



Electric Royalties Renegotiates MTM Royalty Acquisition and Financing Package

VANCOUVER, BC, May 26, 2021 /CNW/ - **Electric Royalties Ltd.** (TSXV: ELEC) ("**Electric Royalties**" or the "**Company**") is pleased to announce that it has restructured the acquisition of the Globex portfolio of royalties ("Globex Portfolio") (see Company news release dated March 10, 2021), and has revised the associated non-binding letter of intent ("LOI") with Sprott Resource Streaming and Royalty Corp. ("Sprott Streaming") (see Company news release dated April 15, 2021), to provide better value for shareholders.

Globex Portfolio

The Middle Tennessee Mine Royalty ("MTM Royalty") is a sliding-scale, gross metal royalty (described below) on zinc production at the operating Middle Tennessee Mine ("MTM"), located in Smith County, Tennessee, United States, and operated by a subsidiary of Trafigura Group ("Trafigura"). As part of the proposed transaction, the Company is also acquiring a 1% Gross Revenue Royalty ("GRR") on the Glassville Manganese Project ("Glassville Royalty"), which is located in close proximity to the Battery Hill project in New Brunswick, Canada on which the Company holds an existing royalty.

Globex Portfolio Acquisition Revised Terms

- C\$13.75 million cash, of which the Company has already paid C\$250,000 as an initial down payment.
- 9.0 million common shares of Electric Royalties.
- 5.5 million common share purchase warrants of Electric Royalties with an exercise price of \$0.60 per warrant exercisable to acquire one common share for a period of 4 years;
 - Acceleration of warrant exercise period:
 - In the event the Company's share price is above \$1.00 per share after year 2, 50% of the warrants expire within 30 days of such date; and
 - In the event the Company's share price is above \$1.50 per share after year 3, all warrants expire within 30 days of such date.

Sprott Streaming Revised LOI Terms

- Under the revised terms, Sprott Streaming would acquire 75% of the MTM Royalty by paying C\$13.5 million in cash with Electric Royalties retaining 25% of the MTM Royalty.
- Electric Royalties will be granted an option to acquire an additional 25% of the MTM Royalty from Sprott Streaming at the end of year 1 by paying C\$4.95 million, minus the cash royalty payments received by a 25% royalty owner, up to C\$150,000, or at the end of year 2 for C\$5.45 million, minus the cash royalty payments received by a 25% royalty owner, up to C\$300,000.
- Revised co-investment structure represents 100% of the remaining MTM Royalty acquisition cash consideration.
- Establishes a relationship with the Sprott Group of Companies, a globally recognized financial partner in the resources industry.

MTM Royalty

The MTM Royalty is a sliding scale gross metals royalty, with no royalty payable if the zinc price is below US\$0.90 per pound, 1.0% between US\$0.90 and US\$1.10 and 1.4% at zinc prices above US\$1.10 per pound. The Mid Tennessee Zinc Mines have been in intermittent operation for over 50 years and have produced over 2.7 billion pounds of zinc (<https://www.northernminer.com/news/sra-revives-mid-tennessee-zinccomplex/1000220368/>). Three underground mines make up the complex including Gordonsville, Elmwood and Cumberland. The Mid Tennessee Zinc Mines is an operation with significant resource potential. The mine complex is owned by Trafigura and operated by Nyrstar, their integrated mining business unit that includes the nearby Clarksville, Tennessee smelter complex.

Brendan Yurik, CEO of Electric Royalties, stated "We are excited to enter into these revised agreements with our partners at Globex and Sprott, as this reduces the cash component payable by the Company to zero and reduces the overall dilution of the transaction to Electric Royalties. Combined, these agreements provide a path forward to closing the acquisition without the need to raise additional capital."

The Globex Portfolio transaction remains subject to completion of due diligence, financing and other customary closing conditions.

Financing Update

Given the restructured agreements, the Company no longer needs to complete a \$10 million minimum equity financing in order to complete the Globex Portfolio acquisition (see Electric Royalties' news release dated May 10, 2021). In that light, the Company may complete a smaller equity financing than previously planned while exploring other less dilutive financing options in parallel to fund future acquisitions.

About Electric Royalties Ltd.

Electric Royalties is a royalty company established to take advantage of the demand for a wide range of commodities (lithium, vanadium, manganese, tin, graphite, cobalt, nickel, zinc & copper) that will benefit from the drive toward electrification of a variety of consumer products: cars, rechargeable batteries, large scale energy storage, renewable energy generation and other applications.

Electric vehicle sales, battery production capacity and renewable energy generation are slated to increase significantly over the next several years and with it, the demand for these targeted commodities. This creates a unique opportunity to invest in and acquire royalties over the mines and projects that will supply the materials needed to feed the electric revolution.

Electric Royalties has a portfolio of 12 royalties with 4 additional royalties currently under contract, subject to completion. Electric Royalties plans to focus predominantly on acquiring royalties on advanced stage and operating projects to build a diversified portfolio located in jurisdictions with low geopolitical risk.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Cautionary Statements Regarding Forward-Looking Information and Other Company Information

This news release includes forward-looking information and forward-looking statements (collectively, "forward-looking information") with respect to the Company and these other companies and within the meaning of Canadian securities laws. Forward looking information is typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and

similar expressions, or are those, which, by their nature, refer to future events. This information represents predictions and actual events or results may differ materially. Forward-looking information may relate to the Company's future outlook and anticipated events or results or those of these other companies and may include statements regarding the Company's financial results, future financial position, expected growth of cash flows, business strategy, budgets, projected costs, projected capital expenditures, taxes, plans, objectives, industry trends and growth opportunities or those of these other companies.

While management considers these assumptions to be reasonable, based on information available, they may prove to be incorrect. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or these other companies to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to risks associated with general economic conditions; adverse industry events; marketing costs; loss of markets; future legislative and regulatory developments involving the renewable energy industry; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; the mining industry generally, the Covid-19 pandemic, recent market volatility, income tax and regulatory matters; the ability of the Company or any of these other companies to implement its business strategies including expansion plans; competition; currency and interest rate fluctuations, and the other risks.

The reader is referred to the Company's most recent filings on SEDAR and those of these other companies, or equivalent public filings for a more complete discussion of all applicable risk factors and their potential effects, copies of which may be accessed through the Company's profile page at www.sedar.com.

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