



Low Carbon Royalties Announces Launch of Funding Vehicle for Low-Carbon Emitting Fuels and Transition Metals Including Initial Royalty Transactions

- Low Carbon Royalties provides critical funding to low-carbon emitting energy production and technologies, transition metals and minerals required for energy storage and electrification, and the evolving environmental markets. Low Carbon Royalties is led by Brian Paes-Braga, Managing Partner of SAF Growth, the equity investment arm of SAF Group, one of Canada's largest alternative asset managers, and the Founder and CEO of Lithium X Energy Corp.
- The Metals Company, an explorer of the world's largest estimated undeveloped resource of energy transition metals (nickel, copper, cobalt, manganese) has contributed a future revenue royalty on its NORI project in consideration for a 35% strategic stake in Low Carbon Royalties and US\$5,000,000, with CEO and Chairman, Gerard Barron, joining the Board of Directors

VANCOUVER, Feb 21, 2023 — Low Carbon Royalties Inc. ("Low Carbon Royalties" or "LCR") is pleased to announce the completion of two royalty transactions and the formal launch of the company. LCR was formed to capitalize on both the market need for increased partnership and financing solutions essential to deliver sustainable and low-carbon energy solutions and the high shareholder returns of the revenue royalty business model. LCR is committed to improving the supply of the energy and minerals required to deliver global decarbonization and electrification of the energy ecosystem while supporting potential new market solutions, including the evolving environmental markets.

Launch Transactions

In its first energy transition metals royalty transaction, LCR has formed a strategic partnership with TMC the metals company Inc. (NASDAQ: TMC) ("The Metals Company" or "TMC") and acquired a 2.0% gross overriding royalty on any future revenue derived from TMC's NORI area in the Clarion Clipperton Zone of the Pacific Ocean ("NORI Royalty"). In consideration for the NORI Royalty, TMC received a 35.0% strategic equity interest in LCR and US\$5,000,000 cash. TMC will retain the right to repurchase up to 75% of the NORI Royalty at an agreed capped return, exercisable in two transactions, between the second and the tenth anniversary of the Agreement. If both repurchase transactions are executed, LCR's remaining gross overriding royalty on the NORI project revenue will be 0.5%.

The NORI Royalty has been added to the LCR portfolio that contains a 1.6% gross overriding royalty on a producing natural gas field in Latin America, providing exposure to a lower-carbon transition fuel aligned with the respective government's emissions reduction ambitions.

Gerard Barron, Chairman and CEO of The Metals Company, said: "NORI and Low Carbon Royalties are a great fit. As the world's #1 largest undeveloped nickel project, NORI can move the needle on energy transition metals both in terms of volume as well as low carbon cost of production, and the NORI Royalty can become the cornerstone asset as LCR builds its portfolio of other royalty streams in the coming years. In the short term, this strategic partnership with LCR helps us progress the development of the NORI-D project by bolstering our cash balance without issuing new equity in TMC. In the coming years, LCR has the potential to be an important additional source of capital to bring NORI-D and other TMC projects into production. This transaction also offers TMC shareholders exposure to a royalty company that I am confident under Brian's leadership will become a market leader."

Brian Paes-Braga, Chairman and CEO of Low Carbon Royalties, commented: “The world’s transition to a low-carbon future requires a generational change in our energy production and infrastructure. An unprecedented ramp-up in metal production and other low carbon energy sources is needed to enable this shift. However, relative to other parts of the value chain, global investment in mining of energy transition metals is lagging. We believe TMC’s polymetallic nodules offer a promising low-carbon alternative source of energy transition metals. We are not naïve to the potential risks of pioneering new industries such as deepsea minerals and we are closely following NORI’s ongoing assessment of environmental and social impacts of their offshore operations. We applaud companies like TMC who strive to set a new standard in the metals industry by investing heavily in data and consultation to make informed decisions inclusive of all stakeholders. Our extensive experience in building, developing and financing natural resource assets and companies allows us to consider trade-offs of resource projects thoughtfully. We think TMC’s NORI project could provide a meaningful supply of energy transition metals and we are excited to serve as a source of long-term capital to TMC’s projects.”

Highlights of Low Carbon Royalties:

- Proven high shareholder return business model with exposure to asset upside without exposure to development and operating cost increases and inflation
- Leveraged exposure to strategic low-carbon energy fuels and energy storage and electrification metals each with strong long-term demand profiles supported by stakeholder incentives driving clean energy transition
- Cash flow positive initial portfolio with upside exposure to one of the world’s largest undeveloped sources of energy storage and electrification metals
- Diversified and differentiated portfolio strategy to set apart from existing royalty competition focused on higher emitting fuels and precious metals – utilizing low emitting fossil fuel royalty cash flows today to help fund zero-carbon tomorrow
- Robust pipeline of near-term opportunities given management’s collective industry experience and networks in both the energy production and metals and mining sectors
- Experienced management team with a proven track record of creating significant shareholder equity value in high-growth, disruptive, and emerging opportunity sets
- Supported by one of Canada’s largest alternative asset managers with extensive experience and track record in resource-focused structured credit solutions, having deployed over C\$4 billion in capital in related opportunities
- Chairman and CEO, Brian Paes-Braga, is an entrepreneur, merchant banking executive and Managing Partner of SAF Growth. Brian has raised over C\$1 billion of capital for high-growth opportunities and has served as a Founder, Chairman, board member, CEO and/or major shareholder of acquired/divested or go-public transactions in excess of C\$5 billion

About Low Carbon Royalties

Low Carbon Royalties provides funding to low carbon emitting energy production and technologies (natural gas, nuclear, renewables), transition metals and minerals required for energy storage and electrification (Cu, Li, Ni, Co, Mn), and the evolving environmental

markets. The company is supported by SAF Group, one of Canada's largest alternative asset managers with extensive experience and track record in resource-focused structured credit solutions, having deployed over C\$4 billion in capital in related opportunities.

More information is available at www.lowcarbonroyalties.com

Forward Looking Statements

Certain statements in this press release constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable Canadian securities laws involving known and unknown risks, uncertainties and other factors regarding the transactions described herein and LCR's strategies, plans, intentions and expectations of future results. This may cause the actual results, performance or achievements of LCR, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements may include, but are not limited to, statements relating to future events or results and may include information regarding the proposed business, financial position, growth plans, strategies, political orientations, success of business partners, global trends, opportunities, operations, plans and objectives of LCR and information regarding our expectations of future results, performance, achievements, prospects or opportunities. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks include, but are not limited to: LCR's limited operating history; certain of LCR's royalties may be speculative, unproven and subject to material and unpredictable legal, regulatory, operational, reputational, tax and other risks in every jurisdiction; dependence on key management; inaccurate estimates of growth, including the failure of the current royalties and other projects in the proposed pipeline to be developed or perform as expected; our ability to source appropriate opportunities; volatility in prices; general economic, market and business conditions; uncertainties and ongoing market developments surrounding the regulatory framework applicable to the proposed business; actions by governmental authorities, including changes in or to government regulation; geopolitical risk; uncertainties regarding the COVID-19 pandemic; foreign operations and political risks; risks arising from competition; due diligence risks; global financial conditions; dependence on project developers, operators and owners; change in social or political views towards climate change and subsequent changes in corporate or government policies or regulations; potential conflicts of interest; unforeseen title defects; and the risk that assumptions and/or parameters used to produce forecasts, models and/or projections should prove to be inaccurate. Should one or more of these risks or uncertainties materialize, they could cause our actual results to differ materially from the forward-looking statements. The forward-looking statements contained in this press release are based on our current opinions, expectations and beliefs concerning future developments and their potential effects on us taking into account information currently available to us and speak only as of the date of this press release. We are not undertaking any obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. You should not take any statement regarding past trends or activities as a representation that the trends or activities will continue in the future. Accordingly, you should not put undue reliance on these statements.