



# **ELECTRIC ROYALTIES LTD.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**THREE MONTHS ENDING MARCH 31, 2025**

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion and Analysis**  
Three Months Ending March 2025

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**Cautionary Note to Investors Concerning Forward-looking Statements**

This discussion includes certain statements that may be deemed “forward-looking information” or “forward-looking statements” (collectively referred to as “forward-looking statements”), which may not be based on historical fact, including without limitation statements regarding our expectations in respect of future financial position, business strategy, future production, future royalty acquisitions, reserve potential, exploration drilling, exploitation activities, events or developments that we expect to take place in the future, projected costs and plans and objectives. Often, but not always, forward-looking statements can be identified by the use of the words “believes”, “may”, “plan”, “will”, “estimate”, “scheduled”, “continue”, “anticipates”, “intends”, “expects”, and similar expressions. Forward-looking statements include but are not limited to statements about our acquisition strategy and long-term objectives, acquisitions in our acquisition pipeline, industry trends, demand for commodities underlying our royalty portfolio and the mineral properties in which we have a royalty or other similar interest.

Such statements reflect our management’s current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and known or unknown risks and contingencies. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements, including, among others:

- our ability to acquire royalties on favourable terms or at all;
- the success or profitability of our royalty investments;
- our dependence on the owners and operators of the mining properties underlying our royalty investments;
- the impact of increased production costs on returns to royalty investors;
- our limited access to data and disclosure regarding exploration, development and operation of mining projects in which the Company has a royalty interest;
- uncertainty of exploration results on exploration properties in which the Company has a royalty interest;
- risks affecting mining properties and the mining industry generally, including:
  - natural disasters and other catastrophic events;
  - compliance with environmental laws and regulations by the battery minerals project owner or operator;
  - local public opposition, negative public or community response to battery mineral project exploration, development or operation;
  - delays and cost overruns in the design and construction of development stage projects;
  - permitting risk;
  - health, safety and environmental risks; and
  - insurance risk
- changes in the price of commodities that impact the value of royalty interests;
- changes in technology and future demand for commodities;
- the potential early termination of royalty agreements;
- our dependence on mine owners or operators for the calculation of royalty amounts and accurate reporting;
- the potential delay or failure of mine owners to pay royalty payments;
- royalty agreements and payments may not be honoured or made by the owners and operators of the mining properties underlying our royalty investments;
- rights of third parties that may impact our royalty investments;
- our ability to execute on our acquisition strategy for to acquire additional royalty interests;
- increased competition for royalty interests;
- the concentration of our royalty portfolio in the battery metals sector;
- the liquidity of our royalty interests;
- our limited history of operations;

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- availability of additional financing on favourable terms to continue future acquisitions of royalties or for working capital purposes;
- potential dilution to shareholders if we are unable to obtain financing on favourable terms;
- foreign exchange and interest rate risk;
- changes in legislation and regulations that impact the Company or the owners and operator of mining properties;
- income and other taxes in jurisdictions in which the Company operates;
- general economic and political conditions;
- potential legal proceedings;
- our dependence on key management and our ability to attract and retain qualified management and personnel; and
- impact of the conflicts in Ukraine and the Middle East on global economic conditions.

These factors should be considered carefully and readers are cautioned not to place undue reliance on forward-looking statements. Readers are cautioned that the above list is not exhaustive of the factors that may affect any of the forward-looking statements of the Company. Other risks are discussed under the heading "Risk Factors" in section 1.15.4 in this MD&A. Should one or more of these risks and uncertainties materialize, or should underlying factors or assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements.

Except where otherwise stated, the disclosure in this MD&A relating to properties and operations on the properties in which the Company holds royalty interests is based on information publicly disclosed by the owner or operator of that property and information/data available in the public domain as at the date of (or as specified in) the documents incorporated by reference herein, as applicable, and none of this information has been independently verified by the Company. Specifically, as a royalty holder, the Company has limited, if any, access to properties included in its asset portfolio. Additionally, the Company may from time to time receive operating information from the owners and operators of the properties, which it is not permitted to disclose to the public. The Company is dependent on (i) the operators of the properties and their qualified persons to provide information to the Company or (ii) publicly available information, to prepare disclosure pertaining to properties and operations on the properties on which the Company holds royalty or other interests, and generally has limited or no ability to independently verify such information. Although the Company does not have any knowledge that such information may not be accurate, there can be no assurance that such third party information is complete or accurate. Some information publicly reported by owners or operators may relate to a larger property than the area covered by the Company's royalty or other interest. The Company's royalty or other interests often cover less than 100% and sometimes only a portion of the publicly reported mineral reserves, mineral resources and production of a property.

This MD&A includes market data and forecasts with respect to the battery metals and minerals, energy storage, automotive and clean energy markets. Although the Company is responsible for all of the disclosure contained in this MD&A, in some cases the Company relies on and refers to market data and certain industry forecasts that were obtained from third party surveys, market research, consultant surveys, publicly available information and industry publications and surveys that it believes to be reliable. Unless otherwise indicated, all market and industry data and other statistical information and forecasts contained in this MD&A are based on independent industry publications, reports by market research firms or other published independent sources and other externally obtained data that the Company believes to be reliable. Any such market data, information or forecast may prove to be inaccurate because of the method by which it was obtained or because it cannot always be verified with complete certainty given the limits on the availability and reliability of raw data and the voluntary nature of the data gathering process and other limitations and. As a result, although the Company believes that these sources are reliable, it has not independently verified the information.

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.

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## 1.1 Date

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements (the "Financial Statements") of Electric Royalties Ltd. for the three months ending March 31, 2025, and its audited consolidated financial statements for the year ended December 31, 2024 and the related MD&A (the "Annual MD&A"), as publicly filed on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All monetary amounts herein are expressed in Canadian Dollars ("\$", "C\$", or "CAD"), unless stated otherwise.

Other currencies mentioned include US dollars (US\$) and Euros (€).

This MD&A is prepared as of May 27, 2025.

## 1.2 Overview

Electric Royalties Ltd. ("**Electric Royalties**", "**ELEC**" or the "**Company**") is a public company based in British Columbia, Canada, with common shares listed on the TSX Venture Exchange ("**TSXV**") under the trading symbol "ELEC" and on the OTCQB® Venture Market (the "**OTCQB**") in the United States under the symbol "ELECTF".

The Company's objective is 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. Its commodities of focus are lithium (Li), copper (Cu), zinc (Zn), graphite (Cg), cobalt (Co), tin (Sn), nickel (Ni), manganese (Mn) and vanadium (V); the Company also assesses opportunities to acquire royalties on projects in other commodities.

ELEC 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 Project operators looking to raise capital to develop or explore the Projects or to recapitalise their balance sheets as well as existing royalties held by third parties (collectively hereinafter the "**Royalty Sellers**"). The Royalties acquired are described as follows:

### *Net smelter returns ("**NSR**") royalty*

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.

### *Gross revenue royalty ("**GRR**") or gross metal royalty ("**GMR**")*

GRR or GMR entitles the royalty owner to a percentage of the gross revenue from the metals or minerals produced by a Project and sold.

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### ***Highlights***

Electric Royalties' activities continue to be focused on expanding its exposure to the essential metals required for the world's transition to clean energy. The Company's portfolio of 43 royalty holdings is diversified across a range of metals in the clean energy space.

#### *Cash Generating Royalties*

##### Punitaqui Copper Mine

On December 4, 2024, Electric Royalties closed the acquisition of a 0.75% Gross Revenue Royalty (the "0.75% GRR") on the producing Punitaqui copper mine in Chile. A past producer, the mine re-initiated production in 2024 and while ramping up, is also completing exploration and development activities (see discussion of drilling at Punitaqui under *Updates on Projects in Current Royalty Portfolio* below). Since the acquisition, the Company has received revenue of:

- US\$21,661 (\$31,000) based on mine sales during the fourth quarter of 2024; and
- US\$74,325 (\$107,000) based on mine sales during the first quarter of 2025.

#### *Updates on Projects in Current Royalty Portfolio*

In Q1, significant updates were announced for several projects in which the Company holds royalty interests. Highlights include:

- **Battery Mineral Resources Corp. (TSXV: BMR) ("BMR") announced:**

Assay results from its 2024 underground exploration and in-fill drill program at the San Andres deposit area of the **Punitaqui Copper Mine** complex in Chile. According to BMR, the drilling confirmed the copper grades in the current geological model and better delineated the extent of the mineralization. Additionally, holes SAM-24-06 and SAM-24-07 encountered a fault offset of the lower shale; the area east of the fault represents a new target for future drilling.

Drill holes SAM-24-06, 07, 08, 09, 10, 11 and 12 returned:

- SAM-24-06: 2.9 meters (m) at 0.92% total copper (CuT) and 27.3 g/t (grams per tonne) silver (Ag) and 1.8 m at 2.76% CuT and 21.0 g/t Ag
- SAM-24-07: 15.6 m grading 0.9% CuT and 15.0 g/t Ag
- SAM-24-08: 5.1 m at 0.9% CuT and 3.4 g/t Ag
- SAM-24-09: 9.8 m at 1.1% CuT and 13.2 g/t Ag
- SAM-24-10: 19.8 m at 2.3% CuT and 26.4 g/t Ag
- SAM-24-11: 21.9 m at 1.2% CuT and 15.4 g/t Ag
- SAM-24-12: 12.0 m at 1.1% CuT and 20.7 g/t Ag and 10.2 m at 1.2% CuT and 12.7 g/t Ag

Note: All intercepts reported as estimated true widths intervals.

According to BMR, these drill results have been added to the three-dimensional geology and resource models that its mining engineers will use to update stope designs and optimize mining plans. The underground drilling program is focused on exploring accessible targets within the existing Inferred Resource with the goal of upgrading the resource to a higher resource category and is also targeting areas adjacent to the Inferred Resource to potentially add new resources (BMR January 14, 2025).

*Electric Royalties is relying on the information provided by BMR and is unable to verify the*

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*reported drill information<sup>1</sup>.*

- **Sayona Mining Limited (ASX: SYA) (“SYA”) announced:**

Along with Piedmont Lithium Inc. (NASDAQ & ASX: PLL), a definitive agreement had been signed to combine the two companies to create a leading lithium business (SYA November 19, 2024) and that the combined company will be known as Elevra Lithium with four Board nominees from each of Sayona and Piedmont. The merger is expected to be completed in mid 2025 (SYA April 10, 2025).

Sayona plans to integrate mineralized material from the Authier Lithium Project<sup>4</sup>, on part of which Electric Royalties holds a 0.5% gross metal royalty, with its nearby North American Lithium (NAL) mine. NAL and Authier are currently part of Sayona Québec, 75% owned by Sayona and 25% by Piedmont.

*Electric Royalties is relying on the information provided by Sayona.*

- **Manganese X Energy Corp. (TSXV: MN) (“MN”) announced:**

Updates on the **Battery Hill Manganese Project** in New Brunswick, Canada. MN initiated a drilling program in late 2024, with the goal of upgrade areas of inferred mineral resources to the measured and indicated mineral resource categories, specifically to identify areas of higher grade, near surface mineralization that could be mined in the early years of production to be included and optimized in the upcoming pre-feasibility study (“PFS”). The drill program will provide approximately 1,393 m of core for analysis. MN announced the results from the program and advised that a mineral resource estimate to support the PFS is underway (MN April 5, 2025).

In November 2024, that it had shipped core samples to the TOMRA Ore Sorting Solutions laboratory in Germany for testwork. Positive results from Phase 1 of the study, led by ABH Engineering Inc., were reported in March, showing over 95% effectiveness in sorting valuable rocks from waste. The test program used a sample set grading 7.7% manganese. Based on the favourable preliminary results from Phase 1, a more extensive Phase 2 study is currently underway to assess the economic potential of the sorting technology being used (MN March 12, 2025).

*Electric Royalties is relying on the information provided by Manganese X.*

- **Green Technology Metals Limited (ASX: GT1) (“GT1”) announced:**

Plans for a proposed lithium hydroxide monohydrate (LHM) conversion plant in Ontario – in partnership with battery manufacturer EcoPro Innovation – which will include two 13-ktpa EcoPro-standard hydrometallurgical trains, utilizing proven LHM module design from EcoPro's South Korean operations to ensure cost accuracy, design precision, and reduced commissioning risks. Pilot testwork is underway at EcoPro's South Korean facility to produce battery-grade lithium hydroxide from Seymour Lake material. A preferred site for the conversion facility has been identified in Thunder Bay, Ontario, which is undergoing detailed due diligence (GT1 February 5, 2025).

Metallurgical testwork results from a Dense-Media-Separation-only processing circuit support a 5.5% to 6.0% spodumene concentrate with low impurities, at industry-comparable recoveries. GT1 reported that the spodumene concentrate grade and lithium recovery achieved are consistent with previous testwork and comparable to some of the world's leading hard rock spodumene lithium projects (GT1 February 12, 2025).



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A new preliminary economic assessment (PEA) has been completed for the Seymour Lake Project in Ontario, Canada as previously published technical studies in December 2023, described a plan for the combined development of the Seymour Lake Project and the Root Project (the latter of which Electric Royalties does not hold a royalty interest). The new 2025 PEA assesses Seymour Lake on a standalone basis, taking into account updated optimizations and mine development options, and changed lithium market conditions. According to Green Technology Metals, their current goals are to advance the planned feasibility study in 2026 and commence production in 2027 (GT1 February 21, 2025).

*Electric Royalties is relying on the information provided by Green Technology Metals.*

- **Cerrado Gold Inc. (TSXV: CERT) ("CERT") announced:**

Further positive metallurgical test results supporting the ability to produce high-purity iron concentrates at the Mont Sorcier Project near Chibougamau, Québec have been received. The metallurgical results will be used to determine the final flow sheet design for the feasibility study at Mont Sorcier which, according to Cerrado, is expected to be completed in Q1 2026 (CERT March 3, 2025).

*Electric Royalties is relying on the information provided by Cerrado.*

- **World Copper Ltd. (TSX.V: WCU) ("WCU") announced:**

In February had entered into a binding letter agreement to sell its interest in the Zonia copper-oxide deposit in Arizona, USA, to an arm's length third-party (a European metals and mining investment manager with two decades of leadership in investing in and developing mining projects worldwide) in consideration for C\$26.0 million in cash, payable in tranches. On May 6, 2025, WCU announced it had terminated the agreement.

*Electric Royalties is relying on the information provided by World Copper.*

- **Buxton Resources Limited (ASX: BUX) ("BUX") announced:**

An updated mineral resource estimate (MRE) under JORC standards for the Graphite Bull Project in Western Australia, that increases contained graphite by 345%. The mineral resource includes of 7.61 Mt @ 11.6% Total Graphitic Carbon ("TGC") in the indicated category and 13.1 Mt @ 10.4% TGC in the inferred category at a 7% TGC cut-off<sup>1</sup>. According to BUX, the updated MRE improves the tonnage, thickness, strike extent and geological confidence of the Graphite Bull Project, with numerous shallow drill targets remaining as exploration upside (BUX February 17, 2025).

Downstream qualification testwork on Graphite Bull material is well underway with results expected in July 2025. The testwork results, along with Buxton's updated MRE, will guide its plans for further work at Graphite Bull (BUX April 1, 2025).

*Electric Royalties is relying on the information provided by Buxton and is unable to verify the reported resource estimate.*

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<sup>1</sup> Buxton Resources Limited news release titled "Graphite Bull Resource Expands 345%" dated February 17, 2025, JORC Code, 2012 Edition – Table 1. The Graphite Bull Mineral Resource is reported above the 200 m RL, which is approximately at a depth of 200 m below topographic surface. This is considered to be a reasonable depth to which conventional open pit mining will reach. The MRE is reported above a cut-off grade of 7% TGC, which is recommended by Buxton and based upon analyses of commodity prices, cost estimates for mining and processing, and assumptions regarding a breakeven TGC grade.



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### **Corporate**

Subsequent to year end, Electric Royalties announced that Craig Lindsay was appointed Chair of the Board following the Company's annual meeting of shareholders held on March 14, 2025. Mr. Lindsay has been an independent director of Electric Royalties since 2016.

### **Qualified Person's Statement**

David Gaunt, P.Ge., a qualified person who is not independent of Electric Royalties, has reviewed and approved the technical information in this Management Discussion and Analysis.

### **1.2.2 Current Portfolio**

The following is a tabulation of royalties currently held, listed in order of each project's stage of development.

| <b>Acquired</b> | <b>Project</b>             | <b>Mineral</b> | <b>Stage</b>                     | <b>Royalty</b>                                      | <b>Operator</b>                                                                        | <b>Location</b> |
|-----------------|----------------------------|----------------|----------------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------|-----------------|
| <b>2024</b>     | Punitaqui Mine             | Copper         | Producing                        | 0.75% GRR                                           | Battery Mineral Resources Corp./<br>Minera BMR SpA/<br>Minera Altos Del Punitaqui Ltda | Chile           |
| <b>2023</b>     | Penouta Mine               | Tin            | Production currently suspended   | 1.5% GRR <sup>2</sup>                               | Strategic Minerals Europe Corp.                                                        | Spain           |
| <b>2021</b>     | Middle Tennessee Zinc Mine | Zinc           | Production temporarily suspended | Sliding Scale GMR above US\$0.90/lb Zn price        | Nyrstar / Trafigura                                                                    | United States   |
| <b>2021</b>     | Graphmada                  | Graphite       | Care & Maintenance               | 2.5% NSR                                            | Greenwing Resources Limited                                                            | Madagascar      |
| <b>2020</b>     | Authier                    | Lithium        | Advanced Stage                   | 0.5% GMR <sup>3</sup>                               | Sayona Mining                                                                          | Canada          |
| <b>2020</b>     | Bissett Creek              | Graphite       | Advanced Stage                   | 1.5% GRR                                            | Northern Graphite Corp.                                                                | Canada          |
| <b>2021</b>     | Seymour Lake               | Lithium        | Advanced Stage                   | 1.5% NSR                                            | Green Technology Metals                                                                | Canada          |
| <b>2023</b>     | Kenbridge                  | Nickel         | Advanced Stage                   | 0.5% GRR on Kenbridge & 1.0% GRR on Kenbridge North | Tartisan Nickel Corp.                                                                  | Canada          |
| <b>2020</b>     | Battery Hill               | Manganese      | Advanced Stage                   | 2% GMR                                              | Manganese X Energy Corp.                                                               | Canada          |
| <b>2020</b>     | Mont Sorcier               | Vanadium       | Advanced Stage                   | 1% GMR                                              | Cerrado Gold Inc.                                                                      | Canada          |
| <b>2022</b>     | Zonia                      | Copper         | Advanced Exploration             | 0.5% GRR & option for 1%                            | World Copper Ltd.                                                                      | United States   |

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<sup>2</sup> Upon receiving \$1,666,667 in royalty revenues, the royalty rate will be reduced to a 1.25% GRR. Upon payment of \$3,333,334 in aggregate royalty revenues, the royalty rate will be reduced to a 1.0% GRR.

<sup>3</sup> Royalty held over part of the project.

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| Acquired | Project                             | Mineral   | Stage                   | Royalty                         | Operator                                | Location  |
|----------|-------------------------------------|-----------|-------------------------|---------------------------------|-----------------------------------------|-----------|
|          |                                     |           |                         | GRR on Zonia North <sup>4</sup> |                                         |           |
| 2021     | Millennium Copper Cobalt            | Copper    | Advanced Exploration    | 0.5% GRR                        | Metal Bank Limited                      | Australia |
| 2021     | Cancet                              | Lithium   | Advanced Exploration    | 1% NSR                          | MetalsTech / Winsome Resources          | Canada    |
| 2021     | Rana                                | Nickel    | Advanced Exploration    | 1% NSR                          | Global Energy Metals Corp.              | Norway    |
| 2021     | Graphite Bull                       | Graphite  | Advanced Exploration    | 0.75% GRR                       | Buxton Resources Limited                | Australia |
| 2022     | Sleitat                             | Tin       | Exploration             | 1% NSR                          | Cornish Metals Inc.                     | Alaska    |
| 2021     | Mt. Dorothy                         | Cobalt    | Exploration             | 0.5% GRR                        | Global Energy Metals Corp. <sup>5</sup> | Australia |
| 2021     | Cobalt Ridge                        | Cobalt    | Exploration             | 0.5% GRR                        | Global Energy Metals Corp. <sup>7</sup> | Australia |
| 2020     | Chubb                               | Lithium   | Exploration             | 2% GMR                          | Burley Minerals Ltd.                    | Canada    |
| 2020     | Bouvier                             | Lithium   | Exploration             | 2% GMR                          | Mining Equities Pty. Ltd.               | Canada    |
| 2020     | Sayona West                         | Lithium   | Exploration             | 0.5% GMR                        | Sayona Mining                           | Canada    |
| 2020     | Sayona East                         | Lithium   | Exploration             | 2% GMR                          | Sayona Mining                           | Canada    |
| 2021     | Glassville                          | Manganese | Exploration             | 1% GRR                          | Globex Mining Enterprises Inc.          | Canada    |
| 2024     | OLP Property Portfolio <sup>6</sup> | Lithium   | Early Stage Exploration | 1-3% NSR <sup>7</sup>           | Multiple                                | Canada    |

### 1.2.3 Financings

#### *Private Placements*

In January 2025, the Company announced that it closed its brokered private placement (the "Offering") previously announced on December 9, 2024. An aggregate of 12,248,235 units of the Company ("Units") were sold under the Offering at a price of C\$0.18 per Unit (the "Issue Price") for gross proceeds of C\$2,204,682.

In addition, the Company also announces the closing of a non-brokered private placement (the "Concurrent Financing" and together with the Offering, the "Private Placements") with Globex Mining Enterprises Inc. ("Globex") of 1,666,667 additional Units of the Company (the "Additional Units" and together with the Units, the "Offered Units") at a price of C\$0.18 per Additional Unit for additional

<sup>4</sup> Option to acquire a 1% GRR on Zonia North at any time during a period of 24 months from the date that World Copper publishes an initial technical report in respect of the Zonia Norte deposit which is prepared in accordance with National Instrument 43-101 and contains an estimate of Inferred Mineral Resources remains. The option would require a \$3,000,000 cash investment to exercise.

<sup>5</sup> GEMC plans to divest of an 80% interest in the Mount Dorothy and Cobalt Ridge projects. For further details see **Overview** of Electric Royalties' 2023 Q2 MDA.

<sup>6</sup> 18 royalties

<sup>7</sup> Buyback provisions on 0.5-1.0% NSR on the royalties

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gross proceeds of C\$300,000. The Company raised aggregate gross proceeds of C\$2,504,682 from the Private Placements.

Each Offered Unit is comprised of one common share of the Company (each, a "Common Share") and one common share purchase warrant of the Company (each whole common share purchase warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one common share of the Company (each, a "Warrant Share") at an exercise price of C\$0.25 per Warrant Share for a period of 2 years following the closing of the Private Placements.

The net proceeds of the Private Placements will be used to complete the remaining C\$450,000 payment in respect of the acquisition of the 0.75% Gross Revenue Royalty on the Punitaqui copper mine in Chile, and for general corporate purposes.

With respect to the Offering, the Units were offered for sale to purchasers resident in Canada (other than Québec residents) and/or other qualifying jurisdictions pursuant to the listed issuer financing exemption (the "Listed Issuer Financing Exemption") under Part 5A of the National Instrument 45-106 – Prospectus Exemptions ("NI 45-106"). Because the Offering has been completed pursuant to the Listed Issuer Financing Exemption, the securities issued to Canadian resident subscribers in the Offering will not be subject to a hold period pursuant to applicable Canadian securities laws.

With respect to the Concurrent Financing, the Additional Units were sold to Globex pursuant to the "accredited investor" or another exemption (other than the listed issuer financing exemption) under NI 45-106. The Additional Units are subject to a four-month hold period pursuant to Canadian securities laws.

The Agents received an aggregate cash commission equal to C\$122,828 and an aggregate of 682,377 warrants of the Company (the "Broker Warrants"). Each Broker Warrant will be exercisable to acquire one Common Share at an exercise price of C\$0.18 at any time on or before January 15, 2027. The Broker Warrants and Common Shares underlying the Broker Warrants are subject to a four-month hold period pursuant to Canadian securities laws.

Gleason & Sons LLC, controlled by Stefan Gleason, a director of the Company and a shareholder that holds in excess of 10% of the issued and outstanding Common Shares, subscribed for 138,889 Units under the Offering. Globex, a shareholder that holds in excess of 10% of the issued and outstanding Common Shares, also subscribed for 1,666,667 Units under the Concurrent Financing. Additionally, Marchand Snyman, a former director of the Company, and Brendan Yurik, a director and officer of the Company, subscribed for 275,000 Units and 138,889 Units respectively, under the Offering. The participation by each of Stefan Gleason, Globex, Marchand Snyman and Brendan Yurik constitutes a "related party transaction" within the meaning of the policies of the TSX Venture Exchange and Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The securities issued to Stefan Gleason and Globex will be subject to a four-month hold period pursuant to applicable securities legislation and applicable policies of the TSX Venture Exchange. The Company is relying upon the exemptions from the formal valuation and minority shareholder approval requirements pursuant to sections 5.5(a) and (b), and 5.7(1)(a), respectively, of MI 61-101 on the basis that neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction insofar as it involves interested parties (within the meaning of MI 61-101) in the Private Placements exceeds 25% of the Company's market capitalization calculated in accordance with MI 61-101, and on the basis that no securities of the Company are listed or quoted on a stock exchange as specified in MI 61-101. The Company did not file a material change report 21 days prior to the closing of the Private Placements as the details of the participation of each of Stefan Gleason, Globex, Marchand Snyman and Brendan Yurik had not been confirmed at that time.

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***Convertible Loan Facility***

In November 2022, the Company entered into a financing commitment for a \$2 million convertible loan facility (“**Loan Facility**” or “**Loan**”) with Gleason & Sons LLC (the “**Lender**”), which is controlled by a significant shareholder of the Company. The Loan has a three-year term, and as per the original terms of the Loan Facility, was subject to interest (“**Interest**”) at 15%, with Interest payments capitalized into the principal amount and due at the end of the Loan term. In April 2023, the Company and the Lender entered into an agreement to increase the Loan Facility from \$2 million to \$5 million. The Lender also agreed to modify the interest rate to a lower, floating rate (Secured Overnight Financing Rate (or “**SOFR**”) + 7%), with a maximum interest rate of 12.5% p.a., as compared to the original rate of 15% p.a. All other terms remain the same.

At the discretion of the Lender, after six months from the initial drawdown date, the Loan plus accrued Interest is convertible into common shares of Electric Royalties as follows: (a) conversion price (the “**Conversion Price**”) for the Loan at the greater of \$0.50; a 100% premium above the 30-day VWAP of Company’s shares on the TSX Venture Exchange (the “**TSXV**”) at the advance; and the minimum price acceptable to the TSXV, per share; and (b) for Interest at the Market Price (as defined under Exchange policy 1.1) at the time of settlement, subject to the Market Price not being less than the Conversion Price without prior Exchange approval, per share.

Disinterested shareholder approval will be required for conversion of the Loan that results in the Lender exceeding the TSXV shareholding criteria.

In January 2023 and April 2023, the Company elected to draw down \$1,000,000 and \$500,000, respectively, under the Loan Facility, and the proceeds for the two drawdowns were respectively used for the Penouta royalty acquisition and the Kenbridge royalty acquisition. The Conversion Prices for the two drawdowns were set at \$0.62 and \$0.71, respectively, representing the 30-day VWAP of the Company’s common shares at the date each drawdown.

In July 2023, the Company announced that it had drawn down \$1,400,000 under the Loan Facility to fund the cash payment to acquire the additional 0.75% GRR on Penouta pursuant to the Option, and additional transaction costs associated with the Penouta and Kenbridge royalty acquisitions.

In September 2023, the Company drew down \$1,050,000 under the Loan Facility to fund the cash payment to acquire the additional 0.5% GRR on the Bissett Creek project, as well as its associated transaction costs. The Conversion Price for this drawdown was set at \$0.50.

In November 2023, the Company drew down \$500,000 under the Loan Facility for working capital. The Conversion Price for this drawdown was set at \$0.50.

The Maturity Date of all cash drawn under the Loan Facility is January 2026.

**The Company and the Lender agree to amend the Credit Facility**

In October 2023, the Company announced that it had signed a commitment letter with the Lender to increase the Company’s existing convertible credit facility from \$5 million to \$10 million (the “**Loan Amendment**”). The Lender has also agreed to extend the Maturity Date of the loan from January 12, 2026 to January 12, 2028. All other terms remain the same other than increased security requirements.

The Loan Amendment is subject to completion of documentation, the approval of the TSX Venture Exchange and other customary closing conditions.

The amended credit facility will be secured by: (i) a portion of the Company’s existing royalty portfolio (1.5% GRR on the Penouta Mine in Spain, 0.5% GRR on the Kenbridge Nickel Project in

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Canada, the sliding scale GMR on the Middle Tennessee Mine in the United States, 0.5% GMR on the Authier lithium project in Canada and 1.5% GRR on the Bissett Creek graphite project in Canada); and (ii) a lien against the Company's present and future rights in additional royalties acquired using funds advanced under the credit facility, if any.

The Credit Facility was considered to be a "related party transaction" within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101") at the time the Credit Facility was agreed to. The Credit Facility was exempt from the valuation requirement of MI 61-101 by virtue of the exemption contained in section 5.5(b) as the Company's common shares are not listed on a specified market and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(a) of MI 61-101 in that the fair market value of Credit Facility did not exceed 25% of the Company's market capitalization.

#### Amended Credit Facility

The Company has signed an amended and restated convertible loan agreement (the "A&R Agreement") with Gleason & Sons LLC (the "Lender") dated February 16, 2024 to increase the Company's existing convertible credit facility from C\$5,000,000 to C\$10,000,000, subject to certain conditions set out in the A&R Agreement. Gleason & Sons LLC is controlled by Stefan Gleason, a significant shareholder and board member of Electric Royalties.

Interest will accrue on the outstanding principal amount of the Credit Facility at a rate per annum equal to the lesser of (a) the secured overnight financing rate, as published by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate) from time to time, plus 7% per annum, and (b) 12.5% per annum. Such interest shall be calculated daily and compounded annually, payment of which may be deferred until maturity.

The maturity date of the A&R Agreement is January 12, 2028 (the "Maturity Date"), extended two years from the prior loan agreement. Under the terms of the A&R Agreement, no origination or draw fees are assessed. Furthermore, the Company has the right to repay all or any portion of the indebtedness, without incurring any prepayment fee, upon at least 15 days' prior written notice to the Lender.

Prior to the Maturity Date, on at least 10 days' prior written notice to the Company, the Lender has the right to convert all or any portion of the outstanding principal amount of the Credit Facility and accrued and unpaid interest into the Company's common shares, on the terms and conditions set out in the A&R Agreement. Any outstanding principal amount with respect to a drawdown under the Credit Facility will be converted at a conversion price equal to the greater of: (i) C\$0.50; (ii) a 100% premium above the 30-day volume weighted average trading price of the common shares of the Company on the TSX Venture Exchange at the time of such drawdown; and (iii) the minimum price acceptable to the TSX Venture Exchange, per common share of the Company, subject to adjustment as provided in the convertible note evidencing such drawdown. Any accrued and unpaid interest may be converted at conversion price equal to the Market Price (as defined under the TSX Venture Exchange's Policy 1.1) at the time of settlement.

The Credit Facility will be secured by: (i) a portion of the Company's existing royalty portfolio (1.5% Gross Revenue Royalty on the Penouta mine in Spain, 0.5% Gross Revenue Royalty on the Kenbridge nickel project in Canada, Gross Revenue Royalties on the Authier lithium project in Canada, 1.5% Gross Revenue Royalty on the Bissett Creek graphite project in Canada, 0.5% Gross Revenue Royalty on the Zonia copper project in the United States, 2.5% Net Smelter Royalty on the Graphmada mine in Madagascar, and 2% Gross Metal Royalty on the Battery Hill manganese project in Canada)

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(collectively, the "Secured Royalties"); and (ii) collateral assignments of the receivables and proceeds of each Secured Royalty. Moreover, under the terms of the A&R Loan Agreement and the Canadian Security Agreement, any royalty interests and other personal property acquired subsequently by the Company using proceeds from the Loan Facility or otherwise charged in favour of the Lender will also form part of the collateral and be subject to a first priority security interest in favour of the Lender.

The A&R Agreement constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The A&R Agreement is exempt from the formal valuation requirements of MI 61-101 by virtue of the exemption contained in section 5.5(b) as the Company's common shares are not listed on a specified market.

At a special meeting of shareholders held on March 19, 2024, the following resolutions were passed:

1. The approval of the Amended and Restated Convertible Loan Agreement dated February 16, 2024, as a "related party transaction" in accordance with Multilateral Instrument 61-101-Protection of Minority Holders In Special Transactions.
2. The approval of the Amended and Restated Convertible Loan Agreement and the potential issuance of Common Shares upon the conversion of any principal amount outstanding and accrued and unpaid interest pursuant to the Amended and Restated Convertible Loan Agreement on the basis that the transaction is the first private placement with Stefan Gleason since he became a "Control Person" of the Company.

On April 9, 2024, the Company announced it had elected to draw down C\$2,500,000 under its C\$10,000,000 amended and restated convertible credit facility with the Lender dated February 16, 2024 for working capital and to fund the cash payment of the Transaction and associated Transaction costs related to the acquisition of the Lithium Portfolio in Ontario.

In May 2024, the Lender elected to convert \$578,176 of interest accrued on the Convertible Loan under the A&R Loan Agreement into 2,753,220 common shares of the Company at a conversion price of \$0.21 per share. In September 2024, the Lender elected to convert \$217,479 of interest accrued on the Convertible Loan under the A&R Loan Agreement into 1,279,288 common shares of the Company at a conversion price of \$0.17 per share.

| Cash advances   | Advance date       | Conversion price | Gross proceeds |
|-----------------|--------------------|------------------|----------------|
| First advance   | January 18, 2023   | \$ 0.62          | \$ 1,000,000   |
| Second advance  | April 19, 2023     | 0.71             | 500,000        |
| Third advance   | July 26, 2023      | 0.63             | 1,400,000      |
| Fourth advance  | September 26, 2023 | 0.50             | 1,050,000      |
| Fifth advance   | October 19, 2023   | 0.50             | 500,000        |
| Sixth advance   | April 10, 2024     | 0.50             | 2,500,000      |
| Seventh advance | November 26, 2024  | 0.50             | 3,050,000      |
| Total           |                    |                  | \$ 10,000,000  |

On November 26, 2024, the Company announced it had elected to draw down C\$3,050,000 (the "November 2024 drawdown") under its C\$10,000,000 amended and restated convertible credit facility with the Lender dated February 16, 2024 to partially fund the cash payment for the



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acquisition of a 0.75% Gross Revenue Royalty on the producing Punitaqui copper mine ("Punitaqui GRR") in Chile.

The Company granted the Lender security in the Punitaqui GRR and its 1% Gross Metal Royalty on vanadium production from the Mont Sorcier Project in Québec, in each case in accordance with the Credit Facility and associated security agreement.

#### **1.2.4 Market Trends**

The demand for commodities, such as lithium, cobalt, graphite, vanadium, manganese, nickel, copper and zinc, used in clean energy technologies is forecast to increase as countries across the globe move toward clean energy technologies. The metal prices provided herein are only indicative and are intended to present overall trends, as opposed to actual prices, which vary materially based on several factors, such as metal grade, place of delivery, etc.

Prices in 2025 have been volatile since late March in response to uncertain global economic conditions.

|                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Copper<br/>(Cu)</b>  | The average price for copper in 2020 was US\$2.80/lb. In 2021, copper prices increased except for some volatility in June and again in October, then stabilized for the remainder of the year. Prices increased in early 2022, stabilized until late April, decreased from mid-June to mid-July, and were variable until February 2023 when they increased. Prices have been variable to decreasing in 2023 to October, increased slightly to late February 2024, and was variable for the rest of the year. Prices were increasing in early 2025, then dropped in late March in response to uncertain global economic conditions but have increased since that time. A recent price is US\$4.38/lb. |
| <b>Zinc<br/>(Zn)</b>    | Zinc prices decreased in early 2020 but trended upward for the remainder of the year. Other than some volatility in February and October, prices in 2021 were steady, then began to increase in Q4 2021. In 2022, prices continued to increase to late April, decreased from August to October, then stabilized; the average annual price increased. Prices in 2023 and in 2024 were variable. In 2025, prices decreased, particularly in late March in response to uncertain global economic conditions but have increased slightly since that time. A recent price is US\$1.21/lb.                                                                                                                 |
| <b>Lithium<br/>(Li)</b> | In December 2020, Fastmarkets assessed the lithium hydroxide monohydrate (minimum 56.5% LiOH <sub>2</sub> O, battery grade) spot price at US\$9.00/kg, both on a CIF China, Japan and Korea basis. The spot price increased significantly from June 2021 to late March 2022, and the average price increased overall in 2022. Prices were variable in 2023 and decreased markedly in the latter part of the year. Prices were stable in 2024 to mid-April when they decreased until October. Prices increased from October 2024 to January 2025, were stable to March but have decreased since that time. A recent price is US\$9.60/kg.                                                             |



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|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Graphite<br/>(Cg)</b>  | Graphite prices are determined based on direct negotiations between buyers and sellers and, as there is no spot or futures market for graphite, prices are provided by companies such as Benchmark Mineral Intelligence and Fastmarkets based on periodic surveys of buyers and sellers. Graphite prices are categorized by flake size and purity, i.e. large flake (+80 mesh) and particularly XL flake (+50 mesh) and 94% plus carbon varieties command premium pricing. The graphite price traded in a range of US\$472/t to US\$561/t in 2021 to September, then increased to December. Prices in 2022 were largely stable to mid-March, then were variable to July, when they stabilized; the average annual price increased in 2022. Prices increased to February 2023, when they decreased, then stabilized until early 2024. In 2024, prices decreased overall and the average annual price decreased from that in 2023. Prices in 2025 have generally been stable to increasing. A recent price is US\$314/t. |
| <b>Cobalt<br/>(Co)</b>    | The average reference price for standard grade cobalt in 2020 was US\$15.58/lb, according to Fastmarkets MB. The spot price increased from June 2021 to March 2022, stabilized, then decreased from mid-May to mid-August, stabilized to February 2023, then decreased to September 2023, stabilized, then dropped in December 2023. Prices in 2024 decreased to August, then were stable until March 2025, when they increased, and have been stable since that time. A recent price is US\$20.50/lb.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Manganese<br/>(Mn)</b> | The average manganese price (CIF China 44%) in 2020 was US\$4.60/dmtu (dry metric tonne units) from an average of US\$5.60/dmtu in 2019. Manganese prices were variable in 2021 to July then increased. In 2022 prices were stable until mid-March when they increased substantially, then stabilized again in mid-April before decreasing from June 2022 to early 2023. Prices increased in February 2023, then stabilized to April, then in the latter part of 2023. Prices decreased from November 2023 to January 2024, then stabilized for a few months before increasing from April to August 2024 but decreased through the end of the year. Prices were increasing in 2025 to March but have decreased since April. A recent price is US\$4.78/dmtu.                                                                                                                                                                                                                                                           |
| <b>Vanadium<br/>(V)</b>   | In 2020, the prices for V <sub>2</sub> O <sub>5</sub> averaged US\$6.47/lb. Prices in 2021 were increasing to October when they dropped, then were largely stable to February 2022 when they increased substantially to early March. Although decreasing later in the year, the average annual price increased in 2022. Prices had largely increased in 2023 to April, decreased in May and June, then stabilized, but have decreased from September 2023 to December, increased in January 2024, were variable in 2024 and decreased later in the year. Prices increased in 2025 to April and have stabilized since that time. A recent price is US\$5.00/lb.                                                                                                                                                                                                                                                                                                                                                         |
| <b>Nickel<br/>(Ni)</b>    | Average LME price of nickel in 2020 was US\$6.25/lb. Nickel prices were increasing in the first quarter of 2021, then dropped in March, and have been increasing overall since June 2021. Prices were stable in early 2022, spiked in mid to late March, decreased from April to mid-July, then were variable to increasing to February 2023; prices decreased in May 2023 and were variable and decreased in November. Prices varied only slightly from December 2023 to February 2024, then were stable until October 2024 when they decreased. Prices were stable until late March 2025, when they decreased significantly, then increased in April, and have stabilized in May. A recent price is US\$6.92/lb.                                                                                                                                                                                                                                                                                                     |
| <b>Tin<br/>(Sn)</b>       | During 2020, the average tin price was US\$7.71/lb. Tin prices increased in 2021 and in 2022 to mid-March, were variable to November 2022. Prices in 2023 increased significantly in January and February and decreased a similar amount to mid-March, then were variable to increasing, decreased in August 2023. Prices were variable in late 2023 and in 2024. In 2025, prices were increasing to late March when they decreased; prices have increased slightly since that time. A recent LME cash price of US\$14.71/lb.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

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Average annual prices for 2020 to 2024, and the average prices so far in 2025 are shown in the table below:

|                           | <b>Cu</b><br><b>US\$/lb</b> | <b>Zn</b><br><b>US\$/lb</b> | <b>Li</b><br><b>US\$/kg</b> | <b>Cg</b><br><b>US\$/t</b> | <b>Co</b><br><b>US\$/lb</b> | <b>Mn</b><br><b>US\$/dmu</b> | <b>V</b><br><b>US\$/lb</b> | <b>Ni</b><br><b>US\$/lb</b> | <b>Sn</b><br><b>US\$/t</b> |
|---------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------|-----------------------------|------------------------------|----------------------------|-----------------------------|----------------------------|
| 2020                      | 2.80                        | 1.03                        | 9.52                        | 461                        | 15.58                       | 4.60                         | 6.47                       | 6.25                        | 7.71                       |
| 2021                      | 4.22                        | 1.36                        | 16.22                       | 528                        | 23.70                       | 5.36                         | 8.15                       | 5.36                        | 14.73                      |
| 2022                      | 3.99                        | 1.58                        | 71.61                       | 673                        | 31.64                       | 6.47                         | 9.23                       | 11.59                       | 14.18                      |
| 2023                      | 3.84                        | 1.20                        | 44.67                       | 548                        | 18.19                       | 4.99                         | 7.50                       | 9.77                        | 11.76                      |
| 2024                      | 4.15                        | 1.26                        | 10.12                       | 364                        | 16.71                       | 4.91                         | 5.42                       | 7.62                        | 13.69                      |
| 2025 (to May 27,<br>2025) | 4.24                        | 1.25                        | 9.85                        | 313                        | 18.02                       | 4.95                         | 4.99                       | 7.01                        | 14.54                      |

Sources: Lithium, graphite and cobalt prices for 2020 are from Fastmarkets. All other prices shown are from Argus Metals.

- Copper, nickel, tin and zinc are LME official cash price
- Cobalt is min 99.8% fob US warehouse (US\$/lb)
- Manganese is 44-46 % CIF China
- Graphite is 94% min ex-works China excl. VAT US\$/t
- Lithium is min 56.5% fob China
- Vanadium is 98% V<sub>2</sub>O<sub>5</sub> fob China (US\$/lb)

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### 1.3 Selected Annual Information

Not required.

### 1.4 Summary and Discussion of Quarterly Results

The following information is derived from the Company's accompanying Financial Statements of the Company prepared in accordance with IFRS as issued by the IASB effective for the respective reporting periods of the Company, and are expressed in Canadian dollars, rounded to nearest thousands.

| Quarter ended      | Revenue    | Net Loss     | Basic and diluted loss per share | Weighted average number of common shares outstanding |
|--------------------|------------|--------------|----------------------------------|------------------------------------------------------|
| March 31, 2025     | \$ 107,000 | \$ 825,000   | \$ 0.01                          | 114,479,769                                          |
| December 31, 2024  | \$ 31,000  | \$ 4,168,000 | \$ 0.04                          | 102,884,017                                          |
| September 30, 2024 | \$ –       | \$ 792,000   | \$ 0.01                          | 101,688,161                                          |
| June 30, 2024      | \$ –       | \$ 901,000   | \$ 0.01                          | 98,624,089                                           |
| March 31, 2024     | \$ –       | \$ 501,000   | \$ 0.01                          | 96,601,509                                           |
| December 31, 2023  | \$ 11,000  | \$ 4,857,000 | \$ 0.05                          | 96,601,509                                           |
| September 30, 2023 | \$ 84,000  | \$ 398,000   | \$ 0.00                          | 96,601,509                                           |
| June 30, 2023      | \$ 46,000  | \$ 419,000   | \$ 0.00                          | 95,887,223                                           |

#### Trends relating to the Company's operating results

##### Revenue and Income

Since its inception in 2020, the Company has built a portfolio of mineral royalty interests. To date, the Company has (direct and indirect) royalty interests in three operating mines, namely: Mid Tennessee Mine ("MTM"); Penouta Mine; and Punitaqui Mine. However, during the year ended December 31, 2024, and to the date of this MD&A, the operations at the Mid Tennessee and Penouta mines remained suspended.

The Company recognizes royalty revenue when the relevant commodities were transferred to the end customer by the operator of the royalty property. The Company's royalty revenue varies directly with the underlying commodity sales.

The Company accounts for its interest in MTM LP, which holds the MTM Royalty, using the equity method of accounting, whereby the net income or loss of MTM LP is recorded as a separate line item in the Company's consolidated statement of comprehensive loss. The Company's income or loss from MTM LP varies primarily with its share of royalty revenue from the MTM Royalty. The Company's income or loss from MTM LP also varies with its share of MTM LP's expenses, which are usually higher in the first two quarters of each year, due to the timing of expenses relating to tax and annual audit.

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| <b>Trends relating to the Company's operating results</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Operating expenses</b>                                 | <p>Certain expenses, such as salaries and benefits, and administration expenses, are incurred evenly throughout the Company's fiscal year, while other expenses are driven by the underlying corporate and business development activities. Investor relations and shareholder communication expenses are mostly discretionary, and their timing is dependent upon various engagements and events relating to the Company's investor outreach.</p> <p>Salaries and benefit expenses only include directors' fees and compensation of the Company's chief executive officer.</p> <p>Historically, the Company has not engaged or hired full-time employees and experts, other than its chief executive officer. Instead, the Company sources all necessary technical, geological, corporate communications, accounting, regulatory compliance, and administrative services from certain service providers as required by the Company on a non-exclusive basis. These expenses are mainly classified, depending upon the nature of services received, as administration expenses and property investigation expenses in the Company's consolidated statements of comprehensive loss.</p> <p>The Company records all direct external costs, including legal and due diligence costs, relating to royalty acquisitions as part of the royalty interest asset. All internal costs, including property investigation and due diligence costs, with respect to the Company's potential royalty acquisitions are recorded as property investigation expenses within operating expenses.</p> <p>Equity-settled share-based payment expense varies with grant of share-based awards, and the pattern of their vesting.</p> |

| <b>Fiscal quarter</b> | <b>Discussions and analysis</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>2025/Q1</b>        | <p>In this quarter, the Company recorded \$107,000 in royalty revenue from the Punitaqui Royalty. The following section of this MD&amp;A provides a detailed analysis of the Company's operating result for this quarter.</p>                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>2024/Q4</b>        | <p>In this quarter, the Company closed the acquisition of the Punitaqui Royalty for a purchase price of \$3,500,000 and recorded \$31,000 in royalty revenue from this royalty. In 2024/Q4, the Company drew down \$3,050,000 against the Credit Facility to partially fund the acquisition of the Punitaqui Royalty. The remaining purchase price of \$450,000 for the Punitaqui Royalty was paid after the end of the reporting period in January 2025.</p> <p>In 2024/Q4, the Company recorded impairment losses of \$3.1 million and \$0.4 million on its interests in the MTM LP and the Lithium Property Portfolio, respectively.</p> |
| <b>2024/Q3</b>        | <p>There were no investing or financing transactions closed during this quarter. The net loss recorded during the quarter was mainly due to operating and financing expenses for the quarter. No revenue was recorded during this quarter.</p>                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>2024/Q2</b>        | <p>The Company completed the acquisition of the Lithium Royalty and Option Portfolio in this quarter.</p> <p>The Company did not record any royalty revenue from the Penouta royalty in this quarter, as the mining operation at the Penouta Mine remained provisionally suspended due to the suspension of the section C permit.</p>                                                                                                                                                                                                                                                                                                       |

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|                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                | <p>The Company drew down an additional sum of \$2.5 million against the Loan Facility in April 2024, and the Lender elected to convert \$578,176 in interest accrued on the Convertible Loan under the A&amp;R Loan Agreement into 2,753,220 common shares of the Company at a conversion price of \$0.21 per share.</p> <p>The increase in net loss in Q2 2024, compared to the net loss in Q1 2024, was mainly due to an increase in finance expense following the aforementioned drawdown against the Loan Facility. Additionally, in Q1 2024, the net loss was lower due to the gain on modification to the Loan Facility.</p> |
| <b>2024/Q1</b> | <p>The Company did not record any royalty revenue from the Penouta royalty in this quarter, as the mining operation at the Penouta Mine remained provisionally suspended due to the suspension of the section C permit.</p> <p>The Company recorded a gain of \$315,786 in this quarter as a result of the amendments to the Convertible Loan agreement, as discussed herein.</p> <p>The Company granted stock options to its directors, officers, and employees during this quarter that led to an increase in share-based compensation expenses during the quarter.</p>                                                          |
| <b>2023/Q4</b> | <p>The Penouta mine suspended its operations in the fourth quarter of 2023, resulting in a decrease in the Company's royalty revenue in the quarter.</p> <p>Net loss for the fourth quarter of 2023 increased mainly due to total impairment loss of \$4.4 million recorded in the quarter with respect to the Company's interest in MTM LP and the Penouta mine.</p>                                                                                                                                                                                                                                                              |
| <b>2023/Q3</b> | <p>The Company completed the acquisition of an additional 0.75% GRR on the Penouta mine, and an additional 0.5% GRR on the Bisset Creek project. The Company drew down an aggregate amount of \$2,450,000 against the Loan Facility to fund these acquisitions.</p> <p>Following the acquisition of the additional royalty interest in the Penouta mine, gross royalty revenue increased to \$84,000.</p>                                                                                                                                                                                                                          |
| <b>2023/Q2</b> | <p>The Company completed the acquisition of the Kenbridge royalty interest in this quarter, and, to fund the cash consideration, the Company drew down \$500,000 against the Loan Facility.</p> <p>During the quarter ended June 30, 2023, recorded revenue from its Penouta Tin-Tantalum Royalty in the amount of \$46,000.</p> <p>The increase in net loss in this quarter, compared to the quarter ending March 31, 2023, was mainly due to the timing of expenses relating to the Company's annual financial reporting, including the audit-related costs.</p>                                                                 |

## 1.5 Results of Operations

During the three months ended March 31, 2025 (the "Current Quarter"), the Company recorded a net loss of \$825,000, compared to a net loss of \$501,000 for the three months ended March 31, 2024 (the "Prior Year Quarter"). The increase in net loss for the Current Quarter, compared to the Prior Year Quarter, was mainly attributable to the net effect of the following:

- a decrease in operating expenses in the Current Quarter, as further discussed below;

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- an increase in finance expenses recorded in the Current Quarter due to additional drawdowns against the Loan Facility completed in the second and the fourth quarters of the Company's fiscal year 2024; and
- A debt modification gain of \$316,000 recorded in the Prior Year Quarter with respect to the A&R Agreement, as approved by the Company's shareholders in the special meeting held in March 2024. No such gain was recorded in the Current Quarter.

During the Current Quarter, the Company recorded \$107,000 in royalty revenue from the Punitaqui Royalty, which was acquired in December 2024. No revenue was recorded in the Prior Year Quarter, as there was no royalty interest held by the Company that had underlying revenue from mining operations during the quarter.

The following tables provide a comparison of the Company's operating expenses:

| Operating Expenses                                | Three months ended March 31, |            | Increase/<br>(decrease) | Change |
|---------------------------------------------------|------------------------------|------------|-------------------------|--------|
|                                                   | 2025                         | 2024       |                         |        |
| Investor relations and shareholder communications | \$ 144,068                   | \$ 87,132  | \$ 56,936               | 65%    |
| Salaries and benefits                             | 102,047                      | 116,158    | (14,111)                | (12%)  |
| Administration                                    | 112,966                      | 100,048    | 12,918                  | 13%    |
| Regulatory                                        | 38,254                       | 29,482     | 8,772                   | 30%    |
| Legal, tax, audit and audit related               | 26,254                       | 212,826    | (186,572)               | (88%)  |
| Property investigations                           | 34,844                       | 24,272     | 10,572                  | 44%    |
| Equity-settled share-based payments               | 21,621                       | 115,587    | (93,966)                | N/A    |
| Total                                             | \$ 480,054                   | \$ 685,505 | \$ (205,451)            | (30%)  |

Salaries and benefit expenses, representing directors' fees and executive compensation, decreased in the Current Quarter, due to a reduction in the size of the Company's Board of directors following the Company's Annual General Meeting held in March 2025.

Administration expenses increased during the Current Quarter mainly due to additional administrative support for the completion of the Private Placement.

Regulatory expenses increased in the Current Quarter, due to the timing of certain expenses and the underlying corporate activities. Legal, tax, audit and audit-related expenses were higher in the Prior Year Quarter due to the timing of work completed by the Company's auditors in the Prior Year Quarter, compared to the Current Quarter.

Share-based payment expenses in the Current Quarter and the Prior Year Quarter pertained to the purchase options granted by the Company in March 2024, and varied in line with the underlying vesting conditions.

## 1.6 Liquidity

At March 31, 2025, the Company had a cash balance of \$714,659 (December 31, 2024 – \$28,082) and working capital of \$ 825,123 (December 31, 2024 – working capital deficit of \$1,041,000).

During the Current Quarter, the Company used \$1,043,825 cash in its operating activities, compared to \$241,789 in the Prior Year Quarter. The increase in the amount of cash used in operating activities in the Current Quarter was mainly due to changes in working capital items because, upon completion of the Private Placement in January 2025, the Company settled its liabilities that were accumulated mainly during the latter half of its fiscal year 2024.



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During the Current Quarter, the Company used \$309,560 cash in investing activities, as the Company paid \$450,000 on account of the remaining purchase price of the Punitaqui Royalty in the Current Quarter. During the Current Quarter, the Company received \$25,000 in fixed royalty payment and \$108,000 in option payments with respect to its Lithium Property Portfolio. During the Prior Period Quarter, the Company used \$26,695 cash in investing activities, mainly representing transaction costs of \$56,102 with respect to the Lithium Portfolio, net of \$25,000 received in fixed royalty payment.

In the Current Quarter, cash provided by the Company's financing activities was \$2,039,962, which mainly includes the net proceeds of \$2,042,254 from the Private Placement.

Further development of the Company's business will require additional funding from a combination of the Company's shareholders, or alternative capital providers, and debt financing. As the royalty interests currently owned, directly or indirectly by the Company to date are mainly in their development stage, the Company's revenue or cash flows from such royalty interest are not sufficient, compared to its corporate and business development expenditures. To date, the Company has mainly relied on proceeds from equity financing to fund its expenditures, and to maintain liquidity.

Any change in the commitment or timing of debt and equity funding from existing or new shareholders of the Company, or alternative capital providers, may require the Company to curtail its planned business development activities or seek alternative sources of funding. As such, there is material uncertainty that casts significant doubt on the Company's ability to continue as a going concern. Management has concluded that presentation as a going concern is appropriate in the Financial Statements.

At March 31, 2025, except for an office lease expiring in 2026 and the Loan maturing in 2028, the Company did not have any material long-term lease obligations, purchase obligations, or any other long-term obligations.

### **1.7 Capital Resources**

The Company has no lines of credit or other sources of financing which have been arranged but not yet utilized.

Further advancement of the Company's business strategies and operations will require additional funding. The Company intends to pursue additional funding through equity and debt financing.

Although management has a reasonable expectation that it can continue to raise funds, there can be no assurance to that effect.

### **1.8 Off-Balance Sheet Arrangements**

None.

### **1.9 Transactions with Related Parties**

This disclosure can be found in the accompanying Financial Statements of the Company, with additional details provided below.

The Company's related party transactions are comprised of remuneration for the following key management personnel ("KMP") that have the authority and responsibility for planning, directing and controlling the activities of the Company:

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| Name            | Position(s) Held at the Company   |
|-----------------|-----------------------------------|
| Craig Lindsay   | Director <sup>(i)</sup>           |
| Robert Schafer  | Director                          |
| Stefan Gleason  | Director                          |
| Marchand Snyman | Director, Chairman <sup>(i)</sup> |
| Brendan Yurik   | Director, Chief Executive Officer |

(i) In March 2025, Electric Royalties announced that Craig Lindsay was appointed Chair of the Board following the Company's annual meeting of shareholders held on March 14, 2025, when Marchand Snyman ceased to be a director of the Company.

Transactions with the Company's key management personnel were as follows:

|                                                    | Three months ended March 31, |            | Increase/   |        |
|----------------------------------------------------|------------------------------|------------|-------------|--------|
|                                                    | 2025                         | 2024       | (decrease)  | Change |
| Short-term employment benefits (1)                 | \$ 102,047                   | \$ 116,158 | \$ (14,111) | (12%)  |
| Share-based payments relating to stock options (2) | 21,868                       | 89,021     | (67,153)    | N/A    |
| Total                                              | \$ 123,915                   | \$ 205,179 | \$ (81,264) | (40%)  |

- (1) Short-term employment benefits include salaries and benefits of the Company's chief executive officer and directors' fees. The decrease in short-term employment benefits was mainly due to the reduction in the size of the Company's Board of directors following the Company's Annual General Meeting held in March 2025..
- (2) The share-based payment expense in the Current Year relates to the stock options granted by the Company to its directors and officers during the first quarter to 2024.

Refer to 1.2.2 *Financings* for details of the loan facility provided by Gleason & Sons LLC, which is controlled by Mr. Gleason.

After the end of the reporting period on April 29, 2025, the Company announced the award of incentive stock options (the "Options") to certain directors, officers and consultants, under the terms of the Company's stock option plan, to purchase an aggregate of 1,600,000 common shares in the capital stock of the Company. The Options were granted at an exercise price of \$0.14 per share for a five-year term for directors and officers, and three-year term for consultants. The Company also announced the award of an aggregate of 500,000 restricted share units ("RSUs") and 1,000,000 deferred share units ("DSUs") to certain officers and directors of the Company pursuant to its RSU/DSU plan ("RSU/DSU Plan"). The RSUs will vest over a two-year term and DSUs vest immediately.

#### **1.10 Fourth Quarter**

Not required.

#### **1.11 Proposed Transactions**

There are no proposed transactions requiring disclosure under this section.

#### **1.12 Critical Accounting Estimates**

This disclosure can be found in the accompanying Financial Statements of the Company.

### **1.13 Changes in Accounting Policies including Initial Adoption**

There was no change in accounting policies during the current year.

### **1.14 Financial Instruments and Other Instruments**

The Company's financial assets mainly comprise cash held in business accounts with a high-credit quality financial institution and are available on demand by the Company as and when required.

The Company's liquidity position is discussed in Section 1.6 Liquidity.

### **1.15 Other MD&A Requirements**

#### **1.15.1 Additional disclosure for venture issuers without significant revenue**

See section 1.5 "Results of Operations".

#### **1.15.2 Disclosure of Outstanding Share Data**

The capital structure of the Company as of the date of this MD&A, is as follows:

|                                      | Number      |
|--------------------------------------|-------------|
| Common shares issued and outstanding | 119,973,292 |
| Share purchase options               | 9,681,000   |
| Share purchase warrants              | 31,597,279  |
| Restricted share units (RSUs)        | 500,000     |
| Deferred share units (DSUs)          | 1,000,000   |

#### **1.15.3 Internal controls over financial reporting and disclosure controls**

##### **Internal Controls over Financial Reporting**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

##### **Disclosure Controls and Procedures**

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the appropriate time periods and that required information is accumulated and communicated to the Company's management so that decisions can be made about the timely disclosure of that information.

#### **1.15.4 Risk Factors**

The required disclosure is provided in the “Risk Factors” section of the Company’s Annual MD&A as publicly filed on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).