

Lithium Royalty backs Brazil mine in first investment since going public

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The mining finance company says it is investing US\$20-million in the project owned by Atlas Lithium Corp.

Mining finance company Lithium Royalty Corp. has made its first investment since going public in March, investing US\$20-million Tuesday in a Brazilian project owned by Atlas Lithium Corp. Mining finance company Lithium Royalty Corp. has made its first investment since going public in March, investing US\$20-million Tuesday in a Brazilian project owned by Atlas Lithium Corp. NASDAQ-listed Atlas is developing a hard-rock mine in southeastern Brazil's Minas Gerais state, in a region known as Lithium Valley, which is already home to producing mines.

Atlas chief executive Marc Fogassa said the \$20-million investment “represents a large infusion of capital ... and importantly it was raised in an entirely non-dilutive manner: not a single share of stock was sold.”

Atlas is one of many mining companies focused on producing lithium and other minerals – nickel, rare earths, titanium and graphite – used to produce batteries for electric vehicles. The California-based company went public in 2015 and currently has a US\$262-million market capitalization. Atlas will initially use the cash from Lithium Royalty to pay for a 10-rig drilling program that is mapping out deposits on its property in Minas Gerais.

Founded in 2018, Toronto-based Lithium Royalty has invested in 31 projects around the world, including another lithium mine in Minas Gerais that is being built by Vancouver-based Sigma Lithium Corp. Lithium Royalty initially raised approximately \$130-million from private investors and contributed an average of \$4.5-million to each project.

In March, it raised \$150-million in an initial public offering on the Toronto Stock Exchange and announced plans to increase the size and pace of its investments.

Two Lithium Royalty mines, both in Australia, are already in production. Four properties, in Argentina, Brazil and British Columbia, are under construction. The remaining projects are still in the development stage.

Royalty companies finance mining or oil and gas projects in return for a share of future revenue. The concept has proven its merits across economic cycles, creating public companies such as Franco-Nevada Corp., which was launched in 1983 and has a \$40-billion market capitalization, and the oil patch's PrairieSky Royalty Ltd., founded 10 years ago and now valued at \$5-billion.

Lithium prices have been volatile over the past year, down approximately 60 per cent since peaking in November, in part on concerns about demand from Chinese battery makers. However, analysts say the sector's long-term growth prospects are strong, owing to demand for EV batteries and renewable power storage facilities.