



# Corporate Presentation

April 2024

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All figures are in USD unless otherwise indicated.



# 1 | Investment Highlights

# THE CHALLENGE



Global energy demand and consumption will continue to increase



Imperative to supply energy demand from increasingly clean and low carbon sources



Low carbon energy sources require a significant increase in transition metals



Significant capital and accelerated timelines are required to meet this challenge

# THE INVESTMENT OPPORTUNITY

## Mission

Become the trusted financing partner of all stakeholders involved in the global energy transition.

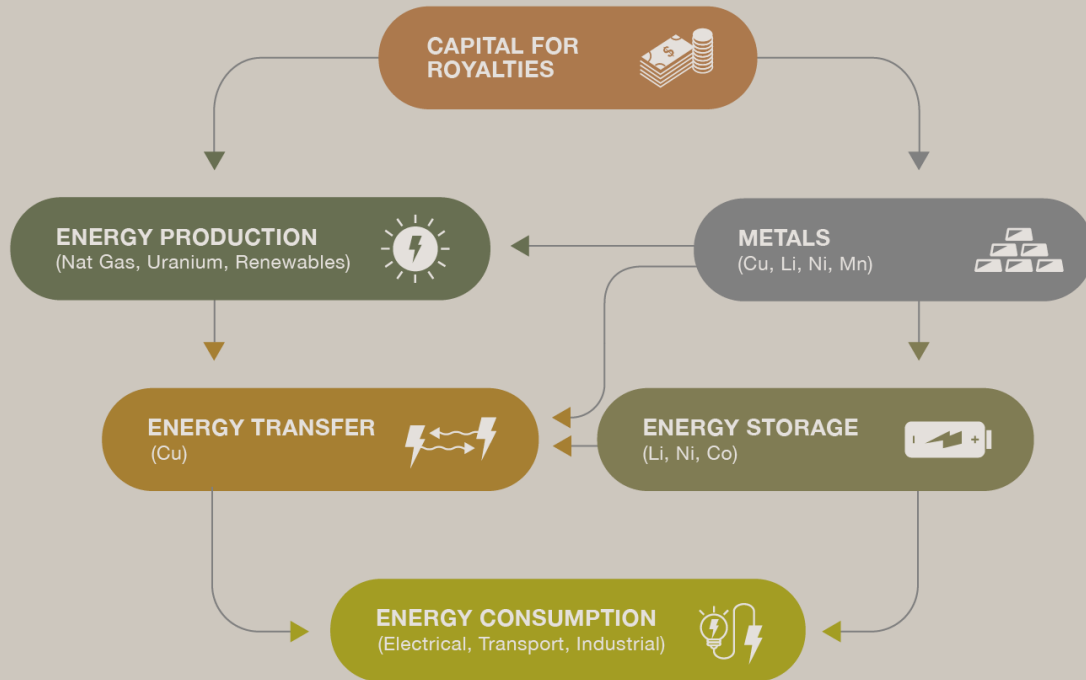
## Vision

Drive stable, risk-adjusted returns for investors through financing a diversified portfolio of energy production and transition metals projects required to achieve the lower carbon emitting energy supply and infrastructure goals set by governments and global stakeholders.

## Investment Model

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.

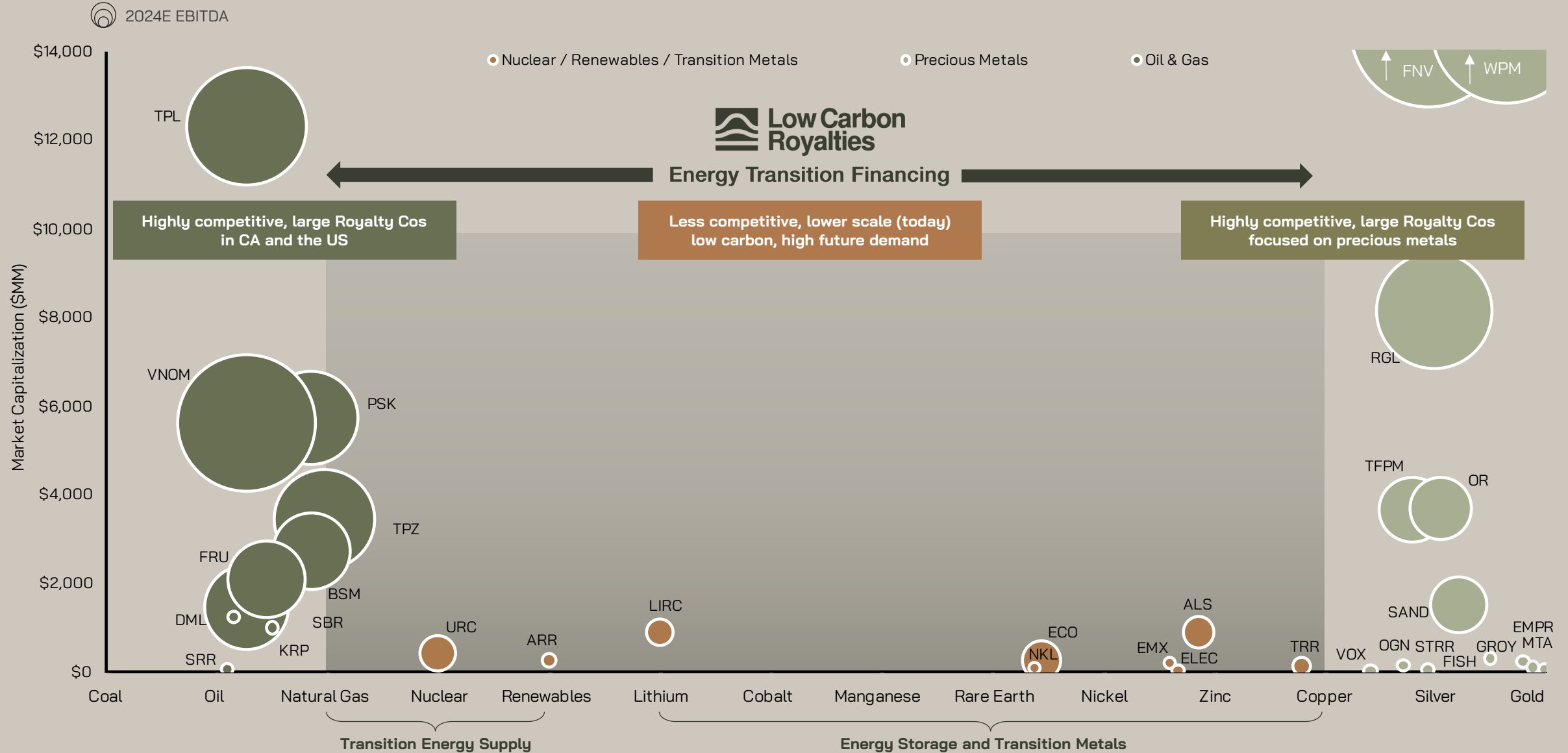
# THE LCR ROYALTY MODEL



|  | Low Carbon Royalties | Commodity Royalty Cos | Physical Commodity ETF | Commodity Producers |
|--|----------------------|-----------------------|------------------------|---------------------|
| Inflation-resistant commodity leverage               | ✓                    | ✓                     | ✓                      | ✓                   |
| Exploration upside                                   | ✓                    | ✓                     |                        | ✓                   |
| No capital cost exposure                             | ✓                    | ✓                     | ✓                      |                     |
| No operating cost exposure                           | ✓                    | ✓                     | ✓                      |                     |
| Low overhead and G&A costs                           | ✓                    | ✓                     | ✓                      |                     |
| Seniority in the capital structure                   | ✓                    | ✓                     |                        |                     |
| Asset diversification                                | ✓                    | ✓                     | ✓                      |                     |
| Commodity diversification / broad investment mandate | ✓                    |                       |                        |                     |
| Syndicated royalty strategy                          | ✓                    |                       |                        |                     |
| <b>Clean energy and transition metals thematic</b>   | ✓                    |                       |                        |                     |

Average Commodity Royalty Company cash flow multiple premium of 5 - 10x and average NAV multiple premium of 0.5 - 1.5x versus Commodity Producers

# THE MARKET OPPORTUNITY



Source: Bloomberg  
 Note: Market cap and consensus EBITDA estimates December 2023

## THE LAST TWELVE MONTHS

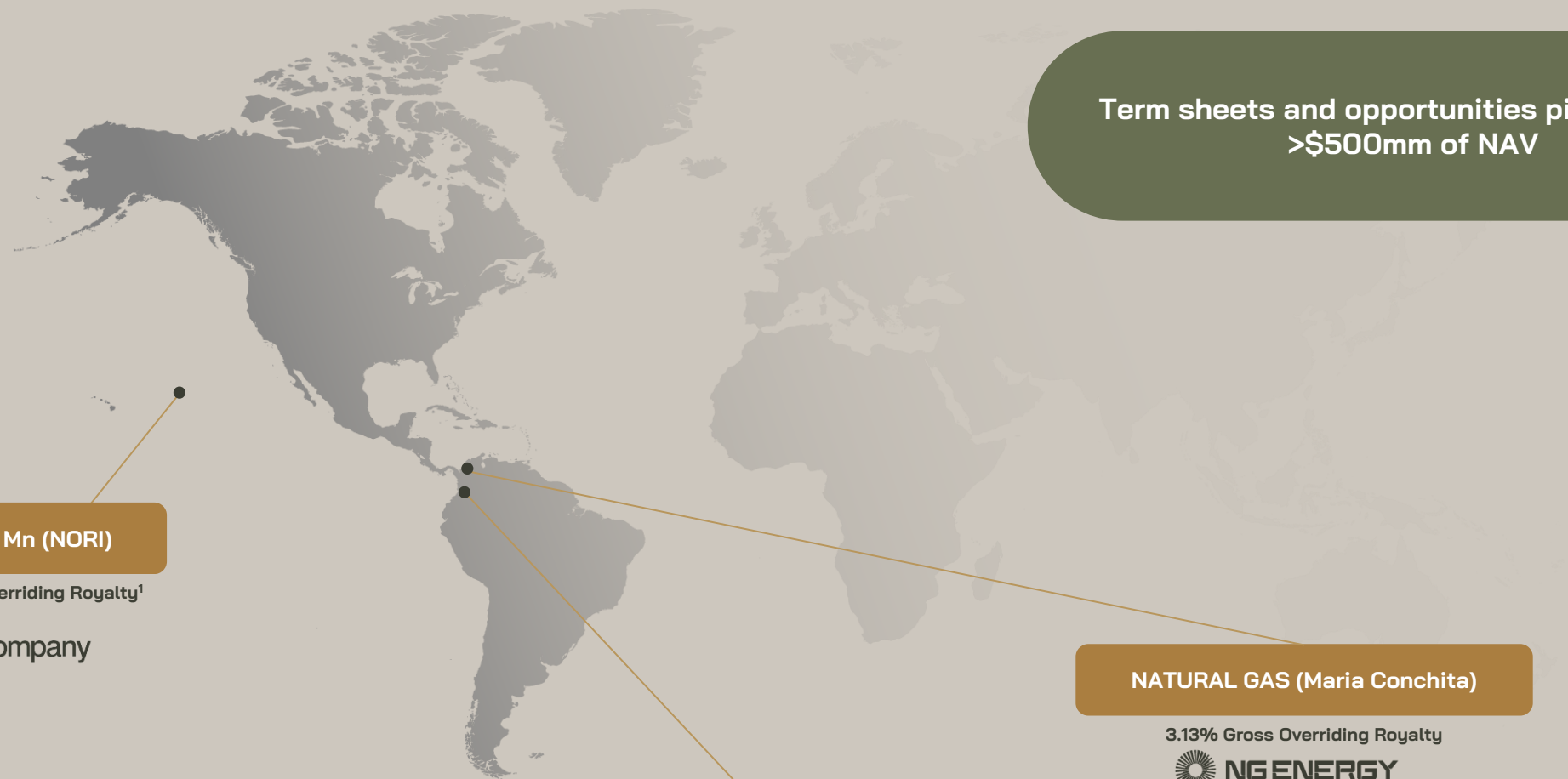
- ✓ Completed initial capital raise and platform asset acquisitions - NORI and Maria Conchita with combined purchase value of \$21.0MM
- ✓ Completed two follow-on acquisitions - Maria Conchita and Sinu-9 with combined purchase value of \$5.3MM
- ✓ Executed definitive documentation on a silica sand project in North America with royalty funding to occur in H1 2024
- ✓ Executed first transaction within a syndicated royalty strategy
- ✓ Executed term sheets for precious metal stream opportunity with expectation to fund in H1 2024
- ✓ Reviewed >50 royalty opportunities (1/3 within transition fuels and 2/3 within transition metals)

Delivering positive free cash flow in 2024 with rapidly growing NAV base and optionality



# CURRENT PORTFOLIO & ADVANCED PIPELINE

Term sheets and opportunities pipeline with >\$500mm of NAV



Ni, Cu, Co, Mn (NORI)

2.00% Gross Overriding Royalty<sup>1</sup>



NATURAL GAS (Maria Conchita)

3.13% Gross Overriding Royalty



NATURAL GAS (SINU-9)

1.44% Gross Overriding Royalty



1. TMC retains an aggregate 1.5% buyback option

# THE INVESTMENT HIGHLIGHTS

1

**Proven high shareholder return business model** delivering exposure to commodity and asset upside without exposure to development and operating cost increases and inflation

3

**Cash flow positive initial portfolio** with upside exposure to one of the world's largest undeveloped sources of energy storage and electrification metals

5

**Robust pipeline of near-term opportunities** given management's collective industry experience and networks in both the energy production and metals and mining sectors

7

**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

2

**Leveraged exposure to strategic low carbon energy sources, energy storage and electrification metals**, each with strong long-term demand profiles supported by stakeholder incentives driving clean energy transition

4

**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 fund transition metals tomorrow

6

Chairman and CEO, Brian Paes-Braga, 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

**Driving a Low Carbon Global Economy is at the core of our investment process**

**financing the development of natural resources that are pivotal to emissions reduction while providing positive socio-economic impact**

## 2 | The Team

# THE TEAM



**Brian Paes-Braga**

Canadian-born entrepreneur, merchant banking executive, and author. Currently, he serves as Managing Partner at SAF Group, a leading structured credit and merchant banking group which builds, invests, finances, and advises high-growth companies as well as provides flexible and long-term capital solutions to public and private corporations while providing stable returns for investors through its structured credit arm.

As an Executive, Brian was Founder and CEO of Lithium X Energy Corp., a lithium resource company which, within 2.5 years, raised approximately \$53 million and was acquired in an all-cash deal for \$265 million. Brian was formerly Chair of the Board of Directors of Thunderbird Entertainment, a global multi-platform entertainment company creating award-winning programming for the world's leading digital platforms, and a former board member of DeepGreen Metals (now The Metals Company), which closed a >\$2 billion go-public transaction on the NASDAQ in September 2021 and aims to supply the world with ethical, clean metals harvested from the deep ocean floor.



**Kyle Hickey**

Managing Director of SAF Group responsible for deal origination, structuring, and execution, as well as ongoing portfolio and risk management for all Metals, Mining, and Critical Minerals investments. He is also an advisor to and corporate director of multiple public and private companies.

Kyle has been a professional advisor to boards of directors, executive management teams, and private and public capital on a wide range of capital structure solutions including equity, debt, and hybrid financial instruments, as well as merger and acquisition transactions. He has extensive experience in Metals, Mining, and Critical Minerals and Diversified Industrials in Canada, the US, and EMEA, with prior investment banking positions at BMO and J.P. Morgan. Kyle holds a B.Com. (Finance) from McGill University and a M.A. (Jurisprudence) from the University of Oxford.



**Don Sewell**

Private and public company finance executive, former energy investment banker. Currently, he is responsible for energy transition and carbon investments at SAF Group.

Prior to SAF Group, Don became one of the youngest Chief Financial Officers on the Toronto Stock Exchange at age 28 when he transitioned from the energy industry into consumer-packaged goods with Big Rock Brewery Inc. (TSX: BR). During his tenure with Big Rock, he executed a full turnaround of the business, including 3x expansion of EBITDA margins while maintaining revenue and de-levering the balance sheet over his first 2 years and managing through difficult market conditions presented by the pandemic there-forward. Previous to Big Rock, Don held various investment banking positions in the energy groups of National Bank Financial Inc. and Peters & Co. Limited in Calgary, Alberta. Don holds a BSc degree from McGill University and is a CFA charterholder.



**Jon Christian Evensen**

Jon Christian "JC" Evensen is the President of Eucalyptus Resources and has over a decade of experience in investment banking and investment management focused on natural resources. He previously served as member of the Board of Directors for Patriot Battery Metals and is currently a Member of the Advisory Board for Pallas Resources. While at Luminus Management, he built the metals & mining vertical to invest over \$1 billion across the capital structure along with physical commodities and commodity futures. In addition to his time at Luminus, JC has also worked at Millennium and in Morgan Stanley's investment banking division.

JC holds a BA in Economics and Political Science from Amherst College.



>\$4.0 Billion of Capital Deployed   >50 Transactions Completed to Date   9 Investment Strategies & Funds   35 Investment & Operational Professionals

## SAF ALTERNATIVE CREDIT

### Direct Lending

SAF provides senior secured, uni-tranche and subordinated credits to middle and lower-middle market companies located primarily in North America

### Infrastructure Credit

SAF invests in critical infrastructure to support the development of a range of natural resources required for energy transition, ensuring current and future global energy needs continue to be met

### Special Situations

SAF provides creative and opportunistic credits through the navigation of complex capital & collateral structures, short timelines and/or discrete financing needs

## SAF GROWTH

### Partner Capital

Utilizing SAF's partner capital, SAF works with and invests in creative capital solutions to accelerate growth and improve operations for high-growth companies via equity, debt and/or hybrid structures



**\$1.1B**

**2014-2018**

Asset / Infrastructure Energy

**\$2.9B**

**2019-2023**

Senior Credit  
2<sup>nd</sup> Lien Credit  
Asset / Infrastructure  
Hybrid Securities  
Energy  
Life Sciences  
Real Estate  
Mining  
Agriculture  
Utilities

**>\$1.5B**

**Pipeline**

Senior Credit  
2<sup>nd</sup> Lien Credit  
Asset / Infrastructure  
Hybrid Securities  
Energy  
Energy Transition  
Life Sciences  
Real Estate  
Mining  
Agriculture  
Utilities



**1,640% ROI**

Founded Q4-15  
Sold Q1-18

Seed round done at C\$0.15 in Nov-15, raised C\$53MM over the subsequent 2.5 years at escalating prices and sold the Company for C\$2.61/share (C\$265MM)



**280% ROI**

Restructured Q4-19  
Sold Q2-21

Secured \$20MM to complete purchase of property, rolled cap structure back 8-1, strengthened management team and subsequently sold for C\$315MM



**230% ROI**

Chairman Q3-19  
Resigned Q4-21

Bought significant interest, appointed Chairman, co-led capital markets strategy – market cap growth of C\$168MM over 2-year tenure



**950% ROI**

Founded 2017  
4<sup>th</sup> Financing Q4-17

Seed round done at C\$0.30, went public, subsequently raised C\$179.5m over the proceeding 9 weeks at C\$1.50, C\$2.80 and C\$3.15 reaching market cap ~C\$1B



**3,140% ROI**

Joined Board 2016  
Resigned on IPO Q3-21

Seed round at \$0.37, joined board and helped build the Company until go-public SPAC transaction at \$12.00/share equivalent (\$2.8B valuation)

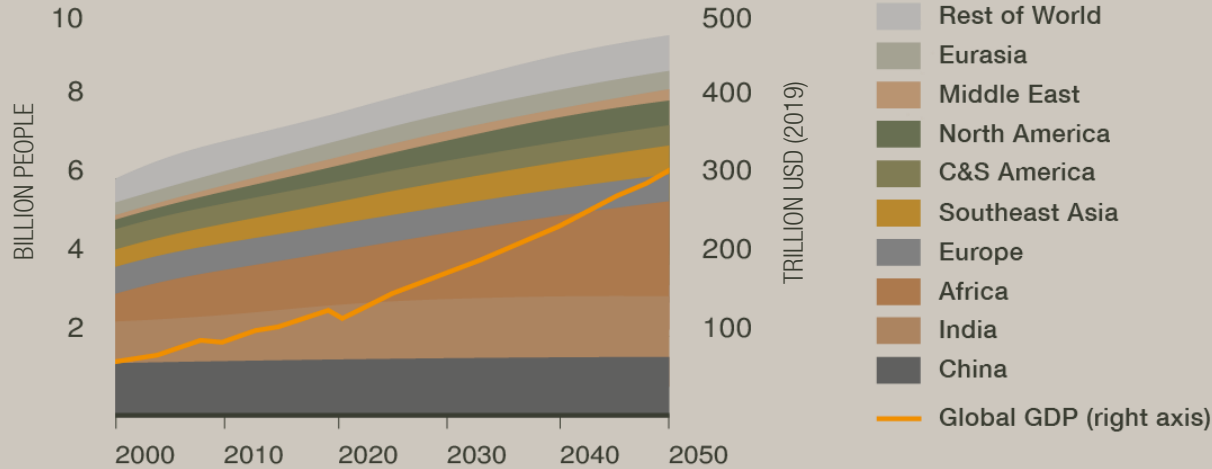


# 3 | The Macro Drivers

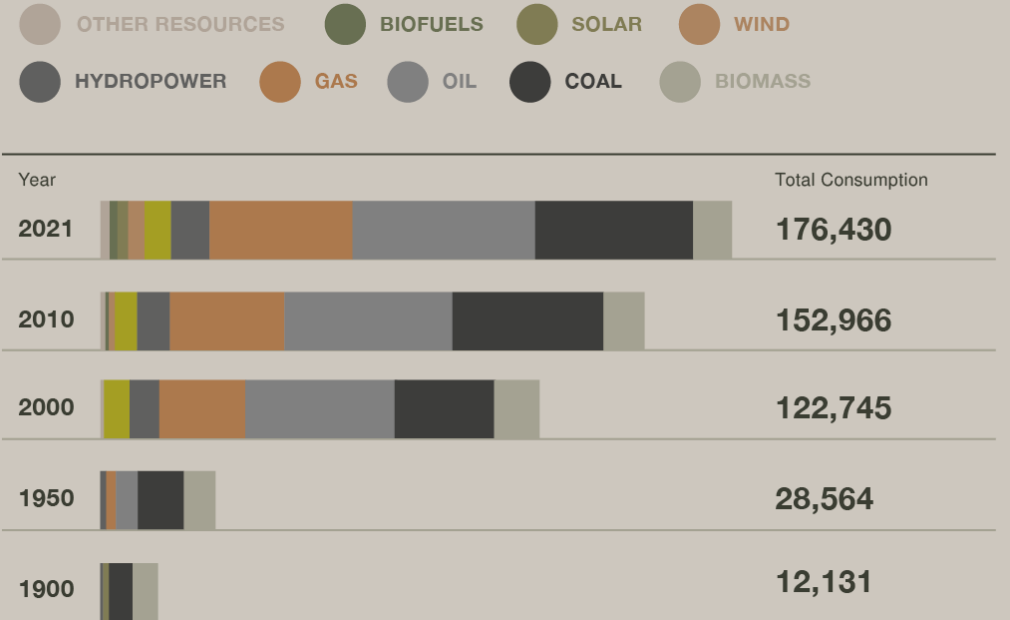
# THE CONTINUED GROWTH OF GLOBAL ENERGY CONSUMPTION

## Projected Population & Global GDP Growth<sup>1</sup>

World population by region and global GDP



## Global Primary Energy Consumption by Source<sup>2</sup>



GDP per capita and increased energy consumption are positively correlated and growing

The drastic change in sources of energy consumption over the last century will continue to service a low carbon economy

# THE LOW CARBON ENERGY SUPPLY

## NATURAL GAS

Versatile, low emissions transition fuel that can act as base load or marginal supply - key to maintaining stable and reliable energy infrastructure

Power generation from gas has 40-50% less emissions intensity than coal<sup>1</sup>

## NUCLEAR ENERGY

Unique combination of high energy density, low emissions, and proven technology make nuclear an important part of our future energy mix

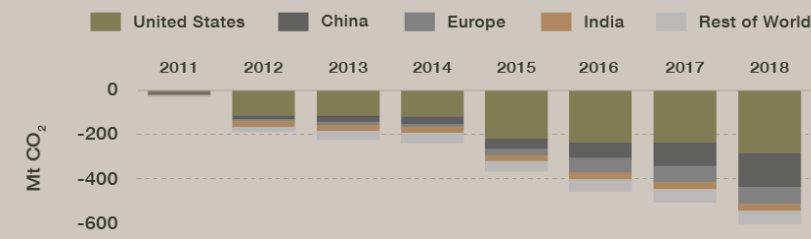
Uranium provides 20,000x times the energy per kilogram of coal<sup>2</sup>

## RENEWABLE ENERGY

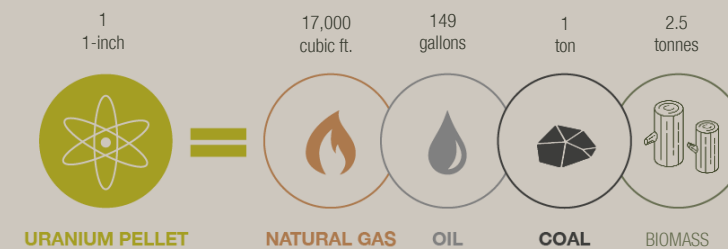
A wide range of technologies trying to support the green energy transition, all requiring vast quantities of transition metals to support deployment

The world is set to add as much renewable power in the next 5 years as it did in the past 20 years<sup>4</sup>

Emissions Saved Through Coal to Gas Switching<sup>1</sup>



The Power of a Uranium Pellet<sup>3</sup>



Growth of Installed Capacity (GWh)<sup>2,4</sup>



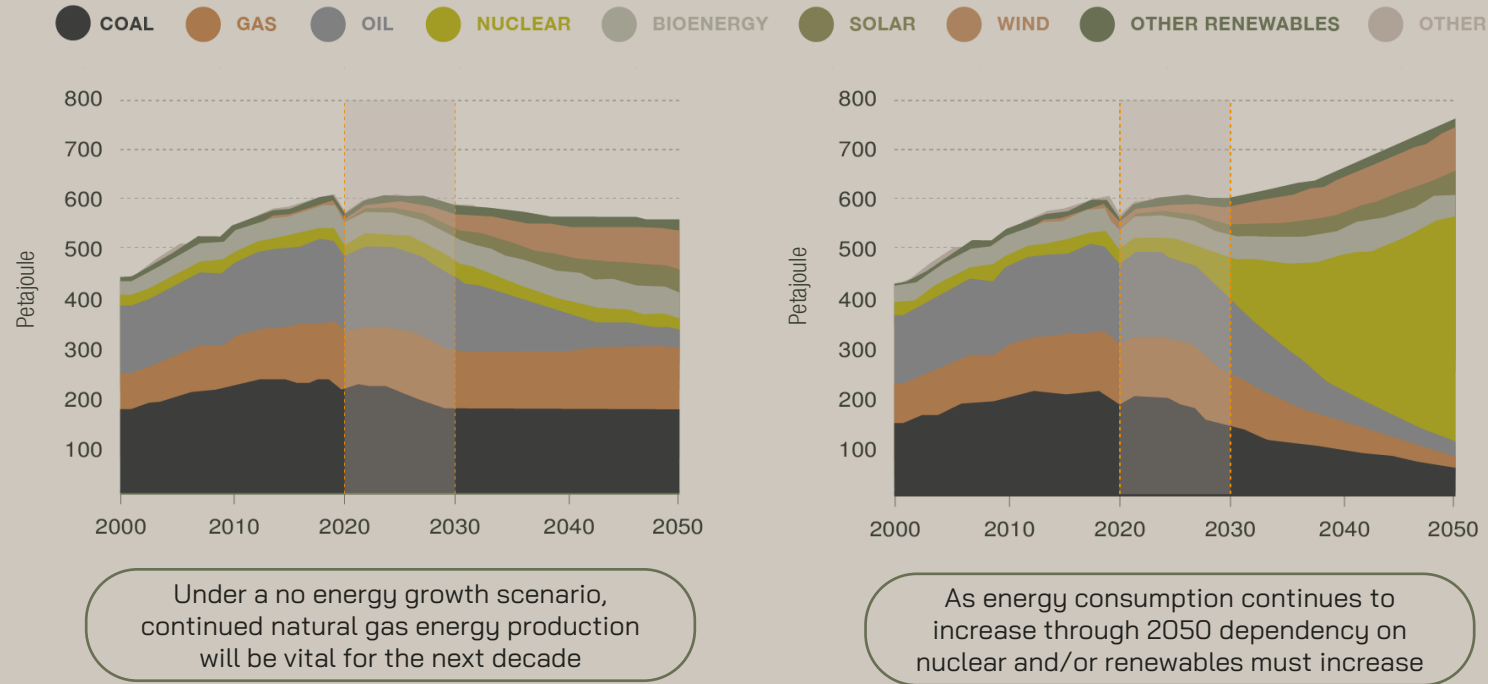
Low carbon energy sources, such as nuclear and natural gas, have a current and increasingly vital role in providing low carbon baseload energy

The transition continues to the transition metal dependent renewables (supported by government incentives/policy)



# INCREASING ENERGY PROJECTIONS TO BE SUPPLIED BY LOW CARBON ENERGIES

## Primary Energy Scenarios to Reach Net-Zero Energy Estimates by 2050



BloombergNEF

”

You will be producing more oil in five years from now, or about the same amount. And if you spent trillions of dollars [on renewables], you'd still be needing it. You can't change the world that fast.

Warren Buffett

Chairman of Berkshire Hathaway

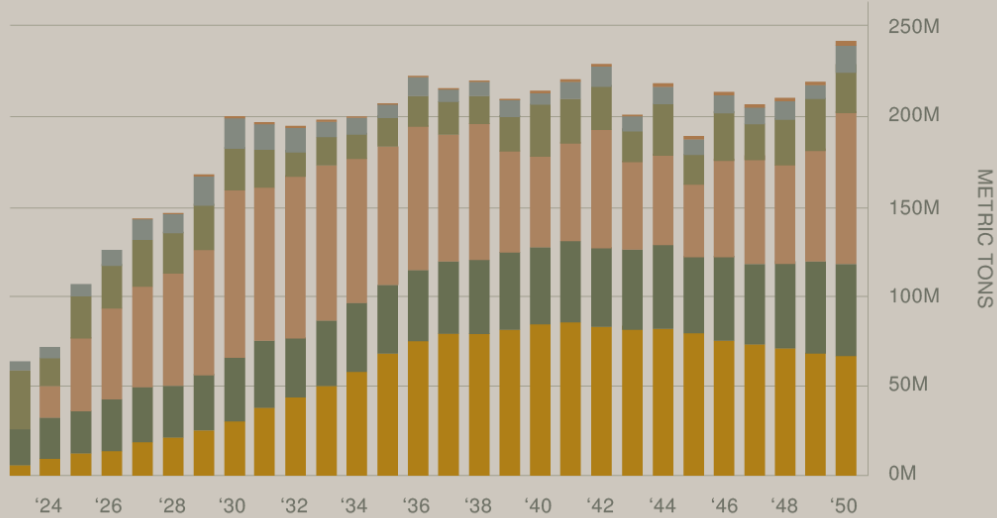
Source: BloombergNEF New Energy Outlook 2021 - <math>2^{\circ}</math> Scenario

# THE SIGNIFICANT REQUIREMENT FOR TRANSITION METALS

## Demand for Energy Transition Metals Rises

Driven by wind turbine additions and electrification of transport

TRANSPORT  
 ELECTRICITY GRIDS  
 WIND POWER  
 SOLAR POWER  
COAL-AND-GAS FIRED POWER  
ENERGY STORAGE

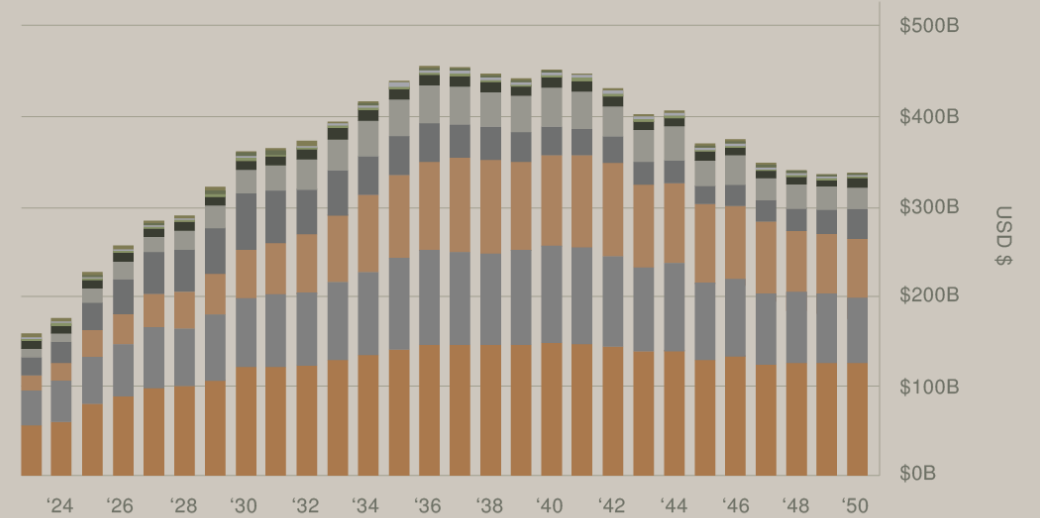


BloombergNEF

## Multi-Trillion Dollar Net-Zero Opportunity

Almost \$10T of metals could be needed by 2050 for the energy transition

COPPER  
ALLUMINUM  
LITHIUM  
STEEL  
NICKEL  
COBALT  
RARE EARTHS  
SILVER  
SILICON  
MANGANESE



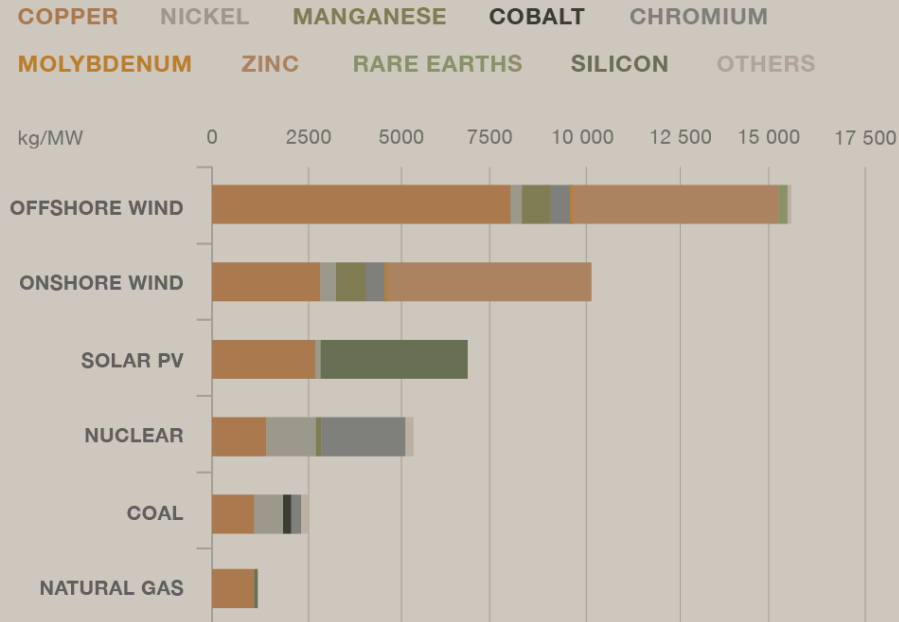
BloombergNEF

The rapid deployment of low carbon energy technologies requires a significant increase in supply of transition metals and minerals

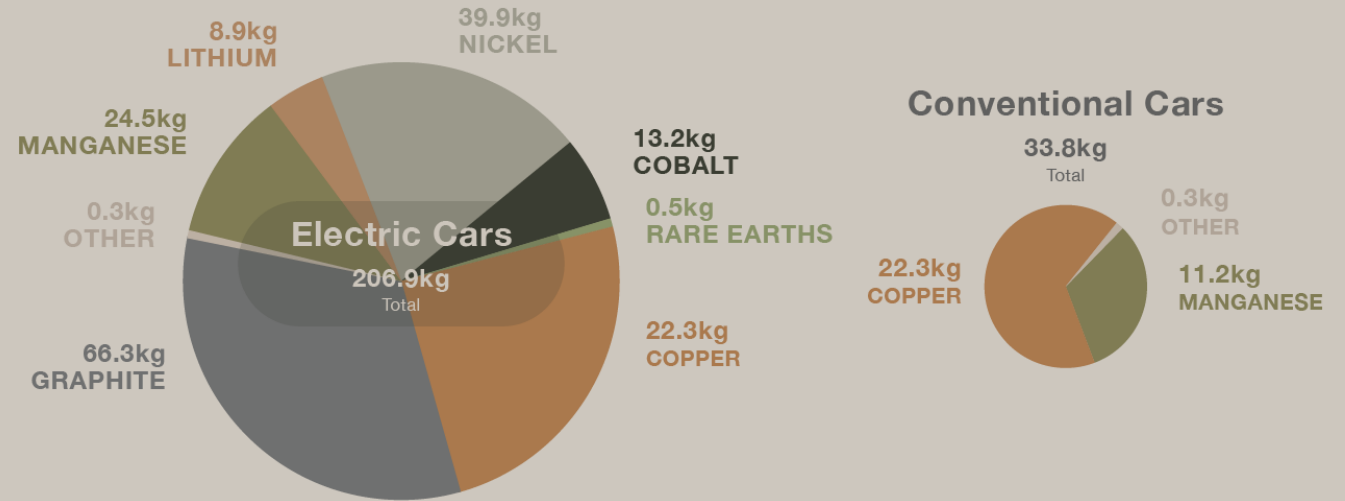
Source: BloombergNEF Transition Metals Become \$10 Trillion Opportunity as Demand Rises and Supply Continues to Lag, January, 2023

# LOW CARBON ENERGY DEMAND FOR TRANSITION METALS

## Renewable Energy Requires More Transition Metals<sup>1</sup>



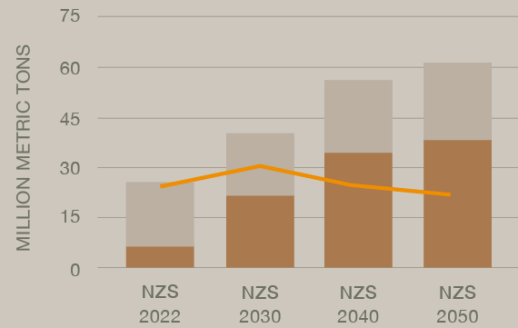
## Electric Vehicles Require More Transition Metals<sup>2</sup>



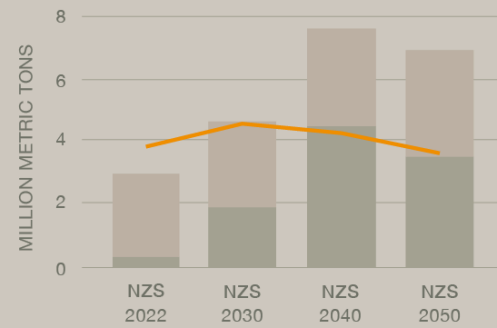
Renewable energy and electrification requires significantly more transition metals and minerals versus traditional energy and consumption sources

# THE SUPPLY/DEMAND IMBALANCE FOR TRANSITION METALS & MINERALS

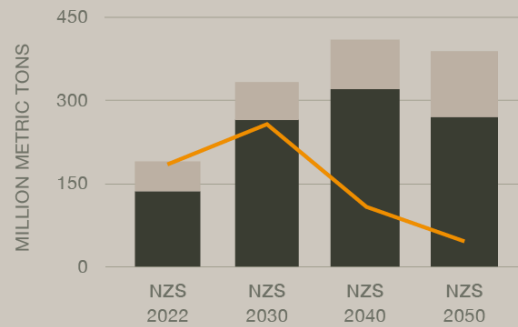
**Copper** Supply & Demand Outlook



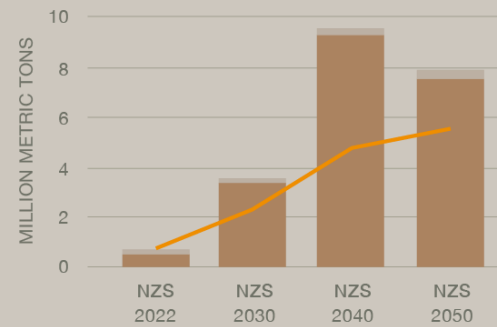
**Nickel** Supply & Demand Outlook



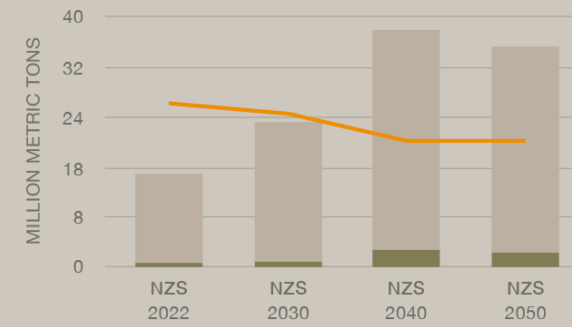
**Cobalt** Supply & Demand Outlook



**Lithium** Supply & Demand Outlook



**Manganese** Supply & Demand Outlook



19 million tonnes of additional copper needs to be delivered for net-zero 2050, implying a new Escondida [the world's largest copper mine with 1Mt annual production] must be discovered and enter production every year for the next 20 years

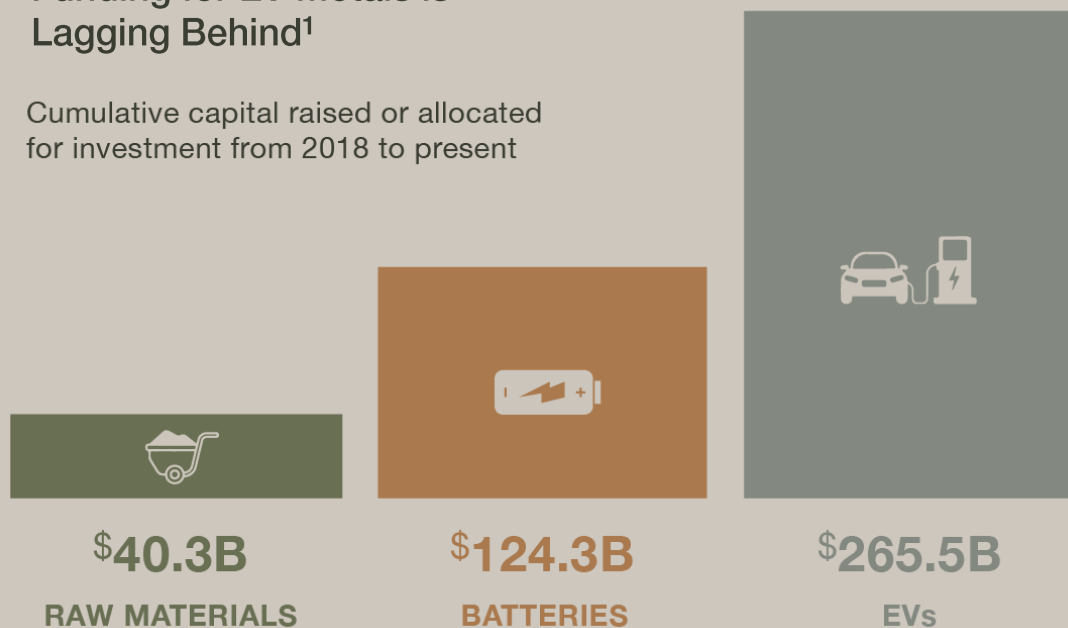
Wood Mackenzie

Source: BloombergNEF Transition Metals Outlook 2023, January, 2023; NZS - Net Zero Scenario describes an economics-led evolution of the energy economy to achieve net-zero emissions in 2050

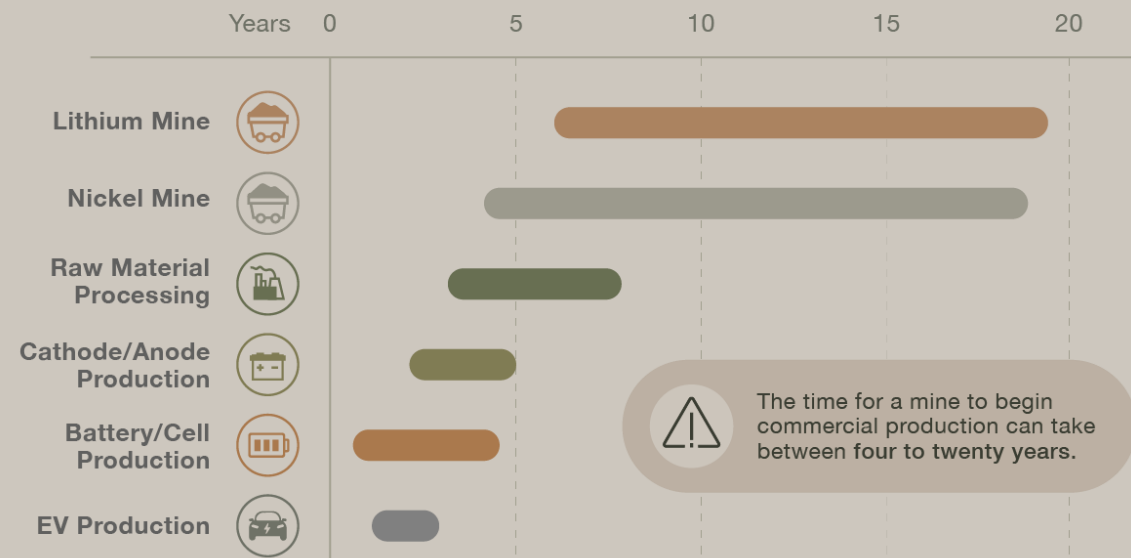
# THE RELATIVE UNDERINVESTMENT 'UPSTREAM'

## Funding for EV Metals is Lagging Behind<sup>1</sup>

Cumulative capital raised or allocated for investment from 2018 to present



## Typical Lead Times in the EV Battery Supply Chain<sup>2</sup>



It takes 2 years to build a gigafactory but 10 years to build a mine.

Simon Moores

Both need capital but the upstream supply chain is now out of kilter with the downstream. The biggest problem right now is that it's a lot easier to raise money for a gigafactory than a mine.

CEO, Benchmark Minerals Intelligence



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