

Lithium Royalty Corp.: Poised for Success as More Affiliates Reach Production

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Lithium demand continues to surge each year, despite some year on year ("YoY") volatility in demand and prices. In 2021 the IEA [forecast](#) lithium demand to **increase from 13x to 42x** from 2020 to 2040. Trend Investing [forecasts](#) lithium demand to increase 35x from 2020 to 2037 as we move to a 100% electric vehicle world. [Rio Tinto Group](#) (NYSE: RIO | LSE: RIO) forecasts that the world will need **60 new lithium mines** the size of Jadar. BMI [forecasts](#) that we will need **78 new lithium mines** from 2022 to 2035.

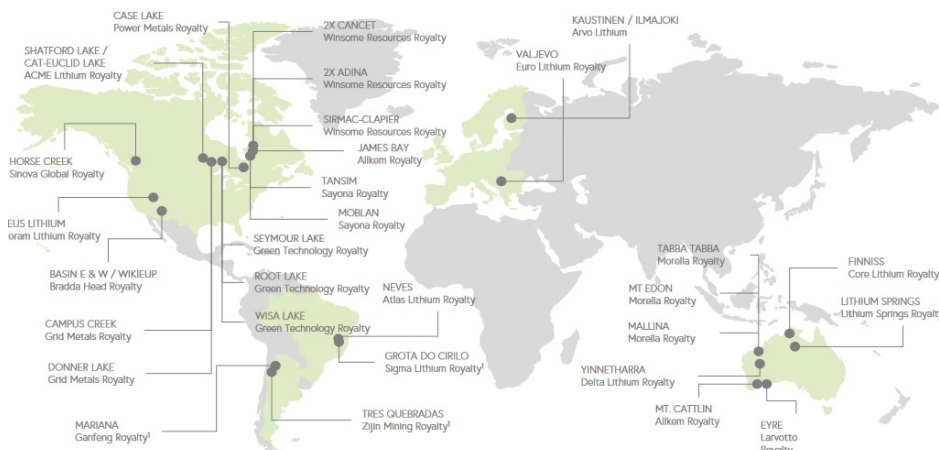
The massive demand wave coming for lithium makes for a perfect royalty play in the sector. The key advantage of royalty companies is broad exposure to many companies' potential revenue streams. Today's company gives investors exposure to 32 royalties across 7 countries.

Lithium Royalty Corp. (TSX: LIRC) ("LRC")

LRC is a pure-play [battery metal royalty company](#) with a focus on lithium royalties. LRC has been steadily acquiring royalties since 2018 with a focus on safe mining jurisdictions. The large majority are lithium royalties in mines/projects located in South America, Canada, and Australia (see charts below).

Lithium Royalty Corp. ("LRC") global portfolio of 32 royalties with a focus on lithium

LRC Royalty Map



	Operator	Asset	LRC Royalty ²	Start Date ³	Stated Nameplate ⁴
1	Allkem	Mt. Cattlin	A\$1.5/t	2017	119ktpa SC5.3
2	Core Lithium	Finniss	2.50%	2022	175ktpa SC5.8
3	Sigma Lithium	Grota do Cirilo	0.90%	2023	768ktpa SC5.5
4	Zijin Mining	Tres Quebradas	1.40%	2023	50ktpa LCE
5	Sinova Global	Horse Creek	8.00%	2024	
6	Ganfeng	Mariana	0.45%	2024	20ktpa LiCl
7	Allkem	James Bay	0.85%	2025	
8	Delta Lithium	Yinnetharra	1.00%	2026	321ktpa 5.6%
9	GTI	Seymour	1.00%	2026	
10	Atlas	Das Neves	3.00%	2026	
11	Winsome	Cancet	4.00%	2027	
12	Winsome	Cancet.NSR	0.70%	2027	
13	Winsome	Adina	4.00%	2027	
14	Winsome	Adina.NSR	1.50%	2027	
15	Sayona	Moblan	2.50%	2027	
16	Grid	Donner Lake	2.00%	2027	
17	GTI	Root	1.00%	2027	
18	EuroLithium	Valjevo	~2.0%	2028	
19	Morella	Mallina	1.50%	2028	
20	Bradda Head	Basin E&W	2.00%	2028	
21	Grid	Campus Creek	2.00%	2028	
22	Noram	Zeus	1.00%	2028	32ktpa LCE
23	ACME	Shatford Lake	2.00%	2028	
24	GTI	Wisa	1.00%	2028	
25	Larvotto	Eyre	1.00%	2028	
26	Arvo	Kaustinen	1.25%	2028	
27	Winsome	Sirmac	4.00%	2029	
28	Sayona	Tansim	1.50%	2029	
29	Lithium Springs	Lithium Springs	1.50%	2029	
30	Morella	Tabba Tabba	1.25%	2029	
31	Power Metals	Case Lake	2.00%	2029	
32	Morella	Mt Edon	1.25%	2030	

Best-In-Class Operating Partners



1. Net of Altus' 10% indirect interest in the royalty. Altus has no interest in the Tres Quebradas additional 0.5% GOR
 2. Management estimate of comparable GOR royalty rate
 3. Expected start dates based on internal management assessment and discussions with operators and third-party consultants; see Disclaimer regarding forward looking information
 4. Based on latest technical report disclosed by operator, Tres Quebradas based on Zijin 2022 Annual Report

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Source: [LRC company presentation](#)

LRC lithium royalty revenues with more set to potentially come online in the near term

Looking at the list in the chart above we see that LRC already has several revenue streams from key lithium producers including [Allkem Limited](#)'s (ASX: AKE | TSX: AKE) Mt Cattlin Mine, [Core Lithium Limited](#)'s (ASX: CX0) Finniss Mine, and [SIGMA Lithium Corporation](#)'s (NASDAQ: SGML | TSXV: SGML) Grota do Cirilo Mine plus others potentially to follow in the near term including [Zijin Mining Group](#)'s Tres Quebradas Project, [Ganfeng Lithium Group](#)'s Mariana Project, and [Delta Lithium Limited](#)'s (ASX: DLI) Yinnetharra Project.

Also, all going well, by ~2027 [Winsome Resources Ltd.](#)'s (ASX: WR1) Cancet and Adina Projects (potential ~50Mt resource in the making) look very promising based on drill results so far, as

does [Sayona Mining Limited](#)'s (ASX: SYA | OTCQB: SYAXF) Moblan JV which already has a Total Resource of [51.4Mt @ 1.31% Li2O](#). Both projects are in Canada.

LRC's portfolio is advancing well with 20% in production

LRC's portfolio has grown since 2018 to now include 32 royalties.

Country exposure of the LRC portfolio is South America (42%), Canada (30%), Australia (14%), USA (9%), and Europe (4%). This would be considered a safe mix of countries, noting the South America exposure is mostly Argentina and Brazil.

Portfolio value is nicely diversified with 42% of the portfolio in the others category. The largest holding by value is the Zijin Mining's Tres Quebradas Project (25%); however, the next largest is only at 11%.

LRC's royalty portfolio has good long-life assets [averaging 19 years](#).

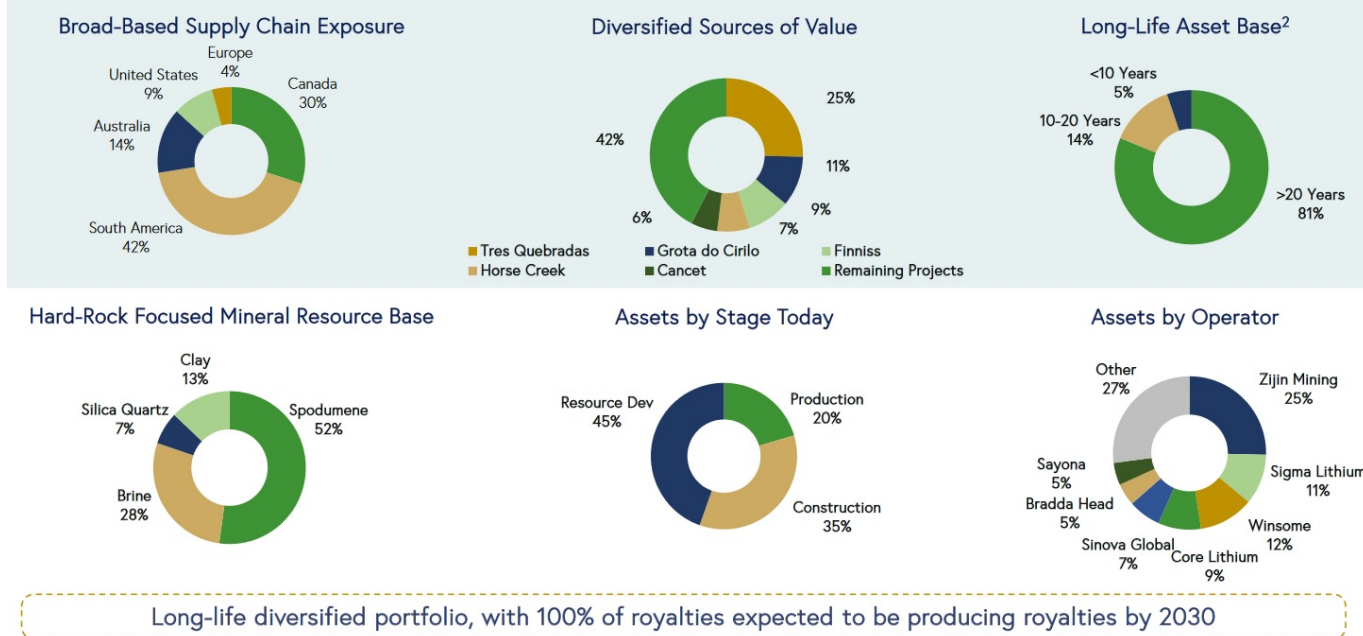
Hard rock spodumene assets dominate the portfolio at 52% which is seen as a positive considering they are usually faster and cheaper to bring into production than other lithium projects.

20% of the LRC royalty portfolio is already in production, 35% are in the construction stage, and 45% are in the development stage.

The overall quality of the portfolio looks solid with most companies standing a good chance at being producers by 2030.

A summary of LRC's royalty portfolio characteristics

Diversified Asset Base / Supply Chain Exposure in Favourable Jurisdictions¹



Source: [LRC company presentation](#)

Some advantages of royalty companies include – Diversification across a large portfolio is much lower risk than just owning a few lithium miners and exposure to the underlying commodity price (lithium) with minimal project execution risk.

LRC's Q2, 2023 financial results

LRC [announced](#) Q2, 2023 results on August 14, 2023, which included royalty revenue up 98%, gross profit up 280%, and a small loss of C\$0.02 per basic share. LRC's royalty income for Q2 was C\$838k. The announcement gives a lot more details on their royalty portfolio, including the newer acquisitions, and mentions a new credit agreement with the National Bank of Canada for C\$25 million.

Closing remarks

The lithium boom looks to be very well established and still has about 2 decades to run as the world transitions to sustainable

energy (energy storage with Li-ion batteries) and electric vehicles.

Buying a lithium royalty portfolio is a safer way to gain broad exposure to a number of companies. The main risk is that if the royalty portfolio companies don't make it to production. Valuation is not an easy task so investors may need to rely on analyst's price targets.

Lithium Royalty Corp. trades on a market cap of [C\\$688 million](#). The August 2023 company presentation stated LRC's net asset value at [C\\$1,061 million](#).

LRC looks like a good quality royalty play on lithium. The key will be lithium prices and how the underlying portfolio of companies perform. Stay tuned.