ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2020

June 30, 2021

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1. Introductory Notes

1.1. Forward Looking Statements

This discussion includes certain statements that may be deemed "forward-looking information" or "forward-looking statements" within the meaning of Canadian and United States securities law. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions of future events or performance (often, but not always, using words or phrases including, but not limited to, "expects", "does not expect", "is expected", "anticipates", "does not anticipate", "plans", "estimates", "believes", "does not believe" or "intends", or stating that certain actions, events or results may, could, would, might or will be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking information". This information represents predictions, and actual events or results may differ materially.

Forward-looking information may relate to the Company's future outlook and anticipated events or results and may include statements regarding the Company's financial results, future financial position, expected growth of cash flows, business strategy, budgets, projected costs, projected capital expenditures, taxes, plans, objectives, industry trends and growth opportunities. Forward-looking information contained in this discussion is based on certain assumptions regarding expected growth, results of operations, performance, industry trends and growth opportunities.

While management considers these assumptions to be reasonable, based on information available, they may prove to be incorrect. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to risks associated with general economic conditions; adverse industry events; marketing costs; loss of markets; future legislative and regulatory developments involving the mining, renewable energy and automotive industries; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; the mining, renewable energy and automotive industries generally; income tax and regulatory matters; the ability of the Company to implement its business strategies including royalty acquisition plans; competition; currency and interest rate fluctuations; and the other risks discussed under the heading "Risk Factors" in this Annual Information Form. The foregoing factors are not intended to be exhaustive.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date hereof and the Company and its directors, officers and employees disclaim any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, you should not place undue reliance on forward-looking statements due to the inherent uncertainty therein. All forward-looking information is expressly qualified in its entirety by this cautionary statement. Forward-looking information and other information contained herein concerning management's general expectations concerning the renewable energy industry are based on estimates prepared by management using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which management believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While management is not aware of any misstatements regarding any industry data or comparables presented herein, industry data and comparables are subject to change based on various factors. The Company has not independently verified any of this data from independent third-party sources.

Any forward-looking statements contained in this discussion are made as of the date hereof and the Company does not undertake to update or revise them, except as may be required by applicable securities law.

1.2. Currency

The Company's accounts are maintained in Canadian dollars and all dollar amounts herein are expressed in Canadian dollars unless otherwise indicated.

All financial information in this Annual Information Form ("AIF") is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

1.1. Effective Date of Information

Unless otherwise stated herein, the information in this AIF is for the fiscal year ended December 31, 2020 but is current as of June 30, 2021 unless otherwise clear from the context.

2. Corporate Structure

2.1 Name, Address and Incorporation

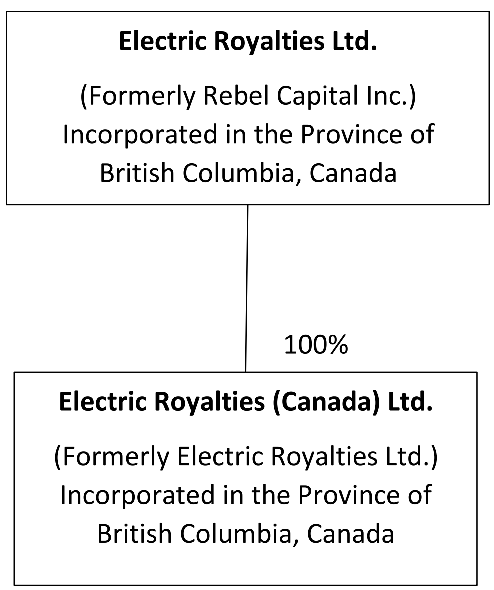
The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on September 16, 2016, under the name Rebel Capital Inc. ("Rebel"). Rebel completed its initial public offering on November 3, 2017 and was listed on the TSX Venture Exchange ("TSXV") as a capital pool company (a "CPC"). Trading of Rebel shares on the TSXV was halted on November 7, 2019 until it completed its qualifying transaction on June 24, 2020 (the "Qualifying Transaction"). The Qualifying Transaction was completed pursuant to a business combination agreement dated January 28, 2020, as amended, between the Company, 1238383 B.C. Ltd. (the "Subco") and a private company then named as Electric Royalties Ltd. (the "Legal Acquiree" or the "Operating Entity").

The Qualifying Transaction was a reverse-takeover of the Company and upon completion thereof, the Company changed its name to "Electric Royalties Ltd." and carried on the business previously carried on by the Legal Acquiree.

The head office of the Company is located at 14th Floor, 1040 West Georgia Street, Vancouver, British Columbia V6E 4H1. The registered office of the Company is located at Suite 2400, 745 Thurlow Street, Vancouver, British Columbia V6E 0C5.

2.2 Intercorporate Relationships

The chart below shows the current organizational structure of the Company:



3. General Development of the Business

The Company is a royalty company established to take advantage of the demand for a wide range of commodities (lithium, vanadium, manganese, tin, graphite, cobalt, nickel, zinc and copper) that will benefit from the drive toward electrification of a variety of consumer products: cars, rechargeable batteries, large scale energy storage, renewable energy generation and other applications.

The Company acquires revenue-based and net smelter return royalties on operating mines, mines under construction, development stage mining projects and exploration stage resource projects (collectively hereinafter “Projects”) from operators of Projects looking to raise capital to develop or explore Projects or to recapitalise their balance sheets as well as existing royalties held by third parties (collectively hereinafter the “Royalty Sellers”). Net smelter returns are broadly defined as the net revenue (after smelting and refining costs) that the owner of a Project receives from the smelter or refinery for the mine's metal or mineral products less specified transportation and insurance costs and net smelter return royalties that are a set percentage of the net smelter return (“NSR”). Gross revenue royalties entitle the royalty owner to a percentage of the gross revenue from the metals or minerals produced by a Project and sold (“GRR” or “GMR”).

The Company’s current portfolio consists of 12 royalties with 4 additional royalties currently under contract, subject to completion.

3.1. Summary of Business Activities

In July 2020, the Company acquired a 1% GRR over all revenues received or receivable by Northern Graphite in connection with graphite flotation concentrate produced from the Bissett Creek graphite project (the “Bissett Creek Project”). The royalty will be based on pricing for 94% Cg (total carbon in graphite form) concentrates and will not apply to the premiums received for higher purities or value-added products. The Company acquired the Bissett Creek royalty (the “Bissett Creek Royalty”) in exchange for 2,000,000 shares and $500,000 cash.

In July 2020, the Company acquired a portfolio (the “Globex Portfolio”) of seven royalties from Globex Mining Enterprises Inc. (“Globex”) in exchange for 3,000,000 shares and $500,000 cash. The Globex Portfolio consists of the following royalties:

- The Authier lithium royalty (the “Authier Royalty”), which is a 0.5% GMR on part of the Authier lithium project (the “Authier Lithium Project”). In the event the Authier Lithium Project enters commercial production within six years, the Company shall make a bonus payment of $250,000 in cash to Globex, such payment to be due and payable on the date that the Authier Lithium Project achieves 12 months of continuous commercial production, as defined in the definitive feasibility study for the Authier Lithium Project. The contingent bonus will escalate annually with the Consumer Price Index (“CPI”).

- The LaMotte Authier lithium royalty (the “LaMotte Royalty”), which is a 0.5% GMR on the Authier Lithium Project. The LaMotte Royalty relates to mining claim number CDC 2194819 (the “LaMotte Claim”) located in LaMotte Township, Range 6, Lot 7, in the Province of Quebec. The LaMotte Royalty covers one claim that forms part of the Authier Lithium Project.

- The Mont Sorcier vanadium royalty (the “Mont Sorcier Royalty”), which is a 1% GMR on the Vanadium production only on the Mont Sorcier project (the “Mont Sorcier Project”). The Mont Sorcier Project is located in Roy Township, Province of Quebec and comprises 37 mining claims.

- The Battery Hill manganese royalty (the “Battery Hill Royalty”), which is a 2% GMR on the Battery Hill project (the “Battery Hill Project”). The Battery Hill Project is located in Carleton County, Province of New Brunswick and comprises 32 mining claims. The Battery Hill Project is an advanced stage exploration project.

- The Authier lithium exploration royalty (the “Authier Lithium Exploration Royalty”), which is a 2% GMR on claims adjacent to the Authier Lithium Project (the “Authier Lithium Exploration Project”). The Authier Lithium Exploration Project is a greenfield exploration project.

- The Chubb lithium royalty (the “Chubb Royalty”), which is a 2% GMR on the Chubb lithium project (the “Chubb Lithium Project”) and the Bouvier lithium royalty (the “Bouvier Royalty”), which is a 2% GMR on the Bouvier lithium project (the “Bouvier Lithium Project”). The Chubb Lithium Project and Bouvier Lithium Project are located in Lacorne and Figuery Townships of Quebec, respectively, and collectively comprise 22 mineral claims. The Chubb Lithium Project and the Bouvier Lithium Project are greenfield exploration projects.

Also in July 2020, the Company announced the execution of the definitive acquisition agreements to acquire a portfolio of three royalties (“Global Energy Portfolio”) from Global Energy Metals Corp. (“Global Energy”) and in February 2021, the Company issued 1,150,000 shares and paid $150,000 to complete the acquisition of the Global Energy Portfolio, which consists of:

- The Millennium cobalt royalty (the “Millennium GMR Royalty”), which is a 0.5% GMR on the Millennium cobalt project (the “Millennium Cobalt Project”). The Millennium Cobalt Project is located near Mount Isa, Queensland, Australia. The Company has a call option (the “First Global Option”) exercisable at any time in the two years from the closing date of the acquisition (“Closing Date”) to acquire a 0.5% royalty on the NSR from the Millennium Cobalt Project (the “Millennium NSR Royalty”) for $500,000. Up to 25% of the payment is payable in shares, at the Company’s election. Upon exercise of the First Global Option, the Company will have a further call option, exercisable on the earlier of (i) the third anniversary of the Closing Date and (ii) six months from the date that a preliminary economic analysis or similar study on the Millennium Cobalt Project is provided by Global Metals to the Company, to increase the Millennium NSR Royalty to 1.5% for $1,000,000. Up to 25% of the payment is payable in shares, at the Company’s election.

- The Mt. Dorothy cobalt royalty (the “Mt. Dorothy Royalty”), which is a 0.5% GMR on the Mt. Dorothy cobalt project (the “Mt. Dorothy Cobalt Project”). The Mt. Dorothy Cobalt Project is an early stage exploration project located near Mount Isa, Queensland, Australia.

- The Cobalt Ridge royalty (the “Cobalt Ridge Royalty”), which is a 0.5% GMR on the Cobalt Ridge cobalt project (the “Cobalt Ridge Cobalt Project”). The Cobalt Ridge Cobalt Project is an early stage exploration project located near Mount Isa, Queensland, Australia.

In February 2021, the Company acquired a 1.5% NSR (the “NSR Interest” or the “Seymour Lake Royalty”) in the Seymour Lake lithium project (the “Seymour Lake Lithium Deposit”), being one-half of an aggregate 3.0% NSR (the “Project NSR”), directly from an arm’s-length holder (the “Royalty Investor”) who acquired the NSR Interest in 2011, with the balance of the Project NSR held by Sandstorm Gold Ltd. The NSR Interest was acquired by issuing a total of 3,000,000 common shares of the Company to the Royalty Investor.

In March 2021, and subsequently amended in May 2021, the Company announced that it is in the process of acquiring two royalties from Globex (the "Globex Transaction"). Total consideration for the Globex Transaction is $13,750,000 in cash and the issuance of 9,000,000 common shares of the Company and 5,500,000 common share purchase warrants of the Company. The Globex Transaction consists of:

- A sliding-scale, GMR on zinc production at the operating Middle Tennessee Mine (the "MTM Royalty"), located in Smith County, Tennessee, United States, and will be the Company's first cash-flowing royalty; and
- A 1% GRR on the Glassville manganese project, located in New Brunswick, Canada.

In April 2021, the Company announced that it had signed a non binding letter of intent ("LOI") with Sprott Resource Streaming and Royalty ("Sprott Streaming") regarding finance for the Globex Transaction. In May 2021, the Company reported that it had restructured the terms of Globex Transaction (see above) and the terms of the LOI with Sprott Streaming. Under the revised terms, Sprott Streaming can acquire 75% of the MTM Royalty by paying C$13.5 million in cash with the Company retaining 25% of the MTM Royalty, with an option to acquire a further 25% of the MTM Royalty from Sprott Streaming.

In May 2021, the Company announced that it has entered into a non-binding letter of intent with Vox Royalty Corp. ("Vox") to acquire a portfolio of two graphite royalties from Vox. Total consideration for the acquisition is $2,850,000, payable in common shares of the Company and a $50,000 cash non-refundable exclusivity payment. The portfolio consists of:

- A 2.5% gross concentrate sales royalty (the "Graphmada Royalty") on graphite production at the Graphmada Graphite Mining Complex ("Graphmada"), located in Madagascar and operated by ASX-listed Bass Metals Ltd. ("Bass Metals"); and
- a 0.75% GRR (the "Yalbra Royalty") on the Yalbra graphite project ("Yalbra"), located in Western Australia with an established high-grade graphite deposit, operated by Buxton Resources Limited.

3.2. Summary of Corporate Activities

On June 24, 2020, the Company completed its Qualifying Transaction under TSXV Policy 2.4 – Capital Pool Companies, and it concurrently changed its name from "Rebel Capital Inc." to "Electric Royalties Ltd." Prior to the Qualifying Transaction, the Company was a "Capital Pool Company" as defined pursuant to TSXV Policy 2.4 that performed no significant business activities other than the identification and evaluation of assets or business with the view of completing a qualifying transaction.

The Qualifying Transaction was completed pursuant to a business combination agreement dated January 28, 2020, as amended, between the Company, the Subco and the Legal Acquiree whereby shareholders of the Legal Acquiree exchanged 100% of the issued and outstanding common shares of the Legal Acquiree held by them for 20,000,100 common shares of the Company on a one-for-one post-Consolidation (as defined below) basis. The Qualifying Transaction resulted in a reverse takeover of Rebel by the shareholders of the Legal Acquiree as, immediately after the completion of the Qualifying Transaction, the number of post-Consolidation (as defined below) common shares of the Company issued and outstanding prior to the Qualifying Transaction represented only 5.4% of the issued and outstanding common shares of the Company following completion of the Qualifying Transaction.

Pursuant to the terms of the amalgamation agreement dated January 28, 2020 between Rebel, the Subco and the Legal Acquiree, and concurrently with the Qualifying Transaction, Rebel completed a consolidation of its common shares at a ratio of two (2) existing common shares for one (1) post-consolidation common share (the "Consolidation"). After the Consolidation, Rebel had 2,330,001 common shares and 100,000 share purchase options issued and outstanding.

Following the Consolidation, the Qualifying Transaction was effected by way of a "three-cornered" amalgamation, in which: (a) the Subco was amalgamated with the Legal Acquiree to form an amalgamated company ("Amalco"); (b) all issued and outstanding shares of the Legal Acquiree were exchanged for post-Consolidation shares of the Company on a 1:1 basis; and (c) Amalco became a wholly-owned subsidiary of the Company and was renamed as "Electric Royalties (Canada) Ltd."

Immediately prior to the completion of the Qualifying Transaction, the capital structure of the Legal Acquiree comprised 20,000,100 issued and outstanding common shares.

Concurrently with the Qualifying Transaction, Rebel completed a private placement (the "Private Placement") of 20,925,000 of subscription receipts ("Subscription Receipts") at $0.25 per Subscription Receipt for aggregate gross proceeds of $5,231,250 and net proceeds of $4,997,880 after deducting $233,370 in financing costs. The Subscription Receipts were automatically converted, without payment of additional consideration or further action by the holder thereof, into one post-Consolidation common share of Rebel immediately before the completion of the Qualifying Transaction.

For accounting purposes, the Qualifying Transaction is considered a "reverse takeover". A reverse takeover transaction involving a non-public operating entity and non-operating public company is in substance a capital transaction, rather than a business combination.

4. Description of the Business

4.1. General

4.1.1. Summary

The Company's business objectives are to acquire a portfolio of long-term, stable, and diversified royalty streams from Royalty Sellers and to provide shareholders with capital appreciation and a growing, sustainable, long-term cash distribution over time.

The Company management has identified over 500 potential royalty acquisition opportunities, over operating, construction, development or exploration stage Projects, through provision of development capital or acquisition of pre-existing royalties within the Company's focus commodities of nickel, copper, graphite, cobalt, tin, lithium, manganese and vanadium.

Traditional royalty-based financing has been used extensively in the North American natural resource, consumer products, industrial manufacturing, industrial services, healthcare and food sectors.

The Company's long-term objectives will be achieved by:

(i) Acquiring long-term GRR, GMR, and NSR royalties on Projects from Royalty Sellers;
(ii) Reinvesting royalty income to acquire new royalties on an ongoing basis to drive growth in the Company's assets and returns;
(iii) Using debt financing to acquire additional royalties in order to enhance financial returns for shareholders; and
(iv) Maintaining a low operating cost structure when compared to mining companies.

4.1.2. Industry Overview

Electric vehicle ("EV") sales, battery production capacity and renewable energy generation are slated to increase over the next several years and with it, the demand for these targeted commodities. This creates a unique opportunity to invest in and acquire royalties over the mines and projects that will supply the materials needed to feed the electric revolution.

4.1.2.1. Electrical Vehicles

The long-term outlook for EVs remains positive, as fundamental cost and technology improvements continues and price parity between EVs and internal combustion vehicles becomes closer. In addition to passenger cars, two- and three-wheeled vehicles (scooters, mopeds, motorcycles, tuktuks and rickshaws) and municipal buses are electrifying rapidly and this trend is expected to accelerate, with delivery vehicles and ride-hailing vehicles expected to be the next segment to adopt wide-scale electrification. Bloomberg New Energy Finance ("BNEF"), forecasts that EV battery demand will grow almost 14-fold to 1,755 GWh by 2030 and manufacturers have announced plans totaling 1,769 TWh of annual capacity planned by 2025. BNEF further expects that cumulative investment in all types of charging hardware and installation will reach $500 billion globally by 2040.

4.1.2.2. Renewable Energy

Renewable energy generation is the production of electricity from renewable sources of energy such as wind, water, solar, geothermal sources (heat or steam), or certain waste products, such as biomass (e.g. waste wood from forest product operations) and landfill gas. According to the International Renewable Energy Agency ("IRENA"), the global renewable energy market added over 260 GW of capacity in 2020, almost 50% more than in 2019. Over 80% of new electricity capacity added in 2020 was renewable, with wind and solar accounting for over 90% of this new renewable capacity[1]. The International Energy Agency ("IEA") also estimates that total renewable energy generation capacity will surpass natural gas generation in 2023 and coal in 2024, with renewables accounting for 99% of global electricity demand increase between 2020-2025[2].

According to BNEF, over US$300 billion was invested globally in 2020 in renewable energy generation capacity which pushed the cumulative investment since 2010 to nearly US$3 trillion. Solar was the largest source of growth in 2020, with over US$148 billion invested[3].

The unsubsidized levelized cost of electricity for utility-scale solar has dropped by 90% since 2009, due to a fall in capital costs and improvements in efficiency. This drastic price reduction has made solar the cheapest option for electricity generation in many jurisdictions, winning out over conventional fossil fuels (even natural gas) on an unsubsidized basis, according to Lazard[4].

4.1.2.3. Batteries (Energy Storage)

Battery storage systems store energy generated for use at a later time. This technology works well with renewables as it can reduce the variability in their production, such as with solar systems. Battery storage enables the storage of excess electricity produced and can provide clean energy to the grid during and outside generation hours to reduce demand on conventional sources of electricity. Batteries can mitigate grid congestion and defer the need for new power lines; however using batteries for network support is still nascent. Energy storage projects that provide transmission and distribution services will amount to a $277 billion market between 2020 and 2050, BNEF estimates. Battery systems are expected to grow rapidly over the coming years, with capacity in the US alone set to grow from 1.5 GW in 2020 to over 7.8 GW in 2025, according to Wood Mackenzie[5].

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[1] *Renewable Capacity Statistics 2021,* IRENA (https://www.irena.org/publications/2021/March/Renewable-Capacity-Statistics-2021)

[2] *Renewables 2020: Analysis and forecast to 2025*, IEA (https://www.iea.org/reports/renewables-2020)

[3] *Energy Transition Investment Trends 2021*, BNEF (https://about.bnef.com/energy-transition-investment/#toc-download)

[4] *Levelized Cost of Energy and Levelized Cost of Storage – 2020,* Lazard (https://www.lazard.com/perspective/levelized-cost-of-energy-and-levelized-cost-of-storage-2020/)

[5] *US Energy Storage Monitor Q1 2021*, Wood Mackenzie (https://www.woodmac.com/research/products/power-and-renewables/us-energy-storage-monitor/)

4.1.3. Current Royalty Portfolio

The Company currently owns a portfolio of 12 royalties on battery metal projects in Canada and Australia. A summary of the Company's portfolio as of the date of this AIF is as follows:

Royalty	Project	Type and Amount of Royalty	Property Owner	Location	Main Commodity
Bissett Creek Royalty:					
Bissett Creek Royalty	Bissett Creek Project	1% GRR	Northern Graphite Corporation	Ontario, Canada	Graphite
Globex Portfolio:					
Authier Royalty	Authier Lithium Project	0.5% GMR	Sayona Quebec Inc.	Quebec, Canada	Lithium
LaMotte Royalty	Authier Lithium Project	0.5% GMR	9087-1400 Quebec Inc.	Quebec, Canada	Lithium
Authier Lithium Exploration Royalty	Authier Lithium Exploration Project	2% GMR	Glen Eagle Resources Inc.	Quebec, Canada	Lithium
Mont Sorcier Royalty	Mont Sorcier Project	1% GMR	Vanadium One Iron Corp.	Quebec, Canada	Vanadium only
Battery Hill Royalty	Battery Hill Project	2% GMR	Sunset Cove Mining	New Brunswick, Canada	Manganese
Chubb Royalty	Chubb Lithium Project	2% GMR	Great Thunder Gold Corp.	Quebec, Canada	Lithium
Bouvier Royalty	Bouvier Lithium Project	2% GMR	Great Thunder Gold Corp.	Quebec, Canada	Lithium
Global Energy Portfolio:					
Millennium GMR Royalty	Millennium Cobalt Project	0.5% GMR	Global Energy Metals Corp.	Queensland, Australia	Cobalt
Mt. Dorothy Royalty	Mt. Dorothy Cobalt Project	0.5% GMR	Global Energy Metals Corp.	Queensland, Australia	Cobalt
Cobalt Ridge Royalty	Cobalt Ridge Cobalt Project	0.5% GMR	Global Energy Metals Corp.	Queensland, Australia	Cobalt
Seymour Lake Lithium Royalty:					
Seymour Lake Royalty	Seymour Lake Deposit	1.5% NSR	Arms Length Investor	Ontario, Canada	Lithium

4.1.3.1. Royalties Acquired in Fiscal Year 2020

A. Acquisition of Bissett Creek Graphite Royalty

On July 16, 2020, the Company announced the closing of the acquisition of a royalty over the Bissett Creek Project from TSXV-listed Northern Graphite Corporation ("Northern Graphite") pursuant to a binding letter agreement dated March 18, 2020, as amended, between the Company and Northern Graphite.

Bissett Creek Royalty

The Bissett Creek Royalty is a 1% GRR over all revenues received or receivable by Northern Graphite in connection with graphite flotation concentrate produced from the Bissett Creek Project. The royalty will be based on pricing for 94% Cg (total carbon in graphite form) concentrates and will not apply to the premiums received for higher purities or value-added products. The Company acquired the Bissett Creek Royalty in exchange for 2,000,000 shares and $500,000 cash.

Bissett Creek Royalty Option

The Company has a call option, exercisable at any time for a period of two years from July 15, 2020, to acquire a further 0.5% GRR on the Bissett Creek Project by paying $750,000 to Northern Graphite, of which up to 25% can be paid in shares, valued at the preceding 5-day volume weighted closing price of the Company's shares on the TSXV. The additional 0.5% GRR will become part of the Bissett Creek Royalty.

Northern Graphite Buy Back Option

Northern Graphite has the option, exercisable at any time after 12 months from July 15, 2020, to buy back a 0.5% GRR on the Bissett Creek Project by either paying (i) $1,500,000 cash, or (ii) returning the original 2,000,000 shares. If the buy-back option is exercised, 0.5% shall be deducted from the Bissett Creek Royalty.

Bissett Creek Project

The Bissett Creek Project is an advanced stage graphite deposit with excellent logistics located within 15 km of the Trans-Canada Highway near Deep River, Ontario. A sizeable portion of the graphite from the deposit occurs in larger flake sizes which command a price premium in the market. Bissett Creek is a near surface deposit, which will be mined by open pit methods at a low strip ratio. The current life of the mine is 21 years with an average annual production rate of 33,200 tonnes of graphite concentrate[6]. The deposit also contains significant measured and indicated resources which are not included in the mine plan presently, inferred resources which could potentially be upgraded, and the deposit has not yet been closed off by drilling - all of which create the potential to expand production or extend the mine life. Processing of mill feed coming from the pit is expected to be straightforward with no technological issues. In-pit material will be drilled, blasted and trucked to the mill, where it will go through a conventional crushing, grinding and flotation process. The objective is not only to produce a high-grade graphite concentrate, but also to preserve the large size of the graphite flakes to maximize the value of the

[6] Based on a 2013 Preliminary Economic Assessment ("PEA") using a weighted average concentrate price of US$1,800/t and a CDN/US dollar exchange rate of 1.05. More information is available in the PEA technical report dated December 2013 filed on the Northern Graphite profile at www.sedar.com.

concentrate. This information is based on technical work programs reported in a PEA study that is preliminary in nature and, as such, there is no certainty that the projections will be realized.

The Ontario Ministry of Energy, Northern Development and Mines has approved Northern Graphite's Mine Closure Plan (the "MCP") which authorizes Northern Graphite to build and operate the mine. Due to a number of design and operational improvements made to enhance project economics and to the passage of time, Northern Graphite is now required to file an amendment to the MCP. Northern Graphite is also in the very advanced stages of finalizing a number of other authorizations and permits. These include the Ministry of Natural Resources and Forestry's provincial Class Environmental Assessment which relates to the construction and upgrade of crown roads and water crossings and harvesting of crown timber; a Permit to Take Water under the Ontario Water Resources Act; and authorizations under the Lakes and Rivers Improvement Act and the Endangered Species Act.

In 2020, Northern Graphite announced results from comprehensive metallurgical testing carried out at SGS Lakefield. The work validated changes designed to simplify the flow sheet and to reduce capital and operating costs. Testing indicated that the new flowsheet will increase average concentrate purities from 94.5 to 97.2% with a small decline in recoveries (from 94.7 to 92.4%) and large flake yields (Northern Graphite news release dated July 23, 2020).

In February 2021, Northern Graphite announced that ongoing metallurgical testing continued to confirm the high percentage of valuable, large flake concentrates that will be produced from its Bissett Creek deposit. Recent tests have averaged 22 per cent +32 mesh (XXL) flake and 46 per cent +48 mesh (XL) flake. Cumulatively, 95 per cent of concentrates produced are expected to be greater than 80 mesh, which is the cut-off for large flake. All figures are believed to be the highest large flake yields reported from any worldwide graphite project. Few deposits contain any appreciable amounts of XXL flake material. As a result, the market is undersupplied and prices exceed US$2,000/tonne. XL flake graphite sells for approximately US$1,750/t, large flake for US$1,020/t and small flake for only US$600/tonne (Northern Graphite news release dated February 22, 2021).

Northern Graphite announced (news release dated April 26, 2021) that ProGraphite GmbH ("ProGraphite") had completed the first phase of testing designed to characterize and optimize Northern Graphite's graphite concentrates for use in advanced applications such as fuel cells, lithium ion batteries and flow batteries as well as in traditional markets. ProGraphite concluded that graphite from the Bissett Creek deposit has an almost unique combination of high carbon content and extremely coarse particle size distribution. ProGraphite indicated that the greatest potential for Bissett Creek graphite is in the fast-growing expandable graphite market, especially with respect to its use in the manufacture of bipolar plates for hydrogen fuel cells. A second phase of testing has commenced to characterize it for use in lithium ion batteries.

B. Acquisition of Portfolio of 7 Royalties

On July 13, 2020, the Company announced the closing of the acquisition of the Globex Portfolio from Globex, pursuant to a binding letter agreement dated August 30, 2019, as amended, between the Company and Globex.

The Globex Portfolio consists of the following royalties:

Authier Royalty

The Authier Royalty is a 0.5% GMR on part of the Authier Lithium Project. The Authier Lithium Project is located in the municipality of Preissac in the Province of Quebec and comprises 19 mineral claims. Sayona Mining Limited (”Sayona”) completed a revised definitive feasibility study on the Authier Lithium Project in November 2019 under JORC[7]. The Authier Lithium Project is located in close proximity to established infrastructure, including rail and road, and has access to a skilled local workforce and as a result, there is no requirement for on-site infrastructure such as accommodation camps and power plants. The Authier Lithium Project also benefits from access to cheap, environmentally friendly hydroelectric power, simple deposit geology, and well understood mining and production processes.

Sayona conducted fieldwork in 2020 to support the environmental assessment process (“EIS”) and progress in geotechnical studies (Sayona news release August 21, 2020). Sayona anticipates that a public hearing under the ‘BAPE’ (bureau d’audiences publiques en environnement) process will be authorised before June 2021 and scheduled for the summer to advance toward an EIS approval decision (Sayona news release dated December 21, 2020).

On March 31, 2021 Sayona announced that it plans to conduct product trials with leading battery researcher Novonix Limited (“Novonix”), focused on delivering a clean and green 99.97% lithium hydroxide battery suitable for North American EV makers. The samples will then be sent to Novonix’s independent battery testing facilities in Nova Scotia, Canada, to evaluate their conformity with lithium-ion battery standards and enable performance comparisons in commercial cells suitable for potential offtake partners. The aim of the tests is to highlight the Authier Lithium Project’s ability to deliver a minimum 99.97% lithium hydroxide product suitable for leading battery cathode makers in North America.

Sayona also announced that it plans additional drilling at the Authier Lithium Project in 2021.

LaMotte Royalty

The LaMotte Royalty is a 0.5% GMR on the Authier Lithium Project. The LaMotte Royalty relates the LaMotte Claim located in LaMotte Township, Range 6, Lot 7, in the Province of Quebec. The LaMotte Royalty covers one claim that forms part of the Authier Lithium Project.

Mont Sorcier Royalty

The Mont Sorcier Royalty is a 1% GMR on the Vanadium production only on the Mont Sorcier Project. The Mont Sorcier Project is located in Roy Township, Province of Quebec and comprises 37 mining claims. TSXV-listed Vanadium One Iron Corp. (“Vanadium One”) completed a PEA for an open pit mine at the Mont Sorcier Project (Vanadium One news release dated February 27, 2020), estimating annual production of approximately 5.0 million tonnes of high grade, low impurity, iron concentrate grading ~65%

[7] “JORC” means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

iron with 0.6% V_2O_5 and a potential mine life of 37 years[8]. The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have economic considerations applied that would enable them to be categorized as mineral reserves. There is no certainty that the operation described in the PEA will be realized.

The Mont Sorcier Project is located in a region with a long history of mining and robust infrastructure in place to support future mineral development. There is access to all-season roads, low-cost hydro power from the provincial grid and the Mont Sorcier Project is located within 20 km of the rail head connected to two all-season, ocean-going ports.

A diamond drilling program designed to increase resources at Mont Sorcier was completed by Vanadium One in 2020 (Vanadium One news release dated November 2, 2020). A total of 3,414 metres were drilled in ten holes, targeting the eastern extension of the North Zone and covering more than 1.5 kilometers along strike.

On May 17, 2021, Vanadium One announced an updated mineral resource estimate for its Mont Sorcier iron and vanadium project located in Chibougamau, Quebec (Vanadium One news release dated May 17, 2021). The updated resource incorporates results from the 2020 drill program. This has resulted in an increase in the North Zone inferred mineral resource from 376 Mt to 809.1 Mt, an addition of 433 Mt or 115% increase.[9] The current mineral resources include indicated resources of 113.5 Mt grading 30.9% magnetite and inferred resources of 953.7 Mt grading 32.8% magnetite.[8]

Also in May 2021, Vanadium One announced that it entered into a long-term arrangement with a wholly owned subsidiary of Glencore plc ("Glencore") to support the development of the Mont Sorcier iron and vanadium project located in Chibougamau, Quebec. The parties have entered into a finance raising assistance agreement and a separate concentrate offtake agreement to support the ongoing development and the eventual construction and production of the Mont Sorcier iron and vanadium project (Vanadium One news release dated May 12, 2021).

Battery Hill Royalty

The Battery Hill Royalty is a 2% GMR on the Battery Hill Project. The Battery Hill Project is located in Carleton County, Province of New Brunswick and comprises 32 mining claims. The Battery Hill Project is an advanced stage exploration project.

TSXV-listed Manganese X Energy ("Manganese X") filed a technical report on the Battery Hill Project in July 2020 that provided an update of work on the project since 2016. Manganese X also announced that it had completed a 28-hole, 4,509-meter drilling program in 2020. Results from a metallurgical testwork by Kemetco Research Inc. ("Kemetco") was also reported in 2020. In phase one, involving of a series of bench-scale leach, purification, and crystallization processes, a high purity manganese sulphate product with a purity of up to 99.95% was produced (Manganese X news release dated September 11, 2020).

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[8] Based on analysts concensus 65% Fe benchmark price US$92/dmu with US$15/dmu titanium credit, establishing a selling price of US$107/dmu cost and freight to port in China. Exchange rate is US$:$ 1:1.32. Further information can be found in the PEA technical report, effective date 2020 filed on the Vanadium One profile at www.sedar.com.

[9] Resource cut-off grade: 20% Fe2O3. Vanadium One's May 17, 2021 news release announced that a technical report on the mineral resource estimate will be filed within 45 days.

Phase two consisted of the development of a more efficient, workable extraction process and flow sheet for the generation of high-grade manganese sulphate. The results are very encouraging as they provide a potential route to eliminate a major step in the purification process that would result in major cost benefits as well as an increase in purification efficiency (Manganese X news release dated January 11, 2021).

In 2021, Manganese X announced that it would utilize its 2020 drill results to complete a resource estimate for the project (Manganese X news release dated February 21, 2021). The project has also entered phase three of a metallurgical study with Kemetco, which will include Manganese X filing a provisional patent on the manganese purification process and further refinement of the ultra-high manganese product flow sheet (Manganese X news release dated March 4, 2021). These results will be utilized in a PEA and environmental study for the project. In April, Manganese X announced that it had selected global consulting and engineering company Wood (John Wood Group plc) to conduct the PEA. The objective of the PEA is to measure Battery Hill's full economic and commercialization potential to produce premium ultra-high-purity battery-grade manganese products for the burgeoning North American EV and energy storage sectors (Manganese X news release dated April 22, 2021).

Authier Lithium Exploration Royalty

The Authier Lithium Exploration Royalty is a 2% GMR on claims adjacent to the Authier Lithium Project (the "Authier Lithium Exploration Project"). The Authier Lithium Exploration Project is a greenfield exploration project.

Chubb Royalty and Bouvier Royalty

The Chubb Royalty is a 2% GMR on the Chubb lithium Project and the Bouvier Royalty is a 2% GMR on the Bouvier lithium Project. The Chubb Lithium Project and the Bouvier Lithium Project are located in Lacorne and Figuery Townships of Quebec, respectively, and collectively comprise 22 mineral claims. The Chubb Lithium Project and the Bouvier Lithium Project are greenfield exploration projects. Great Thunder Gold Corp. ("Great Thunder") has initiated a drilling program consisting of 15 diamond drill holes totaling 2,250 metres on the Chubb Lithium Project in 2021 (Great Thunder news release dated May 4, 2021).

The Company acquired the Globex Portfolio in exchange for 3,000,000 shares and $500,000 cash. In the event the Authier Lithium Project enters commercial production within six years, the Company shall make a bonus payment of $250,000 in cash to Globex, such payment to be due and payable on the date that the Authier Lithium Project achieves 12 months of continuous commercial production, as defined in the definitive feasibility study for the Authier Lithium Project. The contingent bonus will escalate annually with the CPI.

4.1.3.2. Royalties Acquired Subsequent to Fiscal Year 2020

A. **Acquisition of 3 Cobalt Royalties**

On July 23, 2020, the Company announced the execution of the definitive acquisition agreements to acquire the Global Energy Portfolio from Global Energy.

Millennium GMR Royalty

The Millennium GMR Royalty is a 0.5% GMR on the Millennium Cobalt Project. The Millennium Cobalt Project is located near Mount Isa, Queensland, Australia.

The Millennium Cobalt Project is an advanced exploration stage cobalt-copper project located in the Mount Isa mining district in the northern part of the jurisdictionally safe state of Queensland, Australia. The deposit is well located, close to the regional centres of Mount Isa and Cloncurry with their well-established mining, transport and processing infrastructure and skilled workforce. There is potential to expand the known resource at the Millennium Cobalt Project, and preliminary metallurgical studies have demonstrated the potential to recover in excess of 91% of the cobalt and copper[10].

In January, the Company announced that it had acquired approval from the Australian Financial Investment Review Board for the acquisition of the Millennium GMR Royalty. TSXV-listed Global Energy reported the results of metallurgical testwork for the Millennium Cobalt Project in 2020. Separate copper and cobalt concentrates can be readily floated from samples from the Millennium Cobalt Project deposit, with recoveries of 93% cobalt (Co), 93% copper (Cu), and 80% gold (Au). Utilizing the Cobalt Blue Process to treat the cobalt concentrate resulted in the extraction of 90% Co, 95% Cu with 90% of the Au extracted in two steps - 10% in Cobalt Blue Process followed by 80% in cyanide leach of the Cobalt Blue Process residue. Cobalt Blue recommended a PEA be completed to assess the overall costs utilizing this process (Global Energy news release dated April 6, 2020).

Mt. Dorothy Royalty

The Mt. Dorothy Royalty is a 0.5% GMR on the Mt. Dorothy Cobalt Project. The Mt. Dorothy Cobalt Project is an early stage exploration project located near Mount Isa, Queensland, Australia.

Cobalt Ridge Royalty

The Cobalt Ridge Royalty is a 0.5% GMR on the Cobalt Ridge Cobalt Project. The Cobalt Ridge Cobalt Project is an early stage exploration project located near Mount Isa, Queensland, Australia.

In February 2021, the Company issued 1,150,000 shares and paid $150,000 to complete the acquisition of the Global Energy Portfolio.

First Global Call Option

The Company has a call option (the "First Global Option") exercisable at any time in the two years from the Closing Date to acquire the Millennium NSR Royalty for $500,000. Up to 25% of the payment is payable in shares, at the Company's election. Upon exercise of the First Global Option, the Company will have a further call option, exercisable on the earlier of (i) the third anniversary of the Closing Date and (ii) six months from the date that a preliminary economic analysis or similar study on the Millennium Cobalt Project is provided by Global Metals to the Company, to increase the Millennium NSR Royalty to 1.5% for $1,000,000.

Up to 25% of the payment is payable in shares, at the Company's election.

[10] Further information is available in the NI 43-101 Technical Report Millennium Co-Cu-Au Deposit Mt. Isa, Australia dated February 14, 2019 on the Global Energy Metals Corp profile at www.sedar.com.

B. **Acquisition of Lithium Royalty**

On February 17, 2021, the Company announced the execution of a purchase and sale agreement to acquire the Seymour Lake Royalty from an arm's-length party on the Seymour Lake Lithium Deposit. Seymour Lake Lithium Deposit consists of multiple prospective targets including North Aubry, Central Aubry, South Aubry and Pye within spodumene-bearing pegmatities. The 16,654 ha property is located near significant infrastructure in northwestern Ontario, Canada.

The Company acquired the Seymour Lake Royalty, being one-half of the Project NSR, directly from the Royalty Investor who acquired the Seymour Lake Royalty in 2011, with the balance of the Project NSR held by Sandstorm Gold Ltd. The Seymour Lake Royalty was acquired by issuing a total of 3,000,000 common shares of the Company to the Royalty Investor.

4.1.3.3. <u>Royalty Acquisitions in Process</u>

A. Agreement to Acquire a Zinc Royalty and a Manganese Royalty

In March 2021 and subsequently amended in May 2021, the Company announced that it is in the process of acquiring two royalties from Globex. The first of these is a sliding-scale GMR on zinc production at the operating Middle Tennessee Mine ("MTM"), located in Smith County, Tennessee, United States, and will be the Company's first cash-flowing royalty. The transaction also includes 1% GRR on the Glassville manganese project, located in New Brunswick, Canada.

Total consideration for the Globex Transaction is $13,750,000 in cash and the issuance of 9,000,000 common shares of the Company and 5,500,000 common share purchase warrants of the Company. The common share purchase warrants have an exercise price of $0.60 per warrant exercisable to acquire one common share for a period of 4 years. In the event the Company's share price trades above $1.00 per share for 10 consecutive days after year 2, 50% (2,750,000) of the warrants expire within 30 days of such date; and in the event the Company's share price trades above $1.50 per share for 10 consecutive days after year 3, all warrants expire within 30 days of such date.

Following the execution of the Globex Transaction, the Company made a non-refundable down payment of $250,000 cash, offset against the total consideration payable on closing. Closing of the Globex Transaction is subject to the Company completing a minimum funding of $10,000,000 or bringing in a financial partner (which may acquire part of the MTM Royalty directly) to satisfy the financing requirement.

In April 2021, the Company announced that it had signed a non-binding letter of intent with Sprott Streaming regarding finance for the Globex Transaction. In May 2021, the Company reported that it had restructured the terms with Sprott Streaming. Under the revised terms, Sprott Streaming can acquire 75% of the MTM Royalty by paying C$13.5 million in cash with the Company retaining 25% of the MTM Royalty. The proposed co-investment represents 100% of the MTM Royalty acquisition cash consideration. The proposed transaction is subject to completion of due diligence to the satisfaction of Sprott Streaming and other customary matters.

The Company will have an option to acquire an additional 25% of the MTM Royalty from Sprott Streaming at the end of year 1 by paying C$4.95 million, minus the cash royalty payments received by a 25% royalty owner, up to C$150,000; or, at the end of year 2 for C$5.45 million, minus the cash royalty payments received by a 25% royalty owner, up to C$300,000.

Closing of the Globex Transaction will occur following satisfaction of raising the required financing, completion of due diligence to the satisfaction of the Company and customary conditions including the approval of the TSXV as well as the execution of definitive transaction documentation.

MTM Zinc Royalty

The MTM Royalty is a sliding-scale, GMR on zinc production at the operating MTM, located in Smith County, Tennessee, United States, and operated by a subsidiary of Trafigura Group ("Trafigura"). The MTM Royalty is a sliding scale GMR, with no royalty payable if the zinc price is below US$0.90 per pound, 1.0% between US$0.90 and US$1.10 and 1.4% at zinc prices above US$1.10 per pound. In the event the zinc price received by the operator of MTM averages above US$2.00 per pound for 3 consecutive months, the Company will make an additional $1,000,000 cash payment to Globex.

Three underground mines make up the complex including Gordonsville, Elmwood and Cumberland. MTM is an operation with significant resource potential. The mine complex is owned by Trafigura and operated by Nyrstar, their integrated mining business unit that also owns the nearby Clarksville, Tennessee smelter complex. The MTM complex has been in intermittent operation for over 50 years.

Glassville Manganese Royalty

The Company is also acquiring a 1% GRR on the Glassville manganese project. The Glassville manganese project is located in close proximity to the Battery Hill Project in New Brunswick, Canada, on which the Company holds an existing royalty.

B. Letter of Intent to Acquire 2 Graphite Royalties

In May 2021, the Company announced that it has entered into a non-binding LOI with Vox to acquire a portfolio of two graphite royalties from Vox. The portfolio consists of a 2.5% gross concentrate sales royalty on graphite production at Graphmada, located in Madagascar and operated by Bass Metals, and a 0.75% GRR on Yalbra, located in Western Australia with an established high-grade graphite deposit. Total consideration for the acquisition is $2,850,000, payable in common shares of the Company and a $50,000 cash non-refundable exclusivity payment. Closing of the acquisition is conditional upon completion of due diligence and customary conditions including the approval of the TSX Venture Exchange and the execution of definitive transaction documentation.

Graphmada Royalty

The Graphmada Royalty is a 2.5% gross concentrate sales royalty on graphite production at Graphmada, located in Madagascar, and operated by ASX-listed Bass Metals Ltd. The Graphmada Royalty provides exposure to near-term graphite production from an existing facility with a process plant capable of producing 6,000 tonnes per annum of large flake graphite concentrate. Graphmada was in operation for 20 continuous months producing concentrates comprised of more than 43% large to jumbo flake graphite but is currently on temporary care and maintenance due to in-country restrictions due to a coronavirus strain called COVID-19 ("COVID-19"). A drilling campaign and mining studies are currently underway at Graphmada with the objective to increase future mine production through organic growth and plant upgrades.

The Graphmada Royalty is capped at the earlier of A$5 million in royalty revenues or at December 31, 2028.

Yalbra Royalty

The Yalbra Royalty is a 0.75% GRR on Yalbra, located in Western Australia. The Yalbra Royalty provides exposure to a high-grade graphite deposit with exploration upside potential and is operated by Buxton Resources Limited.

The Vox transaction also offers the opportunity to establish a partnership with a high growth precious metals royalty and streaming company with a portfolio of 50 royalties and streams spanning nine jurisdictions. Vox owns a proprietary database of over 7,000 royalties that has enabled an industry-leading growth rate through the completion of over 20 transactions and the acquisition of 45 royalties since January 2019.

Qualified Person Statement

The technical information in this AIF has been reviewed and approved by David Gaunt, P.Geo, a qualified person who is not independent of the Company.

Impact of COVID-19 on Royalty Portfolio

In the first quarter of 2020, a public health emergency was declared globally as a result of COVID-19. COVID-19 has resulted in many countries and governments issuing “stay at home” orders that have restricted public gatherings and limited the ability of their residents to travel locally, regionally and internationally, and also the closure of various businesses.

To date, COVID-19 has not materially impacted the Company’s current portfolio of royalties. Also see *Section 4 – Risk Related to Disease Outbreaks.*

Material Mineral Projects

The Company considers its royalty interests on the Bissett Creek Project to be currently its only interest in material mineral properties for the purposes of NI 43-101.

4.1.3.4. Technical Disclosure on the Bissett Creek Project

The information set out below is summarized from the Bissett Creek Technical Report, a copy of which is available on Northern Graphite’s SEDAR profile at www.sedar.com.

The scientific and technical information regarding the Bissett Creek Project contained in this Filing Statement has been summarized from or is based on (i) the Bissett Creek Technical Report available on Northern Graphite’s SEDAR profile; (ii) Northern Graphite’s news release dated February 28, 2018 announcing updated financial metrics for the Bissett Creek Technical Report available on Northern Graphite’s SEDAR profile; (iii) the information disclosed in the Bissett Creek AIF available on Northern Graphite’s SEDAR profile; and (iv) information disclosed in the Bissett Creek Mine Environmental Study Report prepared by Stantec Consulting Ltd. dated August 19, 2019 available on Northern Graphite’s website.

Property Description and Location

The Bissett Creek Project is located in the United Townships of Head, Clara and Maria, in the County of Renfrew in the Province of Ontario, approximately 300 km northeast of Toronto and 200 km west of Ottawa, Ontario, Canada. Access to the property is obtained via 15 km of gravel road located 53 km east of the town of Mattawa off Trans-Canada Highway (Highway 17).

History and Exploration

The Bissett Creek Project was first staked by Frank Tagliamonte and Associates in 1980. Donegal Resources Ltd. ("**Donegal**") optioned the property in the same year. Limited work was performed by Donegal prior to its relinquishing the option. In 1981, Hartford Resources Inc. ("**Hartford**") optioned the property and staked an additional 24 claims. In 1982, Hartford carried out a program of line cutting/ VLF-EM surveying and trenching. In 1984, Princeton Resources Corporation ("**Princeton**") acquired a 100% interest in the Bissett Creek Project through its acquisition of Hartford.

In 1984, Princeton completed a program of property reconnaissance, road and grid line surveys, followed by geological mapping, trenching, trench sampling, bulk sampling and diamond drilling. In 1985, Princeton continued its exploration work with the extension of geological grid mapping over the center of the property, magnetic survey, diamond drilling, and bulk sampling. A pilot plant was constructed on site and 4,000 t were mined from three sites.

In November 1986, North Coast Industries Ltd. ("**North Coast**") entered into an option agreement with Princeton whereby North Coast would earn a 58% interest in the Bissett Creek Project by building a batch testing plant, extracting a bulk sample and producing flake product for end user tests. North Coast was awarded its 58% in June of 1987, and subsequently acquired Princeton's remaining 42% interest on February 6, 1989. From its option in 1986 up to 1989, North Coast completed geological mapping, outcrop sampling, trenching, bulk sampling, resource estimates and engineering studies. These studies culminated in a prefeasibility study in 1987 and a feasibility study completed in April 1989. *The feasibility study and resource estimate were not completed in accordance with NI 43-101 and therefore should not be relied upon.*

In 2002, Industrial Minerals Canada Inc. ("**IMI**") took over ownership of the property and attempted to develop a dry process for graphite recovery. IMI changed its name to Northern Graphite Corporation in December 2009.

In 2007, IMI produced a technical report on the Bissett Creek Project. Northern Graphite completed additional drilling, surveying, topographic surveys and geophysics from 2010 through 2011.

In July 2012, G Mining Services Inc. prepared the NI 43-101 Technical Report – Bankable Feasibility Study on the Bissett Creek Project, Canada for Northern Graphite dated August 23, 2012 (the "**NG FS**"). On September 23, 2013, based on additional drilling a resource and reserve update for the NG FS was developed by AGP Mining Consultants. These results culminated in the completion of the Bissett Creek Technical Report. The Bissett Creek Technical Report was updated on February 28, 2018 with current prices and exchange rates (the "**2018 PEA Update**").

Geological Setting, Mineralization, and Deposit Types

The Bissett Creek Project lies within the Ontario segment of the Central Gneiss Belt of the Grenville Structural Province. Mapping of the area indicates that the Bissett Creek Project and the surrounding area are underlain by Middle Precambrian meta-sediments. The host rock to the graphite is a medium to coarse-grained, grey, quartz-rich gneiss. The three main gneisses that are found on the property are the graphitic gneiss, the barren gneiss and the transitional graphitic gneiss. The Bissett Creek deposit is classified as disseminated flake graphite in silica-rich metasediments. The graphite at the deposit tends to be associated with biotite. Sulphides appear in the graphitic gneiss at a sulphur content ranging between 0.8% and 1.86%. The western edge of the graphitic gneiss is truncated by erosion. The eastern limit of graphite outcrop is determined by the overlying barren gneiss contact. The limits of graphitic gneiss exposure form an irregular area with a north-south length of 2.1 km; east-west dimensions reach a maximum of 1.2 km. The graphitic gneiss exposure tapers dramatically toward the north and south before being lost through structural displacement or erosion.

Drilling

A major program was conducted by Princeton in 1985, where a total of 5,156 m were drilled and a 4,000-t bulk sample was extracted for pilot plant testing. Additional drilling occurred in 1986 and 1987. In 2007, IMI completed six vertical diamond drill holes for a total of 246 m. In 2010, Northern Graphite conducted another drilling program to validate historical data, to extend the mineralized zone and to upgrade inferred resources into indicated resources. In 2012, a 61-hole drill program was performed to infill a significant portion of the previous inferred resources with the objective of upgrading them to the measured and indicated categories. In addition, the potential for higher grade zones to extend outside of the current resource model was tested.

	Percussion	Geotech	# DDH	Total DDH m
1984			4	187.8
1985			102	5156.3
1986			6	274.3
1987	82		45	2154.0
Sub Total	**82**		**157**	**7772.4**
2007			6	246.4
2010		17	51	2926.9
2012			61	3425.0
Total	**82**	**17**	**275**	**14370.7**

Figure 1 Drilling Summary for Bissett Creek Project

Sample Analyses and Data Validation

Graphite is evaluated and marketed on its flake size, carbon content and ash content. Flake size is determined with standard “tyler” sieve size openings. The ash content is determined by qualitative spectrographic analysis.

During the course of the Bissett Creek Project, the carbon content was evaluated using various methods, including double loss-on-ignition LECO, and coulomtry. The LECO method was considered to produce the most reliable readings; however locked cycle testing led to a discrepancy of 4% to 12% between direct and reconstituted head grades. In 2012 the assay method was investigated to identify the source of the discrepancies. The final concentrates were re-assayed using the DLOI method and results confirmed the original LECO data, thus suggesting that the direct head grade of the composites using in locked cycle testing were understated. Repeat analysis of the head samples with different assay methods and by different labs led to the conclusion that the sample preparation conditions and the leach conditions and acid used for the graphitic carbon analysis were to aggressive, thus leaching some of the graphite. Consequently, the 4% to 12% difference between direct and constituted head grades were attributed primarily to the conditions and specific assay method used in the determination of the head grades.

There is no documentation on the QA/QC procedures for the drilling conducted in the 1980s. Starting in 2010, Northern Graphite introduced a QA/QC programs with blanks, standards, and duplicates. This program continued in 2012 with the addition of a matrix match reference material that was developed specifically for Northern Graphite using mineralized material from the Bissett Creek Project deposit. The historical drill holes were validated by SGS Canada Inc., using five twinned holes drilled as part of the 2010 drill campaign.

In 2012 after review of QA/QC data performance for blanks, duplicates, and reference material, the Qualified Person for AGP Mining Consultants Inc. concluded that drill analyses had sufficient precision and repeatability to support mineral resources.

Mineral Resource Estimate

The mineral resource was estimated using Ordinary Kriging to interpolate Cg into a block model with block sizes of 8m x 8m x 3m (x,y,z). Prior to interpolation the mineralised zone was partitioned into higher grade and lower grade domains based on raw assay probability plots. A barren gneissic unit was modeled to limit mineralisation and several interior barren zones were also interpreted. In addition, a surface was developed to represent the hard rock/overburden contact and a LIDAR survey completed to develop a high resolution topography surface.

High grade data was not capped prior to interpolation, however its influence was limited through a sample search restriction set at a threshold of 6% Cg. Based on the small range of bulk density results, the entire model was set to a density of 2.72 g/cm^3 with the exception of the overburden, which was set to a density of 1.8 g/cm^3.

Kriging parameters including nugget, structures and range were obtained from variographic analysis however the search strategy was modified to accommodate the geometry of the mineralized zones. Several sub-domains were defined within which the search ellipse orientation was modified to better accommodate the orientation of the mineralisation.

A resource classification scheme was developed based on a blocks distance to the closest sample. The classification of any given block could also be modified based on the number of historical holes informing the block. Isolated blocks were upgraded or downgraded in their classification based on the class value of surrounding blocks.

	Measured + Indicated Resources			Inferred Resources		
Cutoff	Tonnage	Cg%	In Situ Graphite (t)	Tonnage	Cg%	In Situ Graphite (t)
1.02	69,791,000	1.74	1,213,000	24,038,000	1.65	396,000

Figure 2 Mineral Resource of Bissett Creek property as of May 7, 2013

Mine Planning and Operations

The Bissett Creek Project is expected to be mined by open pit methods proceeding in nine phases. The life of the mine is expected to be 22 years at an average production rate of 1.8 Mtpa. Mill feed from the mine will be crushed by a mobile jaw crusher, and conveyed to a stockpile. Crushed mill feed will then be reclaimed to the concentrator building. The mill feed will then go through successive steps of grinding, flotation and screening on progressively finer particles. The objective is to produce a high grade graphite concentrate, but also to preserve as much as possible the large size of the graphite flakes to maximize the value of the concentrates. The graphite concentrate will be thickened to remove excess water, before being filtered and dried then bagged and sold.

The Bissett Creek Project will require specific infrastructure to be built in order to support the mining and processing operations. Natural gas will be transported to the site by truck in the form of compressed natural gas from a compressor station to be built approximately 15 km east of project on the large gas pipeline that parallels the trans-Canada highway. Support buildings and infrastructure will include water pumping stations, water treatment for waste water disposal and for potable use. A dry storage warehouse will be built near the processing plant. Offices and an assay and metallurgical laboratory will be included inside the concentrator building. Services such as change rooms and lunch room will be integrated into the office complex. A diesel storage area will be built in order to store fuel for the owner's mining and support fleet. The access road will be upgraded to facilitate site access. A haul road will be built to allow haulage of mill feed to the processing facility. Service roads will be built to allow access to the tailings management facilities and to the pumping stations. The tailings will be stored in two separate storage facilities. The non-deleterious tailings management facility will store the neutral, non-acid generating tailings. The sulphides tailings management facility will store the tailings with acid generating potential. These tailings will be kept under water to avoid chemical reaction with the ambient air.

Permitting

The Ontario Ministry of Energy, Northern Development and Mines has approved Northern Graphite's Mine Closure Plan ("**MCP**") which authorizes Northern Graphite to build and operate the mine. Due to a number of design and operational improvements made to enhance project economics and to the passage of time, Northern Graphite is now required to file an amendment to the MCP. Northern Graphite is also in the very advanced stages of finalizing a number of other authorizations and permits, including the

Ministry of Natural Resources and Forestry's provincial Class Environmental Assessment which relates to the construction and upgrade of crown roads and water crossings and harvesting of crown timber, a Permit to Take Water under the *Ontario Water Resources Act* and authorizations under the *Lakes and Rivers Improvement Act* and the *Endangered Species Act*.

Additional information on this project is provided in section 4.3.1.1 A.

4.1.4. Competitive Conditions

Unlike the large number of royalty companies focused on providing alternative Royalty financing in the precious metals sector, there are no other publicly listed royalty companies focused exclusively on the suite of metals associated with EV and electric battery production. The Company is, however, aware of a new created private investment fund that is currently fundraising to invest solely in this space.

There are some potential competitors for royalty financing on copper and nickel projects from publicly-listed companies such as Anglo Pacific Group plc and Franco-Nevada Corporation, as well as privately held companies such as BaseCore and Orion Mine Finance. The larger listed and unlisted royalty companies or funds generally focus on precious metals and on larger projects where they can deploy significant amounts of capital in a single construction financing transaction. They may be opportunistic in the base metal space especially if it meets their size constraints or has a precious metals component (e.g. copper and gold asset). On the smaller end of the scale, competitors include Conic Metals Corp. (battery metals streaming, royalties and direct interest focus) and privately held Battery One Royalty Corp (nickel and copper focus), Lithium Royalty Corp. (lithium focus) and Vox Royalties (diversified streaming and royalties including battery metals focus).

4.1.5. Changes to Contracts

The Company currently does not anticipate any changes to its business as a result of material changes by renegotiation or termination of contracts or sub-contracts.

4.1.6. Employees

The Company has one full-time employee.

4.1.7. Investment Policy

The Company's business objectives are to acquire a portfolio of long-term, stable, and diversified royalty streams on mineral projects. The Company's long-term objectives will be achieved by:

- acquiring royalty streams on a diversified portfolio of mineral projects focussed on minerals that will support the electrification of transportation, renewable energy generation and battery storage;
- reinvesting royalty income and interest to acquire new royalties on an ongoing basis to drive growth;

- maintaining a low operating cost structure (relative to other natural resource companies);
- using debt financing to acquire additional royalties in order to enhance financial returns for shareholders;
- balancing commodities exposure by assessing exposure to the various individual metals and minerals in the Company's targeted metals and minerals universe. Royalties over non-core metals and minerals may be acquired as part of larger transaction or on an opportunistic basis; and
- investing in royalties from projects at various stages, from producing or construction-ready and fully-permitted to exploration stage, with a focus on producing or near production assets to grow free cash flow per share over the long term with investments across earlier stages of the mine life cycle to maintain exposure to a robust collection of development-stage assets.

The Company's royalty investments are typically protected by registering the royalty against the property title (where allowed) or by prioritizing contractual protections in order to enhance the security of the royalty.

Investment Process

Below is a summary of the investment process followed:

a) Management will review projects and meet with (i) project owners to discuss royalty financing proposals, and (ii) royalty holders to discuss royalty acquisitions.
b) Technical and other consultants working closely with the Company will undertake preliminary due diligence of all data available, including technical reports, and summarize the technical risks and opportunities of the projects.
c) Management will enter into discussions on royalty financing terms with the project owner or royalty acquisition terms with the royalty holder.
d) Management will prepare an investment memorandum for the board of directors of the Company (the "Board") outlining the investment thesis for the proposed royalty financing and/or acquisition including the terms on which a financing or acquisition would be of interest to the Company.
e) The Board will review the information and provide input, and decide whether or not to advance discussions, negotiate terms and sign a letter of intent.
f) Upon signing a letter of intent, the Company will conduct additional technical and legal due diligence which may include but not be limited to tax advice, legal advice on jurisdictional royalty policies, resource data compilation, metallurgy and processing review, commodity pricing research and financial model analysis.

If all due diligence is completed satisfactorily, a final investment proposal will be sent to the Board including all of the findings from the due diligence for a final decision on whether to make an investment or not.

4.1.8. Reorganizations

Please refer to *Corporate Structure – Name, Address and Incorporation* and *General Development of the Business – Corporate Activities* for more information on the Qualifying Transaction and the corresponding reorganization.

4.1.9. Environmental and Social Data

A. Environmental Impact Summary

Environmental Risks

Specific environmental factor risks are discussed in *Section 5 - Risk Factors*, within the following categories:

- Natural Disasters and Other Catastrophic Events
- Environmental Laws and Regulations
- Health, Safety and Environmental Risks

B. Social Summary

Permanent staff was hired from the local region.

Gender Diversity

Board of Directors:	The Company has no female board members (0%)
Team:	The Company has one (1) employee, and no female employees (0%)

Social Risks

Specific social factor risks are discussed in *Section 5 - Risk Factors*, within the following categories:

- Local Public Opposition
- Negative Public or Community Response
- Health, Safety and Environmental Risks

The development and operation of mining projects may at times be subject to public opposition, centered around noise, visual impact, and impact to wildlife. Concerns tend to be greatest during the development stage but could persist for operating projects. Ongoing negative public or community response to mining projects or the mining sector in general could adversely affect the Company's profitability, results of operation and financial condition.

The ownership, construction and operation of mining projects carries an inherent risk of liability related to worker health and safety, including the risk of government imposed orders to remedy unsafe conditions, potential penalties for contravention of health, safety and environmental laws, licenses, permits and other approvals, and potential civil liability. The contravention of the foregoing or changes thereto could have a significant impact on operations and/or result in additional material expenditures and ultimately affect the ability of project owners to pay the Company royalties.

5. Risk Factors

5.1. Specific Risks Related to Royalties

Royalties

While management of the Company believes that the acquisition of royalties in mineral properties containing battery and renewable energy-related commodities will deliver attractive risk-adjusted returns regardless of commodity cycles, there can be no assurance that any of the Company's royalties will be successful or profitable, or that it will be able to acquire any successful or profitable royalty investments. If the Company cannot acquire any successful or profitable royalty investments, it may result in a material and adverse effect on the Company's profitability, results of operation and financial condition.

Rights of Third Parties

Some royalty interests may be subject to: (i) buy-down right provisions pursuant to which an operator may buy-back all or a portion of the royalty; (ii) pre-emptive rights pursuant to which parties have the right of first refusal or first offer with respect to a proposed sale or assignment of the royalty; or (iii) claw back rights pursuant to which the seller of a royalty has the right to re-acquire the royalty. Holders of these rights may exercise them such that certain royalty interests would not be available for acquisition.

Costs May Influence Return to Royalty Holder

Net smelter or net profit royalties, equity interests and similar interests allow the operator to account for the effect of prevailing cost pressures on the project before calculating a royalty. In the instance of net smelter royalties these cost pressures include smelting, refining and transportation cost. In the instance of net profits royalties, these cost pressures include costs of labour, equipment, electricity, environmental compliance, and numerous other capital, operating and production inputs. Such costs will fluctuate in ways the royalty holder will not be able to predict and will be beyond the control of such holder, and can have a dramatic effect on the revenue payable on these royalties and other interests. Any increase in the costs incurred by the operators on the applicable properties will likely result in a decline in the royalty revenue received by the royalty holder. This, in turn, will affect overall revenue generated by the royalty holder which may have a material adverse effect on its profitability, financial condition, and results of operation.

Dependence on Third Party Property Owners and Operators

Cash flows derived from royalties are based on operations by third parties. These third parties will be responsible for determining the manner in which the relevant properties subject to the royalties are exploited, including decisions to expand, continue or reduce 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. As a holder of royalties or other interests, the Company will have little or no input on such matters. 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, in almost all cases, be in the interests 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, in many cases, take a more cautious approach to development as they are at risk on the cost of development and operations. The inability of the Company to control the operations for the properties in which it has a royalty or other interest may have a material adverse effect on the Company's profitability, results of operation and financial condition.

Limited Access to Data and Disclosure

As a holder of royalties and other non-operator interests, the Company neither serves as the mine owner nor operator, and in almost all cases the Company has no input into how the operations are conducted. As such, the Company has varying access to data on the operations or to the actual properties themselves. This could affect its ability to assess the value of the royalties or enhance their performance. This could also result in delays in cash flow from that anticipated by the Company based on the stage of development of the applicable properties covered by its royalties. The Company's royalty payments may be calculated by the payors in a manner different from the Company's projections and the Company may or may not have rights of audit with respect to royalty interests. In addition, some royalties may be subject to confidentiality arrangements which govern the disclosure of information with regard to royalties and as such the Company may not be in a position to publicly disclose non-public information with respect thereto. The limited access to data and disclosure regarding the operations of the properties in which the Company has an interest, may restrict its ability to assess the value or enhance its performance which may have a material adverse effect on the Company's profitability, results of operation and financial condition.

Royalties May not be Honoured by Operators of a Project

Royalties are largely contractually based. 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 and other interests do not abide by their contractual obligations, the Company may be forced to take legal action to enforce its contractual rights. Such litigation may be time consuming and costly, and as with all litigation, no guarantee of success can be made. Should any such decision be determined adversely to the Company, it may have a material adverse effect on the Company's profitability, results of operations and financial condition.

Due Diligence May Not Reveal All Relevant Facts in connection with an Investment in a Royalty

The due diligence process undertaken by the Company in connection with any investments in royalties that it makes or wishes to make may not reveal all relevant facts in connection with an investment in such royalties. Before making an investment in a royalty, the Company will conduct due diligence investigations that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence investigations, the Company may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence investigations and making an assessment regarding an investment in a particular royalty or other interest, the Company will rely on resources available, including information provided by the owner of the investment or royalty and, in some circumstances, third party investigations. The due diligence investigations that are carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such investigation will not necessarily result in the investment being successful.

Additional Risks

The Company's operations and expertise are currently focused on the acquisition and holding of royalties. In the future, the Company may elect to pursue acquisitions outside this area, including acquiring direct interests in commodity properties or shares in commodity producers, explorers or technology developers. Expansion of the Company's activities into new areas will present challenges and risks for which management may not have sufficient expertise. If the Company does not manage these challenges and risks successfully, it may result in a material adverse effect on the Company's profitability, results of operation and financial condition.

Dependence on Payment from Operators

The Company will be dependent to a large extent upon the financial viability and operational effectiveness of owners and operators of the properties underlying its royalty portfolio. Payments from production generally flow through the operator and there is a risk of delay and additional expense in receiving such revenues. Payments may be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, recovery by the operators of expenses, the establishment by the operators of mineral reserves for such expenses or the bankruptcy, insolvency or other adverse financial condition of the operator. The Company's rights to payment under the royalties must, in most cases, be enforced by contract without the protection of a security interest over property that the Company could readily liquidate. This inhibits the Company's ability to collect outstanding payments owed on its royalties upon a default. In the event of a bankruptcy, insolvency or other arrangement of an operator or owner, the Company will be treated like any other unsecured creditor, and therefore have a limited prospect for full recovery of royalty revenue. The Company mitigates this risk by having formal legal agreements with royalty payors, which would allow the Company to exert legal rights and enforce royalty contracts, if required.

Early Termination of Royalty Agreements

While the Company seeks to ensure that all its royalty interests will be secured and legally binding with the project owners, there exists the possibility that other third parties such as governments or senior lenders to the project owners may seek to terminate the royalty arrangements without compensation to the Company. The early termination of one or more of the Company's royalty agreements, without compensation to the Company, could have a material adverse effect on the Company's profitability, results of operation and financial condition.

The Company Will Depend on Project Owners for the Calculation of Royalty Amounts

The amounts deliverable under the royalty agreements are calculated by the project owners of the mining projects based on battery metals produced and sold. Each project operator's calculation of royalty amounts is 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 a project operator. As a result, the Company's ability to detect errors in royalty amounts may be limited. Some of the royalty agreements provide the right to audit the operational calculations and production data for the associated royalty amounts; however, such audits may not occur until many months following recognition of the royalty revenue, and may require the Company to adjust revenue in later periods.

Delay or Failure of Royalty Payments

In most cases, the Company's rights to payment under the royalties must be enforced by contract, with or without the protection of a security interest over property that the Company could readily liquidate. This affects the Company's ability to collect outstanding royalties upon a default. In the event of a bankruptcy of a project operator, the Company may be treated like any other unsecured creditor, and therefore have a limited prospect for full recovery of royalty revenue. The Company may not have any recourse against the buyer of mine production. Failure to receive any royalty payments from the owners and operators may result in a material adverse effect on the Company's profitability, results of operation and financial condition.

Acquisition Strategy

As part of the Company's business strategy, it has sought and will continue to seek to purchase royalties from mining project explorers, operators and developers, and third party royalty holders. In pursuit of such opportunities, the Company may fail to select appropriate acquisition targets or negotiate acceptable arrangements, including arrangements to finance the acquisitions. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit the Company.

Increased Competition for Royalty Interests

The success of the Company's business model may lead other companies to engage in the search for and the acquisition of royalties in the battery metal sector. If the Company has to compete with larger companies with substantial financial resources, the Company may be at a competitive disadvantage in acquiring royalty interests in these battery metals projects. Accordingly, there can be no assurance that the Company will be able to compete successfully against other larger companies in acquiring new royalty interests or ability to acquire royalties at a viable cost. The Company's inability to acquire additional royalties may result in a material adverse effect on the Company's profitability, results of operation and financial condition.

5.2. Operational and Development Risk

The Company invests in the mineral exploration sector, which implicitly involves a high degree of risk caused by limited chances of discovery of an economic deposit and eventual mine development.

<u>Uncertainty of Exploration Results and Speculative Nature of Mineral Exploration and Mining</u>

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 project will result in discoveries of commercial quantities of minerals on lands where the Company holds or may hold royalties. If mineable deposits are discovered, substantial expenditures are required to establish 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 at any site chosen for 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 funds required for development can be obtained at all or on terms acceptable to the operator. Although the Company intends to only hold royalty interests and not be responsible for these expenditures, the operator may not be in a financial position to obtain the necessary funds to advance the project.

Development Stage Projects

Royalties from commercial operations will depend on a significant number of factors, including economic feasibility, changing market conditions, aboriginal involvement, environmental and governmental regulations, labour availability, the cost of and the ability to attract external financial capital, and the ability to attract partners with sufficient technical expertise and relevant industry experience to further develop the various projects. The mine operations may require licenses and permits from various governmental authorities. There can be no assurance that the operator of any given project will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations. Any failure to meet one or a combination of these factors may result in project delays or potential cancellation and the Company's future operating results may be adversely affected. The Company mitigates this risk by evaluating the economic potential of each property at each stage of its life cycle and through diversification of royalties.

Foreign Exchange Rates

Commodities are typically purchased in U.S. currency, which drives royalty income. However, the Company maintains its accounting records, reports its financial position and results, pays certain operating expenses and will have the Company's shares listed on an exchange, in Canadian currency. Fluctuation in the U.S. currency exchange rate relative to the Canadian currency could negatively impact the value of the Company's shares. Because exchange rate fluctuations are beyond our control, there can be no assurance that such fluctuations will not have an adverse effect on the Company's operations or on the trading value of the Company's shares.

Regulatory Change

The Company's operations as well as the operations of the underlying projects in which the Company may hold royalty interests are subject to extensive governmental regulations with respect to such matters as environmental protection, health, safety and labour; mining law reform; restrictions on production or export, price controls and tax increases; aboriginal land claims; and expropriation of property in the jurisdictions in which it operates. Violations of these regulations and regulatory requirements could lead to substantial fines, penalties or other sanctions. The Company mitigates this risk through not doing business in unstable countries and, within stable countries, the Company follows all laws and regulations and engages legal counsel to ensure compliance, if necessary. The Company may be affected by changes in regulatory requirements, customs, duties or other taxes. Such changes could, depending on their nature, benefit or adversely affect the Company.

Litigation

The Company may from time to time be involved in various claims, legal proceedings and disputes arising in the ordinary course of business. If such disputes arise and the Company is unable to resolve these disputes favourably, it may have a material and adverse effect on the Company's profitability or results of operations and financial condition.

Leverage

The Company may use financial leverage by borrowing funds against the assets of the Company. The use of leverage increases the risk to the Company and subjects the Company to higher current expenses. Also, if the value of the Company's assets drops to the loan value or less, shareholders could sustain a total loss of their investment.

No Opportunity to Hedge Commodities

There is no opportunity for the Company to hedge the downside price risk of all the commodities of interest since there is no derivatives market for all the commodities of interest. As a result, the value of the Company's shares will largely depend upon, and typically fluctuate with, the price of commodities.

Impact from Other Commodities

Some of the commodities such as cobalt may be predominantly mined as a by-product. Any effect on the price of the main commodities may affect the price and availability of the other commodities. Future pricing of commodities will depend, in part, on mine capacity and major producing countries, as well as the development of new projects. For example, a strong copper and/or nickel market will likely result in increased output of copper and nickel ores containing other commodities, which may impact the supply and price of those commodities.

Conflicts of Interest

Certain of the Company's directors may also serve as directors or officers, or have significant shareholdings in, other companies involved in the metals industry and, to the extent that such other companies may participate in ventures in which the Company may participate, or in 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. In all cases where directors and officers have an interest in other companies, such other companies may also compete with us for the acquisition of royalties or other investments. Such conflicts of the directors and officers may result in a material adverse effect on the Company's profitability, results of operation and financial condition.

Management Experience and Dependence on Key Personnel and Employees

The Company is dependent upon the continued availability and commitment of its key management, whose contributions to immediate and future operations of the Company are of significant importance. The loss of any such members could negatively affect business operations. From time to time, the Company will also need to identify and retain additional skilled management and specialized technical personnel to efficiently operate its business. The number of persons skilled in the acquisition of royalties and interests in the metals industry is limited, and competition for such persons can be intense. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance of such success. If the Company is not successful in attracting and training qualified personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material adverse impact on its profitability, results of operations and financial condition. The Company does not intend to maintain "key man" insurance for any members of its management.

5.3. General Risks

Liquidity Concerns and Future Financing Requirements

The Company has no source of operating revenue. It may require additional financing in order to fund its business plan. The Company's ability to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as its business success. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to it, or at all. If additional financing is raised by the issuance of the Company's shares from treasury, control of the Company may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to operate its business at its maximum potential, to expand, to take advantage of other opportunities, or otherwise remain in business.

Volatility of Share Price

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Factors unrelated to the financial performance or prospects of the Company include global macroeconomic developments, and market perceptions of the attractiveness of particular industries. There can be no assurance that continued fluctuations in the price of commodities will not occur. As a result of any of these factors, the market price of the Company's shares at any given point in time may not accurately reflect the long-term value of the Company. In the past, following periods of volatility in the market price of a company's securities, shareholders have instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial cost and diversion of management attention and resources, which could significantly harm profitability and the reputation of the Company.

Portfolio Exposure

There is no assurance that the investment objectives of the Company will actually be achieved. The value of the Company's shares will increase or decrease with the value of its investment portfolio and general economic conditions beyond the control of the Company's management, including the level of interest rates, corporate earnings, economic activity, the value of the Canadian dollar and other factors. There can be no assurance that the shareholders of the Company will realize any gains from their investment in the Company and may lose their entire investment.

Investments Made by the Company May Lack Liquidity

Due to market conditions beyond its control, including investor demand, resale restrictions, general market trends and regulatory restrictions, the Company may not be able to liquidate its royalty investments or other interests when it would otherwise desire to do so in order to operate in accordance with its Investment Policy and investment strategy. Such lack of liquidity could have a material adverse effect on the value of the Company's investments and, consequently, the value of the Company's shares. There is no guarantee that the Company will be able to reduce its investment risk by diversifying its investment portfolio. Expenses incurred by the Company may exceed any gains realized by the Company on its royalty investments. The Company may invest in a limited number of royalties and, as a consequence, the aggregate returns realized by the Company may be substantially and adversely affected by the unfavourable performance of even a single royalty. Accordingly, there can be no assurance that the Company will be able to reduce its investment risk by diversifying its portfolio. The resulting lack of diversification may adversely impact the ability of the Company to achieve its desired investment returns.

Prospect of Dividends

The Company currently intends to use its future earnings, if any, and other cash resources for the operation and development of its business and does not currently anticipate paying any dividends on the Company's shares. Any future determinations to pay dividends on the Company's shares will be at the sole discretion of the Board after considering a variety of factors and conditions existing from time to time, including current and future commodity prices, production levels, capital expenditure requirements, debt service requirements, operating costs, royalty burdens, and foreign exchange rates. As a result, a holder of Company's shares may not receive any return on an investment in Company's shares.

Market for the Company's Shares

There can be no assurance that an active market for the Company's shares will develop or be sustained. If an active public market for the Company's shares does not develop, the liquidity of a purchaser's investment may be limited and the share price may decline.

The Forward Looking Statements May Prove to be Inaccurate

This document contains forward-looking statements, including, without limitation, the forward-looking statements listed in "Forward Looking Statements". By their nature, forward-looking statements involve numerous assumptions, known and unknown risk and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. The factors discussed in this section and the section entitled "Forward Looking Statements" should therefore be weighed carefully and prospective investors should not place undue reliance on the forward-looking statements provided in this document.

Fluctuating Price of Commodities

Given the nature of the Company's proposed investment activities, materially adverse fluctuations in the price of commodities may adversely affect the investments that will comprise the Company's portfolio which may consequently adversely affect the Company's profitability, financial performance and results of operations. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the control of the Company, including levels of supply and demand, industrial development levels, inflation and the level of interest rates, the strength of the U.S. dollar and geopolitical events in significant commodities producing countries. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. All commodities, by their nature, are subject to wide price fluctuations and future material price declines will result in a decrease in the 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 or interests in mineral properties applicable to the relevant commodities. Moreover, the broader commodities market tends to be cyclical, and a general downturn in overall commodities prices or a significant strengthening of the Canadian dollar relative to the U.S. dollar could result in a significant decrease in the value of our overall revenue. Any such price decline may result in a material and adverse effect on the Company's profitability, results of operation and financial condition.

Changes in Technology and Future Demand for Commodities

Currently the commodities the Company focuses its investments on are some of the key metals used in batteries for EVs and other devices. However, the technology pertaining to batteries, EVs and energy creation and storage is changing rapidly, and there is no assurance that the commodities will continue to be used to the same degree as they are now, or that they will be used at all. Any decline in the use of commodities in EVs, batteries, renewable energy generation or technologies utilizing commodities based batteries may result in a material and adverse effect on the Company's profitability, results of operation and financial condition.

Competition

Many companies are engaged in the search for and the acquisition of commodities, or rights to or interest in commodities, and there is a limited supply of desirable commodities related interests. Many competitors are larger, more established companies with substantial financial resources, operational capabilities and long track-records of earnings. The Company may be at a competitive disadvantage in acquiring interests in any commodities related assets, whether by way of royalty or other form of investment, as many competitors have greater financial resources and technical staff. Accordingly, there can be no assurance that the Company will be able to compete successfully against other companies in acquiring new commodities related interests.

The Company's inability to acquire additional commodities interests may result in a material and adverse effect on its profitability, results of operation and financial condition.

Limited Operating History and There Can Be No Assurance of Success or Profits

Although many members of the Company's management have expertise and industry experience, the Company itself has very limited operating history as an investment issuer upon which its business and affairs may be evaluated, and there can be no assurance that its business will be successful or profitable or that it will be able to successfully execute its business model and growth strategy. If the Company cannot execute its business model and growth strategy, it may result in a material and adverse effect on its profitability, results of operation and financial condition.

Future Acquisitions

As part of the Company's business strategy, it may seek to grow by acquiring companies and/or assets or establishing joint ventures that it believes will complement its current or future business. Acquisition transactions involve inherent risks, including but not limited to: accurately assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquisition candidates; ability to achieve identified and anticipated operating and financial synergies; unanticipated costs; diversion of management attention from existing business; potential loss of the Company's key employees or key employees of any business acquired; unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition; and decline in the value of acquired properties, companies or securities. Any one or more of these factors or other risks could cause the Company not to realize the anticipated benefits of an acquisition of properties or companies, and could have a material adverse effect on its financial condition. The Company may not effectively select acquisition candidates or negotiate or finance acquisitions or integrate the acquired businesses and their personnel or acquire assets for our business. The Company cannot guarantee that it can complete any acquisition it pursues on favourable terms, or that any acquisitions completed will ultimately benefit its business.

Uncertainty of Additional Funding

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 result in delay or indefinite postponement of further business activities, and may result in a material and adverse effect on its profitability, results of operation and financial condition. The Company will require new capital to grow its business and there are no assurances that capital will be available when needed, if at all. It is likely that such additional capital will be raised through the issuance of additional equity, which will result in dilution to shareholders.

Expansion of the Business Activities Outside Areas of Expertise

The Company's operations and expertise are currently focused on the acquisition and management of royalties or rights to or interest in commodities. In the future, the Company may pursue acquisitions outside this area, including acquiring and/or investing in, producing, developing or exploration-stage resource projects. Expansion of the Company's activities into new areas would present challenges and risks that it has not faced in the past. If the Company does not manage these challenges and risks successfully, it may have a material adverse effect on its profitability, results of operation and financial condition.

Market Events and General Economic Conditions May Adversely Affect the Company's Business, Industry and Profitability

Adverse events in global financial markets can have profound impacts on the global economy.

Many industries, including the mining industry, are impacted by these market conditions. Some of the key impacts of the financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange, precious metal, base metal and mineral markets and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect our growth and valuation. Specifically, the global credit/liquidity crisis could impact the cost and availability of financing and our overall liquidity; the volatility of commodities and other metal prices would impact the Company's revenues, profits, losses, cash flow and the value of our royalties; continued recessionary pressures could adversely impact demand for the Company's assets; the devaluation and volatility of global stock markets would impact the valuation of our equity and other securities. These factors could have a material adverse effect on the Company's financial condition and operating results.

Disease Outbreaks May Adversely Affect the Company's Business

The Company's business could be significantly adversely affected by the effects of a widespread global outbreak of contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on third parties' ability to meet their obligations with the Company, including due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. COVID-19 has become a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could impact the Company's operating results. The ultimate extent of the impact of any widespread global outbreak of contagious disease or other health crisis on the Company business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of outbreak of contagious disease or other health crisis and actions taken to contain or prevent their further spread, among others. These and other potential impacts of an outbreak of contagious disease or other health crisis, such as COVID-19, could therefore materially and adversely affect the Company's business, financial condition and operating results.

Concentration Risk

The business of the Company is to invest in royalty interests in the battery metals sector only. Given the concentration of the Company's exposure to the battery metals sector, the Company's investment portfolio will be more susceptible to adverse economic or regulatory occurrences affecting the battery metals sector than an investment fund that holds a diversified portfolio of securities. Moreover, while the Company's intention is to purchase a large number of royalties from different companies with exposure to different battery metals, operating stage and jurisdictions, it will take time to attain such diversification. Until diversification is achieved, the Company may have a significant portion of its assets dedicated to a small number of battery metals projects. In the event that any such battery metals project is unsuccessful or experiences a downturn, a material adverse effect on the Company's profitability, results of operation and financial condition may result.

Interest Rate Risk

The Company intends on obtaining financing in the future by accessing the debt markets. Amounts payable in respect of interest and principal on debt to be incurred by the Company will affect its net cash flow and profitability. Any increase in such payments will result in a corresponding increase in the cash out flow of the Company that must be applied to debt service. In the event of such an increase, there can be no assurance that net cash flow derived from the Company's operations will be sufficient to cover its future financial obligations or that additional funds will otherwise be able to be obtained. If the Company becomes unable to pay its debt service charges or otherwise commits an event of default such as bankruptcy, the lender may foreclose on or sell all or some of the Company's assets, which may have a material adverse effect on the Company's profitability, results of operation and financial condition.

Income Taxes

The Company's activities will generally be taxable in the jurisdictions in which it operates. Changes to taxation laws in Canada, the United States or any of the countries in which the Company acquires royalty agreements could materially affect the Company's royalty interests. No assurance can be given that new taxation rules will not be enacted or that existing rules will not be applied in a manner that could materially affect in the Company's profits and it may result in a material adverse effect on the Company's profitability, results of operations and financial condition.

Limitation of Insurance

The Company maintains insurance policies, covering usual and customary risks associated with its business, with credit-worthy insurance carriers. A royalty interest in a mining project is generally exposed to the risks inherent in the construction and operation of mining facilities, such as breakdowns, manufacturing defects, natural disasters, theft, terrorist attacks and sabotage. The Company relies on the project owner's insurance policies to cover losses as a result of force majeure, natural disasters, terrorist attacks or sabotage, among other things. A significant uninsured loss or a loss that significantly exceeds the limits of the project owner's insurance policies or the failure to renew such insurance policies on similar or favourable terms could have a material adverse effect on the Company's royalty interests.

Natural Disasters and Other Catastrophic Events

Mining projects and operations could be exposed to potential interruption and damage (partial or full loss) resulting from events such as environmental disasters (e.g. floods, high winds, fires, and earthquakes), severe weather conditions and equipment failures. There can be no assurance that in the event of an earthquake, hurricane, tornado, tsunami, typhoon, terrorist attack, act of war or other natural, manmade or technical catastrophe, all or some parts of the mining projects in which the Company holds a royalty interest in, will not be disrupted. The occurrence of a significant event which disrupts the ability of the mining project to produce or sell products for an extended period could have a material adverse effect on the Company's profitability, results of operation and financial condition.

Permitting Risk

The Company may acquire royalty interests in mining projects that will require additional permits before commercial operations can be commenced. These facilities will require various property rights, permits and licenses in order to conduct current and future operations, and delays or a failure to obtain such property rights, permits and licenses, or a failure to comply with the terms if any of such property rights, permits and licenses could result in interruption or closure of operations on the facility. Such interruptions or closures could have a material adverse effect on the Company's profitability, results of operation and financial condition.

Environmental Laws and Regulations

The activities of a mining project are subject to stringent environmental laws and regulations promulgated and administered by federal, provincial and municipal governments where the mining project operates. These laws and regulations generally concern water use, wildlife, wetlands preservation, endangered species preservation and noise limitations, among others. Failure to comply with applicable environmental laws and regulations or failure to obtain or comply with any necessary environmental permits pursuant to such laws and regulations could result in sanctions against the project owner and operator and may disrupt revenue of the Company for an extended period that, in turn, may have a material adverse effect on the Company's profitability, results of operation and financial condition.

Local Public Opposition

The development and operation of mining projects may at times be subject to public opposition. While public opposition may be of greatest concern during the development stage of mining projects, when the public has the ability to provide comments and appeal regulatory permits, continued opposition could have an impact on ongoing operations. Legal requirements, changes in scientific knowledge and public complaints could impact the operation of certain of the projects in which the Company may hold a royalty interest in the future and it may result in a material adverse effect on the Company's profitability, results of operation and financial condition.

Negative Public or Community Response

Negative public or community response to mining projects could adversely affect the ability of the owners and operators to construct or operate the mining facilities in which the Company may acquire royalty interests. This type of negative response could lead to legal, public relations and other challenges that impede the ability of the mining projects to achieve commercial operations and generate revenues at the anticipated levels. An increase in opposition to the mining projects or segment of the natural resource sector in which the Company may hold royalty interests could have a material adverse effect on the Company's profitability, results of operation and financial condition.

Delays and Cost Over-runs in the Design and Construction of Projects

Delays and cost over-runs may occur in completing the construction of mining projects that the project owners will undertake. A number of factors which could cause such delays or cost over-runs include, without limitation, permitting delays, construction pricing escalation, changing engineering and design requirements, the performance of contractors, labour disruptions, adverse weather conditions and the availability of financing. Even when complete, a mining project may not operate as planned due to design or manufacturing flaws, which may not all be covered by warranty. Mechanical breakdown that is not covered by business interruption insurance could occur in equipment after the period of warranty has expired, resulting in loss of production. Delays and cost over-runs at mining projects in which the Company may hold royalty interests could have a material adverse effect on the Company's profitability, results of operation and financial condition

Health, Safety and Environmental Risks

The ownership, construction and operation of mining projects carries an inherent risk of liability related to worker health and safety and the environment, including the risk of government imposed orders to remedy unsafe conditions and/or to remediate or otherwise address environmental contamination, potential penalties for contravention of health, safety and environmental laws, licenses, permits and other approvals, and potential civil liability. Compliance with health, safety and environmental laws (and any future changes) and the requirements of licenses, permits and other approvals remain material to the project owner's businesses. The project owners mining projects may become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health, safety and environmental matters. The occurrence of any of these events or any changes, additions to or more rigorous enforcement of, health, safety and environmental laws, licenses, permits or other approvals could have a significant impact on operations and/or result in additional material expenditures and ultimately affect the ability of the project owners to pay the Company royalties. As a consequence, no assurances can be given that additional environmental and workers' health and safety issues relating to presently known or unknown matters will not require unanticipated expenditures, or result in fines, penalties or other consequences (including changes to operations) material to the business and operations of the mining projects, which could have a material adverse effect on the Company's profitability, results of operation and financial condition.

6. Description of Capital Structure

6.1. General

6.1.1. Common Shares

Description of security	Number authorized to be issued	As at the date of this AIF
Common Shares	Unlimited	52,405,101

The holders of the common shares ("Common Shares") are entitled to receive notice of and to attend all meetings of the shareholders of the Company and shall have one vote for each Common Share held at all meetings of the shareholders of the Company. The holders of Common Shares are entitled to (a) receive any dividends as and when declared by the Board out of the assets of the Company properly applicable to the payment of dividends, in such amount and in such form as the Board may from time to time determine, and (b) receive the remaining property of the Company (after payment of all outstanding debts) in the event of any liquidation, dissolution or winding-up of the Company. There are no special rights or restrictions attached to the Common Shares. The holders of the Common Shares have no pre-emptive, subscription, redemption or conversion rights. Other than as provided for in this AIF, there are no provisions restricting the issuance of Common Shares or any other material restrictions.

6.1.2. Share Purchase Options

Description of security	Price per security	As at the date of this AIF
Share Purchase Options	$0.20	25,000
Share Purchase Options	$0.29	3,873,500
Share Purchase Options	$0.28	200,000

The Company has adopted an incentive stock option plan (the "Option Plan"), which provides that the Board may from time to time, in its discretion, and in accordance with TSXV requirements, grant to directors, officers and technical consultants to the Company, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the Common Shares issued and outstanding from time to time. The exercise price of each option may be set equal to or greater than the closing market price of the Common Shares of the Company on the day prior to the date of the grant of the option, less any allowable discounts. Awards typically vest in several tranches ranging from 6 months to 18 months. Options can have a maximum term of ten years and terminate 60 days following the termination of the optionee's employment, or 180 days following the optionee's death or disability. Such options will be exercisable for a period of up to ten years from the date of grant.

The number of Common Shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding Common Shares, and the number of Common Shares reserved for issuance to all consultants will not exceed 2% of the issued and outstanding Common Shares.

Currently, there are 52,405,101 Common Shares issued and outstanding. Accordingly, under the Option Plan the Company has the authority to grant options to purchase up to a total of 5,240,510 Common Shares. At the date of this AIF, 4,098,500 options to purchase Common Shares were granted and outstanding under the Option Plan. Therefore, a further 1,142,010 Common Shares, representing 2.18% of the outstanding Common Shares, remain available for reserve for exercise of options to be granted under the Option Plan, at the Board's discretion, to eligible optionees.

7. Market for Securities

7.1. Trading Price and Volume

The Common Shares are currently listed on the TSXV under the trading symbol “ELEC”. The following table sets forth the reported intraday high and low prices and the trading volume for the Common Shares on the TSXV for the 12-month period prior to December 31, 2020.

Month	High ($)	Low ($)	Volume
January 2020 (1)	–	–	–
February 2020 (1)	–	–	–
March 2020 (1)	–	–	–
April 2020 (1)	–	–	–
May 2020 (1)	–	–	–
June 2020 (1)(2)	0.40	0.30	136,200
July 2020	0.35	0.26	1,829,921
August 2020	0.29	0.24	844,904
September 2020	0.26	0.20	913,468
October 2020	0.27	0.20	928,905
November 2020	0.26	0.20	378,893
December 2020	0.27	0.22	724,015

(1) Prior to the completion of the Qualifying Transaction, trading in the Common Shares was halted on November 7, 2019 as a result of the Company having failed to complete a Qualifying Transaction within 24 months of its listing, in accordance with Policy 2.4 (Capital Pool Companies) of the TSXV’s corporate finance manual.
(2) Following the completion of the Qualifying Transaction, effective June 29, 2020, trading was reinstated in the securities of the Company.

7.2. Prior Sales

The Company has completed the following placements of Common Shares during the 12-month period prior to December 31, 2020:

Date of Offering	Number of shares Issued	Price per share	Gross Proceeds
September 16, 2016	2,000,000(1)	$0.05	$100,000
July 31, 2017	660,000(1)	$0.05	$33,000
October 31, 2017	2,000,000(1)	$0.10	$200,000
June 24, 2020	20,925,000(2)	$0.25	$5,231,250

(1) Concurrently with the closing of the Qualifying Transaction, the Company completed the Consolidation of the Common Shares on the basis of two Common Shares for one Post-Consolidation Common Share. The table above includes the number of Common Shares as originally issued and without giving effect to the Consolidation.

(2) Prior to the completion of the Qualifying Transaction, the Company completed the Private Placement at a price of $0.25 per Subscription Receipt for aggregate gross proceeds of $5,231,250. The Subscription Receipts were issued pursuant to subscription agreements entered into by the Company and each of the subscribers. Each Subscription Receipt was automatically converted, without payment of additional consideration or further action by the holder thereof, into one Common Share of the Company immediately before the completion of the Qualifying Transaction.

8. Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

8.1. Escrow of Qualifying Transaction Shares

As of the date hereof, 13,383,061 Common Shares were held in escrow or were subject to a contractual restriction on transfer.

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common Shares	13,383,061	26%

As of the date hereof, pursuant to CPC escrow and Tier 2 Value escrow, 7,233,061 Common Shares were held in escrow with TSX Trust Company to be released in four equal tranches of 1,808,265 Common Shares each on the following dates: December 25, 2021, June 25, 2022, December 25, 2022, and June 25, 2023.

Under royalty acquisition agreements, the Company regularly issues its Common Shares as purchase consideration that are typically subject to contractual restrictions on their transfer for a specified period of time following closing of each acquisition transaction. As of the date hereof, 6,150,000 Common Shares were subject to restrictions on their transfer to be released on the following dates:

- July 2021 -- 4,000,000 Common Shares;
- August 2021 – 287,500 Common Shares;
- January 2022 – 1,000,000 Common Shares

- February 2022 – 287,500 Common Shares; and
- August 2022 – 575,000 Common Shares.

9. Directors and Officers

9.1. Name, Occupation and Security Holding

The following table presents the members of the Board and executive officers, their principal occupations during the five preceding years and the year they first became Directors (if applicable). Each Director is appointed to serve until the next annual meeting of shareholders or until his or her successor is elected or appointed.

Name and Residence	Position(s) Held at the Company	Director Since	Principal Occupation(s) During the Past 5 Years
Craig Lindsay British Columbia, Canada	Director (1)(2)(3)	September 16, 2016	Managing Director of Arbutus Grove Capital Corp., an investment vehicle and service provider to the natural resource industry. From April 2007 to April 2020 President & CEO of Otis Gold Corp.
Robert Schafer Utah, United States	Director (1)(2)(3)	June 25, 2020	Chief Executive Officer of Eagle Mines Management, a mineral resources exploration and business development advisory group and investment vehicle.
Marchand Snyman British Columbia, Canada	Director (1)(2)(3) Chairman	June 25, 2020	Chairman of RE Royalties Ltd., Northcliff Resources Ltd. and Chief Operating Officer of Hunter Dickinson Inc., a diversified global mining development group.
Brendan Yurik British Columbia, Canada	Director, Chief Executive Officer	June 25, 2020	Chief Executive Officer of the Company
Luqman Khan British Columbia, Canada	Chief Financial Officer	N/A	Controller of Hunter Dickinson Inc., a diversified global mining development group.
Trevor Thomas British Columbia, Canada	Secretary	N/A	General Counsel and Secretary of Hunter Dickinson Inc., a diversified global mining development group.

Notes:

(1) Member of the Audit and Risk Committee.
(2) Member of the Compensation Committee.
(3) Member of the Nominating and Governance Committee.

As of December 31, 2020, 5,088,100 Common Shares, representing 9.7% of the total outstanding Common Shares, were beneficially owned, directly or indirectly, or controlled by the directors and executive officers of the Company.

9.2. Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as disclosed below, within the last 10 years before the date of this AIF, no proposed nominee for election as a director of the Company was a director or executive officer of any company (including the Company in respect of which this AIF is prepared) or acted in that capacity for a company that:

a) was subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days, while the director or executive officer was acting in that capacity for the relevant company;
b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days;
c) 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 has 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 proposed director;
d) was subject to 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
e) was subject to any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

9.3. Conflicts of Interest

Several directors of the Company also serve as directors of one or more natural resource companies or renewable energy royalty companies. From time to time, because of his or her activity in the natural resource and or renewable energy industry and serving on such other boards, a director may become aware of potential opportunities that are of interest to more than one of the companies on whose boards that person serves. Accordingly, situations may arise in the ordinary course that will involve a director in an actual or potential conflict of interest, as well as issues in connection with the general obligation of a director to make corporate opportunities available to the company on whose board the director serves. In all such events, any director is required to disclose a financial interest in a contract or transaction by virtue of office, employment or security holdings or other such interest in another company or in a property interest under consideration by the Board, and is obliged to abstain from voting as a director of the Company in respect of any transaction involving that other company or in respect of any property in which an interest is held by him or her. The directors will use their best business judgment to avoid situations where conflicts or corporate opportunity issues might arise, and they must at all times fulfill their duties to act honestly and in the best interests of the Company as required by law.

Except as disclosed in this AIF, none of the directors or executive officers of the Company, or any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the Company's outstanding voting securities, or any associate or affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

10. Promoters

There are no promoters for the Company.

11. Legal Proceedings and Regulatory Actions

To the knowledge of the Company, there is no currently outstanding litigation, claim or regulatory proceeding involving the Company that is expected to be material to the Company.

12. Interest of Management and Others in Material Transactions

None.

13. Transfer Agents and Registrars

The transfer agent and registrar for the Common Shares of the Company is TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1.

14. Material Contracts

The Company has not entered into any material contracts that are outside of the Company's ordinary course of business.

15. Interests of Experts

The following is a list of the persons or companies named as having prepared or certified a statement, report or valuation, in this AIF either directly or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the person or company:

The Company's independent auditors are Deloitte LLP, Chartered Professional Accountants. Deloitte LLP is independent of the Company within the meaning of the rules of professional conduct of the Chartered Professional Accountants of British Columbia.

Based on information provided by the relevant persons, and except as otherwise disclosed in this AIF, none of the persons or companies referred to above has received or will receive any direct or indirect interests in our property or the property of an associated party or an affiliate of ours.

The scientific and technical information contained in this AIF was reviewed and approved by G. David Gaunt, P. Geo., a "Qualified Person" as defined in NI 43-101 who is not independent of the Company.

To the knowledge of the Company, Mr. Gaunt holds less than 1% of the outstanding Common Shares of the Company.

16. Additional Information

Additional information relating to the Company can be found on SEDAR (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 most recent management information circular of the Company filed on SEDAR.

Additional financial information is provided in the Company's most recent audited consolidated financial statements and related management's discussion and analysis available on SEDAR.

17. Audit and Risk Committee

The Audit and Risk Committee has adopted a charter that sets out its mandate and responsibilities, and is attached to this AIF as Appendix A, or available for viewing under the Company's Corporate Governance Policies and Procedures Manual at Appendix 6, on the Company's website (www.electricroyalties.com).

Composition of Audit and Risk Committee

The Audit and Risk Committee, consisting of Craig Lindsay (Chair), Robert Schafer and Marchand Snyman reviews all financial statements of the Company prior to their publication, meets with the auditors as part of their review of audit findings, considers the adequacy of audit procedures, recommends the appointment of independent auditors, reviews and approves the professional services to be rendered by them and reviews fees for audit services. The Audit Committee Charter has set criteria for membership which all members of the Audit and Risk Committee are required to meet consistent with National Instrument 52-110 Audit Committees and other applicable regulatory requirements. The Audit and Risk Committee, as needed, meets separately (without management present) with the Company's auditors to discuss the various aspects of the Company's financial statements and the independent audit.

Each Audit and Risk Committee member is an independent director and is financially literate. Craig Lindsay is the Audit and Risk Committee's Chairman. Craig Lindsay, Robert Schafer and Marchand Snyman are financial experts.

Relevant Education and Experience

Craig Lindsay, MBA, CFA

Mr. Lindsay is the Managing Director of Arbutus Grove Capital Corp. Previously a Founder and CEO of Otis Gold Corp. (TSXV: OOO) from 2007 through to its sale in 2020 and a current director of Excellon Resources Inc. (TSX: EXN), VR Resources Ltd. (TSXV: VRR), Alianza Minerals Ltd. (TSXV: ANZ) and Philippine Metals

Inc. (TSXV: PHI). Prior to Otis, was Founder and CEO of Magnum Uranium Corp. and led its sale to Energy Fuels Inc. In excess of 30 years of experience in corporate finance, venture capital and public company management.

Mr. Lindsay is, or was within the past five years, an officer and/or director of the following public companies:

Company	Market	Positions Held	From	To
Electric Royalties Ltd. (formerly Rebel Capital Inc.)	TSX-V	Director	September 2016	Present
Otis Gold Corp.	TSX-V	CEO and Director	April 2007	April 2020
Alianza Minerals Ltd.	TSX-V	Director	November 2008	Present
Philippine Metals Inc.	TSX-V	CEO and Director	June 2011	Present
VR Resources Ltd.	TSX-V	Director	March 2017	Present
Excellon Resources Inc.	TSX	Director	April 2020	Present

Robert Schafer

Mr. Schafer is the Chief Executive Officer of Eagle Mines Management, a mineral resources exploration and business development advisory group and investment vehicle. Mr. Schafer was a director of International Royalty Corp. (sold for $800 million to Royal Gold) and has more than 30 years of experience working internationally in business development roles with major and junior mining companies as well as Past-President of the Prospectors and Developers Association of Canada (PDAC) and the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) and Past Chairman of the Canadian Mining Hall of Fame. Serves as a director of a number of public resource companies.

Mr. Schafer is, or was within the past five years, an officer and/or director of the following public companies:

Company	Market	Positions Held	From	To
Electric Royalties Ltd.	TSX-V	Director	June 2020	Present
Amur Minerals Company	AIM	Director	April 2004	Present
Volcanic Gold Inc.	TSX-V	Director	March 2017	Present
Trigon Metals Inc.	TSX-V	Director	April 2017	August 2019
Orosur Mining Inc.	TSX	Director	July 2018	April 2020
Renaissance Gold Inc.	TSX-V	Director	March 2020	October 2020
U.S. Gold Corp	NASDAQ	Director	November 2020	Present

Marchand Snyman

Mr. Snyman is a co-founder of the Company and RE Royalties Ltd. (a company providing royalty financing for renewable energy projects). Mr. Snyman has over 20 years of senior executive experience in global corporate finance, M&A, financing and divestiture activities. He also currently serves as a director on a number of publicly traded companies. Mr. Snyman is currently a Director and the Chief Operating Officer of Hunter Dickinson Inc. Mr. Snyman is a Chartered Accountant (Australia and New Zealand) and a Chartered Accountant (South Africa).

Mr. Snyman is, or was within the past five years, an officer and/or director of the following public companies:

Company	Market	Positions Held	From	To
Electric Royalties Ltd.	TSX-V	Chairman, Director	June 2020	Present
Northcliff Resources Ltd.	TSX	Chairman, Director	January 2013	Present
Northern Dynasty Minerals Ltd.	TSX, NYSE American	CFO	August 2008	April 2019
Northern Dynasty Minerals Ltd.	TSX, NYSE American	Director	August 2008	February 2016
RE Royalties Ltd	TSX-V	Chairman, Director	November 2018	Present

As a result of their education and experience, each member of the Audit and Risk Committee has familiarity with, an understanding of, or experience in:

- the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- reviewing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements; and
- an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

The Audit and Risk Committee has not made any recommendations to the Board to nominate or compensate any external auditor that was not adopted by the Board.

Reliance on Certain Exemptions

The Company’s external auditor, Deloitte LLP, has not provided any material non-audit services.

Pre-approval of Policies and Procedures

Section 1(a)(iv) of the Audit Committee Charter states that the Audit and Risk Committee must review and approve in advance all permitted non-audit services with Company’s auditors and the Audit and Risk Committee may delegate the ability to pre-approve such services to a subcommittee, provided such subcommittee shall present its decision to the full Audit and Risk Committee at the following Audit and Risk Committee meeting. Other than the foregoing, the Audit and Risk Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

Prior to the completion of the Qualifying Transaction on June 24, 2020, KPMG LLP was the external auditor and was paid audit fees of $6,000 for the fiscal year ended December 31, 2019 (fiscal year ended December 31, 2018: $5,000) while the Company was listed as a CPC on the TSX Venture Exchange. Additionally, prior to the Qualifying Transaction, the Company paid the following amounts to KPMG in 2020: 1) $25,000 for professional services rendered with respect to the Company's filing statement; 2) $4,500 for professional services rendered with respect to the review of the Company's financial statements for the three month period ended March 31, 2020.

After the completion of the Qualifying Transaction, Deloitte LLP (the auditors of the Operating Entity) were appointed as the auditors of the Company. The disclosures that follow herein relate to the Operating Entity for the year ended December 31, 2019 and to the Company for the year ended December 31, 2020.

The audit committee has reviewed the nature and amount of the non-audit services provided by Deloitte LLP to the Company to ensure auditor independence. Fees incurred with Deloitte LLP for professional services in the last two fiscal years are outlined in the following table:

Nature of Services		**Year Ended Dec 31, 2020**	**Year Ended Dec 31, 2019**
Audit Fees	include fees necessary to perform the annual audit and quarterly reviews of the Company's financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.	$ 40,000	$ 55,000
Audit-Related Fees	include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.	$ Nil	$ Nil
Tax Fees	include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.	$ Nil	$ Nil
All Other Fees	include all other non-audit services.	Nil	Nil
Total		$ 40,000	$ 55,000

Code of Ethics

The Company has adopted a code of ethics that applies to all directors, officers and employees of the Company, including the Chief Executive Officer and Chief Financial Officer. A copy of the Code of Ethics, which is included as a part of the Company's Governance Policies and Procedures Manual, is available on the Company's website at https://www.electricroyalties.com/corporategovernance.

APPENDIX A

AUDIT AND RISK COMMITTEE CHARTER

1. Purpose: Responsibilities and Authority

The Audit and Risk Committee (the "Audit Committee" or "Committee") shall carry out its responsibilities under applicable laws, regulations and stock exchange requirements with respect to the employment, compensation and oversight of the Company's independent auditor, and other matters under the authority of the Committee. The Committee also shall assist the Board of Directors in carrying out its oversight responsibilities relating to the Company's financial, accounting and reporting processes, the Company's system of internal accounting and financial controls, the Company's compliance with related legal and regulatory requirements, and the fairness of transactions between the Company and related parties. In furtherance of this purpose, the Committee shall have the following responsibilities and authority:

(a) Relationship with Independent Auditor.

(i) Subject to the law of British Columbia as to the role of the Shareholders in the appointment of independent auditors, the Committee shall have the sole authority to appoint or replace the independent auditor.

(ii) The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.

(iii) The independent auditor shall report directly to the Committee.

(iv) The Committee shall approve in advance all audit and permitted non-audit services with the independent auditor, including the terms of the engagements and the fees payable.

(v) At least annually, the Committee shall review and evaluate the experience and qualifications of the lead partner and senior members of the independent auditor team.

(vi) At least annually, the Committee shall obtain and review a report from the independent auditor regarding:

(1) any material issues raised by the most recent internal quality-control review, or peer review, of the auditor, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm;

(2) any steps taken to deal with any such issues; and

(3) all relationships between the independent auditor and the Company.

(vii) At least annually, the Committee shall evaluate the qualifications, performance and independence of the independent auditor, including considering whether the provision of permitted non-audit services is compatible with maintaining the auditor’s independence.

(viii) The Committee shall ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit, the concurring partner responsible for reviewing the audit, and other audit partners as required by law.

(ix) The Committee shall consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.

(x) The Committee shall recommend to the Board policies for the Company’s hiring of employees or former employees of the independent auditor who were engaged on the Company’s account or participated in any capacity in the audit of the Company.

(b) Financial Statement and Disclosure Review.

(i) The Committee shall review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in management’s discussion and analysis, and recommend to the Board whether the audited financial statements should be filed with applicable securities regulatory authorities and included in the Company’s annual reports.

(ii) The Committee shall review and discuss with management (and, to the extent the Committee deems it necessary or appropriate, the independent auditor) the Company’s quarterly financial statements, including disclosures made in management’s discussion and analysis, and recommend to the Board whether such financial statements should be filed with applicable securities regulatory authorities.

(iii) The Committee shall review and discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company’s financial statements, including the independent auditor’s assessment of the quality of the Company’s accounting principles, any significant changes in the Company’s selection or application of accounting principles, any major issues as to the adequacy of the Company’s internal controls over financial reporting, and any special steps adopted in light of material control deficiencies.

(iv) At least annually and prior to the publication of annual audited financial statements, the Committee shall review and discuss with management and the independent auditor a report from the independent auditor on:

(1) all critical accounting policies and practices used by the Company;

(2) all alternative accounting treatments of financial information that have been discussed with management since the prior report, ramifications of the use of such alternative disclosures and treatments, the treatment preferred by the independent auditor, and an explanation of why the independent auditor's preferred method was not adopted; and.

(3) other material written communications between the independent auditor and management since the prior report, such as any management letter or schedule of unadjusted differences, the development, selection and disclosure of critical accounting estimates, and analyses of the effect of alternative assumptions, estimates or GAAP methods on the Company's financial statements.

(v) Prior to their filing or issuance, the Committee shall review the Company's Annual Information Form, quarterly and annual earnings press releases, and other financial press releases, including the use of "pro forma" or "adjusted" non-GAAP information.

(vi) The Committee shall review and discuss with management the financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be specific or it may be in general regarding the types of information to be disclosed and the types of presentations to be made.

(c) ***Conduct of the Annual Audit***. The Committee shall oversee the annual audit, and in the course of such oversight the Committee shall have the following responsibilities and authority:

(i) The Committee shall meet with the independent auditor prior to the audit to discuss the planning and conduct of the annual audit, and shall meet with the independent auditor as may be necessary or appropriate in connection with the audit.

(ii) The Committee shall ascertain that the independent auditor is registered and in good standing with the Canadian Public Accounting Board and that the independent auditor satisfies all applicable Canadian independence standards. The Committee shall obtain from the auditor a written statement delineating all relationships between the auditor and the Company as per applicable independence standards, and review relationships that may impact the objectivity and independence of the auditor.

(iii) The Committee shall discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including

(1) the adoption of, or changes to, the Company's significant auditing and accounting principles and practices as suggested by the independent auditor, internal auditors or management;

(2) the management letter provided by the independent auditor and the Company's response to that letter; and

(3) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

(iv) The Committee shall make such inquiries to the management and the independent auditor as the Committee members deem necessary or appropriate to satisfy themselves regarding the efficacy of the Company's financial and internal controls and procedures and the auditing process.

(d) Compliance and Oversight.

(i) The Committee shall meet periodically with management and the independent auditor in separate executive sessions. The Committee may also, to the extent it deems necessary or appropriate, meet with the Company's investment bankers and financial analysts who follow the Company.

(ii) The Committee shall discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.

(iii) The Committee shall discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies, and regularly review the top risks identified by management and the policies and practices adopted by the Company to manage those risks.

(iv) At least annually and prior to the filing of the AIF, if required, the Committee shall review with management and the independent auditor the disclosure controls and procedures and confirm that the Company (with CEO and CFO participation) has evaluated the effectiveness of the design and operation of the controls within 90 days prior to the date of filing of the AIF. The Committee also shall review with management and the independent auditor any deficiencies in the design and operation of internal controls and significant deficiencies or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls. As a part of that review, the Committee shall review the process followed in preparing and verifying the accuracy of the CEO and CFO annual certifications required to be included in the AIF.

(v) At least annually and prior to the filing of the AIF, the Committee shall review with management and the independent auditor management's internal control report and assessment of the internal controls and procedures, and the independent auditor's report on and assessment of the internal controls and procedures. In connection with its review of interim and annual financial statements and related management's discussion and analysis, the Committee shall confirm with management that the Company (with CEO and CFO participation) has taken all actions required in connection with the certifications required by National Instrument NI 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings.*

(vi) The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

(vii) The Committee shall discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or reports which raise material issues regarding the Company's financial statements or accounting policies.

(viii) At least annually, the Committee shall meet with the Company's legal counsel and discuss any legal matters that may have a material impact on the financial statements or the Company's compliance policies.

(ix) The Committee shall oversee the preparation of all reports relating to the Committee required under applicable laws, regulations and stock exchange requirements.

(x) The Committee shall exercise oversight with respect to anti-fraud programs and controls.

(e) Related Party Transactions.

(i) The Committee shall review for fairness to the Company proposed transactions, contracts and other arrangements between the Company and its subsidiaries and any related party or affiliate, and make recommendations to the Board whether any such transactions, contracts and other arrangements should be approved or continued. The foregoing shall not include any compensation payable pursuant to any plan, program, contract or arrangement subject to the authority of the Company's Compensation Committee.

(ii) As used herein the term "related party" means any officer or director of the Company or any subsidiary, or any shareholder holding a greater than 10% direct or indirect financial or voting interest in the Company, and the term "affiliate" means any person, whether acting alone or in concert with others, that controls, is controlled by or is under common control with another person.

2. Structure and Membership

(a) **Number and qualification**. The Committee shall consist of three persons unless the Board should from time to time otherwise determine. All members of the Committee shall meet the experience and financial literacy requirements of National Instrument NI 52-110 and the rules of the Toronto Stock Exchange

(b) **Selection and Removal**. Members of the Committee shall be appointed by the Board, upon the recommendation of the Nominating and Governance Committee. The Board may remove members of the Committee at any time with or without cause.

(c) **Independence**. The Committee shall be in compliance with the appropriate securities or exchange independence requirements, except in the instance of director transition or resignation where the Committee and/or the board will seek to meet independence requirements at the earliest opportunity. At a minimum, a majority of the members of the Committee shall be "independent" as determined under the Company's Corporate Governance Overview and Guidelines.

(d) **Chairperson**. Unless the Board elects a chairperson of the Committee, the Committee shall elect a chairperson by majority vote.

(e) **Compensation**. The compensation of the Committee shall be as determined by the Board.

(f) **Term**. Members of the Committee shall be appointed for one-year terms. Each member shall serve until his or her replacement is appointed, or until he or she resigns or is removed from the Board or the Committee.

3. Procedures and Administration

(a) **Meetings**. The Committee shall meet as often as it deems necessary in order to perform its responsibilities, but not less than quarterly. The Committee shall keep minutes of its meetings and any other records as it deems appropriate.

(b) **Subcommittees**. The Committee may form and delegate authority to one or more subcommittees, consisting of at least one member, as it deems appropriate from time to time under the circumstances.

(c) **Reports to the Board**. The Committee shall regularly report to the Board with respect to such matters as are relevant to the Committee's discharge of its responsibilities, and shall report in writing on request of the chairperson of the Board.

(d) **Charter**. The Committee shall, at least annually, review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

(e) **Independent Advisors**. The Committee shall have the authority to engage such independent legal and other advisors as it deems necessary or appropriate to carry out its responsibilities. Such independent advisors may be regular advisors to the Company. The Committee is empowered, without further action by the Board, to cause the Company to pay appropriate compensation to advisors engaged by the Committee.

(f) **Investigations**. The Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it deems appropriate, including the authority to request any Officer or other person to meet with the Committee and to access all Company records.

(g) **Annual Self-Evaluation**. The Committee shall evaluate its own performance at least annually.

4. Additional Powers

The Committee shall have such other duties as may be delegated from time to time by the Board of Directors.

5. Limitation of Committee's Role

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 and disclosures are complete and accurate and are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management and the independent auditor.

6. Committee Member Independence, Financial Literacy Requirements

A. Independence

(a) See Appendix 2 of the Company's Corporate Governance Overview and Guidelines.

B. Financial Literacy

NI 52-110

Section 3.1(4) states that each audit committee member must be financially literate.

Section 1.6 defines the meaning of financial literacy as follows:

"For the purposes of this Instrument, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements."