

ELEMENTAL ROYALTIES CORP.
ANNUAL INFORMATION FORM
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2020

MAY 19, 2021



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INTRODUCTORY NOTES

General Matters

The information contained in this annual information form (“AIF”), unless otherwise indicated, is given as of December 31, 2020. More current information may be available on our public website www.elementalroyalties.com or on our SEDAR profile at www.sedar.com.

Unless otherwise noted or the context otherwise indicates, the term “Elemental” or the “Company” refers to Elemental Royalties Corp. and its subsidiaries and for greater certainty does not refer to “Fengro Industries Corp.” pre-reverse takeover transaction described below.

For reporting purposes, Elemental presents its financial statements in U.S. dollars and its annual financial statements are prepared in conformity with International Financial Reporting Standards (“IFRS”) as adopted by the International Accounting Standards Board.

Cautionary Note Regarding Forward-Looking Statements

This AIF contains “forward-looking information” or “forward-looking statements” within the meaning of applicable securities legislation. Forward-looking information is provided as of the date of this AIF and Elemental Royalties Corp. (“Elemental” or the “Company”) does not intend to and does not assume any obligation to update forward-looking information, except as required by applicable securities law. Accordingly, investors should not place undue reliance on forward-looking statements.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations (including negative and grammatical variations) of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking information is based on reasonable assumptions that have been made by Elemental as at the date of such information and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Elemental to be materially different from those expressed or implied by such forward-looking information, including but not limited to: the payment of the deferred payment with respect to the Mount Pleasant Royalty; the terms of the Amended Facility Agreement and its corresponding maturity date; Elemental’s continued development through organic growth and through acquisitions of royalties and other rights; Elemental’s continued expectation to purchase royalties and rights; changes in revenue; the receipt of royalty revenue from mines or operations in Australia, Burkina Faso, Chile, Mexico, and Kenya; the receipt of royalty payments from mines or operations in other countries; changes in legislation, regulation or governments; the impact of the COVID-19 pandemic on the Company and on its royalties; changes in commodity prices; differentiation with respect to the Mineral Reserve and Mineral Resource estimates; the ability of the Company’s counterparties to comply with the terms of any other obligations under agreements with the Company; information with respect to the cost of future production; information regarding future operating costs and capital costs; statements or information concerning the Company’s growth strategy and the Company’s future performance and business prospects and opportunities; statements and information concerning the Company’s investments, as well as those risk factors discussed under the heading “Risk Factors” in this AIF.

Forward-looking information in this AIF includes disclosure regarding the royalty payments to be paid to Elemental by property owners or operators of mining projects pursuant to net smelter returns (“NSR”), gross revenue royalty (“GRR”), and other royalty agreements (“royalties” and individually a “royalty”), the future outlook of Elemental and the mineral reserve (“Mineral Reserve”) and mineral resource (“Mineral Resource”) estimates for the mines that are covered by royalties owned by Elemental. Forward-looking statements are based on a number of material assumptions, which management of Elemental believe to be reasonable, including, but not limited to, the continuation of mining operations at the mines from which Elemental will receive royalty payments, that commodity prices will

not experience a material adverse change, mining operations that underlie royalties will operate in accordance with disclosed parameters and such other assumptions as may be set out herein.

Although Elemental has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results to not be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Readers of this AIF should carefully review the risk factors set out in this AIF under the heading “*Risk Factors*”.

Cautionary Note Regarding Mineral Reserve and Mineral Resource Estimates

This AIF has been prepared in accordance with the requirements of Canadian securities laws. Unless otherwise indicated, all Mineral Resource and Mineral Reserve estimates included in this AIF have been prepared by the owners or operators of the relevant properties (as and to the extent indicated by them) in accordance with National Instrument 43-101 — Standards of Disclosure for Mineral Projects (“**NI 43-101**”) and the Canadian Institute of Mining and Metallurgy Classification System. NI 43-101 is a rule developed by the Canadian securities regulatory authorities which establishes standards for public disclosure an issuer makes of scientific and technical information concerning its material mineral projects. NI 43-101 permits a historical estimate made prior to the adoption of NI 43-101 that does not comply with NI 43-101 to be disclosed using the historical terminology if, among other things, the disclosure: (a) identifies the source and date of the historical estimate; (b) comments on the relevance and reliability of the historical estimate; (c) states whether the historical estimate uses categories other than those prescribed by NI 43-101; and (d) includes any more recent estimates or data available.

TECHNICAL AND THIRD-PARTY INFORMATION

Except where otherwise stated, the disclosure in this AIF relating to properties and operations on the properties in which Elemental holds royalty interests is based on information publicly disclosed by the owners or operators of these properties and information/data available in the public domain as at May 19, 2021 (except where stated otherwise), and none of this information has been independently verified by Elemental. Specifically, as a royalty holder, Elemental has limited, if any, access to properties included in its portfolio of royalties. Additionally, Elemental may from time to time receive operating information from the owners and operators of the properties, which it is not permitted to disclose to the public. Elemental is dependent on the operators of the properties and their qualified persons to provide information to Elemental or on publicly available information to prepare disclosure pertaining to properties and operations on the properties on which Elemental holds royalty interests and generally has limited or no ability to independently verify such information. Although Elemental does not have any knowledge that such information may not be accurate, there can be no assurance that such third-party information is complete or accurate. Some information publicly reported by operators may relate to a larger property than the area covered by Elemental’s royalty interests. Elemental’s royalty interests often cover less than 100% and sometimes only a portion of the publicly reported Mineral Reserves and Mineral Resources.

Except where otherwise noted, the disclosure in this AIF relating to Mineral Reserve and Mineral Resource statements for individual properties is made as at December 31, 2020. In addition, numerical information presented in this AIF which has been derived from information publicly disclosed by owners or operators may have been rounded by Elemental and, therefore, there may be some inconsistencies between the significant digits presented in this AIF and the information publicly disclosed by owners and operators of mineral properties. Elemental considers its royalty interests in Wahgnion Mine, the Karlawinda project and the Amancaya Mine to be its only material mining projects (the “**Material Projects**”) for the purposes of NI 43-101.

Information contained in this AIF with respect to each of the Material Projects has been prepared in accordance with the exemption set forth in section 9.2 of NI 43-101. Unless otherwise noted, the disclosure contained in this AIF of a scientific or technical nature for the Material Projects is based on (i) the technical report entitled “Technical Report on the Banfora Gold Project, Burkina Faso, West Africa”, dated October 20, 2017, and effective September 7, 2017,

as amended October 31, 2018 and July 31, 2019 (the “**Wahgnion Technical Report**”). The Wahgnion Technical Report was prepared in accordance with NI 43-101 and is available on Teranga’s company profile at www.sedar.com. The disclosure contained in this AIF of a scientific or technical nature for the Amancaya project is based on (i) Austral Gold Limited’s (“**Austral**”) report (the “**Amancaya Technical Report**”) titled “Technical Report on the Guanaco and Amancaya Gold Project, Antofagasta Region, Chile”, dated June 16, 2017, and effective December 31, 2016. The Amancaya Technical Report was prepared in accordance with NI 43-101 and is available on Austral’s company profile at www.sedar.com, (ii) the 2019 Annual Report dated March 5, 2020, and (iii) the 2020 Annual Report dated March 17, 2021, which are also available on Austral’s profile at www.sedar.com. The disclosure contained in this AIF of a scientific or technical nature for the Karlawinda project is based on the “NI 43-101 Technical Report Karlawinda Gold Project, Western Australia, Australia” dated December 31, 2020 with an effective date of December 21, 2020 and authored by Timothy J. Strong, MIMMM (the “**Karlawinda Technical Report**”). The Karlawinda Technical Report was prepared in accordance with NI 43-101 and a copy is available under the Company’s profile at www.sedar.com.

Reconciliation to CIM Definitions

In this AIF, Elemental has disclosed a number of Mineral Resource and Mineral Reserve estimates covering properties related to the mining assets that are not based on Canadian Institute of Mining, Metallurgy and Petroleum (“**CIM**”) definitions, but instead have been prepared in reliance upon JORC (“**Acceptable Foreign Code**”). Estimates based on the Acceptable Foreign Code are recognized under NI 43-101 in certain circumstances. In each case, the Mineral Resources and Mineral Reserves reported in this AIF are based on estimates previously disclosed by the relevant mineral property owner or operator, without reference to the underlying data used to calculate the estimates. Accordingly, Elemental is not able to reconcile the Mineral Resource and Mineral Reserve estimates prepared in reliance on an Acceptable Foreign Code with that of CIM definitions. Elemental previously sought confirmation from its Qualified Person who is experienced in the preparation of resource and reserve estimates using CIM and the Acceptable Foreign Code, of the extent to which an estimate prepared under the Acceptable Foreign Code would differ from that prepared under CIM definitions. Elemental was advised that, while the CIM definitions are not identical to those of the Acceptable Foreign Code, the Mineral Resource and Mineral Reserve definitions and categories are substantively the same as the CIM definitions mandated in NI 43-101 and will typically result in reporting of substantially similar Mineral Reserve and Mineral Resource estimates. Elemental’s Qualified Person further confirmed, without reference to the procedures in which the estimates prepared using the Acceptable Foreign Code that are reproduced in this AIF were conducted, that in the course of preparation of a Mineral Resource or Mineral Reserve estimate, effectively the same procedures would be used to prepare and report the Mineral Resource or Mineral Reserve estimate regardless of the reliance on CIM or the Acceptable Foreign Code. See “*Cautionary Note Regarding Mineral Reserve and Resource Reporting Estimates*”.

CURRENCY PRESENTATION

All dollar amounts referenced as “C\$”, “CAD” or “CAD\$” are references to Canadian dollars, all references to “US\$”, “USD” or “USD\$” are references to United States dollars, and all references to “A\$”, “AUD” or “AUS\$” are references to Australian dollars.

The following table sets out for each period indicated: (i) the high and low daily exchange rates during such period; (ii) the average daily exchange rates for such period; and (iii) the daily exchange rate in effect at the end of the period, for one United States dollar, expressed in Canadian dollars, as quoted by the Bank of Canada.

| | Years ended December 31, | |
|---------------------|---------------------------------|--------------|
| | 2020 | 2019 |
| | CAD\$ | CAD\$ |
| High | 1.4496 | 1.3600 |
| Low | 1.2718 | 1.2988 |
| Average | 1.3415 | 1.3269 |
| End of Period | 1.2732 | 1.2988 |

The daily exchange rate on May 18, 2021 as reported by the Bank of Canada for the conversion of Canadian dollars into United States dollars was CAD\$1.00 equals US\$0.8298 and for the conversion of United States dollars into Canadian dollars was US\$1.00 equals CAD\$1.2051.

The following table sets out for each period indicated: (i) the high and low daily exchange rates during such period; (ii) the average daily exchange rates for such period; and (iii) the daily exchange rate in effect at the end of the period, for one Canadian dollar, expressed in Australian dollars, as quoted by the Bank of Canada.

| | Years ended December 31, | |
|---------------------|---------------------------------|-------------|
| | 2020 | 2019 |
| | A\$ | A\$ |
| High | 0.9835 | 0.9582 |
| Low | 0.8374 | 0.8868 |
| Average | 0.9247 | 0.9228 |
| End of Period | 0.9835 | 0.9112 |

The daily exchange rate on May 18, 2021 as reported by the Reserve Bank of Australia for the conversion of Australian dollars into Canadian dollars was A\$1.00 equals CAD\$0.9380 and for the conversion of Australian dollars into United States dollars was A\$1.00 equals US\$0.7787.

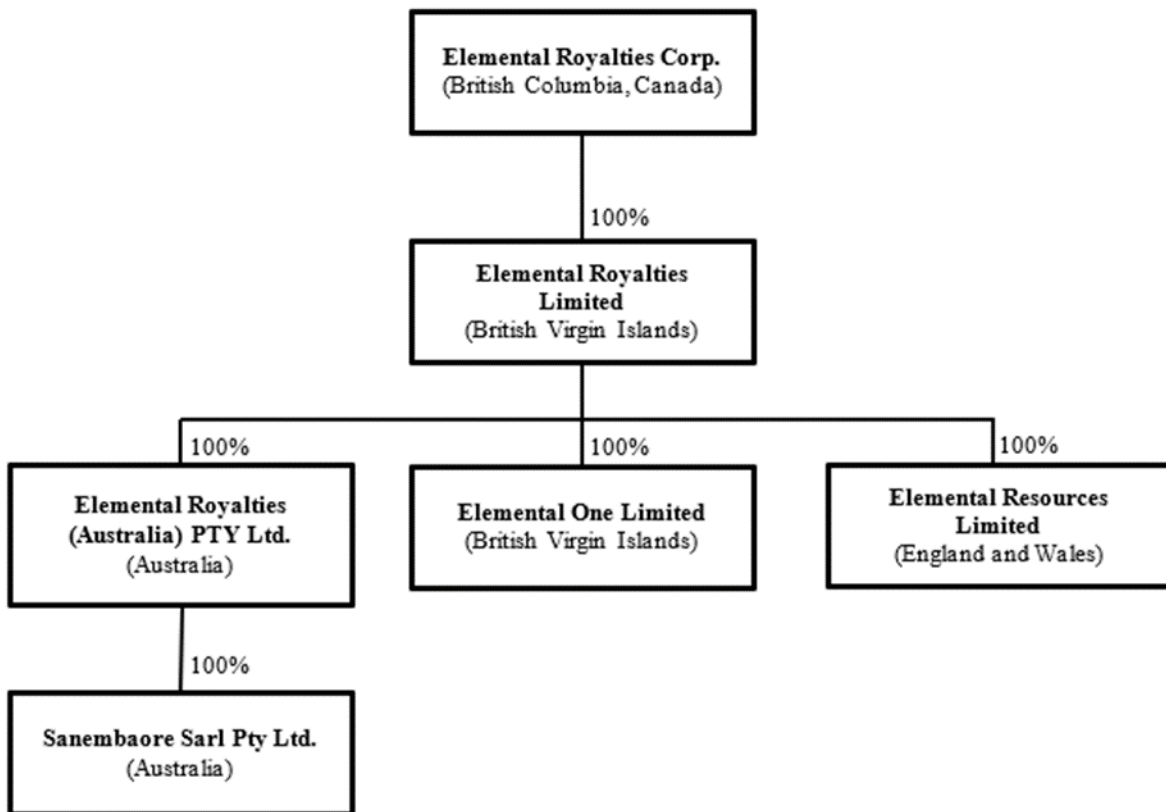
CORPORATE STRUCTURE

Elemental Royalties Limited, a British Virgin Islands company (“**Elemental BVI**”), was incorporated under the BVI Business Companies Act 2004 on July 15, 2016. Pursuant to a reverse takeover, Fengro Industries Corp. (“**Fengro**”) acquired all of the issued and outstanding common shares of ERL BVI on July 27, 2020. Immediately prior to the completion of the reverse takeover of Fengro by Elemental BVI, Fengro consolidated its common shares on the basis of one (1) common share for every 209 common shares outstanding. On July 27, 2020, Fengro changed its name to “Elemental Royalties Corp.” in connection with the completion of the reverse takeover pursuant to which it acquired ERL BVI.

Fengro, the predecessor to Elemental, was incorporated on March 11, 2004 under the name “Ordorado Resources Corp.” It then changed its name to “Eagle Star Petroleum Corp.” on June 13, 2006, to “Eagle Star Minerals Corp.” on July 6, 2010, to “DuSolo Fertilizers Inc.” on February 28, 2014 and to “Fengro Industries Corp.” on December 18, 2017. On July 19, 2016, Fengro was continued from the federal jurisdiction of Canada into British Columbia pursuant to the *Business Corporations Act* (British Columbia).

The head and registered office of the Company is located at 880 - 580 Hornby Street Vancouver, British Columbia, V6C 3B6, Canada.

The following chart illustrates the Company’s corporate structure:



GENERAL DEVELOPMENT OF THE BUSINESS

2017

Acquisition of the Kwale Royalty

On February 9, 2017, Elemental, through a wholly-owned subsidiary, acquired a 0.25% gross revenue royalty on the Kwale mineral sands mine pursuant to (i) the Kwale royalty deed among Base Titanium Limited, Base Iron Limited, Vaaldiam Mining Inc. and Pangea Goldfields Inc. dated July 30, 2010, (ii) a royalty purchase agreement between Pangea Goldfields Inc., Pacific Road Capital Management GP II Limited, Pacific Road Capital II PTY Limited, and ERL BVI dated February 2, 2017 and (iii) a royalty deed and assignment between Pangea Goldfields Inc., Pacific Road Capital Management GP II Limited, Pacific Road Capital II PTY Limited, and ERL BVI dated February 9, 2017 for cash consideration of US\$937,500.

Acquisition of the Mount Pleasant Royalty

In December 2017, Elemental, through a wholly-owned subsidiary, acquired a 5% net profits interest royalty or A\$10 per ounce royalty on the Mount Pleasant operations from a subsidiary of the Carlton & United Breweries Company for cash consideration of A\$600,000 (the “**Mount Pleasant Royalty**”). A deferred payment of A\$400,000 is due at the point a decision is taken to mine a refractory portion of the Mineral Resource and funds committed to its development. The Mount Pleasant mine is operated by Zijin Mining Group. The Mount Pleasant Royalty was created pursuant to a royalty deed between Mining Corporation of Australia Limited and certain other persons dated July 20, 1993.

2018

Acquisition of the Amancaya Royalty

Elemental, through a wholly-owned subsidiary, acquired the Amancaya Royalty (as defined below) from Minera Meridian Limitada, pursuant to the Amancaya royalty purchase agreement dated as of June 15, 2018, for an aggregate consideration of US\$3,550,000. Pursuant to the terms of the Amancaya royalty purchase agreement, Elemental acquired the 2.25% NSR royalty, including the royalty payments accrued or payable from April 1, 2018 (the “**Amancaya Royalty**”). The Amancaya Royalty was created pursuant to the terms of a NSR agreement between Minera Meridian Ltda. and Guanaco Compañía Minera SpA entered into on August 8, 2014. Under this agreement, Guanaco Compañía Minera SpA, the owner of an interest in certain mineral properties granted a 2.25% NSR royalty calculated on production from the properties to Minera Meridian Ltda.

Acquisition of the Mercedes Royalty

Elemental, through a wholly-owned subsidiary, acquired the Mercedes Royalty (the “**Mercedes Royalty**”) from Yamana Gold Inc. pursuant to the Mercedes royalty purchase agreement entered into on June 15, 2018 for an aggregate consideration of US\$950,000. The Mercedes Royalty was created pursuant to the terms of the NSR royalty agreement dated September 30, 2016 between Yamana Minera Meridian S. de. R. L., de C.V., Premier Gold Mines (Netherlands) B.V., and 2536066 Ontario Inc. Pursuant to the terms of this agreement, Yamana Minera Meridian S. de. R.L., de C.V. was granted a 1% NSR royalty on the property as part of the consideration for the share purchase agreement under which Premier Gold Mines (Netherlands) B.V., and 2536066 Ontario Inc., acquired all outstanding shares of Meridian Gold Holding, the holding company of Minera Meridian Minerales.

2020

Sprott Credit Facility

On January 22, 2020, Elemental entered into a senior secured credit facility (the “**Sprott Credit Agreement**”) with Sprott Private Resources Lending II (Collector), LP (“**Sprott**”), as lender. Pursuant to the Sprott Credit Agreement, Sprott advanced to Elemental an aggregate amount of US\$8,500,000, which amount was used to satisfy in part the total acquisition price of the Wahgnion Royalty (the “**Wahgnion Royalty**”), completed on January 29, 2020. On

August 7, 2020, the Company repaid US\$8,499,999 of principal, and repaid the remaining \$1 of principal on February 25, 2021.

Acquisition of the Wahgnion Royalty

On January 29, 2020, Elemental completed the acquisition of the Wahgnion Royalty pursuant to the Wahgnion royalty purchase agreement for aggregate consideration of US\$12,500,000. The Wahgnion Royalty was created pursuant to a contract of sale between Sanembaore Sarl Pty. Ltd. and Gryphon Minerals West Africa Pty. Ltd. dated November 12, 2007, as amended May 22, 2008. Under this contract of sale, Gryphon Minerals West Africa Pty Ltd acquired a 51% interest in the project and joint venture assets of Wahgnion project, and Sanembaore Sarl Pty. Ltd. received a 1% NSR royalty.

Reverse Takeover and Related Transactions

On May 29, 2020, Elemental BVI acquired Elemental Resources Limited (“**Elemental UK**”), an affiliated company owned and controlled by Frederick Bell and Richard Evans, for aggregate consideration of US\$1 and the forgiveness of outstanding liabilities in the amount of approximately US\$103,000 owed by Elemental BVI to Elemental UK. Frederick Bell and Greg Owen provide management services through Elemental UK.

On July 27, 2020, Fengro consolidated its share capital (the “**Consolidation**”) on the basis of 209 pre-Consolidation Common Shares for 1 post-Consolidation Common Share. In addition, Fengro acquired ERL BVI pursuant to a reverse takeover transaction and changed its name to “Elemental Royalties Corp.”

On July 30, 2020, the Company’s Common Shares (the “**Common Shares**”) commenced trading on the TSX-V under the trading symbol “ELE”. The Company also completed a concurrent private placement in connection with the reverse takeover transaction. The Company issued 18,437,715 subscription receipts at a price of CAD\$1.30 per subscription receipt for aggregate gross proceeds of CAD\$23,969,030. The subscription receipts converted, whereby one pre-Consolidation Common Share equated to one post-Consolidation Common Share of Elemental on July 28, 2020.

Amended Facility Agreement

On December 29, 2020, the Company entered into an amended and restated facility agreement with Sprott to amend the Sprott Credit Agreement (the “**Amended Facility Agreement**”). Pursuant to the Amended Facility Agreement, Sprott advanced to Elemental an aggregate amount of US\$25,000,000, which amount was used to satisfy, in part, the acquisition price of the acquisition of the South32 Portfolio (as defined below). The Amended Facility Agreement is secured against Elemental’s assets and matures on January 31, 2023. The Amended Facility Agreement provides that the facility will have a two-year term and incur interest at an annual rate of 9% plus the greater of (i) US 3-month LIBOR, and (ii) 1% per annum, payable monthly. In connection with the advance of funds under the Amended Facility Agreement, Elemental agreed to pay Sprott an issuer discount of 3% of the aggregate total advanced funds under the Amended Facility Agreement, which was satisfied through the issuance of 653,255 common shares at CAD\$1.50 per Common Share.

2021

Acquisition of the South32 Portfolio

On February 8, 2021, Elemental acquired a portfolio of three gold royalties from South32 Limited (“**South32 Portfolio**”). The South32 portfolio included the following key assets:

- **Karlawinda Royalty** – a 2% NSR on all revenues from the under-construction Karlawinda mine in Western Australia, operated by Capricorn Metals Ltd. The Karlawinda Royalty was created pursuant to a contract of sale of the Karlawinda project between BHP Billiton Nickel West Pty. Ltd. and Independence Group NL (“**Independence Group**”). Under this agreement, BHP Billiton Nickel West Pty. Ltd. was granted a 2% NSR royalty as well as nickel offtake rights and a 70% clawback right for three-times historical development expenditure, exercisable only if Independence Group NL delineated an Australasian Code for Reporting of

Exploration Results, Mineral Resources and Ore Reserves (“**JORC**”) compliant resource containing 5 million ounces of gold or 120 kilotonnes of nickel. In 2016, Independence Group NL sold the Karlawinda project to Greenmount Resources Pty Ltd. (“**Greenmount**”), a wholly owned subsidiary of Capricorn Metals Ltd. (“**Capricorn**”). Prior to the sale of the Karlawinda project to Greenmount, BHP Billiton Nickel Pty. Ltd. sold its royalty interest to South32, but continues to retain its nickel offtake and clawback rights.

- **Laverton Royalty** – a 2% GRR on all revenues from certain licences on Focus Minerals Ltd’s (“**Focus Minerals**”) Laverton project in Western Australia. Western Mining Corporation and BHP Billiton Westmin Talc Pty. Ltd. (formerly Great Boulder Holdings Limited) sold a tenement package to Carbon Energy Limited (formerly named Metex Resources NL) (“**Carbon Energy**”) on January 20, 1995, for A\$2.4 million in upfront cash and a tonnage-based royalty (A\$1.00 per tonne of ore mined and milled from open pit operations or A\$1.50 per tonne of ore from underground operations) that included a gold price-linked escalation provision (an additional A\$0.10 per tonne of ore mined and milled for each A\$10 per ounce that the gold price is above A\$25 per ounce). Crescent Gold Limited (“**Crescent Gold**”) acquired this tenement package from Carbon Energy in November 2009. Focus Minerals acquired Crescent Gold in 2013. In March 2017, in order to enable an economic restart of the Laverton operations, South32 and Focus Minerals entered into a restated royalty deed, which replaced the tonnage-based royalty with a 2% GRR, which was acquired by Elemental.
- **Western Queen Royalty** – a gold royalty of A\$6 to A\$20 per ounce recovered and a 2% GRR for metals produced other than gold on Rumble Resources Ltd.’s Western Queen project. The Western Queen royalty was created pursuant to the terms of the sale of the Western Queen tenements from WMC Resources Ltd. to a joint venture between Equigold NL and Western Reefs Ltd. under the name of Dalgaranga Gold Mines joint venture for A\$6 million in upfront cash and the royalty.

Appointment of Simon Collins to the Board of Directors

On March 29, 2021, pursuant to the South32 Portfolio acquisition and the Investor Rights Agreement (as defined below), Elemental appointed Simon Collins to the Board of Directors of the Company, as South32’s director nominee.

DESCRIPTION OF THE BUSINESS

Elemental’s core business is the acquisition of royalties over mining projects. Since Elemental’s first acquisition in 2017, it has acquired a diversified portfolio of royalties providing exposure primarily to gold and silver producing or development stage mines. Elemental’s management team has been able to identify and acquire revenue producing royalties. Elemental’s objective is to become a leading precious metals royalty company and to maximize returns for its shareholders through the growth of its portfolio of royalty and other similar rights, both through organic growth and through acquisitions of royalties and other rights that the Company’s management expects to be accretive.

Royalty Portfolio

The following table summarizes the Royalty interests that Elemental owns directly, or indirectly through one of its wholly-owned subsidiaries:

| Royalty Name | Royalty Payor | Location of Mine | Royalty Interest | Current Project Stage |
|---------------------|------------------------------|-------------------------|-------------------------|------------------------------|
| Wahgnion | Endeavour Mining Corporation | Burkina Faso | 1% NSR | Producing |
| Karlawinda | Capricorn Metals Ltd | Australia | 2% NSR | Development |

| | | | | |
|---------------|----------------------------------|-----------|------------------------------------|-------------|
| Amancaya | Austral Gold Limited | Chile | 2.25% NSR | Producing |
| Mercedes | Equinox Gold Corp. | Mexico | 1% NSR from July 28, 2022 | Producing |
| Laverton | Focus Minerals Ltd | Australia | 2% GRR | Feasibility |
| Kwale | Base Resources Ltd | Kenya | 0.25% GRR | Producing |
| Mt Pleasant | Zijin Mining Group Co., Limited | Australia | 5% Net Profit Interest or A\$10/oz | Producing |
| Western Queen | Rumble Resources Limited | Australia | A\$6/oz to A\$20/oz | Exploration |
| Panton | Great Northern Palladium Pty Ltd | Australia | 0.5% NSR | Feasibility |

Further details regarding the agreements entered into by Elemental can be found under the heading “*General Development of the Business*” above.

Competitive Conditions

Elemental competes with other companies that operate in the royalty and streaming market segment to acquire royalties. Elemental also competes with other companies which provide financing to mining companies. The Company faces significant competition in Australia, Canada and the UK, as it seeks to acquire a limited pool of cash or near-cash generating royalties from mineral projects in those jurisdictions. Elemental’s current employees have experience in mining analysis and acquisitions, with a particular understanding of the royalty sector.

Components

Elemental expects to continue to purchase royalties and other rights in the future. Commodity market trends can be cyclical in nature, and a general change in commodity prices would result in changes in revenue received.

Employees

As at the date of this AIF, Elemental has a total of five employees. Currently, the Company’s financial function including the duties and responsibilities of the Chief Financial Officer are performed pursuant to professional services agreements.

Foreign Operations

Elemental currently receives or expects to receive royalty payments from mines or operations in Australia, Burkina Faso, Chile, Mexico, and Kenya. Elemental may in the future receive payments from mines or operations in other countries. Changes in legislation, regulations or governments in such countries are beyond Elemental’s control and could adversely affect the Company’s business. The effect of these factors cannot be predicted with any accuracy by Elemental or its management.

Reorganization

For a discussion of the reorganization undertaken in the form of the reverse takeover transaction, please see the discussion regarding “*General Developments – 2020 - Reverse Takeover*”.

RISK FACTORS

Investors should carefully consider all of the information disclosed in this AIF prior to investing in the securities of Elemental. In addition to the other information presented in this AIF, the following risk factors should be given special consideration when evaluating an investment in such securities. These risk factors could materially affect Elemental's future financial position and operating results and could cause Elemental's actual financial position and operating results to differ materially from those described in forward-looking statements relating to Elemental. The risk factors described in this AIF are not the only risks that Elemental faces. Additional risks or uncertainties that Elemental does not have any knowledge of or are currently deemed as immaterial, could also materially adversely affect Elemental and its business, financial condition and results of operations.

Risks Relating to Elemental

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

The current COVID-19 global health pandemic is significantly impacting the global economy and commodity and financial markets. The impact of the COVID-19 pandemic on the Company remains unpredictable as of the date of this AIF. To date, the outbreak has caused volatility in financial markets, a slowdown in economic activity, volatility in commodity prices (including gold) and stock markets. The international response to COVID-19 has led to significant restrictions on travel, temporary business closures, operating, supply chain and project development delays and disruptions, quarantines and a general reduction in consumer activity, globally. In addition, as efforts are undertaken to slow the spread of the COVID-19 pandemic, the operation and development of mining projects are and may be further impacted. To date, a number of mining projects have been suspended or activities on such mining projects have been reduced as cases of COVID-19 have been confirmed, including projects underlying the Company's royalty interests, for precautionary purposes or as governments have declared states of emergency, imposed regulations or taken other actions in response to the COVID-19 pandemic. While these measures are expected to be temporary, the duration of the business disruptions internationally and related financial impact will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken by governments and other regulators in each jurisdiction to contain or treat the COVID-19 pandemic.

If the operation or development of one or more of the properties in which the Company holds a royalty interest and from which it receives or expects to receive significant revenue is suspended or the development is delayed for precautionary purposes or as governments declare states of emergency, impose regulations or other actions are taken in an effort to combat the spread of COVID-19, including in response to additional waves of the COVID-19 pandemic, such events could have a material adverse effect on the Company's business, financial condition, results of operations, ability to raise funding, and on the trading price of the Company's securities, and such material adverse effects may be experienced for a prolonged period of time.

The broader impact of the COVID-19 pandemic on investors, businesses, the global economy or financial and commodity markets may have a material adverse effect on the Company.

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

The revenue derived by the Company from its asset portfolio will be significantly affected by changes in the prices of the commodities underlying the Company's royalty interests. Commodity prices, including those to which the Company is exposed, fluctuate on a daily basis and are affected by numerous factors beyond the control of the Company, including levels of supply and demand, industrial investment levels, inflation and the level of interest rates, the strength of the U.S. dollar, geopolitical events and the current COVID-19 pandemic. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments.

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

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

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

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

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

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

As of the date of this AIF, Elemental considers that the royalties derived from Wahgnion mine, the Karlawinda project and the Amancaya mine as its only material royalty assets. As new assets are acquired or existing or new assets move into production, the materiality of each of the Company's assets will be reconsidered. Any adverse development affecting the development or operation of, production from or recoverability of Mineral Reserves, or any other significant property in the Company's royalty portfolio from time to time, including, but not limited to, unusual and

unexpected geologic formations, seismic activity, rock bursts, cave-ins, pit wall failures, tailings dam failures, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage, or the inability to hire suitable personnel and engineering contractors or secure supply agreements on commercially suitable terms, may have a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities. Any adverse decision made by the owners and operators of the mines that are the subject of royalties that are material to the Company, including for example, alterations to development or mine plans or production schedules, may impact the timing and amount of revenue that the Company receives from its royalties and could have a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

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

Some of the projects or properties in respect of which the Company has a royalty interest are in the construction or development stage. There can be no assurance that construction or development will be completed on a timely basis or at all.

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

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

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

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

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

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

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

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

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

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

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

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

The Company is dependent, to a large extent, upon the financial viability of the owners and operators of the relevant properties in respect of which it holds royalties. Payments from production will generally flow through the operator and there is a risk of delay and additional expense in receiving such payments. Payments may be delayed as a result of restrictions imposed by lenders, delays in the sale or delivery of products, the ability or willingness of smelters and refiners to process mine products, blowouts or other accidents, recovery by the operators of expenses incurred in the operation of the properties, the establishment by the operators of Mineral Reserves for such expenses or the insolvency of the operator. The Company's rights to payment pursuant to royalties will, in some cases, be enforced by contract without the protection of the ability to liquidate a property. This will inhibit the Company's ability to collect outstanding payments in respect of such royalties upon a default. Additionally, some contracts may provide limited recourse in particular circumstances which may further inhibit the Company's ability to recover or obtain equitable relief in the event of a default by the owner or operator under such contracts. In the event of a bankruptcy of an operator or owner, it is possible that an operator may claim that the Company should be treated as an unsecured

creditor and, therefore, have a limited prospect for full recovery of revenue. There is also a possibility that a creditor or the owner or operator may claim that the royalty contract should be terminated in the insolvency proceeding. Alternatively, in order to preserve its interest in a royalty interest in the context of an insolvency or similar proceeding, the Company may be required to make additional investments in, or provide funding to, owners or operators, which would increase its exposure to the relevant interest and counterparty risk. Failure to receive payments from the owners and operators of the relevant properties or termination of the Company's rights could result in a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

Global financial conditions may destabilize

Global financial conditions could suddenly and rapidly destabilize in response to future events, as government authorities may have limited resources to respond to future crises. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. Any sudden or rapid destabilization of global economic conditions could negatively impact the Company's ability, or the ability of the owners or operators of the properties in respect of which the Company holds royalties, to obtain equity or debt financing or make other suitable arrangements to finance their projects. In the event of increased levels of volatility or a rapid destabilization of global economic conditions, the Company's business, financial condition, results of operations and the trading price of its securities could be materially and adversely affected. To date, the COVID-19 pandemic has had a significantly negative impact on the global economy, as well as on certain commodity prices, and the pandemic may continue to have an adverse effect on the Company.

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

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

Royalties may not be honoured by operators of a project

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

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

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

interest held by the Company will likely be further subordinated by court-ordered charges or other court-ordered relief, including for interim financing.

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

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

Operators of mines may not be able to replace depleted Mineral Reserves and Mineral Resources, which would reduce the Company's revenue from royalties

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

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

The Company regularly reviews opportunities to acquire existing royalties or streams, to create new royalty, streaming or other arrangements through the financing of mining projects, financing of new acquisitions or to acquire companies that hold royalties or streams in respect of mineral properties. At any given time, the Company may have various types of transactions and acquisition opportunities in various stages of active review, including submissions of indications of interest and participation in discussions or negotiations in respect of such transactions. This process also involves the engagement of consultants and advisors to assist in analyzing particular opportunities. Any such acquisition or transaction could be material to the Company and may involve the issuance of Common Shares or other securities by the Company or the incurrence of indebtedness to fund any such acquisition. In addition, any such transaction may

have other transaction-specific risks associated with it, including risks related to the completion of the transaction, the project operators or the jurisdictions in which assets may be acquired or underlying properties located. Additionally, the Company may consider opportunities to restructure its royalty arrangements where it believes such a restructuring may provide a long-term benefit to the Company, even if such restructuring may reduce near-term revenues or result in the Company incurring transaction-related costs.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A significant breach of the Company's IT systems or data security or misuse of data, particularly if such breach or misuse goes undetected for an extended period of time, could result in significant costs, loss of revenue, fines or lawsuits and damage to reputation. The costs to eliminate or alleviate cyber or other security problems, including bugs,

viruses, worms, malware and other security vulnerabilities, could be significant, and the Company's efforts to address these problems may not be successful. The significance of any cyber-security breach is difficult to quantify, but may in certain circumstances be material and could have a material adverse effect on the Company's financial condition, results of operations and the trading price of its securities.

Risks Relating to Mines and Mining Operations

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

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

Production at mines and projects in respect of which the Company holds a royalty is dependent on operators' employees

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

Mineral Reserves and Mineral Resources are estimates based on interpretation and assumptions and actual production may differ from amounts identified in such estimates

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

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

Mineral Resource estimates, in particular, must be considered with caution. Mineral Resource estimates for properties that have not commenced production are based, in many instances, on limited and widely-spaced drill hole or other

limited information, which is not necessarily indicative of the conditions between and around drill holes. Such Mineral Resource estimates may require revision as more drilling or other exploration information becomes available or as actual production experience is gained. Further, Mineral Resources may not have demonstrated economic viability and may never be extracted by the operator of a property. It should not be assumed that all or any part of the Mineral Resources on properties underlying the Company's royalties constitute or will be converted into Mineral Reserves.

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

Production forecasts may not prove to be accurate

The Company prepares estimates and forecasts of future mineral production attributable to the Company pursuant to the properties in respect of which it holds royalties and, in doing so, the Company relies on public disclosure and other information it receives from the owners, operators and independent experts of such properties to prepare such estimates. Such information may necessarily be imprecise because it depends upon the judgment of the individuals who operate such properties as well as those who review and assess the geological and engineering information. These production estimates and forecasts will typically be based on existing mine plans and other assumptions with respect to such properties, which may change from time to time and over which the Company will have no control, including the availability, accessibility, sufficiency and quality of ore, the costs of production, the operators' ability to sustain and increase production levels, the sufficiency of infrastructure, the performance of personnel and equipment, the availability of materials and equipment including reagents and fuel, the ability to maintain and obtain mining interests and permits and compliance with existing and future laws and regulations. Any such information is forward-looking and no assurance can be given that such production estimates and forecasts will be achieved. Actual production attributable to the Company's royalty interests may vary from the Company's estimates for a variety of reasons, including: actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; actual ore mined being less amenable than expected to mining or treatment; lower than expected mill feed grades; lower than anticipated sweep efficiency at certain mines; short-term operating factors relating to the Mineral Reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades; delays in the commencement of production and ramp up at new mines; revisions to mine plans; unusual or unexpected ore body formations; risks and hazards associated with the properties in respect of which the Company holds royalties, including but not limited to cave-ins, rock falls, rock bursts, pit wall failures, seismic activity, weather-related complications, fires or flooding or as a result of other operational problems such as production drilling or material removal challenges, power failures or a failure of a key production component such as a hoist, an autoclave, a filter press or a grinding mill; and unexpected labour shortages, strikes, local community opposition or blockades. Occurrences of this nature and other accidents, adverse conditions or operational problems in future years may result in the Company's failure to realize the benefits of its production forecasts anticipated from time to time. If the Company's production forecasts prove to be incorrect, it could result in a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

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

Companies engaged in mining activities are subject to all of the hazards and risks inherent in exploring for and developing natural resource projects. These risks and uncertainties include, but are not limited to, environmental hazards, industrial accidents, labour disputes, increases in the cost of labour, social unrest, changes in the regulatory environment, permitting and title risks, impact of non-compliance with laws and regulations, fires, explosions, blowouts, cratering, encountering unusual or unexpected geological formations or other geological or grade problems, unanticipated metallurgical characteristics or less than expected mineral recovery, encountering unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock bursts, tailings dam failures, periodic interruptions due to inclement or hazardous weather conditions, earthquakes, seismic activity, other natural disasters or unfavourable operating conditions and losses. Should any of these risks or hazards affect a company's exploration or development activities, it may (i) result in an environmental release or environmental pollution and liability; (ii) cause the cost of development or production to increase to a point where it would no longer be economic to produce the metal from the

mineral projects in respect of which the Company holds a royalty; (iii) result in a write-down or write-off of the carrying value of one or more mineral projects; (iv) cause delays or stoppage of mining or processing; (v) result in the destruction of properties, processing facilities or third-party facilities necessary to the company's operations; (vi) cause personal injury or death and related legal liability; (vii) result in regulatory fines and penalties or the revocation or suspension of licences; (viii) result in the loss of insurance coverage; or (ix) result in the loss of social licence to operate. The occurrence of any of the above-mentioned risks or hazards could result in an interruption or suspension of operations of the properties in respect of which the Company holds a royalty, which in turn could have a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

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

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

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

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

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

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

Defects in or disputes relating to the royalties in the Company's royalty portfolio may prevent the Company from realizing the anticipated benefits from these interests. Material changes could also occur that may adversely affect management's estimate of the carrying value of the Company's royalties and could result in impairment charges. While the Company seeks to confirm the existence, validity, enforceability, terms and geographic extent of the royalties it acquires, there can be no assurance that disputes or other problems concerning these and other matters or

other problems will not arise. Confirming these matters is complex and is subject to the application of the laws of each jurisdiction to the particular circumstances of each parcel of mineral property and to the documents reflecting the royalties. The discovery of any defects in, or any disputes in respect of, the royalties, could have a material adverse effect on the Company's profitability, results of operations and financial condition and the trading price of its securities.

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

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

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

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

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

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

revenue derived by the Company from the applicable royalty, which could have a material adverse effect on the Company's business, financial condition, results of operations and the trading price of its securities.

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

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

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

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

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

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

Risks Related to the Securities of Elemental

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

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

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

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

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

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

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

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

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

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

The Company's information technology and internal infrastructure is susceptible to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. Significant disruption to the availability of information technology and internal infrastructure could cause delays in research and

development work. The Company would incur liability and development of product candidates would be delayed if any disruption or security breach were to result in a loss of, or damage to, the Company’s data.

MATERIAL ASSETS

As at the date of this AIF, Elemental considers the royalty interests it holds on the Wahgnion Mine, the Karlawinda project and the Amancaya mine to be the only material mineral projects in which it holds royalty interests.

Wahgnion Mine, Burkina Faso

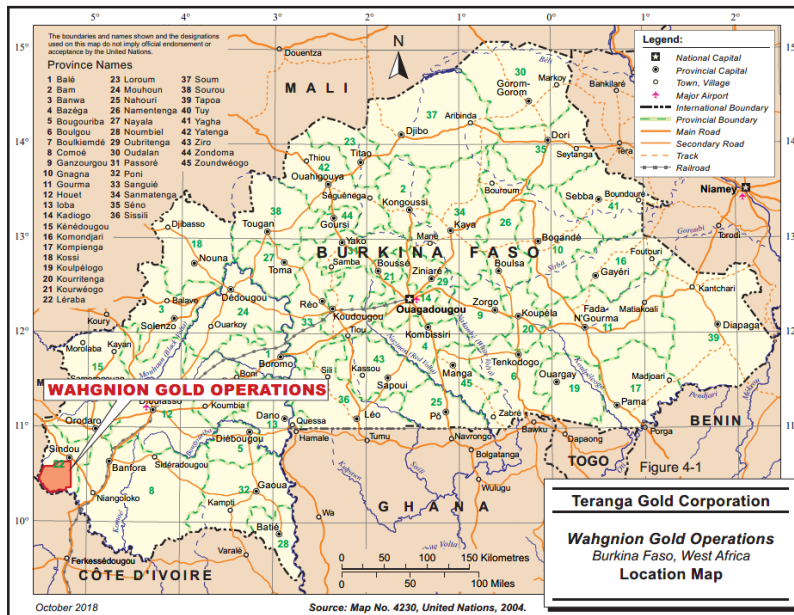
A technical report was prepared for Teranga Gold Corporation (“**Teranga**”) pursuant to NI 43-101 entitled “Technical Report on the Banfora gold project, Burkina Faso, West Africa” dated October 20, 2017, and effective September 7, 2017, as amended October 31, 2018 and July 31, 2019.

The following description of the Wahgnion Mine has been prepared in reliance on the Wahgnion Technical Report and readers should consult the Wahgnion Technical Report to obtain further particulars on the Wahgnion Mine. The Wahgnion Technical Report was prepared in accordance with NI 43-101 and is available on Teranga’s company profile at www.sedar.com.

While the Company does not have any knowledge that such information is not accurate, the Company has not independently verified this information and there can be no assurance that such third party information is complete or accurate. See “*Technical and Third-Party Information*”.

Property Description, Location and Access

The operations at the mine are located in the Province of Léraba, Cascades Region, southwestern Burkina Faso, 90 kilometres (“**km**”) southwest of the town of Banfora, the administrative centre of the province of Comoé, and approximately 510 km southwest of Ouagadougou, the capital city of Burkina Faso. The property is centred at approximately Latitude 10°42’N and Longitude 5°38’W. The approximate centres of the currently delineated mineralized zones are as follows: Nogbele: 230,725mE, 1,114,800mN; Fourkoura: 240,365mE, 1,114,375mN; Samavogo: 257,700mE, 1,115,915mN, and Stinger: 250,030mE, 1,114,350mN (UTM Clarke 1880 ellipsoid, Adindan datum, Zone 30N).



On October 12, 2016, Teranga completed the acquisition of Gryphon Minerals Limited (“**Gryphon**”) by way of a scheme of arrangement (the “**Scheme**”) in Australia. Under the Scheme, Teranga acquired the entire issued share capital of Gryphon and all its subsidiaries, including Wahgnion Gold Operations SA (formerly Société Minière Gryphon SA) (“**WGO**”), which holds the mining licence (entitled Wahgnion) for the Property. As detailed below, the project’s operations comprise a mining licence and package of surrounding exploration permits from which the Wahgnion mining licence (“**Wahgnion ML**”). The property was previously named the Banfora project.

Teranga owns 90% of the Property and the Burkina Faso government owns the remaining 10%. The Property is also subject to a 3% to 5% sliding scale NSR royalty payable to the government and a 1% NSR royalty payable to Sanembaore Sarl Pty Ltd (Sanembaore), a company headquartered in South Africa. The Wahgnion ML covers an area of 89.08 km². It was granted in August 2014 and is valid for 20 years with the potential for additional five-year extensions. The Nianka II, Dierisso II, Nogbele II, Zeguedougou II, and Nogbele Sud exploration permits cover a total area of 933.28 km². The Nianka II, Dierisso II, Nogbele II, and Zeguedougou II exploration permits were granted in December 2016 and the Nogbele Sud exploration permit was granted in March 2016. The exploration permits are valid for a three-year period with renewal rights.

History

Soil geochemical data covering southwestern Burkina Faso generated by the Bureau des Mines et de la Géologie du Burkina, United Nations Development Programme, and BHP was acquired by Western Mining Corporation Ltd. (“**WMC**”) in the 1990s and used to target prospective areas for follow-up. WMC held much of the current Property area during the 1996-1999 period, conducting a 250 m line spacing aeromagnetic survey (flown by Geotrex in 1997), geological mapping, soil sampling, and first-pass Rotary Air Blast (“**RAB**”) drilling (196 holes for 5,014 m). All of the WMC drill holes were vertical and ranged from 4 m to 54 m depth (average 26 m). Four prospects were drilled, Nogbele, Fourkoura, Fambefesso, and Kassangara, with significant gold mineralization encountered at Nogbele and Fourkoura. WMC withdrew from its African projects in the late 1990s and divested the Property to Resolute (West Africa) Ltd. (“**Resolute**”) in 1999.

Resolute completed soil sampling, detailed geological mapping, and RAB drilling (91 holes for 3,855 m) at the Nogbele, Fourkoura, and Woulafasso prospects. The drill holes were all inclined at -60° and ranged from 21 m to 60 m downhole depth (average 42 m downhole). Several significant gold intercepts were encountered, however, Resolute became financially strained and withdrew in early 2000. Sanembaore continued exploration including detailed geological mapping and rock chip sampling within the Nianka and Nogbele permits until 2005 when a joint venture was initiated with Gryphon. Combined soil, stream, and rock chip sampling by WMC, Resolute, and Sanembaore amounts to approximately 5,290 samples assayed for gold and in some cases also multi-elements. The soil sampling covers much of the central part of the Property on a 300 m by 500 m grid, and locally down to 200 m by 100 m and 100 m by 50 m sample spacing over several prospects including Nogbele, Fourkoura, Woulafasso, Fambefesso, Kassangara, Bavigue, and Ouhirambougou.

In 2007, the Gryphon/Sanembaore joint venture was terminated and Gryphon assumed sole control of the Property, subject to the 1% NSR royalty payable to Sanembaore referred to earlier.

Geological Setting, Mineralization and Deposit Type

Regional Geology

The geology of Burkina Faso is dominated by the Proterozoic Baoulé-Mossi Domain, which corresponds to the eastern portion of the West African Craton.

The Baoulé-Mossi Eburnean orogenic domain contains Birimian (“**Lower Proterozoic**”) volcano-sedimentary units arranged in elongated belts and relics of the Archean basement, which are bounded by older granite gneiss terrains and have been intruded by syn- to late tectonic granite bodies.

The Birimian Supergroup has been divided into a lower sequence comprised of wacke, argillite, and volcanoclastic rock, and an upper sequence of basalt with interflow sedimentary rock. Post-Eburnean marine and continental

sedimentary rocks unconformably overlie the Lower Proterozoic sequences. The Birimian formations have been affected by three tectono-metamorphic phases with up to greenschist facies metamorphism.

The Wahgnion Gold Operations are located in the southwest corner of Burkina Faso within the Paleoproterozoic Birimian Senoufo Belt. The Senoufo Belt trends north-northeast and comprises mainly basaltic and andesitic volcanic rocks, lesser sedimentary rocks, and numerous gabbroic to granitic sub-volcanic plutons.

Property Geology

Mineralization at the Wahgnion gold operations is structurally controlled and is widely associated with hematite, iron carbonate, sericite, pyrite and locally, with albite alteration. Higher gold grades are commonly associated with stylolitic laminated quartz veins or pyrite veinlets. Coarse-grained gold is found in fractures within pyrite veins or in quartz-carbonate vein selvages. Mineralization is predominantly of a lode-style gold type, associated with discrete structures. The mineralization is interpreted to have formed from the same mineralizing system, with variations in style reflecting the difference in local lithological and structural settings.

Nogbele Deposit

The Nogbele area is underlain by a package of metamorphosed and variably deformed volcano-sedimentary units and three distinct suites of intrusive rocks. A foliation or lineation is well developed in the oldest of the granitoids and the sedimentary rocks but is absent from the two younger granitoids.

Fourkoura Deposit

The Fourkoura deposit is located in the south-central Property area, six kilometres to the southeast of the Nogbele deposit, and is located on a north-northeast trending shear zone within a quartz-gabbro unit that intrudes a volcano-sedimentary package.

Stinger Deposit

The Stinger deposit is hosted by dioritic, granitoid, and mafic metavolcanic rocks located within largely coincident swarms of diorite and granitoid dykes, both of which cut the older Birimian mafic volcanic country rocks. Diorite dykes and elongate plugs form the earlier swarm, whereas a more extensive and in-part coincident swarm of granitoid dykes form the later swarm. There are three features that define the structural grain of the rocks at Stinger prior to mineralization, which are weak foliation and bedding within the Birimian mafic volcanic rocks and the intrusive contacts of the dyke swarm.

Samavogo Deposit

Samavogo is located in the northeast part of the Property area, approximately 18 km to the northeast of Nogbele and is associated with a northeast trending shear zone that cuts the volcanic rocks and occurs along the western contact of an early tonalite/quartz-diorite intrusion, which has been thrust into a hanging wall position, and might correlate with the host rocks of the mineralization at Nangolo/Nogbele.

Mineralization

Mineralization at the Property is structurally controlled and is widely associated with hematite, iron carbonate, sericite, pyrite and, locally, with albite alteration. Higher gold grades are commonly associated with stylolitic laminated quartz veins or pyrite veinlets. Coarse grained gold is found in fractures within pyrite veins or in quartz-carbonate vein selvages. Mineralization is predominantly of a lode-style gold type, associated with discrete structures. The mineralization is interpreted to have formed from the same mineralizing system, with variations in style reflecting the difference in local lithological and structural settings.

Mineralized quartz veins are located along narrow discontinuous planar zones that, throughout the Property area, can occur in almost any orientation, but most commonly strike northwest and dip moderately to steeply. Gold is typically

hosted by either single, relatively large quartz, pyrite, molybdenite veins up to six metres thick, or in stockwork zones of centimetre-scale quartz, carbonate, pyrite, molybdenite veinlets up to approximately 50 cm wide.

Narrow, variably altered faults a few centimetres to decimetres wide, control the location of the mineralized veins at Nogbele and Nangolo. The extent and grade of mineralization along these faults varies considerably over distances which exceed 50 m. High grade shoots may be separated by fault segments with grades less than 0.1 g/t Au. The faults can, however, be traced as narrow zones of incipiently mineralized and sheared rock. Most of these mineralized faults have no discernible offset where they cut the margins of granitoid plutons, indicating probable net-slips of greater than 50 m.

Gold mineralization occurs in the laterite, saprolite, saprock (transition), and primary weathering horizons.

Exploration

There has only been limited exploration outside of the defined deposits on the Wahgnion regional properties since before 2017, with minor infill soil sampling at three early-stage exploration prospects in 2018, and follow-up drilling at the Hillside, Kontavogo, Kafina West, Ouahiri South, Petite Colline, and Raul, consisting of auger, RC and limited diamond drilling.

Drilling

Teranga Infill Drilling

From January 2017 to December 2017, Teranga completed a total of 2,056 drill holes totaling 84,822 metres (“m”); including an infill drilling program of 73,000 m in 1,664 diamond drill and reverse circulation (“RC”) holes was undertaken from May 2017 to December 2017 on the Nogbele, Fourkoura, Stinger, and Samavogo deposits. The objective was to increase drill hole density and upgrade the existing inferred Mineral Resources located adjacent to the reserve pits. Infill drilling identified additional mineralized zones, extensions of existing mineralization along strike and linking of individual mineralized zones.

Teranga followed acceptable industry-standard operating procedures for RC and diamond drilling, including completed drill holes being surveyed using a Trimble Pathfinder DGPS corrected on the Omnistar network with an accuracy of ± 0.1 m in easting and northing and ± 0.2 m in elevation. Collar locations are recorded in UTM Zone 30 North, WGS84.

All holes are downhole surveyed using either a Reflex EZ-Shot single shot instrument at approximate 20 m to 30 m intervals, or a gyroscope at approximate 5 m intervals.

The geologist logs wet diamond drill core and RC chips following a consistent coding system for lithology, regolith, alteration, mineralization, and base of oxidation. Core logging also includes structural geology, geotechnical features including core recovery, rock quality designation (“RQD”), fracture frequency and infill, and hardness.

Sample Preparation, Analyses, and Data Verification

Teranga has established industry-standard operating procedures for sample preparation, analyses, and security, which are appropriate for gold mineralization and follow industry standards. The sample preparation, analyses, and security procedures undertaken from May 2017 to January 2018 are consistent with these and industry standards, with the exploration project geologist responsible for the overall drilling and sampling programs at site. This involves all sampling activities conducted by geological technicians and samplers, including sampling, sample preparation, splitting and handling, numbering and tagging, sorting, transportation to and from the drill, security, completion of the analytical submission sheets and QA/QC program. The core samples were not reduced.

Drilling samples were transported by company vehicle to the logging facility at the exploration camp located in the village of Nianka. Samples are split and bagged under direct supervision of a company geologist. Once bagged, and prior to shipping to Ouagadougou in a BIGS Global Burkina vehicle or courier, samples were secured and stored in

the logging facility. Drill core is stored in a covered storage area within the fenced and access-controlled property perimeter at the exploration camp. The core boxes are labelled and depth markers have been placed at appropriate intervals.

Chain of custody was strictly maintained during transportation, sample collection, shipping, and preparation to avoid tampering. No evidence of tampering had been identified.

Drill samples were then sent for 50 grams (“gm”) charge gold fire assay analysis to the BIGS Global Burkina assay laboratory in Ouagadougou, where they were pulverized to 70 µ to 75 µ, and a 200gm sample was sent for analysis, and the remainder was stored. Coarse rejects are kept for possible reassay if there was an issue with the QA/QC, original sample assay, or lost sample.

The BIGS Global Burkina assay laboratory in Ouagadougou is accredited to the International Organization for Standardization/International Electrotechnical Commission (ISO/IEC) 9001:2008 and ISO/IEC 17025:2005 for all relevant procedures, and is independent of Teranga.

Mineral Resource and Mineral Reserve Estimates

Mineral Resources

Mineral Resources for the five main gold deposits located on the Wahgnion ML: Nogbele North and Nangolo, Nogbele South, Fourkoura, Samavogo, and Stinger are summarized by deposit below:

TABLE 1 MINERAL RESOURCE ESTIMATE AS OF JANUARY 31, 2018

Teranga Gold Corporation – Wahgnion Gold Project

| | Measured | | | Indicated | | | Measured + Indicated | | | Inferred | | |
|-------------------|--------------|----------------|-------------|--------------|----------------|-------------|----------------------|----------------|-------------|--------------|----------------|-------------|
| | Tonnage (Mt) | Grade (g/t Au) | Gold (Moz) | Tonnage (Mt) | Grade (g/t Au) | Gold (Moz) | Tonnage (Mt) | Grade (g/t Au) | Gold (Moz) | Tonnage (Mt) | Grade (g/t Au) | Gold (Moz) |
| Nogbele N/Nangolo | 1.62 | 1.26 | 0.07 | 22.50 | 1.40 | 1.02 | 24.12 | 1.39 | 1.08 | 2.65 | 1.27 | 0.11 |
| Nogbele S | 0.46 | 1.81 | 0.03 | 4.71 | 1.29 | 0.19 | 5.18 | 1.33 | 0.22 | 0.33 | 1.14 | 0.01 |
| Fourkoura | 0.59 | 1.63 | 0.03 | 4.10 | 1.42 | 0.19 | 4.69 | 1.45 | 0.22 | 0.24 | 1.53 | 0.01 |
| Samavogo | - | - | - | 8.06 | 1.91 | 0.49 | 8.06 | 1.91 | 0.49 | 1.46 | 1.65 | 0.08 |
| Stinger | 0.16 | 2.15 | 0.01 | 8.30 | 1.56 | 0.42 | 8.46 | 1.58 | 0.43 | 0.57 | 1.56 | 0.03 |
| Total | 2.83 | 1.48 | 0.13 | 47.67 | 1.51 | 2.31 | 50.50 | 1.51 | 2.44 | 5.25 | 1.41 | 0.24 |

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are reported at cut-off grades ranging from 0.320 grams per tonne (“g/t”) of gold (“Au”) to 0.403 g/t Au in oxide, and at cut-off grades ranging from 0.388 g/t Au to 0.541 g/t Au in saprock and primary rock.
3. The effective date for all estimates is January 31, 2018.
4. High grade assays were capped at grades ranging from 5 to 48 g/t Au.
5. Mineral Resources are estimated using a long-term gold price of US\$1,500 per ounce.

6. A minimum thickness of two metres was applied.
7. Mineral Resources are inclusive of Mineral Reserves.
8. Mineral Resources are constrained by preliminary pit shells.
9. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
10. Totals may not add due to rounding.

Teranga is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the Mineral Resource estimate.

Each deposit was modelled separately with the same general steps: resource database verification, modelling of mineralized zones, lithologies, and regolith layers in Leapfrog software, block modelling in a standard mining software package (Vulcan or Micromine), and industry standard model verification steps.

Capping levels were determined by raw assays for mineralization domains prior to compositing to limit the influence of high grade outliers. Capping levels were established using a combination of histograms, probability plots, decile plots and cutting curves. Assays were composited to two metre length given the predominant sample length of one metre, the minimum mining width of two metres, the style of mineralization, and general continuity of grade.

Mineral Reserves

The Mineral Reserve estimate is stated below at a US\$1,250 per ounce gold price. Table 2 summarizes the Mineral Reserve Estimate.

TABLE 2 - MINERAL RESERVE ESTIMATE – MAY 31, 2018

Teranga Gold Corporation – Wahgnion Gold Operations

| Deposit Zone | Proven | | | Probable | | | Proven and Probable Reserves | | |
|---------------------|---------------------|-----------------------|-------------------|---------------------|-----------------------|-------------------|-------------------------------------|-----------------------|-------------------|
| | Tonnage (Mt) | Grade (g/t Au) | Gold (Moz) | Tonnage (Mt) | Grade (g/t Au) | Gold (Moz) | Tonnage (Mt) | Grade (g/t Au) | Gold (Moz) |
| Nogbele North | 1.39 | 1.30 | 0.06 | 12.49 | 1.54 | 0.62 | 13.88 | 1.51 | 0.68 |
| Samavogo | - | - | - | 5.19 | 1.98 | 0.33 | 5.19 | 1.98 | 0.33 |
| Stinger | 0.15 | 2.06 | 0.01 | 5.60 | 1.65 | 0.30 | 5.75 | 1.66 | 0.31 |
| Nogbele South | 0.42 | 1.80 | 0.02 | 2.93 | 1.34 | 0.13 | 3.35 | 1.39 | 0.15 |
| Fourkoura | 0.49 | 1.71 | 0.03 | 2.41 | 1.57 | 0.12 | 2.90 | 1.60 | 0.15 |
| Total | 2.44 | 1.51 | 0.12 | 28.63 | 1.62 | 1.49 | 31.07 | 1.61 | 1.61 |

Notes:

1. CIM (2014) definitions were followed for Mineral Reserves.
2. Mineral Reserve cut-off grades range from 0.38 g/t Au to 0.48 g/t Au for oxide and 0.53 g/t Au to 0.64 g/t Au for fresh rock.
3. Mineral Reserves are estimated using an average long-term gold price of US\$1,250 per ounce.
4. Mineral Reserves account for mining dilution and mining ore loss.
5. Proven Mineral Reserves are based on Measured Mineral Resources only.
6. Probable Mineral Reserves are based on Indicated Mineral Resources only.

7. A minimum mining width of 2.5 m was used.
8. Totals may not add due to rounding.

Teranga is not aware of any mining, metallurgical, infrastructure, permitting, or other relevant factors that could materially affect the Mineral Reserve estimate.

Wahgnion is characterized by numerous narrow orebodies that have variable orientations and widths, but good continuity along strike and down dip. Similar to some of the pits at Teranga's Sabodala mining operation, a highly selective mining operation is proposed for mining these orebodies. In order to identify dig limits to maintain a highly selective mining operation, an intensive grade control program has been included in the cost estimate. Multiple backhoe excavators, equipped with a 5.7 m³ bucket (approximately 2.3 m wide), are specified as the primary loading units, allowing for a high level of mining selectivity from multiple production faces. Based on these attributes, the minimum mining thickness was assumed to be 2.5 m, which is equal to the minimum block size.

Gold grades of specified ore blocks were reduced to account for contact dilution. A grade reduction thickness of 0.30 m from the contact was applied in the free digging laterite and saprolite, while a grade reduction thickness of 0.50 m from the contact was applied in the transition and primary rock, where blasting will be employed. Grade reduction was applied to every side of an ore block that neighbours a waste block and the specific amount of grade reduction was calculated based on the grade of the ore block and grade of the neighbouring waste block. After grade reduction, some ore blocks were no longer above the cut-off grade and were re-classified as waste.

The final reserve grade of 1.61 g/t Au, is approximately 7.1% lower than the original resource grade of 1.74 g/t Au for the same blocks as a result of the block contact dilution. Total amount of ore tonnes lost is approximately 5%.

Open pit optimizations were run at a base case gold price of US\$1,250 per ounce using the modified gold grade. Only blocks with measured or indicated Mineral Resource classification were considered for revenue generation.

There has been no update of the Mineral Reserve and Mineral Resource estimates since May 2018.

Mining Operations

A conventional open pit mining method is proposed for WGO with several pits of varying sizes. The operations consist of five main regions: Nogbele North and Nangolo, Nogbele South, Fourkoura, Stinger, and Samavogo. Gold mineralization occurs in the laterite, saprolite, transition, and primary weathering horizons. Laterite and saprolite are assumed to be free digging material, whereas transition and primary material will be mined via drill and blast cycles. Mining operations will occur year round and will be owner operated.

Processing and Recovery Operations

The WGO mineral deposits were subjected to preliminary and detailed metallurgical testing in the period from 2010 to 2012.

In 2016, Teranga reviewed the results of the metallurgical testing as part of the due diligence prior to the acquisition of Gryphon. Teranga determined that some additional testing might optimize the process design and should include samples from later and current exploration programs. The results of this testing have been used to select processing plant design criteria and gold recovery values for mine design and WGO economics.

Drilling by Teranga conducted from 2017 to 2018 was aimed at infilling the resource model. Metallurgical testing was not conducted with samples from this latest drilling, since previous testing was considered to be adequate and the samples to be representative of the deposits and the various types of mineralization. The new drilling did not explore areas outside the area of the known deposits and structures.

Property mineralization has been classified into three main types based on rock alteration and degree of weathering:

- Oxide for strongly oxidized material found near the topographic surface.

- Transition for weakly oxidized material.
- Primary for un-oxidized material located beneath the zone of weathering.

The process plant design has been based on a nominal capacity of 2.7 million tonnes per annum (“**Mtpa**”) of oxide ore and 2.0 Mtpa of primary ore. For production scheduling, ore processing rates of 2.8 Mtpa for oxides and 2.1 Mtpa for primary ore were targeted, on the basis of a higher plant availability than presented in the design criteria. The ore characteristics are variable with the primary ores typically more competent than the oxide ores. The plant design allows treatment of both ores by adjusting various parameters within the SAG and ball milling operation.

Infrastructure, Permitting and Compliance

The operations are located in a sparsely populated part of Burkina Faso. The local population depends on subsistence farming, cattle raising, and artisanal mining. The nearest village of substance to the Property is Niankorodougou (Nianka), which is located approximately 15 km to the northeast and 14 km to the north of Nogbele and Fourkoura, respectively. The road connecting Nianka to these two areas is periodically graded and culverts have been installed at major drainage points.

Power

Limited grid power has recently been installed in the village of Sindou, which is located 10 km to the north of the Dierisso licence boundary. A major 225 kV transmission line passes to within 35 km east of the Property from Côte d’Ivoire.

Water

The operations have access to abundant water with numerous surface drainages including major rivers containing flow all year round. The groundwater table ranges from surface during the rainy season to approximately 20 m below surface during dry season.

Permitting

The Nianka II, Dierisso II, Nogbele II, and Zeguedougou II exploration permits were granted in December 2016 and the Nogbele Sud exploration permit was granted in March 2016. The exploration permits are valid for a three-year period with renewal rights.

Capital and Operating Costs

Construction at the mine started with an early works program in the fall of 2017 and actual construction in early 2018.

Table 3 – Summary Initial Capital Costs

| Teranga Gold Corporation – Wahgnion Gold Operations - Initial Capital Costs | |
|--|--------|
| Description | Amount |
| Indirect Project Construction | \$21.2 |
| Processing Plant | \$50.6 |
| Reagents & Plant Services | \$13.2 |
| Infrastructure | \$57.5 |

| | |
|-------------------------------------|----------------|
| Mining Infrastructure and Equipment | \$27.9 |
| EPCM Costs | \$17.7 |
| Owner's Project Costs | \$33.2 |
| Subtotal | \$221.3 |
| Contingency | \$18.5 |
| Total | \$239.8 |

Notes:

- (1) Numbers may not add due to rounding.
- (2) Excluding \$16 million used for pre-construction early works spent in 2017 and early 2018.
- (3) Numbers based on 2018 USD.

Table 4 – Operating Cost Summary

| Teranga Gold Corporation – Wahgnion Gold Operations - Initial Capital Costs | |
|--|---------------------|
| Description | LoM Cost US\$/t ore |
| Mine | 20.20 |
| Process & Support Services | 11.49 |
| Site G&A | 4.13 |
| Refining & Freight | 0.14 |
| Total Operating Costs | 35.96 |

Exploration, Development and Production

The numerous prospects on the Wahgnion Property are mostly at the early exploration stage, with soil sampling and drilling programs (RAB and auger) undertaken. Some follow up diamond and RC holes have been drilled to further test some of the more prospective exploration prospects.

During its first full year of commercial production, Wahgnion produced 175,261 ounces of gold, above the revised 2020 production guidance range of 150,000 to 165,000 ounces.

Karlawinda Project, Australia

A technical report was prepared for the Company pursuant to NI 43-101 entitled “NI 43-101 Technical Report Karlawinda Gold Project, Western Australia, Australia” dated December 31, 2020 with an effective date of December 21, 2020 and authored by Timothy J. Strong, MIMMM (the “**Karlawinda Technical Report**”).

The following description of the Karlawinda project has been prepared in reliance, on the Karlawinda Technical Report and the Capricorn Announcement dated April 16, 2020, “*Gold Reserves Increase 35% to 1.2 Million Ounces*” (“**Capricorn Announcement**”). Readers should consult the Karlawinda Technical Report and the dated April 16, 2020 which has been prepared in accordance with NI 43-101 and is available on the Company’s profile at www.sedar.com, and the Capricorn Announcement which has been prepared in accordance with the JORC and is available on the Capricorn website.

While the Company does not have any knowledge that such information is not accurate, the Company has not independently verified this information and there can be no assurance that such third party information is complete or accurate. See “*Technical and Third-Party Information*”.

The Karlawinda Project

Property Description, Location and Access

The Karlawinda Gold Project is located in the Pilbara Region of Western Australia, approximately 65km south-east of the town of Newman. The property is approximately 1,000 km by road from the city of Perth, the State capital.

The Karlawinda Gold Project can be reached via access dirt roads (Coobine Road) from the main Great Northern Highway, which in turn is connected by asphalt road to Newman and Perth. Prior to the COVID-19 pandemic there were 6-daily scheduled flights to Newman from Perth. Newman has limited infrastructure but is a centre for the local mining industry and well prepared to support fly-in fly-out operations.

There is currently no mains power infrastructure on site. As per the feasibility study published by Capricorn in 2017, there is a plan to commission a liquid petroleum gas powered on-site gas power station. A new 33 km road will also be commissioned to connect the mining area to the Great Northern Highway.

There is currently a domestic commercial airstrip at Newman and as such the company can utilise this facility. Water supply is scarce, and the mines water use will be supplied using company drilled water boreholes.

Mining is well established in the region and there is a ready source of trained and informal employees.

Capricorn has submitted sufficient plans for mine infrastructure including locations for tailings storage, waste management, heap leach pads, and areas designated for the location of a processing plant.

History

The Karlawinda Gold Project (Francopan discovery) was first discovered in 2005 by WMC Resources Ltd.

In 2016 the project was acquired by Capricorn who now hold 100% of the property, who have subsequently drilled out Bibra and associated orebodies to define the current Mineral Resource estimate. All work since 2016 has been completed by Capricorn.

Geology, Mineralization and Deposit Type

The Karlawinda Gold Project is located on the southern edge of the Pilbara craton within the exposed Sylvania Inlier. The Sylvania Inlier is a small, elongated Archean granite-greenstone province which consists of low to medium grade meta volcanics, mafic and ultramafic intrusions and metasedimentary rocks which have been extensively intruded by the granitoid bodies.

The Sylvania Inlier is the southmost granite-greenstone terrane of the Pilbara Craton. It is a section of the Pilbara Archean Basement thought to have formed in response to the collision between the Yilgarn and Pilbara Cratons. Rocks of the Pilbara Supergroup are in conformable contact with the Inlier on the east-south-eastern margin, and in turn, are unconformably overlain by rocks of the Fortescue Hamersley Groups. Mineralisation at Karlawinda is hosted in psammites, pelites, schists and amphibolites.

A comparison of the location of host rocks to rocks off the east-south-eastern margin suggests that part of the Mount Bruce Supergroup is a prime host package candidate for the Bibra mineralization.

The Karlawinda Gold Project falls within the Karlawinda Greenstone belt which spans the southern margin of the Sylvania Inlier and is considered part of a large-scale Archaean age gold mineralized system.

The field site predominantly consists of east-west striking metasediments in contact with the Sylvania Inlier to the north of a high-strain zone, and in unconformable contact with Collier Group sediments to the south of Bibra.

Mapping has indicated five main lithologies in the vicinity of Bibra. These include basement metasediments, basement amphibolites, basement quartz-feldspar mylonite, granites of the Sylvania Inlier and Cainozoic and Quaternary colluvium, alluvium, and laterites. The basement host package comprises of interbedded psammites, pelites, schists and amphibolites with a weathering depth of approximately 50 metres.

The basement stratigraphy at Karlawinda has been recrystallized during amphibolite facies metamorphism and the majority of primary textures have been destroyed. Lithological boundaries are predominantly gradational; however, amphibolite and para-amphibolite contacts are often sharper. Foliated, and foliation-cross-cutting quartz with or without sulphide, quartz carbonate with or without sulphide and carbonate with or without sulphide veins are common throughout diamond drill cores.

Gold mineralisation is present in two parts including laterite and oxide/primary mineralisation. The laterite mineralisation lies just below the surface and consists of pisolitic lateritic duricrust composed of maghemite, goethite and hematite. The laterite zone is 1.25 kilometres long by 1.15 kilometres wide.

Oxide gold mineralisation occurs below the laterite gold mineralisation, approximately 10 metres below surface, and is hosted in kaolin and smectite rich clays and is approximately 60 metres deep.

The oxide/primary mineralisation gold mineralisation has developed on at least two parallel, 40 metres thick, shallow dipping sandstone units, which dip to the west-north-west at 22°. The primary mineralisation has developed in two main lodes named the main footwall and main hangingwall. These lodes strike NE-SW and dip west-northwest at 22°. The gold mineralisation is strata-form with lineations identified as controlling higher-grade shoots. The lodes are typically wide intercepts (e.g. 40 metres @ 0.9 grams per tonne of gold) but high-grade shoots have developed parallel to the metamorphic fabric plunging to the west-north-west in a rod-like geometry. Down-plunge the grades and thicknesses remain consistent whilst along strike they are more variable. The primary mineralisation in fresh rock is marked by 3-10% sulphides, subhedral magnetite grains, quartz veins/veinlets, and fine-grained gold.

Outside of the main mineralization, more discrete lodes occur. In the hanging wall to the main mineralisation, Port Rush, Easky, Finns and Easky East ore domains occur and to the south of Bibra, mineralisation continues south from the main pit area into the Southern Corridor and Tramore lode.

Exploration

Elemental is exempted under Section 9.2 (Exemptions for Royalty or Similar Interests) of NI 43-101 from providing this disclosure, as the information required to provide such disclosure is not available to Elemental.

Drilling

RC drilling rigs operated by Ranger, Profile and Blue Spec were used to collect chip samples. Some early drilling used face-sampling bits of 135mm diameter, with the majority of holes using 140mm diameter.

Diamond drilling rigs operated by Westralian Diamond Drillers, Blue Spec, Boart and Foraco were used to collect diamond core samples over the numerous drilling programs. NQ2, PQ3, PQ, HQ3 and HQ are the core sizes collected. RC precollars were regularly used through barren zones and range from 20m to 200m.

Sampling, Analysis and Data Verification

Elemental is exempted under Section 9.2 (Exemptions for Royalty or Similar Interests) of NI 43-101 from providing this disclosure, as the information required to provide such disclosure is not available to Elemental.

Mineral Processing and Metallurgical Testing

A processing flowsheet, materials balance, water balance, equipment identification, mechanical and electrical layouts were all developed to FS standard. A tertiary crushing single ball mill comminution circuit followed by a conventional gravity and carbon in leach (CIL) process is proposed. This process is considered appropriate for the Bibra ore, which is classified as free-milling. The proposed metallurgical process is commonly used in the Australian and international gold mining industry and is considered to be well-tested and proven technology.

Significant comminution, extraction, and physical properties testing has been carried out on approximately 2,000kg of half-HQ and NQ diamond drilling core samples from 24 drillholes, and 300kg of RC chip samples. This has been carried out on laterite, oxide, saprock, transitional, and fresh ore types which were obtained across the Bibra deposit and to a depth of approximately 200m.

Estimated plant gold recovery ranges from 91.8% to 94.1% depending on grind size and ore type. No deleterious elements of significance have been determined from metallurgical test work and mineralogy investigations.

Mineral Resource and Mineral Reserve Estimates

Elemental is exempted under Section 9.2 (Exemptions for Royalty or Similar Interests) of NI 43-101 from providing this disclosure, as the information required to provide such disclosure is not available to Elemental.

Mining Operations

Elemental is exempted under Section 9.2 (Exemptions for Royalty or Similar Interests) of NI 43-101 from providing this disclosure, as the information required to provide such disclosure is not available to Elemental.

Processing and Recovery Operations

Elemental is exempted under Section 9.2 (Exemptions for Royalty or Similar Interests) of NI 43-101 from providing this disclosure, as the information required to provide such disclosure is not available to Elemental.

Infrastructure, Permitting and Compliance Activities

The project site is within economic distances of existing infrastructure in the east Pilbara region. Services and consumable supplies will be delivered by existing roads and a new 40 km access road from the Great Northern Highway to the Karlawinda Project.

Land availability is unlikely to be an issue, with the mining and exploration tenure held by Capricorn covering project needs. The project lies at the northern boundary of the Weelerrana cattle station. Tailings disposal is intended to be within an Integrated Waste Landform whereby tailings are encapsulated by mining waste, rather than having separate waste dumps and tailings facilities.

The workforce will be fly-in and fly-out and based at a camp on site during rostered days on. Either commercial flights to Newman airport, 55 km north of the project or an onsite airstrip will be used. Pump testing and modelling of the potential yield from the Karlawinda borefield indicate that there is sufficient groundwater to service the needs of the project for the life-of-mine. This will require the development of numerous water production bores, of which 5 have

already been developed. Miscellaneous licence applications to secure the tenure required for the all infrastructure not covered by Mining Lease have been approved.

Power will be generated on site utilising natural gas, requiring a 56 km pipeline construction.

Environmental and Social

A Mining Proposal (including a Closure Plan) has been approved and environmental approvals for the mining and water supply aspects of the project have been issued by the Department of Mines, Industry Regulation and Safety (DMIRS). A Native Vegetation Clearing Permit has been granted for the project site. The Mining Proposal will be updated for mining and processing of the increased Ore Reserve.

A Mining Proposal (including a Closure Plan) has been approved and environmental approvals for the mining and water supply aspects of the project have been issued by the Department of Mines, Industry Regulation and Safety (DMIRS). A Native Vegetation Clearing Permit has been granted for the project site. The Mining Proposal will be updated for mining and processing of the increased Ore Reserve.

Capital and Operating Costs

Elemental is exempted under Section 9.2 (Exemptions for Royalty or Similar Interests) of NI 43-101 from providing this disclosure, as the information required to provide such disclosure is not available to Elemental.

Exploration, Development, and Production

Elemental is exempted under Section 9.2 (Exemptions for Royalty or Similar Interests) of NI 43-101 from providing this disclosure, as the information required to provide such disclosure is not available to Elemental.

Amancaya Mine, Chile

A technical report was prepared for Austral Gold Limited pursuant to NI 43-101 entitled “Technical Report on the Guanaco and Amancaya Gold Project, Antofagasta Region, Chile”, dated June 16, 2017, and effective December 31, 2016 (the “**Amancaya Technical Report**”).

The following description of the Amancaya mine has been prepared in reliance on the (i) Amancaya Technical Report, (ii) the 2019 Annual Report dated March 5, 2020, and (iii) the 2020 Annual Report dated March 17, 2021, which are also available on Austral’s company profile at www.sedar.com.

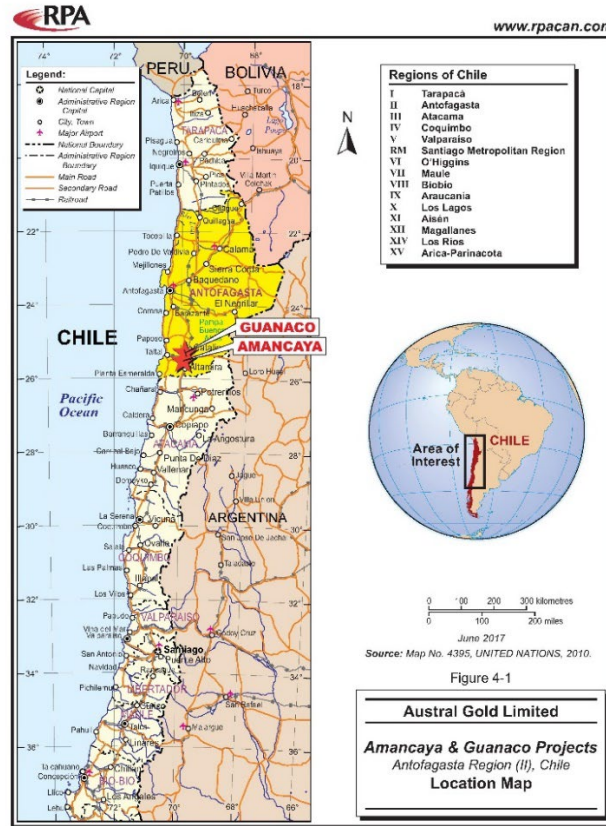
While the Company does not have any knowledge that such information is not accurate, the Company has not independently verified this information and there can be no assurance that such third party information is complete or accurate. See “*Technical and Third-Party Information*”.

Property Description and Location and Access

The Amancaya project is located in the Taltal Commune, in Antofagasta Province (Region II) of Chile, 70 km to the east of the city of Taltal. The property is 100% owned by Guanaco Compañía (Cía.) Minera SpA (“**GCM**”), and the Amancaya deposit is located within the property boundaries. GCM is a 99.9% owned subsidiary of GMC, which is 100% owned by Austral Gold Limited.

On 8 August 2014 Austral Gold Limited and its wholly-owned subsidiary Guanaco Compañía Minera SPA completed an asset transfer agreement with a 100%-owned subsidiary of Yamana Gold Inc., Minera Meridian Ltda. to acquire the Amancaya exploration property, of eight mining concessions covering 1,755Ha hosting a low sulphidation epithermal gold-silver deposit.

The location map for the properties is provided in Figure 1 (below).



4-2

The main access to the Guanaco Mine is by an existing private road. Access to Amancaya from the Guanaco Mine is made through all-weather roads.

History

The following exploration and development activities have been undertaken on the Amancaya project:

- Small scale exploration and mining of copper and gold in the Rosario del Llano and Janita veins during the 1950s.
- Mapping, rock sampling, trenching, and 20 RC drill holes were completed in 2003 by Placer Dome Inc.
- Geophysical surveys, surface, and trench sampling, geological mapping, radiometric dating, and fluid inclusion analysis were completed by Meridian/Yamana from 2004 to 2008.
- Yamana completed a total of 202 RC drill holes for 54,782 m and sixteen trenches totalling 486.1 m. A total of 40 drill holes and four surface trenches were used in the subsequent resource estimate.
- In 2009, Grupo Minero Las Cenizas S.A. (“**Cenizas**”) carried out a drill campaign totalling 5,054 m in 23 holes to confirm the thickness of the Veta Central, the distribution of gold and silver grades within the vein and host rocks, and the density of the mineralization.
- Since the acquisition of the Amancaya Gold Project in 2014 by Austral, it has undertaken a range of project assessment work culminating in an RPA NI 43-101 prefeasibility study dated 16 June, 2017 which envisaged an open pit / underground development of the Central Vein (‘Veta Central’) for processing at Austral’s nearby Guanaco Mill.

Geology, Mineralization and Deposit Type

Amancaya is located on the western edge of the Central Depression, in a Palaeocene-Eocene volcanic basin. The basin is structurally bounded on the west by a series of north-south faults and lineaments which divide it from the Coastal Mountains. The eastern boundary is also a structural feature which divides the basin from the porphyry copper belt hosting deposits such as La Escondida, Zaldívar, and Chuquicamata.

The Palaeocene-Eocene volcanic event gave rise to mineralization. This includes mainly low to intermediate sulphidation epithermal systems, rich in precious metals (El Peñón, Cachinal de la Sierra), and to a lesser extent small copper-molybdenum bearing porphyries and high sulphidation systems (Guanaco), hosted in north-south, northwest-southeast, and northeast-southwest structures.

The Amancaya area consists of two main north-south oriented geologic domains, the Western Block and the Central Depression. In this region, the domains are separated by the Peineta Fault that marks the limits of the Paleozoic to Mesozoic block to the west and the Upper Cretaceous - Eocene volcanic arc material within the Central Depression.

The Amancaya deposit is a low sulphidation, epithermal gold deposit, hosted in a steeply dipping structurally controlled quartz vein. Mineralization comprises disseminations of native gold and silver, electrum, silver sulphosalts, and accessory sphalerite, galena, chalcopryite, and pyrite occurring with quartz, adularia, carbonates, clay minerals, limonite, and manganese oxides. These minerals were deposited from boiling of dilute saline fluids circulating in a hydrothermal system driven by the Eocene to Paleocene magmatism.

The critical features that define the mineralization at Amancaya include lithological and structural control. The mineralization and alteration are focused along high-angle structures in a dacite-andesite volcanic dome. The structural system provided a pathway for rising hydrothermal fluids. The Central Vein exhibits banded textures, with bands of grey chalcedonic quartz, clear crystalline quartz, amethyst, and dark bands containing sphalerite, silver, and lead sulphosalts. Other textures include coliform texture, sinuous alternating bands of chalcedonic quartz and amethyst, and crustiform quartz. Interstices are filled with clays, limonite, manganese oxide, and carbonates (ankerite).

The main mineralization at Amancaya is hosted in the Central Vein, a steeply dipping quartz vein of which half is under alluvial cover. The vein comes to surface on a small hill composed of a brecciated dacite-andesite dome. Its main strike is N15°E and dips vary between 59° and 90° to the east. There is an abrupt change in strike to S30°E towards the south part of the vein. Potentially economic mineralization is also hosted in the subsidiary Cerro Amarillo and Julia veins. Several other veins occur on the property, however, these veins have no economic interest at the current time.

The main structural feature in the district is the Peineta Fault, which separates the Cretaceous-Upper Paleocene Central Depression volcanic basin to the east from the Paleocene-Mesozoic Western Block to the west, and affects the eastern margin of the Coastal Mountain Range. The Peineta Fault extends in an undulating manner in a north-south direction and demonstrates at least three main branches inferred at the northern end of the area, and quartz veins are hosted in transfer zones between different branches of the north-south fault and there are extensive sectors of advanced argillic type.

Within the Upper Paleocene Cretaceous volcanic units, the prevailing north-south structures that control the location of the major epithermal mineralization of the area, are hosted in second-order faults with north-south orientation (e.g. Central Vein, Veta Griega, and Veta Janita). In addition, a number of northwest-southeast delimited blocks that show different depths within the hydrothermal system are characterized by different quartz textures suggesting a deepening of the epithermal system towards the central part of the vein field.

There are at least six types of alteration related to different mineralization and lithologies. The intensity of alteration is variable and depends on geological conditions and rock composition. Hydrothermal alteration is more restricted in the dacite-andesite dome than in the tuffs and volcanic breccias.

The presence of silica and adularia is associated with the silicified zones, zones of quartz veinlets, and hydrothermal brecciation. The silicification is restricted to the margins of veins and decreases in intensity away from the vein, where it grades to a zone of quartz-illite alteration. Within the dacite-andesite dome, it is possible to observe abundant

degasification vesicles occupied by fine rhomboid crystal aggregates of adularia intergrown with quartz and aluminous clays (illite and kaolinite), and traces of chlorite.

Exploration

In 2015, EGC Inc. was requested to compile and summarize the geophysical data collected by various contractors covering the San Guillermo Project owned by Revelo Resources Inc. and the Amancaya Project owned by Austral Gold. The targets identified in the EGC compilation are based and prioritized by the intensity of the magnetic destructive alteration and if there was a VLF or radiometric anomaly (particularly potassium) identified in the 2005 evaluation of these data. The main feature of interest on these properties is the north-south trend of low magnetic susceptibility identified in the 3D inversion model depth plans extending from the south to the north. This feature is likely the main structural zone controlling the emplacement of felsic domes and alteration. Known mineralized veins occur on or adjacent to this feature.

A gradient IP survey was conducted between August and September 2016 over the Amancaya mine area. The survey covered an area of 2.8 km² corresponding to the main zone at the property where mining operations are planned. The results indicate a good correlation with the veins known and interpreted in surface trenches and float mapping and provided understandings of, and potential targets in the immediate vicinity of the Amancaya mine.

Exploration in the royalty area away from the immediate vicinity of the mine since construction has been limited, but has included a combination of the reinterpretation of geophysical surveys, mapping, trenching, and some drilling and in addition to building a detailed understanding of the field, it has resulted in the mapping of a new vein (Veta Nueva – trenching: 2.5m @ 9.7g/t) to the northwest, and subparallel to the mine structure, over more than 2 km, but is substantially under cover and projects another 2 km on the basis of geophysics to connect with the mineralized Julia Vein to the southwest of the mine.

There was 3,012 m of RC and DDH exploration drilling at Amancaya in 2019 on a number of targets, and 5,000 m planned for 2020.

Drilling

Drilling on the Amancaya Project has been conducted in phases by several companies. Minera Las Cenizas in 2009 completed a total of 25 drill holes, including 5,054 m, from April 2009 to June 2009 on the property. Austral Gold in 2015 and 2016 completed seven oriented HQ3 (61.1 mm core diameter) diamond drill holes for geotechnical purposes during 2015 and 93 infill drill holes in 2016.

Cenizas

All target depths were drilled using diamond drills with HQ diameter core, however, 20 of these holes were pre-collared using RC drills. A total of 2,924 m of RC chips and 2,130.25 m of diamond drill core were collected. Down hole Maxibor surveys were completed for all holes. Lithology, structure, alteration, mineralization, weathering, recovery, and Rock Quality Designation (RQD) were recorded by geologists. Core was photographed, and split using an electro-hydraulic guillotine. Remaining core was then taken for storage at the Cenizas owned, Altamira Mine shack facility in Taltal coastal town in II Region Chile.

The 2016 drilling was targeted on approximately 30 m centres and consisted of reverse circulation drilling for the collars and upper part of the hole and HQ core drilling through the mineralized portion of the holes. Drill collars were positioned using a differential GPS unit and downhole gyro surveys were completed in all holes. Final drill collar positions were surveyed using a total station instrument.

Lithology, structure, alteration, mineralization, oxidation, sulphides, recovery, fracture frequency, and RQD were recorded by geologists. The core was photographed and was split using an electro-hydraulic guillotine splitter. Remaining core was then stored at the GCM core shack facility inside the gated Guanaco Mine compound. Core recovery was excellent, generally better than 95%. The drill contractor was Spektra Drilling Chile SpA in 2015 and AK Drilling International S.A. from Antofagasta in 2016.

Sampling, Analysis and Data Verification

Diamond Drilling (Austral Gold 2016)

Half core samples over 1.5 m were taken where mineralization or alteration was visible, respecting lithological contacts identified in the diamond drill core. Core was split using a hydraulic splitter. Minimum sample length within the mineralization veins was 0.30 m. Unaltered and unmineralized half core samples were also taken at 1.5 m intervals. QA and QC samples were inserted into the sampling stream for each vein intersection. Drill core was collected at the drill site by a company truck.

Sample Preparation Austral Gold (2016)

Samples were prepared by Actlabs in Santiago, Chile, which holds accreditation with the IEC for laboratory competence (ISO/IEC 17025). Samples were weighed, completely dried at 105°C, and crushed to pass 85% through a 10 mesh screen. Crushed material was homogenized and a 50 g split was pulverized to 95% passing through a 150 mesh screen to be taken for chemical analysis.

Crushers and pulverizers are cleaned using compressed air between samples and with quartz after each five samples. Remaining sample material is retained on site for a period of three months.

Some samples were prepared by ALS Global (“ALS”) in Antofagasta, Chile, which holds accreditation with for laboratory competence (ISO/IEC 17025). Samples were weighed, completely dried at 120°C, and crushed to pass 70% through a 10 mesh screen. Crushed material was homogenized and a 1,000 g split was pulverized to 85% passing through a 200 mesh screen to be taken for chemical analysis.

Crushers and pulverizers are cleaned using compressed air between samples. Remaining sample material is retained on site for a period of 45 days.

Some of the samples were analyzed by Actlabs. Standard fire assay methods using a 30 g pulp sample were utilized to determine total gold and silver content. All samples are analyzed for gold using FA with an AAS finish, and for silver using aqua regia digestion and AAS finish. Samples assaying greater than 5 g/t Au were rerun using FA with a gravimetric finish. Samples for which the preliminary assay is greater than 50 g/t Ag were rerun using a four-acid digestion and AAS finish. Samples for which the secondary assay is greater than 1,000 g/t Ag were rerun a second time using FA with a gravimetric finish.

Some of the samples were analyzed by ALS. Standard fire assay methods using a 30 g pulp sample were utilized to determine total gold and silver content. All samples are analyzed for gold using FA with AAS finish, and for silver using aqua regia digestion and AAS finish. Samples assaying greater than 10 g/t Au were rerun using FA with a gravimetric finish. Samples for which the preliminary assay is greater than 100 g/t Ag were rerun using a longer aqua regia digestion and AAS finish.

Quality Assurance/Quality Control

QA consists of evidence to demonstrate that the assay data has precision and accuracy within generally accepted limits for the sampling and analytical method(s) used in order to have confidence in a resource estimate. QC consists of procedures used to ensure that an adequate level of quality is maintained in the process of collecting, preparing, and assaying the exploration drilling samples. Generally, QA/QC programs are designed to prevent or detect contamination and allow assaying (analytical), precision (repeatability), and accuracy to be quantified. In addition, a QA/QC program can disclose the overall sampling-assaying variability of the sampling method itself.

Mineral Processing and Metallurgical Testing

The metallurgy at Guanaco is well known and understood because Guanaco is a mature operation that has been operating as a heap leach operation for a number of years. Limited testwork has been conducted for Guanaco to evaluate how the ore will respond in the milling circuit, however, the ore responds well to cyanide leaching so the

process should be effective. Limited testwork has been conducted for the Amancaya deposit and the samples have not been representative due to the lack of material available for testing.

In late 2016, two samples were selected in order to complete metallurgical testwork on the Amancaya ore. Despite the limited amount of material available for testing, there was sufficient material tests using the two samples that are representative of the main Amancaya vein (i.e. Veta Central).

Mineral Resource and Mineral Reserve Estimates

Mineral Resources

In the 2017 prefeasibility study, RPA reviewed and revised, as required, the Mineral Resource estimates for the Amancaya mine as received from Austral Gold. A summary of the Mineral Resources for Amancaya as of December 31, 2020, is shown in Table 5. Cut-off grades for the Mineral Resources were established using a gold price of US\$1,300 per ounce and a silver price of US\$20 per ounce.

TABLE 5 - MINERAL RESOURCES – DECEMBER 31, 2020
Austral Gold Ltd. – Guanaco and Amancaya Mines

| | Tonnes (kt) | Au (g/t) | Grade Ag (g/t) | Au (koz) | Ounces Ag (koz) |
|----------------------|------------------------|---------------------|-----------------------|---------------------|----------------------------|
| Guanaco | | | | | |
| Underground | | | | | |
| Measured | 283 | 2.4 | 23 | 22 | 210 |
| Indicated | 502 | 2.6 | 17 | 42 | 278 |
| M+I | 785 | 2.6 | 19 | 65 | 489 |
| Inferred | 717 | 2.4 | 15 | 54 | 342 |
| Amancaya | | | | | |
| Open Pit | | | | | |
| Indicated | 2 | 8.9 | 81 | 0.4 | 4 |
| Inferred | 23 | 4.5 | 37 | 3 | 28 |
| Underground | | | | | |
| Measured | 169 | 10.1 | 52 | 55 | 283 |
| Indicated | 223 | 5.7 | 14 | 41 | 98 |
| Inferred | 693 | 6.2 | 17 | 139 | 387 |
| Sub-total M+I | 394 | 7.6 | 30 | 96 | 384 |
| Sub-total Inferred | 716 | 6.2 | 18 | 142 | 415 |
| Total M+I | 1,179 | 4.2 | 30 | 161 | 873 |
| Total Inferred | 1,433 | 4.3 | 16 | 196 | 757 |

Notes:

1. Mineral Resources followed CIM definitions and are compliant with the JORC Code.
2. Mineral Resources are reported inclusive of Mineral Reserves.
3. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
4. For Guanaco, Mineral Resources are reported at a 1.5 g/t AuEq cut-off grade.

5. For Amancaya, open pit Mineral Resources are reported at a cut-off grade of 1.5 g/t AuEq. Pit optimization shells were used to constrain the resources. Underground Mineral Resources are estimated at a cut-off grade of 2.5 g/t AuEq beneath the open pit shells.
6. Mineral Resources are estimated using a long-term gold price of US\$1,300 per ounce and a silver price of US\$20 per ounce.
7. Mineral resources have been updated to account for depletion from mining activities by an Austral Gold employee who is a Qualified Person as per NI 43-101 and a CP as per JORC 2012.
8. Austral has publicly confirmed that it is not aware of any new information or data that materially affects the information included in the original market announcement on June 13, 2017 and, in the case of estimates of Mineral Resources or Mineral Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Mineral Reserves

The Amancaya mine underground Mineral Reserves were estimated based on stope designs applied against the Mineral Resource block models for the Central Vein deposit. Planned and unplanned dilution are included in the stope shapes which have been designed for a sub-level stoping mining method. Mineral Reserves for the open pit area were reported using the final pit design against the Mineral Resource block models for the Central Vein deposit. Additional dilution of 50% was applied to the reported material to account for the relatively thin nature of the deposit.

A summary of the Mineral Reserves for Amancaya as of December 31, 2020, is shown in Table 6.

TABLE 6 - AMANCAYA MINERAL RESERVES – DECEMBER 31, 2020
Austral Gold Ltd. – Guanaco and Amancaya Mines

| | Tonnes (kt) | Au (g/t) | Ounces Au (koz) | Tonnes (kt) | Ag (g/t) | Ounces Ag (koz) |
|--------------------|------------------------|---------------------|----------------------------|------------------------|---------------------|----------------------------|
| Guanaco | | | | | | |
| Underground | | | | | | |
| Proven | 3 | 2.1 | 0.2 | 65 | 6 | 12 |
| Probable | 3 | 1.0 | 0.1 | 168 | 3 | 19 |
| Sub-total | 6 | 1.6 | 0.3 | 233 | 4 | 31 |
| Amancaya | | | | | | |
| Underground | | | | | | |
| Proven | 162 | 7.2 | 37 | 170 | 33 | 180 |
| Probable | 133 | 5.1 | 22 | 171 | 21 | 115 |
| Sub-total | 295 | 6.2 | 59 | 341 | 27 | 295 |
| Total | 301 | 6.1 | 59 | 574 | 18 | 326 |

Notes:

1. Mineral Resources followed CIM definitions and are compliant with the JORC Code.
2. Underground Mineral Reserves are estimated at a break-even cut-off grade of 2.5 g/t AuEq for stopes and an incremental cut-off grade of 1.5 g/t AuEq for drifts. Open Pit Mineral Reserves are estimated at a cut-off grade of 1.53 g/t AuEq.
3. Mineral Resources are estimated using a long-term gold price of US\$1,300 per ounce and a silver price of US\$20 per ounce.
4. Gold Equivalents (AuEq) were calculated as $AuEq = Au + 0.0134 \times Ag$, based on a gold and silver price of \$1,300/oz and \$20/oz and recoveries of gold and silver of 92% and 80%, respectively.
5. A minimum mining width of 1.5 m was used for stopes and 3.5 m for drifts.
6. Stope dilution: 0.5 m in the hanging wall and 0.5 m in the footwall (1.0 m total).

7. Drift dilution: 0.25 m in each of the side walls (0.5 m total).
8. Bulk density is 2.50 t/m³.
9. Numbers may not add due to rounding.
10. Mineral resources have been updated to account for depletion from mining activities by an Austral Gold employee who is a Qualified Person as per NI 43-101 and a CP as per JORC 2012.
11. Austral has confirmed that it is not aware of any new information or data that materially affects the information included in the original market announcement on June 13, 2017 and, in the case of estimates of Mineral Resources or Mineral Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Mining Operations

The Amancaya deposit consists of mainly northwest and southeast veins, with dip direction of 70° to 85°. The country rock comprises highly competent dacite-andesite.

The SLOS mining methods planned at Amancaya are similar to those used at the Guanaco Mine. The Amancaya orebody is generally thinner than Guanaco resulting in the use of split-blasting to minimize dilution during drift development. Split blasting involves the separate blasting of ore and waste in the drift face. Vertical crater retreat mining will be used to connect the upper and lower drifts and create an open face for longhole blasting.

Ore from Amancaya will be hauled by contractor via a 75 km road to the new mill located at the Guanaco mining complex.

Processing and Recovery Operations

The operation at Guanaco was initiated by Amax in 1993 using a permanent leach pad, crushing, cyanide leaching, and a Merrill-Crowe precious metal recovery plant.

With the start of mining at Amancaya, a milling circuit was constructed at Guanaco. The plant began commissioning in March 2017. The new plant is integrated into the existing operation in order to minimize construction and capital costs as much as possible. The existing crushing operation will be utilized to prepare feed for the milling circuit. The existing Merrill-Crowe circuit was refurbished to accommodate ore with higher silver concentrations from Amancaya and the zinc precipitate that is produced in the Merrill-Crowe circuit will be processed in the existing refinery.

The grinding circuit includes a single-stage ball mill that operates in closed circuit with hydrocyclones. The crushed ore is conveyed to the ball mill feed bin where it is mixed with water for grinding. The slurry discharges from the mill through a trammel screen and flows by gravity into a pump feed box. From the box, the slurry is pumped to the cyclone cluster. The cyclone underflow is returned to the ball mill for further grinding. The cyclone overflow is the final product from the grinding circuit. The target grind size is P80 150 µm.

Slurry from the cyclone overflow feeds the pre-leach thickener. Underflow from the thickener, which is designed to produce a slurry density of 50% solids by weight, is pumped to the agitated leaching circuit. Overflow from the thickener is returned to the grinding process water tank. The grinding solution contains cyanide so dissolution of the gold and silver begins in the grinding circuit. The leach circuit consists of three leach tanks that are designed to provide 48 hr of residence time. Slurry discharges from the last (i.e., third) leach tank to the CCD washing circuit.

In the CCD circuit, the leach residue is advanced from CCD number one to CCD number two and to CCD number three. Barren solution from the Merrill-Crowe circuit is used as water in the CCD circuit. The solution flows counter current to the slurry flow. It is pumped to the feed well of CCD number three. Overflow from CCD three goes to CCD number two, overflow from CCD number two goes to CCD number one, and the overflow from CCD number one feeds the pregnant solution tank. The pregnant solution feeds the Merrill-Crowe plant.

Underflow from CCD number three is washed tailings. The slurry flows to the filter feed tank. Two plate and frame pressure filters are used to wash and dewater the tailings to produce a filter cake that contains less than 20% moisture

by weight. Fresh water is used as wash water. It is the primary fresh water addition to the plant. The remainder of the process water is recycled from various circuits in the mill.

The Merrill-Crowe plant is an existing plant that was refurbished for use in the new milling circuit. Since ore from Amancaya contains higher concentrations of silver than the ore from Guanaco, Merrill-Crowe is preferred over activated carbon as the precious metal recovery process. Pregnant solution is pumped through clarifying filters where suspended solids are removed from the solution and on to the de-aeration tower. The de-aeration tower is a packed column that is operated under vacuum to remove oxygen from the solution in order to enhance the zinc cementation (commonly called precipitation) process. Zinc dust is added to the clarified, de-aerated solution where the gold and silver ions are reduced to form solid metal “precipitate”. The solids are removed from the solution with plate and frame filter presses. The filter presses will be cleaned manually on a batch basis. The dewatered precipitate will then be dried, mixed with fluxes, and smelted in the existing refinery. Barren solution from the Merrill-Crowe circuit is re-used as wash water in the CCD circuit.

Washed, dewatered tailings from the pressure filters drop by gravity into a concrete lined containment area. From the containment area, a front end loader places the tailings into haul trucks that will transport them to the dry tailings deposition area. The tailings contain residual cyanide that will go through a natural degradation process due to UV from the sun and the dry, windy climate. The tailings will be spread and plowed to help the cyanide degradation process.

Infrastructure, Permitting and Compliance

Power

To support the operation of the new agitated leach milling circuit, 34.8 km long 33 kV power line and substation were constructed to transport power from the Central Interconnected System (SIC, Sistema Interconectado Central) to the Guanaco Mine site. The diesel-based power generation system that was utilized to support the heap leaching operation will remain as a backup system in case of emergencies and/or failure of the SIC supply. The power supply at Amancaya is provided by diesel power generators.

Water

GCM has water exploitation rights for 18.79 L/s. Of this total, 4.84 L/s come from surface water catchment areas in the Domeyko Cordillera (approximately 30 km from the Guanaco Mine). The remaining 13.95 L/s comes from wells located at Pampa Yervas Buenas, Quebrada Guanaco, Quebrada Sandón, the lower part of the Quebrada Pastos Largos and Agua Verde. The water supply is sufficient to meet the needs of the operation.

Permitting

Mineral Rights in Chile

Mineral rights in Chile are reserved to the federal government and governed by the Chilean Mining Code, or Código Minero. The mining law is administered by the Servicio Nacional de Geología y Minería, a federal agency. Concessions are defined by UTM coordinates representing the centre-point of the concession and dimensions (in metres) in north-south and east-west directions.

Mineral exploration rights are acquired through acquisition of an exploration concession, or pedimento, which is oriented north-south, has a minimum width of 1,000 m (either north-south or east-west) and maximum area of 5,000 ha. Exploration concessions may overlap, however, only the titleholder with the earliest dated exploration concession over the area can exercise these rights. Exploration concessions are valid for two years and can be extended an additional two years provided the owner relinquishes at least 50% of the original land area.

Mining rights are acquired through acquisition of an exploitation mining concession, or mensura. The mining concession can have a minimum length of 100 m, either north-south or east-west (in multiples of 100 m) to a maximum size of 10 ha. A group of mining concessions cannot exceed 1,000 ha. As with the pedimentos, the mining concessions may overlap, however, only the titleholder with the earliest dated mining concession over the area can exercise these

rights. The location of concession boundaries are marked in the field with survey monuments placed by a registered engineer or minerals landman (perito minero) at the vertices of each claim group.

Exploration concessions may be converted directly to exploitation mining concessions. An exploitation mining concession is a permanent property right, with no expiration date. As long as the annual fees (patentes) are paid in a timely manner, clear title and ownership of the mineral rights are assured in perpetuity.

The registered owner(s) of an exploration or exploitation mining concession has the legal right to complete whatever construction or facilities may be required. They have the right to prospect and excavate within the borders of the mineral tenure regardless of the surface rights ownership (with the exception of orchards or vineyards).

Mining development, including prospecting, exploration, processing plants, and tailings management or disposal, is considered to be an activity that may cause an environmental impact, and may therefore be subject to the environmental impact assessment system, requiring an Environmental Impact Study.

Surface Rights

Ownership rights to the subsoil are governed separately from surface ownership. The Mining Code grants to the owner of any mining exploitation or exploration concessions full rights to use the surface land, provided that reasonable compensation is paid to the owner of the surface land.

Land Tenure

The Amancaya property consists of eight individual exploitation mining concessions owned by Austral Gold. A summary is provided in Table 3. The concessions cover a total area of 1,755 ha. The boundaries have been surveyed. As is common in Chile, a secondary layer of concessions has been placed over the original concessions for security of ownership. These concessions cover 1,090 ha. An additional two exploitation mining concessions are currently in application.

Exploration mining concessions in Chile do not have a fixed term and are valid as long as the annual taxes are paid. All concessions covering Amancaya are mining concessions. There are no exploration concessions on the property. All concessions over the Amancaya property were found to be in good standing at that time. The surface rights are controlled by the federal government and access is normally granted as required.

Capital and Operating Costs

The estimated sustaining capital costs for Amancaya and Guanaco as of December 31, 2016 are summarized in Table 7. Since the capital costs for the new mill were incurred in 2016, all costs from 2017 forward are treated as sustaining capital costs. Through December 31, 2016, construction costs for the mill and related infrastructure and for Amancaya were funded by Austral Gold using cash flow from existing operations.

TABLE 7 - SUMMARY OF CAPITAL COSTS
Austral Gold Limited - Guanaco and Amancaya Mines

| Sustaining Capital Cost | Unit | Value |
|--------------------------------|-------------|--------------|
| Amancaya Mine Development | US\$ '000 | 20,869 |
| Guanaco Mine Development | US\$ '000 | 3,029 |
| General Sustaining UG Capex | US\$ '000 | 4,020 |
| Equipment Leases | US\$ '000 | 18,999 |
| Processing | US\$ '000 | 2,081 |
| Exploration | US\$ '000 | 10,559 |
| Other | US\$ '000 | 552 |

| | | |
|---------------------------|------------------|---------------|
| Reclamation and closure | US\$ '000 | 6,948 |
| Total Capital Cost | US\$ '000 | 66,426 |

Unit operating costs for the LOM plan are shown in Table 8. The average operating cost over the life of mine is estimated at US\$111.01 per tonne milled.

TABLE 8 - SUMMARY OF LOM UNIT OPERATING COSTS
Austral Gold Limited - Guanaco and Amancaya Mines

| Area | Unit | Value |
|----------------------------------|----------------------|---------------|
| Mining (Amancaya Open Pit) | US\$/t moved | 4.10 |
| Mining (Amancaya Open Pit) | US\$/t milled | 58.35 |
| Mining (Amancaya Underground) | US\$/t mined | 40.30 |
| Mining (Guanaco Underground) | US\$/t mined | 47.56 |
| Processing (Mill) | US\$/t milled | 35.14 |
| Processing (Heap Leach) | US\$/t milled | 20.00 |
| Area | Unit | Value |
| Mining (Total) | US\$/t milled | 44.90 |
| Haul (Amancaya to Guanaco) | US\$/t milled | 8.60 |
| Processing (Total) | US\$/t milled | 31.66 |
| G&A | US\$/t milled | 25.77 |
| Total Unit Operating Cost | US\$/t milled | 111.01 |

Exploration, Development and Production

Development and Production

Amancaya produced 55,190 gold equivalent ounces in 2020.

Royalties

A royalty of 2.25% of the NSR royalty on all production from the Amancaya mining concessions is payable to Elemental Royalties Ltd.

Environmental Considerations

GCM has all required permits to conduct the proposed work on the properties.

DIVIDENDS AND DISTRIBUTIONS

Since becoming a public issuer, the Company has not paid any cash dividends or distributions on its securities. The Issuer does not have any restriction that could prevent it from paying dividends or distributions and has no dividend or distribution policy.

Prior to becoming a reporting issuer, ERL BVI paid the following dividends:

- On June 14, 2019, ERL BVI issued 9,639 ordinary shares at US\$3.00 per ERL BVI share as payment of US\$28,917 of dividends.
- On February 22, 2019, ERL BVI issued 8,358 ordinary shares at US\$3.00 per ERL BVI share as payment of US\$25,074 of dividends.
- On May 28, 2018, the Company issued 4,959 ordinary shares at US\$1.80 per ERL BVI share as payment of US\$8,926 of dividends.
- On April 13, 2018, ERL BVI issued 9,443 ordinary shares at US\$1.62 per ERL BVI share as payment of US\$15,297 of dividends.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The authorized capital of the Company consists of an unlimited number of Common Shares without par value of which 68,991,221 Common Shares were issued and outstanding on May 19, 2021.

The Common Shares of the Company are without par value and entitle the holders thereof to receive notice of, attend and vote at all meetings of the shareholders of the Company. Each Common Share carries one vote at such meetings. Holders of Common Shares are entitled to dividends as and when declared by the Board of Directors. In the event of the voluntary or involuntary liquidation, dissolution or winding-up of the Company, after payment of all outstanding debts, the remaining assets of the Company available for distribution will be distributed to the holders of common shares.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed and posted for trading on the TSX-V under the trading symbol “ELE”. The following table sets forth information relating to the trading of the Common Shares on the TSX-V for the months indicated.

| | Period | High (\$) | Low (\$) | Close (\$) | Volume |
|---------------------|---------------------|-----------|----------|------------|-----------|
| 2020 ⁽¹⁾ | January | - | - | - | - |
| | February | - | - | - | - |
| | March | - | - | - | - |
| | April | - | - | - | - |
| | May | - | - | - | - |
| | June | - | - | - | - |
| | July ⁽²⁾ | 1.80 | 1.67 | 1.75 | 128,920 |
| | August | 1.95 | 1.68 | 1.68 | 2,551,900 |

| | | | | | |
|------|-----------|------|------|------|-----------|
| | September | 1.82 | 1.31 | 1.36 | 1,751,390 |
| | October | 1.68 | 1.39 | 1.45 | 1,105,600 |
| | November | 1.82 | 1.40 | 1.70 | 1,131,750 |
| | December | 1.80 | 1.45 | 1.67 | 1,180,480 |
| 2021 | January | 1.76 | 1.42 | 1.52 | 1,276,530 |
| | February | 1.63 | 1.34 | 1.45 | 817,720 |
| | March | 1.55 | 1.28 | 1.45 | 843,460 |
| | April | 1.53 | 1.38 | 1.44 | 1,233,310 |
| | To May 18 | 1.50 | 1.39 | 1.49 | 478,980 |

Notes:

(1) Fengro shares had been halted from trading on the TSX-V from June 24, 2019 until the completion of the reverse takeover transaction with ERL BVI.

(2) Elemental commenced trading on July 30, 2020 following the completion of the reverse take-over of Fengro by ERL BVI.

Prior Sales

The only securities of Elemental that are outstanding but not listed or quoted on a marketplace are the Options and PSUs.

Options

The following table sets forth the number of Elemental Options granted during the most recently completed financial year, the date of grant and the exercise price thereof.

| Date of Grant | Vesting Date | Number of Options | Exercise Price Per Option |
|----------------------|---------------------|--------------------------|----------------------------------|
| July 28, 2020 | July 28, 2021 | 900,000 | CAD\$1.50 |

Performance Share Units

The following table sets forth the number of PSUs granted during the most recently completed financial year and the date of grant. Of the total 2,895,109 PSUs issued on July 28, 2020, 500,000 were new grants of PSUs by the Company. The remaining 2,395,109 PSUs were issued by the Company in replacement of 2,395,109 PSUs originally granted by Elemental Royalties Limited, the BVI registered company which entered into the Business Combination Agreement with Fengro Industries Corp. on April 27, 2020 before Fengro was renamed Elemental Royalties Corp. on July 28, 2020 following the completion of the RTO transaction.

| Date of Grant | Number of PSUs |
|----------------------|-----------------------|
| July 28, 2020 | 2,895,109 |

ESCROWED SECURITIES

Securities Subject to Escrow Pursuant to NP 46-201

In accordance with National Policy 46-201 (“**NP 46-201**”), all securities owned or controlled by the principals of the Company were escrowed at the time of the Offering.

Uniform terms of automatic timed-release escrow apply to principals of the Company, differing only according to the classification of the issuer. The automatic timed-release to be included in the Company’s Escrow Agreement (as defined herein) and set out in the table below will apply to the securities held by applicable principals of the Company.

| <u>Release time</u> | <u>Calculation of escrowed securities release</u> |
|--|---|
| On the listing date | 1/4 of the escrow securities |
| 6 months following the listing date | 1/3 of the remaining escrow securities |
| 12 months following the listing date | 1/2 of the remaining escrow securities |
| 18 months following the listing date | The remaining escrow securities |

To the knowledge of the Company as of the date of this AIF, a total of 4,782,072 Common Shares and 1,380,055 PSUs were deposited into escrow pursuant to the terms of an escrow agreement (the “**Escrow Agreement**”) which was entered into among Computershare Investor Services Inc., as escrow agent, the Company, and certain principals effective on the date of the listing of July 28, 2020.

DIRECTORS AND OFFICERS

The following table sets forth the name, province/state and country of residence, position held with Elemental and principal occupation of each person who is a director and/or an officer of Elemental. Directors are elected at each annual meeting of Elemental’s shareholders and serve as such until the next annual meeting of shareholders or until their successors are elected or appointed.

| Name and Municipality of Residence | Position with the Company | Principal Occupation |
|--|--------------------------------------|---|
| Frederick Bell <i>London, UK</i> | Director and Chief Executive Officer | Director and Chief Executive Officer of the Company |
| Martin Turenne <i>British Columbia, Canada</i> | Director | Chief Executive Officer of FPX Nickel Corp |
| Peter Williams <i>Henley Beach, South Australia</i> | Director | Non-Executive Director |
| John Robins <i>British Columbia, Canada</i> | Director | Executive Chair of Bluestone Resources |
| Simon Collins <i>British Columbia, Canada</i> | Director | Chief Development Officer of South32 Limited |
| Matt Anderson <i>British Columbia, Canada</i> | Chief Financial Officer | Managing Director of Malaspina Consultants Inc. |

| | | |
|--|----------------------------------|---|
| Greg Owen <i>West Sussex, UK</i> | Vice President, Operations | Vice President, Operations of the Company |
| Richard Evans <i>North Melbourne, Victoria, Australia</i> | Senior Vice President, Technical | Senior Vice President, Technical of the Company |

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Company is, as at the date hereof, or was within ten (10) years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that,

- (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, and that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to materially affect control of the Company,

- (i) is, or within ten years prior to the date hereof has been, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (ii) has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to,

- (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of the Company's knowledge, and other than as disclosed in this AIF, there are no known existing or potential material conflicts of interest between the Company and any director or officer of the Company, except that certain of the directors and officers serve as directors and officers of other public companies and therefore it is possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director or officer of such other companies.

Directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development or investment in natural resource companies and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the *Business Corporations Act* (British Columbia) and other applicable laws.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not party to any material legal proceedings or regulatory actions as of the date of this AIF. The Company is not aware of any material contemplated legal proceedings involving it or its operations.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

On December 13, 2019, the Company entered into a Bindings Heads of Agreement between the Company and the Sanembaore Sarl Pty Ltd ("SNB", or the "Vendor"), a company incorporated under the laws of Australia pursuant to which the Company agreed to acquire 100% of the issued capital of SNB. SNB's principal asset is a 1% net smelter return royalty over Teranga Gold's Wahgnion project in Burkina Faso. In consideration for 100% of the issued capital of SNB, the Company paid US\$12,500,000. The acquisition closed on January 29, 2020. The Vendor was an arms' length party other than the 25% ownership stake in SNB held by Peter Williams, a director of the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares of the Company is Computershare Investor Services Inc., through its offices located at 510 Burrard St, 3rd Floor Vancouver, British Columbia, Canada V6C 3B9.

PROMOTERS

Each of Frederick Bell, a director and Chief Executive Officer of the Company and Richard Evans, Senior Vice President, Technical, may be considered to be a "promoter" of the Company as that term is defined in applicable Canadian securities laws. As of the date hereof, each of Mr. Bell and Mr. Evans own, directly and indirectly 2,153,830 Common Shares and 3,040,484 Common Shares, respectively, which is an aggregate of 7.5% of the issued and Common Shares, 1,713,640 performance share units and 615,374 performance share units, respectively, and 30,000 stock options and 30,000 stock options, respectively.

Mr. Bell has entered into an employment agreement with the Company in his capacity as the Chief Executive Officer pursuant to which he is entitled to an annual base salary of US\$250,000 together with certain bonuses and equity compensation grants agreed by the Company's remuneration committee.

Mr. Evans has entered into an employment agreement with the Company in his capacity as the Senior Vice President, Technical, pursuant to which he is entitled to an annual base salary of US\$112,000 together with certain bonuses and equity compensation grants agreed by the Company's remuneration committee.

MATERIAL CONTRACTS

Other than in the ordinary course of business, the Company entered into the following material contracts within the financial year ended December 31, 2020, or since such time or before such time, that are still in effect:

Investor Rights Agreement

Concurrent with the completion of the South32 Portfolio acquisition, the Company entered into an investor rights agreement on February 8, 2021, (the “**Investor Rights Agreement**”) with South32, pursuant to which the Company and South32 agreed, among other things, that:

- South32 is subject to a nine-month lockup period with respect to its 13,065,100 Common Shares;
- for so long as South32 holds at least 10% of the issued and outstanding Common Shares, it has the right to nominate for election one director of the Company; and
- South32 has a pre-emptive participation right, for so long it holds at least 10% of the issued and outstanding Common Shares, to maintain its respective percentage shareholding interest in the Company at the time of any financing by the Company.

Amended Facility Agreement

As disclosed above, the Company also entered into the Amended Facility Agreement on December 29, 2020. See “*General Developments – Sprott Credit Facility*”.

The Investor Rights Agreement and the Amended Facility Agreement are each available under Elemental’s profile on SEDAR at www.sedar.com.

INTERESTS OF EXPERTS

Richard Evans, FAusIMM, is Senior Vice President Technical for Elemental, and a “qualified person” under NI 43-101, has reviewed and approved the scientific and technical disclosure contained in this document.

To the knowledge of Elemental, Mr. Evans holds 4.4% of the outstanding Common Shares of Elemental or of any associate or affiliate of Elemental as of the date hereof. Mr. Evans has not and will not receive any direct or indirect interest in any securities of Elemental as a result of the review and approval of the scientific and technical disclosure included in this AIF.

Additionally, Timothy Strong, BSc (Hons) ACSM FGS MIMMM RSci, is also a “qualified person” as defined in NI 43-101 and authored the Karlawinda Technical Report. As of April 16, 2021, Mr. Strong holds nil securities in the Company. Mr. Strong has not received any direct or indirect interest in the Company’s property and did not receive any direct or indirect interest in any of the Company’s securities or the securities of any associate or affiliate of the Company in connection with his review of the scientific and technical information in the Karlawinda Technical Report.

The auditors of the Company are PricewaterhouseCoopers LLP, Chartered Professional Accountants, through their offices at Suite 1400, 250 Howe St, Vancouver, British Columbia, Canada. PricewaterhouseCoopers LLP has confirmed that they are independent of the Company within the meaning of the Chartered Professional Accountants of British Columbia Code of Professional Conduct.

AUDIT COMMITTEE

The Company’s Audit Committee is responsible for monitoring the Company’s systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of the Company’s external auditors. The committee is also responsible for reviewing the Company’s annual audited financial statements, unaudited quarterly financial statements and management’s discussion and

analysis of financial results of operations for both annual and interim financial statements and review of related operations prior to their approval by the full board of directors of the Company.

The Audit Committee’s charter sets out its responsibilities and duties, qualifications for membership, procedures for committee member removal and appointment and reporting to the Company’s board of directors. A copy of the charter is attached hereto as Schedule “A”.

The current members of the Audit Committee are:

| | | |
|-------------------------------|-------------|----------------------|
| Martin Turenne ⁽¹⁾ | Independent | Financially literate |
| Peter Williams | Independent | Financially literate |
| John Robins | Independent | Financially literate |

Notes:

(1) Chairman of the Audit Committee

(2) The terms “independent” and “financially literate” are defined by National Instrument 52-110 Audit Committees (“NI 52-110”).

Relevant Education and Experience

As noted above, each member of the Audit Committee is financially literate. Collectively, the Audit Committee members have the education and experience to fulfill their responsibilities as outlined in the Audit Committee Charter. Set out below is a description of the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member.

Martin Turenne is a senior executive with over 15 years’ experience in the commodities industry, including 10 years in the mining industry, Martin is currently CEO of FPX Nickel Corp. He was formerly CFO of First Point Minerals Corp. from 2012 to 2015 and previously with KPMG LLP and Methanex Corporation. He is a member of the Chartered Professional Accountants of Canada and serves on the board of directors of the Association for Mineral Exploration of British Columbia.

Peter Williams was the first Manager of WMC Geoscience technology before he became a founding member of Independence Group Limited. He was a founding director of Ampella Mining Ltd, a vendor of Gryphon Minerals’ Banfora Gold Project and involved in the project generation for Papillion’s Mali projects. Peter co-founded the International Resource Sector Intelligence company, Intierra, and also co-founded the first hard rock mineral seismic company in the world, HiSeis.

John Robins is a professional geologist, prospector and entrepreneur with over 35 years of experience in the mining industry. In 2008 he was awarded the AMEBC Spud Huestis award for his contributions to mineral exploration in British Columbia and Yukon. He has been involved in over a billion dollars in M&A activity and has generated over \$500 million in direct and indirect mineral expenditures throughout Canada, Latin America and Australia. Mr Robins is the founder of the Discovery Group of companies and is currently Chairman and director of Bluestone Resources Inc, Fireweed Zinc Corporation and K2 Gold Corp.

Reliance on Certain Exemptions

At no time since the commencement of the Company’s most recently completed financial year has the Company relied on the exemption in Section 2.4 (De Minimis Non-audit Services) of NI 52-110, Section 3.2 of NI 52-110 (Initial Public Offerings), Section 3.4 of NI 52-110 (Events Outside Control of Member), Section 3.5 of NI 52-110 (Death, Disability or Resignation of Audit Committee Member) or Section 3.6 of NI 52-110 (Temporary Exemption for Limited and Exceptional Circumstances), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (Exemptions) or on Section 3.8 of NI 52-110 (Acquisition of Financial Literacy).

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was there a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Pre-Approval Policies and Procedures

The Audit Committee's charter sets out responsibilities regarding the provision of non-audit services by the Company's external auditors. This policy encourages consideration of whether the provision of services other than audit services is compatible with maintaining the auditor's independence and requires Audit Committee pre-approval of permitted audit and audit-related services.

External Auditor Service Fees

The aggregate fees incurred by the Company's external auditors for each of the last two fiscal years for audit fees are as follows:

| Financial Year Ending | Auditor | Audit Fees ⁽¹⁾ | Audit Related Fees ⁽²⁾ | Tax Fees ⁽³⁾ | All Other Fees ⁽⁴⁾ | Total |
|-----------------------|----------------------------|---------------------------|-----------------------------------|-------------------------|-------------------------------|--------|
| 2020 | PricewaterhouseCoopers LLP | 53,376 | - | - | - | 53,376 |
| 2019 | PKF International Limited | 21,687 | - | - | - | 21,687 |

Notes:

- (1) The aggregate audit fees incurred.
- (2) The aggregate fees incurred for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and which are not included under the heading "Audit Fees".
- (3) Fees incurred for preparation of Company's corporate tax return.
- (4) The aggregate fees incurred for products and services other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the filing statement of the Company as filed on SEDAR at www.sedar.com. Additional financial information is provided in the Company's audited financial statements and management's discussion and analysis for the financial year ended December 31, 2020.

SCHEDULE “A” - AUDIT COMMITTEE CHARTER

ELEMENTAL ROYALTIES CORP. AUDIT COMMITTEE CHARTER (the “Charter”)

INTRODUCTION

This Charter sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the “Committee”) of the board of directors (the “Board”) of Elemental Royalties Corp. (the “Company”).

1. STATEMENT OF PURPOSE

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- Financial reporting and related financial disclosure;
- Risk management;
- Internal control over financial reporting and disclosure controls and procedures;
- The annual independent audit of the Company’s financial statements;
- Legal and regulatory compliance and compliance with the Code of Conduct;
- Related party transactions; and
- Compliance with public disclosure requirements.

2. COMMITTEE MEMBERSHIP

The Committee shall consist of as many directors of the Board as the Board may determine (the “Members”), but in any event, not less than three (3) Members. Each Member shall be independent and financially literate within the meaning of National Instrument 52-110 — Audit Committees (“NI 52-110”) and any other applicable securities laws and the rules of any stock exchanges upon which the Company’s securities are listed. NI 52-110 requires, among other things, that to be independent, a Member be free of any relationship which could, in the view of the Board, reasonably interfere with the exercise of a Member’s independent judgment. No Member shall: (i) accept, directly or indirectly, any consulting or advisory or other compensatory fee from the Company or any of its subsidiaries (other than remuneration for acting in his or her capacity as a member of the Board and as a member of Board Committees); or (ii) be an “affiliated entity” within the meaning of NI 52-110.

Members shall be appointed by the Board. Any Member may be removed and replaced at any time by the Board, and will automatically cease to be a Member if he or she ceases to meet the qualifications required of Members. The Board will fill vacancies on the Committee by appointment from among qualified directors of the Board. If a vacancy exists on the Committee, the remaining Members may exercise all of the Committee’s powers so long as there is a quorum in accordance with Section 3 below.

Chair

The Board will designate one of the independent directors of the Board to be the chair of the Committee (the “Chair”) and the Chair may be removed or replaced at any time by the Board.

Qualifications

Subject to the permitted phase-in periods contemplated by Section 3.2 and Section 3.8 of NI 52-110, all Members shall be independent and financially literate as described above. Members must have suitable experience and must be familiar with auditing and financial matters.

Attendance of Management and other Persons

The Committee may invite, at its discretion, senior executives of the Company or such persons as it sees fit to attend meetings of the Committee and to take part in the discussion and consideration of the affairs of the Committee. The Committee may also require senior executives or other employees of the Company to produce such information and reports as the Committee may deem appropriate in the proper exercise of its duties. Senior executives and other

employees of the Company shall attend a Committee meeting if invited by the Committee. The Committee may meet without senior executives in attendance for a portion of any meeting of the Committee.

Delegation

Subject to applicable law, the Committee may delegate any or all of its functions to any of its Members or any subset thereof, or other persons, from time to time as it sees fit.

3. COMMITTEE OPERATIONS

Meetings

The Chair, in consultation with the other Members, shall determine the schedule and frequency of meetings of the Committee. Meetings of the Committee shall be held at such times and places as the Chair may determine. To the extent possible, advance notice of each meeting will be given to each Member unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings of the Committee either in person or by telephone, video or other electronic means. Powers of the Committee may also be exercised by written resolutions signed by all Members.

At the request of the external auditors of the Company, the Chief Executive Officer or the Chief Financial Officer of the Company or any Member, the Chair shall convene a meeting of the Committee. Any such request shall set out in reasonable detail the business proposed to be conducted at the meeting so requested.

Agenda and Reporting

To the extent possible, in advance of every regular meeting of the Committee, the Chair shall prepare and distribute, or cause to be prepared and distributed, to the Members and others as deemed appropriate by the Chair, an agenda of matters to be addressed at the meeting together with appropriate briefing materials.

The Chair shall report to the Board on the Committee's activities since the last Board meeting. However, the Chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board. Minutes of each meeting of the Committee shall be circulated to the Board following approval of the minutes by the Members.

The Committee shall oversee the preparation of, review and approve the applicable disclosure for inclusion in the Company's annual information form.

Secretary and Minutes

The Corporate Secretary of the Company may act as the secretary of the Committee unless an alternative secretary is appointed by the Committee. The secretary of the Committee shall keep regular minutes of Committee proceedings and shall circulate such minutes to all Members and to the chair of the Board (and to any other director of the Board that requests that they be sent to him or her) on a timely basis.

Quorum and Procedure

A quorum for any meeting of the Committee will be a simple majority of the Members in office. The procedure at meetings will be determined by the Committee. The powers of the Committee may be exercised by a simple majority of Members at a meeting where a quorum is present or by resolution in writing signed by all Members. In the absence of the Chair, the Committee may appoint one of its other Members to act as Chair of any meeting.

Exercise of Power between Meetings

Between meetings, the Chair, or any Member designated for such purpose by the Committee, may, if required in the circumstance, exercise any power delegated by the Committee on an interim basis. The Chair or other designated Member will promptly report to the other Members in any case in which this interim power is exercised.

4. DUTIES AND RESPONSIBILITIES

The Committee is responsible for performing the duties set out below and any other duties that may be assigned to it by the Board, as well as any other functions that may be necessary or appropriate for the performance of its duties.

Financial Reporting and Disclosure

Review and recommend to the Board for approval, the interim and audited annual financial statements, including the auditors' report thereon, management's discussion and analysis, financial reports, press releases related to such financial statements and reports, and other applicable financial disclosure, prior to the public disclosure of such information.

Review and recommend to the Board for approval, where appropriate, financial information contained in any prospectuses, annual information forms, annual reports to shareholders, management proxy circulars, material change disclosures of a financial nature and similar disclosure documents, prior to the public disclosure of such documents or information.

Review with senior executives of the Company, and with external auditors, significant accounting principles and disclosure issues and alternative treatments under International Financial Reporting Standards ("IFRS"), with a view to gaining reasonable assurance that financial statements are accurate, complete and present fairly the Company's financial position and the results of its operations in accordance with IFRS, as applicable.

Seek to ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, the Company's disclosure controls and procedures and periodically assess the adequacy of those procedures and recommend any proposed changes to the Board for consideration.

Risk Management

Review the Company's major financial risk exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities.

Review and make recommendations to the Board regarding the adequacy of the Company's risk management policies and procedures with regard to identification of the Company's principal risks and implementation of appropriate systems and controls to manage such risks including an assessment of the adequacy of insurance coverage maintained by the Company.

Internal Controls and Internal Audit

Review the adequacy and effectiveness of the Company's internal control and management information systems through discussions with senior executives of the Company and the external auditor relating to the maintenance of (i) necessary books, records and accounts in sufficient detail to accurately and fairly reflect the Company's transactions; (ii) effective internal control over financial reporting; and (iii) adequate processes for assessing the risk of material misstatements in the financial statements and for detecting control weaknesses or fraud. From time to time the Committee shall assess any requirements or changes with respect to the establishment or operations of the internal audit function having regard to the size and stage of development of the Company at any particular time. Satisfy itself, through discussions with senior executives of the Company that the adequacy of internal controls, systems and procedures has been periodically assessed in accordance with regulatory requirements and recommendations.

Periodically review the Company's policies and procedures for reviewing and approving or ratifying related-party transactions.

External Audit

Recommend to the Board a firm of external auditors to be nominated for appointment as the external auditors of the Company.

Ensure the external auditors report directly to the Committee on a regular basis. Review the independence of the external auditors.

Review and recommend to the Board the fee, scope and timing of the audit and other related services rendered by the external auditors.

Review and approve the audit plan of the external auditors, including the scope and staffing of the audit, prior to the commencement of the audit. Establish and maintain a direct line of communication with the Company's external auditors.

At each meeting, the Committee shall meet in private session, if required, and may meet with the external auditors, with management, and with the Committee members only.

Review and assess the compensation and oversight of the work of the external auditors of the Company with respect to preparing and issuing an audit report or performing other audit or review services for the Company, including the resolution of issues between senior executives of the Company and the external auditors regarding financial reporting. The external auditor shall report directly to the Committee.

Review the results of the external audit and the external auditors' report thereon, including discussions with the external auditors as to the quality of accounting principles used and any alternative treatments of financial information that have been discussed with senior executives of the Company and any other matters.

Review any material written communications between senior executives of the Company and the external auditors and any significant disagreements between the senior executives and the external auditors regarding financial reporting.

Discuss with the external auditors their perception of the Company's financial and accounting personnel, records and systems, the cooperation which the external auditors received during their course of their review and availability of records, data and other requested information and any recommendations with respect thereto.

Discuss with the external auditors their perception of the Company's identification and management of risks, including the adequacy or effectiveness of policies and procedures implemented to mitigate such risks.

Recommend to the Board any change of the external auditors and oversee any such change to ensure compliance with NI 52-110 and other applicable securities laws and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the Board.

Review and assess, at least annually, the performance of the external auditors, including (i) reviewing and evaluating the lead partner on the external auditor's engagement with the Company; and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services are compatible with maintaining the auditor's independence.

Associated Responsibilities

Monitor and periodically review the Code of Conduct of the Company and associated procedures for:

- The receipt, retention and treatment of complaints received by the Company regarding accounting and internal accounting controls or auditing matters;
- The confidential, anonymous submission by directors, officers and employees of the Company of concerns regarding questionable accounting or auditing matters; and
- Any violations of applicable law, rules or regulations that relate to corporate reporting and disclosure, or violations of the Company's Code of Conduct.

Review and approve the Company's hiring policies regarding employees and partners, and former employees and partners, of the present and former external auditors of the Company.

Non-Audit Services

Pre-approve all non-audit services to be provided to the Company or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities, in accordance with NI 52-110 and other applicable securities laws, if any. The Committee may delegate to one or more of its Members the authority to pre-approve non-audit services but pre-approval by such Member or Members so delegated shall be presented to the full Committee at its first scheduled meeting following such pre-approval.

Other Duties

Direct and supervise the investigation into any matter brought to its attention within the scope of the Committee's duties. Perform such other duties as may be assigned to it by the Board from time to time or as may be required by applicable law.

5. THE COMMITTEE CHAIR

In addition to the responsibilities of the Chair described above, the Chair has the primary responsibility for overseeing and reporting on the evaluations to be conducted by the Committee, as well as monitoring developments with respect to accounting and auditing matters in general and reporting to the Committee on any related significant developments.

6. COMMITTEE EVALUATION

The performance of the Committee shall be evaluated by the Board as part of its regular evaluation of the Board committees.

7. ACCESS TO INFORMATION AND AUTHORITY TO RETAIN INDEPENDENT ADVISORS

The Committee shall be granted unrestricted access to all information regarding the Company that is necessary or desirable to fulfil its duties and all directors, officers and employees of the Company will be directed to cooperate as requested by Members. The Committee has the authority to retain, at the Company's expense, independent legal, financial, and other advisors, consultants and experts to assist the Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve their fees. In selecting such advisors, consultants and experts, the Committee shall take into account factors relevant to their independence from the Company's management and other relevant considerations.

The Committee shall discharge its responsibilities, and shall assess the information provided by the Company's management and the external advisors, in accordance with its business judgment. Members are entitled to rely, absent knowledge to the contrary, on the integrity of the persons and organizations from whom they receive information, and on the accuracy and completeness of the information provided. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee or the Board a standard of care or diligence that is in any way more onerous or extensive than the standard to which the directors of the Board are subject under applicable law.

The Committee also has the authority to communicate directly with internal and external auditors. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or comply with IFRS and other applicable requirements. These are the responsibilities of the senior executives of the Company responsible for such matters and the external auditors. The Committee, the Chair and any Members identified as having accounting or related financial expertise are directors of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Company, and are specifically not accountable or responsible for the day-to-day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and the Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of the Company's financial

information or public disclosure. This Charter is not intended to change or interpret the constating documents of the Company or applicable law or stock exchange rule to which the Company is subject, and this Charter should be interpreted in a manner consistent with the constating documents of the Company and all applicable laws and rules.

The Board may, from time to time, permit departures from the terms of this Charter, either prospectively or retrospectively. This Charter is not intended to give rise to civil liability on the part of the Company or its directors or officers, to shareholders, security holders, customers, suppliers, competitors, employees or other persons, or to any other liability whatsoever on their part.

8. REVIEW OF CHARTER

The Committee shall periodically review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.