ELEMENTAL ROYALTIES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2021

Date of Report: March 31, 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 year ended December 31, 2021 should be read in conjunction with the consolidated financial statements of Elemental for the same period. The information contained within this MD&A is as of March 31, 2022.

The referenced financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board ("IFRS"). 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/.

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

On July 27, 2020 the Company completed a reverse takeover ("RTO") with Fengro Industries Corp., a company trading on the TSX Venture Exchange and on July 30, 2020 the Company's shares commenced trading on the TSX Venture Exchange under the trading symbol "ELE". Effective July 27, 2020 Fengro changed its name to "Elemental Royalties Corp." and consolidated its share capital on the basis of 209 (old) common shares for 1 (new) common share (the "Consolidation"). Immediately following the Consolidation, Fengro had an aggregate of 753,706 common shares outstanding.

Pursuant to the terms of the RTO all outstanding securities of Elemental Royalties Limited ("ERL") were exchanged for post-Consolidation securities of Elemental on a 4.8114 for 1 basis (the "Share Exchange"), resulting in 22,664,788 Elemental common shares being issued to former shareholders of ERL. The 497,797 Performance Share Units outstanding at July 27, 2020 were also exchanged on a 4.8114 for 1 basis, resulting in 2,395,109 replacement Performance Share Units being issued. All references to share and per share amounts in this MD&A have been retroactively restated to reflect the post-4.8114 for 1 exchange ratio.

Before listing in July 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 in fiscal 2021.

In November 2021, Elemental revised production guidance for the year to 3,400 – 3,800 attributable GEOs, with over 90% of expected revenue to be derived from gold and silver production. The revision followed updated production guidance from Austral Gold Corp ("Austral") published in October 2021. In Q1 2021 Austral announced their expectation that production would increase during the second half of 2021 to meet the previous 45,000 - 50,000 GEOs guidance. Despite gradual improvements at the Guanaco/Amancaya mine Austral revised production guidance for 2021 to 30,000 - 35,000 GEOs.

For the full year 2021, Elemental's revenue is a record of approximately $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 is based on sales volume of approximately 3,700 GEOs, up approximately 28% from 2,889 GEOs a year earlier and towards the upper end of the Company's 2021 guidance.

Elemental has set its guidance range for 2022 at 5,700 to 6,700 attributable GEOs. 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. For 2022, Elemental expects that gold will provide more than 95% of anticipated revenue with production expected to be weighted towards the second half of the year, with the Ming Gold Stream starting to contribute from the point the transaction completes and the Mercedes mine royalty payable from July 2022.

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 royalties provide uncapped revenue and are not subject to any buybacks as at December 31, 2021 and at of the date of this report, meaning that all future mineral resource to mineral reserve conversion over the royalty areas delivers both value and greater certainty 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.

2. OVERALL PERFORMANCE

- Revenue of $6.6 million for the year ended December 31, 2021 up approximately 29% from $5.1 million a year earlier and the fourth successive year of record revenue for the Company
- Total attributable GEOs of 3,680 for the year ended December 31, 2021
- Operating cash flow inflow of $1.1 million for the year ended December 31, 2021.
- Net loss of $4.7 million for the year ended December 31, 2021.
- Adjusted EBITDA of $3.2 million for the year ended December 31, 2021 (refer to the "Non-IFRS Measures" section of this MD&A).

Highlights and key developments include:

- On February 8, 2021, Elemental completed the acquisition of a portfolio of Australian gold royalties from South32, (the "South32 Acquisition"). Together with Elemental's existing assets, these generated gross revenue of $6.6 million in fiscal 2021.
- 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).
- Also on February 8, 2021, the Company issued 13,065,100 common shares to South32 representing approximately 19% of the issued and outstanding common shares of the Company as partial consideration to acquire the South32 Portfolio.
- Following the South32 Acquisition, and in accordance with an Investor Rights Agreement, South32 nominated Simon Collins to the Board of Elemental, increasing the number of directors to five. Simon has more than 25 years' experience in the resources industry in senior leadership and business development roles. At South32, Simon leads the Corporate Development team which covers portfolio strategy, business development, mergers and acquisitions and greenfields exploration. Simon also has accountability for South32's non-operated Brazilian alumina refining joint venture, the Hermosa base metals development project located in southern Arizona and the 50% owned Ambler Metals base metals exploration joint venture in Alaska. Prior to joining South32, Simon worked for BHP for more than a decade, where he led global business development teams. Simon started his career in mine operations in Australia and South Africa.
- On February 10, 2021, Endeavour Mining (TSX: EDV) ("Endeavour") completed the acquisition of Teranga Gold and has commenced a major exploration program at the Wahgnion mine.
- On May 20, 2021 Elemental submitted an Annual Information Form, followed in September by the filing of a final Base Shelf Prospectus with the securities regulatory authorities in each of the provinces of Canada other than the Province of Québec. The shelf prospectus enhances the Company's financial flexibility by enabling Elemental to make offerings of up to $200 million of common shares, subscription receipts, warrants, debt securities and units or a combination thereof at prices and on terms to be determined based on market conditions at the time of the offering. Elemental has no immediate intention to undertake an offering. The specific terms of any future offering will be outlined in a prospectus supplement that will be filed at the time with the applicable Canadian securities regulatory authorities.

- On April 20, 2021, Focus Minerals Limited (ASX: FML) ("Focus") announced the first phase of an Open Pit Pre-Feasibility Study ("PFS") at their 100% Laverton Project in Western Australia, over part of which the Company holds a 2% Gross Revenue Royalty.
- During 2021 development work began on the Tuart underground mine covered by Elemental's 5% Net Profits Interest or A$10/oz Royalty at Zijin Mining's (HKG: 2899) ("Zijin") Mount Pleasant Operations. Elemental received its first royalty revenue from the Tuart Mine in Q2 2021.
- On June 3, 2021, Capricorn Metals Limited ("Capricorn") (ASX: CMM) announced that commissioning had commenced at its Karlawinda Gold Project ("Karlawinda") in Western Australia where Elemental holds a 2% NSR royalty.
- On June 21, 2021, Future Metals NL ("Future Metals") announced reinstatement to trading on the Australian Securities Exchange following the acquisition of the Panton PGM project where Elemental holds a 0.5% NSR royalty. A 10,000 meter drilling contract commenced in Q3 2021 with ongoing positive results released since. Recent metallurgical test work has shown >80% PGM recoveries to a high-grade PGM concentrate using conventional flotation.
- On June 25, 2021, Capricorn announced that it had completed construction and commenced continuous ore processing at Karlawinda.
- On July 1, 2021, Capricorn announced that it had completed the first gold pour at Karlawinda on schedule and within budget.
- On August 2, 2021, Rumble Resources Ltd (ASX: RTR) ("Rumble") announced an updated mineral resource estimate ("MRE") at the Western Queen Project, over which Elemental acquired a A$6-20/oz royalty in Feb 2021. The updated MRE produced a 35% increase in the total resource from the previous estimate. The combined Indicated and Inferred Resource is 2.1Mt @ 2.42g/t Au for a total of 163,268 ounces. The total Indicated Resources now stand at 1.1Mt @ 1.95g/t Au for a total of 67,145 ounces, which represents a 145% increase over the previous estimate.
- On September 2, 2021, Capricorn announced Karlawinda had transitioned to steady state operations. The mine produced an estimated 9,800 ounces of gold in August 2021, equivalent to an annualised run rate of 115,400 ounces in only the second month since first gold pour. This annualised rate is equivalent to royalty revenue of approximately $4,000 for Elemental at an $1,800/oz gold price.
- On September 30, 2021, Endeavour Mining outlined a five-year exploration and discovery outlook, including a Risked Mean Indicated Resource Discovery Target of 1.5 to 2.0 million ounces of gold at the Wahgnion mine.
- On October 11, 2021, Capricorn Metals announced steady state operations at Karlawinda. Revenue from Karlawinda is expected to almost double annual royalty revenue and during the Q3 2021 quarter, Capricorn produced 24,329 ounces with an above budget 92.6% recovery.
- On October 26, 2021, Elemental received first royalty revenue of A$1,067,929 from sales of 21,964 ounces of gold in Q3 2021 at Karlawinda.
- 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. 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 at the time.
- 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.

Subsequent to December 31, 2021:

- 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 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 confirm they remain 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, the Company announced it expects an approximate 40% increase in successive quarterly revenue from production at Karlawinda, Elemental's flagship royalty asset.
- 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 March 17, 2022, the Company announced it has entered into 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 is 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.

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

The following table summarizes the Company's total revenue from royalty interests during the three and twelve months ended December 31, 2021 and 2020:

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
	$	$	$	$
Kwale	146	83	611	486
Mount Pleasant	22	-	25	9
Amancaya	262	609	1,270	1,915
Wahgnion	815	769	2,844	2,711
Karlawinda	1,078	-	1,861	-
Total revenue from royalty interests	2,323	1,461	6,611	5,121

The following table summarizes the Company's GEOs from royalty interests during the three and twelve months ended December 31, 2021 and 2020:

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
	oz	oz	oz	oz
Kwale	81	44	340	279
Amancaya	146	325	706	1,091
Wahgnion	434	409	1,561	1,513
Mount Pleasant	16	-	17	5
Karlawinda	617	-	1,056	-
Total GEOs [1]	1,294	778	3,680	2,888

(1) Attributable GEOs are calculated by dividing royalty revenue by the average gold price.

Quarterly changes in royalty sales are primarily driven 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 PORTFOLIO

Elemental's focus is securing royalties 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]	Equinox Gold 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 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).
(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 is expected to close in Q1 2022.
(4) Ming stream acquisition announced on March 17, 2022 and is expected to close on or soon after March 31, 2022.

4. PRINCIPAL ROYALTIES AND STREAMS:

Amancaya:

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

- Guanaco/Amancaya gold and silver production during Q4 2021 totaled 8,682 GEOs (or 8,382 gold ounces and 23,296 silver ounces), an 8% decrease from Q3 2021 quarter and a 32% decrease from the Q4 2020 quarter. Production included 241 GEOs from Guanaco historical heap material processed through the agitation leaching plant during the quarter.
- Production was lower than forecast by Austral mainly due to lower gold grades at Amancaya, restricted availability of the UG fleet (mainly vertical drilling equipment) and a failure on the primary crusher during November 2021, which was repaired in December 2021 and led to an increase in December production.
- As part of its on-going plan to increase productivity from operations, Austral worked on improving its oversight of key activities to improve the efficiency of the production process. During Q4 2021, roles and

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

responsibilities were evaluated to better align Austral and its contractors on UG exploitation, maintenance of mining equipment and procurement of materials and spare parts.

- Production guidance for 2022 for the Guanaco/Amancaya mine is estimated at 40,000-45,000 gold-equivalent ounces.

Karlawinda:

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

Update:

- Q4 2021 gold production from Karlawinda was 30,316 ounces (Q2: 24,329 ounces).
- Year to date gold production (including commissioning phase production) of 54,645 ounces puts Capricorn on track to achieve FY22 guidance of 110,000 – 120,000 ounces.
- 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.
- Completion of 114 hole (14,594 metres) near mine RC drilling program at Karlawinda with encouraging results received from the Muirfield Prospect (4km from Bibra, inside the royalty area) including:
  - 8 metres @ 6.32g/t from 24 to 32m
  - 4 metres @ 1.45g/t from 68 to 72m
  - 4 metres @ 6.44g/t from 92 to 96m
  - 4 metres @ 1.88g/t from 132 to 136m
  - 12 metres @ 1.24g/t from 44 to 56m
- and from the Southern Corridor deposit including:
  - 4 metres @ 1.68g/t from 157 to 161m
  - 8 metres @ 1.99g/t from 118 to 126m
  - 7 metres @ 1.29g/t from 122 to 129m
  - 6 metres @ 1.30g/t from 98 to 104m
  - 4 metres @ 3.42g/t from 97 to 101m
  - 6 metres @ 1.18g/t from 144 to 150m
- Drilling is ongoing and Capricorn expect the results to be included in the next resource and reserve updates.

Laverton:

Location:	Western Australia
Commodity:	Gold
Operator:	Focus Minerals Ltd. ("Focus")
Royalty:	2% Gross Revenue Royalty ("GRR")

Update:

- Focus' strategy is to identify sufficient open pit Resources across the Laverton tenement package to commence a Stage 1 mining operation
- Drilling at Laverton has been completed across multiple royalty linked deposits and on November 8, 2021, Focus announced an increase in the mineral resource of the Beasley Creek deposit following targeted resource drilling carried out earlier in 2021.mineral resource.
- The updated Beasley Creek Mineral Resource Estimate is:

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

    - Indicated: 3.7 Mt at 2.0g/t for 244koz Au
    - Inferred: 0.4 Mt at 1.6g/t for 21koz Au
- Further mineral resource updates are expected to be completed during 2022 to form part of a preliminary economic assessment of a Stage 1 operation at Laverton.

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 is expected to occur on or soon after March 31, 2022 and is subject to certain conditions including Elemental raising net proceeds of at least $7 million in a financing.

Mercedes:

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

Update:

- Mercedes produced 11,353 gold ounces in Q4 2021, with 10,266 ounces sold.
- Work is underway on a substantial development program to increase access to multiple ore bodies of the Diluvio / Lupita complex.
- 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.
- 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.
- 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 is expected to close in Q2 2022.

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

Wahgnion:

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

- On February 10, 2021, Endeavour completed the acquisition of Teranga Gold, including the Wahgnion mine.
- The Wahgnion mine produced 47,000 (1) gold ounces in Q4 2021, an increase of 38% on the 34,000(1) gold ounces produced in Q3 2021.
- Production in Q4 increased due to increased plant throughput and higher processed grade while the plant recovery rate remained stable. Total tonnes mined increased due to increased production rates following the end of the wet season and the upgraded contractor mining fleet allowing operations to run more efficiently. Ore tonnes were mainly sourced from Nogbele North and South pits, which were primarily oxide materials that were supplemented by mostly fresh materials from the Fourkoura pits.
- Tonnes milled increased due to increased mill throughput attributable to the ore feed being dryer following the end of the wet season and a higher proportion of oxide ore being processed.
- The average processed grade increased due to higher grades sourced from Nogbele and Fourkoura pits.
- FY-2021 consolidated production, which comprises the period commencing on February 10, 2021 after the acquisition of Teranga, amounted to 147,000 gold ounces and achieved the mid-point of the guided 140,000 – 155,000 ounce range,.
- Endeavour confirm that the Wahgnion mine is expected to produce between 140,000 – 150,000 ounces in 2022.
- Ore will be primarily sourced from the Nogbele North and Fourkoura pits, with supplemental feed coming from the Nogbele South pits in H1-2022. In H2-2022, greater volumes of ore are expected to be sourced from the Nogbele North pits while ore sourced from Fourkoura pits is expected to remain steady throughout the year. Mill throughput rates are expected to decrease marginally in 2022 while process grades are expected to decline in line with the life of mine schedule.

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

5. SELECTED ANNUAL INFORMATION

The Company's fiscal year ends on December 31. The following is a summary of certain selected audited financial information for the last three completed fiscal years:

	December 31, 2021 ($)	**December 31, 2020 ($)**	**December 31, 2019 ($)**
Total revenues	6,611	5,121	2,415
Net loss	(4,726)	(2,631)	(82)
Loss per share – basic and diluted	(0.07)	(0.08)	(0.00)
Total assets	76,495	28,045	6,666
Total non-current liabilities	24,430	-	-
Dividends	-	-	-

The Company has acquired royalty assets during the year, increasing revenues and total assets. Details of royalties acquired during fiscal 2021 are discussed in the Overall Performance section of this report.

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

6. DISCUSSION OF OPERATIONS

The discussion of operations relates to the Company's three and twelve months ended December 31, 2021 and 2020.

	Three months ended December 31,		Year ended December 31,	
	2021 $	2020 $	2021 $	2020 $
Revenue from royalty interests	2,323	1,461	6,611	5,121
Depletion of royalty interests	(1,099)	(523)	(2,884)	(1,689)
General and administrative expenses	(1,397)	(609)	(2,971)	(1,080)
Project evaluation expenses	(153)	(78)	(435)	(380)
Share-based compensation expense	(57)	(253)	(638)	(730)
Interest income	2	11	15	15
Interest and financing expenses	(771)	-	(3,025)	(1,454)
Listing expense	-	(11)	-	(1,534)
Foreign exchange and other	36	310	(36)	340
Gain on acquisition	-	-	-	74
Tax expense	(511)	(575)	(1,363)	(1,314)
Net loss for the period	(1,627)	(267)	(4,726)	(2,631)
Operating cash flows	(1,061)	(1,433)	1,119	1,847
Adjusted EBITDA(1)	809	1,074	3,169	3,578

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

The Company recorded a net loss of $4.7 million for the year ended December 31, 2021, as compared to a net loss of $2.6 million for the year ended December 31, 2020. The increase in net loss is due to a combination of factors including:

- Royalty revenue increased to $6.6 million for the year ended December 31, 2021, compared to $5.1 million for the year ended December 31, 2020, due to an increase in Kwale and Wahgnion revenue and the receipt of the first two royalty payments from Karlawinda, offset partially by a decrease in Amancaya revenue. Depletion of royalty interests increased from $1.7 million for the year ended December 31, 2020, to $2.9 million for the year ended December 31, 2021 due primarily to the increased revenue during 2021. Depletion as a percentage of revenue in fiscal 2021 was 43.6% compared to 33.0% in fiscal 2020.
- General and administrative expenses increased from $1.1 million for fiscal 2020, to $3.0 million for fiscal 2021, due primarily to an increase in employment costs from $0.8 million to $1.6 million as a result of increases in salaries and additional directors after the listing, an increase in listing and filing fees from $0.042 million to $0.1 million, an increase in marketing and promotion from $0.1 million to $0.7 million offset by a decrease in professional and consultancy fees from $0.8 million to $0.7 million.
- Project evaluation expenses increased from $0.38 million for fiscal 2020, to $0.44 million for fiscal 2021, primarily due to higher business development costs incurred in 2021 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.

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

- Share-based compensation expense decreased during the current year due to some PSUs and all of the stock options that were granted in July 2020 being fully vested during 2021. No stock options or PSUs were granted in 2021 compared to 900,000 stock options and 500,000 PSUs being issued in 2020.
- Interest and finance expense increased from $1.5 million for the year ended December 31, 2020, to $3.0 million for the year ended December 31, 2021, due to the interest and fees associated with the Amended Sprott Credit Facility.
- Withholding tax expense increased from $1.3 million for the year ended December 31, 2020, to $1.4 million for the year ended December 31, 2021, due to the decrease in Amancaya revenues offset with an increase in withholding taxes payable on intercompany interest expense. The Karlawinda revenues increased from $nil in fiscal 2020 to $1.9 million in fiscal 2021 and those revenues are not subject to withholding tax.
- Listing expense relates to the reverse take-over with Fengro. A portion of the listing expense of $1.0 million for the year ended December 31, 2020 represents the fair value of shares deemed issued in excess of the book value of Fengro net assets acquired. The Company incurred $0.5 million of professional fees, listing fees and other expenses related to the transaction.

During the three months ended December 31, 2021, the Company recorded a net loss of $1.6 million as compared to a net loss of $0.3 million for the three months ended December 31, 2020. The revenues in Q4 2021 increased compared to Q4 2020 due to the revenues from the Wahgnion and Karlawinda royalties. Professional and consultancy fees increased in Q4 2021 to $0.4 million compared to $0.1 million in Q4 2020 due primarily to the hostile Gold Royalty bid. This increase in professional and consultancy fees is part of the increase in general and administrative expenses of $0.6 million in Q4 2020 to $1.7 million in Q4 2021. Within general and administrative expenses, employment costs increased from $0.4 million in Q4 2020 to $0.9 million in Q4 2021 and marketing and promotion increased from $0.06 million in Q4 2020 to $0.2 million in Q4 2021. Q4 2021 also included interest and finance expenses relating to the Sprott loan of $0.8 million compared to $nil in Q4 2020.

7. 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 December 31, 2021.

	THREE MONTHS ENDED			
	December 31, 2021 ($)	September 30, 2021 ($)	June 30, 2021 ($)	March 31, 2021 ($)
Total revenues	2,323	1,901	1,239	1,148
Net loss	(1,627)	(836)	(1,181)	(1,082)
Net loss per share – basic and diluted	(0.02)	(0.01)	(0.02)	(0.02)
Total assets	76,495	76,614	77,359	78,274

	THREE MONTHS ENDED			
	December 31, 2020 ($)	September 30, 2020 ($)	June 30, 2020 ($)	March 31, 2020 ($)
Total revenues	1,461	1,153	1,295	1,213
Net loss	(266)	(1,217)	(768)	(379)
Net loss per share – basic and diluted	(0.01)	(0.03)	(0.03)	(0.02)
Total assets	28,314	27,050	19,312	18,376

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 assets in Q1 2020 was due to the acquisition of the Wahgnion Royalty on January 29, 2020, for aggregate consideration of $12.5 million.

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 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.

8. LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2021, the Company's cash balance was $6.1 million (2020 - $10.9 million) with working capital of $6.9 million (2020 – working capital of $11.0 million). The decrease in working capital was due to the cash portion of the purchase of the South32 Royalty portfolio for $40.1 million partially offset with the net proceeds of $11.9 million received from equity financings and proceeds from borrowings, net of fees paid in cash, of $24.8 million and interest paid of $2.5 million as well as revenues received during the year.

The Company's operations provided $1.1 million during the year ended December 31, 2021 (2020 – operations provided $1.8 million) with $40.1 million (2020 - $11.0 million) used in investing activities. As at December 31, 2021, the Company had sufficient working capital to fund operations and had no commitments to make further funding of its royalties other than a contingent AU$0.4 million payment on the Mount Pleasant royalty. At December 31, 2021, there had been no decision made to mine Mount Pleasant and therefore the contingent payment is not due.

The Company's investing activities during the year ended December 31, 2021, resulted in a decrease in its cash balance from $10.9 million at December 31, 2020 to $6.1 million at December 31, 2021.

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 continues to review strategic options in relation to the Amended Sprott Credit Facility which matures on January 31, 2023. Discussions are underway with Sprott and other lending groups to negotiate an amended credit facility on improved terms.

9. 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 andwas secured by all assets of the Company.

On July 1, 2020, the Sprott Credit Facility was amended with a revised maturity date of August 23, 2020.

On August 7, 2020, Elemental repaid $8.54 million which included $8.5 million of principal, $0.02 million of legal fees and $0.02 million of interest. The Company also issued 196,207 common shares to settle the $0.2 million arrangement fee at the fair value of CAD$1.30 per common share ($0.970). The principal balance remaining on the Sprott Credit Facility was $nil, which was repaid during the year ended December 31, 2021.

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

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.

On February 8, 2021, the Company issued 653,255 common shares to Sprott as a finance cost at the fair value of $0.77 million. As at December 31, 2021, the Company had incurred costs of $0.27 million for legal fees and other fees in connection with the facility.

During the year ended December 31, 2021, the Company recorded interest expense of $2.56 million and amortization of transaction costs of $0.47 million on the Amended Sprott Credit Facility.

10. 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, share-based compensation, and the non-cash portion of the listing expense. 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 and twelve months ended December 31, 2021 and 2020:

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
	$	$	$	$
Net loss	(1,627)	(266)	(4,726)	(2,631)
Tax expense	511	574	1,363	1,314
Interest income	(2)	(11)	(15)	(15)
Interest and finance expenses	771	-	3,025	1,454
Depletion	1,099	524	2,884	1,689
Share-based compensation expense	57	253	638	730
Listing expense (non-cash portion)	-	-	-	1,037
Adjusted EBITDA	809	1,074	3,169	3,578

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.

11. FINANCING ACTIVITIES

During the year ended December 31, 2021, the Company completed the following equity financing transactions:

1) 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).
2) 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
3) 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.

During the year ended December 31, 2020, the Company completed the following equity financing transactions:

1) On January 7, 2020, the Company issued 496,272 common shares at $0.73 (CAD$1.01) per share to raise gross proceeds of $0.36 million;
2) On January 23, 2020, the Company issued 1,374,683 common shares at $0.73 (CAD$1.01) per share as part of the acquisition of Sanembaore Sarl Pty Ltd. ("SNB");
3) On April 21, 2020, the Company issued 10,325 ordinary shares at $0.73 per share as payment of $0.007 million of a bonus;
4) On May 1, 2020, the Company issued 1,240,879 ordinary shares at $0.73 per share to raise gross proceeds of $0.9 million;
5) On July 27, 2020, pursuant to the reverse takeover transaction, all of the Company's outstanding securities were exchanged for post-Consolidation Elemental securities on a 4.8114 for 1 basis. All share and per share amounts in this MD&A have been re-stated to reflect the post-4.8114 for 1 exchange ratio;
6) On July 28, 2020, the Company completed a brokered subscription receipt financing of 18,437,715 common shares at CAD$1.30 ($0.972) per share for gross proceeds of CAD$23.97 million ($17.9 million). In connection with the financing, the Company paid cash finders' fees of $1.08 million and incurred cash issuance costs of $0.17 million;
7) On July 30, 2020, the Company issued 2,406,322 common shares to convert the Tembo loan, including the arrangement fee and accrued interest at a conversion price of CAD$1.30 ($0.97) as repayment of the $2.33 million convertible loan;
8) On July 30, 2020, the Company issued 196,207 common shares at CAD$1.30 ($0.97) to settle the $0.19 million arrangement fee for the Sprott Credit Facility; and
9) On September 3, 2020, the Company issued 65,996 common shares to settle CAD$0.11 million of debt incurred pursuant to a bridge loan made to Fengro in March 2019.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

ACCOUNTING STANDARDS RECENTLY ADOPTED

The Company adopted Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16 (the "Phase 2 Amendments") effective on January 1, 2021. Interest rate benchmark reform ("Reform") refers to a global reform of interest rate benchmarks, which includes the replacement of some interbank offered rates ("IBOR") with alternative benchmark rates. The Phase 2 Amendments provide a practical expedient requiring the effective interest rate be adjusted when accounting for changes in the basis for determining the contractual cash flow of financial assets and liabilities that relate directly to the Reform rather than applying modification accounting which might have resulted in a gain or loss. In addition, the Phase 2 Amendments require disclosures to assist users in understanding the effect of the Reform on the Company's financial instruments and risk management strategy.

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

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.

12. RELATED PARTY TRANSACTIONS

Key management includes the executive and non-executive directors and certain officers of the Company. Key management compensation during the years ended December 31, 2021 and 2020 is as follows:

	2021 $	2020 $
Salary, fees, pension and professional fees	1,281	815
Share-based compensation – PSUs and stock options	485	638
	1,766	1,453

13. 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 continues to review strategic options in relation to the Amended Sprott Credit Facility which matures on January 31, 2023. Discussions are underway with Sprott and other lending groups to negotiate an amended credit facility on improved terms.

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

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 December 31, 2021 is $25.6 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.

14. OUTSTANDING SHARE DATA

Common shares:
As at the date of this MD&A, the Company had 68,991,221 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:

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

15. RISKS & UNCERTAINTIES

Some of the primary risk factors affecting the Company are set out below.

The risks arising from the current COVID-19 pandemic may have a significant impact on the Company

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.

The Company is currently subject to an unsolicited hostile takeover bid.

The Company is currently subject to the unsolicited hostile takeover bid by Gold Royalty. While the Company is exploring the availability of strategic alternatives to the hostile takeover bid by Gold Royalty, there is no assurance regarding the availability of alternative strategic options for the Company and whether any such options will represent greater value to Elemental's shareholders, as to the outcome of the hostile takeover bid by Gold Royalty, and whether any takeover or change of control transaction involving the Company will occur and/or be completed and as to the timing thereof.

Changes in commodity prices will affect the revenues generated from the Company's asset portfolio as well as the profitability of the Company

The revenue derived by the Company from its asset portfolio will be significantly affected by changes in the prices of the commodities underlying the Company's royalty interests. Commodity prices, including those to which the Company is exposed, fluctuate on a daily basis and are affected by numerous factors beyond the control of the Company, including levels of supply and demand, industrial investment levels, inflation and the level of interest rates, the strength of the U.S. dollar, geopolitical events and the current COVID-19 pandemic. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. In addition, geo-political tensions with Russia, due to its war with Ukraine, and resulting sanctions, may serve to further compound supply constraints in the near term, which could materially and adversely impact the quantum of production and increase the costs of production thereby reducing the returns upon which some or all of Elemental's royalties or streams are calculated, or both, from any or all of the mines in which Elemental holds royalty or stream interests.

Future material price declines may result in a decrease in revenue or, in the case of severe declines that cause a suspension or termination of production by relevant operators, a complete cessation of revenue from royalties applicable to one or more relevant commodities. Moreover, despite the Company's commodity diversification, the broader commodity market tends to be cyclical, and a general downturn in overall commodity prices could result in a significant decrease in overall revenue. Any such price decline may result in a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

The precious metals that are subject to the royalty or stream interests in the Company's asset portfolio are produced or will be produced as by-product metals at some of the properties in respect of which the Company holds a royalty on stream interest; therefore, production decisions and the economic cut-off applied to the reporting of mineral reserves and mineral resources, as applicable, is influenced by changes in the commodity prices of other metals at the mines. Where the Company's interest is in respect of a by-product metal, commodity prices of the by-product metal and the principal metal may diverge such that the interests of owners or operators of the mines, and those of the Company, may not be aligned.

The Company has no or limited control over the operation of the properties in respect of which the Company holds an interest and the operators' failure to perform or decision to cease or suspend operations will affect the revenues of the Company

The Company is not directly involved in the operation of mines. The revenue derived from its royalty portfolio is based on production by third-party property owners and operators of mines. The owners and operators generally will have the power to determine the manner in which the properties are exploited, including decisions to expand, continue or reduce, suspend or discontinue production from a property, decisions about the marketing of products extracted from the property and decisions to advance exploration efforts and conduct development of non-producing properties. The interests of third-party owners and operators and those of the Company on the relevant properties may not always be aligned. As an example, it will usually be in the interest of the Company to advance development and production on properties as rapidly as possible in order to maximize near-term cash flow, while third-party owners and operators may take a more cautious approach to development as they are at risk with respect to the cost of development and operations. Likewise, it may be in the interest of property owners to invest in the development of and emphasize production from projects or areas of a project that are not subject to royalty interests. The inability of the Company to control the operations for the properties in respect of which it has a royalty interest may result in a material adverse effect on the Company's profitability, results of operations and financial condition and the trading price of its securities. In addition, the owners or operators may take action contrary to the Company's objectives, be unable or unwilling to fulfill their obligations under their contracts with the Company, have difficulty obtaining or be unable to obtain the financing necessary to advance projects or experience financial, operational or other difficulties, including insolvency, which could limit the owner or operator's ability to perform its obligations under agreements with the Company.

At any time, any of the operators of the properties in respect of which the Company holds a royalty or stream interest or their successors may decide to suspend or discontinue operations. In particular, due to the COVID-19 pandemic, many mining projects around the world have been forced to temporarily suspend mining operations and may be forced to temporarily suspend mining operations again in the event of additional outbreaks or waves of the COVID-19 pandemic. The Company may not be entitled to any material compensation if any of the properties in respect of which it holds a royalty interest shuts down or discontinues its operations on a temporary or permanent basis.

The Company currently has three material royalty assets. Other assets and properties may become significant to the Company from time to time and any adverse development related to any such assets will affect the revenue derived from such assets.

As of the date of this MD&A, Elemental considers that the royalties derived from the Wahgnion mine, the Karlawinda gold project and the Amancaya mine as its only material royalty assets. As new assets are acquired or existing or new assets move into production, the materiality of each of the Company's assets will be reconsidered. Any adverse development affecting the development or operation of, production from or recoverability of mineral reserves, or any other significant property in the Company's royalty portfolio from time to time, including, but not limited to, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, pit wall failures, tailings dam failures, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage, or the inability to hire suitable personnel and engineering contractors or secure supply agreements on commercially suitable terms, may have a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities. Any adverse decision made by the owners and operators of the mines that are the subject of royalties that are material to the Company, including for example, alterations to development or mine plans or production schedules, may impact the timing and amount of revenue that the Company receives from its royalties and could have a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

Some of the properties in which the Company has an interest may never achieve commercial production

Some of the projects or properties in which the Company has a royalty interest are not yet in production. There can be no assurance that feasibility, construction or development will be completed on a timely basis or at all.

To the extent that any of the owners or operators of properties in respect of which the Company holds a royalty or stream interest default under their credit and other financing documents, this could delay or inhibit operations at the relevant properties, which could have a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

Any sale of assets in respect of which the Company holds a royalty interest may result in a new operator and any failure of such operator to perform could affect the Company

The owners or operators of the projects or mines in respect of which the Company holds a royalty interest may from time to time announce transactions, including the sale or transfer of the projects or mines or of the operator itself, over which the Company has little or no control. If any such transaction is completed, it may result in a new operator controlling the project or mine, who may or may not operate the project or mine in a similar manner to the current operator, and which may positively or negatively impact the Company and could have a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities. If any such transaction is announced, there is no certainty that such transaction will be completed, or be completed as announced, and any consequences of such non-completion on the Company may be difficult or impossible to predict.

The Company may acquire royalties on properties that are speculative and there can be no guarantee that mineable deposits will be discovered, developed or mined

Exploration for metals and minerals is a speculative venture necessarily involving substantial risk. There is no certainty that the expenditures made by the operator of any given project will result in discoveries of commercial quantities of minerals on lands where the Company holds royalties.

If mineable deposits are discovered, substantial expenditures will be required to establish mineral reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure to facilitate mineral extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that resources will be discovered in sufficient quantities to justify commercial operations or that the funding required for development can be obtained on terms acceptable to the operator or at all. Although, in respect of these properties, the Company intends to hold only royalties and not be responsible for these expenditures, the operator may not be in a financial position to obtain the necessary funding to advance the project, thereby resulting in the Company not earning revenues from the royalty or stream interests it holds in such properties.

The Company may have limited access to data and disclosure regarding the operation of properties in which it has an interest, which may affect its ability to assess and predict the performance of its royalties

As a holder of royalties, the Company generally has limited access to data on the operations or to the actual properties themselves. Accordingly, the Company needs to rely on the accuracy and timeliness of the public disclosure and other information it receives from the owners and operators of the properties in respect of which it holds royalties. The Company will use such information, including production estimates, in its analyses, forecasts and assessments relating to its own business. If such information contains material inaccuracies or omissions, the Company's ability to assess and accurately forecast its own performance or achieve its stated objectives may be materially impaired. In addition, some royalties may be subject to confidentiality arrangements which govern the disclosure of information with regard to the royalties and, as such, the Company may not be in a position to publicly disclose such information with respect to certain royalties. The limited access to data and disclosure regarding the operations of the properties in respect of which the Company will acquire an interest may restrict the Company's ability to assess, forecast or enhance its performance, which could result in a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

Although the Company will attempt to secure contractual rights when it creates new royalty or stream interests, such as audit or access rights that will permit it to monitor operators' compliance with their obligations to the Company, there can be no assurance that the Company will be able to secure such rights, or that such rights will be sufficient to ensure such compliance or to affect operations in ways that would be beneficial to the Company.

The Company depends on the operators of the properties in which it holds a royalty or stream interest for the calculation of royalty payments, and it may not be possible to detect errors in payment calculations

Payments and deliveries to the Company pursuant to royalties are calculated by the operators of the relevant properties based on reported production. Each operator's calculations are subject to and dependent upon the adequacy and accuracy of its production and accounting functions, and errors may occur from time to time in the calculations made by an operator. Certain contracts for royalties to be acquired by the Company will require the operators to provide the Company with production and operating information that may, depending on the completeness and accuracy of such information, enable the Company to detect errors in such calculations. However, the Company may not have the contractual right to receive complete production information for all of its royalties. As a result, the Company's ability to detect payment errors in respect of royalties through its monitoring program of its interests and its associated internal controls and procedures will be limited, and the possibility will exist that the Company will need to make retroactive revenue adjustments in respect of royalties. The contracts for royalties in the Company's asset portfolio generally provide the right to audit the operational calculations and production data for the associated payments and deliveries in respect of such royalties; however, such audits may occur many months following the Company's recognition of the revenue in respect of the royalties and may require the Company to adjust its revenue in later periods.

The Company is dependent on the payment by the owners and operators of the properties in respect of which the Company has a royalty and any delay in or failure of such payments will affect the revenues generated by the Company's asset portfolio.

The Company is dependent, to a large extent, upon the financial viability of the owners and operators of the relevant properties in respect of which it holds royalties. Payments from production will generally flow through the operator and there is a risk of delay and additional expense in receiving such payments. Payments may be delayed as a result of restrictions imposed by lenders, delays in the sale or delivery of products, the ability or willingness of smelters and refiners to process mine products, blowouts or other accidents, recovery by the operators of expenses incurred in the operation of the properties, the establishment by the operators of mineral reserves for such expenses or the insolvency of the operator. The Company's rights to payment pursuant to royalties will, in some cases, be enforced by contract without the protection of the ability to liquidate a property.

This will inhibit the Company's ability to collect outstanding payments in respect of such royalties upon a default. Additionally, some contracts may provide limited recourse in particular circumstances which may further inhibit the Company's ability to recover or obtain equitable relief in the event of a default by the owner or operator under such contracts. In the event of a bankruptcy of an operator or owner, it is possible that an operator may claim that the Company should be treated as an unsecured creditor and, therefore, have a limited prospect for full recovery of revenue. There is also a possibility that a creditor or the owner or operator may claim that the royalty contract should be terminated in the insolvency proceeding. Alternatively, in order to preserve its interest in a royalty or stream interest in the context of an insolvency or similar proceeding, the Company may be required to make additional investments in, or provide funding to, owners or operators, which would increase its exposure to the relevant interest and counterparty risk. Failure to receive payments from the owners and operators of the relevant properties or termination of the Company's rights could result in a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

Global financial conditions may destabilize

Global financial conditions could suddenly and rapidly destabilize in response to future events, as government authorities may have limited resources to respond to future crises. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. Any sudden or rapid destabilization of global economic conditions could negatively impact the Company's ability, or the ability of the owners or operators of the properties in respect of which the Company holds royalties, to obtain equity or debt financing or make other suitable arrangements to finance their projects. In the event of increased levels of volatility or a rapid destabilization of global economic conditions, the Company's business, financial condition, results of operations and the trading price of its securities could be materially and adversely affected. To date, the COVID-19 pandemic has had a significantly negative impact on the global economy, as well as on certain commodity prices, and the pandemic may continue to have an adverse effect on the Company. In addition, certain countries including Canada and the United States have imposed strict financial and trade sanctions against Russia in connection with the ongoing military conflict between Russia and Ukraine, which sanctions may have far reaching effects on the global economy in addition to the near term effects on Russia. The long-term impacts of the conflict remain uncertain.

The Company is exposed to counterparty and liquidity risk, and any delay or failure of counterparties to make payments will affect the revenues of the Company

The Company is exposed to various counterparty risks including, but not limited to (i) the Company's royalty counterparties; (ii) other companies that have payables owing to the Company; (iii) the Company's insurance providers; and (iv) the Company's lenders. The Company is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans or other credit facilities or obtain equity financing in the future or to obtain them on terms favourable to the Company.

Royalties may not be honoured by operators of a project

Royalties in respect of natural resource properties are largely contractual in nature. Parties to contracts do not always honour contractual terms and contracts themselves may be subject to interpretation or technical defects. To the extent grantors of royalties do not abide by their contractual obligations, the Company may be forced to take legal action to enforce its contractual rights. Such legal action may be time consuming and costly and there is no guarantee of success. Any pending proceedings or actions or any decisions determined adversely to the Company could have a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

Not all of the Company's royalties are secured and the Company's security interests, if any, may be subordinated and difficult to enforce

Although certain of the Company's royalties are secured, certain of the Company's royalty or stream interests are unsecured. In a default, liquidation or realization situation, any unsecured royalty or stream interest of the Company will be satisfied pro rata with all other unsecured claims after all secured claims, property claims and prior ranking claims are satisfied in full. Absent a security interest, the Company's likely potential recourse against a defaulting property owner or mining operator would be for breach of the applicable contract which would result in damages and unsecured claims for which the likelihood of recovery is remote and time-consuming. In the event that a mining operator or property owner has insufficient funds to pay its liabilities and obligations as they become due, it is possible that other liabilities and obligations will be satisfied prior to those owing to the Company. Even valid security interests which are or may be held by the Company could be (i) subordinated to other indebtedness; (ii) unenforceable; (iii) difficult to enforce; or (iv) subject to attack by other creditors or stakeholders. Further, in insolvency proceedings, any security or other interest held by the Company will likely be further subordinated by court-ordered charges or other court-ordered relief, including for interim financing.

The Company's profitability, results of operations and financial condition are subject to variations in foreign exchange rates

Certain of the Company's activities and its head office are located in Canada and the costs associated with these activities are largely denominated in Canadian dollars. Additionally, the Company has subsidiaries in the United Kingdom and Australia, creating potential foreign currency fluctuations between these subsidiaries. Additionally, some of the Company's royalties may be subject to foreign currency fluctuations and inflationary pressures, which could have a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities. There can be no assurance that the steps taken by management to address variations in foreign exchange rates will eliminate all adverse effects and the Company may suffer losses due to adverse foreign currency rate fluctuations.

Operators of mines may not be able to replace depleted mineral reserves and mineral resources, which would reduce the Company's revenue from royalties

The revenue generated by the Company will principally be based on the exploitation of mineral reserves on assets underlying the Company's royalties. mineral reserves are continually being depleted through extraction and the long-term viability of the Company's royalty portfolio will depend on the replacement of mineral reserves by owners or operators of the associated properties through new producing assets and increases in mineral reserves on existing producing assets. As any mine in respect of which the Company has a royalty matures, the Company expects overall declines in production over the years unless the operator of such mine is able to replace mineral reserves that are mined through mine expansion or successful new exploration. Exploration for minerals is a speculative venture necessarily involving substantial risk. There is no certainty that the expenditures made by the operator of any given mineral project will result in discoveries of commercial quantities of minerals on properties underlying the Company's royalty interest or that discoveries will be located on properties covered by the relevant royalty. Even in those cases where a significant mineral deposit is identified and covered by a royalty owned by the Company, there is no guarantee that the deposit can be economically extracted. Substantial expenditures are required to establish mineral reserves through drilling, to develop processes to extract the mineral reserves and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit covered by a royalty owned by the Company, no assurance can be given that new mineral reserves will be identified to replace or increase the amount of mineral reserves underlying a royalty interest held by the Company. This includes mineral resources, as the mineral resources that have been discovered may not have been subjected to sufficient analysis to justify commercial operations or the allocation of funds required for development. The inability of operators to add additional mineral reserves or to replace existing mineral reserves through either the development of existing mineral resources or the acquisition of new mineral producing assets, in each case covered by a royalty owned by the Company, could result in a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

The Company may enter into acquisitions or other royalty or streaming transactions from time to time, which may be material, may involve the issuance of the Company's securities or may involve the incurrence of indebtedness and will be subject to transaction-specific risks

The Company regularly reviews opportunities to acquire existing royalties or streams, to create new royalty, streaming or other arrangements through the financing of mining projects, financing of new acquisitions or to acquire companies that hold royalties or streams in respect of mineral properties. At any given time, the Company may have various types of transactions and acquisition opportunities in various stages of active review, including submissions of indications of interest and participation in discussions or negotiations in respect of such transactions. This process also involves the engagement of consultants and advisors to assist in analyzing particular opportunities. Any such acquisition or transaction could be material to the Company and may involve the issuance of Common Shares or other securities by the Company or the incurrence of indebtedness to fund any such acquisition. In addition, any such transaction may have other transaction-specific risks associated with it, including risks related to the completion of the transaction, the project operators or the jurisdictions in which assets may be acquired or underlying properties located. Additionally, the Company may consider opportunities to restructure its royalty arrangements where it believes such a restructuring may provide a long-term benefit to the Company, even if such restructuring may reduce near-term revenues or result in the Company incurring transaction-related costs.

Increased competition for royalties or streams could adversely affect the Company's ability to acquire additional royalties or streams in mineral properties

Many companies are engaged in the search for and the acquisition of mineral interests, including royalties and streams and there is a limited supply of desirable mineral interests. The mineral exploration and mining businesses are competitive in all phases. Many companies are engaged in the acquisition of mineral interests, including large, established companies with substantial financial resources, operational capabilities and long earnings records. The Company may be at a competitive disadvantage in acquiring those interests, whether by way of royalty or stream as competitors may have greater financial resources and technical staffs. There can be no assurance that the Company will be able to compete successfully against other companies in acquiring new royalties or streams. In addition, the Company may be unable to acquire royalties or streams at acceptable valuations which could result in a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

The Company can provide no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could impede the Company's funding obligations, or result in delay or postponement of further business activities which could result in a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

The Company may experience difficulty attracting and retaining qualified management and technical personnel to efficiently operate its business

The Company is dependent upon the continued availability and commitment of its key management personnel, whose contributions to immediate and future operations of the Company are of significant importance. The loss of any such key management personnel, and, in particular, of its chief executive officer, could negatively affect the Company's business operations. From time to time, the Company may also need to identify and retain additional skilled management and specialized technical personnel to efficiently operate its business. In addition, the Company expects to frequently retain third-party specialized technical personnel to assess and execute on opportunities. These individuals may have conflicts of interest or scheduling conflicts, which may delay or inhibit the Company's ability to employ such individuals' expertise. The number of persons skilled in the acquisition, exploration and development of royalties and streams in natural resource properties is limited and competition for such persons is intense. Recruiting and retaining qualified personnel will be critical to the Company's success and there can be no assurance that the Company will be able to recruit and retain such personnel. If the Company is not successful in recruiting and retaining qualified personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material adverse effect on its business, financial condition, results of operations and the trading price of its securities.

Certain of the Company's directors and officers may serve as directors and officers with other companies, which could put them in a conflict position from time to time

Certain of the directors and officers of the Company may also serve as directors or officers of, or have significant shareholdings in, other companies involved in natural resource exploration, development and production and, to the extent that such other companies may engage in transactions or participate in the same ventures in which the Company participates, or in transactions or ventures in which the Company may seek to participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation.

Such conflicts of the directors and officers could result in a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

Changes in or in the interpretation of tax legislation or accounting rules could affect the profitability of the Company

Changes to, or differing interpretation of, taxation laws or regulations in any of Canada or any of the countries in which the Company's assets or relevant contracting parties or underlying properties are located could result in some or all of the Company's profits being subject to additional taxation. No assurance can be given that new taxation rules or accounting policies will not be enacted or that existing rules will not be applied in a manner which could result in the Company's profits being subject to additional taxation or which could otherwise have a material adverse effect on the Company's profitability, results of operations and financial condition and the trading price of its securities. In addition, the introduction of new tax rules or accounting policies, or changes to, or differing interpretations of, or application of, existing tax rules or accounting policies could make royalties held by the Company less attractive to counterparties. Such changes could adversely affect the Company's ability to acquire new assets or make future investments.

The Company may be unable to repay its indebtedness and comply with its obligations under a credit facility

The Company entered into the Amended Facility Agreement to be used primarily to fund the acquisition of royalties. These acquisitions resulted in significant drawings under the Amended Facility Agreement and the Company would be required to use a portion of its cash flow to service principal and interest on the debt thereunder, which will limit the cash flow available for other business opportunities. The Company's ability to make scheduled payments of the principal of, to pay interest on, or to refinance indebtedness will depend on its future performance, which is subject to economic, financial, competitive and other factors beyond its control. The Company may not generate future cash flow that is sufficient to service debt and make necessary capital expenditures. If the Company is unable to generate such cash flow, it may be required to adopt one or more alternatives, such as reducing or eliminating dividends, if any, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. The Company's ability to refinance indebtedness will depend on the capital markets and its financial condition at such time. The Company may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on its debt obligations.

The terms of the Amended Facility Agreement require the Company to satisfy various affirmative and negative covenants. These covenants may limit, among other things, the Company's ability to incur further indebtedness, create certain liens on assets or engage in certain types of transactions. These covenants could also limit the ability of the Company to amend its royalty contracts without the consent of the lenders. There can be no assurances that, in the future, the Company will not be limited in its ability to respond to changes in its business or competitive activities or be restricted in its ability to engage in mergers, acquisitions or dispositions of assets. Furthermore, a failure to comply with these covenants, could likely result in an event of default under such credit facilities and would allow the lenders to accelerate the debt, which could materially and adversely affect the Company's business, financial condition, results of operations and the trading price of its securities.

The Company's operations will depend on information systems that may be vulnerable to cyber security threats

The Company's operations depend, in part, on its IT systems, networks, equipment and software and the security of these systems. The Company depends on various IT systems to process and record financial and technical data, administer its contracts with its counterparties and communicate with employees and third parties. These IT systems, and those of its third-party service providers and vendors and the counterparties under its contracts for royalties may be vulnerable to an increasing number of continually evolving cyber security risks. Unauthorized third parties may be able to penetrate network security and misappropriate or compromise confidential information, create system disruptions or cause shutdowns. Any such breach or compromise may go undetected for an extended period of time.

A significant breach of the Company's IT systems or data security or misuse of data, particularly if such breach or misuse goes undetected for an extended period of time, could result in significant costs, loss of revenue, fines or lawsuits and damage to reputation. The costs to eliminate or alleviate cyber or other security problems, including bugs, viruses, worms, malware and other security vulnerabilities, could be significant, and the Company's efforts to address these problems may not be successful. The significance of any cyber-security breach is difficult to quantify, but may in certain circumstances be material and could have a material adverse effect on the Company's financial condition, results of operations and the trading price of its securities.

Risks relating to Mines and Mining Operations

The Company is indirectly exposed to many of the same risk factors as the owners and operators of properties on which it holds a royalty

The Company is indirectly subject to the risk factors applicable to the owners and operators of properties in respect of which the Company holds a royalty, to the extent that such risks relate to the production of minerals from, or the continued operation of, such mines or projects.

Production at mines and projects on which the Company holds a royalty or stream is dependent on operators' employees

Production from the properties in respect of which the Company holds a royalty or stream interest depends on the efforts of operators' employees. There is competition for geologists and persons with mining expertise. The ability of the owners and operators of such properties to hire and retain geologists and persons with mining expertise is key to those operations. Further, relations with employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in the jurisdictions in which those operations are conducted. Changes in such legislation or otherwise in the relationships of the owners and operators of such properties with their employees may result in strikes, lockouts or other work stoppages, or could result in the owners and operators of such properties to decide to cease production at one or more of the properties, any of which could have a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

Mineral reserves and mineral resources are estimates based on interpretation and assumptions and actual production may differ from amounts identified in such estimates

The mineral reserves and mineral resources on properties in respect of which the Company holds royalties are estimates only, and no assurance can be given that the estimated mineral reserves and mineral resources will be accurate or that the indicated level of minerals will be produced. mineral reserve and mineral resource estimates for certain of the Company's royalties will be prepared by the operators of the underlying properties. The Company will not participate in the preparation or verification of such estimates (or the reports in which they are presented) and the Company will not independently assess or verify the accuracy of such estimates. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralization or formations may be different from those predicted. Further, it may take many years from the initial phase of drilling before production is possible and during that time the economic feasibility of exploiting a mineral deposit discovery may change.

Market price fluctuations of the applicable commodity, as well as increased production and capital costs or reduced recovery rates, may render the proven and probable mineral reserves on properties underlying the Company's royalties unprofitable to develop at a particular site or sites for periods of time or may render mineral reserves containing relatively lower-grade mineralization uneconomic. Moreover, short-term operating factors relating to the mineral reserves, such as the need for the orderly development of ore bodies or the processing of new or different ore grades, may cause mineral reserves to be reduced or not extracted. Estimated mineral reserves may have to be recalculated based on actual production experience. The economic viability of a mineral deposit may also be impacted by other attributes of a particular deposit, such as size, grade and proximity to infrastructure, governmental regulations and policy relating to price, taxes, royalties, land tenure, land use permitting, the import and export of minerals and environmental protection and by political and economic stability. While these risks may exist for all of the Company's assets, they will be heightened in the case of interests in properties which have not yet commenced production.

mineral resource estimates, in particular, must be considered with caution. mineral resource estimates for properties that have not commenced production are based, in many instances, on limited and widely-spaced drill hole or other limited information, which is not necessarily indicative of the conditions between and around drill holes. Such mineral resource estimates may require revision as more drilling or other exploration information becomes available or as actual production experience is gained. Further, mineral resources may not have demonstrated economic viability and may never be extracted by the operator of a property. It should not be assumed that all or any part of the mineral resources on properties underlying the Company's royalties constitute or will be converted into mineral reserves.

Any of the foregoing factors may require operators to reduce their mineral reserves and mineral resources, which could result in a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

Production forecasts may not prove to be accurate

The Company prepares estimates and forecasts of future mineral production attributable to the Company pursuant to the properties in respect of which it holds royalties and, in doing so, the Company relies on public disclosure and other information it receives from the owners, operators and independent experts of such properties to prepare such estimates. Such information may necessarily be imprecise because it depends upon the judgment of the individuals who operate such properties as well as those who review and assess the geological and engineering information. These production estimates and forecasts will typically be based on existing mine plans and other assumptions with respect to such properties, which may change from time to time and over which the Company will have no control, including the availability, accessibility, sufficiency and quality of ore, the costs of production, the operators' ability to sustain and increase production levels, the sufficiency of infrastructure, the performance of personnel and equipment, the availability of materials and equipment including reagents and fuel, the ability to maintain and obtain mining interests and permits and compliance with existing and future laws and regulations.

Any such information is forward-looking and no assurance can be given that such production estimates and forecasts will be achieved. Actual production attributable to the Company's royalty or stream interests may vary from the Company's estimates for a variety of reasons, including: actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; actual ore mined being less amenable than expected to mining or treatment; lower than expected mill feed grades; lower than anticipated sweep efficiency at certain mines; short-term operating factors relating to the mineral reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades; delays in the commencement of production and ramp up at new mines; revisions to mine plans; unusual or unexpected ore body formations; risks and hazards associated with the properties in respect of which the Company holds royalties, including but not limited to cave-ins, rock falls, rock bursts, pit wall failures, seismic activity, weather-related complications, fires or flooding or as a result of other operational problems such as production drilling or material removal challenges, power failures or a failure of a key production component such as a hoist, an autoclave, a filter press or a grinding mill; and unexpected labour shortages, strikes, local community opposition or blockades. Occurrences of this nature and other accidents, adverse conditions or operational problems in future years may result in the Company's failure to realize the benefits of its production forecasts anticipated from time to time. If the Company's production forecasts prove to be incorrect, it could result in a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

The exploration and development of mineral properties are inherently dangerous and subject to risks beyond the control of the Company

Companies engaged in mining activities are subject to all of the hazards and risks inherent in exploring for and developing natural resource projects. These risks and uncertainties include, but are not limited to, environmental hazards, industrial accidents, labour disputes, increases in the cost of labour, social unrest, changes in the regulatory environment, permitting and title risks, impact of non-compliance with laws and regulations, fires, explosions, blowouts, cratering, encountering unusual or unexpected geological formations or other geological or grade problems, unanticipated metallurgical characteristics or less than expected mineral recovery, encountering unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock bursts, tailings dam failures, periodic interruptions due to inclement or hazardous weather conditions, earthquakes, seismic activity, other natural disasters or unfavourable operating conditions and losses. Should any of these risks or hazards affect a company's exploration or development activities, it may (i) result in an environmental release or environmental pollution and liability; (ii) cause the cost of development or production to increase to a point where it would no longer be economic to produce the metal from the mineral projects in respect of which the Company holds a royalty; (iii) result in a write-down or write-off of the carrying value of one or more mineral projects; (iv) cause delays or stoppage of mining or processing; (v) result in the destruction of properties, processing facilities or third-party facilities necessary to the company's operations; (vi) cause personal injury or death and related legal liability; (vii) result in regulatory fines and penalties or the revocation or suspension of licences; (viii) result in the loss of insurance coverage; or (ix) result in the loss of social licence to operate. The occurrence of any of the above-mentioned risks or hazards could result in an interruption or suspension of operations of the properties in respect of which the Company holds a royalty, which in turn could have a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

Defects in title to properties underlying the Company's royalties may result in a loss of entitlement by the operator and a loss of the Company's interest

A defect in the chain of title to any of the properties underlying one of the Company's royalties or necessary for the anticipated development or operation of a particular project to which a royalty relates may arise to defeat or impair the claim of the operator to a property which could in turn result in a loss of the Company's interest in respect of that property. In addition, claims by third parties or aboriginal groups may impact the operator's ability to conduct activities on a property to the detriment of the Company's royalties. To the extent an owner or operator does not have title to the property, it may be required to cease operations or transfer operational control to another party. Many royalties are contractual, rather than an interest in land, with the risk that an assignment or bankruptcy or insolvency proceedings by an owner will result in the loss of any effective royalty in a particular property. Further, even in those jurisdictions where there is a right to record or register royalties held by the Company in land registries or mining recorder's offices, such registrations may not necessarily provide any protection to the Company. As a result, known title defects, as well as unforeseen and unknown title defects, may impact operations at a project in respect of which the Company has a royalty and could result in a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

Future litigation affecting the properties in respect of which the Company holds its royalties could have an adverse effect on the Company

Potential litigation may arise on a property on which the Company holds a royalty (for example, litigation between joint venture partners or between operators and original property owners or neighbouring property owners). As a holder of such interests, the Company does not generally have any influence on the litigation and does not generally have access to data. Any such litigation that results in the cessation or reduction of production from a property (whether temporary or permanent) or the expropriation or loss of rights to a property could have a material adverse effect on the Company's profitability, results of operations and financial condition and the trading price of its securities.

Moreover, the courts in some of the jurisdictions in which the Company has a royalty may offer less certainty as to the judicial outcome of legal proceedings or a more protracted judicial process than is the case in more established economies. Accordingly, there can be no assurance that contracts, joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities and the effectiveness of and enforcement of such arrangements in these jurisdictions. Moreover, the commitment of local businesses, government officials and agencies and the judicial system in these jurisdictions to abide by legal requirements and negotiated agreements may be more uncertain and may be susceptible to revision or cancellation, and legal redress may be uncertain or delayed. These uncertainties and delays could have a material adverse effect on the business, financial condition, results of operations of the Company and on the trading price of its securities.

Defects or disputes relating to the Company's royalties could have an adverse effect on the Company

Defects in or disputes relating to the royalties in the Company's royalty portfolio may prevent the Company from realizing the anticipated benefits from these interests. Material changes could also occur that may adversely affect management's estimate of the carrying value of the Company's royalties and could result in impairment charges. While the Company seeks to confirm the existence, validity, enforceability, terms and geographic extent of the royalties it acquires, there can be no assurance that disputes or other problems concerning these and other matters or other problems will not arise. Confirming these matters is complex and is subject to the application of the laws of each jurisdiction to the particular circumstances of each parcel of mineral property and to the documents reflecting the royalties. The discovery of any defects in, or any disputes in respect of, the royalties, could have a material adverse effect on the Company's profitability, results of operations and financial condition and the trading price of its securities.

The operations in respect of which the Company holds a royalty requires various property rights, permits and licences to be held by the operator in order to conduct current and future operations, and delays or a failure to obtain or maintain such property rights, permits and licences, or a failure to comply with the terms of any of such property rights, permits and licences could result in the interruption or closure of operations or exploration on the properties

The exploration, development and operation of mining properties are subject to laws and regulations governing health and worker safety, employment standards, environmental matters, mine development, project development, mineral production, permitting and maintenance of titles, exports, taxes, labour standards, reclamation obligations, heritage, historic and archaeological matters and other matters. The owners and operators of the properties in respect of which the Company holds royalties require licences and permits from various governmental authorities in order to conduct their operations. Future changes in such laws and regulations or in such licences and permits could have a material adverse effect on the revenue that the Company will derive from its royalties. Such licences and permits are subject to change in various circumstances and are required to be kept in good standing through a variety of means, including cash payments and satisfaction of conditions of issues. Such licences and permits are subject to expiration, relinquishment and/or termination without notice to, control of or recourse by the Company. There can be no guarantee that the owners or operators of those properties in respect of which the Company holds royalties are able to obtain or maintain all necessary licences and permits in good standing that may be required to explore, develop and operate the properties, commence the construction or operation of mining facilities, or maintain operations that economically justify the cost. Any failure to comply with applicable laws and regulations, permits and licences, or to maintain permits and licences in good standing, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or in fines, penalties or other liabilities accruing to the owner or operator of a project. Any such occurrence could substantially decrease production or cause the termination of operations on a property in which the Company holds a royalty interest and could have a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

The Company will be exposed to risks related to the construction, development and/or expansion in relation to the mines, projects and properties in respect of which it holds a royalty

Many of the projects or properties in respect of which the Company holds an interest are in the construction or development stage, and such projects are subject to numerous risks, including, but not limited to delays in obtaining equipment, materials and services essential to the construction and development of such projects in a timely manner, currency exchange rates, labour shortages, cost escalations and fluctuations in metal prices. There can be no assurance that the owners or operators of such projects will have the financial, technical and operational resources to complete construction, development and/or expansion of such projects in accordance with current expectations or at all.

The operations in which the Company holds an interest are subject to environmental and endangered species laws and regulations that may increase the costs of doing business and may restrict operations, which could reduce the Company's revenues

All phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of government laws and regulations, including laws and regulations relating to the protection of endangered and threatened species. Compliance with such laws and regulations can require significant expenditures and a breach may result in the imposition of fines and penalties, which may be material. In addition, such laws and regulations can constrain or prohibit the exploration and development of new projects or the development or expansion of existing projects. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, increases in land- use restrictions, larger fines and liability and potentially increased capital expenditures and operating costs. Any breach of environmental legislation by owners or operators of properties underlying the Company's asset portfolio, could have a material impact on the viability of the relevant property and impair the revenue derived by the Company from the applicable royalty, which could have a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

Changes in government regulation could inhibit exploration, construction and development on, or production from, the mineral properties in respect of which the Company holds royalties

The properties on which the Company holds a royalty interest may be located in multiple legal jurisdictions and political systems. There can be no assurance that future political and economic conditions in such countries will not result in the adoption of different policies or attitudes respecting the development and ownership of resources. Changes in applicable laws, regulations, or in their enforcement or regulatory interpretation could result in adverse changes to mineral development or operations. Any such changes in policy or attitudes may result in changes in laws affecting ownership of assets, land tenure and resource concessions, licensing fees, taxation, royalties, price controls, exchange rates, export controls, environmental protection, labour relations, foreign investment, nationalization, expropriation, repatriation of income and return of capital, which may affect both the ability to undertake exploration, construction and development on, or production from, the properties in respect of which the Company holds royalty or stream interests or the payments under such royalties. In certain areas where the Company holds a royalty, the regulatory environment is in a state of continuing change, and new laws, regulations and requirements may be retroactive in their effect and implementation. Any changes in governmental laws, regulations, economic conditions or shifts in political attitudes or stability are beyond the control of the Company and the owners and operators of the properties in respect of which the Company holds a royalty or stream interest and such changes could result in a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

The Company is subject to risks related to certain operations in developing economies

The Company is subject to risks normally associated with the conduct of business in developing economies. Risks may include, among others, problems relating to power supply, labour disputes, delays or invalidation of governmental orders and permits, corruption, uncertain political and economic environments, civil disturbances and crime, arbitrary changes in laws or policies, foreign taxation and exchange controls, nationalization of assets, opposition to mining from environmental or other non-governmental organizations or changes in the political attitude towards mining, empowerment of previously disadvantaged people, local ownership requirements, limitations on foreign ownership, power supply issues, limitations on repatriation of earnings, infrastructure limitations and increased financing costs. The above risks could limit, disrupt or negatively impact the Company's business, financial condition, results of operations and the trading price of its securities.

Mineral properties in which the Company holds royalties may be subject to risks related to indigenous peoples, which could inhibit operations at such properties

Various international, national, state and provincial laws, codes, resolutions, conventions, guidelines, treaties and other principles and considerations relate to the rights of indigenous peoples. The Company holds royalties in respect of operations located in some areas currently or previously inhabited or used by indigenous peoples. In these areas, governments may have obligations to respect the rights of indigenous people. Some mandate consultation with indigenous people regarding actions which may affect indigenous people, including actions to approve or grant mining rights or permits. The obligations of government and private parties under the various international and national requirements, principles and considerations pertaining to indigenous people continue to evolve and be defined. The properties in respect of which the Company holds royalty or stream interests are subject to the risk that one or more groups of indigenous people may oppose operations or new development. Such opposition may be directed through legal or administrative proceedings or protests, roadblocks or other forms of public expression against the operator's or the Company's activities. Opposition by indigenous people to such activities may require modification of or preclude operation or development of projects or may require the entering into of agreements with indigenous people. Claims and protests of indigenous peoples may disrupt or delay activities of the operators of properties in respect of which the Company holds royalty or stream interests which could result in a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

Risks Related to the Securities of Elemental

The market price of the Common Shares may be volatile, which could result in substantial losses for holders of Common Shares

The market price of the Common Shares could be subject to significant fluctuations. In addition, securities markets worldwide have experienced, and are likely to continue to experience, significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions and the risk factors described in this MD&A could subject the market price of the Common Shares to wide price fluctuations regardless of the Company's operating performance.

The Company may have to raise additional capital through the issuance of additional equity, which could result in dilution to shareholders

The issuance of additional Common Shares or of securities convertible into or exchangeable or exercisable for Common Shares may have a dilutive effect on the interests of shareholders. The number of Common Shares that the Company is authorized to issue is unlimited. The Company may, in its sole discretion, subject to applicable law and the rules of the TSX-V, issue additional Common Shares from time to time (including pursuant to any equity-based compensation plans that may be introduced in the future), and the equity interest in the Company of the holders of its Common Shares may be diluted thereby.

The Company may require new capital to continue to grow its business and there are no assurances that capital will be available when needed, if at all. It is likely that, at least to some extent, such additional capital will be raised through the issuance of additional equity, which could result in substantial dilution to shareholders.

The Canada Revenue Agency's ("CRA") recent focus on foreign income earned by Canadian companies may result in adverse tax consequences for the Company

There has been a recent focus by the CRA on income earned by foreign subsidiaries of Canadian companies. The majority of the Company's royalty assets will be owned by and the related revenue is received by subsidiaries of Elemental. Elemental has not received any reassessment or proposal from the CRA in connection with income earned by its foreign subsidiaries. Although management believes that the Company will be in full compliance with Canadian tax law, there can be no assurance that the Company's structure may not be challenged in future. In the event the CRA successfully challenges the Company's structure, this could potentially result in additional federal and provincial taxes and penalties, which may have a material adverse effect on the Company's profitability, results of operations and financial condition and the trading price of its securities.

Changes in or in the interpretation of tax legislation or accounting rules could affect the profitability of the Company

Changes to, or differing interpretation of, taxation laws or regulations in any of Canada or any of the countries in which the Company's assets or relevant contracting parties or underlying properties are located could result in some or all of the Company's profits being subject to additional taxation. No assurance can be given that new taxation rules or accounting policies will not be enacted or that existing rules will not be applied in a manner which could result in the Company's profits being subject to additional taxation or which could otherwise have a material adverse effect on the Company's profitability, results of operations and financial condition and the trading price of its securities. In addition, the introduction of new tax rules or accounting policies, or changes to, or differing interpretations of, or application of, existing tax rules or accounting policies could make royalties or other interests held by the Company less attractive to counterparties. Such changes could adversely affect the Company's ability to acquire new assets or make future investments.

The Company's operations will depend on information systems that may be vulnerable to cyber security threats

The Company's information technology and internal infrastructure is susceptible to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. Significant disruption to the availability of information technology and internal infrastructure could cause delays in research and development work. The Company would incur liability and development of product candidates would be delayed if any disruption or security breach were to result in a loss of, or damage to, the Company's data.

16. 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, plansor 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 thatmay 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 relianceon 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 prospectiveinvestors 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 andassumptions 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 royaltypayments 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 andcurrent 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 notintended 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.