ELEMENTAL ROYALTIES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2021

Date of Report: May 31, 2021

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

The information contained in this MD&A for the three months ended March 31, 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 May 31, 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 (the "Consolidation") on the basis of 209 (old) common shares for 1 (new) common share. 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 (the "Share Exchange") for post-Consolidation securities of ERC on a 4.8114 for 1 basis, resulting in 22,664,788 ERC common shares being issued to former shareholders of ERL. The 497,797 Performance Share Units outstanding at July 27, 2020 were 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 $7.0 million to $7.9 million in fiscal 2021, with over 80% of revenue generated from gold production.

In 2021, Elemental continues to expect 4,000 to 4,400 Attributable Gold Equivalent ounces from its existing portfolio, weighted towards the second half of the year, with 94% of expected revenue derived from gold and silver production. At a range of US$1,750 to US$1,800 per ounce average received gold price, this would achieve revenue of US$7.0 million to US$7.9 million in 2021. For the methodology used to calculate Attributable Gold Equivalent ounces 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 in order 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 March 31, 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 ERC with exposure to future exploration success without any operational or financial contribution from Elemental.

2. OVERALL PERFORMANCE

- Revenue of $1,148,405 for the three months ended March 31, 2021.
- Total Attributable Gold Equivalent ounces of 641 for the three months ended March 31, 2021.
- Operating cash flow outflow of $332,208 for the three months ended March 31, 2021.
- Net loss of $1,082,401 for the three months ended March 31, 2021.
- Adjusted EBITDA of $587,292 (refer to the "Non-IFRS Measures" section of this MD&A).

Highlights and key developments include:

- On November 23, 2020, the Company announced that it had entered into a binding agreement to acquire a portfolio of royalties from South32 Limited for $55 million (the "South32 Acquisition"). From mid-2021 onwards the South32 Acquisition is forecast to nearly double the Company's royalty revenue with continuing revenue growth in 2022 and 2023. As consideration for the transaction Elemental agreed to make a cash payment of $40 million (the "Cash Payment") and to issue 13,065,100 common shares to South32.
- To fund the Cash Payment, the Company utilized cash on hand, the Amended and Restated Sprott Credit Facility (the "Amended Sprott Credit Facility"), and completed a "bought deal" brokered subscription receipt financing. The brokered subscription receipt financing consisted of 10,748,132 subscription receipts (exchangeable for common shares of the Company on a one-for-one basis) at CAD$1.50 per subscription receipt for gross proceeds of CAD$16,122,198. In connection with the financing, the Company paid cash finders' fees of $1,083,461 and incurred cash issuance costs of $171,482.
- On December 29, 2020, the Company entered into the Amended and Restated Sprott Credit Facility with Sprott Private Resource Lending ("Sprott"), an arm's length party. Pursuant to the Amended Sprott Credit Facility, Sprott advanced to Elemental an aggregate amount of $25,000,000, which amount was used to satisfy, in part, the acquisition price of the South32 Acquisition. The Amended Sprott Credit Facility is secured against Elemental's assets and matures on January 31, 2023. The Amended Sprott Credit Facility provides that the facility will have a two-year term and incur interest at an annual rate of 9% plus the greater of (i) US 3-month LIBOR, and (ii) 1% per annum, payable monthly. In connection with the advance of funds under the Amended Sprott Credit Facility, Elemental agreed to an issuer discount of 3% of the aggregate total advance, which was satisfied through the issuance by Elemental of approximately 653,255 common shares at CDN$1.50 per common share.
- On February 8, 2021, Elemental completed the South32 Acquisition. On the same date the subscription receipts converted into 10,748,132 common shares of Elemental, and the Company issued 13,065,100 common shares to South32 representing approximately 19% of the issued and outstanding common shares of the Company.

Subsequent to March 31, 2021:

- 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.
- AIF submitted on May 20, followed by preliminary filing of Base Shelf Prospectus with BCSC.

(Expressed in US Dollars, unless otherwise indicated)

- 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 which the Company holds a 2% Gross Revenue Royalty.
- Endeavour Mining (TSX: EDV) ("Endeavour") has provided production guidance following its acquisition of the Wahgnion mine and committed to a major exploration program.
- 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.

The following table summarizes the Company's total revenue and Attributable Gold Equivalent ounces from royalty interests during the three months ended March 31, 2021 and 2020:

	2021 $	2020 $
Kwale	153,396	141,361
Amancaya	366,450	601,463
Wahgnion	628,559	469,839
Total revenue from royalty interests	1,148,405	1,212,663

The following table summarizes the Company's Attributable Gold Equivalent ounces from royalty interests during the three months ended March 31, 2021 and 2020:

	2021 oz	2020 oz
Kwale	86	89
Amancaya	204	379
Wahgnion	351	269
Total Attributable Gold Equivalent ounces[1]	641	737

(1) For the methodology used to calculate Attributable Gold Equivalent ounces 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.

In January 2021, the planned transition of operations to a new mining contractor at Amancaya was undertaken. This was expected to result in decreased production in January, but February and March production was also impacted. Planned production rates were achieved in April and with the sale of approximately 4,500 ounces of gold from inventory during the Quarter, the change in Amancaya guidance is not expected to impact Elemental guidance.

Wahgnion royalty revenue was attributable to the Company for the full Quarter in 2021, whereas in 2020 this was the case from January 28th following the acquisition of the royalty.

(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 March 31, 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	Development	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	Great Northern Palladium Pty Ltd	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 on February 8, 2021.

4. PRINCIPAL ROYALTIES:

Amancaya Project:

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

- Amancaya/Guanaco produced 4,684 gold equivalent ounces in Q1 2021 (4,450 gold ounces and 16,031 silver ounces), of which 54% were in March following the outsourcing of its underground mining operations at Amancaya in January, which is expected to increase the efficiency and stability of its operations going forwards.
- By mid-April, planned production rates were being achieved and Austral expects production to be weighted to the second half of the year.
- Production guidance for 2021 was adjusted to 45,000 – 50,000 GEOs from 50,000 – 55,000 GEOs, not including sales of gold ounces from inventory, which totaled approximately 4,500 ounces in Q1. This means that the change in Amancaya guidance is not expected to impact Elemental guidance.
- In January 2021, Austral announced that in the course of a successful delineation program at its Amancaya mine it has discovered a new mineralized zone. Veins have been intercepted 50 to 100 metres immediately below existing workings, exhibiting similar widths and tenor. In addition, Austral also reported the

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discovery of a new mineralized breccia system, some 40 metres downhole beyond an intersection through the vein (the "Veta Central") that is currently being mined. This new wide zone of hydrothermal breccia may have the potential to enhance the production profile and further extend mine life at Amancaya beyond that of extensions to the currently mined vein.

Karlawinda Project:

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

- Located in the Pilbara region of Western Australia, 70km by road south-east of the town of Newman and close to key infrastructure and mining support services. Karlawinda is an advanced gold project which includes the Bibra Deposit and numerous significant exploration targets including the Francopan Prospect. Capricorn Metals Ltd (ASX: CMM) acquired the project in February 2016, and have made rapid progress since then.
- In April 2020, Capricorn announced an updated Mineral Reserve Estimate for the Bibra Deposit comprising 43.5 Mt @ 0.9 grams per tonne of gold for 1.2 million ounces of gold, a 35% increase from the previously announced Reserve of 892,000 ounces. The pit design yields a 12-year mine life, with a stripping ratio of 3.6:1. Construction at Karlawinda is well underway, with plant commissioning expected to commence in the March 2021 quarter and first gold production to follow in the June 2021 quarter. Capricorn is targeting annual gold production at Karlawinda of 110,000 - 125,000 oz.

Laverton Project:

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

- Located in the Eastern Goldfields region of Western Australia, surrounding the town of Laverton, approximately 250km north of Kalgoorlie. Elemental's interest is a 2% Gross Revenue Royalty payable on certain licenses held by Focus Minerals Ltd at their brownfield Laverton gold project in Western Australia.
- Focus has been actively exploring royalty-linked tenements and advancing its Stage 1 production plan, which contemplates open pit mining of the Beasley Creek, Beasley Creek South, Telegraph and Wedge - Lancefield North deposits. The Pre-Feasibility Study is expected to be released during Q1 2021. Focus is also advancing its Stage 2 production plan, which contemplates mining of the refractory Lancefield Underground, Rumor and Apollo deposits (among others), with first production targeted for 2025.

(Expressed in US Dollars, unless otherwise indicated)

Mercedes Project:

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

Update:

- The Mercedes Mine (Mexico) was placed on care and maintenance between March 30, 2020 and May 13, 2020 following a decree from the Mexican Federal Government in response to the COVID-19 pandemic.
- Operations restarted with reduced staffing focused on higher grades and improved efficiency, producing 34,955 ounces of gold and 167,917 ounces of silver for 2020.
- The focus is currently on the promising, fast-evolving Diluvio/Lupita/San Martin system while also implementing continued exploration, underground development, and mill maintenance programs with the intention of returning to full annual production of approximately 80,000 to 90,000 ounces.
- Drilling expanded and confirmed the continuity of higher-grade mineralization in several areas of the Mercedes mine, covering Marianas (the down-plunge extension of the main, historical Mercedes mine trend, which remains open at depth and potentially further down-plunge; and, where a delineation program of 5,000 metres was expected to be completed by the end of the year); the San Martin Vein (discovered in 2019 and where drilling is defining the extension of the mineralization), and Diluvio West (where drilling has been delineating the extent of mineralization, concentrating on a higher grade central zone).
- 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 Gold and Premier") announced that the companies had entered into a definitive agreement whereby Equinox Gold would acquire all of the outstanding shares of Premier. The acquisition was completed on April 7, 2021.

Wahgnion Project:

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

Update:

- Production during the Quarter was 43,000 ounces of gold, compared with 41,000 ounces of gold in Q4 2020. Of this, 25,000 ounces of gold were produced after the acquisition of the mine by Endeavour.
- On February 10 2021, Endeavour Mining completed the acquisition of Teranga Gold, including the Wahgnion mine.
- Endeavour provided production guidance for 2021 from the acquisition date of between 140,000 – 155,000 ounces, equating to approximately 158,000 to 175,000 ounces for the full year, at an all-in sustaining cost of between $940 - $990 per ounce.
- An exploration budget of $12 million has been allocated to Wahgnion for 2021, the second largest exploration expenditure by operation with a planned balance between Resource extensions at the currently mined deposits, and new targets within the more than 1,000km^2 combined exploration area.

(Expressed in US Dollars, unless otherwise indicated)

5. DISCUSSION OF OPERATIONS

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

	Three months ended March 31,	
	2021 $	2020 $
Revenue from royalty interests	1,148,405	1,212,663
Depletion of royalty interests	(422,647)	(411,210)
General and administrative expenses	(343,774)	(177,076)
Project evaluation expenses	(180,166)	(75,499)
Share-based compensation expense	(241,958)	(58,108)
Interest income	7,410	-
Interest and financing expenses	(719,270)	(639,877)
Foreign exchange and other	(44,583)	9,611
Withholding tax expense	(285,818)	(239,806)
Net loss for the period	(1,082,401)	(379,302)
Operating cash flows	(332,208)	183,169
Adjusted EBITDA(1)	587,292	969,699

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

The Company recorded a net loss of $1,040,579 for the three months ended March 31, 2021 as compared to a net loss of $379,302 for the three months ended March 31, 2020. The increase in net loss is due to a combination of factors including:

- Royalty revenue decreased to $1,148,405 for the three months ended March 31, 2021 compared to $1,212,663 for the three months ended March 31, 2020 due to a decrease in Amancaya revenue caused by the transition to contractor mining, offset partially by higher sales from Wahgnion. Depletion of royalty interests increased from $411,210 for the three months ended March 31, 2020 to $422,647 for the three months ended March 31, 2021.
- General and administrative expenses increased from $177,076 for the three months ended March 31, 2020 to $343,774 for the three months ended March 31, 2021 due primarily to an increase in employment costs from $99,726 to $247,370, an increase in professional and consultancy fees from $85,871 to $115,817 and corporate administration expenses from $79,074 to $117,361.
- Project evaluation expenses increased from $75,499 for the three months ended March 31, 2020 to $180,166 for the three months ended March 31, 2021. 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 $639,877 for the three months ended March 31, 2020 to $719,270 for the three months ended March 31, 2021 due to the interest and fees associated with the Amended Sprott Credit Facility.
- Withholding tax expense increased from $239,806 for the three months ended March 31, 2020 to $285,818 for the three months ended March 31, 2021 due to the increase in Kwale and Wahgnion 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 March 31, 2021.

	THREE MONTHS ENDED			
	March 31, 2021 ($)	December 31, 2020 ($)	September 30, 2020 ($)	June 30, 2020 ($)
Total revenues	1,148,405	1,460,712	1,152,922	1,294,687
Net loss	(1,082,401)	(266,476)	(1,216,827)	(768,033)
Net loss per share – basic and diluted	(0.02)	(0.01)	(0.03)	(0.03)
Total assets	78,274,337	28,314,061	27,049,681	19,312,334

	THREE MONTHS ENDED			
	March 31, 2020 ($)	December 31, 2019 ($)	September 30, 2019 ($)	June 30, 2019 ($)
Total revenues	1,212,663	647,991	660,849	709,059
Net income (loss)	(379,302)	(144,512)	72,056	95,777
Net income (loss) per share – basic and diluted	(0.02)	(0.01)	0.00	0.01
Total assets	18,375,516	6,666,315	6,227,180	6,117,450

The increase in assets in Q1 2021 was due to the acquisition of South32 royalty assets. 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 a reduction in gross profit from $801,453 in Q1 2020 to $725,758 in Q1 2021. The increased loss during Q3 2020 was due to the listing expense on closing the reverse takeover transaction.

7. LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2021, the Company's cash balance was $6,572,585 (December 31, 2020 - $10,920,888) with a working capital of $7,279,086 (December 31, 2020 – working capital of $11,002,557). The decrease in working capital was due to 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, offset with the purchase of the South32 Royalty portfolio for $40,136,483, among other items.

The Company's operations used $332,208 during the three months ended March 31, 2021 (2020 – operations provided $183,169) with $40,129,073 (2020 - $11,003,953) used in investing activities. As at March 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$400,000 payment on the Mount Pleasant royalty.

The Company's aggregate operating, investing, and financing activities during the three months ended March 31, 2021 resulted in a decrease in its cash balance from $10,920,888 at December 31, 2020 to $6,572,585 at March 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 outbreak of the COVID-19 pandemic during 2020 may have a potential impact on the mining operations in which the Company holds royalty interests and from which it receives revenues. The Company is closely monitoring the impact and mitigating actions by each of the mine operators and is pleased to note there has been no significant disruption to operations in Q1. The diversified royalty interests held by the Company across a number of different mine operators and geographical locations significantly mitigate this risk.

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 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 $8,499,999 of principal. The principal balance remaining on the Sprott Credit Facility was $1, which was repaid during the three months ended March 31, 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 March 31, 2021, the Company had incurred costs of $269,750 for legal fees and other fees in connection with the facility.

During the three months ended March 31, 2021, the Company recorded interest expense of $645,834 and amortization of transaction costs of $73,436 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.

(Expressed in US Dollars, unless otherwise indicated)

The table below provides a reconciling of adjusted EBITDA for the three months ended March 31, 2021 and 2020:

	2021	2020
	$	$
Net loss	(1,082,401)	(379,302)
Tax expense	285,818	239,806
Interest and finance expenses	719,270	639,877
Depletion	422,647	411,210
Share-based compensation expense	241,958	58,108
Adjusted EBITDA	587,292	969,699

To calculate gold equivalent ounces the Company's royalty revenue is converted to an Attributable Gold Equivalent ounce basis by dividing the royalty revenue received in a period by the average gold price for the same respective period. The presentation of this non-IFRS measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Other companies may calculate these non-IFRS measures differently.

10. FINANCING ACTIVITIES

During the three months ended March 31, 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 three months ended March 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 $361,008; and
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").

OFF-BALANCE SHEET ARRANGEMENTS

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

(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 months ended March 31, 2021 and 2020 is as follows:

	2021	2020
	$	$
Salary, fees, pension and professional fees	171,132	100,080
Share-based compensation – PSUs and stock options	187,047	58,108
	358,179	158,188

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	-
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	-
Performance Share Units	June 14, 2023		US$0.94	579,483	-
Performance Share Units	June 14, 2023		US$1.25	772,645	-
TOTAL				3,795,109	463,498

14. RISKS & UNCERTAINTIES

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 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 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.