



ELEMENTAL ALTUS ROYALTIES CORP.
(FORMERLY ELEMENTAL ROYALTIES CORP.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

Date of Report: November 29, 2022

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

The information contained in this MD&A for the three and nine months ended September 30, 2022 should be read in conjunction with the condensed interim consolidated financial statements of Elemental for the same period together with the audited consolidated financial statements for the year ended December 31, 2021 and the accompanying MD&A for that fiscal year. The information contained within this MD&A is as of November 29, 2022.

The referenced condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board (“IASB”), applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. All figures 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 is a TSX Venture Exchange ("TSX-V") listed precious metals royalty company focused on acquiring royalties and streams over producing, or near producing, assets from established operators and counterparties.

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

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

On August 16, 2022, Elemental completed a previously announced share-for-share merger of equals ("the Merger") with Altus Strategies Plc ("Altus"), creating a diversified and scalable royalty company. On September 22, 2022, Elemental Royalties Corp. changed its name to Elemental Altus Royalties Corp. with the name becoming effective on September 26, 2022. There was no change to the Company's trading symbol on either the TSX-V or OTCQX as a result.

The Merger was completed by way of a court-sanctioned scheme of arrangement (the "Scheme") under the laws of the United Kingdom and was subject to approval by shareholders of Altus. The transaction was approved by Altus shareholders at two special shareholder meetings held on August 8, 2022, and the issuance of Elemental common shares under the terms of the Merger was approved by Elemental shareholders at Elemental's annual general and special meeting held on August 8, 2022. On August 12, 2022, the United Kingdom High Court of Justice approved the Scheme under section 899 of the Companies Act 2006 pursuant to which the Merger was implemented.

Under the Merger terms, Elemental acquired all issued and to be issued share capital of Altus, with each Altus share exchanged for 0.594 Elemental shares (the "Exchange Ratio"). The Exchange Ratio was agreed between the boards of Elemental and Altus taking into account the market capitalizations and relative net asset values of each company.

The Company's management believes that, through the Merger, the Company will significantly increase its scale and diversity, with 11 producing royalties / streams in 7 jurisdictions; a transformed revenue profile, organic opportunities to increase revenue; strong shareholder support from La Mancha and other institutional investors; an enhanced capital markets portfolio providing improved scale, liquidity and analyst coverage, a stronger revenue profile and balance sheet and enhanced opportunities to refinance the credit facility on improved terms; as well as complimentary management skills from the collective teams' extensive experience and their technical, financial and legal expertise.

In March 2022, Elemental provided guidance for 2022 of 5,700 to 6,700 attributable gold equivalent ounces ("GEOs") from its current portfolio. Following completion of the Merger, Elemental updated its guidance to 6,400 to 7,000 attributable GEOs, inclusive of Altus assets from August 16, 2022. Elemental expects to increase guidance again for 2023 with full contributions from Altus assets and the Mercedes gold mine. GEO is a non-IFRS measure - see section 11 – non-IFRS measures.

In addition, the portfolio contains significant exploration upside; the Wahgnion gold mine in Burkina Faso sits within a license package of over 1,000km², and the Mercedes mine in Mexico sits within a nearly 700km² license. These district scale land packages, alongside active exploration programs on many of the Company's assets,

provide Elemental with exposure to future exploration success without further operational or financial contribution.

2. OVERALL PERFORMANCE

- Total revenue of \$2.8 million for the three months ended September 30, 2022 (\$1.9 million for the three months ended September 30, 2021) and \$7.1 million for the nine months ended September 30, 2022 (\$4.3 million for the nine months ended September 30, 2021).
- Adjusted revenue of \$3.4 million for the three months ended September 30, 2022 (\$1.9 million for the three months ended September 30, 2021) and \$7.7 million for the nine months ended September 30, 2022 (\$4.3 million for the nine months ended September 30, 2021). See section 11 – non-IFRS measures for definition of adjusted revenue.
- Total attributable GEOs of 1,927 for the three months ended September 30, 2022 (1,062 for the three months ended September 30, 2021) and 4,213 for the nine months ended September 30, 2022 (2,385 for the nine months ended 2021).
- During the nine months ended September 30, 2022, Elemental received approximately 408.4 gold ounces from the Ming Gold Stream with gross value of approximately \$674,000.
- Operating cash outflow of \$2.1 million for the three months ended September 30, 2022 and outflow of \$1.0 million for the nine months ended September 30, 2022.
- Net loss of \$3.1 million for the three months ended September 30, 2022 and net loss of \$6.7 million for the nine months ended September 30, 2022.
- Adjusted EBITDA of \$2.8 million for the three months ended September 30, 2022 and \$5.5 million for the nine months ended September 30, 2022 (refer to the "Non-IFRS Measures" section of this MD&A).

Highlights and key developments include:

- On January 19, 2022, Capricorn Metals Limited (ASX: CMM) ("Capricorn"), the operator of the Karlawinda gold mine in western Australia, confirmed they remained on track to achieve FY22 guidance of 110,000 – 120,000 ounces, achieved by continued ramp-up of the processing plant with the introduction of oxide ore into the mill feed increasing throughput to annualized rate of 4.6mtpa.
- On April 4, 2022, the Company completed a gold purchase and sale agreement (the "Ming Gold Stream") with Rambler Metals and Mining Canada Limited, a wholly owned subsidiary of Rambler Metals and Mining PLC (AIM: RMM) ("Rambler").
- On March 31, 2022, the Company completed a private placement of 9,275,000 common shares at CAD\$1.51 (\$1.21) per common share for gross proceeds of CAD\$14.0 million (\$11.2 million). The net proceeds of the placement were used to fund the acquisition of the Ming Gold Stream, with the remainder for general working capital purposes.
- On August 16, 2022, the Company completed the Merger with Altus that was announced by the Company and Altus on June 14, 2022.
- Effective September 26, 2022, the Company changed its name to Elemental Altus Royalties Corp.
- On October 25, 2022, the Company announced the completion of the sale of its 100% owned Morocco-focused copper subsidiary, Aterian Resources Ltd. ("Aterian"), to Eastinco Mining and Exploration plc. ("Eastinco"). Aterian owns a 100% interest in 15 prospective projects primarily targeting copper and silver covering 762km² ("Projects"). Completion of the transaction follows the satisfaction of certain conditions precedent, including admission to trading of the entire issued share capital of Eastinco to the Official List of the UK Financial Conduct Authority (Standard Segment) ("Admission") and to trading on the London Stock Exchange's Main Market for listed securities ("LSE"). In consideration, Elemental Altus received:
 - a 2.50% net smelter return ("NSR") royalty over each of the 15 Projects, with Eastinco retaining certain buyback rights of up to 1.0% of each NSR royalty for \$0.5 million per 0.5%

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- a 0.5% NSR royalty over Eastinco's Musasa tantalum operation in Rwanda
- 241,173,523 shares in Eastinco representing 25% of the issued share capital of Eastinco valued at approximately £2,500,000 (approximately \$2,874,038) on Admission. The shares are subject to a customary 12-month lock in period and a further 12-month orderly market provision
- 96,469,409 five-year warrants, with 48,234,704 (50%) of the warrants having an exercise price of £0.01 per share and 48,234,705 (50%) having an exercise price of £0.02 per share
- Eastinco will also reimburse the Company up to £250,000 (approximately \$287,404) in cash in respect of certain historic exploration expenditures in quarterly payments commencing in Q4 2022
- On November 2, 2022, Eastinco changed its name to Aterian plc
- On October 31, 2022, the Company noted the recent announcement by Capricorn of an increase in Ore Reserves and Mineral Resources at the producing Karlawinda gold mine in Western Australia. Elemental Altus owns a 2.0% NSR royalty on Karlawinda.

Information about the Gold Royalty Corp (“Gold Royalty”) Hostile Bid:

- On January 11, 2022, the Company confirmed that Gold Royalty had commenced a highly conditional and unsolicited all-share takeover bid to acquire all outstanding common shares of the Company (the “Hostile Bid”).
- On January 26, 2022, the Company announced that the Board, following the unanimous recommendation of a special committee of independent directors, has unanimously determined that the all-share hostile takeover bid from Gold Royalty is not in the best interests of the Company or its shareholders and unanimously recommended that shareholders reject and not tender their shares.
- On May 12, 2022, Elemental confirmed the Hostile Bid by Gold Royalty had not been successful, and that based on information from available sources, the Company estimates that significantly less than 5% of its shares were tendered to the Hostile Bid. Having failed to meet the statutory minimum tender condition of more than 50% of the Elemental shares outstanding (excluding those shares beneficially owned, or over which control or direction is exercised by, Gold Royalty or by any persons acting jointly or in concert with Gold Royalty), Gold Royalty allowed the Hostile Bid to expire. The Hostile Bid created an unfortunate and unnecessary drain on Elemental management’s time and resources and at the time of expiry represented a material discount to Elemental shareholders rather than the premium announced by Gold Royalty. The Company also confirmed that Elemental’s Board continues to review alternative strategic options involving counterparties other than Gold Royalty.

The following table summarizes the Company’s revenue from royalty and streaming interests during the three and nine months ended September 30, 2022 and 2021. Adjusted revenue also includes royalty revenue from equity investments for the same periods (see section 11 – Non-IFRS Measures).

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Revenue from royalties				
Kwale	44	157	250	467
Mount Pleasant	51	1	257	2
Amancaya	224	373	722	1,007
Mercedes	137	-	137	-
Wahgnion	494	586	1,500	2,029
Karlawinda	948	784	3,309	784
Bonikro ¹	32	-	32	-
Ballarat ¹	147	-	147	-

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SKO ¹	35	-	35	-
Revenue from streams				
Ming	677	-	677	-
Total revenue	2,789	1,901	7,066	4,289
Royalty revenue from equity investments				
Caserones ^{1,2}	656	-	656	-
Adjusted revenue	3,445	1,901	7,722	4,289

(1) For the post acquisition period commencing August 16, 2022.

(2) The Caserones royalty is held by Sociedad Legal Minera California Una de la Sierra Peña Negra (“SLM California”) in which the Company holds an effective 21.5% equity interest.

The following table summarizes the Company’s GEOs from royalty interests during the three and nine months ended September 30, 2022 and 2021:

	Three months ended September 30,		Nine months ended September 30,	
	2022 GEO	2021 GEO	2022 GEO	2021 GEO
Kwale	25	87	135	259
Mount Pleasant	29	1	140	1
Amancaya	130	208	395	560
Wahgnion	286	327	822	1,126
Karlawinda	548	438	1,812	438
Mercedes	79	-	79	-
Ming	327	-	327	-
Bonikro ¹	18	-	18	-
Ballarat ¹	85	-	85	-
SKO ¹	20	-	20	-
Caserones ¹	380	-	380	-
Total GEOs ²	1,927	1,061	4,213	2,384

(1) For the post acquisition period commencing August 16, 2022.

(2) See section 11 – Non-IFRS Measures.

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

3. ACQUISITION OF ALTUS STRATEGIES PLC

On June 14, 2022, the Company reached an agreement with Altus Strategies plc on the terms and conditions of a recommended share-for-share Merger of the Company and Altus with the entire issued and to be issued share capital of Altus being acquired by the Company. Altus is a company that is primarily involved in the acquisition of precious metal royalties and project generation discovery.

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On August 16, 2022, the Company completed the Merger with Altus and the Company changed its name to Elemental Altus Royalties Corp. Under the Merger terms, the Company acquired all issued and outstanding shares of Altus, where each Altus share was exchanged for 0.594 Elemental shares. The Company issued 69,688,995 common shares to Altus shareholders at the fair value of \$67.3 million as determined by the trading price of the Company on the TSX-V. In addition, the Company granted 5,405,400 replacement options and 3,291,585 replacement warrants. The fair value of the replacement options and replacement warrants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: stock price – CAD\$1.24; exercise price – CAD\$2.10; risk-free interest rate – 3.19%; expected life 2.52 years; expected volatility - 51% and expected dividends - \$nil.

Upon completion of the Merger, Elemental Royalties Corp. shareholders owned 52.9% and Altus shareholders owned 47.1% of the total issued and outstanding shares of Elemental Altus Royalties Corp.

The Merger is considered to be a business combination under IFRS 3. The table below presents the estimated fair values of the assets acquired and liabilities assumed at the date of the acquisition. The allocation is preliminary and the fair values are subject to change based on relevant information existing at the date of acquisition. Held-for-sale assets, royalty interests, exploration and evaluation assets, investments in associates and deferred income tax liabilities are all subject to change. Any adjustments made will be recognized retrospectively and comparative information will be revised. The purchase price allocation must be finalized within twelve months following the acquisition date.

Net assets acquired	\$'000
Cash	7,875
Held-for-sale assets	7,404
Accounts receivable and other	474
Royalty interests	27,278
Exploration and evaluation assets	29,245
Equipment and right-of-use assets	306
Investments in associates	34,100
Investments	1,235
Accounts payable and accrued liabilities	(3,653)
Loan	(24,022)
Held-for-sale liabilities	(1,857)
Deferred income tax liabilities	(9,842)
Net assets as at August 16, 2022	68,543
Consideration paid	
Fair value of 69,688,995 common shares issued	67,340
Fair value of options fully vested	1,183
Fair value of warrants	20
Total consideration paid	68,543

Transaction and integration costs of the Merger of \$2.36 million were expensed.

From the date of the Merger to September 30, 2022, the Company results include Altus revenue of \$0.21 million with adjusted revenue of \$0.87 million, and net loss of \$0.32 million was included in the consolidated statement of comprehensive loss. If the transaction had occurred at the beginning of the fiscal year, the Company would have included Altus revenue of \$1.02 million, adjusted revenue of \$5.33 million and net loss of \$5.09 million.

4. ROYALTY AND STREAM PORTFOLIO

Elemental’s focus is on securing royalties and streams over high-quality precious metals assets with established operators. As at September 30, 2022, the Company owns 58 royalties and streams. Elemental has 11 royalties and streams that are currently paying, including four in Australia, two in Chile, and one each in Canada, Burkina Faso, Cote d’Ivoire, Mexico, and Kenya. The following table lists the producing and notable development royalty and stream interests that Elemental currently owns either directly, or indirectly through its subsidiaries and associates as at the date of this report.

Project	Operator	Location	Commodity	Stage	Royalty Type
Amancaya	Austral Gold Ltd	Chile	Gold, silver	Production	2.25% NSR
Ballarat¹	Shen Yao Holdings	Australia	Gold	Production	1.25% NSR
Bonikro¹	Allied Gold	Cote d’Ivoire	Gold	Production	2.25% NSR
Caserones¹	JX Nippon	Chile	Copper	Production	0.418% NSR
Karlawinda	Capricorn Metals Ltd	Australia	Gold	Production	2% NSR
Kwale	Base Resources Ltd	Kenya	Ilmenite, rutile, zircon	Production	0.25% GRR
Laverton	Focus Minerals Ltd	Australia	Gold	Feasibility	2% GRR
Mercedes^{2,3}	Bear Creek Mining Corp.	Mexico	Gold, silver	Production	1% NSR
Ming⁴	Rambler Metals and Mining PLC	Canada	Gold	Production	Stream
Mt. Pleasant	Zijin Mining Group	Australia	Gold	Production	5% NPI or AU\$10/oz
Panton	Future Metals NL	Australia	PGM	Feasibility	0.5% NSR
South Kalgoorlie¹	Northern Star Resources	Australia	Gold	Production	A\$5/oz
Wahgnion	Endeavour Mining Corp.	Burkina Faso	Gold	Production	1% NSR

(1) Royalty assets acquired in the merger with Altus completed on August 16, 2022.

(2) 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). As of July 28, 2022, the Mercedes royalty became payable.

(3) On December 17, 2021 Equinox Gold Corp. entered into a definitive agreement to sell the Mercedes mine to Bear Creek Mining Corporation (TSXV: BCM) (“Bear Creek”). The transaction closed on April 21, 2022.

(4) The Ming Gold Stream acquisition was announced on March 17, 2022 and closed on April 4, 2022.

5. PRINCIPAL ROYALTIES AND STREAMS

Karlawinda:

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

- Q3 2022 gold production from Karlawinda was 31,005 ounces (Q2 2022: 32,018 ounces).
- Capricorn expects to continue its strong operational performance in FY2023 with unchanged gold production guidance of 115,000 – 125,000 ounces.

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- Capricorn has replaced depletion of gold reserves by 201%, with the declaration on October 27, 2022, of an updated JORC 2012 compliant Probable Ore Reserve of 53.0 million tonnes at a grade of 0.8 g/t for 1,344,000 ounces of contained gold. This represents a 12% increase from the Ore Reserve declared in March 2020 and a 24% increase once depletion through mining is taken into account. Between March and August this year, Capricorn drilled 30,518 meters as part of a resource definition program. As a result of this and a further 187,068 meters of grade control drilling, Capricorn announced on October 27, 2022, an increase in the Mineral Resource at Karlawinda to 82.3 million tonnes in the Indicated category grading 0.7 g/t for 1,945,000 ounces of contained gold plus a further 16.9 million tonnes in the Inferred category grading 0.6 g/t for 346,000 ounces of contained gold. This represents a 7% increase on the March 2020 estimate and a 13% increase after depletion from mining.
- On November 3, 2022, Capricorn resumed load and haul mining operations following a temporary suspension since October 13, 2022, when an employee of a mining contractor was fatally injured in a significant incident at the mine.

Caserones:

Location: Chile
Commodity: Copper
Operator: JX Nippon Mining & Metals Corporation ("JX Nippon")
Royalty: 0.418% NSR royalty (held through associate company, SLM California)
Update:

- In Q3 2022, the Company accrued quarterly royalty revenue of \$0.66 million (before tax) for the post acquisition period commencing August 16, 2022 and received after tax distributions of \$1.06 million relating to production from Q2 2022

Wahgnion:

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

- Production increased from 27koz in Q2 2022 to 32koz in Q3 2022 primarily due to the higher average grade milled, which was partially offset by slightly lower tonnes milled.
- Total tonnes mined decreased due to the usual impact of the wet season and the completion of mining in the current phase of the Fourkoura pits during the quarter. Tonnes of ore mined increased as a result of the commencement of mining at the Samavogo satellite deposit in September.
- Wahgnion's performance is expected to improve in Q4-2022 due to the benefit of a full quarter of production from the higher grade Samavogo pit. However, due to its year-to-date performance, Wahgnion's FY-2022 production is expected to be below the guided 140—150koz range.
- An exploration programme of \$9.0 million is planned for 2022, of which \$7.0 million has been spent in 2022 to date with \$2.2 million spent in Q3 2022 consisting of 9,800 meters of drilling across 90 drill holes.

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Bonikro:

Location: Mali
Commodity: Gold
Operator: Allied Gold Corp. ("Allied Gold")
Royalty: Up to 2.25% NSR royalty, capped at 560,000 ounces
Update:

- The Company owns an NSR royalty on an area of the mine known as Pushback 5 at Allied Gold's open pit Bonikro gold mine in Mali. At a gold price above US\$1,450, the NSR royalty is at an effective rate of 2.25%, capped at 560,000 ounces.
- Elemental received approximately US\$32 thousand in revenue from the development of Pushback 5 for the post-merger period from August 16, 2022.
- Allied Gold is expected to target full production from the royalty area in 2023.

Ming:

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

- Elemental's acquisition of the Ming stream closed on April 4, 2022. In exchange for consideration of \$11 million, Elemental receives 50% of payable gold production until Rambler has delivered 10,000 ounces of gold to Elemental, after which Elemental will receive 35% of payable gold production until Rambler has delivered a further 5,000 ounces to Elemental. After Rambler has delivered a total of 15,000 ounces of gold, Elemental will receive 25% of payable gold production for the life of mine. Elemental will make ongoing payments equal to 20% of the market price of gold with minimum gold recoveries set at 85%. Rambler will make minimum gold deliveries of 1,200 ounces to Elemental in each of the first three years of the Ming gold stream.
- Mining progressed in all four of the main production areas in the mine. Development was strategically reduced to keep pace with production in all zones through the Quarter, providing sustainable access to production tonnes going forward while preserving cash.
- On November 1, 2022, Rambler announced that operations are continuing as normal at its wholly-owned Ming copper-gold mine in Canada. This follows an event of default under the \$16.4 million loan agreement with Newgen Resources Lending Inc ("Newgen") after Rambler failed to make a first principal repayment due to Newgen on October 31, 2022. Rambler stated that it remains in constructive discussions with Newgen to find a solution to the refinancing or restructuring.

Mercedes:

Location: Mexico
Commodity: Gold & silver
Operator: Bear Creek Mining Corporation ("Bear Creek")
Royalty: 1% NSR royalty
Update:

- Elemental received first royalty revenue of \$137 thousand in the quarter.
- Royalty revenue was 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). On July 28, 2022, Elemental announced that the Mercedes royalty became payable.

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- Q3 2022 gold production from Mercedes was 11,169 ounces (Q2 2022: 9,801 ounces). Tonnages, gold production and development meters trended higher as Bear Creek's improvement program started to deliver positive results. In addition, recent development work will provide access to higher grade deposits at Rey de Oro and Marianas during Q4 2022, which is expected to contribute to further improvements in production.
- On September 6, 2022, Bear Creek announced plans to design and implement a 32-week performance improvement program at the Mercedes mine. The program will cost \$2.15 million and will be completed by January 2023. The planned improvements are to re-open closed mining areas to achieve gold production rates of over 70,000 ounces per year and reduce costs.

Amancaya:

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

- Guanaco/Amancaya gold and silver production during the September 2022 quarter totaled 5,883 GEOs (or 5,679 gold ounces and 18,260 silver ounces), an 8% decrease from the June 2022 quarter and a 38% decrease from the September 2021 quarter. Total production for the first nine months of the year ended September 2022 was 19,752 GEOs, a 14% decrease from the 9-month period ended September 2021.
- Q3 2022 production at Amancaya was lower than Austral forecasted mainly due to the robbery of 423 GEOs of gold precipitate. In addition, production was impacted by lower throughput, lower gold grades, and reduced availability of equipment and certain spare parts such as filter press plate's fabrics. Austral has issued revised production guidance for 2022 of 27,000-28,000 GEOs, down from 30,000-35,000 GEOs guided to in the Q2 2022 quarterly report.
- On August 12, 2022, Austral announced a thorough review of security at its Guanaco-Amancaya mine complex.
- During Q3 2022, Austral continued reviewing exploration opportunities to increase mineral reserves at Amancaya with a drilling campaign at the Veta Oeste vein planned from Q1 2023.

South Kalgoorlie (SKO):

Location: Western Australia
Commodity: Gold
Operator: Northern Star Resources Ltd ("Northern Star")
Royalty: Australian Dollar ("A\$")5/oz gold production royalty, A\$0.5m Discovery Bonus on each new orebody above 250koz

Update:

- Elemental owns a A\$5/oz production royalty on Northern Star's South Kalgoorlie Operations (SKO), acquired through Altus' acquisition of a portfolio of royalties purchased in 2021 from Newcrest Mining.
- In addition to the A\$5/oz production royalty, , A\$0.5m Discovery Bonus on each new orebody above 250kozIn-mine exploration drilling at SKO has successfully identified further extensions across the northern area of the mine, which remains open down plunge.

Ballarat:

Location:	Victoria, Australia
Commodity:	Gold
Operator:	Shen Yao Holdings Ltd ("Shen Yao")
Royalty:	1.25% NSR royalty, capped at A\$25m in royalty payments
Update:	

- The Company owns a NSR royalty on the underground Ballarat mine at a rate of 1.25% and also holds ownership of approximately \$0.6 million in accrued royalty payments.
- On October 26, 2022, Shen Yao announced the resumption of processing operations following their temporary suspension due to the accumulation of excess water in the tailings dam from heavy rainfall. Following the resumption of processing operations and the treatment of ore stockpiles, Shen Yao expects gold sales to resume.
- On November 2, 2022, Shen Yao announced the appointment of Mr. Trevor Callow as Acting General Manager, responsible for the management and operations of the mine.

6. ROYALTY GENERATION

During the quarter, the royalty generation team, acquired by Elemental as part of the Altus Strategies merger, focused on finalizing a Preliminary Economic Assessment ("PEA") for the Diba & Lakanfla gold project in western Mali and continued exploration work on the Company's assets in Egypt. Post-period end, the transaction to vend out the Moroccan copper-focused portfolio was completed, generating 15 new royalties. The following is a list of the Company's evaluation and exploration projects.

Mali:

A PEA was finalized on the Company's 100% owned Diba & Lakanfla gold project, including an updated Mineral Resource Estimate ("MRE"). The PEA, which was dated July 28, 2022 and which was based on an open pit heap leach gold mine, has low capital expenditure requirements and strong cash flows. The assessment details an after-tax net present value ("NPV") of \$149.78 million and a payback of 5.7 months. The NPV is based on an 8% discount rate, \$1,700/oz gold price and 95% recovery. The updated MRE for the project represents a 67% increase in all categories over the previous resource estimate, comprising 7,800,000 tonnes at 1.24 g/t Au for 312,000 ounces in the Indicated category and 12,700,000 tonnes at 0.87 g/t Au for 362,000 ounces in the inferred category. The project hosts numerous targets for further drill testing and potential resource growth. The PEA technical report was prepared in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators ("NI 43-101") by the independent consulting firm Mining Plus UK Ltd.

Egypt:

During the quarter, the Company's discovery team focused on reconnaissance work on the Wadi Jundi (696km²) and Wadi Dubur (175km²) projects. The team mapped numerous hard rock gold workings, collected samples, and identified many targets for detailed exploration work. At Wadi Jundi several prospective areas were defined, including Daghbag, a 11.5 x 3.5 km structurally complex area on the margin of granitoid intrusives with grades up to 58.3 g/t Au from hard rock gold working spoil. At Wadi Dubur the Company continued work on several areas, including the Urf El Fahad area, a 2.1 km long curvilinear shear zone with assay results from outcrop sampling up to 404 g/t Au. Post-period end, the Company appointed Andries Siebrits as exploration manager in Egypt. Mr Siebrits is an exploration geologist with over 30 years of experience, many of which focused on the Arabian Nubian Shield.

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Morocco:

Post-period end the Company's copper-focused Moroccan assets were vended out to Eastinco Mining and Exploration plc following satisfaction of certain conditions precedent, including admission to trading on the London Stock Exchange Main Market for listed securities. In consideration of the transaction, Elemental Altus received 241,173,523 shares in Eastinco, representing 25% of the issued share capital and 15 new, 2.50% NSR royalties on the Moroccan assets. Eastinco was subsequently renamed Aterian plc. Further details are included in the highlights section of Overall Performance.

7. DISCUSSION OF OPERATIONS

The discussion of operations relates to the Company's three and nine months ended September 30, 2022 and 2021.

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Revenue from royalties and streams	2,789	1,901	7,066	4,289
Cost of sales, excluding depletion	(138)	-	(138)	-
Depletion of royalty interests	(1,345)	(905)	(3,769)	(1,784)
Share of profit of associate	136	-	136	-
General and administrative expenses	(652)	(555)	(1,825)	(1,575)
Project evaluation expenses	(42)	(48)	(233)	(282)
Share-based compensation expense	(101)	(98)	(214)	(582)
Hostile takeover bid expenses	(758)	-	(1,684)	-
Merger transaction and integration expenses	(1,623)	-	(2,364)	-
Interest and financing expenses, net	(1,268)	(769)	(2,800)	(2,240)
Foreign exchange gain (loss)	313	(83)	136	(72)
Fair value loss on investments	(149)	-	(149)	-
Tax expense	(296)	(279)	(855)	(853)
Net loss for the period	(3,134)	(836)	(6,693)	(3,099)
Operating cash flows	(2,101)	(42)	(1,019)	(58)
Adjusted revenue ⁽¹⁾	3,445	1,901	7,722	4,289
Adjusted depletion ⁽¹⁾	(1,688)	(905)	(4,112)	(1,784)
Adjusted EBITDA ⁽¹⁾	2,793	1,215	5,529	2,360

⁽¹⁾ See Non-IFRS Measures in section 11

Nine months ended September 30, 2022

The Company recorded a net loss of \$6.7 million for the nine months ended September 30, 2022, as compared to a net loss of \$3.1 million for the nine months ended September 30, 2021. The increase in net loss is due to a combination of factors including:

- Total revenue increased to \$7.07 million for the nine months ended September 30, 2022, compared to \$4.29 million for the nine months ended September 30, 2021, due to commissioning of the Karlawinda royalty in Q3 2021, initial income from the Altus royalty portfolio and the Mercedes royalty during Q3

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2022 and a higher overall gold price, offset partially by lower production at the Amancaya, Wahgnion and Kwale royalties.

- Adjusted revenue increased to \$7.72 million for the nine months ended September 30, 2022 compared to \$4.29 million for the nine months ended September 30, 2021 due to the inclusion of initial revenue from Altus' Caserones royalty interest in addition to the changes outlined in total revenue above.
- Depletion of royalty interests increased from \$1.78 million for the nine months ended September 30, 2021, to \$3.77 million for the nine months ended September 30, 2022 due primarily to the increased revenue and first depletion of the Karlawinda royalty during the nine months ended September 30, 2022 and from the addition of depletion of the Altus royalties, Mercedes and the Ming stream during Q3 2022. Royalty depletion as a percentage of revenue during the nine months ended September 30, 2022 was 52.3% compared to 41.6% during the nine months ended September 30, 2021.
- Adjusted depletion increased from \$1.78 million for the nine months to September 30, 2021 to \$4.11 million for the nine months to September 30, 2022 due to the inclusion of initial depletion of Altus' Caserones royalty in addition to the changes outlined in depletion of royalty assets above. Adjusted depletion as a percentage of adjusted revenue during the nine months ended September 30, 2022 was 53.3% compared to 41.6% during the nine months ended September 30, 2021.
- General and administrative expenses increased from \$1.57 million for the nine months ended September 30, 2021, to \$1.83 million for the nine months ended September 30, 2022, due primarily to an increase in salary, fees and pension from \$0.76 million to \$1.12 million as a result of salary increases and the inclusion from August 16, 2022 of the Altus staff.
- Project evaluation expenses decreased from \$0.28 million for the nine months ended September 30, 2021, to \$0.23 million for the nine months ended September 30, 2022, primarily due to lower business development costs incurred during the nine months ended September 30, 2022 for potential acquisitions. Project evaluation expenses are those activities required to acquire and then manage the Company's portfolio of royalty assets. Certain employment costs and professional and consulting fees are allocated to project evaluation expenses.
- Interest and finance expense increased from \$2.24 million for the nine months ended September 30, 2021, to \$2.80 million for the nine months ended September 30, 2022, due to the interest and fees associated with the Amended Sprott Credit Facility and initial interest on the La Mancha Loan as well as an increase in LIBOR.
- Hostile takeover bid expenses increased from \$nil for the nine months ended September 30, 2021 to \$1.68 million for the nine months ended September 30, 2022, due to legal and professional fees associated with the Gold Royalty Hostile Bid.
- Transaction and integration expenses increased from \$nil for the nine months ended September 30, 2021 to \$2.36 million for the nine months ended September 30, 2022, due to the legal and professional fees associated with the Altus merger.
- Tax expense increased from \$0.85 million for the nine months ended September 30, 2021 to \$0.86 million for the nine months ended September 30, 2022. Although the Karlawinda revenues increased from \$0.78 million during the nine months ended September 30, 2021 to \$3.31 million during the nine months ended September 30, 2022 and the Mount Pleasant revenues increased from \$0.02 million during the nine months ended September 30, 2021 to \$0.26 million during the nine months ended September 30, 2022, those revenues are not subject to withholding tax. Distributions from associates relating to the Company's effective interest in the Caserones royalty are paid net of Chilean corporate tax.

Three months ended September 30, 2022

The Company recorded a net loss of \$3.1 million for the three months ended September 30, 2022, as compared to a net loss of \$0.8 million for the three months ended September 30, 2021. The increase in net loss is due to a combination of factors including:

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- Total revenue increased to \$2.79 million for the three months ended September 30, 2022, compared to \$1.90 million for the three months ended September 30, 2021, due to assets acquired through the Merger, an increase in Karlawinda revenue since the commencement of commercial production in Q3 2021, the first revenues received by the Company from Mercedes, and an increase in Mount Pleasant revenue. These increases were offset partially by a decrease in Kwale, Amancaya and Wahgnion revenues.
- Adjusted revenue increased to \$3.45 million for the three months ended September 30, 2022 compared to \$1.90 million for the three months ended September 30, 2021 due to the inclusion of initial revenue from Altus' Caserones royalty interest in addition to the changes outlined in total revenue above.
- Depletion of royalty interests increased from \$0.91 million for the three months ended September 30, 2021, to \$1.35 million for the three months ended September 30, 2022 due primarily to the increased Karlawinda revenue during the three months ended September 30, 2022 and from the addition of depletion of the Altus royalty assets, Ming stream and Mercedes Royalty. Depletion as a percentage of revenue during the three months ended September 30, 2022 was 46.0% compared to 47.6% during the three months ended September 30, 2021.
- Adjusted depletion increased from \$0.91 million for the three months to September 30, 2021 to \$1.69 million for the three months to September 30, 2022 due to the inclusion of initial depletion of Altus' Caserones royalty in addition to the changes outlined in depletion of royalty assets above. Adjusted depletion as a percentage of adjusted revenue during the three months ended September 30, 2022 was 49.0% compared to 47.6% during the three months ended September 30, 2021.
- General and administrative expenses increased from \$0.55 million for the three months ended September 30, 2021, to \$0.65 million for the three months ended September 30, 2022, due to the inclusion of costs for the former Altus business from August 16, 2022.
- Project evaluation expenses decreased from \$0.05 million for the three months ended September 30, 2021, to \$0.04 million for the three months ended September 30, 2022, primarily due to lower business development costs incurred during the three months ended September 30, 2022 for potential acquisitions. Project evaluation expenses are those activities required to acquire and then manage the Company's portfolio of royalty assets. Certain employment costs and professional and consulting fees are allocated to project evaluation expenses.
- Interest and finance expense increased from \$0.77 million for the three months ended September 30, 2021, to \$1.27 million for the three months ended September 30, 2022, due to the addition of the La Mancha Loan from the merger date as well as an increase in LIBOR.
- Hostile takeover did expenses increased from \$nil for the three months ended September 30, 2021 to \$0.76 million for the three months ended September 30, 2022, due to legal and professional fees associated with the Gold Royalty Hostile Bid.
- Merger transaction and integration expenses increased from \$nil for the three months ended September 30, 2021, to \$1.62 million for the three months ended September 30, 2022, due to the legal and professional fees associated with the Altus merger.
- Tax expense increased from \$0.28 million for the three months ended September 30, 2021 to \$0.30 million for the three months ended September 30, 2022. Although the Karlawinda revenues increased from \$0.78 during the three months ended September 30, 2021 to \$0.95 million during the three months ended September 30, 2022 and the Mount Pleasant revenues increased from \$0.01 million during the three months ended September 30, 2021 to \$0.05 million during the three months ended September 30, 2022, those revenues are not subject to withholding tax.

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8. 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, 2022.

	THREE MONTHS ENDED			
	September 30,	June 30,	March 31,	December 31,
	2022	2022	2022	2021
	\$'000	\$'000	\$'000	\$'000
Total revenue	2,789	2,082	2,195	2,323
Adjusted revenue ¹	3,445	2,082	2,195	2,323
Net loss	(3,134)	(2,352)	(1,207)	(1,627)
Net loss per share – basic and diluted	(0.03)	(0.03)	(0.02)	(0.02)
Total assets	188,236	84,742	86,675	76,495

	THREE MONTHS ENDED			
	September 30,	June 30,	March 31,	December 31,
	2021	2021	2021	2020
	\$'000	\$'000	\$'000	\$'000
Total revenue	1,901	1,240	1,148	1,461
Adjusted revenue ¹	1,901	1,240	1,148	1,461
Net loss	(836)	(1,181)	(1,082)	(266)
Net loss per share – basic and diluted	(0.01)	(0.02)	(0.02)	(0.01)
Total assets	76,614	77,359	78,274	28,314

¹ See Non-IFRS Measures in section 11

The increase in assets in Q3 2022 was due to the acquisition of additional royalty assets, cash and exploration and evaluation assets through the merger with Altus. The increase in assets in Q1 2022 was due to the equity financing closed in Q1 which was used for the acquisition of the Ming gold stream for aggregate consideration of \$11.4 million. The increase in assets in Q1 2021 was due to the acquisition of South32 royalty assets for aggregate consideration of \$55 million.

The increase in loss during Q3 2022 was due to costs arising from the merger with Altus as well as additional costs related to the Altus business in the six weeks after the Merger. The increase in loss during Q2 2022 and Q1 2022 was due to increased general and administrative expenditures as a result of the unsolicited and unsupported bid made by Gold Royalty as well as interest and finance expenses relating to the Sprott loan. The increase in loss during Q4 2021 was due to increased general and administrative expenses compared to Q3 2021.

9. LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2022, the Company's cash balance was \$11.2 million (December 31, 2021 - \$6.1 million) with working capital deficiency of \$33.9 million (December 31, 2021 – working capital of \$7.0 million). The decrease in working capital was due to the re-classification of the borrowings from Sprott to current liabilities as the maturity date is within 12 months, the addition of the La Mancha Loan which also has a maturity date within 12 months, as well as the net loss of \$6.7 million during the nine months ended September 30, 2022.

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The Company's operations used \$1.0 million during the nine months ended September 30, 2022 (2021 – operations used \$0.06 million) while \$2.6 million (2021 - \$40.1 million) was used in investing activities. Investing activities in 2022 included a cash balance of \$7.9 million held by Altus at the date of the Merger. As at September 30, 2022, the Company had a working capital deficiency which includes the \$25 million Amended Sprott Credit Facility which matures on January 31, 2023 and the \$24.0 million La Mancha Loan which matures on December 31, 2022. Management is actively working on plans to refinance the debt and, having had multiple refinancing proposals, expects to complete the refinancing in 2022. As at the date of this MD&A, no transaction had been concluded.

It is noted that, while negotiations to refinance the debt are underway, a temporary waiver has been issued by Sprott with regard to the covenant in the Amended Sprott Credit Facility requiring a positive working capital balance. This waiver expires on December 7, 2022.

The Company had no commitments to fund its royalties other than a contingent A\$0.4 million payment on the Mount Pleasant royalty. At September 30, 2022, there had been no decision made to mine Mount Pleasant and therefore the contingent payment is not due.

The Company's aggregate operating, investing and financing activities during the nine months ended September 30, 2022, resulted in an increase in its cash balance from \$6.1 million at December 31, 2021 to \$11.2 million at September 30, 2022.

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

Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to refinance the loan or that such refinancing will be on terms advantageous to the Company. During the nine months ended September 30, 2022, the Company incurred a loss of \$6.69 million and had operating cash outflows of \$1.02 million. These conditions give rise to material uncertainties which may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and settle its liabilities in the normal course of business.

10. BORROWINGS

Credit Facility

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

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

The Amended Sprott Credit Facility bears interest at a rate of 9% per annum plus the greater of (i) LIBOR and (ii) 1%, paid monthly, matures on January 31, 2023 and is secured by all assets of the Company. The Amended Sprott Credit Facility requires the Company to maintain cash and working capital balances of greater than \$1 million, which it had done up until the completion of the Altus Merger. As mentioned above, while negotiations to refinance the debt are underway, a temporary waiver has been issued by Sprott with regard to the covenant

in the Amended Sprott Credit Facility requiring a positive working capital balance. This waiver expires on December 7, 2022.

During the nine months ended September 30, 2022, the Company recorded interest expense of \$2.0 million (2021 - \$1.9 million) and amortization of transaction costs of \$0.4 million (2021 - \$0.3 million) on the Amended Sprott Credit Facility.

La Mancha Loan

Through the Merger the Company acquired a liability in the form of a fully drawn down loan facility from Altus' shareholder LMH Explorers S.à r.l. Funds, a subsidiary of La Mancha (the "La Mancha Loan"). At the date of the Merger, the balance of the liability was \$26.5 million which included loan principal of \$24.0 million and accrued interest. At September 30, 2022, the loan principal and accrued interest was \$27.0 million. The loan bears annualized interest at a rate of 10% plus three-month USD LIBOR and the facility expires on December 31, 2022.

The facility is senior secured against the shares of Altus Royalties Limited, the material asset of which is the Company's 50% shareholding in Minera Tercero SpA which holds SLM California and the Caserones royalty. For the period from the Merger date to September 30, 2022, the Company recorded interest expense on the loan of \$0.4 million.

11. NON-IFRS MEASURES

The Company has included performance measures which are non-IFRS and are 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. The non-IFRS measures do not have any standard meaning under IFRS and other companies may calculate measures differently.

Adjusted EBITDA

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, including depletion and taxes relating to share of profit from associate, and share-based compensation. The non-recurring expenses relating to the Gold Royalty Hostile Bid and the Altus Merger have also been removed from adjusted EBITDA. 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, 2022 and 2021:

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	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Net loss	(3,134)	(836)	(6,693)	(3,099)
Interest and finance expenses, net	1,268	769	2,800	2,240
Adjusted tax expense	473	279	1,032	853
Adjusted depletion	1,688	905	4,112	1,784
Depreciation of equipment and right-of-use assets	16	-	16	-
Share-based compensation expense	101	98	214	582
Hostile takeover bid expenses	758	-	1,684	-
Merger transaction and integration expenses	1,623	-	2,364	-
Adjusted EBITDA	2,793	1,215	5,529	2,360

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.

Adjusted revenue

Adjusted revenue is a non-IFRS financial measure, which is defined as including gross royalty revenue from associated entities holding royalty interests related to Elemental's effective royalty on the Caserones copper mine. Management uses adjusted revenue to evaluate the underlying operating performance of the Company for the reporting periods presented, to assist with the planning and forecasting of future operating results, and to supplement information in its financial statements. Management believes that in addition to measures prepared in accordance with IFRS such as revenue, investors may use adjusted revenue to evaluate the results of the underlying business, particularly as the adjusted revenue may not typically be included in operating results. Management believes that adjusted revenue is a useful measure of the Company performance because it adjusts for items which management believes reflect the Company's core operating results from period to period. Adjusted revenue is intended to provide additional information to investors and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. It does not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other issuers.

Adjusted depletion and adjusted tax expense are non-IFRS measures which include depletion and tax of the Caserones royalty asset in line with the recognition of adjusted revenue as described above.

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Revenue from royalty and stream interests	2,789	1,901	7,066	4,289
Revenue from Caserones	656	-	656	-
Adjusted revenue	3,445	1,901	7,722	4,289
Depletion of royalty and stream interests	(1,345)	(905)	(3,769)	(1,784)
Depletion of Caserones	(343)	-	(343)	-
Adjusted depletion	(1,688)	(905)	(4,112)	(1,784)
Tax expense	(296)	(279)	(855)	(853)
Tax on Caserones	(177)	-	(177)	-
Adjusted tax expense	(473)	(279)	(1,032)	(853)

Gold Equivalent Ounces

Elemental's adjusted royalty, streaming, and other revenue is converted to an attributable gold equivalent ounce, or GEO, basis by dividing the royalty and other revenue from associates in a period by the average gold price for the same respective period, plus the net gold ounces received in the period from streaming investments. 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. The production forecast was derived using information that is available in the public domain as at the date hereof, which included guidance and estimates prepared and issued by management of the operators of the mining operations in which Elemental holds an interest. The production forecast is sensitive to the performance and operating status of the underlying mines. None of the information has been independently verified by Elemental and may be subject to uncertainty. There can be no assurance that such information is complete or accurate.

12. FINANCING ACTIVITIES

During the nine months ended September 30, 2022, the Company completed the following equity financing transactions:

- 1) On March 31, 2022, the Company completed a private placement of 9,275,000 common shares at CAD\$1.51 (\$1.21) per common share for gross proceeds of CAD\$14.0 million (\$11.2 million). In connection with the private placement, the Company incurred additional legal fees and other cash issuance costs of CAD\$0.18 million (\$0.15 million).
- 2) On August 16, 2022, the Company issued 69,688,995 common shares to Altus shareholders, fair valued at \$67.3 million as determined by the trading price of the Company on the TSX-V.

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\$16.1 million (\$12.7 million). In connection with the private placement, the Company paid CAD\$0.74 million (\$0.58 million) of cash finders' fees and incurred additional legal fees and other cash issuance costs of CAD\$0.24 million (\$0.21 million).
- 2) On February 8, 2021, the Company issued 13,065,100 common shares at CAD\$1.50 (\$1.18) per common share as part of the acquisition of the South32 royalty portfolio.
- 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.

13. OFF-BALANCE SHEET ARRANGEMENTS

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

14. ACCOUNTING STANDARDS RECENTLY ADOPTED

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

Business combinations

On the acquisition of a business, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the identifiable assets and liabilities on the basis of fair value at the date of acquisition. Provisional fair values allocated at a reporting date are finalized as soon as the relevant information is available within a period not to exceed twelve months from the acquisition date with retrospective restatement of the impact of adjustments to those provisional fair values effective as at the acquisition date. Incremental costs related to acquisitions are expensed as incurred.

When the cost of the acquisition exceeds the fair values of the identifiable net assets acquired, the difference is recorded as goodwill. If the fair value attributable to the Company's share of the identifiable net assets exceeds the cost of acquisition, the difference is recognized as a gain in the Consolidated Statements of Loss.

Non-controlling interests represent the fair value of net assets in subsidiaries, as at the date of acquisition, which are not held by the Company and are presented in the equity section of the Consolidated Statements of Financial Position.

Investment in associate

An associate is an entity over which the Company has significant influence and is neither a subsidiary nor a joint operation. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policies. A joint venture is an entity over which the Company has joint control through a joint arrangement that requires the unanimous consent of the parties sharing control, and whereby the joint arrangement does not confer a right to the assets or an obligation for the liabilities of the entity.

The Company accounts for its investment in an associate and joint ventures using the equity method. Under the equity method, the Company's investment in an associate or joint venture is initially recognized at fair value when acquired and subsequently increased or decreased to recognize the Company's share of net income and losses of the associate or joint venture, after any adjustments necessary to give effect to uniform accounting policies, any other movement in the associate's or joint ventures reserves, and for impairment losses after the initial recognition date. The Company's share of income and losses of the associate or joint venture is recognized in net loss during the period. Dividends received from the associate or joint venture are accounted for as a reduction in the carrying amount of the Company's investment.

Exploration and evaluation expenditures

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits are recorded as a reduction to the cumulative costs incurred and capitalized on the related property on an accrual basis.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to mine development assets according to the nature of the asset.

Stream arrangement

Stream interests are initially measured at cost, including any directly attributable transaction costs. They are subsequently measured at cost less accumulated depletion and accumulated impairment losses, if any. Project evaluation costs that are not related to a specific stream interest are expensed in the period incurred.

Stream interests are depleted using the units-of-production ("UoP") method, based on units sold, over the anticipated life of the mine to which the interest relates, which is estimated using available information on proven and probable reserves and the portion of resources expected to be classified as mineral reserves at the mine corresponding to the specific agreement, where management is confident that further resources will be converted into reserves and are approaching economic decisions affecting the mine on this basis.

In situations when the expectations change, and management determines that an alternative basis may be more appropriate, such change is treated as a change in accounting estimate under IAS 8. The effect of the change is recognized prospectively from the period in which the change has been made.

When acquiring a new stream interest, an allocation of its cost is attributed to the exploration potential of the interest and is recorded as a non-depletable asset on the acquisition date. The value of the exploration potential is accounted for in accordance with IFRS 6, Exploration and Evaluation of Mineral Resources and is not depleted until such time as the technical feasibility and commercial viability have been established at which point the value of the asset is accounted for in accordance with IAS 16, Property, Plant and Equipment.

Inventory

Pertaining to stream agreements, when refined gold is delivered to the Company, it is recorded as inventory. The amount recognized in inventory includes both the cash payment and the related depletion associated with the related stream interest, once it is sold to its third-party customers.

Revenue

Revenue is comprised of revenue earned from royalty and stream interests. Revenue is measured at the fair value of the consideration received or receivable when management can reliably estimate the amount, pursuant to the terms of the royalty or stream agreement. In some instances, the Company will not have access to sufficient information to make a reasonable estimate of consideration to which it expects to be entitled and, accordingly, revenue recognition is deferred until management can make a reasonable estimate. Differences between estimates and actual amounts are adjusted and recorded in the period that the actual amounts are known.

Royalty revenue

The Company recognizes revenue upon the transfer of control of the relevant commodity from the operator to the end customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those commodities.

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Stream revenue

The Company recognizes revenue upon the transfer of the relevant commodity received from the stream operator by the Company to its third-party customers.

15. 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, 2022 and 2021 is as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Salary, fees, pension and professional fees	343	183	1,046	573
Share-based compensation – PSUs and stock options	65	70	148	444
	408	253	1,194	1,017

16. FINANCIAL INSTRUMENTS

The Company’s financial instruments consist of cash and cash equivalents, investments, accounts receivable and other, accounts payable and accrued liabilities and borrowings which are all measured at amortized cost.

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

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

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

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

Interest rate risk: Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Company uses. Treasury activities take place under procedures and policies approved and monitored by the Board to minimize the financial risk faced by the Company. Interest-bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets and the borrowings from Sprott and la Mancha. The borrowing from Sprott bears interest at a rate of 9% per annum plus the greater of (i) LIBOR and (ii) 1%, and the borrowing from La Mancha bears interest at a rate of 10% per annum plus LIBOR

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

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maintain sufficient liquidity to meet its short-term business requirements, taking into account its anticipated cash flows from royalty interests, its holdings in cash and its committed liabilities.

The Company is in the process of refinancing the Amended Sprott Credit Facility which matures on January 31, 2023 and the La Mancha Loan which matures on December 31, 2022 and has received proposals to refinance the loans, but as of this time, loan refinancing has not occurred.

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

Fair values

It is the Board’s opinion that the carrying values of the cash and cash equivalents, other receivables, all trade and other payables in the consolidated statement of financial position approximate their fair values due to their short-term nature. The estimated fair values of the Sprott credit facility and the La Mancha loan at September 30, 2022 were \$25.3 million and \$27.3 million respectively, based on a Level 3 fair value hierarchy in each case.

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.

17. OUTSTANDING SHARE DATA

Common shares

As at the date of this MD&A, the Company had 147,955,216 common shares issued and outstanding.

Stock Options and Performance Share Units

The following is a summary of Elemental’s issued and outstanding stock options, warrants 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
Stock Options	August 28, 2025	CAD\$1.91		3,029,400	3,029,400
Stock Options	November 23, 2025	CAD\$1.91		59,400	59,400
Stock Options	April 1, 2026	CAD\$1.91		44,550	22,275
Stock Options	August 20, 2026	CAD\$1.91		237,600	118,800
Stock Options	February 9, 2027	CAD\$1.70		1,856,250	475,200
Stock Options	February 9, 2027	CAD\$1.91		178,200	-

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Performance Share Units	June 14, 2023		\$0.62	463,498	463,498
Performance Share Units	June 14, 2023		\$0.78	579,483	579,483
Performance Share Units	June 14, 2023		\$0.94	579,483	579,483
Performance Share Units	June 14, 2023		\$1.25	772,645	772,645
Performance Share Units	July 28, 2025		CAD\$1.70	160,000	160,000
Performance Share Units	July 28, 2025		CAD\$2.20	340,000	-
Warrants	March 24, 2023	CAD\$2.94		37,461	37,461
Warrants	April 18, 2023	CAD\$2.53		3,254,124	3,254,124
TOTAL				12,492,094	10,451,769

18. RISKS & UNCERTAINTIES

A number of global economic issues that have arisen in the wake of the COVID-19 pandemic have created conditions which could adversely impact the Company’s business plans and activities in the coming months and the market price of the Company’s common shares. An increase in inflation, labour shortages and labour strikes and supply chain issues have affected countries around the world, compounded by the effects of the war in Ukraine which have also affected energy and food supplies. There can be no assurance that the Company will not be impacted by adverse consequences of these issues 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 it operates and has implemented measures accordingly. The Company will continue to monitor local government advice and regulations and adjust measures as appropriate.

The diversified royalty or stream interests held by the Company across a number of different mine operators and geographical locations significantly mitigate the risks the Company faces.

For detailed risks and uncertainties, refer to the MD&A for the year ended December 31, 2021, the Annual Information Form (“AIF”) dated May 2, 2022 and the Altus Information Circular dated July 15, 2022, all of which are available on the Company’s SEDAR profile at www.sedar.com.

19. FORWARD-LOOKING STATEMENTS

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

Forward-looking statements are generally identifiable by the use of the words “may”, “would”, “could”, “will”, “anticipate”, “believe”, “plan”, “expect”, “intend”, “estimate” and similar expressions (including negative and grammatical variations) have been used to identify these forward-looking statements. These statements reflect management’s current beliefs with respect to future events and are based on information currently available to

management. Forward-looking statements involve significant risks, uncertainties and assumptions. Forward-looking statements involve significant risks, uncertainties and assumptions and in this MD&A include, but are not limited to: statements with respect to the Company's financial guidance, outlook, the completion of mine expansion under construction phases, and the results of exploration and timing thereof, at the mines or properties that the Company holds an interest in, future royalty payments relating to royalties and streams the Company holds an interest in, and refinancing of the debt. Many factors could cause the actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the "Risk Factors" section of this MD&A. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by the forward-looking statements contained in this MD&A. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management currently believes to be reasonable assumptions, the Company cannot assure prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements. The forward-looking statements contained in this MD&A have been based on expectations, factors and assumptions concerning future events which may prove to be inaccurate and are subject to numerous risks and uncertainties, certain of which are beyond the Company's control, including without limitation: the impact of general business and economic conditions; the absence of control over mining operations from which it will receive royalty payments and risks related to those mining operations, including risks related to international operations, government and environmental regulation, delays in mine construction and operations, actual results of mining and current exploration activities, conclusions of economic evaluations and changes in project parameters as plans are refined; problems related to the ability to market precious metals or other minerals; industry conditions, including commodity price fluctuations, interest and exchange rate fluctuations; regulatory, political or economic developments in any of the countries where properties underlying the royalty, stream interests or exploration assets 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, compounded by the effects of the war in Ukraine which have also affected energy and food supplies; 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 Elemental. The Company assumes no responsibility to update forward looking statements, other than as may be required by applicable securities laws. The factors identified above are not intended to represent a complete list of the factors that could affect the Company.

For cautionary statement on forward-looking information related to the Altus merger, refer to the Altus Information Circular dated July 15, 2022, which is available on the Company's SEDAR profile at www.sedar.com.

Qualified Person:

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