ELEMENTAL ROYALTIES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

Date of Report: November 16, 2021

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 nine months ended September 30, 2021 should be read in conjunction with the condensed interim consolidated financial statements of Elemental for the same period together with the audited consolidated financial statements for the year ended December 31, 2020 and the accompanying MD&A for that fiscal year. The information contained within this MD&A is as of November 16, 2021.

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

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

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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 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 are expected to generate estimated gross revenue of approximately $6.1 million to $6.8 million in fiscal 2021.

Elemental has revised its 2021 guidance to 3,400 - 3,800 attributable Gold Equivalent Ounces ('GEOs') from its existing portfolio, with over 90% of expected revenue derived from gold and silver production. This follows revised production guidance from Austral Gold Corp ("Austral") following the transition to contractor mining in Q1 2021. Despite gradual improvements at the Guanaco / Amancaya mine complex Austral has revised production guidance downward to 30,000-35,000 GEO for 2021. At an assumed US$1,800 per ounce average received gold price this would generate estimated gross revenue of approximately $6.1 million to $6.8 million. For the methodology used to calculate GEOs see Non-IFRS Financial Measures.

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 of the date of this report and at September 30, 2021, 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 $1,900,707 for the three months ended September 30, 2021 and $4,288,502 for the nine months ended September 30, 2021.
- Total attributable GEOs of 1,062 for the three months ended September 30, 2021 and 2,385 attributable GEOs for the nine months ended September 30, 2021 (refer to the "Non-IFRS Measures" section of this MD&A).
- Operating cash flow outflow of $43,025 for the three months ended September 30, 2021 and outflow of $57,942 for the nine months ended September 30, 2021.
- Net loss of $835,828 for the three months ended September 30, 2021 and $3,098,856 for the nine months ended September 30, 2021.
- Adjusted EBITDA of $1,218,008 for the three months ended September 30, 2021 and $2,373,663 for the nine months ended September 30, 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 are expected to generate estimated gross revenue of approximately $6.1 million to $6.8 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$16,122,198 ($12,666,817).
- 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 to increase 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 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, when made effective, will enhance the Company's financial flexibility by enabling Elemental to make offerings of up to US$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.
- Endeavour Mining (TSX: EDV) ("Endeavour") completed the acquisition of Teranga Gold and has commenced a major exploration program at the Wahgnion mine.
- Development work has begun 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 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 the Karlawinda Gold Project.
- On July 1, 2021, Capricorn announced that it had completed the first gold pour at the Karlawinda Gold Project 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 the Karlawinda Gold Project had transitioned to steady state operations. The mine produced an estimated 9,800 ounces of gold in August, 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 US$4.0 million for Elemental at an US$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 gold at the Wahgnion Gold Project.

Subsequent to September 30, 2021:

- On October 11, 2021 , Capricorn Metals announced steady state operations at the Karlawinda Gold Project. 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. Mining volumes are expected to increase in the Q4 2021 quarter with a second mining fleet now onsite and operating at full capacity.
- 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 the Karlawinda Gold Project. The rapid commissioning and ramp up of production at Karlawinda during Q3 2021 should provide increased revenue from Q4 2021 and exposure to uncapped gold revenue from a newly commissioned gold mine in tier 1 Western Australia.

(Expressed in US Dollars, unless otherwise indicated)

The following table summarizes the Company's total revenue from royalty interests during the three and nine months ended September 30, 2021 and 2020:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	$	$	$	$
Kwale	156,406	96,479	465,606	403,015
Mount Pleasant	1,245	-	2,272	8,678
Amancaya	372,931	358,069	1,007,452	1,305,916
Wahgnion	585,796	698,374	2,028,843	1,942,663
Karlawinda	784,329	-	784,329	-
Total revenue from royalty interests	1,900,707	1,152,922	4,288,502	3,660,272

The following table summarizes the Company's GEOs from royalty interests during the three and nine months ended September 30, 2021 and 2020:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	oz	oz	oz	oz
Kwale	87	50	259	235
Amancaya	208	187	560	766
Wahgnion	327	387	1,126	1,104
Mount Pleasant	1	-	1	-
Karlawinda	438	-	438	-
Total GEOs [1]	1,062	624	2,385	2,105

(1) For the methodology used to calculate attributable GEOs see Non-IFRS Financial Measures

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 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 at September 30, 2021.

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
Mercedes[1]	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.

4. PRINCIPAL ROYALTIES:

Amancaya Project:

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

- Production at the Guanaco/Amancaya complex totaled 9,422 GEOs (9,120 gold ounces and 21,390 silver ounces) in the quarter. Most production comes from Amancaya, with only residual small scale heap leach production at Guanaco
- Despite gradual improvements at the Guanaco/Amancaya mine complex, Austral Gold has revised production guidance for 2021 to 30,000-35,000 GEOs from 45,000-50,000 GEOs provided at the beginning of the year
- Production was lower than forecast due to staff turnover within the underground mining contractor and availability of the underground fleet. An action plan is being implemented to hire certified instructors and engage a specialized contractor in vertical drilling to improve productivity at the mine, introduce expatriate personnel from Austral's Casposo mine in Argentina and strengthen the underground fleet with new acquisitions

(Expressed in US Dollars, unless otherwise indicated)

Karlawinda Project:

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

Update:

- During the September 2021 quarter, Capricorn completed commissioning and ramp-up activities, achieving guided throughput rates on a steady-state basis
- Gold production of 24,329 ounces with an above budget 92.6% recovery
- Mining volumes expected to increase in the December 2021 quarter with the second mining fleet now onsite and operating at full capacity
- From August mill throughput has been above budgeted throughput rate for harder laterite ore
- Processing plant throughput and grade expected to increase as higher grade and soft oxide ore mined in December 2021 quarter
- Construction and commissioning of two additional CIL tanks providing additional leaching time for anticipated higher processing plant throughput is nearing completion
- Production for the year ending June 30, 2022, is expected to be 110,000 – 120,000 ounces inclusive of commissioning production
- Multiple near-pit exploration projects advanced during the quarter and are awaiting assays

Laverton Project:

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 a number of Mineral Resource updates are in progress
- Subsequent to quarter end, Focus announced a material increase in the Mineral Resource of the Beasley Creek deposit, which was previously mined by WMC in the late 1980s and early 1990s
- The updated Beasley Creek Mineral Resource is:
    - Indicated: 3.7 Mt at 2.0g/t for 244koz Au
    - Inferred: 0.4 Mt at 1.6g/t for 21koz Au
- Mineral Resource updates are expected to be completed by Q1 2022 to form a preliminary economic assessment of a Stage 1 operation at Laverton

(Expressed in US Dollars, unless otherwise indicated)

Mercedes Project:

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

Update:

- Mercedes produced 9,722 gold ounces in Q3 2021
- Work underway on substantial development program to increase access to multiple ore bodies
- 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 are 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.
- Equinox have guided gold production is on track to achieve 30,000 to 35,000 ounces for the period post-acquisition on April 7, 2021 to December 31, 2021

Wahgnion Project:

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.
- Wahgnion produced 34,022 gold ounces in Q3 2021 and sold 35,011 gold ounces, a slight decrease on Q2 2021 due to lower mill throughput and recovery rates, reflecting the high proportion of fresh material processed and the impact of the wet season, balanced out by average grade milled increasing slightly to 1.40 g/t as the proportion of higher-grade ore sourced from the Nogbele South deposit rose
- Wahgnion is positioned to achieve the bottom half of production guidance of 140,000 - 155,000 gold ounces for the post acquisition period commencing on 10 February 2021
- Production has been accelerated since commissioning in 2019 to feed the plant which was running at 30% above nameplate capacity. To continue to meet this demand, in September 2021 Endeavour announced a discovery target of 1.5 to 2.0 million ounces of Indicated Resources (21 to 39Mt at 1.2 to 3.0g/t gold) at Wahgnion over the next five years, committing to a US$36 million exploration budget
- An exploration program of up to $12 million is planned for 2021, of which $8 million has been spent year to date consisting of 41,100 meters of drilling across 330 drillholes
- During Q3 2021, $5 million was spent on exploration consisting of 31,500 meters of drilling with a continued focus on the extension and expansion of the Nogbele Complex mineralization, expected to continue in Q4 2021 and in 2022
- Additional delineation drilling at the Fourkoura and Hillside targets, as well as reconnaissance drilling at Ouahiri South, Kassira and Bozogo will also continue in Q4 2021 and in 2022

(Expressed in US Dollars, unless otherwise indicated)

5. DISCUSSION OF OPERATIONS

The discussion of operations relates to the Company's three and nine months ended September 30, 2021 and 2020.

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	$	$	$	$
Revenue from royalty interests	1,900,707	1,152,922	4,288,502	3,660,272
Depletion of royalty interests	(905,232)	(400,288)	(1,784,053)	(1,165,651)
General and administrative expenses	(555,026)	(218,924)	(1,574,668)	(471,361)
Project evaluation expenses	(48,429)	(114,972)	(281,886)	(301,877)
Share-based compensation expense	(98,277)	(170,406)	(582,191)	(476,915)
Interest income	3,158	4,539	13,274	4,539
Interest and financing expenses	(771,361)	(208,355)	(2,253,608)	(1,454,417)
Listing expense	-	(1,083,122)	-	(1,523,182)
Foreign exchange and other	(82,402)	41,627	(71,559)	29,522
Gain on acquisition	-	-	-	74,240
Withholding tax expense	(278,966)	(219,848)	(852,667)	(739,332)
Net income (loss) for the period	(835,828)	(1,216,827)	(3,098,856)	(2,364,162)
Operating cash flows	(43,025)	(774,446)	(57,942)	(655,113)
Adjusted EBITDA[1]	1,218,008	818,997	2,373,663	2,509,080

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

Nine months ended September 30, 2021

The Company recorded a net loss of $3,098,856 for the nine months ended September 30, 2021, as compared to a net loss of $2,364,162 for the nine months ended September 30, 2020. The increase in net loss is due to a combination of factors including:

- Royalty revenue increased to $4,288,502 for the nine months ended September 30, 2021, compared to $3,660,272 for the nine months ended September 30, 2020, due to an increase in Kwale and Wahgnion revenue and the receipt of the first royalty payment from Karlawinda, offset partially by a decrease in Amancaya revenue. Depletion of royalty interests increased from $1,165,651 for the nine months ended September 30, 2020, to $1,784,053 for the nine months ended September 30, 2021 due primarily to changes in the estimated depletable base.
- General and administrative expenses increased from $471,361 for the nine months ended September 30, 2020, to $1,574,668 for the nine months ended September 30, 2021, due primarily to an increase in employment costs from $371,292 to $761,637 as a result of the additional employees and consultants associated with the listing, an increase in listing and filing fees from $33,451 to $118,122, an increase in marketing and promotion from $40,441 to $459,148 and an increase in corporate and administration expenses from $164,584 to $192,847, partially offset by a decrease in professional and consultancy fees from $649,725 to $324,800.
- Project evaluation expenses decreased from $301,877 for the nine months ended September 30, 2020, to $281,886 for the nine months ended September 30, 2021, primarily due to higher due diligence costs incurred in 2020. Project evaluation expenses are those activities required to acquire and then manage the

Company's portfolio of royalty assets. Certain employment costs and professional and consulting fees are allocated to project evaluation expenses.

- Share-based compensation expense increased during the current period due to vesting of PSUs and stock options that were granted in July 2020.
- Interest and finance expense increased from $1,454,417 for the nine months ended September 30, 2020, to $2,253,608 for the nine months ended September 30, 2021, due to the interest and fees associated with the Amended Sprott Credit Facility.
- Withholding tax expense increased from $739,332 for the nine months ended September 30, 2020, to $852,667 for the nine months ended September 30, 2021, due to the increase in Kwale and Wahgnion revenues subject to withholding tax.
- Listing expense relates to the reverse take-over with Fengro. A portion of the listing expense of $1,036,927 for the nine months ended September 30, 2020 represents the fair value of shares deemed issued in excess of the book value of Fengro net assets acquired. The Company incurred $486,255 of professional fees, listing fees and other expenses related to the Transaction.

Three months ended September 30, 2021

The Company recorded a net loss of $835,828 for the three months ended September 30, 2021, as compared to a net loss of $1,216,827 for the three months ended September 30, 2020. The decrease in net loss is due to a combination of factors including:

- Royalty revenue increased to $1,900,707 for the three months ended September 30, 2021, compared to $1,152,922 for the three months ended September 30, 2020, due to an increase in Kwale, Mount Pleasant, Amancaya revenues and the first revenue payment from the Karlawinda Project. Depletion of royalty interests increased from $400,288 for the three months ended September 30, 2020, to $905,232 for the three months ended September 30, 2021, due primarily to changes in the estimated depletable base.
- General and administrative expenses increased from $218,924 for the three months ended September 30, 2020, to $555,026 for the three months ended September 30, 2021, due primarily to an increase in employment costs from $154,201 to $244,115 as a result of the additional employees and consultants associated with the listing, an increase in investor relations and marketing expenses from $37,855 to $185,500 and a small increase in corporate and administration expenses from $56,301 to $59,832, partially offset by a small decrease in professional and consultancy fees from $98,283 to $95,688 and listing and filing fees from $33,451 to $18,320.
- Project evaluation expenses decreased from $114,972 for the three months ended September 30, 2020, to $48,429 for the three months ended September 30, 2021, primarily due to increased due diligence activities during Q3 2020 related to the South32 Portfolio acquisition. 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.
- Interest and finance expense increased from $208,355 for the three months ended September 30, 2020, to $771,361 for the three months ended September 30, 2021, due to the interest and fees associated with the Amended Sprott Credit Facility.
- Withholding tax expense increased from $219,848 for the three months ended September 30, 2020, to $278,966 for the three months ended September 30, 2021, due to the increase in Kwale, Mount Pleasant and Amancaya revenues subject to withholding tax.

(Expressed in US Dollars, unless otherwise indicated)

6. SUMMARY OF QUARTERLY RESULTS

The following is selected financial data of the Company for the last eight quarters ending with the most recently completed quarter, being the three months ended September 30, 2021.

	THREE MONTHS ENDED			
	September 30, 2021 ($)	June 30, 2021 ($)	March 31, 2021 ($)	December 31, 2020 ($)
Total revenues	1,900,707	1,239,390	1,148,405	1,460,712
Net loss	(835,828)	(1,180,627)	(1,082,401)	(266,476)
Net loss per share – basic and diluted	(0.01)	(0.02)	(0.02)	(0.01)
Total assets	76,613,917	77,358,925	78,274,337	28,314,061

	THREE MONTHS ENDED			
	September 30, 2020 ($)	June 30, 2020 ($)	March 31, 2020 ($)	December 31, 2019 ($)
Total revenues	1,152,922	1,294,687	1,212,663	647,991
Net loss	(1,216,827)	(768,033)	(379,302)	(144,512)
Net loss per share – basic and diluted	(0.03)	(0.03)	(0.02)	(0.01)
Total assets	27,049,681	19,312,334	18,375,516	6,666,315

The increase in assets in Q1 2021 was due to the acquisition of South32 royalty assets for aggregate consideration of $55,000,000. 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 $12,500,000.

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.

7. LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2021, the Company's cash balance was $5,584,979 (December 31, 2020 - $10,920,888) with working capital of $7,226,738 (December 31, 2020 – working capital of $11,002,557). The decrease in working capital was due to the cash portion of the purchase of the South32 Royalty portfolio for $40,136,483 partially offset with the net proceeds of $11,926,259 received from equity financings and proceeds from borrowings, net of fees paid in cash of $24,832,554.

The Company's operations used $57,942 during the nine months ended September 30, 2021 (2020 – operations used $655,113) with $40,123,209 (2020 - $10,915,080) used in investing activities. As at September 30, 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$400,000 payment on the Mount Pleasant royalty.

The Company's investing activities during the nine months ended September 30, 2021, resulted in a decrease in its cash balance from $10,920,888 at December 31, 2020 to $5,584,979 at September 30, 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.

8. BORROWINGS

Credit Facility

On December 19, 2019, the Company entered into a Credit Agreement with Sprott Private Resource Lending, an arm's length party, pursuant to which the Company would be provided with a $8,500,000 senior secured credit facility (the "Sprott Credit Facility"). On January 23, 2020, the Company received $8,500,000 from the Sprott Credit Facility. The Sprott Credit Facility bore interest at a rate of 11.50% per annum paid monthly, maturing on July 23, 2020 and was secured by all assets of the Company.

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 $8,499,999 of principal. The principal balance remaining on the Sprott Credit Facility was $1, which was repaid during the nine months ended September 30, 2021.

On December 29, 2020, the Company entered into an Amended and Restated Credit Agreement with Sprott pursuant to which the Company would be provided with a $25,000,000 senior secured credit facility (the "Amended Sprott Credit Facility"). On February 9, 2021, the Company received $25,000,000 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 $1.0 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 $769,870. As at September 30, 2021, the Company had incurred costs of $269,750 for legal fees and other fees in connection with the facility.

During the nine months ended September 30, 2021, the Company recorded interest expense of $1,916,668 and amortization of transaction costs of $336,941 on the Amended Sprott Credit Facility.

9. NON-IFRS MEASURES:

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

Adjusted EBITDA excludes the effects of certain other income/expenses and unusual non-recurring items. Adjusted EBITDA is comprised of earnings before interest, taxes, depletion, 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 nine months ended September 30, 2021 and 2020:

(Expressed in US Dollars, unless otherwise indicated)

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	$	$	$	$
Net loss	(835,828)	(1,216,827)	(3,098,856)	(2,364,162)
Tax expense	278,966	219,848	852,667	739,332
Interest and finance expenses	771,361	208,355	2,253,608	1,454,417
Depletion	905,232	400,288	1,784,053	1,165,651
Share-based compensation expense	98,277	170,406	582,191	476,915
Listing expense (non-cash portion)	-	1,036,927	-	1,036,927
Adjusted EBITDA	1,218,008	818,997	2,373,663	2,509,080

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.

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

10. FINANCING ACTIVITIES

During the nine months ended September 30, 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$16,122,198 ($12,666,817). In connection with the private placement, the Company paid CAD$743,568 ($584,203) of cash finders' fees and incurred additional legal fees and other cash issuance costs of CAD$241,618 ($207,441).
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 nine months ended September 30, 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 $361,008;
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 $7,511 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 $902,664;
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$23,969,030 ($17,917,153). In connection with the financing, the Company paid cash finders' fees of $1,083,461 and incurred cash issuance costs of $162,422;

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 $2,334,667 convertible loan;
8) On July 30, 2020, the Company issued 196,207 common shares at CAD$1.30 ($0.97) to settle the $190,250 arrangement fee for the Sprott Credit Facility; and
9) On September 3, 2020, the Company issued 65,996 common shares to settle CAD$115,494 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.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of application applied by the Company in the Interim Financial Statements are the same as those applied in the Company's audited financial statements for the year ended December 31, 2020.

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.

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.

(Expressed in US Dollars, unless otherwise indicated)

11. RELATED PARTY TRANSACTIONS

Key management includes the executive and non-executive directors and certain officers of the Company. Key management compensation during the three and nine months ended September 30, 2021 and 2020 is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	$	$	$	$
Salary, fees, pension and professional fees	183,128	157,878	573,429	361,982
Share-based compensation – PSUs and stock options	69,795	136,721	443,886	443,270
	252,923	294,599	1,017,315	805,252

12. FINANCIAL INSTRUMENTS

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

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

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

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

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

Interest rate risk: Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Company uses. Treasury activities take place under procedures and policies approved and monitored by the Board to minimise 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.

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.

(Expressed in US Dollars, unless otherwise indicated)

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.

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

13. OUTSTANDING SHARE DATA

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

14. RISKS & UNCERTAINTIES

The outbreak of the corona virus and the continuation of the worldwide COVID-19 pandemic could adversely affect the economies and financial markets of many countries, which could adversely impact the Company's business plans and activities in 2021 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 interests held by the Company across a number of different mine operators and geographical locations significantly mitigate this risk.

For detailed risks and uncertainties, refer to the MD&A for the year ended December 31, 2020 and the Annual Information Form ("AIF") dated May 19, 2021, both of which are available on the Company's SEDAR profile at www.sedar.com.

15. FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements and forward-looking information (within the meaning of applicable Canadian securities laws) (collectively, "forward-looking statements"). All statements and information, other than statements and information of historical fact, constitute"forward-looking statements" and include any information that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future including the Company's strategy, 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 Project, 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 and current exploration activities, conclusions of economic evaluations and changes in project parameters as plans are refined; problems related to the ability to market precious metals or other minerals; industry conditions, including commodity price fluctuations, interest and exchange rate fluctuations; regulatory, political or economic developments in any of the countries where properties underlying the royalty 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.