



**ELEMENTAL ALTUS ROYALTIES CORP.**  
(formerly Elemental Royalties Corp.)

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
For the three and nine months ended September 30, 2023 and 2022  
(Unaudited - Expressed in US Dollars)

**ELEMENTAL ALTUS ROYALTIES CORP.**

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at September 30, 2023 and December 31, 2022

(Unaudited - Expressed in thousands of US Dollars)

		<b>September 30, 2023 \$'000</b>	<b>December 31, 2022 \$'000</b>
	<b>Notes</b>		
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		8,874	17,478
Accounts receivable and other	3	3,511	2,890
Held-for-sale assets	16	19,672	19,864
<b>Total current assets</b>		<b>32,057</b>	<b>40,232</b>
<b>Non-current assets</b>			
Stream and royalty interests	4	112,062	101,278
Exploration and evaluation assets	5	-	2,757
Equipment and right-of-use assets		15	193
Investments in associates	6	43,281	40,255
Investments	7	2,923	1,213
Total non-current assets		158,281	145,696
<b>Total assets</b>		<b>190,338</b>	<b>185,928</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	8	1,343	2,441
Held-for-sale liabilities	16	4,901	4,952
<b>Total current liabilities</b>		<b>6,244</b>	<b>7,393</b>
<b>Non-current liabilities</b>			
Borrowings	9	30,000	30,000
Deferred tax liability		1,647	2,070
Lease liabilities		-	38
Total non-current liabilities		31,647	32,108
<b>Total liabilities</b>		<b>37,891</b>	<b>39,501</b>
<b>Equity</b>			
Share capital	10	177,424	165,038
Contributed surplus		6,334	6,987
Accumulated other comprehensive income ("AOCI")		704	340
Deficit		(32,017)	(25,938)
<b>Total equity</b>		<b>152,445</b>	<b>146,427</b>
<b>Total liabilities and equity</b>		<b>190,336</b>	<b>185,928</b>

Nature of operations (Note 1)

**Approved by the Board of Directors on November 20, 2023**

Commitments (Note 15)

Subsequent events (Note 18)

Frederick Bell, CEO/Director

*"Frederick Bell"*

Martin Turenne, Director

*"Martin Turenne"*

**ELEMENTAL ALTUS ROYALTIES CORP.**

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the Three and Nine Months Ended September 30, 2023 and 2022.

(Unaudited - Expressed in thousands of US Dollars)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Revenue from royalty interests	4	2,378	2,112	7,784	6,389
Streams	4	-	677	-	677
<b>Total Revenue</b>		2,378	2,789	7,784	7,066
Depletion of stream and royalty interests		(1,369)	(1,483)	(4,938)	(3,907)
<b>Gross profit</b>		1,009	1,306	2,846	3,159
General and administrative expenses	11	(1,514)	(694)	(4,970)	(2,058)
Impairment Charge		-	-	(127)	-
Share-based compensation expense	10	(17)	(101)	(243)	(214)
Share of profit of associate	6	151	136	1,337	136
Hostile takeover bid expenses		-	(758)	-	(1,684)
Transaction and integration expenses		-	(1,623)	-	(2,364)
Loss on disposal	17	(483)	-	(1,445)	-
<b>Loss from operations</b>		(854)	(1,734)	(2,602)	(3,025)
<b>Other income and expenses</b>					
Interest income		8	-	41	6
Interest and finance expenses		(675)	(1,268)	(1,971)	(2,806)
Fair value loss on investments	7	(467)	(149)	(344)	(149)
Foreign exchange (loss)/gain		3	313	(10)	136
Other income		9	-	436	-
<b>Loss before income taxes</b>		(1,976)	(2,838)	(4,450)	(5,838)
Tax expense		(297)	(296)	(831)	(855)
<b>Net loss for the period of continuing operations</b>		(2,273)	(3,134)	(5,281)	(6,693)
Net loss of discontinued operations	16	(333)	-	(798)	-
<b>Total net loss</b>		(2,606)	(3,134)	(6,079)	(6,693)
<b>Other comprehensive profit /(loss)</b>					
Items that may be reclassified subsequently to profit and loss:					
Foreign currency translation adjustment		380	(613)	364	(596)
<b>Other comprehensive loss</b>		380	(613)	364	380
<b>Total comprehensive loss</b>		(2,226)	(3,747)	(5,715)	(7,289)
<b>Loss per share – basic and diluted</b>					
Discontinued operations		-	-	-	-
Continuing operations		(0.01)	(0.03)	(0.03)	(0.08)
Total net loss		(0.01)	(0.03)	(0.03)	(0.08)
Weighted average number of shares outstanding –basic and diluted		184,879,281	113,110,719	183,765,085	86,984,971

**ELEMENTAL ALTUS ROYALTIES CORP.**

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three and Nine Months Ended September 30, 2023 and 2022.

(Unaudited - Expressed in thousands of US Dollars)

Title	Note	Three months ended September 30,		Nine months ended September 30,	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Operating activities</b>					
Net loss for the period		(2,606)	(3,134)	(6,079)	(6,693)
<i>Adjustments for:</i>					
Depletion of royalty interests	4	1,369	1,345	4,938	3,769
Depreciation of property, plant and equipment		11	16	55	16
Impairment charge		-	-	127	-
Accounts receivable impairment		(2)	-	40	-
Unrealized foreign exchange		(135)	(70)	(261)	(114)
Share-based compensation expense	10	17	101	243	214
Loss on disposal of subsidiary	17	483	-	1,445	-
Fair value gain on investments	7	467	149	344	149
Share of profit of associate	6	(151)	(136)	(1,337)	(136)
Interest income		(8)	-	(41)	(6)
Interest and finance expenses		675	1,268	1,971	2,806
Deferred tax liability		-	(51)	-	(132)
		120	(512)	1,445	(127)
<b>Changes in non-cash working capital items:</b>					
Accounts receivable and other		1,329	(307)	1,250	(31)
Accounts payable and accrued liabilities		(552)	(1,282)	(1,683)	(861)
<b>Net cash (used in) provided by operating activities</b>		<b>896</b>	<b>(2,101)</b>	<b>1,012</b>	<b>(1,019)</b>
<b>Investing activities</b>					
Purchase of royalty interests		(11)	-	(3,853)	-
Investment in exploration assets		(94)	(225)	(1,602)	(225)
Purchase of stream interest		-	-	-	(11,377)
Payment for acquisition of associate	6	(2,599)	-	(4,603)	-
Cash received on acquisition of Altus		-	7,875	-	7,875
Purchase of PPE		1	-	(17)	-
Loss of cash on disposal on subsidiary	17	(530)	-	(539)	-
Distribution from associate	6	1,059	1,168	2,970	1,174
<b>Cash used in investing activities</b>		<b>(2,175)</b>	<b>8,818</b>	<b>(7,644)</b>	<b>(2,553)</b>
<b>Financing activities</b>					
Proceeds from issue of shares		-	-	-	11,196
Share issue costs		-	-	-	(122)
Interest received		8	-	41	6
Interest paid		(675)	(700)	(1,971)	(1,984)
Payments for finance lease		-	(14)	(32)	(14)
<b>Net cash provided by financing activities</b>		<b>(668)</b>	<b>(714)</b>	<b>(1,962)</b>	<b>9,082</b>
<b>Exchange differences on cash and cash equivalents</b>		<b>3</b>	<b>(523)</b>	<b>(10)</b>	<b>(460)</b>
Change in cash and cash equivalents		(1,944)	5,480	(8,604)	5,050
Cash and cash equivalents, beginning of the period		10,818	5,680	17,478	6,110
<b>Cash and cash equivalents, end of the period</b>		<b>8,874</b>	<b>11,160</b>	<b>8,874</b>	<b>11,160</b>
Supplemental cash flow information (Note 14)					

**ELEMENTAL ALTUS ROYALTIES CORP.**

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Nine Months Ended September 30, 2023 and 2022.

(Unaudited - Expressed in thousands of US Dollars)

	Ordinary shares #	Share capital \$'000	Contributed Surplus \$'000	AOCI \$'000	Deficit \$'000	Total Equity \$'000
Balance as at December 31, 2021	68,991,221	56,437	1,717	43	(7,727)	50,470
Issued during the period:						
Pursuant to acquisition of Altus Strategies plc	69,688,995	67,340				67,340
For cash	9,275,000	11,196				11,196
Less: other cash issuance costs		(122)				(122)
Options and warrants issued on acquisition of Altus Strategies plc			1,203			1,203
Share-based compensation expense			214			214
Loss and comprehensive loss for the period				(596)	(6,693)	(7,289)
<b>Balance as at September 30, 2022</b>	<b>147,955,216</b>	<b>134,851</b>	<b>3,134</b>	<b>(553)</b>	<b>(14,420)</b>	<b>123,012</b>
Balance as at December 31, 2022	180,886,010	165,038	6,987	340	(25,938)	146,427
Issued during the period (Note 4):						
Pursuant to acquisition of royalty assets	12,709,273	11,547	-	-	-	11,547
Less: other cash issuance costs	-	(57)	-	-	-	(57)
Share-based compensation expense	-	-	243	-	-	243
Exercise of Share-based options	2,395,109	896	(896)	-	-	-
Gain and comprehensive loss for the period	-	-	-	364	(6,079)	(5,715)
<b>Balance as at September 30, 2023</b>	<b>195,990,392</b>	<b>177,424</b>	<b>6,334</b>	<b>704</b>	<b>(32,017)</b>	<b>152,445</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**ELEMENTAL ALTUS ROYALTIES CORP.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 2023 and 2022.

(Unaudited - Expressed in US Dollars, except where otherwise noted)

**1. NATURE OF OPERATIONS**

Elemental Altus Royalties Corp. (the "Company" or "Elemental Altus") was incorporated (as Elemental Royalties Corp.) on March 11, 2014, under the laws of the Province of British Columbia. The Company is primarily involved in the acquisition and generation of precious metal royalties. The registered office address is Suite 1020, 800 West Pender Street, Vancouver, British Columbia, Canada. The Company's common shares trade on the TSX Venture Exchange under the ticker symbol "ELE" and the OTCQX market under the trading symbol "ELEM".

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least twelve months from September 30, 2023.

**2. BASIS OF PRESENTATION****(A) Statement of compliance**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2022.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended December 31, 2022. There was no material impact on the financial statements from new accounting standards or amendments to accounting standards, effective January 1, 2023.

The condensed interim consolidated financial statements are presented in US Dollars. The notation "\$" represents US dollars, "C\$" represents Canadian dollars, and A\$ represents Australian dollars.

The condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on November 20, 2023.

**(B) Basis of consolidation**

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. Material subsidiaries are listed in the following table:

Name	Country of Incorporation	Functional Currency	% Equity Interest as at	
			September 30, 2023	December 31, 2022
Elemental Royalties Limited	BVI	US Dollar	100	100
Elemental One Limited	BVI	US Dollar	100	100
Elemental Royalties (Australia) Pty Ltd	Australia	US Dollar	100	100
Elemental Resources Limited	England & Wales	Pound Sterling	100	100
Altus Strategies Limited	England & Wales	US Dollar	100	100
Altus Exploration Management Limited	England & Wales	Pound Sterling	100	100
Akh Gold Holdings	England & Wales	Pound Sterling	100	100
LGC Exploration Mali SARL	Mali	West African Franc	100	100
Elemental Royalties Delaware LLC	United States of America	US Dollar	100	-

**ELEMENTAL ALTUS ROYALTIES CORP.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 2023 and 2022.

(Unaudited - Expressed in US Dollars, except where otherwise noted)

**(C) Critical accounting estimates and judgements**

The Company uses the same critical accounting estimates and judgements as those that applied to the annual consolidated financial statements for the year ended December 31, 2022.

**(D) New accounting standards adopted**New accounting standards effective in 2023

There was no material impact on the financial statements from new accounting standards or amendments to accounting standards, effective January 1, 2023.

New accounting standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Company's current or future reporting periods.

**3. ACCOUNTS RECEIVABLE AND OTHER**

	<b>September 30, 2023 \$'000</b>	<b>December 31, 2022 \$'000</b>
Trade receivable	3	43
Accrued royalty income	2,241	2,083
Prepaid expenses and other assets	168	359
Amounts due from related parties (Note 12)	1,058	242
GST/VAT receivable	41	163
<b>Total accounts receivable and other</b>	<b>3,511</b>	<b>2,890</b>

**ELEMENTAL ALTUS ROYALTIES CORP.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 2023 and 2022.

(Unaudited - Expressed in US Dollars, except where otherwise noted)

**4. STREAM AND ROYALTY INTERESTS**

As of and for the nine months ended September 30, 2023

	COST					ACCUMULATED DEPLETION				Carrying Amount \$'000
	Opening \$'000	Additions \$'000	Impair- ment \$'000	Disposal \$'000	Ending \$'000	Opening \$'000	Depletion \$'000	Disposal \$'000	Ending \$'000	
<b>Amancaya</b>										
<i>Chile</i>	3,614	-	-	-	3,614	2,706	346	-	3,052	562
<b>Ballarat</b>										
<i>Australia</i>	5,625	-	-	-	5,625	339	647	-	986	4,639
<b>Bonikro</b>										
<i>Côte d'Ivoire</i>	12,405	-	-	-	12,405	29	307	-	336	12,069
<b>Cactus</b>										
<i>U.S.A</i>	-	9,850	-	-	9,850	-	-	-	-	9,850
<b>Karlawinda</b>										
<i>Australia</i>	37,166	-	-	-	37,166	3,894	2,012	-	5,906	31,260
<b>Kwale</b>										
<i>Kenya</i>	943	-	(124)	-	819	819	-	-	819	-
<b>Laverton</b>										
<i>Australia</i>	16,071	-	-	-	16,071	-	-	-	-	16,071
<b>Mercedes</b>										
<i>Mexico</i>	999	-	-	-	999	69	79	-	148	851
<b>Mount Pleasant</b>										
<i>Australia</i>	476	-	-	-	476	204	96	-	300	176
<b>Mulgarrie</b>										
<i>Australia</i>	250	-	-	-	250	-	85	-	85	165
<b>Panton Sill</b>										
<i>Australia</i>	94	-	-	-	94	-	-	-	-	94
<b>SKO</b>										
<i>Australia</i>	1,243	-	-	-	1,243	37	96	-	133	1,110
<b>Wahgnion</b>										
<i>Burkina Faso</i>	12,379	-	-	-	12,379	3,037	1,270	-	4,307	8,072
<b>Western Queen</b>										
<i>Australia</i>	2,009	-	-	-	2,009	-	-	-	-	2,009
<b>Development assets</b>										
<i>Australia and other</i>	7,913	6,096	-	(100)	13,909	-	-	-	-	13,909
<b>Ming Stream</b>										
<i>Canada</i>	11,377	-	-	-	11,377	152	-	-	152	11,225
<b>Total</b>	<b>112,564</b>	<b>15,946</b>	<b>(124)</b>	<b>(100)</b>	<b>128,286</b>	<b>11,286,</b>	<b>4,938</b>	<b>-</b>	<b>16,224</b>	<b>112,062</b>



**ELEMENTAL ALTUS ROYALTIES CORP.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 2023 and 2022.

(Unaudited - Expressed in US Dollars, except where otherwise noted)

As of and for the year ended December 31, 2022

	COST				ACCUMULATED DEPLETION			Carrying Amount \$'000
	Opening \$'000	Addition \$'000	Impair -ment \$'000	Ending \$'000	Opening \$'000	Depletion \$'000	Ending \$'000	
<b>Amancaya</b>								
<i>Chile</i>	3,614	-	-	3,614	2,086	620	2,706	908
<b>Ballarat</b>								
<i>Australia</i>	-	5,625	-	5,625	-	339	339	5,286
<b>Bonikro</b>								
<i>Côte d'Ivoire</i>	-	12,405	-	12,405	-	29	29	12,376
<b>Karlawinda</b>								
<i>Australia</i>	37,166	-	-	37,166	1,138	2,756	3,894	33,272
<b>Kwale</b>								
<i>Kenya</i>	943	-	-	943	776	43	819	124
<b>Laverton</b>								
<i>Australia</i>	16,071	-	-	16,071	-	-	-	16,071
<b>Mercedes</b>								
<i>Mexico</i>	999	-	-	999	-	69	69	930
<b>Mount Pleasant</b>								
<i>Australia</i>	476	-	-	476	19	185	204	272
<b>Panton Sill</b>								
<i>Australia</i>	94	-	-	94	-	-	-	94
<b>SKO</b>								
<i>Australia</i>	-	1,243	-	1,243	-	37	37	1,206
<b>Wahgnion</b>								
<i>Burkina Faso</i>	12,512	-	(133)	12,379	1,858	1,179	3,037	9,342
<b>Western Queen</b>								
<i>Australia</i>	2,009	-	-	2,009	-	-	-	2,009
<b>Development assets</b>								
<i>Australia and other</i>	-	8,163	-	8,163	-	-	-	8,163
<b>Ming Stream</b>								
<i>Canada</i>	-	11,377	-	11,377	-	152	152	11,225
<b>Total</b>	<b>73,884</b>	<b>38,813</b>	<b>(133)</b>	<b>112,564</b>	<b>5,877</b>	<b>5,409</b>	<b>11,286</b>	<b>101,278</b>

**ELEMENTAL ALTUS ROYALTIES CORP.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 2023 and 2022.

(Unaudited - Expressed in US Dollars, except where otherwise noted)

The following table summarizes the Company's total revenue from royalty interests during the three and nine months ended September 30, 2023 and 2022:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Revenue from royalties</b>				
Amancaya	159	224	608	722
Ballarat	-	147	214	147
Bonikro	290	32	556	32
Karlawinda	1,019	948	3,459	3,309
Kwale	-	44	-	250
Mercedes	178	137	610	137
Mulgarrie	8	-	22	-
Mount Pleasant	36	51	224	257
SKO	51	35	202	35
Wahgnion	637	494	1,889	1,500
<b>Revenue from streams</b>				
Ming	-	677	-	677
<b>Total revenue</b>	<b>2,378</b>	<b>2,789</b>	<b>7,784</b>	<b>7,066</b>

The Company royalty on Caserones is recognised as an investment in associate (Note 6) in accordance with IAS 28 "Investments in Associates and Joint Ventures".

**Kwale Mineral Sands, Kenya**

In February 2017 the Company acquired a 0.25% Gross Revenue Royalty ("GRR") royalty on the Kwale mineral sands mine located 50 kilometres south of Mombasa in Kenya, from Acacia Mining Plc (LON:ACA) for cash consideration of \$0.9 million. The Kwale mine is operated by Base Resources Limited, an Australian-based, African-focused mineral sands producer and developer which is dual-listed on the Australian Securities Exchange (ASX:BSE) and the London Alternative Investment Market (AIM:BSE).

On May 3, 2023, the royalty operator communicated to holders that the mining operations in the areas within the royalty's scope were completed in the December 2022 quarter, and there will be no royalty payments for the March quarter or subsequent quarters. As a result, the Company concluded that the Kwale royalty investment should be fully impaired as of March 31, 2023, and the carrying value of the investment of \$124,000 reduced to zero.

**Ballarat Gold Mine, Australia**

Elemental Altus acquired a 1.25% Net Smelter Return ("NSR") royalty interest (capped at A\$25 million) on the Ballarat gold project through the merger with Altus Strategies. Ballarat is an underground gold project located in Central Victoria, Australia, and is operated by Golden Point Group Pty Ltd, a wholly owned subsidiary of Singapore-listed public company, Shen Yao Holdings. Ballarat is held through Alcrest Royalties Australia (Pty) Ltd (50% interest) and is accounted for as a joint operation.

The operator of the Ballarat Mine, Balmaine Gold, entered administration in March 2023. The current administrators are undertaking a sales process of the mine which is expected to be finalized prior to the administration ending date at the end of Q4 2023. During the administration period, the mine has continued to operate and tailings permits have been progressed offering a pathway to long term management of the tailings. The Company is continuing to engage with the administrator as part of this process with an outcome expected in Q4 2023.

## **ELEMENTAL ALTUS ROYALTIES CORP.**

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 2023 and 2022.

(Unaudited - Expressed in US Dollars, except where otherwise noted)

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#### **Ming Gold Stream, Canada**

On March 17, 2022, the Company entered into a gold purchase and sale agreement (the "Ming Gold Stream") with Rambler Metals and Mining Canada Limited, a wholly owned subsidiary of Rambler Metals and Mining PLC (AIM:RMM) ("Rambler"), the owner of the Ming Copper-Gold Mine in Newfoundland and Labrador in Canada.

Having delivered initial gold ounces to the Company in respect of Q2 2022 production, Rambler failed to deliver any ounces in respect of production for the subsequent two quarters. On February 9, 2023 the Company issued a written notice of default to Rambler.

In March 2023, Rambler announced that it had obtained an order under the Companies' Creditors Arrangement Act, allowing it to continue its business as usual while engaging in discussions with creditors regarding payment defaults. Rambler then entered administration and a formal Sales and Investment Solicitation Process ("SISP") was initiated by Grant Thornton (the "Monitor").

On September 11, 2023, following the Sales and Investment Solicitation Process run by the Monitor, the Supreme Court of Newfoundland and Labrador approved a bid from AuTECO Minerals Limited ("AuTECO") to acquire the Rambler Group by way of a Reverse Vesting Order ("RVO") subject to a shareholder vote. The RVO involves acquiring the business free of specified assets and liabilities, including the Ming Gold Stream. Subsequent to the period end, AuTECO shareholders approved the transaction with up to A\$65m consideration to be distributed to creditors of Rambler, of which the Company has a claim in excess of the Stream's net book value. The Monitor is in the process of finalising the distribution of the consideration among the secured creditors, of which the Company is a part of and is expected to receive a distribution. The Company is continuing to engage with the Monitor as part of this process with an outcome expected in Q4 2023.

#### **Acquisition during nine months to September 30, 2023**

##### First Mining royalty portfolio

A share purchase agreement was signed by the Company and First Mining Gold Corp. ("First Mining") on February 6, 2023. Under its terms, the Company agreed to buy a 100% equity interest in 1274577 B.C. Ltd ("BC Ltd"), a BC-registered subsidiary of First Mining holding a portfolio of 17 NSR royalties. As BC Ltd did not meet the criteria of a business under the test for a business combination, the transaction was treated as an asset acquisition.

The transaction was completed on February 21, 2023. Consideration for the acquisition was through a cash payment of C\$4.67 million (\$3.45 million) and through the issue of 1,598,162 shares of the Company to First Mining at C\$1.31 (\$0.97) per share (total fair value of \$1.55 million). Expenses of \$0.02 were also capitalized to give a total investment value of \$5.02 million.

The purchase price was allocated as follows: \$3.97 million for a 2.0% NSR royalty on Pickle Crow, a gold development project located in Ontario, Canada; \$1.02 million for a 1.5% NSR royalty on Hope Brook, a gold development project located in Newfoundland, Canada; and \$0.03 million for a portfolio of 14 gold NSR royalties and one iron ore NSR royalty on development projects in Mexico, and Quebec and Newfoundland, Canada.

On April 20, 2023, the Company announced that it paid a total of US\$0.3 million in cash to a private third-party entity to acquire an additional 0.25% NSR royalty on Pickle Crow, increasing the effective NSR royalty held by the Company to 2.25%.

**ELEMENTAL ALTUS ROYALTIES CORP.**

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Akh Gold Ltd (Egypt)

On August 28, 2023, the Company entered into a subscription agreement ("Agreement") with In2Metals Explorer S.à r.l. ("In2Metals") in respect of Akh Gold Ltd (Note 17) whereby In2Metals have acquired an initial 80.1% interest in Akh Gold. Under the Agreement the Company has acquired 1.5% NSR royalty across Akh Gold's current projects for a value of \$0.6 million.

Cactus (USA) & Nyanga (Gabon) Royalty

On September 7, 2023, the Company acquired 0.68% NSR royalty on the Cactus Copper Project in Arizona, which is 100% owned by Arizona Sonoran Copper Company Inc and a 0.5% GRR on the Nyanga Copper-Nickel Project in Gabon, which is 100% owned by Armada Metals Limited, for a combined consideration of \$10 million paid in 11,111,111 new common shares (Note 10).

**5. EXPLORATION AND EVALUATION ASSETS**

	January 1, 2023 \$'000	Additions \$'000	Disposals \$'000	Transferred to HFS \$'000	September 30, 2023 \$'000
<b>Eastern Desert Projects</b> <i>Egypt</i>	2,109	1,668	(3,777)	-	-
<b>Laboum</b> <i>Cameroon</i>	254	35	(289)	-	-
<b>Bikoula</b> <i>Cameroon</i>	228	4	(232)	-	-
<b>Daro &amp; Zager</b> <i>Ethiopia</i>	166	70	-	(236)	-
<b>Total</b>	<b>2,757</b>	<b>1,777</b>	<b>(4,298)</b>	<b>(236)</b>	-

On June 12, 2023, the Company disposed of Aucam SA and Valnord SA, which held Laboum and Bikoula exploration assets (Note 17).

On August 28, 2023, the Company disposed an 80.1% interest in of Akh Gold Ltd which held the Eastern Desert Projects exploration assets (Note 17).

Altau Resources Ltd, which holds the Daro and Zager exploration assets was transferred to held for sale ("HFS") in the quarter ending June 30, 2023 (Note 16).

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**6. INVESTMENT IN ASSOCIATES**

The Company holds three investments in associates as shown in the table below:

	<b>SLM California (Caserones) \$'000</b>	<b>Legend Gold Mali (Tabakarole) \$'000</b>	<b>Aterian plc \$'000</b>	<b>Total \$'000</b>
Opening balance at January 1, 2023	33,426	3,026	3,803	40,255
Additions	4,603	-	-	4,603
Share of profit or (loss) for the period	1,759	(18)	(322)	1,419
Distributions received	(2,970)	-	-	(2,970)
FX revaluation	-	-	(26)	(26)
<b>Closing balance at September 30, 2023</b>	<b>36,818</b>	<b>3,008</b>	<b>3,455</b>	<b>43,281</b>

In the statement of comprehensive loss, the share of profit of associate of \$1.34 million is formed of share of profit for the period of \$1.42 million and FX revaluation loss of \$0.03 million.

SLM California (Caserones), Chile

As of September 30, 2023, the Company held a 0.473% NSR royalty interest on the Caserones copper mine in northern Chile. The royalty is owned through the Company's 50% interest in Minera Tercero SpA which owns 45.6% of Sociedad Legal Minera California Una de la Sierra Peña Negra ("SLM California") and a 100% owned company, EA Regalías Chile SpA, which owns 1.56% of SLM California.

Minera Tercero SpA is jointly controlled by the Company and another operator and is accounted for as a joint operation. The Company recognizes 50% of the principal asset held by Minera Tercero SpA, which is an investment in SLM California and 50% of the respective income and expenses. SLM California is an associate of Minera Tercero SpA and is accounted for using the equity method. The Company's 50% share of profit/loss of the associate recognized by Minera Tercero SpA under the equity method is shown in the Statement of Comprehensive Loss. Distributions received from the associate reduce the carrying amount of the investment.

In the quarter ended June 30, 2023, the Company acquired an additional 0.025% effective NSR royalty for a consideration of \$2 million.

In the quarter ended September 30, 2023, the Company acquired a further 1.56 new shares in SLM California for a total cash consideration of \$2.60 million through a newly incorporated 100% owned company, EA Regalías Chile SpA. This acquisition increases the shareholding of the Company in SLM California to 24.35% and effective NSR interest by 0.030% to 0.473%.

The Company received distributions from SLM California in respect of the royalty on production at the Caserones mine during Q3 2023 of \$1.06 million. The distributions were calculated after provisions made by SLM California for expenses and Chilean income tax. The Company adjusted this share of profit through an amortization of the investment based on a depletion calculation performed on the underlying royalty asset in order to conform with Elemental Altus' consolidated accounting policies.

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**7. INVESTMENTS**

Investments carried at fair value through profit or loss comprise listed equity shares (Level 1) and non listed equity shares (Level 2). All four investments currently held by the Company are portfolio investments where the Company owns less than a 20% interest.

	<b>2023</b>
	<b>\$'000</b>
Opening balance at January 1, 2023	1,213
Additions	2,074
Revaluation losses	(364)
<b>Closing balance at September 30, 2023</b>	<b>2,923</b>

Of the \$0.34 million of fair value loss in the statement of comprehensive loss, \$0.02 million was an unrealized foreign exchange gain on the revaluation of the Company's investments. There were no disposals of securities during the quarter.

On August 28, 2023, the Company entered into a subscription agreement ("Agreement") with In2Metals Explorer S.à r.l. in respect of Akh Gold Ltd (Note 17). Under the agreement the Company has recognised an investment of 19.9% in Akh Gold Ltd for a fair value of \$2.07 million.

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**a) Fair values of financial assets and liabilities measured at fair value**

The categories of the fair value hierarchy that reflect the significance of inputs used in making fair value measurements are as follows:

Level 1 - quoted prices in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data.

The levels in the fair value hierarchy into which our financial assets and liabilities that are measured and recognized in the condensed consolidated interim statements of financial position at fair value on a recurring basis were categorized as follows:

	Fair value at September 30, 2023 (\$'000)			
	Level 1	Level 2	Level 3	Total
<b>Recurring Measurements</b>				
Cash and cash equivalents	8,874	-	-	8,874
Accounts receivable and other	3,511	-	-	3,511
Investments	849	2,074	-	2,923
Accounts payable and accrued liabilities	(1,343)	-	-	(1,343)
Borrowings	(30,000)	-	-	(30,000)
<b>Total</b>	<b>(18,109)</b>	<b>2,074</b>	<b>-</b>	<b>(16,035)</b>

	Fair value at December 31, 2022 (\$'000)			
	Level 1	Level 2	Level 3	Total
<b>Recurring Measurements</b>				
Cash and cash equivalents	17,478	-	-	17,478
Accounts receivable and other	2,890	-	-	2,890
Investments	1,213	-	-	1,213
Accounts payable and accrued liabilities	(2,441)	-	-	(2,441)
Borrowings	(30,000)	-	-	(30,000)
<b>Total</b>	<b>(10,860)</b>	<b>-</b>	<b>-</b>	<b>(10,860)</b>

During the nine months ended September 30, 2023 no amounts were transferred between Levels. The group also has a number of financial instruments which are not measured at fair value in the statement of financial position. For these instruments, the fair values are not materially different to their carrying amounts.

**ELEMENTAL ALTUS ROYALTIES CORP.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables	248	1,166
Accrued interest (Note 9)	94	215
Accruals	599	586
Lease payables	15	-
Taxes payable	330	91
Other payables	57	383
<b>Total</b>	<b>1,343</b>	<b>2,441</b>

**9. BORROWINGS**

	<b>2023</b>
	<b>\$'000</b>
Opening balance at January 1, 2023	30,000
<b>Closing balance at September 30, 2023</b>	<b>30,000</b>

National Bank of Canada/Canadian Imperial Banking Corp. loan

On December 1, 2022, the Company entered into an agreement with National Bank of Canada ("NBC") and Canadian Imperial Bank of Commerce ("CIBC") for a \$40 million revolving credit facility (the "Facility"), with an option to increase to \$50 million subject to certain conditions. The Facility has a term of 3 years, extendable through mutual agreement between the Company, NBC, and CIBC. Depending on the company's leverage ratio, amounts drawn on the facility are subject to interest at SOFR plus 2.50% - 3.75% per annum, and the undrawn portion is subject to a standby fee of 0.56% - 0.84% per annum. As at September 30, 2023, the balance of accrued interest was \$0.09 million (December 31, 2022: \$0.22 million).

On June 21, 2023, the Facility agreement was amended to reduce the interest coverage financial covenant to 3.50:1.00 (as at March 31 2023, and December 31, 2023, the interest coverage financial covenant was 4.00:1.00).

As at September 30, 2023, the Company had drawn down an initial \$30 million from the facility (December 31, 2022: \$30 million).

The Facility has been entered into by the Company as borrower, NBC and its subsidiaries as Administrative Agent, Sole Bookrunner and Co-Lead Arranger, and CIBC as Co-Lead Arranger and Syndication Agent. The Facility includes a number of financial covenants including maintenance of an interest coverage ratio above 3.50:1.00, maintenance of a net leverage ratio below 3.50:1.00 and maintenance of a net worth relative to that at the date of the Facility plus cumulative net income thereafter. At September 30, 2023, June 30, 2023, March 31, 2023 and 31 December 2022, the Company certified that it was in compliance with the terms of the covenants.



## ELEMENTAL ALTUS ROYALTIES CORP.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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#### 10. SHARE CAPITAL

*a) Authorized*

The Company's authorized share structure consists of an unlimited number of common shares without par value.

*b) Share activities*

Details of equity transactions during the nine months ended September 30, 2023 are as follows:

- 1) On February 21, 2023, the Company issued 1,598,162 common shares at C\$1.31 (\$0.97) per common share at a fair value of \$1.55 million as partial consideration for the acquisition of royalty interests from First Mining (Note 4).
- 2) On July 18, 2023, the Company issued 2,395,109 common shares at C\$1.18 (\$0.90) per common share at a fair value of \$0.90 million for performance share units options exercised.
- 3) On September 7, 2023, the Company issued 11,111,111 common shares at C\$1.20 (\$0.89) per common shares at a fair value of \$10 million as consideration for the acquisition of Cactus and Nyanga royalty from RCF Opportunities Fund L.P (Note 4).

*c) Stock options, performance share units and warrants*

The Company maintains an incentive compensation plan for stock options, performance share units ("PSUs") and restricted share units. The maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX-V). The vesting terms of the awards are in the sole discretion of the Board of Directors. All stock options and PSUs become fully vested if a change of control of the Company occurs. Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as a director or officer of the Company.

**ELEMENTAL ALTUS ROYALTIES CORP.**

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*Stock options*

Changes in share purchase options during the nine months ended September 30, 2023 and the year ended December 31, 2022 are as follows:

	Number of stock options	Weighted Average Exercise Price	Weighted Average Life (Years)
Outstanding, December 31, 2021	900,000	C\$1.50	3.58
Replacement Altus options granted	5,405,396	C\$1.91	
Granted	8,030,000	C\$1.40	
Outstanding, December 31, 2022	14,335,396	C\$1.60	4.20
Granted	175,000	C\$1.40	
Forfeited	(1,611,910)	C\$1.74	
Outstanding, September 30, 2023	12,898,486	C\$1.55	3.49
Outstanding and exercisable, September 30, 2023	12,898,486	C\$1.55	3.49

All of the outstanding options have vested during 2023. The expiration schedule of the 12,898,486 options outstanding at September 30, 2023 is as follows:

Year of expiry	Number of stock options	Weighted Average Exercise Price
2025	3,394,046	C\$1.82
2026	178,200	C\$1.92
2027	9,326,240	C\$1.45

During the nine months ended September 30, 2023, the Company recorded \$0.20 million (2022: \$nil) of share-based compensation expense to the statement of comprehensive loss based on the vesting of stock options.

*Performance share units*

The Company has certain performance share units outstanding which were issued to directors and officers. Changes in PSUs during the nine months ended September 30, 2023 and the year ended December 31, 2022 are as follows:

	Number of PSUs
Outstanding, December 31, 2022	2,895,109
Exercised	(2,395,109)
Outstanding, September 30, 2023	500,000
Outstanding and exercisable, September 30, 2023	160,000

On July 28, 2020, the Company issued 500,000 PSUs to certain employees of the Company, expiring on July 28, 2025. The PSUs vest once the Company's share price reaches between C\$1.70 and C\$2.20 per share and a period of time has passed as follows: 160,000 PSUs vest after 2 years (July 28, 2022) if the share price reaches C\$1.70 – this threshold has been met - and 340,000 PSUs vest after 3 years (July 28, 2023) if the share price reaches C\$2.20 – this threshold has not been met as at September 30, 2023.

The fair value of the performance share units was estimated using the fair value of a common share at the grant date and various probabilities of the likelihood of the Company's stock price reaching the targets.

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During the nine months ended September 30, 2023, the Company recorded \$0.04 million (2022: \$0.06 million) of share-based compensation to the statement of comprehensive loss based on the vesting of PSUs.

*Warrants*

Changes in share purchase warrants during the nine months ended September 30, 2023 and the year ended December 31, 2022 are as follows:

	Number of warrants	Weighted Average Exercise Price	Weighted Average Life (Years)
Outstanding, December 31, 2021	-	-	-
Replacement Altus warrants issued	3,291,574	C\$2.51	0.30
Outstanding, December 31, 2022	3,291,574	C\$2.51	0.30
Expired	(3,291,574)	-	-
Outstanding, September 30, 2023	-	-	-

*d) Basic and diluted loss per share*

During the nine months ended September 30, 2023, potentially dilutive common shares totaling 13,058,486 (2022: 3,795,109) were not included in the calculation of basic and diluted loss per share because their effect was anti-dilutive. Potentially dilutive common shares are from PSUs, stock options and warrants.

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**11. OPERATING EXPENSES BY NATURE**

	Three months ended		Nine months ended	
	September 30,		September 30	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Salary, fees and pension	751	307	2,606	1,124
Corporate administration	207	126	458	238
Listing and filing fees	141	15	145	83
Marketing and promotion	88	115	343	379
Professional fees and consulting fees	33	131	882	234
Transaction related expenses	293	-	535	-
Total (G&A expenses)	1,514	694	4,970	2,058

**12. RELATED PARTY TRANSACTIONS**

Key management includes the executive and non-executive directors and certain officers of the Company. Key management compensation during three and nine months ended September 30, 2023 and 2022 is as follows:

	Three months ended		Nine months ended	
	September 30,		September 30	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Salary, fees, pension and professional fees	414	343	1,416	1,046
Share-based compensation – PSUs and stock options	8	65	52	148
Total	422	408	1,468	1,194

Amounts due from related parties at September 30, 2023 of \$1.06 million (December 31, 2022: \$0.24 million) is a receivable of \$0.24 million due from Aterian Plc in which the Company holds a 22.14% equity interest and \$0.82 million receivable from Akh Gold Ltd which the Company holds a 19.9% equity interest.

On August 28, 2023, the Company entered into a subscription agreement ("Agreement") with In2Metals Explorer S.à r.l. ("In2Metals") in respect of Akh Gold Ltd (Note 17). In2metals is an affiliate of the Company's largest shareholder La Mancha Investments S.à r.l.

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**13. SEGMENTED INFORMATION**

The Company maintains a single business segment which is its royalty and streams interests, from which it derives its revenue, including its exploration and evaluation assets from which it intends to generate royalties.

	<b>North America 2023 \$'000</b>	<b>South America 2023 \$'000</b>	<b>Australia 2023 \$'000</b>	<b>Africa 2023 \$'000</b>	<b>Total 2023 \$'000</b>
Royalty & stream interests	27,293	652	60,528	24,957	113,430
Exploration & evaluation assets	-	-	-	-	-
<b>Total</b>	<b>17,467</b>	<b>652</b>	<b>60,526</b>	<b>27,682</b>	<b>106,327</b>
Revenue – 9 months ending 30 September, 2023	610	607	4,100	2,467	7,784
Revenue – 3 months ending 30 September, 2023	178	158	1,106	936	2,378

**14. SUPPLEMENTAL CASH FLOW INFORMATION**

In the statement of cash flows, cash and cash equivalents only includes cash on hand.

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows.

**15. COMMITMENTS**

In December 2017, the Company acquired the Mount Pleasant gold royalty in Australia. A deferred payment of A\$0.4 million is due at the point a decision is taken to mine a refractory portion of the resource and funds committed to its development. The deferred payment has not been recognized as it is not considered more likely than not that the condition triggering the payment obligation will occur.

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**16. HELD-FOR-SALE ASSETS AND LIABILITIES AND DISCONTINUED OPERATIONS**

The balance of held-for-sale assets and liabilities is represented by the Diba-Lakanfla exploration project in Mali and Daro and Zager exploration licences in Ethiopia.

The Diba-Lakanfla gold project is located in western Mali and comprises the Korali Sud (Diba) Small Scale Mining Licence and the Lakanfla Exploration Licence, which are situated on the Senegal-Malian shear corridor within the 'Kenieba window'. The nearby Sadiola gold mine is operated by Allied Gold Corp. and the Malian government. Mining and mineralisation hosted on these properties is not necessarily indicative of a resource at Diba-Lakanfla. Subsequent to the period, on November 9, 2023, the Company completed the sale of the LGN Mali (BVI) III Inc and its subsidiaries to Allied Gold ML Corp for an uncapped NSR royalty with no buyback rights, and up to \$6 million in milestone payments, of which US\$1 million was paid on completion and up to \$5 million is payable on reaching various production milestones (Note 18).

On July 21, 2023, the Company agreed the sale of 95% of Altau Resources Limited to Canadian incorporated ANS Exploration Corp. ("ANS"). The transaction consideration includes: two uncapped 2.5% NSR royalties \$200,000 in cash comprising with \$50,000 upfront and 5 quarterly payments of \$30,000, 5% equity interest in Altau retained, non-dilutable until completion of a feasibility study, up to a 5% equity interest in ANS upon any future Initial Public Offering of ANS equity and, up to \$1 million in milestone performance cash payments. (for delivery on either of the Projects) of: \$500,000 upon a compliant resource above 1 million ounces (gold equivalent) and \$500,000 on publication of a feasibility study. The 5% equity interest retained in Altau will be non-dilutable until completion of a feasibility study. ANS has a 5 year buy-back option on up to 1% of the royalties for \$1.5 million each.

The value of held-for-sale assets and liabilities at September 30, 2023, was as follows:

	<b>Assets held by Aucam SA \$'000</b>	<b>Assets held by Altai Resources Ltd \$'000</b>	<b>Assets held by LGC Exploration Mali SARL \$'000</b>	<b>Total \$'000</b>
January 1, 2023	148	-	19,716	19,864
Disposal of asset	(148)	-	-	(148)
Additions / (Disposal)		236	(280)	(44)
<b>September 30, 2023</b>	<b>-</b>	<b>236</b>	<b>19,436</b>	<b>19,672</b>

	<b>Liabilities held by Aucam SA \$'000</b>	<b>Liabilities held by Altai Resources Ltd \$'000</b>	<b>Liabilities held by LGC Exploration Mali SARL \$'000</b>	<b>Total \$'000</b>
January 1, 2023	50	-	4,902	4,952
Disposal of liability	(50)	-	-	(50)
Additions / (Disposal)	-	-	(1)	(1)
<b>September 30, 2023</b>	<b>-</b>	<b>-</b>	<b>4,901</b>	<b>4,901</b>

Aucam SA was disposed of in the quarter ending June 30, 2023 (Note 17)

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**17. DISPOSAL OF SUBSIDIARY**

On June 12, 2023, the Company disposed of Aucam SA, which was previously classified as held for sale (Note 16), and Valnord SA for a total consideration of \$1.00. The loss on disposal before tax was \$0.96 million.

On August 28, 2023, the Company completed a subscription agreement with In2Metals Explorer S.à r.l. ("In2Metals") in respect of Akh Gold Ltd ("Akh Gold"), formerly an 100% owned subsidiary of the Company. Under the agreement In2Metals has acquired an 80.1% interest in and assumed management control of Akh Gold, through the subscription for US\$10 million in Akh Gold shares over a four year period. The proceeds from the subscription will be applied to fund exploration of Akh Gold's projects in Egypt. The Company no longer has management control with its 19.9% interest in Akh Gold, this has resulted in Akh Gold Ltd being disposed of as a subsidiary and the remaining interest being recognised as an investment (Note 7). The loss on disposal before tax was \$0.48 million.

**18. SUBSEQUENT EVENTS**

On November 9, 2023, the Company completed the sale of Legend Mali (BVI) III Inc. and its subsidiaries ("Legend") to Allied Gold ML Corp ("Allied"). Through its subsidiaries Legend owned the Diba and Lakanfla gold project in western Mali. The project is contiguous with the Sadiola Large Scale Gold Mining licence that is owned and operated by Allied. The consideration for the sale was an uncapped NSR royalty with no buyback rights of 3.0% on the first 226,000 ounces of gold produced from the defined deposit and 2.0% on all future production in excess of 226,000 ounces from the project. A cash payment of \$1 million was also paid on closing and up to \$5 million in cash is payable in deferred production based milestones. The Company expects the NSR to generate near term income.