



ESG POLICY FOR PORTFOLIO INVESTMENTS

April 28, 2024

LITHIUM ROYALTY CORP.

ESG POLICY FOR PORTFOLIO INVESTMENTS

Lithium Royalty Corp. ("LRC") Approach to ESG

LRC recognizes that climate change is a threat to society, ecosystems, and the global economy. It is also a driver of investment risk and opportunity, as the world transitions to a lower-carbon economy. LRC is focused on the global energy transition and enabling decarbonization of key high emission industries. We believe that our investments in the critical minerals industry (our "Investments") can and should have a positive impact on that transition, that management of climate-related risk and opportunity is a relevant consideration in our approach to investing and that operating with transparency and adhering to applicable laws and regulations favourably impacts our reputation within the critical minerals industry.

LRC also believes that implementing best-in-class environmental, social and governance (ESG) processes may improve our risk profile and market value over the long-term, and assist us in making more well-informed decisions. In developing our ESG policy, we have considered a range of ESG standards, including the Principles for Responsible Investment.

Accountability

LRC has established a Sustainability Committee of the Board. Our Chief Financial Officer is also Head of Sustainability, and is responsible to provide leadership on ESG awareness within LRC as well as to the operators of its Investments ("Operators"), and facilitates consistent application of this ESG policy and associated ESG processes across our Investments.

Professional Conduct and Ongoing Awareness

As part of our investment strategy, LRC intends to:

- Adhere to all applicable laws and regulations, our Code of Business Conduct and Ethics and other LRC policies;
- Conduct our business dealings with honesty, integrity, fairness and respect;
- Comply with all relevant regulations governing the protection of human rights, occupational health and safety standards, environmental compliance, and labor and business practices within the jurisdictions in which we conduct business; and
- Promote awareness to our Operators of our expectations regarding responsible business practices, including ESG considerations.

Integration

To give effect to this ESG policy, LRC intends to:

- Integrate the identification and management of ESG processes into our investment decisions
- Identify and consider ESG risks and opportunities during the due diligence phase of each investment opportunity;
- Monitor ESG risks and opportunities related to our Investments;
- Conduct in-depth analyses, where appropriate, during our due diligence process and on an ongoing selective basis with respect to our Investments; and
- Manage our Investments in a socially and environmentally responsible manner, recognizing the complexities of operating in the mining industry and recognizing our passive role in the operations related to our Investments.

It is our view that, while the extraction of resources results in associated emissions, the growth of battery energy storage will result in a net full lifecycle emission reduction that is material to overall global emissions. In addition to deploying capital that contributes to net lower emissions from electric vehicles in comparison to internal combustion engines, LRC also intends to deploy capital into extraction projects with positive sustainability attributes in the following areas:

- Use of renewable power in extraction and processing;
- Infrastructure benefits to remote communities;
- Environmental and economic impact on local communities;
- Child labor and slavery considerations;
- Water use, including impact on potable water and water recycling; and
- Surface disruption and remediation plans as well as tailings management.

Engagement

In support of this ESG policy, LRC intends to:

- Work with each Operator to develop an ESG reporting framework satisfactory to both parties; and
- Encourage dialogue about ESG factors with our Operators and other industry investors, in an effort to improve responsible investment standards within the critical minerals industry.

We regard the implementation of our ESG policy as an ongoing initiative and intend to review and evaluate this ESG policy annually, or more frequently as appropriate, and, to the extent required, we will from time to time revise this ESG policy with the intention to facilitate its ongoing effectiveness.

Approved by the Board of Directors of the Corporation on April 28, 2024, and effective as of April 28, 2024.