ELEMENTAL ROYALTIES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2022

Date of Report: May 19, 2022

This management's discussion and analysis ("MD&A") for Elemental Royalties Corp. (the "Company" or "Elemental") is intended to help the reader understand the significant factors that have affected Elemental and its subsidiaries' performance, as well as factors that may affect its future performance.

The information contained in this MD&A for the three months ended March 31, 2022 should be read in conjunction with the condensed interim consolidated financial statements of Elemental for the same period together with the audited consolidated financial statements for the year ended December 31, 2021 and the accompanying MD&A for that fiscal year. The information contained within this MD&A is as of May 19, 2022.

The referenced condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board ("IASB"), applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. All amounts are expressed in US dollars unless otherwise indicated, which is the Company's presentation and functional currency.

Additional information is available on the Company's SEDAR profile at www.sedar.com. Current financial disclosures and Real-Time Level 2 quotes for Elemental are available at: https://www.otcmarkets.com/stock/ELEMF/.

Contents

1. DESCRIPTION OF THE BUSINESS

Elemental Royalties Corp. is a TSX Venture Exchange ("TSX-V") listed precious metals royalty company focused on acquiring royalties and streams over producing, or near producing, assets from established operators and counterparties.

The Company's gold-focused royalty portfolio is diversified by several top-tier operators and by jurisdiction, serving to reduce operating risk to the Company and to the individual investor. By relying on advanced assets, the Company is able to minimize funding and development risks that are outside Elemental's control. Elemental focuses on acquiring assets located in proven mining jurisdictions to seek to mitigate the risks of political instability and policy changes.

The Company's common shares are listed on the TSX-V under the symbol "ELE" and the OTCQX under the symbol "ELEMF".

Before listing in July 2020, (via a reverse take over with Fengro Industries Corp on July 27, 2020) the Company completed the acquisition of five producing royalties. These generated gross revenue of approximately $5.1 million for the year ended December 31, 2020 and together with the portfolio of Australian gold royalties acquired from South32 in February 2021 generated gross revenue of $6.6 million, up approximately 29% from $5.1 million a year earlier and the fourth successive year of record revenue for the Company. The full year revenue was based on sales volume of approximately 3,700 gold-equivalent ounces ("GEOs"[1]), up approximately 28% from 2,889 GEOs a year earlier and towards the upper end of the Company's revised 2021 guidance.

In March 2022 Elemental provided guidance for 2022 of 5,700 to 6,700 attributable GEOs, which remains unchanged as at the date of this report. At a $1,800 per ounce average realized gold price, this guidance would provide Elemental with 2022 revenue of approximately $10 million to $12 million. Elemental expects that gold will provide more than 95% of anticipated 2022 revenue with production expected to be weighted towards the second half of the year, with the Ming Gold Stream contributing from the closing date on April 1, 2022, and the Mercedes mine royalty payable from July 2022.

The preliminary outlook for 2023, absent any other royalty or stream acquisitions, indicates that GEOs have the potential to reach 8,100, equivalent to more than $14 million of revenue at an average realized gold price of $1,800. Elemental cautions that the 2023 preliminary outlook is an early-stage projection based on available data from technical reports and other disclosure by mine operators, along with Elemental's own analysis and assumptions about the underlying assets. Elemental expects to provide formal guidance for 2023 during Q1 2023 after incorporating mine development information that is not yet available from asset operators.

The Company's royalties provide uncapped revenue and are not subject to any buybacks as at March 31, 2022 and at the date of this report, meaning that all future mineral resource to mineral reserve conversion over the royalty areas delivers both value and provides greater certainty on future production to Elemental at no additional cost.

In addition, the portfolio contains significant exploration upside; the Wahgnion gold mine in Burkina Faso sits within a license package of over 1,000km^2, and the Mercedes mine in Mexico sits within a nearly 700km^2 license. These district scale land packages provide Elemental with exposure to future exploration success without any further operational or financial contribution.

[1] Attributable GEOs are calculated by dividing royalty revenue by the average gold price.

2. OVERALL PERFORMANCE

- Revenue of $2.2 million for the three months ended March 31, 2022 ($2.3 million for the three months ended December 31, 2021).
- Total attributable GEOs of 1,148 for the three months ended March 31, 2022 (1,294 for the three months ended December 31, 2021).
- Operating cash flow inflow of $1.2 million for the three months ended March 31, 2022.
- Net loss of $1.2 million for the three months ended March 31, 2022.
- Adjusted EBITDA of $1.0 million for the three months ended March 31, 2022 (refer to the "Non-IFRS Measures" section of this MD&A).

Highlights and key developments from Elemental's royalty portfolio include:

- On January 19, 2022, Capricorn Metals announced production of 30,316 ounces from Karlawinda during Q4 2021, up 24.6% from the 24,329 ounces produced in Q3 2021. Capricorn also confirmed they remained on track to achieve FY22 guidance of 110,000 – 120,000 ounces, achieved by continued ramp-up of the processing plant with the introduction of oxide ore into the mill feed increasing throughput to annualized rate of 4.6mtpa. On January 20, 2022, Elemental announced it expected an approximate 40% increase in quarterly revenue (from US$0.8 million in Q3, 2021 to an estimated US$1.1 million Q4, 2021) from production at Karlawinda, Elemental's flagship royalty asset.
- On April 4, 2022, the Company announced it had completed a gold purchase and sale agreement (the "Ming Gold Stream") with Rambler Metals and Mining Canada Limited, a wholly owned subsidiary of Rambler Metals and Mining PLC (AIM: RMM) ("Rambler"), the owner of the Ming Copper-Gold Mine (the "Ming Mine") in Newfoundland and Labrador in Canada. Under the terms of the Ming Gold Stream, in exchange for consideration of $11 million, the Company will receive 50% of payable gold production until Rambler has delivered 10,000 ounces of gold to the Company, after which the Company will receive 35% of payable gold production until Rambler has delivered a further 5,000 ounces to the Company. After Rambler has delivered a total of 15,000 ounces of gold, the Company will receive 25% of payable gold production for the life of the mine. The Company will make ongoing payments equal to 20% of the market price of gold with minimum gold recoveries set at 85%. Rambler will make minimum gold deliveries of 1,200 ounces to the Company in each of the first three years of the Ming Gold Stream. Closing of the transaction was subject to certain conditions including the Company raising net proceeds of at least $7 million in financing and TSX-V approval as well as various closing conditions.
- On March 31, 2022, the Company completed a private placement of 9,275,000 common shares at CAD$1.51 ($1.21) per common share for gross proceeds of CAD$14.0 million ($11.2 million). The net proceeds of the placement were used to fund the acquisition of the Ming Gold Stream, with the remainder for general working capital purposes.

Key developments of the Gold Royalty Corp Hostile Bid include:

- On December 20, 2021, the Company responded to the news release by Gold Royalty Corp. ("Gold Royalty") regarding Gold Royalty's intention to make an unsolicited offer to acquire all of the outstanding common shares of the Company. At the time, the Company's Board of Directors (the "Board") cautioned shareholders that no formal offer had been made by Gold Royalty, and as such there was no need for shareholders to take any action.
- On December 31, 2021, the Company announced that after having received advice from its financial and legal advisors, the Board intended to recommend that shareholders reject an unsolicited all-share takeover bid from Gold Royalty if and when the bid commences, assuming the terms are as proposed by Gold Royalty in its December 20, 2021 announcement.

- On January 11, 2022, the Company confirmed that Gold Royalty had commenced a highly conditional and unsolicited all-share takeover bid to acquire all outstanding common shares of the Company. The Board confirmed that it would review the offer in detail and provide a response in due course.
- On January 21, 2022, the Board formed a special committee of independent directors (the "Special Committee") to assess, review, consider and make a recommendation, if any, to the Board in respect of the hostile Gold Royalty bid and any transactions that may arise in connection with the bid and to consider any alternative transactions and other strategic alternatives for the purpose of enhancing shareholder value.
- On January 26, 2022, the Company announced that the Board, following the unanimous recommendation of a special committee of independent directors (the "Special Committee"), has unanimously determined that the all-share hostile takeover bid from Gold Royalty is not in the best interests of the Company or its shareholders and unanimously recommended that shareholders REJECT and NOT TENDER their shares.
- On February 7, 2022, the Company announced that holders of a firm majority of the Company's shares have reiterated to management that they intend to reject the inadequate all-share hostile takeover bid by Gold Royalty.
- On April 26, 2022, the Company reiterated its recommendation that shareholders REJECT an inadequate, all-share hostile takeover bid (the "Hostile Bid") by Gold Royalty.
- On April 28, 2022, the Company noted the extension for ten business days by Gold Royalty of its inadequate, all-share hostile takeover bid for Elemental. Elemental's Board continued to recommend that shareholders REJECT the bid and let it expire as scheduled at 5 pm (Toronto Time) on May 12, 2022.
- On May 12, 2022, Elemental confirmed the Hostile Bid by Gold Royalty had not been successful, and that based on information from available sources, the Company estimates that significantly less than 5% of its shares were tendered to the Hostile Bid. Having failed to meet the statutory minimum tender condition of more than 50% of the Elemental shares outstanding (excluding those shares beneficially owned, or over which control or direction is exercised by, Gold Royalty or by any persons acting jointly or in concert with Gold Royalty), Gold Royalty allowed the Hostile Bid to expire. The Hostile Bid created an unfortunate and unnecessary drain on Elemental management's time and resources and at the time of expiry represented a material discount to Elemental shareholders rather than the premium announced by Gold Royalty. The Company also confirmed that Elemental's Board continues to review alternative strategic options involving counterparties other than Gold Royalty.

(Expressed in thousands of US Dollars, unless otherwise indicated)

The following table summarizes the Company's total revenue from royalty interests during the three months ended March 31, 2021 and 2021:

	2022 $	2021 $
Kwale	113	153
Mount Pleasant	118	-
Amancaya	282	366
Wahgnion	537	629
Karlawinda	1,145	-
Total revenue from royalty interests	2,195	1,148

The following table summarizes the Company's GEOs from royalty interests during the three months ended March 31, 2022 and 2021:

	2022 GEO	2021 GEO
Kwale	60	86
Amancaya	150	204
Wahgnion	286	351
Mount Pleasant	62	-
Karlawinda	590	-
Total GEOs [1]	1,148	641

(1) Attributable GEOs are calculated by dividing royalty revenue by the average gold price.
(2) Total attributable GEOs for the three months ended March 31, 2022, are 1,147.48

Quarterly changes to royalty revenue received by Elemental are driven primarily by fluctuations in production at the underlying mines, the timing of sales, changes in the price of commodities, royalties being advanced to production and the acquisition of new royalties.

(Expressed in thousands of US Dollars, unless otherwise indicated)

3. ROYALTY AND STREAM PORTFOLIO

Elemental's focus is securing royalties and streams over high-quality precious metals assets with established operators. The following table lists the royalty interests that Elemental owns either directly, or indirectly through its subsidiaries as of the date of this report.

Project	Operator	Location	Commodity	Stage	Royalty Type
Amancaya	Austral Gold Ltd	Chile	Gold, silver	Production	2.25% NSR
Karlawinda[2]	Capricorn Metals Ltd	W. Australia	Gold	Production	2% NSR
Kwale	Base Resources Ltd	Kenya	Ilmenite, rutile, zircon	Production	0.25% GRR
Laverton[2]	Focus Minerals Ltd	W. Australia	Gold	Feasibility	2% GRR
Ming[4]	Rambler Metals and Mining PLC	Canada	Gold	Production	Stream
Mercedes[1,3]	Bear Creek Mining Corp.	Mexico	Gold, silver	Production	1% NSR
Mt. Pleasant	Zijin Mining Group	W. Australia	Gold	Production	5% NPI or AU$10/oz
Panton	Future Metals NL	W. Australia	PGM	Feasibility	0.5% NSR
Wahgnion	Endeavour Mining Corp.	Burkina Faso	Gold	Production	1% NSR
Western Queen[2]	Rumble Resources Ltd	W. Australia	Gold	Exploration	AU$6-20/oz royalty

(1) Royalty revenue is due to Elemental after the earlier of: (a) the date on which 450,000 ounces of gold equivalent have been produced after July 28, 2016 or b) the sixth anniversary of that date (July 28, 2022). Elemental expects the start of royalty payments is likely to be July 28, 2022, rather than the 450,000 ounce production hurdle.
(2) Royalty assets acquired in the South32 Acquisition completed on February 8, 2021.
(3) On December 17, 2021 Equinox Gold Corp. entered into a definitive agreement to sell the Mercedes mine to Bear Creek Mining Corporation (TSXV: BCM) ("Bear Creek"). The transaction closed on April 21, 2022.
(4) The Ming Gold Stream acquisition was announced on March 17, 2022 and closed on April 4, 2022.

4. PRINCIPAL ROYALTIES AND STREAMS

Amancaya:

Location: Chile
Commodity: Gold
Operator: Austral Gold Corp. ("Austral")
Royalty: 2.25% Net Smelter Return ("NSR")
Update:

- On April 20, 2022, (with an effective date of December 31, 2021) Austral released an updated NI-43-101 technical report on the Guanaco/Amancaya mine complex showing an increase in the mine life until 2033, with production estimated at 30K-35K GEOs per year for four to five years and 10K GEO per year for the next eight years thereafter.
- Guanaco/Amancaya gold and silver production during the March 2022 quarter totaled 7,493 GEOs (or 7,224 gold ounces and 21,187 silver ounces), a 60% increase from the March 2021 quarter and a 14% decrease from the December 2021 quarter.

- Production included 211 GEOs from Guanaco historical heap material processed through the agitation leaching plant during the March 2022 quarter compared to 241 GEOs produced in the December 2021 quarter.
- Production was lower than forecast during the quarter mainly due to lower throughput at Amancaya. This was primarily due to the continuation of restricted availability of the underground fleet (mainly vertical drilling equipment) that was also an issue in Q4 2021. To address the lower throughput Austral have hired a new contractor as mining operator and another contractor to maintain the mining fleet, as well as renting two additional underground drilling machines in the latter part of Q1 2022. Production was also impacted by slightly lower gold grades at Amancaya, dropping from an average underground plant grade of 4.9 g/t Au in Q4 2021 to 4.4 g/t Au in Q1 2022.
- Production guidance for 2022 for the Guanaco/Amancaya mine is estimated at 35,000 - 40,000 gold-equivalent ounces.

Karlawinda:

Location: Western Australia
Commodity: Gold
Operator: Capricorn Metals Ltd. ("Capricorn")
Royalty: 2% NSR
Update:

- Q1 2022 gold production from Karlawinda was 31,769 ounces (Q4 2021: 30,316 ounces).
- Pre-royalty cash cost for the quarter of A$942 per ounce and all in sustaining cost (ASIC) of A$1,086 per ounce (Q4-21: CC A$842/oz & AISC A$1,048/oz) consolidating Karlawinda as a low cost/high margin gold project.
- Fiscal year to date gold production (including commissioning phase production) of 86,414 ounces puts Capricorn on track to achieve the top end of Capricorn's FY22 guidance of 110,000 – 120,000 ounces.
- Strong cash flow generation from operations continues with A$35.1 million (Q4-21: A$40.1m) with the first quarter of the third mining fleet operating and increasing mining volumes. This has allowed the creation of a stockpile of over 2.1 million tonnes of ore, representing nearly six months of ore feed for the processing plant.
- Completion of all development projects during the quarter including the sealing of the site airstrip.
- Successful completion of stage 1 proof of concept of proprietary automated haulage (driverless trucks) technology system by MACA Limited and its technology partners at Karlawinda.
- Commencement of 129 hole (29,500 metres) near mine RC program across the Southern Corridor and Tramore areas with results to form part of Mineral Resource Estimate and Ore Reserve update in September 2022 quarter.

Mercedes:

Location: Mexico
Commodity: Gold & silver
Operator: Equinox Gold Corp. ("Equinox")
Royalty: 1% NSR
Update:

- On December 16, 2020 Equinox and Premier Gold Mines ("Premier") announced that the companies had entered into a definitive agreement whereby Equinox would acquire all of the outstanding shares of Premier. The acquisition was completed on April 7, 2021 on which date Equinox assumed operational control of the Mercedes mine.

(Expressed in thousands of US Dollars, unless otherwise indicated)

- On December 17, 2021 Equinox Gold Corp. entered into a definitive agreement to sell the Mercedes mine to Bear Creek Mining Corporation (TSXV: BCM) ("Bear Creek")"). The transaction completed on April 21, 2022.
- Given the change in ownership of Mercedes during Q1 production data has not yet been provided by Bear Creek. This does not impact Elemental as the Company is not due to receive royalty revenue from Mercedes until July 2022 (see below).
- Royalty revenue is due to Elemental after the earlier of: (a) the date on which 450,000 ounces of gold equivalent have been produced after July 28, 2016 or (b) the sixth anniversary of that date (July 28, 2022). Elemental expects that as a result of the COVID-19 stoppages, the start of royalty payments is likely to be payable from July 28, 2022, rather than the 450,000 ounce production hurdle.
- Work is underway on a substantial development program to increase access to multiple ore bodies of the Diluvio / Lupita complex. In December 2021 Bear Creek confirmed a 2022 exploration budget for Mercedes of $4.4 million.

Ming:

Location:	Canada
Commodity:	Gold
Operator:	Rambler Metals and Mining PLC ("Rambler")
Royalty:	Stream

Update:

- In exchange for consideration of $11 million, Elemental will receive 50% of payable gold production until Rambler has delivered 10,000 ounces of gold to Elemental, after which Elemental will receive 35% of payable gold production until Rambler has delivered a further 5,000 ounces to Elemental. After Rambler has delivered a total of 15,000 ounces of gold, Elemental will receive 25% of payable gold production for the life of mine.
- Elemental will make ongoing payments equal to 20% of the market price of gold with minimum gold recoveries set at 85%.
- Rambler will make minimum gold deliveries of 1,200 ounces to Elemental in each of the first three years of the Ming Gold Stream.
- Closing occurred on April 4, 2022 and was funded by the $14.0 million financing that closed on March 31, 2022.

Wahgnion:

Location:	Burkina Faso
Commodity:	Gold
Operator:	Endeavour Mining Corp. ("Endeavour")
Royalty:	1% NSR

Update:

- Production decreased from 47,000 ounces in Q4-2021 to 29,000 ounces in Q1-2022 primarily due to the lower average grade milled and lower recovery rates, partially offset by an increase in tonnes milled. However, Endeavor confirms that Wahgnion is on track to produce between 140,000 – 150,000 ounces in FY-2022.
- Tonnes of ore mined increased due to a higher mining rate at the Nogbele North pit, with supplemental mining from Fourkoura and Nogbele South pits. Tonnes milled increased due to a higher mill availability during the quarter due to minimal downtime. Average grade milled decreased due to blending of lower grade materials from Nogbele South with ore from Fourkoura and Nogbele North.
- Recovery rates decreased slightly due to a higher volume of ore from the Fourkoura pit being processed, which has lower associated recoveries.

(Expressed in thousands of US Dollars, unless otherwise indicated)

- In Q2-2022, ore is expected to be primarily sourced from the Nogbele North and Fourkoura pits, with supplemental feed coming from the Nogbele South pits. Mined grades are expected to remain consistent with Q1-2022 given the continued focus on waste extraction through Q2-2022 with an improvement expected in H2-2022 as greater volumes of ore are expected to be sourced from the Nogbele North pits and the Samavogo pit where mining is expected to commence in H2-2022, while ore sourced from the Fourkoura pits is expected to remain steady throughout the year. Mill throughput is expected to decline in the upcoming quarters and increase in the latter portion of the year while recovery rates are expected to increase.

(1) Ounces produced are provided by Endeavour rounded to the nearest thousand ounces.

5. DISCUSSION OF OPERATIONS

The discussion of operations relates to the Company's three months ended March 31, 2022 and 2021.

	2022 $	2020 $
Revenue from royalty interests	2,195	1,148
Depletion of royalty interests	(1,166)	(423)
General and administrative expenses	(1,095)	(344)
Project evaluation expenses	(51)	(180)
Share-based compensation expense	(57)	(242)
Interest income	2	7
Interest and financing expenses	(755)	(719)
Foreign exchange and other	11	(44)
Tax expense	(291)	(285)
Net loss for the period	(1,207)	(1,082)
Operating cash flows	1,155	(286)
Adjusted EBITDA[1]	976	580

(1) Refer to the "Non-IFRS Measures" section of this MD&A.

The Company recorded a net loss of $1.2 million for the three months ended March 31, 2022, as compared to a net loss of $1.1 million for the three months ended March 31, 2021. The increase in net loss is due to a combination of factors including:

- Royalty revenue increased to $2.20 million for the three months ended March 31, 2022, compared to $1.15 million for the three months ended March 31, 2021, due to an increase in Mount Pleasant and Karlawinda revenue, offset partially by a decrease in Kwale, Amancaya and Wahgnion revenue. Depletion of royalty interests increased from $0.42 million for the three months ended March 31, 2021, to $1.2 million for the three months ended March 31, 2022 due primarily to the increased revenue during the three months ended March 31, 2022. Depletion as a percentage of revenue during the three months ended March 31, 2022 was 53.1% compared to 36.8% during the three months ended March 31, 2021.
- General and administrative expenses increased from $0.34 million for the three months ended March 31, 2021, to $1.1 million for the three months ended March 31, 2022, due primarily to a significant increase in professional and consultancy fees from $0.12 million to $0.57 million as a result of the unsolicited and unsupported bid made by Gold Royalty Corp. Total expenses relating to the hostile bid by Gold Royalty are approximately $0.51 million for the three months ended March 31, 2022.

(Expressed in thousands of US Dollars, unless otherwise indicated)

- Project evaluation expenses decreased from $0.18 million for the three months ended March 31, 2021, to $0.05 million for the three months ended March 31, 2022, primarily due to lower business development costs incurred during the three months ended March 31, 2022 for potential acquisitions. Project evaluation expenses are those activities required to acquire and then manage the Company's portfolio of royalty assets. Certain employment costs and professional and consulting fees are allocated to project evaluation expenses.
- Share-based compensation expense decreased during the current period due to some PSUs and all of the stock options that were granted in July 2020 being fully vested during 2021.
- Interest and finance expense increased from $0.72 million for the three months ended March 31, 2021, to $0.76 million for the three months ended March 31, 2022, due to the interest and fees associated with the Amended Sprott Credit Facility.
- Withholding tax expense remained at $0.29 million for the three months ended March 31, 2021, and for the three months ended March 31, 2022, due to the decrease in Kwale, Amancaya and Wahgnion revenues and a decrease in withholding taxes payable on intercompany interest offset with an increase in Karlawinda revenues. The Karlawinda revenues increased from $nil during the three months ended March 31, 2021 to $1.1 million during the three months ended March 31, 2022 and those revenues are not subject to withholding tax.

6. SUMMARY OF QUARTERLY RESULTS

The following is selected financial data of the Company for the last eight quarters ending with the most recently completed quarter, being the three months ended March 31, 2022.

	THREE MONTHS ENDED			
	March 31, 2022 ($)	December 31, 2021 ($)	September 30, 2021 ($)	June 30, 2021 ($)
Total revenues	2,195	2,323	1,901	1,239
Net loss	(1,207)	(1,627)	(836)	(1,181)
Net loss per share – basic and diluted	(0.02)	(0.02)	(0.01)	(0.02)
Total assets	86,675	76,495	76,614	77,359

	THREE MONTHS ENDED			
	March 31, 2021 ($)	December 31, 2020 ($)	September 30, 2020 ($)	June 30, 2020 ($)
Total revenues	1,148	1,461	1,153	1,295
Net loss	(1,082)	(266)	(1,217)	(768)
Net loss per share – basic and diluted	(0.02)	(0.01)	(0.03)	(0.03)
Total assets	78,274	28,314	27,050	19,312

The increase in assets in Q1 2021 was due to the acquisition of South32 royalty assets for aggregate consideration of $55 million. The increase in assets in Q3 2020 was due to the brokered financing closed in July 2020.

The increase in loss during Q4 2021 was due to increased general and administrative expenses compared to Q3 2021. The increase in loss during Q1 2021 was due to increased general and administrative expenditures as a result of the unsolicited and unsupported bid made by Gold Royalty Corp. as well as interest and finance expenses relating to the Sprott loan. The increased loss during Q3 2020 was due to the listing expense on closing the reverse takeover transaction.

7. LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2022, the Company's cash balance was $17.3 million (December 31, 2021 - $6.1 million) with working capital deficiency of $6.8 million (December 31, 2021 – working capital of $11.0 million). The decrease in working capital was due to the re-classification of the borrowings from Sprott to current liabilities as they mature on January 31, 2023, interest paid of $0.6 million and deferred acquisition costs for the Ming Gold Stream of $0.38 million, partially offset by the net proceeds of $11.0 million received from equity financings and revenues received during the three months ended March 31, 2022.

The Company's operations provided $1.2 million during the three months ended March 31, 2022 (2021 – operations used $0.29 million) with $0.38 million (2021 - $40.1 million) used in investing activities. As at March 31, 2022, the Company had a working capital deficiency which includes the $25 Amended Sprott Credit Facility which matures on January 31, 2023. The Company had no commitments to fund its royalties other than a contingent AU$0.4 million payment on the Mount Pleasant royalty. At March 31, 2022, there had been no decision made to mine Mount Pleasant and therefore the contingent payment is not due.

The Company's aggregate operating, investing and financing activities during the three months ended March 31, 2022, resulted in an increase in its cash balance from $6.1 million at December 31, 2021 to $17.3 million at March 31, 2022.

Management regularly reviews cash flow forecasts to determine whether the Company has sufficient cash reserves to meet future working capital requirements and discretionary business development opportunities.

The Company is in the process of refinancing the Amended Sprott Credit Facility and has received proposals to refinance the loan, but as of this time, a loan refinancing has not occurred. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to refinance the loan or that such refinancing will be on terms advantageous to the Company.

8. BORROWINGS

Credit Facility

On December 19, 2019, the Company entered into a Credit Agreement with Sprott Private Resource Lending, an arm's length party, pursuant to which the Company would be provided with a $8.5 million senior secured credit facility (the "Sprott Credit Facility"). On January 23, 2020, the Company received $8.5 million from the Sprott Credit Facility. The Sprott Credit Facility bore interest at a rate of 11.50% per annum paid monthly, maturing on July 23, 2020 and was secured by all assets of the Company. During 2020, the Company repaid the principal balance, except for one dollar which was repaid during 2021.

On December 29, 2020, the Company entered into an Amended and Restated Credit Agreement with Sprott pursuant to which the Company would be provided with a $25 million senior secured credit facility (the "Amended Sprott Credit Facility"). On February 9, 2021, the Company received $25 million from the Amended Sprott Credit Facility.

The Amended Sprott Credit Facility bears interest at a rate of 9% per annum plus the greater of (i) LIBOR and (ii) 1%, paid monthly, matures on January 31, 2023 and is secured by all assets of the Company. The Amended Sprott Credit Facility requires the Company to maintain cash and working capital balances of greater than $1 million, which it has done.

(Expressed in thousands of US Dollars, unless otherwise indicated)

During the three months ended March 31, 2022, the Company recorded interest expense of US$0.6 million (2021 - $0.6 million) and amortization of transaction costs of $0.1 million (2021 - $0.07 million) on the Amended Sprott Credit Facility and the Sprott Credit Facility.

9. NON-IFRS MEASURES

The Company has included a performance measure which is non-IFRS and is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. This non-IFRS measure does not have any standard meaning under IFRS and other companies may calculate measures differently.

Adjusted EBITDA excludes the effects of certain other income/expenses and unusual non-recurring items. Adjusted EBITDA is comprised of earnings before interest, taxes, depletion and share-based compensation. Management believes that this is a useful measure of the Company's performance because it adjusts for items which may not relate to underlying operating performance of the Company and/or are not necessarily indicative of future operating results.

The table below provides a reconciliation of adjusted EBITDA for the three months ended March 31, 2022 and 2021:

	2022	2021
	$	$
Net loss	(1,207)	(1,082)
Tax expense	291	285
Interest income	(2)	(7)
Interest and finance expenses	755	719
Depletion	1,082	423
Share-based compensation expense	57	242
Adjusted EBITDA	976	580

Total expenses relating to the hostile bid by Gold Royalty are approximately $0.51 million for the three months ended March 31, 2022, with these expenses included in the Adjusted EBITDA figure.

The presentation of this non-IFRS measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Other companies may calculate these non-IFRS measures differently.

10. FINANCING ACTIVITIES

During the three months ended March 31, 2022, the Company completed the following equity financing transactions:

1) On March 31, 2022, the Company completed a private placement of 9,275,000 common shares at CAD$1.51 ($1.21) per common share for gross proceeds of CAD$14.0 million ($11.2 million). In connection with the private placement, the Company incurred additional legal fees and other cash issuance costs of CAD$0.18 million ($0.15 million).

(Expressed in thousands of US Dollars, unless otherwise indicated)

During the three months ended March 31, 2021, the Company completed the following equity financing transactions:

2) On February 8, 2021, the Company completed a private placement of 10,748,132 common shares at CAD$1.50 ($1.18) per common share for gross proceeds of CAD$16.1 million ($12.7 million). In connection with the private placement, the Company paid CAD$0.74 million ($0.58 million) of cash finders' fees and incurred additional legal fees and other cash issuance costs of CAD$0.24 million ($0.21 million).
3) On February 8, 2021, the Company issued 13,065,100 common shares at CAD$1.50 ($1.18) per common share as part of the acquisition of the South32 royalty portfolio; and
4) On February 8, 2021, the Company issued 653,255 common shares as a finance cost pursuant to the Amended and Restated Credit Agreement with Sprott.

OFF-BALANCE SHEET ARRANGEMENTS
The Company has not entered into any off-balance sheet arrangements.

ACCOUNTING STANDARDS RECENTLY ADOPTED
The Company's Credit Facility bears interest at a floating rate equal to a base rate of 9% plus the greater of i) the London interbank offered rates ("LIBOR") and ii) 1% paid monthly and has not yet transitioned to alternative benchmark rates at the end of the current reporting period. The Company is working with the lenders to assess the potential alternatives to the use of the LIBOR.

11. RELATED PARTY TRANSACTIONS

Key management includes the executive and non-executive directors and certain officers of the Company. Key management compensation during the three months ended March 31, 2022 and 2021 is as follows:

	2022 $	2021 $
Salary, fees, pension and professional fees	233	171
Share-based compensation – PSUs and stock options	41	187
	274	358

12. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings are all measured at amortized cost.

Discussions of risks associated with financial assets and liabilities are detailed below:

Market risk: Market risk is the risk that the Company's future earnings will be adversely impacted by changes in market prices. Market risk for the Company comprises two types of risk: price risk and foreign currency risk.

Price risk: The price risk is the risk that the Company's future earnings will be adversely impacted by changes in the market prices of commodities.

Foreign currency risk: The Company's transactions are carried out in a variety of currencies, including Sterling, Australian Dollar, Canadian Dollar and US Dollar. The Company has not hedged its exposure to currency fluctuations.

Interest rate risk: Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Company uses. Treasury activities take place under procedures and policies approved and monitored by the Board to minimize the financial risk faced by the Company. Interest-bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets and the borrowings from Sprott. The borrowing from Sprott bears interest at a rate of 9% per annum plus the greater of (i) LIBOR and (ii) 1%.

Liquidity risk: Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuing to monitor forecasted and actual cash flows. The Company has in place a planning and budgeting process to help determine the funds required to support its normal operating requirements on an ongoing basis and its development plans. The Company strives to maintain sufficient liquidity to meet its short-term business requirements, taking into account its anticipated cash flows from royalty interests, its holdings in cash and its committed liabilities.

The Company is in the process of refinancing the Amended Sprott Credit Facility which matures on January 31, 2023 and has received proposals to refinance the loan, but as of this time, a loan refinancing has not occurred.

Credit risk: Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's maximum exposure to credit risk is attributable to cash. The credit risk on cash is limited because the Company invests its cash in deposits with well capitalized financial institutions. The Company's accounts receivable is subject to the credit risk of the counterparties who own and operate the mines underlying the royalty portfolio. In order to mitigate its exposure to credit risk, the Company closely monitors its financial assets.

Fair values

It is the Board's opinion that the carrying values of the cash and cash equivalents, other receivables, all trade and other payables in the consolidated statement of financial position approximate their fair values due to their short-term nature. The estimated fair value of the Sprott credit facility at March 31, 2022 is $25.5 million based on Level 3 fair value hierarchy.

Capital risk management

The Company's objectives when managing capital are to provide shareholder returns through maximization of the profitable growth of the business and to maintain a degree of financial flexibility relevant to the underlying operating and metal price risks while safeguarding the Company's ability to continue as a going concern. The Company manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, acquire debt, or sell assets. Management regularly reviews cash flow forecasts to determine whether the Company has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

13. OUTSTANDING SHARE DATA

Common shares:

As at the date of this MD&A, the Company had 78,266,221 common shares issued and outstanding.

Stock Options and Performance Share Units:

The following is a summary of Elemental's issued and outstanding stock options and PSUs at the date of this MD&A:

(Expressed in thousands of US Dollars, unless otherwise indicated)

Type	**Expiry Date**	**Exercise Price**	**Trading Price Hurdle**	**Number Outstanding**	**Number Exercisable**
Stock Options	July 28, 2025	CAD$1.50		900,000	900,000
Performance Share Units	July 28, 2025		CAD$1.70	160,000	-
Performance Share Units	July 28, 2025		CAD$2.20	340,000	-
Performance Share Units	June 14, 2023		US$0.62	463,498	463,498
Performance Share Units	June 14, 2023		US$0.78	579,483	579,483
Performance Share Units	June 14, 2023		US$0.94	579,483	579,483
Performance Share Units	June 14, 2023		US$1.25	772,645	772,645
TOTAL				3,795,109	3,295,109

14. RISKS & UNCERTAINTIES

The outbreak of the corona virus and the continuation of the worldwide COVID-19 pandemic could adversely affect the economies and financial markets of many countries, which could adversely impact the Company's business plans and activities in 2022 and the market price of the Company's common shares. The Company may face disruption to operations, supply chain delays, travel and trade restrictions, labour shortages and shutdowns and impacts on economic activity in affected countries or regions can be expected that are difficult to quantify. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic's impact on global industrial and financial markets which may reduce commodity prices, share prices and financial liquidity, thereby limiting access to additional capital. The Company is focused on the health and well-being of its workers and the communities in which we work and has implemented preventative measures accordingly. The Company will continue to monitor advice and regulations from the World Health Organization, governments and local communities, and adjust measures as appropriate.

The diversified royalty or stream interests (subject to closing the Ming Gold Stream acquisition) held by the Company across a number of different mine operators and geographical locations significantly mitigate this risk.

For detailed risks and uncertainties, refer to the MD&A for the year ended December 31, 2021 and the Annual Information Form ("AIF") dated May 2, 2022, both of which are available on the Company's SEDAR profile at www.sedar.com.

15. FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements and forward-looking information (within the meaning of applicable Canadian securities laws) (collectively, "forward-looking statements"). All statements and information, other than statements and information of historical fact, constitute "forward-looking statements" and include any information that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future including the Company's strategy, plans or future financial or operating performance and other statements that express management's expectations or estimates of future performance.

Forward-looking statements are generally identifiable by the use of the words "may", "would", "could", "will", "anticipate", "believe", "plan", "expect", "intend", "estimate" and similar expressions (including negative and grammatical variations) have been used to identify these forward-looking statements. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant risks, uncertainties and assumptions. Forward-looking statements involve significant risks, uncertainties and assumptions and in this MD&A include, but are not limited to: statements with respect to the Company's financial guidance, outlook, the completion of mine expansion under construction phases, and the results of exploration and timing thereof, at the mines or properties that the Company holds an interest in, future royalty payments relating to the Wahgnion mine, the Amancaya Project, and the Mercedes Project; the timing for Elemental to receive royalty payments relating to the Mercedes Project, and future royalty payments pursuant to the South32 Acquisition. Many factors could cause the actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the "Risk Factors" section of this MD&A. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by the forward-looking statements contained in this MD&A. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management currently believes to be reasonable assumptions, the Company cannot assure prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements. The forward-looking statements contained in this MD&A have been based on expectations, factors and assumptions concerning future events which may prove to be inaccurate and are subject to numerous risks and uncertainties, certain of which are beyond the Company's control, including without limitation: the impact of general business and economic conditions; the absence of control over mining operations from which it will receive royalty payments and risks related to those mining operations, including risks related to international operations, government and environmental regulation, delays in mine construction and operations, actual results of mining and current exploration activities, conclusions of economic evaluations and changes in project parameters as plans are refined; problems related to the ability to market precious metals or other minerals; industry conditions, including commodity price fluctuations, interest and exchange rate fluctuations; regulatory, political or economic developments in any of the countries where properties underlying the royalty or stream interests are located or through which they are held; risks related to the operators of the properties underlying royalty or other interest, including changes in the ownership and control of such operators; risks related to global pandemics, including the COVID-19 global health pandemic, and the spread of other viruses or pathogens; influence of macroeconomic developments; business opportunities that become available, or are pursued; title, permit or license disputes related to interests on any of the properties in which a royalty or other interest is held; loss of key employees; regulatory restrictions; litigation; fluctuations in foreign exchange or interest rates; and other factors, many of which are beyond the control of ERC. The Company assumes no responsibility to update forward looking statements, other than as may be required by applicable securities laws. The factors identified above are not intended to represent a complete list of the factors that could affect the Company.

Qualified Person:

Richard Evans, FAusIMM, is Senior Vice President Technical for Elemental, and a qualified person under National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"), has reviewed and approved the scientific and technical disclosure contained in this document.