



## NEWS RELEASE

Toronto, November 11, 2024

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

# Lithium Royalty Corp. Reports Q3 2024 Results

- Operational permit granted to Atlas Lithium's Das Neves project for which LRC holds a 3.0% GOR royalty, with production expected in 2025
- Winsome Resources released scoping study, projecting a 17+ year mine life, 282,000 tonnes of annual production and nearly \$300 million in cash flow to LRC over life of mine
- Sigma Lithium secured \$85 million in financing for Phase 2 of Grota do Cirilo, which would increase annual production to 520,000 tonnes
- Rio Tinto's \$6.7 billion acquisition of Arcadium Lithium enhances LRC's positions on the Mt Cattlin and Galaxy projects by upgrading to Rio Tinto as royalty counterparty

Lithium Royalty Corp. (TSX: LIRC) ("LRC" or the "Company") is reporting its third quarter results for 2024. "The continued decline in lithium prices resulted in lower revenue in the quarter compared to last quarter. Additionally, Core Lithium, which is assessing a restart, did not sell any material in the quarter. We were also impacted by the continued impact of negative quotational period adjustments from an operator, which results when a contract includes pricing adjustments subsequent to shipments and price declines.

Looking ahead, LRC's balance sheet remains well-positioned with \$7.1 million cash on hand, no debt, and three additional assets expected to contribute to cash flow in 2025. With additional volume in 2025, along with a bottoming lithium cycle, and no debt to service, LRC is set to benefit from an upcoming revenue inflection in the near term as the lithium sector recovers," stated LRC's CEO, Ernie Ortiz.

LRC is reporting 20 Lithium Carbonate Equivalent Tonnes (LCETs) or 258 Spodumene Concentrate Equivalent Tonnes (SCETs) in the quarter<sup>1</sup>, compared to 106 LCETs or 1,297 SCETs last quarter and 90 and 887 respectively in the same period last year.

## Financial Highlights

	3 months ended September 30,				9 months ended September 30,			
	2024	2023	Variance	%	2024	2023	Variance	%
Royalty Revenue	224	2,963	(2,739)	(93%)	2,404	4,509	(2,105)	(47%)
Depletion	(94)	(272)	178	(65%)	(446)	(656)	(210)	(32%)
Gross Profit	130	2,691	2,561	(95%)	1,958	3,853	(1,895)	(49%)
Share-based compensation	(407)	(856)	449		(1,574)	(2,193)	619	
General and administrative expenses	(922)	(1,231)	309		(2,798)	(3,501)	703	
<b>Net loss</b>	<b>(1,653)</b>	<b>(1,514)</b>	<b>(139)</b>		<b>(2,381)</b>	<b>(4,141)</b>	<b>1,760</b>	
Income taxes	(713)	2,403	(3,116)		(592)	3,540	(4,132)	
Finance expense (income)	1	(201)	202		(95)	(1,275)	1,180	
Depletion	94	272	(178)		446	656	(210)	
<b>EBITDA</b>	<b>(2,271)</b>	<b>960</b>	<b>(3,231)</b>		<b>(2,622)</b>	<b>(1,220)</b>	<b>(1,402)</b>	
Foreign exchange loss (gain)	5	(253)	258		42	(1,117)	1,159	
One time IPO share-based compensation (SBC)	104	602	(498)		644	1,406	(762)	
One time IPO costs	-	-	-		-	869	(869)	
Impairment expense	1,063	-	1,063		1,063	-	1,063	
Other non-recurring income	-	-	-		(750)	-	(750)	
Exploration costs	-	-	-		-	414	(414)	
Decrease in fair value of financial assets	-	-	-		-	37	(37)	
<b>Adjusted EBITDA</b>	<b>(1,099)</b>	<b>1,309</b>	<b>(2,408)</b>		<b>(1,623)</b>	<b>389</b>	<b>(2,012)</b>	

Royalty revenue for the three months ended September 30, 2024 was \$224, a decrease of \$2,739 as compared to \$2,963 for the same period in 2023. The decrease in revenue is primarily attributable to lower pricing realized by project operators during the quarter. Shanghai Metals Market (SMM) reports that spodumene prices declined by 74% compared to the same period last year. In addition, revenue declined compared to the same period last year due to quotational pricing ("QP") adjustments, as well as a reduction in the volume of spodumene concentrate sold, primarily attributable to the temporary suspension of production at the Finniss Project, as announced by Core

<sup>1</sup>For Q3 2024, LRC calculates LCETs by dividing royalty revenue for the quarter by the average spot market price of \$11,049 during the quarter for 99.5% lithium carbonate, delivered in China, and calculates SCETs by dividing royalty revenue for the quarter by the average spot market price of \$865 during the quarter for 6% spodumene concentrate, delivered to China. Spot market prices were based on Asian Metal data on Bloomberg.

Lithium in January 2024. QP adjustments relate to prior period sales by project operators which were subject to mark-to-market adjustments during the period prior to each shipment reaching its final destination.

General and administrative expenses were \$1.3 million for the quarter (of which \$436 was non-cash), down slightly from the previous quarter G&A of \$1.4 million (of which \$526 was non-cash) and down 38% from the same period last year of \$2.1 million (of which \$856 was non-cash).

Adjusted EBITDA was (\$1,099) in the quarter, as compared to \$1,309 in the same period last year. The decrease in Adjusted EBITDA was attributable to the decline in aggregate royalty revenue during the quarter, partially offset by a decline in the level of operating costs when compared to the prior periods.

At quarter-end, LRC held \$7.1 million of cash and no debt. The decrease in cash from the prior quarter is mainly due to a contingent payment of \$2 million made during the quarter to Bradda Head, with a balance of \$1 million due in January 2025.

## **LRC Royalty Updates**

**Atlas Lithium Das Neves Royalty:** In late October 2024, Atlas Lithium announced that it had received permits to commence operations at its Das Neves project from the government of Minas Gerais in Brazil. Atlas now has all the required authorizations to assemble and run its processing plant and to develop open-pit mining operations at one of its deposits. Once fully operational, the Das Neves facility is expected to produce 300,000 tonnes per annum (tpa). The permitting process progressed over 14 months, highlighting the regulatory advantages attributable to Brazil's stewardship of its growing lithium sector. LRC holds a 3.0% GOR royalty on the Das Neves Project.

**Ganfeng Lithium Mariana Project:** Ganfeng Lithium has disclosed that it continues to advance the construction of the Mariana project in Salta, Argentina. Ganfeng reaffirmed its plans to start production by the end of 2024. Ganfeng also disclosed in

its recent September 30 semi-annual report that Mariana holds a significant resource potential<sup>2</sup>. LRC holds a 0.45% NSR royalty on the Mariana Project.

**Zijin Tres Quebradas Royalty:** In October 2024, Zijin announced that it had postponed commencement of production at the Tres Quebradas project in Argentina until 2025. Due to timing differences between production and shipments, LRC expects to earn revenue from the project in the second half of 2025, based on latest available information. Zijin disclosed that it intends to further optimize production techniques and process flows and to lower and solidify the cost base, with the objective of improving the project's ability to withstand price fluctuations. LRC holds a net 1.4% GOR royalty on the Tres Quebradas Project.

**Sigma Lithium Grota do Cirilo Royalty:** In August 2024, Sigma announced a binding commitment from the National Brazilian Bank for Economic and Social Development (BNDES) for a BRL487 million (\$85.3 million) development loan to fully fund the construction of Sigma Lithium's phase 2 production. The closing of the development loan remains subject to Sigma's submission of satisfactory letters of credit issued by Brazilian banking institutions accredited by BNDES. Based on the current construction timetable, Sigma has commented that it plans to complete construction and commissioning of phase 2 in the summer of 2025. Phase 2 would add an incremental 250,000 tonnes of spodumene concentrate to production for a total capacity of 520,000 tpa. LRC holds a net 0.90% NSR royalty on the Grota do Cirilo Project.

**Core Lithium Finniss Royalty:** In September 2024, Core updated its mineral reserves at Finniss to 9.3Mt at 1.38% Li<sub>2</sub>O. The reserve report includes drilling and study work completed in 2023 and 2024, updated modifying factors (including cost and lithium market assumptions), and mining depletion and operational adjustments. Core commented that the mineral reserve assumptions underpin a simpler project with a notional operating life of 9.5 years using the existing Finniss processing infrastructure, with anticipated capacity of 1 million tpa of mill feed. The new reserve estimate

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<sup>2</sup>Note that the resource estimate provided by Ganfeng was prepared using Chinese mineral estimation guidance and is not compliant with NI 43-101 guidance (including by using Chinese resource classifications that are not comparable to the CIM definitions used in NI 43-101).

provides a strong foundation for the mine restart study, which Core has commented will be completed in the first half of calendar year 2025. Core continues to hold 5,100 tonnes of spodumene concentrate and 75,000 tonnes of fines material available for sale. Core ended the calendar third quarter with A\$61.3 million of cash on hand and no debt. LRC holds a 2.5% GOR royalty on the Finniss Project.

**Winsome Resources Adina Royalty:** In September 2024, Winsome Resources announced the completion of a [scoping study](#) for its Adina Project. The study highlights the Adina Project as one of the most capital-efficient hard-rock lithium projects in North America. The Adina Project benefits from an estimated start-up capital cost of approximately \$260 million, mainly due to Winsome's ability to leverage the existing infrastructure at the nearby Renard mine. Winsome's study forecasts 282,000 tpa of 5.5% Li<sub>2</sub>O spodumene concentrate production, with All-In Sustaining Costs (AISC) averaging \$693 per tonne (FOB) over the 17-year active production period, highlighting the potential for strong cash flow and financial resiliency, even in fluctuating lithium commodity price environments. The pit design in Winsome's scoping study incorporates the 4.0% GOR royalty that LRC owns over the Adina Project. Winsome estimates aggregate royalty payments to LRC of \$296 million over the life of the mine.

**Sayona Mining Moblan Royalty:** In August 2024, Sayona updated the mineral resource on the Moblan lithium project from 41.1Mt at 1.32% Li<sub>2</sub>O to 65.1Mt at 1.25% Li<sub>2</sub>O measured and indicated resource and 10.3Mt at 1.25% Li<sub>2</sub>O to 28.0Mt at 1.14% Li<sub>2</sub>O inferred mineral resource, all at a 0.55% Li<sub>2</sub>O cut-off grade. Notably, a substantial majority of the total resource tonnage is in the higher confidence measured and indicated resource category. Additionally, Sayona commented that 70,000 meters of drilling is planned for 2024 to further test the extent of mineralization and increase the measured and indicated resources at Moblan. LRC holds a 2.5% GOR royalty on the Moblan Project.

**Arcadium Lithium Transaction:** Rio Tinto, one of the world's largest mining companies, is reinforcing its leadership in the energy transition with the [announcement](#) of a \$6.7 billion acquisition of Arcadium Lithium. The transaction represents a premium of 90%

to Arcadium's unaffected closing price and Rio Tinto's largest acquisition since 2007. Arcadium's assets in Australia, Canada, and Argentina align with Rio's long-term strategy of adding quality lithium projects to its global portfolio, and is an endorsement of key jurisdictions where LRC has invested in. Rio Tinto CEO Jakob Stausholm called the acquisition a "counter-cyclical expansion," increasing their exposure to a high-growth market. LRC's royalties on the Mt Cattlin project in Australia and the Galaxy project in Québec, Canada will benefit from the upgrade to Rio Tinto as our royalty counterparty. LRC holds a A\$1.5/tonne treated ore royalty on the Mt Cattlin Project, and a 1.5% NSR royalty on the Galaxy Project.

### **Orion Resource Partners Litigation Update**

In August 2023, the Ontario court ruled that in January 2021, LRC had entered into a binding and enforceable contract to buy an 85% interest in the Thacker Pass royalty from Orion Resource Partners for \$18.7 million total consideration. 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. LRC believes the hearing will occur in 2026, but it has yet to be scheduled. Orion Resource Partners has commenced an appeal of the Ontario court's August 2023 decision. LRC does not recognize this litigation as an asset in its financial statements and expects that resolution of this matter may be subject to further delays. Orion Resource Partners has not asserted any claims against LRC.

### **Lithium Market**

The lithium sector is witnessing accelerated growth as it enters a seasonally stronger period in the second half of the year, driven by new electric vehicle (EV) launches globally and sustained demand in energy storage. Lithium demand is projected to increase by more than 20% in 2024.

China's electric vehicle market continued to expand in the third quarter, achieving 33% sales growth, largely driven by an increase in plug-in hybrid sales. On a year-to-date basis (YTD), demand has grown by 32% and the market is picking up momentum entering the seasonally busier period for EV demand, with September sales up 42% compared to the same period last year. The Chinese

government approved a trade-in program earlier in 2024 and over 1.3 million applications for these subsidies had been received as of October 7.

EV sales in the United States grew by 11% in the third quarter, according to the Kelley Blue Book. EVs made up 9% of all cars sold in the quarter. General Motors commented that their EV sales increased by 60% year-on-year in the third quarter. GM released the Chevy Equinox EV earlier this year and intends to release a new version of the Bolt EV in 2025, which should further support sales growth in the United States.

European EV car registrations have been challenged in 2024, with a 29% YTD decline in battery EV (BEV) registrations in Germany. This has been partly offset by 13% YTD growth in the United Kingdom and 6% YTD growth in France. Sales trends have improved recently, due to more affordable EV offerings. BEV registrations in September grew by 9% in Germany, 24% in the UK, and 70% in Spain compared to the same period last year.

Looking ahead, numerous European automakers are launching more affordable EV models in anticipation of the 2025 CO<sub>2</sub> emissions standards set to take effect in the region. EV sales penetration in Europe currently stands around 15%, with estimates indicating it would need to increase to ~20-22% by next year to prevent billions of euros in fines to automakers across the continent. BloombergNEF is tracking at least 5 new EV models below €25,000 from a variety of car manufacturers to help affordability and promote demand in Europe.

Growth rates within the energy storage sector (ESS) remain robust. Tesla reported 73% year-on-year growth for energy storage deployments in the third quarter. Tesla estimates that its energy storage deployments in 2024 could more than double compared to 2023. EVE Energy, another important battery provider in the energy storage sector, recorded shipment growth of 85% year-on-year. Analysts expect 70% growth in energy storage installations in China in 2024.

SMM reports that spodumene concentrate prices averaged \$861 per tonne in the third quarter marking a 23% quarter-on-quarter decline and a 74% year-on-year decline. As a result of the severe price decline, a number of lithium producers have curtailed output and deferred expansions.

Higher cost producers have continued to announce production curtailments, with SMM reporting that September lepidolite production declined by 22% year-on-year. Petalite producers in Africa have also recently announced supply restrictions.

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

## Important Dates and Events

Date	Event
November 12, 2024	LRC Q3 2024 Earnings Call at 9 AM EST. Click <a href="#">here</a> for call details
November 18, 2024	Swiss Mining Institute Conference
November 19, 2024	3 <sup>rd</sup> Argentina & LATAM Summit
December 03, 2024	26 <sup>th</sup> Annual Scotiabank Mining Conference
December 03, 2024	Citi 2024 Basic Materials Conference
December 04, 2024	Deutsche Bank 9 <sup>th</sup> Annual Lithium Battery Supply Chain Conference
January 14, 2025	TD Securities 16 <sup>th</sup> Annual Global Mining Conference
February 23, 2025	BMO 34 <sup>th</sup> Global Metals, Mining & Critical Minerals Conference
March 12, 2025	LRC Reports Q4 2024 Results
March 13, 2025	LRC Q4 2024 Earnings Call. Click <a href="#">here</a> for call details

## Shareholder Information

The Consolidated Financial Statements and Management's Discussion & Analysis for Q3 2024 are available on our [website](#) and [SEDAR+](#).

## Qualified Persons

The technical and scientific information contained in this news release was reviewed and approved in accordance with NI 43-101 by Don Hains, P.Geo. of the Hains Engineering Company Limited, a "qualified person" as defined in NI 43-101.



## About Lithium Royalty Corp.

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.

### Contact Information for Inquiries:

Jonida Zaganjori  
Investor Relations  
(647) 792-1100  
jonida@lithiumroyaltycorp.com

## Forward Looking Statements

*This press release contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws, which may include, but are not limited to, statements with respect to future events or future performance, management's expectations regarding LRC's growth, results of operations, estimated future revenues, performance guidance, carrying value of assets and requirements for additional capital, mineral resource and mineral reserve estimates, production estimates, production costs and revenue, future demand for and prices of commodities, expected mining sequences, business prospects and opportunities, the performance and plans of third party operators and the expected exposure for current and future assessments and available remedies. In addition, statements relating to resources and reserves and mine life are forward-looking statements, as they involve implied assessment, based on certain estimates and assumptions, and no assurance can be given that the estimates and assumptions are accurate and that such resources and reserves or mine life will be realized. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budgets", "potential for", "scheduled", "estimates", "forecasts", "predicts", "projects", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of LRC to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking information is based on management's beliefs and assumptions and on information currently available to management. The forward-looking statements herein are made as of the date of this press release only and LRC does not assume any obligation to update or revise them to reflect new information, estimates or opinions, future events or results or otherwise, except as required by applicable law.*

*A number of factors could cause actual events or results to differ materially from any forward-looking statement, including, without limitation: fluctuations in the prices of the primary commodities that drive royalty revenue (including various lithium products); fluctuations in the value of the Canadian and Australian dollar and any other currency in which revenue is generated, relative to the U.S. dollar; changes in national and local government*

*legislation, including permitting and licensing regimes and taxation policies and the enforcement thereof; the adoption of a global minimum tax on corporations; regulatory, political or economic developments in any of the countries where properties in which LRC holds a royalty or other interest are located or through which they are held; risks related to the operators of the properties in which LRC holds a royalty or other interest, including changes in the ownership and control of such operators; relinquishment or sale of mineral properties; influence of macroeconomic developments; business opportunities that become available to, or are pursued by LRC; reduced access to debt and equity capital; litigation; title, permit or license disputes related to interests on any of the properties in which LRC holds a royalty or other interest; whether or not the Company is determined to have "passive foreign investment company" ("PFIC") status as defined in Section 1297 of the United States Internal Revenue Code of 1986, as amended; excessive cost escalation as well as development, permitting, infrastructure, operating or technical difficulties on any of the properties in which LRC holds a royalty or other interest; actual mineral content may differ from the resources and reserves contained in technical reports; rate and timing of production differences from resource estimates, other technical reports and mine plans; risks associated with the solvency of operators of projects that LRC has royalties over; risks and hazards associated with the business of development and mining on any of the properties in which LRC holds a royalty or other interest, including, but not limited to unusual or unexpected geological and metallurgical conditions, slope failures or cave-ins, sinkholes, flooding and other natural disasters, terrorism, civil unrest or an outbreak of contagious disease; and the integration of acquired assets. The forward-looking statements contained in this press release are based upon assumptions management believes to be reasonable, including, without limitation: the ongoing operation of the properties in which LRC holds a royalty or other 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; no material adverse change in the market price of the commodities (including various lithium products) that underlie the asset portfolio; the Company's ongoing income and assets relating to determination of its PFIC status; no material changes to existing tax treatment; the expected application of tax laws and regulations by taxation authorities; no adverse development in respect of any significant property in which LRC holds a royalty or other interest; the solvency of project operators; the accuracy of publicly disclosed expectations for the development of underlying properties that are not yet in production; integration of acquired assets; and the absence of any other factors that could cause actions, events or results to differ from those anticipated, estimated or intended. However, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Investors are cautioned that forward-looking statements are not guarantees of future performance. LRC cannot assure investors that actual results will be consistent with these forward-looking statements. Accordingly, investors should not place undue reliance on forward-looking statements due to the inherent uncertainty therein.*

*For additional information with respect to risks, uncertainties and assumptions, please refer to LRC's most recent Annual Information Form dated March 27, 2024 and filed with the Canadian securities regulatory authorities on [www.sedarplus.com](http://www.sedarplus.com). These risks and uncertainties include, but are not limited to, those described under "Risk Factors" in the Annual Information Form, and in particular risks summarized under the "Risks Related to Mining Operations" heading.*

## Non-IFRS Measures

This earnings release 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 or as substitutes for analysis of the financial information reported under IFRS.

### 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;
- 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 charges.

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.

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	2024	2023	2024	2023
<b>Net loss</b>	<b>(1,653)</b>	<b>(1,514)</b>	<b>(2,381)</b>	<b>(4,141)</b>
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One-time IPO costs	-	-	-	869
Other non-recurring income	-	-	(750)	-
Impairment expense	1,063	-	1,063	-
Exploration costs	-	-	-	414
Decrease in fair value of financial assets	-	-	-	37
<b>Adjusted EBITDA</b>	<b>(1,099)</b>	<b>1,309</b>	<b>(1,623)</b>	<b>389</b>