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| Reports

Trident Royalties

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Trident Royalties Plc is a growth-focused diversified mining royalty & streaming company listed on the AIM market of the London Stock Exchange.



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Ticker

39p

Share Price
as of 19th November

£70.5m

Market Cap
as of 19th November

+22%

52-Week Return
as of 19th November

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What is a mining royalty?

A mining royalty provides the purchaser with a share of future revenue or production of a mine.

There are several royalty structures Trident operates that entitle them to payments over the life of a mine. Royalties can encompass features including fixed payments and sliding scale payments but generally earn a percentage of turnover from a mines' production.

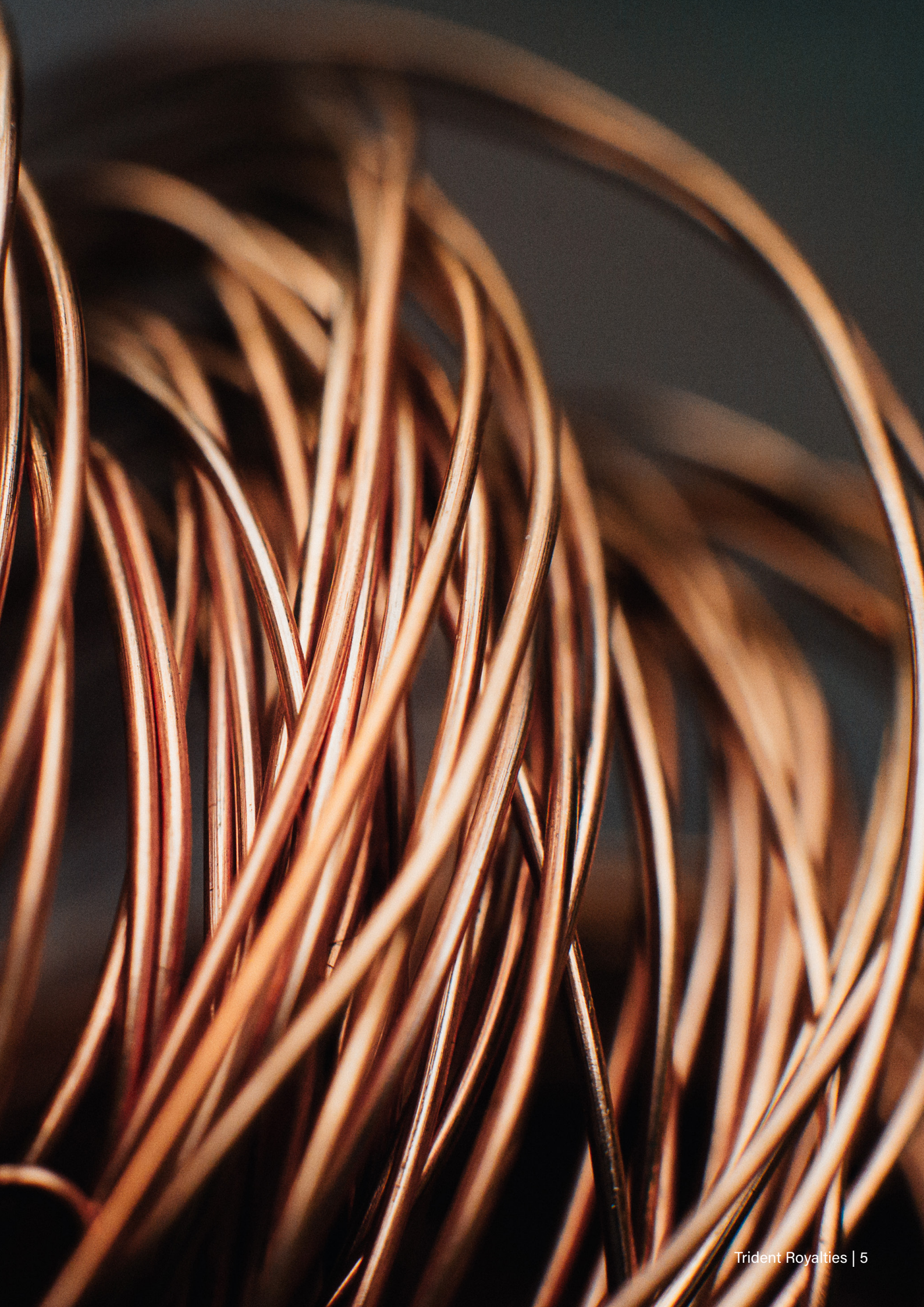
These mining royalties allow Trident to benefit from upside in metal prices by receiving royalties in return for investment in mining projects operated by an independent mining company.

In addition to upside in metal prices, mining royalties provide life-of-mine revenue upside in the form of increased reserves generated by exploration activity, and the possibility of revenue being earned quicker than previously expected, if production increases, at no cost to Trident.

Trident Royalties Assets



Asset	Operator	Location	Commodity	Status
Koolyanobbing Iron Ore	Mineral Resources	Australia	Iron ore	Production
Mimbula Copper	Moxico Resources	Zambia	Copper	Production
Thacker Pass Lithium	Lithium Americas Corp	USA	Lithium	Advanced
Lincoln Gold Mine	Seduli Holdings	USA	Gold	Advanced
Spring Hill Gold	PC Gold Pty Ltd	Australia	Gold	Advanced
Lake Rebecca Gold	Apollo Consolidated	Australia	Gold	Advanced
Pukaqaqa Copper	Nexa Resources	Peru	Copper, Molybdenum	Advanced
Warrawoona Gold Royalty	Calidus Resouces	Australia	Gold	Advanced
Talga Talga	Novo Resources	Australia	Gold	Exploration
Bullfinch	Torque Metals	Australia	Gold	Exploration
Mosquito Creek	Nimble Resources	Australia	Gold	Exploration



Koolyanobbing Iron Ore

The Koolyanobbing project is situated in Western Australia and is operated by Mineral Resources, a large mining company listed on the Australian Stock Exchange.

Trident owns a 1.5% free on board (FOB) royalty on the project which produces at a rate of 12-12.7 Mtpa (million tonnes per annum) as of December 2020.

The royalty generated over A\$2.4m in revenue in 2020 and was acquired for A\$6.65m, with the second quarter revenue increasing 67% from the first quarter as iron ore prices rose alongside further increases in mine production.

There are plans to increase the production rate at the mine to 13 Mtpa, representing a great example of how Trident's revenue can grow in line with a mine, without additional expenditure on the part of Trident.

Lake Rebecca Gold Project

In addition to royalties such as Koolyanobbing which are already providing Trident with revenue, there are a number of projects in the exploration and development phase that will commence revenue generation in the future.

An example of this is the Lake Rebecca Gold Project in Western Australia. The project is operated by Apollo Consolidated and Trident owns a 1.5% Net Smelter Royalty over the entire +1 million ounce deposit.

The royalty was acquired in October 2020 for a total consideration of A\$8 million satisfied by \$A7 million in cash and the issue of \$A1 million shares in Trident Royalties at a price of 29.39p.

Despite the royalty not yet providing revenue, Trident believes such acquisitions are essential for delivering shareholder value over the long term as it expects first gold production in 2023.

There aren't any revenue estimates attached to the royalty, most probably because forecasts will be subject to gold price fluctuations, but the company has given production guidance of 90-100koz/year.

Mimbula Copper Mine

Trident's 1.25% Gross Revenue Royalty (GRR) over the Mimbula Copper mine in Zambia is another good example of delivering on its goal to provide exposure to the full suite of mining commodities.

With the global copper market forecast to fall into a supply deficit as copper is a key component of electrification, Mimbula is currently ramping production and provides exposure to a 93.7mt 1.1% copper resource in close proximity to other mines and with access to infrastructure.

There are conditions attached to the Mimbula royalty which see the GRR fall to 0.3% once US\$5 million has been paid to Trident. This will again fall to 0.2% after the royalty has paid on 575,000 tonnes of copper. In addition, there is a minimum payment schedule such that Trident will receive minimum payments to recover its investment within 2.5 years, after which it will step-down to 0.3% GRR thereafter.



Q3 2021 Highlights

Q3 saw the acquisition of a near-term cash generative gold royalty, substantial asset level progress, and further significant Board additions

The acquisition of a fully secured, perpetual royalty over the Lincoln Gold Project centred in California's prolific 'Mother Lode'. The royalty funding provided working capital to facilitate the restart of the project with first production anticipated during Q4 2021.

Trident noted significant asset level progress at a number of projects over which it holds royalties; including:

- Shortly post quarter end, Lithium Americas, the operator of the Thacker Pass lithium project, released a significant update to the Thacker Pass Resource estimate as well as an indication of an upsized feasibility study considering significantly larger Phase 1 and 2 operations relative to the original Pre-Feasibility study.
- Trident notes recent commentary by Mineral Resources on 26 October 2021 in relation to the Koolyanobbing iron ore mine, stating: "... our [mining] fleet mobilised to our northern operations, with Claw pit commencing in September. During the quarter significant overburden removal activity was also undertaken across Deception, Parker Range, Altair and Claw Pits"¹. The Claw pit and part of the Deception pit are situated within Trident's royalty tenure.
- Apollo Consolidated Limited received competing takeover offers earlier this month for the company from Gold Road Resources and Ramelius Resources. Both parties are well capitalised, ASX listed mid-tier producers seeking to acquire Apollo Consolidated for its cornerstone Lake Rebecca Gold Project.
- Commencement of dry commissioning activities at the Lincoln Gold Project, along with mobilisation of key personnel and mining equipment to site during the quarter, targeting first gold production during Q4 2021.
- Continued construction activities at the Warrawoona Gold Project, with first gold production for the project targeted by the end of June 2022.
- Positive initial drill intercepts at Talga Talga Gold Project, including two shallow 3m wide high-grade gold intercepts of over 20g/t.

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