

Breakwater Resources Ltd.

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Royalty round-up, January 2021: a mixed start to the year overall but juniors perform strongly

Mining royalty and streaming companies have had a fairly mixed start to the year with 60% of companies having a negative or neutral share price movement compared to the start of the previous month, while 40% had a positive movement.

Overall the positive moments were larger than the negative, with the average share price up 3.5% for the month.

The large-tiers were the worst performing subset of the peer group, down an average of 8.6%, while the juniors were the best performers, up an average of 8.9%. The majors were down an average of 2.0%, while the mid-tiers were up 0.9%.

The best performing mining and royalty company this month was the newest market entrant, Empress Royalty Corp. (CVE:EMPR), which was up a very impressive 64.2% in its first month of trading. Nova Royalty (CVE: NOVR) again continued to perform well, up another 28.7% this month (?281.0% over three months). Nova is now up 284% up on its flotation price in October 2020. Investors will be taking a closer look at Empress to see if it can repeat Nova's longer-term success post the initial public offering (IPO).

Electric Royalties Ltd (CVE:ELEC) has also had a very good month, up 18.4% month (?18.4% over three months), following an update on its current royalty portfolio. Significant developments for the company included the Financial Investment Review Board approval for the acquisition of three cobalt royalties in Australia and several milestones at Sayona Mining Ltd (ASX:SYA)'s Authier Lithium Project, where Electric Royalties holds a 0.5% gross revenue royalty.

Vox Royalty (CVE:VOX) (?0.3% over one month & ?25.6% over three) completed the acquisition of a portfolio of five royalties based in Canada and the United States from Breakwater Resources Ltd. (TSE:BWR) and believes there is strong potential for meaningful cash flow generation from these newly acquired assets.

It looks like the number of listed royalty and streaming companies is once again on the increase, with Star Royalties Ltd. (private) filing a preliminary long-form prospectus in connection with a proposed initial public offering on the TSX Venture Exchange. As part of the IPO, the company intends to raise up to C\$20,000,000 at an offering price between C\$0.70 and C\$0.90.

Star Royalties is a precious metals-focused royalty and streaming company with a portfolio of five royalties and streams. The company is targeting production to near-production stage assets that have clear visibility on cash flow and will be leveraging existing relationships to focus on non-competitive situations in Tier 1 jurisdictions.

The worst performers this month were Metalla Royalty & Streaming Ltd (CVE:MTA) (?13.5% over one month & ?38.5% over three), Ely Gold Royalties (CVE:ELY) (?12.4% over one months & ?8.8% over three), and Osisko Gold Royalties (TSE:OR) (?11.7% over one month & ?3.9% over three).

Share Information

Code: BWR
Listing: TSX
Sector: Mining
Website: www.breakwater.ca

Company Synopsis:

Breakwater Resources is a mineral resource company engaged in the acquisition, exploration, development and mining of base metal and precious metal deposits in the Americas. Breakwater has three zinc mines: the Myra Falls mine in British Columbia, Canada; the El Mochito mine in Honduras; and the El Toqui mine in Chile.

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Metalla appears to have been given back some of the previous gains after performing strongly for some time. While Ely was knocked back despite closing the acquisition of a 0.436% net smelter royalty (NSR) over certain portions of Gold Standard Ventures Corp's (CVE:GSV)'s Railroad-Pinion Project and acquiring a 1.0% NSR on Coeur Mining (NYSE:CDE)'s Lincoln Hill Property. Osisko's shareholders looked to be booking profits as the companies shares fell despite achieving over the upper end of its revised guidance for received attributable gold equivalent ounces during 2020.

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