deficit			(74,024)		(71,295)
Accumulated other comprehensive loss			(1,903)		(1,903)
Total equity attributable to equity holders of Lithium Royalty Corp.			145,614		146,842
Non-controlling interest			3,202		3,180
Total equity			148,816		150,022
Total liabilities and equity		**$**	**153,368**	**$**	**155,033**
Acquisitions and other developments (Note 4)					
Subsequent events (Note 22)					

The accompanying notes form an integral part of these consolidated financial statements.

Approved by the Board of Directors and authorized for issue on March 19, 2025.

/s/Blair Levinsky

Blair Levinsky

Director

/s/Tamara Brown

Tamara Brown

Director

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in thousands of U.S. dollars)

For the years ended December 31,	Note		2024		2023
Royalty revenue	17	$	3,024	$	5,522
Depletion	5		(585)		(935)
Gross profit			2,439		4,587
Management services	14		(358)		(810)
General and administrative expenses	18		(5,913)		(7,896)
Impairment expense	6		(1,063)		–
Exploration expenses			–		(414)
Loss from operations			(4,895)		(4,533)
Other income (expense)					
Net finance income	19		92		1,329
Other income (loss)			750		(37)
Foreign exchange (loss) gain			(46)		1,161
Loss before income taxes			(4,099)		(2,080)
Current income tax expense	15		(446)		(1,141)
Deferred income tax recovery (expense)	15		1,886		(1,746)
Net loss for the period		**$**	**(2,659)**	**$**	**(4,967)**
Net income (loss) attributable to:					
Non-controlling interest			70		72
Equity holders of Lithium Royalty Corp.			(2,729)		(5,039)
		$	**(2,659)**	**$**	**(4,967)**
Basic and diluted loss per share attributable to shareholders of Lithium Royalty Corp.	16	$	(0.05)	$	(0.09)
Other comprehensive income					
Net loss for the period		**$**	**(2,659)**	**$**	**(4,967)**
Foreign operations – foreign currency translation differences			–		(931)
Items that will not be reclassified to profit or loss					
Gain on investments at fair value through other comprehensive income ("FVTOCI"), net of income tax			–		5,003
Other comprehensive income			–		4,072
Comprehensive loss for the period		**$**	**(2,659)**	**$**	**(895)**
Comprehensive income (loss) attributable to:					
Non-controlling interest			70		72
Equity holders of Lithium Royalty Corp.			(2,729)		(967)
		$	**(2,659)**	**$**	**(895)**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

(Expressed in thousands of U.S. dollars)

For the years ended December 31,	Note		2024		2023
Operating activities					
Net loss for the period		$	(2,659)	$	(4,967)
Adjustments for the following items:					
Depletion	5		585		935
Non-cash management services			–		65
Amortization of debt issuance costs	19		148		–
Amortization of property and equipment	7, 18		62		–
Non-cash accretion	8, 19		23		–
Impairment expense	6		1,063		–
Share-based compensation expense	12		2,058		3,048
Current income tax expense			446		1,141
Deferred income tax (recovery) expense			(1,886)		1,746
Non-cash loss			–		37
Foreign exchange loss (gain)			46		(1,161)
Income taxes withheld at source			(783)		(1,025)
Tax paid on settlement of share-based awards			(406)		–
Non-cash finance expense			26		15
Changes in non-cash working capital	13		(87)		(7,527)
Income tax refunded			749		158
Net cash used in operating activities		**$**	**(615)**	**$**	**(7,535)**
Investing activities					
Acquisition of royalty interests	5	$	(3,500)	$	(53,689)
Acquisition of property and equipment			(300)		–
Acquisition of investments			–		(30)
Proceeds from sale of investments			–		110
Net cash used in investing activities		**$**	**(3,800)**	**$**	**(53,609)**
Financing activities					
Repayment of lease liabilities	8	$	(40)	$	–
Increase in restricted cash	21		(500)		–
Proceeds from issuance of common shares, net of issuance costs			–		102,359
Proceeds from Riverstone capital contribution			–		86
Repurchase of common shares			–		(1,296)
Pre-IPO distribution to shareholders			–		(65,235)
Repayment of related party loan			–		(86)
Net cash (used in) provided by financing activities		**$**	**(540)**	**$**	**35,828**
Effect of exchange rate changes on cash			(76)		1,196
Decrease in cash		**$**	**(5,031)**	**$**	**(24,120)**
Cash at the beginning of the period			11,757		35,877
Cash at the end of the period		**$**	**6,726**	**$**	**11,757**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity

(Expressed in thousands of U.S. dollars, except share figures)

	Issued shares	Share Capital Net of Deferred Tax on Issuance Costs	Contributed Surplus	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income	Total Equity Attributable to Equity Holders	Non-Controlling Interest	Total Equity
Balance, January 1, 2023	**103,555**	**$ 111,892**	**$ –**	**$ 18,372**	**$ 7,176**	**$ 137,440**	**$ 3,108**	**$ 140,548**
Effect of share split	46,358,131	–	–	–	–	–	–	–
Issuance of shares, net of transaction costs and tax impact	8,824,000	103,077	–	–	–	103,077	–	103,077
Riverstone capital contribution	–	86	–	–	–	86	–	86
Net loss for the period	–	–	–	(5,039)	–	(5,039)	72	(4,967)
Acquisition of royalties	283,844	2,645	–	–	–	2,645	–	2,645
Repurchased and cancelled shares under Normal Course Issuer Bid	(154,500)	(599)	–	(697)	–	(1,296)	–	(1,296)
Other comprehensive income	–	–	–	–	4,072	4,072	–	4,072
Share-based compensation (Note 12)	–	–	2,939	–	–	2,939	–	2,939
Pre-IPO distribution	–	–	–	(97,082)	–	(97,082)	–	(97,082)
Transfer of realized gain on disposal of equity investments at FVTOCI	–	–	–	13,151	(13,151)	–	–	–
Balance, December 31, 2023	**55,415,030**	**$ 217,101**	**$ 2,939**	**$ (71,295)**	**$ (1,903)**	**$ 146,842**	**$ 3,180**	**$ 150,022**
Net (loss) income for the period	–	–	–	(2,729)	–	(2,729)	70	(2,659)
Distribution to NCI holder	–	–	–	–	–	–	(48)	(48)
Settlement of RSUs (Note 12)	140,011	1,747	(2,131)	–	–	(384)	–	(384)
Share-based compensation (Note 12)	–	–	1,885	–	–	1,885	–	1,885
Balance, December 31, 2024	**55,555,041**	**$ 218,848**	**$ 2,693**	**$ (74,024)**	**$ (1,903)**	**$ 145,614**	**$ 3,202**	**$ 148,816**

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of U.S. dollars, except per share amounts)

1. NATURE OF OPERATIONS

Lithium Royalty Corp. ("LRC" or the "Company") was incorporated in Canada on November 23, 2017 and commenced operations on February 1, 2018. The registered office of the Company is 1027 Yonge Street, Suite 303, Toronto, Ontario M4W 2K9.

Lithium Royalty Corp. is a lithium-focused royalty company organized in Canada which has established a portfolio of royalties on mineral properties that are related to the electrification and decarbonization of the global economy. The Company's royalty portfolio has focused primarily on the battery supply chain for the transportation industry. More recently, the Company's focus on batteries has been enhanced by demand from energy storage system installations. Our royalty portfolio is underpinned by mineral properties that produce or are expected to produce lithium and other battery minerals.

Royalty Capital I Limited Partnership ("RC I LP"), Royalty Capital II Limited Partnership ("RC II LP"), Royalty Capital I-II Limited Partnership ("RC I-II LP") and Royalty Capital II-II Limited Partnership ("RC II-II LP", and together with RC I LP, RC II LP and RC I-II LP, the "RC Funds") are limited partnerships existing under the laws of the Province of Ontario. Waratah Capital Advisors Ltd. ("Waratah") is the investment manager for each of the RC Funds and has a management services agreement with the Company. Riverstone VI LRC B.V. is a private limited liability company existing under the laws of the Netherlands ("Riverstone"). The RC Funds and Riverstone collectively own a majority of the equity shares of the Company.

The consolidated financial statements of the Company for the year ended December 31, 2024 and 2023 include the financial performance and financial position of Lithium Royalty Corp. and its subsidiaries. The Company has a 100% interest in LRC I Corporation, LRC GP Inc. and LRC Services US LLC, and a 90% limited partnership interest in LRC LP I. The remaining 10% of LRC LP I is owned by Altius Royalty Corporation ("Altius"), a wholly-owned subsidiary of Altius Minerals Corporation.

The Company has experienced an environment of lithium price decline since its IPO in March 2023, and has incurred a cumulative deficit of $74,024 as of December 31, 2024. To continue as a going concern, the Company is dependent on receiving cash flows from the underlying royalty projects, which is dependent on a constructive lithium commodity price and also dependent on our project operators continuing their operations. On December 19, 2025, the Company entered into an agreement to sell a 0.5% gross overriding revenue ("GOR") royalty over the Tres Quebradas lithium project in Catamarca, Argentina to Triple Flag Precious Metals Corp. for a total cash consideration of $28.0 million. The transaction closed on March 19, 2025, and provides sufficient liquidity for the year ended December 31, 2025.

2. MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below:

(a) Basis of presentation

The accompanying consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements have been prepared on a historical cost basis, except for other financial assets which are valued at fair value.

The consolidated financial statements were authorized for issue by the Board of Directors of the Company on March 19, 2025. Subsequent events have been evaluated through to this date (Note 22).

(b) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries after eliminating intercompany balances and transactions.

Subsidiaries

Subsidiaries are all entities over which the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and continue to be consolidated until the date that control ceases.

(c) Functional and presentation currency and foreign currency translation

The consolidated financial statements are presented in U.S. dollars. Assets and liabilities of the Company and its subsidiaries that have a functional currency other than the U.S. dollar are translated to U.S. dollars at the exchange rate in effect on the consolidated balance sheet date. Revenues and expenses connected to those assets and liabilities are translated at the average exchange rate over the reporting period. Exchange differences are accumulated as a component of equity in other comprehensive income.

The functional currency of each of the Company and its subsidiaries is the principal currency of the economic environment in which they operate. As at December 31, 2024, for the Company and its subsidiaries LRC LP I, LRC I Corporation, LRC Services US LLC, and LRC GP Inc., the functional currency is the U.S. dollar ("USD").

Investment transactions and income and expenses in foreign currencies have been translated to their functional currency at the rate of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into the functional currency using the rate of exchange prevailing at the statement of financial position dates.

(d) Royalty interests

Royalty interests are recorded at cost and capitalized as tangible non-current assets and are not depleted until such time as revenue-generating activities begin. They are subsequently measured at cost less accumulated depletion and accumulated impairment losses, if any. The cost of the royalty interest comprises the purchase price and any closing costs directly attributable to acquiring the interest. Project evaluation costs that are not related to a specific royalty are expensed in the period incurred. Variable payments, such as contingent payments that are dependent on future events, are excluded from the cost of acquiring a royalty interest on initial recognition. These contingent payments are capitalized as part of the cost of the royalty interest when the underlying obligating event has occurred.

The major categories of the Company's interests are (i) producing, (ii) development, and (iii) exploration and evaluation interests. Producing assets are royalty interests over mineral projects which have reached commercial production. Development assets are royalty interests on projects which are not yet producing, but where the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Exploration and evaluation assets represent royalty interests where the technical feasibility and commercial viability of extracting a mineral resource have not yet been demonstrated.

Royalty interests are depleted using the units of production basis (based on the extraction of mineral products at the project) over the available estimates of future production when revenue-generating activities commence. Measurement of the royalty interests is based on the proven and probable reserves and future production plans associated with the projects underlying the royalty interests, as determined by the project operator. These estimates affect the depletion of the royalty interests and the assessment of the recoverability of the carrying value of the royalty interests.

(e) Impairment of royalty interests

The Company reviews the carrying values of royalty interests for impairment when events or changes in circumstances indicate that any of the carrying values may not be recoverable. Management considers each royalty interest in a project to be a separate cash generating unit ("CGU"), which is the lowest level for which cash inflows are largely independent of cash inflows from other royalty interests. Where the Company identifies impairment indicators, the Company recognizes an impairment loss for the amount by which the asset's carrying value exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its fair value less cost of disposal ("FVLCD") and value in use ("VIU"). When determining the recoverable amount, the Company focuses on the FVLCD, as this will generally be greater than or equal to the VIU. FVLCD is based on the best available information, to reflect the amount the Company could receive for the CGU in an arm's length transaction, and is often estimated using discounted cash flow techniques. Impairment charges are included in the "Impairment expense" line within the consolidated statements of income (loss) and comprehensive income (loss).

An impairment charge is reversed if there is an indication that an impairment charge recognized in prior periods may no longer exist or may have decreased in amount since the impairment charge was recognized. Impairment charges can only be reversed up to the carrying amount that would have been applicable had no impairment been recognized previously.

(f) Property and equipment

Property and equipment are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is provided for at the following annual rates:

Right-of-use asset	Straight-line	Ten years
Computers and equipment	Straight-line	Three years
Leasehold improvement	Straight-line	Ten years

(g) Lease

The Company follows IFRS 16, Leases ("IFRS 16") for lease accounting.

- At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the arrangement and if it has the right to direct the use of the asset.
- The Company's right-of-use assets are depreciated from the commencement date to the end of the lease term, under the assumption that the lease term approximates the useful life of the asset.
- A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments under the lease and any variable lease payments as described in IFRS 16.

The lease liability is measured at amortized cost using the effective interest rate method. The effect of the passage of time is recorded in the Company's Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) as accretion expense. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the Consolidated Statements of Loss and Comprehensive Loss if the carrying amount of the right-of-use asset has been reduced to zero.

Variable lease payments not included in the initial measurement of the lease liability are charged directly in the Consolidated Statements of Loss and Comprehensive Loss.

(h) Asset held for sale

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as held for sale, the assets are not subject to depreciation or amortization.

(i) Revenue recognition

(i) Production-based royalty arrangements

Under production-based royalty arrangements, revenue is recognized when the underlying commodity is extracted from the mineral property, and it is probable that the economic benefits associated with a transaction will flow to the Company. Revenue is measured at the transaction price agreed to in the royalty agreement. In some instances, management makes an assumption of revenue, based on information received from an operator. In some instances, the Company will not have access to sufficient information to make a reasonable estimate of revenue and, accordingly, revenue recognition will be deferred until management can make a reasonable estimate. Differences between estimates and actual amounts are recorded in the period that the actual amounts are known.

(ii) Revenue-based royalty arrangements

Under revenue-based royalty arrangements, revenue is measured at an agreed-upon percentage of the gross proceeds, less contractually allowable costs, received by the operator of the mineral property. The Company recognizes revenue when the commodities produced at the mineral property covered under the royalty agreement are sold to the operator's customers and control over the commodities transfers from the operator to its customers. In some instances, management makes an assumption of revenue, based on information received from an operator. In some instances, the Company will not have access to sufficient information to make a reasonable estimate of revenue and, accordingly, revenue recognition will be deferred until management can make a reasonable estimate. Differences between estimates and actual amounts are recorded in the period that the actual amounts are known.

(j) Share-based compensation

(i) Restricted Share Units ("RSUs")

The Company may grant RSUs to officers, employees, and certain other parties under the terms of its Omnibus Equity Incentive Plan (the "Omnibus Plan"). When RSUs vest, the Company plans to settle with one common share of the Company. The fair value of the RSUs is based on the stock price at the date of the grant. The Company expenses the fair value of the RSUs over the applicable service period, with a corresponding change in contributed surplus. Equity-settled units are not remeasured subsequent to the initial grant date and are recorded within Common Shares.

(ii) Deferred Share Units ("DSUs")

The Company may grant DSUs to non-executive directors under its Director Deferred Share Unit Plan (the "DSU Plan") as compensation. Non-executive directors may choose to convert their director's fees into DSUs. When dividends are declared by the Company, directors are also credited with dividend equivalents in the form of additional DSUs based on the number of vested

DSUs each director holds on the record date for the payment of a dividend. DSUs vest immediately. The fair value of the DSUs, which are settled in cash, is recognized as a share-based compensation expense with a corresponding increase in financial liabilities. The liability associated with the DSUs is recorded as Other liabilities on the Statement of Financial Position. The fair value of the DSUs is marked to the quoted market price of the Company's common shares at each reporting date, with a corresponding change in the consolidated statement of income. Participants are restricted from redeeming their DSUs until retirement or termination of directorship.

(k) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the consolidated statements of income (loss) and comprehensive income (loss).

Current tax expense is the expected amount to be paid based on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities, and their respective tax bases and losses carried forward.

Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recognized.

Deferred tax assets and liabilities are offset when (a) there is a legally enforceable right to offset current tax assets against current tax liabilities, and (b) when those tax assets and liabilities relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(l) New accounting standards issued and effective

The following new accounting pronouncements are effective for annual periods beginning on or after January 1, 2024 and have been incorporated into the consolidated financial statements:

- Classification of Liabilities as Current or Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendments clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement for at least 12 months at the reporting date. The right needs to exist at the reporting date and must have substance. The pronouncement does not have a material impact on the financial statements of the Company.

- Amendments to IAS 7, Statement of Cash Flows and IFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements

The amendments to IAS 7 note specific disclosure requirements related to supplier finance arrangements. The Company has no such arrangements and therefore the policy is not material to the financial statements.

(m) New accounting standards issued but not yet effective

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after December 31, 2024:

- The Effects of Changes in Foreign Exchange Rates (Amendments to IAS 21) effective for annual periods beginning on or after January 1, 2025

The amendments clarify when a currency is exchangeable into another currency and how a company estimates a spot rate when a currency lacks exchangeability. A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate. A company's objective when estimating a spot rate is that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate. Therefore, when estimating a spot rate, a company can use an observable exchange rate without adjustment, or another estimation technique. Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. The Company only interacts with currencies which are actively traded on an open market, and therefore the Company does not anticipate any material impact from the issued pronouncement.

- IFRS 18, Presentation and Disclosure in Financial Statements

IFRS 18 provides updates to the presentation of the financial statements. The new standard will be materially impactful to the Company's financial statements when it becomes applicable on January 1, 2027. Management is evaluating the impact of the new standard and preparing for the new required disclosures.

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. However, actual outcomes may differ from the amounts included in the consolidated financial statements.

Judgments are made in the selection and assessment of the Company's accounting policies. Estimates are used mainly in determining the measurement of recognized transactions and balances. Estimates are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Judgments and estimates are often interrelated. The Company's judgments and estimates are continually re-evaluated to assess if they remain appropriate. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Information about significant areas of estimation and uncertainty, and judgments made by management in preparing the consolidated financial statements, is detailed below.

(a) Royalty interests

Management has applied significant judgment in determining the accounting for its royalty interests, which involves evaluating the terms and conditions of these arrangements, as well as various other factors, including at what point the Company has rights to receive cash under each royalty arrangement, the classification of royalty interests and whether the arrangement includes embedded derivatives or other features requiring further consideration.

(b) Impairment of royalty interests

The assessment of impairment of royalty interests requires the use of judgments, assumptions and estimates when assessing whether there are any indicators that give rise to the requirement to conduct an impairment analysis on royalty interests. The assessment of fair values requires the use of estimates and assumptions for estimated future production, long-term lithium sales prices, and discount rates. Estimated future production is determined using current mineral reserves. Estimated lithium sales prices are determined by reference to an average of long-term forecasts of the prices of lithium products, as compiled from research analysts and management's expectations. Discount factors are determined individually for each asset and reflect the risk profiles of the underlying interests to which each royalty attaches. Changes in any of the estimates used in determining the recoverable amount of royalty interests could impact the impairment analysis.

(c) Estimation of depletion

The Company's royalty and other production-based interests that generate economic benefits are considered depletable and those interests are depleted on a unit-of-production basis over the production metrics that are expected to generate the cash flows that will be attributable to the Company. These calculations require the use of estimates and assumptions, including the amount of contained mineral product, the recovery rates, and payable rates for the contained mineral products being treated through a post-extraction concentration process. Changes to these assumptions may impact the estimated recoverable reserves, resources or exploration potential, which could directly impact the depletion rates used. Changes to depletion rates are accounted for prospectively.

(d) Income taxes

The interpretation and application of existing tax laws, regulations and rules in Australia, Canada, Argentina, Brazil, and the United States, and in any of the other potential countries in which mineral interests are located or where commodities are sold, requires judgment. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is based on facts and circumstances of the relevant tax position, considering all available evidence. Differing interpretation of these laws, regulations and rules could result in changes in the Company's taxes, governmental charges, duties or impositions. In assessing the probability of realizing deferred income tax assets, the Company makes estimates related to expectations of future taxable income and expected timing of reversals of existing temporary differences. Such estimates are based on forecasted cash flows from operations which require the use of estimates and assumptions, such as forecast commodity prices and future production.

4. ACQUISITIONS AND OTHER DEVELOPMENTS

(a) M4E Lithium Ltda. GOR Royalty Transaction – Brazil

In March 2024, the Company acquired a 1.5% GOR royalty on mineral claims held by M4E Lithium Ltda. ("M4E") for a purchase price of $1,500. The $76 in transaction costs associated with the purchase have been capitalized. The transaction has been accounted for as an acquisition of a royalty interest. The Company has agreed to pay M4E a contingent payment of $2,000 if M4E achieves 10 million tonnes of measured and indicated resource on or before December 31, 2025. The payment will be capitalized as part of the cost of the royalty when the underlying contingent event has occurred.

(b) Bradda Head Contingent Payment – United States

In July 2024, the Company paid Bradda Head $2,000 related to a contingent payment agreed to at the time of acquisition of the Basin-Wikieup lithium project. In accordance with the agreement, an additional $1,000 (recorded in accounts payable and accrued liabilities as at December 31, 2024) was paid in January 2025. These amounts have been capitalized as part of the cost of the royalty asset.

5. ROYALTY INTERESTS

Royalty interests as at December 31, 2024 and December 31, 2023 consisted of the following:

As at December 31, 2024	Cost				Accumulated Depletion/Impairment				Carrying Amount
Royalty Interests	**December 31, 2023**	**Additions**	**Reclassification**	**December 31, 2024**	**December 31, 2023**	**Depletion**	**Impairment (Note 6)**	**December 31, 2024**	**December 31, 2024**
Producing royalties:									
Mt Cattlin	$ 7,316	$ –	$ –	$ 7,316	$ (5,112)	$ (235)	$ –	$ (5,347)	$ 1,969
Finniss	5,364	–	–	5,364	(218)	(129)	–	(347)	5,017
Grota do Cirilo	7,809	–	–	7,809	(96)	(221)	–	(317)	7,492
Development royalties:									
Tres Quebradas	41,820	–	(27,459)[1]	14,361	–	–	–	–	14,361
Horse Creek	10,400	–	–	10,400	–	–	–	–	10,400
Mariana	9,160	–	–	9,160	–	–	–	–	9,160
Das Neves	–	–	20,051	20,051	–	–	–	–	20,051
Exploration and evaluation royalties:									
Australian royalties	2,305	15	–	2,320	–	–	–	–	2,320
Canadian royalties	29,292	–	–	29,292	–	–	(1,063)	(1,063)	28,229
U.S. royalties	8,988	3,000	–	11,988	–	–	–	–	11,988
European royalties	3,544	–	–	3,544	–	–	–	–	3,544
Brazilian royalties	20,089	1,538	(20,051)	1,576	–	–	–	–	1,576
Total Royalty Interests	**$ 146,087**	**$ 4,553**	**$ (27,459)**	**$ 123,181**	**$ (5,426)**	**$ (585)**	**$ (1,063)**	**$ (7,074)**	**$ 116,107**

As at December 31, 2023	Cost				Accumulated Depletion/Impairment				Carrying Amount
Royalty Interests	**January 1, 2023**	**Additions**	**Foreign Exchange Impact**	**December 31, 2023**	**January 1, 2023**	**Depletion**	**Foreign Exchange Impact**	**December 31, 2023**	**December 31, 2023**
Producing royalties:									
Mt Cattlin	$ 7,747	$ –	$ (431)	$ 7,316	$ (4,774)	$ (621)	$ 283	$ (5,112)	$ 2,204
Finniss	4,828	844	(308)	5,364	–	(218)	–	(218)	5,146
Grota do Cirilo	7,809	–	–	7,809	–	(96)	–	(96)	7,713
Development royalties:									
Tres Quebradas	14,361	27,459	–	41,820	–	–	–	–	41,820
Horse Creek	10,400	–	–	10,400	–	–	–	–	10,400
Mariana	–	9,160	–	9,160	–	–	–	–	9,160
Exploration and evaluation royalties:									
Australian royalties	2,441	–	(136)	2,305	–	–	–	–	2,305
Canadian royalties	23,871	5,421	–	29,292	–	–	–	–	29,292
U.S. royalties	6,463	2,525	–	8,988	–	–	–	–	8,988
European royalties	3,544	–	–	3,544	–	–	–	–	3,544
Brazilian royalties	–	20,089	–	20,089	–	–	–	–	20,089
Total Royalty Interests	**$ 81,464**	**$ 65,498**	**$ (875)**	**$ 146,087**	**$ (4,774)**	**$ (935)**	**$ 283**	**$ (5,426)**	**$ 140,661**

1 On December 19, 2024, the Company entered into an agreement to sell a 0.5% GOR royalty over the Tres Quebradas lithium project in Catamarca, Argentina to Triple Flag Precious Metals Corp. for a total cash consideration of $28,000. The Company has classified the asset as held for sale at the lower of cost and fair value less cost of disposal.

6. IMPAIRMENT

Project		Carrying Amount, December 31, 2023		Impairment Expense		Ending Balance, December 31, 2024
Campus Creek	$	1,018	$	(1,018)	$	–
Other minor royalties		45		(45)		–
Total	**$**	**1,063**	**$**	**(1,063)**	**$**	**–**

On a quarterly basis, the Company analyzes its royalty interests to identify potential indicators of impairment, including by reviewing the status of the mineral projects underlying its royalty interest. During the three months ended September 30, 2024, an impairment indicator was identified regarding the royalty held on the Campus Creek lithium project, as well as for certain other minor royalties held by the Company, where capital investment by the project operators had stalled. The lack of spending by the operators of these projects has reduced the expected recoverable amount of the royalties on these projects to nil, resulting in an impairment expense of $1,063 that was recognized during the year, primarily related to the royalty on the Campus Creek lithium project.

7. PROPERTY AND EQUIPMENT

		Right of Use Asset		Computers and Equipment		Leasehold Improvement		Total
Cost								
As at January 1, 2024	$	–	$	–	$	–	$	–
Additions		431		103		410		944
As at December 31, 2024	**$**	**431**	**$**	**103**	**$**	**410**	**$**	**944**
Accumulated Amortization								
As at January 1, 2024	$	–	$	–	$	–	$	–
Amortization		(25)		(17)		(20)		(62)
As at December 31, 2024	**$**	**(25)**	**$**	**(17)**	**$**	**(20)**	**$**	**(62)**
Net book value	**$**	**406**	**$**	**86**	**$**	**390**	**$**	**882**

8. LEASE LIABILITY

Total lease liability as at January 1, 2024	**$**	**–**
Additions		470
Payments		(40)
Accretion (Note 19)		23
Foreign exchange movement		(23)
Total lease liability as at December 31, 2024	**$**	**430**
Less: Current portion		(68)
Long-term lease liabilities	**$**	**362**

9. FAIR VALUE MEASUREMENT

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can observe at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Carrying values for financial instruments that are carried at amortized cost (including cash, trade receivables, income taxes receivable, other assets, accounts payable and accrued liabilities, related party payables and other liabilities) approximate fair values due to their short-term maturities.

The fair values of financial assets and liabilities traded in active markets (such as equity securities) are based on quoted market prices at the close of trading on the period end date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The determination of what constitutes "observable" requires significant judgment by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

If an asset or liability classified as Level 1 subsequently ceases to be actively traded, it is transferred into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is reclassified to Level 3. All transfers are recorded at fair value at the beginning of the period of the transfer.

The following tables analyze within the fair value hierarchy the Company's assets and liabilities measured at fair value as at December 31, 2024 and December 31, 2023.

December 31, 2024		**Level 1**		**Level 2**		**Level 3**		**Total**
Total Financial Liabilities	$	259	$	–	$	–	$	259

December 31, 2023		**Level 1**		**Level 2**		**Level 3**		**Total**
Total Financial Liabilities	$	108	$	–	$	–	$	108

There were no transfers between any of Level 1, Level 2 and Level 3 during the year ended December 31, 2024.

10. RISK MANAGEMENT

(a) Capital risk management

The Company's primary objective when managing capital is to provide shareholder returns by maximizing the profitable growth potential of the business while preserving capital. The Company defines its capital as cash and investments which are controlled by the Company's management. The Company has not drawn on the Credit Facility (Note 21). As at December 31, 2024, the Company had cash of $6,726. Subsequent to the period, the Company completed a sale of a royalty asset for total cash consideration of $28,000 (Note 22).

(b) Credit risk

Credit risk is the risk that the counterparty to a financial instrument held by the Company will fail to discharge an obligation or commitment that it has entered into for the benefit of the Company. Credit risk exposure for the Company arises from cash balances and accounts receivable held by the Company. In order to mitigate its exposure to credit risk, the Company closely monitors its financial assets and maintains its cash balances with high-quality financial institutions. The cash and cash equivalents are held with banks and financial institution counterparties which are rated A+ or better based on Standard and Poor's ratings.

As at December 31, 2024, the Company's maximum exposure to credit risk was the carrying value of cash balances and accounts receivable and the Company is unaware of any information that would cause it to believe that these financial assets are not fully recoverable.

(c) Currency risk

The Company is exposed to risks related to the fluctuation of foreign exchange rates. The tables below summarize the foreign currencies to which the Company had significant exposure, in U.S. dollar terms.

December 31, 2024		**CAD**		**AUD**
Cash and cash equivalents	$	929	$	4
Accounts receivable		–		205
Accounts payable and accrued liabilities		(198)		(1)
Related party payables		(215)		–
Lease liability		(430)		–
Other liabilities		(259)		–
Net exposure	**$**	**(173)**	**$**	**208**

December 31, 2023		**CAD**		**AUD**
Cash and cash equivalents	$	1,064	$	–
Accounts receivable		154		245
Accounts payable and accrued liabilities		(981)		(2)
Related party payables		(281)		–
Other liabilities		(108)		–
Net exposure	**$**	**(152)**	**$**	**243**

The following significant exchange rates have been applied:

	Average rate		Year-end spot rate	
	2024	**2023**	**2024**	**2023**
CAD:USD	1.370	1.350	1.439	1.326
AUD:USD	1.516	1.506	1.617	1.438

Based on the net exposures set out above, as at December 31, 2024 and 2023, a 5% depreciation or appreciation of the U.S. dollar relative to Australian and Canadian dollars would result in an increase or decrease of approximately $2 (2023 – $1) in the Company's income (loss) before income taxes.

(d) Liquidity risk

In managing liquidity risk, the Company considers anticipated cash flows from operations, its contingent payment obligations and its holdings of cash and cash equivalents. As at December 31, 2024, the Company had working capital of $6,018 (2023 – $12,459), including a cash and cash equivalents balance of $6,726 (2023 – $11,757). The Company's maximum exposure related to its future contingent payment obligations at December 31, 2024 was approximately $3,450 (2023 – $5,574). As of December 31, 2024, the Company received a waiver in respect of breaches of its financial covenants related to the Credit Facility (refer to Note 21). Under the terms of the waiver, the Company is unable to draw on the facility until the covenant has been met.

	Contractual cash flows				
December 31, 2024	**Carrying Amount**	**3 months or less**	**3 – 12 months**	**1 – 5 years**	**5+ years**
Accounts payable and accrued liabilities	$ 2,103	$ 2,103	$ –	$ –	$ –
Lease liability	629	16	48	329	236
Related party payables	215	215	–	–	–
Total	**$ 2,947**	**$ 2,334**	**$ 48**	**$ 329**	**$ 236**

11. SHARE CAPITAL

	Authorized	**December 31, 2024**	**December 31, 2023**
Common shares	Unlimited	25,005,827	24,865,816
Convertible common shares	Unlimited	30,549,214	30,549,214
Total shares		**55,555,041**	**55,415,030**

Except for certain limited share provisions, the common shares and convertible common shares have the same rights, are equal in all respects and are treated by the Company as if they were a single class of equity shares. During the year ended December 31, 2024, 140,011 common shares were issued upon the settlement of RSUs.

12. SHARE-BASED PAYMENTS

RSU transactions during the year ended December 31, 2024 were as follows:

	Number of RSUs		Weighted average grant date fair value
Balance – January 1, 2024	391,999	$	12.29
Granted	252,054		5.24
Settled	(211,812)		12.29
Balance – December 31, 2024	**432,241**	**$**	**8.18**

During the year ended December 31, 2024, 252,054 RSUs (2023 – 391,399 RSUs) were granted under the Omnibus Plan. The RSUs granted will vest between one and three years from the grant date. During the year ended December 31, 2024, 211,812 RSUs were settled, of which 140,011 common shares were issued net of withholding taxes, and none were forfeited.

DSU transactions during the year ended December 31, 2024 were as follows:

	Number of DSUs		Fair value
Balance – December 31, 2023	16,180	$	6.70
Settled	(4,045)		5.46
Granted	51,135		5.07
Balance – December 31, 2024	**63,270**	**$**	**4.10**

During the year ended December 31, 2024, 51,135 DSUs were granted (2023 –16,180). The DSUs vest on the date of grant and expire in the year following the date at which the holder ceases to be a director of the Company. During the year ended December 31, 2024, 4,045 DSUs were settled in connection with the resignation of one of the directors.

The following table summarizes the overall share-based compensation expense that was recognized in general and administrative expenses:

	For the years ended December 31,			
		2024		**2023**
RSUs	$	1,885	$	2,940
DSUs		173		108
Total share-based compensation expense	**$**	**2,058**	**$**	**3,048**

As at December 31, 2024, the Company had not granted any PSUs or stock options.

13. SUPPLEMENTAL CASH FLOW INFORMATION

	For the years ended December 31,	
	2024	2023
Changes in non-cash working capital		
Trade receivables	$ 290	$ (800)
Other assets	(96)	(790)
Accounts payable and accrued liabilities	(431)	(5,501)
Income taxes payable	217	(331)
Related party payables	(67)	(105)
Total change in non-cash working capital	**$ (87)**	**$ (7,527)**

14. RELATED PARTY DISCLOSURES

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including any director of the Company. All transactions with related parties are recorded at the exchange amount.

Management services have been provided to the Company during the years ended December 31, 2024 and December 31, 2023 by certain employees of Waratah, including the Chief Executive Officer of Waratah (who also serves as the Executive Chair of the Company), for which the Company has compensated Waratah only through management services expenses for those periods.

Management services expenses in the statement of income (loss) represent services provided to the Company by Waratah under the management services agreement and by parties related to Waratah and/or the Company, including consulting services provided by an officer of the Company. For the year ended December 31, 2024, management services expenses under the Waratah management services agreement were $358 (December 31, 2023 – $810).

During the year, the Company entered into an office lease agreement with Teramark Properties Ltd. ("Teramark"), an entity that is wholly owned and controlled by the Executive Chair. For the twelve months ended December 31, 2024, a total of $82 was paid by the Company to Teramark pursuant to the lease.

Related party payables are comprised of amounts owing to Waratah. As at December 31, 2024, $215 (December 31, 2023 – $281) was owing to Waratah for management services provided by Waratah. All amounts owing to related parties at December 31, 2024 were unsecured, non-interest bearing and had no fixed terms of repayment.

The following table summarizes the compensation breakdown for key management personnel:

	For the years ended December 31,	
	2024	2023
Salaries and other benefits	$ 1,583	$ 1,435
Share-based compensation	1,581	2,792
Total	**$ 3,164**	**$ 4,227**

15. INCOME TAXES

(a) Rate reconciliation

The income tax expense for the years ended December 31, 2024 and December 31, 2023 differs from the amount that would result from applying the federal and provincial income tax rates to income before income taxes, due to the following:

	For the years ended December 31,			
		2024		2023
Income before taxes from continuing operations	$	(4,099)	$	(2,080)
Statutory tax rate		26.5%		26.5%
Expected income tax expense	$	(1,086)	$	(551)
Increase (decrease) due to:				
Non-deductible expenses	$	(120)	$	1,177
Foreign tax rate differences		374		1,166
Revision in estimates		(409)		1,331
Reversal of impairment		–		–
Other		(199)		(236)
Income tax (recovery) expense	**$**	**(1,440)**	**$**	**2,887**

(b) Current and deferred income tax

Income tax recognized in net income is comprised of the following, for the years ended:

	For the years ended December 31,			
		2024		2023
Current income tax expense	$	446	$	1,141
Deferred income tax expense		(1,886)		1,746
Income tax (recovery) expense	**$**	**(1,440)**	**$**	**2,894**

(c) Recognized deferred income tax assets and liabilities

The following are the temporary differences and unused tax losses for which deferred income tax assets and liabilities are recognized in the financial statements of the Company.

	As at December 31,			
		2024		2023
Royalty interests	$	(12,989)	$	(12,864)
Financial assets at fair value		–		–
Non-capital losses		9,014		7,841
Deferred financing costs		1,486		1,896
Other		1,271		29
Deferred income tax liabilities, net	**$**	**(1,218)**	**$**	**(3,098)**

(d) Changes in deferred income tax assets and liabilities

	For the years ended December 31,	
	2024	2023
Net deferred tax liability balance, beginning of the year	$ (3,098)	$ (2,772)
Deferred tax (expense) recovery	1,886	(1,746)
Other comprehensive income and equity	(6)	1,395
Foreign currency translation on the deferred tax liability	–	25
Deferred income tax liabilities, net	**$ (1,218)**	**$ (3,098)**

(e) Unrecognized deferred income tax assets and liabilities

The aggregate amount of temporary differences for which deferred income tax assets and liabilities have not been recognized is as follows:

	As at December 31,	
	2024	2023
Royalty interests	$ –	$ –
Investments in subsidiaries	(1,071)	(334)
Unrecognized deferred income tax assets (liabilities), net	**$ (1,071)**	**$ (334)**

The aggregate amount of deductible temporary differences for which deferred income tax assets and liabilities have not been recognized is as follows:

	As at December 31,	
	2024	2023
Royalty interests	$ –	$ –
Investments in subsidiaries	(8,081)	(2,521)
Unrecognized deferred income tax assets (liabilities), net	**$ (8,081)**	**$ (2,521)**

(f) Non-capital losses

Non-capital losses are available to be carried forward for 20 years and applied against future taxable income. As at December 31, 2024, the Company has deductible non-capital tax losses of $36,897 (December 31, 2023 – $29,589), which expire in 2042.

(g) Income taxes receivable

As at December 31, 2024, the Company has a net income taxes receivable balance of $179 (December 31, 2023 – $507). The amount represents a receivable for a partial refund of the with-holding taxes paid, based on the difference between taxes withheld and taxes assessed on taxable income from royalties.

16. LOSS PER SHARE

	For the years ended December 31,	
	2024	2023
Net loss attributable to equity holders of Lithium Royalty Corp.	$ (2,729)	$ (5,039)
Weighted average shares outstanding	55,498,042	53,597,035
Loss per share – basic and diluted	**$ (0.05)**	**$ (0.09)**

For the year ended December 31, 2024, as a result of the consolidated net losses recognized, diluted earnings per share is equal to basic earnings per share. As of December 31, 2024, the Company had dilutive instruments of 432,241 RSUs (2023 – 391,999 RSUs) (Note 12).

17. SEGMENTED DISCLOSURE

The Company's business is organized into a single operating segment, consisting of acquiring and managing royalty interests. The Company's chief operating decision maker, the Executive Chair, makes resource allocation decisions, reviews operating results and assesses performance.

Geographic revenue from royalty interests is determined by the location of the mining operations giving rise to the royalty interest. For the year ended December 31, 2024, the Company had three revenue-producing royalties, including the Mt Cattlin and Finniss projects in Australia and the Grota do Cirilo project in Brazil. Each of these projects contributed over 10% of the Company's total revenue for the period. The revenues earned by the Company are summarized by geography below:

	For the years ended December 31,	
	2024	2023
Australia	$ 1,751	$ 4,499
South America	1,273	1,023
Total	**$ 3,024**	**$ 5,522**

As at December 31, 2024, the Company had royalty interests across four continents. The book value of the Company's royalty interests by geography is summarized below:

	As at December 31,	
	2024	2023
North America	$ 50,616	$ 48,680
South America	52,638	78,781
Europe	3,544	3,544
Australia	9,309	9,656
Total	**$ 116,107**	**$ 140,661**

18. GENERAL AND ADMINISTRATIVE EXPENSES

	For the years ended December 31,	
	2024	2023
Board of directors fees	$ 185	$ 247
IPO readiness expenses	–	869
Professional fees	784	1,573
Salaries and employee benefits	2,033	1,414
Share-based payments (Note 12)	2,058	3,048
Amortization of property and equipment (Note 7)	62	–
Other	791	745
General and administrative expenses	**$ 5,913**	**$ 7,896**

19. FINANCE INCOME (EXPENSE)

	For the years ended December 31,	
	2024	2023
Interest income	$ 432	$ 1,506
Lease liability accretion expense (Note 8)	(23)	–
Standby fees (Note 21)	(169)	(106)
Amortization of debt issuance costs (Note 21)	(148)	(70)
Finance income	**$ 92**	**$ 1,329**

Finance costs relating to the credit facility for the year ended December 31, 2024 were $317 (year ended December 31, 2023 – $176), including amortization of debt issuance costs and standby fees. Debt issuance costs of $294 have been capitalized as part of other assets in the financial statements. The Credit Facility includes covenants that require the Company to maintain certain financial ratios, including leverage ratios, as well as certain non-financial requirements (Note 21).

20. COMMITMENTS AND CONTINGENCIES

When acquiring royalty interests, the Company will, from time to time, agree to make future payments that are contingent on the occurrence of specified future events. The Company regularly evaluates the likelihood that these future contingent payments will become payable.

Project operator	Project (asset)	Triggering event	Expected payment	
Noram	Zeus Lithium	Noram releases a definitive feasibility study	$	1,000
Morella	Tabba Tabba	Morella discloses a 5.0 million tonnes resource at the Tabba Tabba project at 1% Li_2O grade	$	350
	Mt Edon/Mt Edon West	Morella discloses a 5.0 million tonnes resource at the Mt Edon project at 1% Li_2O grade	$	100
M4E	Land claims held by M4E	M4E achieving 10.0 million tonnes of measured and indicated resource on or before December 31, 2025	$	2,000

The following table summarizes the future payments related to the Company's office lease commitments:

Less than 1 year	$	64
1 to 5 years		260
After 5 years		305
Total	**$**	**629**

21. LONG-TERM DEBT

In July 2023, the Company entered into a credit agreement with National Bank of Canada, permitting the Company to draw up to $25.0 million (the "Credit Facility"), subject to compliance with the credit agreement. The Credit Facility is secured by the Company's current and future assets.

Advances under the Credit Facility can be drawn as:

- base rate advances at the National Bank base rate, plus a spread of between 2.00% and 3.25% per annum depending upon the Company's leverage ratio; or
- term loans for periods of one, three or six months, with interest payable at the term-based Secured Overnight Financing Rate ("SOFR"), plus a spread of between 3.1% and 4.5% per annum, depending on the Company's leverage ratio.

Finance costs relating to the Credit Facility for the year ended December 31, 2024 were $317 (year ended December 31, 2023 – $176), including $148 in amortization of debt issuance costs and $169 in standby fees. The Credit Facility includes covenants that require the Company to maintain certain financial ratios, including leverage ratios, as well as certain non-financial requirements.

Waiver of Debt Covenant Breach

During the reporting period, the Company breached the interest coverage ratio covenant related to the Credit Facility due to its 12-month rolling earnings (as defined in the Credit Facility agreement) being negative and to standby fees being treated as interest for the coverage ratio calculation.

The lender under the Credit Facility waived this breach in December 2024, which waiver extends to September 30, 2025. During this waiver period, the Company is not permitted to draw on the Credit Facility until such time as the Company is in compliance with the covenants in the Credit Facility. A condition of the waiver is that the Company maintains a balance of at least $500 within the bank account held with the lender under the Credit Facility, which has been accounted for as restricted cash on the Statement of Financial Position. The amount will remain restricted until the Company is in compliance with all covenants in the Credit Facility.

Restricted Disposition Waiver

During the reporting period, the Company obtained a waiver from the lender under the Credit Facility relating to the Company's planned disposition of a portion of its royalty covering the Tres Quebradas project as detailed in Note 22.

No advances were outstanding under the Credit Facility as at December 31, 2024.

22. SUBSEQUENT EVENTS

Tres Quebradas Royalty Sale

On December 19, 2024, the Company agreed to sell a 0.5% GOR royalty over the Tres Quebradas lithium project in Catamarca, Argentina to Triple Flag Precious Metals Corp. for total cash consideration of $28.0 million. As a result, the asset was classified as held for sale on the Statement of Financial Position. The transaction closed on March 19, 2025.

Corporate Information

EXECUTIVE MANAGEMENT

Blair Levinsky
Executive Chair

Ernie Ortiz
President &
Chief Executive Officer

Dominique Barker
Chief Financial Officer &
Head of Sustainability

Mark Wellings
Vice Chair &
Executive Vice President,
Technical

Philip de L. Panet
Chief Operating Officer &
Vice President, Legal

Rob Weir
Vice President,
Corporate Development

DIRECTORS

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LISTING OF COMMON SHARES

Toronto Stock Exchange: LIRC

SHARE CAPITAL OUTSTANDING AS OF DECEMBER 31, 2024

Common Shares

- 25,005,827

Convertible Common Shares

- 30,549,214

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