# ELECTRIC ROYALTIES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

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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
- the impact of COVID-19 or other pandemics;
- uncertainties regarding the conflict in the Ukraine;
- 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;
- 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
- other risks described in the documents incorporated by reference in this MD&A, including the 2021 Annual Information Form ("2021 AIF").

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 this MD&A and in the Company's 2021 AIF. 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.

## 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. ("ELEC" or the "Company") for the three and nine months ended September 30, 2022 and the audited consolidated financial statements of the Company for the year ended December 31, 2021 and related MD&A (the "Annual MD&A") as publicly filed on SEDAR at www.sedar.com.

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 ("$" or "CAD"), unless stated otherwise.

This MD&A is prepared as of November 28, 2022.

## 1.2 Overview

Electric Royalties Ltd., formerly Rebel Capital Inc., ("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". On September 20, 2021, the Company announced that it had qualified for trading on the OTCQB® Venture Market (the "OTCQB") in the United States operated by the OTC Markets Group Inc. and the Company's common shares commenced trading on the OTCQB under the symbol "ELECF".

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. ELEC's commodities of focus are nickel, copper, zinc, graphite, cobalt, tin, lithium, manganese and vanadium, but 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 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"). 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.

***Recent Highlights***

Electric Royalties' activities continue to be focused on expanding its exposure to the essential metals required for the world to transition to clean energy. The Company's portfolio of 20 royalty holdings is diversified across a range of mineral assets in the clean energy space.

Subsequent to the end of the quarter in November 2022, Electric Royalties signed an agreement with Strategic Minerals Europe Corp. ("Strategic Minerals") to acquire a newly granted 0.75% GRR (the "0.75% GRR") on the producing Penouta tin-tantalum mine in Spain ("Penouta"), which is currently the largest tin-tantalum producer in Europe[1]. The Company will also have an option for a period of 7 months from closing to acquire an additional 0.75% GRR (the "0.75% Option GRR") on Penouta. The royalty rates will be reduced to 0.5%, respectively, once certain minimum royalty payments have been made. The acquisition is subject to due diligence and TSXV approvals. Further details are provided in 1.2.1 *Royalty Acquisitions in Progress*.

In September 2022, the Company closed the acquisition of a 0.5% GRR on the Zonia Copper Oxide Project in Arizona, US (the "Zonia Project") from World Copper Ltd. ("World Copper") , with a right (for a period of 15 months) to acquire an additional 0.5% GRR on the Zonia Project, and a further option to acquire a 1% GRR on the Zonia North Project, 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 which contains an estimate of Inferred Mineral Resources.

Additionally, significant updates were announced by the operators of several projects on which the Company holds royalty interests. Highlights for the more advanced projects include:

- progress by Sayona Mining to re-start production at its North American Lithium facilities and its planned integration of the Authier Project;
- Preliminary Economic Assessment reports completed for the Mont Sorcier Iron-Vanadium Project and Battery Hill Manganese Project. A pre-feasibility study ("PFS") has been initiated for Battery Hill. A feasibility study has begun for Mont Sorcier with forecast completion at the end of Q2 2023;
- positive results from metallurgical testwork for innovative product treatments for:
    - Graphmada Graphite Project: research and development activities have resulted in graphene from the Graphmada Mining Complex produced ISO standards[2], a key step in plans to create a patentable and environmentally friendly process to produce advanced materials such as expandable graphite and graphene; and
    - Battery Hill Project: field pilot plant that incorporates a modular design is being developed as part of its PFS, with the goal of demonstrating its proprietary process for treating Battery Hill mineralization under near commercial-scale operating conditions.

[1] Strategic Minerals Europe Corp. website https://www.strategicminerals.com/what-we-do/#penouta-mine
[2] Standards defined by International Organization for Standardization

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

| Acquired | Project | Mineral | Stage | Royalty | Operator | Location |
|---|---|---|---|---|---|---|
| **2022**[3] | Penouta Mine | Tin | Producing | 0.75% GRR[4] | Strategic Minerals Europe Corp. | Spain |
| **2021** | Middle Tennessee Zinc Mine | Zinc | Producing | Sliding Scale GMR above US$0.90/lb Zn price | Nyrstar / Trafigura | United States |
| **2021** | Graphmada | Graphite | Care & Maintenance | 2.5% NSR | Greenwing Resources Limited | Madagascar |
| 2020 | Authier | Lithium | Engineering Studies | 0.5% GMR | Sayona Mining | Canada |
| **2020** | Bissett Creek | Graphite | Advanced Stage | 1% GRR | Northern Graphite Corp. | Canada |
| **2022** | Zonia | Copper | Advanced Stage | 0.5% GRR & options to add 0.5% GRR on Zonia & 1% GRR on Zonia North[5] | World Copper Ltd. | United States |
| **2020** | Battery Hill | Manganese | Advanced Exploration | 2% GMR | Manganese X Energy Corp. | Canada |
| **2020** | Mont Sorcier | Vanadium | Advanced Exploration | 1% GMR | Voyageur Metals Inc. | Canada |
| **2021** | Millennium Copper Cobalt | Copper | Advanced Exploration | 0.5% GRR & options to add 1.5% NSR[6] | Metal Bank Limited | Australia |
| **2021** | Seymour Lake | Lithium | Advanced Exploration | 1.5% NSR | Ardiden / Green Technology Metals | Canada |
| **2021** | Cancet | Lithium | Advanced Exploration | 1% NSR | MetalsTech / Winsome Resources | Canada |
| **2021** | Rana | Nickel | Advanced Exploration | 1% NSR | Global Energy Metals Corp. | Norway |
| **2022** | Sleitat | Tin | Exploration | 1% NSR | Cornish Metals Inc. | Alaska |
| **2021** | Mt. Dorothy | Cobalt | Exploration | 0.5% GRR | Global Energy Metals Corp. | Australia |
| **2021** | Cobalt Ridge | Cobalt | Exploration | 0.5% GRR | Global Energy Metals Corp. | Australia |
| **2021** | Yalbra | Graphite | Exploration | 0.75% GRR | Buxton Resources Limited | Australia |
| **2020** | Chubb | Lithium | Exploration | 2% GMR | Newfoundland Discovery Corp. | Canada |

[3] Acquisition in progress
[4] Upon receiving C$1,666,667 in royalty revenues from the 0.75% GRR, the royalty rate will be reduced to a 0.5% GRR. Electric Royalties will also have the option for a period of 7 months to acquire an additional 0.75% Option GRR in exchange for C$1,250,000 cash. Assuming exercise of the option, upon payment of C$1,667,666 in royalty revenues from the 0.75% Option GRR, the Option GRR rate will be reduced to 0.5%.
[5] Option expiry: Zonia November 2023; addition option to earn royalty adjacent claims described herein
[6] Option expiry: February 2023

| Acquired | Project | Mineral | Stage | Royalty | Operator | Location |
|---|---|---|---|---|---|---|
| **2020** | Bouvier | Lithium | Exploration | 2% GMR | Newfoundland Discovery Corp. | 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 |

### Corporate

In August 2022, the Company announced that its Board of Directors had adopted a shareholder rights plan to help ensure the fair treatment of all Electric Royalties shareholders in connection with any take-over bid for the outstanding common shares of the Company, which plan was approved by shareholders at the Company's annual General Meeting held on November 17, 2022.

## 1.2.1 Royalty Acquisitions in Progress

### Penouta Tin-Tantalum Royalty

In November 2022, the Company announced that it had signed an agreement with Strategic Minerals[7] (NEO: SNTA) (OTCQB: SNTAF) to acquire a 0.75% GRR on the producing Penouta tin-tantalum mine in Spain. Electric Royalties is acquiring the 0.75% GRR on the Penouta tin-tantalum mine for a total consideration of C$1,000,000 cash and 500,000 common shares of the Company. Upon receiving C$1,666,667 in royalty revenues from the 0.75% GRR, the royalty rate will be reduced to a 0.5% GRR. Electric Royalties will also have the option for a period of 7 months to acquire the 0.75% Option GRR in exchange for C$1,250,000 cash. Assuming exercise of the option, upon payment of C$1,667,666 in royalty revenues from the 0.75% Option GRR, the Option GRR rate will be reduced to 0.5%.

The transaction noted herein is subject to completion of due diligence, approval of the TSX Venture Exchange and other customary conditions.

### Penouta Mine

The Penouta Mine is located in the north-western Spanish province of Ourense. The project has been mined since Roman times, with small underground workings following mineralized quartz veins within the leucogranite. The mine was operated by a previous owner between 1976 and 1982, extracting cassiterite and tantalum mineralization by open pit methods.

In January 2022, Strategic Minerals re-commenced open pit production of tin and tantalum and, in June 2022 received an exploitation permit to mine for 30 years, renewable for up to 75 years. There is good potential for a long mine life based on the current mineral resources (see Table 1).

[7] Strategic Minerals is a "reporting issuer" under applicable securities legislation in the provinces of British Columbia, Alberta and Ontario.

**Table 1: Pit-constrained SRK Mineral Resource Statement for the Penouta tin-tantalum hard rock deposit, effective date March 5, 2021[8].**

| Category | Tonnes (Mt) | Grade | | | | Metal | |
|---|---|---|---|---|---|---|---|
| | | $Ta_2O_5$ Eq (ppm) | Tin (ppm) | Tantalum (ppm) | $Ta_2O_5$ (ppm) | Tin (kt) | Tantalum (kt) |
| Measured | 7.6 | 184 | 600 | 85 | 103 | 4.6 | 0.6 |
| Indicated | 68.6 | 145 | 426 | 72 | 88 | 29.2 | 4.9 |
| **Total Measured & Indicated** | **76.3** | **149** | **443** | **73** | **89** | **33.8** | **5.6** |
| Inferred | 57 | 129 | 389 | 62 | 76 | 22 | 4 |

Notes:

1. Mineral resources are not mineral reserves and do not have demonstrated economic viability.
2. All figures are rounded to reflect the relative accuracy of the estimate; numbers may not add up due to rounding.
3. The standard adopted in respect of the reporting of Mineral Resources for the Project is in accordance with the terminology, definitions and guidelines given in the Canadian Institute of Mining, Metallurgy and Petroleum Standards on Mineral Resources and Mineral Reserves (CIM Code).
4. SRK reasonably expects portions of the Penouta deposit to be amenable to open pit mining methods. Open pit Mineral Resources are constrained to within a Whittle optimized pit and reported based on a $Ta_2O_5$Eq Resource cut-off which considers processing costs and G&A costs totalling US$7.79/t. Pit slope angles were set to 45 degrees.
5. Resources are reported at an open pit cut-off grade of 60 ppm $Ta_2O_5$Eq.
6. Cut-off grades are based on a price of US$178/kg and recoveries of 75% for $Ta_2O_5$, and US$24/kg and recoveries of 75% for tin.
7. It is reasonably expected, but not guaranteed, that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
8. Inferred Resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves.

In September 2022 the mineral concentrate was comprised of 66.2 tonnes of cassiterite grading 70.2% tin and 14 tonnes tantalite/columbite grading 25.5% and 24.8%, respectively (see Table 2).

**Table 2: Penouta Mine production, Q2 2021 to September 2022[9].**

| | Q2 2021 | Q2 2022 | July 2022 | August 2022 | Sept 2022 |
|---|---|---|---|---|---|
| Total Concentrate (tonnes) | 107.0 | 181.7 | 63.1 | 63.0 | 80.2 |
| Cassiterite (tonnes) | 80.0 | 153.3 | 54.8 | 53.1 | 66.2 |
| Tin % | 63.7 | 71.2 | 70.6 | 70.8 | 70.2 |
| Tantalite / Columbite (tonnes) | 27.0 | 28.4 | 8.3 | 9.9 | 14.0 |
| Tantalite (%) | 15.5 | 23.0 | 22.3 | 25.5 | 25.5 |
| Columbite (%) | 16.7 | 23.0 | 24.7 | 26.8 | 24.8 |

*Acquisition Financing*

Subsequent to the end of the quarter, the Company entered into a financing commitment, to be drawn at the election of the Company, with a significant shareholder of the Company. The commitment is

[8] Further information is available in a NI 43-101 technical report by SRK on the Strategic Minerals Europe Corp. profile at www.sedar.com

[9] Strategic Minerals Europe Corp. condensed interim consolidated financial statements for the three and six months ended June 30, 2022 and 2021, filed at www.sedar.com.

for a C$2 million convertible loan facility with a term of 3 years, bearing interest at 15% per annum, with interest payments capitalized into the principal and due at the end of the loan term. At the discretion of the shareholder, after six months from the initial drawdown the loan is convertible into common shares of Electric Royalties at the greater of C$0.50 per share or a 100% premium above the 30-day VWAP of Company's shares on the TSX Venture Exchange at the time of each advance. The funds, if required, would be used to fund the cash portion of the acquisition payment for the producing Penouta royalty and other royalty acquisitions and will be secured over Electric Royalties' interest in that royalty and any other royalty acquired using funds from this loan facility. This loan facility is subject to the approval of the TSX Venture Exchange, the completion of loan documentation and other customary closing conditions.

### 1.2.2 Royalty Acquisitions Completed

#### 2022 Acquisitions

#### Zonia Copper Royalty ("Zonia")

In August 2022, the Company acquired a 0.5% GRR on the Zonia Copper Oxide Project in Arizona, US (the "Zonia Project") from World Copper (TSX.V: WCU; OTCQX: WCUFF; FRA:7LY0) in exchange for C$1,500,000 cash and 2,000,000 common shares of the Company (the "Transaction"), and also has the right, for a period of 15 months after closing of the Transaction, to acquire a further 0.5% GRR on the Zonia Project for C$3,000,000 cash consideration. In addition, the Company has an option, to acquire a 1% GRR on the Zonia North Project, adjacent to the Zonia Project, for C$3,000,000, 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 which contains an estimate of Inferred Mineral Resources.

The 2,000,000 common shares are subject to voluntary escrow which provides that 50% of the common shares are subject to a hold period of 6 months.

The Zonia Project is located in Arizona in an area with many existing copper mines, past producers and active exploration projects. The project can be easily reached by the existing road network, the majority of which is paved highway. There is existing power on the property and some buildings remain from previous production between 1966 and 1975.

Estimated Mineral Resources at Zonia at a 0.2% copper (Cu) cut-off include Measured and Indicated Resources of 76.8 million short tons grading 0.33% Cu, containing 510 million pounds (lb) of copper, and Inferred Resources of 27.2 million short tons grading 0.28% Cu, containing 154.6 million pounds of copper. Zonia was the subject of a Preliminary Economic Assessment[10] ("PEA") announced in 2018, using a base case with a Cu price of US$2.00/lb designed pit shell and a cut-off grade of 0.17% total Cu. At a Cu price of US$3.00/lb, Zonia's forecast economics are:

- After-tax net present value at an 8% discount and Internal rate of Return of US$177 million and 29%, respectively, with a 2.89-year payback of initial capital.
- Initial capital of US$198 million.

[10] Preliminary Economic Assessment NI 43-101 technical report titled "ZONIA COPPER PROJECT, NI 43-101 Technical Report, Yavapai County, Arizona USA", effective March 22, 2018 and dated April 17, 2018, prepared by Global Resource Engineering Ltd. and posted under Cardero Resource Corp.'s profile at www.sedar.com.

- Cumulative Net Cash Flow After Taxes of US$331 million.
- Low life-of-mine strip ratio of 0.6:1.
- The PEA pit has been pre-stripped from former production.

The PEA is considered preliminary in nature and includes Inferred Mineral Resources that are considered too speculative, geologically, to have the economic considerations applied that would enable them to be classified as Mineral Reserves. There is no certainty that the results of the PEA will be realized. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

World Copper plans to prepare for prefeasibility-level studies to further advance the project toward production. This includes a program of infill drilling with goals to upgrade Inferred Resources, convert Measured and Indicated Resources to Mineral Reserves and potentially expand the deposit to the northeast. The program also includes geotechnical and condemnation drilling.

World Copper has also identified a new deposit target, Zonia Norte, in close proximity to the main resource. An internal technical review by World Copper identified copper porphyry-style mineralization at Zonia Norte, but no drilling has been done to date.

**Sleitat Tin Royalty ("Sleitat")**

In May 2022, the Company acquired a 1% NSR royalty on the Sleitat Project (the "Sleitat Tin Royalty") from a wholly-owned subsidiary of Cornish Metals Inc. (TSXV: CUSN) (AIM: CUSN) for a total consideration of 1,000,000 common shares of the Company ("Consideration Shares") and $100,000 cash. The Consideration Shares are subject to a voluntary lock-up agreement whereby 50% of the Considerations Shares are currently subject to a hold period of 12 months.

The Sleitat Project was originally discovered by Cominco American Inc. in 1983 and is comprised of claims totalling 1,425 hectares. The greisen bodies which host the mineralisation at Sleitat are divided into a north and a south zone. The north zone has been investigated by a total of 14 holes in three drill campaigns and has demonstrated that the tin mineralisation is shallow thus potentially amenable to open pit mining. The north zone is open laterally and at depth. The south greisen remains completely untested by drilling.

Preliminary metallurgical testing by Cominco in 1984 indicates that the mineralised material is highly amenable to gravity processes with excellent potential for heavy media separation. The overall recovery of tin from this test was 83% (+5%, -10%) and no mention was made of deleterious elements in the sample.

In June of 1989, the property was the subject of a detailed geological, geochemical, geophysical and resource evaluation undertaken by US Bureau of Mines, and an 816 kg bulk sample was also collected and analysed. A historical "inferred resource" of 25.9 million tonnes ("Mt") at 0.224% to 0.37% Sn was estimated.[11]

A qualified person has not done sufficient work to classify this historical estimate as current mineral resources and the Company is not treating the historical estimate as current mineral resources. The Company has not verified the calculations and they are not reconcilable with current resource categories as specified by Canadian Institute of Mining, Metallurgy and Petroleum Resources ("CIM") standard definitions. The historical estimate is reported here for information purposes only and

[11] Burleigh, R.E.; Evaluation of the Tin-Tungsten Greisen Mineralisation and Associated Granite at Sleitat Mountain, Southwestern Alaska; Open File Report 35-91, United States Department of the Interior, Bureau of Mines; 1991.

should not be relied upon.

**Rana Nickel Royalty ("Rana")**

In January 2022, the Company acquired a 1% NSR royalty on the Rana Nickel Project. The project consists of four exploration licenses, totaling 25 $km^2$ in the Råna mafic-ultramafic intrusion in northern Norway and including the past producing Bruvann Ni-Cu-Co mine, from Scandinavian Resource Holdings ("SRH") and Global Energy Metals Corp. (TSX-V: GEMC) ("GEMC"). Total consideration for the acquisition was the issuance of 1,800,000 common shares of the Company ("Consideration Shares") to Casper Peterson, Jeroen Van Gool, Martin Blakeman and Winton Willesee (as nominees for SRH) and a cash payment of $90,000 to SRH, and the issuance of 200,000 Consideration Shares to GEMC and a cash payment of $10,000 to GEMC. The Consideration Shares are subject to a voluntary escrow lock-up agreement which provides that 50% of the common shares will be subject to a hold period of 4 months and one day, 25% for 8 months and the remaining 25% for 12 months.

The Rana Nickel Project is located on the Ofoten Fjord in northern Norway that is ice-free year-round. The project includes the past producing Bruvann Ni-Cu-Co mine. The Bruvann Ni-Cu-Co mine was in production from 1989 until 2002 and processed 8.2 Mt of ore at an average grade of 0.52% nickel ("Ni"), 0.1% copper ("Cu") and 0.02% cobalt ("Co")[12]. A historical estimate of the remaining resource is 9.15 Mt at grades of 0.36% Ni, 0.09% Cu and 0.01% Co above a cut-off of 0.3% Ni. The mineralization is reported to be open in several directions.

The estimate was obtained from a report prepared by the Norwegian Geological Survey ("NGU"). No classification of the estimate was reported. The estimate is historical in nature and does not qualify as mineral resources under CIM Definition standards and NI 43-101. A qualified person under has not done sufficient work to classify the estimates as current mineral resources and the Company is not treating them as current.

The Bruvann Ni-Cu-Co mine is located 2 km away from a shipping dock with an existing conveyor connecting the mine site with dock facilities. Mine roads and power facilities as well as some of the mine buildings have been maintained and the main north-south highway in the region crosses the property.

**2021 Acquisitions**

Descriptions below are focused on updates for certain exploration assets for the six months ended September 30, 2022, and subsequent period and is based on information publicly filed by the applicable project owner. For additional information see the Company's 2021 Annual Information Form.

**Cancet Lithium Royalties ("Cancet")**

In October 2021, Electric Royalties announced that it had closed the acquisition of two lithium royalties, comprising in aggregate a 1% NSR royalty interest, on the Cancet Lithium Project in Quebec from arm's length parties. The Company acquired the 1% NSR for a total consideration of 3,000,000

[12] The past production and historical estimate for the Rana Project is reported in Carl Olaf Mathiesen and Rognvald Boyd, 2017: History of exploration of the nickel resources of the Råna Intrusion, Nordland, Norway, NGU Report 2017.31, available at https://www.ngu.no/upload/Publikasjoner/Rapporter/2017/2017_031.pdf .

common shares ("Acquisition Consideration") of the Company. The Acquisition Consideration is subject to a voluntary escrow lock-up agreement, which provides that 50% of the common shares are subject to a hold period of 4 months, 25% for 8 months and the remaining 25% for 12 months.

The Cancet Lithium Project is 100% owned by ASX-listed Winsome Resources Limited ("Winsome"). The exploration stage project is located in northern Quebec approximately 250 km east of James Bay, in the administrative region known as Nord-du-Québec. The royalty claims cover the drilled mineralization and are beneficially situated on an all-season highway and in close proximity to low-cost hydroelectric power.

Final results for the 2022 winter drill program were announced by Winsome in releases on July 14, 2022, and August 10, 2022. The results added to the footprint of lithium mineralization at the Cancet deposit. Of the seven drill holes received, two intersected zones of lithium and tantalum mineralization. The other five targets, although showing promise from earlier magnetic surveying, did not intersect any significant mineralization and have been closed out. Results from the drill program are expected to be incorporated in the inaugural JORC[13] mineral resource estimate planned in the near term. Electric Royalties is relying on the information provided by Winsome and is unable to verify the reported drill data.

In October 2022, Winsome announced that one of approximately 15 pegmatite outcrops identified during previous field exploration work will be targeted in drilling. The reverse circulation drilling program is planned for October to December, and based on results of the campaign, one or more diamond drill rigs will be brought to site to conduct more thorough drilling of the new targets, as well as to infill and extend drilling on the main mineralized body (Winsome news release On October 5, 2022).

**Graphite Royalties ("Vox Portfolio")**

In August 2021, the Company announced that it had closed a graphite royalty portfolio acquisition with TSX-V listed Vox Royalty Corp. ("Vox"), acquiring two graphite royalties, pursuant to the Royalty Portfolio Sale and Purchase Agreement dated June 30, 2021 and amended July 15, 2021 among the Company, Vox and its wholly owned subsidiaries, SilverStream SEZC and Vox Royalty Australia Pty Ltd. (the "Royalty Purchase Agreement").

Pursuant to the terms of the Royalty Purchase Agreement, the Company issued to Vox an aggregate of 7,270,408 common shares of the Company (the "Shares") at a deemed price of $0.392 per share, calculated as the 10 day volume weighted average price of the Shares on the TSX Venture Exchange prior to the date of issuance.

The Vox Portfolio consists of the Graphmada Royalty and the Yalbra Royalty, as further described below:

Graphmada Royalty

The Graphmada Royalty is a 2.5% NSR royalty on graphite production at the Graphmada Graphite Mining Complex, located in Madagascar, and operated by ASX-listed Greenwing Resources Ltd. The

[13] "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.

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

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 ("tpa") 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 care and maintenance.

In November 2021, a drilling campaign and mining studies were underway with the objective to increase future mine production through organic growth and plant upgrades (Greenwing news release November 19, 2021). A research and development program of specialty carbon products demonstrated low impurities, low defects and low oxidation (Greenwing news release December 22, 2021).

In April 2022, Greenwing Resources completed a 3,268-metre drill program comprising 69 diamond holes. On July 12, 2022, and based on recent drilling activity, Greenwing released an updated mineral resource estimate under the JORC Code for Graphmada[14]. The estimated Measured and Indicated Mineral Resource is 31 Mt at 4.8% Fixed Carbon and the Inferred Resource is 30.9 Mt at 4.2% Fixed Carbon. Resources are reported at a 3% cut-off grade.

Yalbra Royalty

The Yalbra Royalty is a 0.75% GRR on the Yalbra Graphite Project, located in Western Australia. The Yalbra Royalty provides exposure to a high-grade graphite deposit with exploration upside potential.

The Yalbra project is operated by Buxton Resources Limited (ASX: BUX). Buxton announced on May 5, 2022 that a program of works has been submitted to the Government of Western Australia's Department of Mines, Industry Regulation and Safety for approval to undertake an infill drilling program at the Yalbra graphite deposit, with a goal to delineate Indicated Resources.

## Zinc and Manganese Royalties ("2021 Globex Portfolio")

On March 10, 2021, the Company announced that it had entered into an agreement with TSX-listed Globex Mining Enterprises Inc. ("Globex") to acquire the 2021 Globex Portfolio (the "Globex Transaction"). On April 15, 2021, the Company announced that it had entered into a letter of intent with Sprott Resource Streaming and Royalty Corp. ("Sprott Streaming") to partner on the Globex Transaction. The terms of the Globex Transaction and letter of intent with Sprott Streaming were subsequently amended, as announced on May 26, 2021. On August 11, 2021, the Company announced it had closed the acquisition of the 2021 Globex Portfolio, acquiring 25% of the sliding scale gross revenue zinc royalty ("MTM Royalty") and 100% of the Glassville Manganese Royalty.

The royalty interests were acquired for $250,000, and 9,000,000 common shares 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.

[14] Greenwing Resources Ltd. news release dated July 12, 2022, JORC Code 2012, Table 1. https://wcsecure.weblink.com.au/pdf/GW1/02540997.pdf Both Australasian Joint Ore Reserves Committee ("JORC") and Canadian Institute of Mining and Metallurgy ("CIM") used for Mineral Resource and Mineral Reserve estimates under 43-101 are CRIRSCO members hence adhere to international resource reporting standards and adopt a similar approach to resource definition and classification. Differences between the two codes do exist in the requirements for Qualified Person ("QP") site visits, technical reports and use of resource categories.

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.

Funds controlled by Sprott Streaming co-invested and acquired 75% of the MTM Royalty for $13.5 million. The Company was granted an option (the "MTM Option"), with a two year term, to acquire from Sprott Streaming an additional 25% economic interest in the MTM Royalty for up to US$4.34 million in cash, subject to certain deductions determinable with reference to the amount of royalty received prior to exercise of the MTM Option.

MTM Zinc Royalty

The MTM Royalty is a sliding-scale gross metal royalty on production from the Middle Tennessee Zinc Mine located in Tennessee, US. The MTM Royalty varies with the zinc price: no royalty is payable if the zinc price is below US$0.90 per pound, a 1.0% royalty is paid at zinc prices between US$0.90 per pound and US$1.10 per pound and a 1.4% royalty is paid at zinc prices above US$1.10 per pound.

The Middle Tennessee Zinc Mine complex is owned by Trafigura and operated by Nyrstar, an integrated mining business unit that also owns the nearby Clarksville, Tennessee smelter complex. Three underground mines make up the complex including Gordonsville, Elmwood and Cumberland. Further information is provided in the Company's 2021 Annual Information Form and technical report entitled "*Amended NI 43-101 Technical Report, Middle Tennessee Mines, Tennessee, USA,*" effective date December 31 2021, by Martin Raffield, Ph.D., P.Eng., MREng LLC, and David Gaunt, P.Geo, Hunter Dickinson Services Inc., filed on the Company's profile on www.sedar.com.

From the Acquisition Date[15] to September 30, 2022, the aggregate gross amount of royalty revenue accrued to MTM LP[1] on a 100% basis is approximately US$1,852,000 (approximately C$2,361,000), of which revenue a total of US$463,000 (C$590,000) was attributable to the Company.

Glassville Manganese Royalty

The Glassville Royalty is 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 also holds a royalty.

### Seymour Lake Lithium Royalty

On February 17, 2021, the Company announced the execution of a Purchase and Sale Agreement to acquire a 1.5% NSR royalty interest from an arm's-length party on the Seymour Lake Lithium Deposit. The Company acquired the 1.5% NSR (the "NSR Interest"), being one-half of an aggregate 3.0% NSR (the "Project NSR"), directly from an arm's-length holder (the "Royalty Investor") which acquired the NSR Interest in 2011, with the balance of the Project NSR held by Sandstorm Gold Ltd.

[15] Acquisition date: August 11, 2021; MTM LP is a limited partnership that holds the royalty interest; Revenue reported based on an average exchange rate of approximately C$1.275/US$1.00 for the period

The Seymour Lake Lithium Royalty was acquired by issuing a total of 3,000,000 common shares of Electric Royalties to the Royalty Investor.

The Seymour Lake deposit consists of multiple prospective targets including North Aubry, Central Aubry, South Aubry and Pye within spodumene-bearing pegmatites. The 16,654-ha property is located near the main CN rail line in northwestern Ontario, Canada.

The Seymour Lake lithium-tantalum deposit is operated by ASX-listed Ardiden Limited. In June 2021, Ardiden Limited announced a joint venture with Great Northern Lithium Pty. Ltd. (now "Green Technology Metals" or "GT1") (ASX: GT1) to progress Ardiden's strategically located lithium portfolio in North America. This sets a pathway to develop the joint venture's portfolio of spodumene lithium projects (GT1 news release June 23, 2021).

GT1 raised gross proceeds of A$24 million in an IPO (GT1 news release November 18, 2021), to support a drilling campaign. GT1 announced an interim mineral resource estimate under JORC on June 23, 2022[16]. Estimated Indicated Mineral Resources are 5.2 Mt at 1.29% lithium oxide ("$Li_2O$") and 161 ppm tantalum pentoxide ("$Ta_2O_5$") and the Inferred Mineral Resource is 2.6 Mt at 0.90% $Li_2O$ and 120 ppm $Ta_2O_5$ for the North Aubry deposit and the Inferred Mineral Resource is 2.1 Mt at 0.5% $Li_2O$ and 90 ppm $Ta_2O_5$ for the South Aubry deposit, reported at a 0.2% $Li_2O$ cut-off. The estimate reflects incorporation of the Phase 1 drilling program results, as well as four additional pegmatite bodies.

In July 2022, GT1 announced that NorthWinds Environmental Services, TBT Engineering and Englobe recommenced a second year of baseline environmental monitoring. Up to three years of seasonal baseline surveys can be required to mitigate environmental impact and identify risks to support future project permitting and environmental approvals. The baseline surveys are predominantly focused on fauna, flora, groundwater, surface water and archaeology. GT1 reported no confirmed sightings of any threatened or endangered species to date (GT1 news release July 19, 2022).

In August 2022, GT1 announced drilling is currently testing for lateral repeats of the North Aubry deposit to the north and drilling the multiple mapped pegmatite targets across the Pye Complex GT1 news release August 22, 2022).

## Cobalt Royalties

In February 2021, the Company completed the acquisition of three royalties - the Millennium Royalty, the Mt. Dorothy Royalty and the Cobalt Ridge Royalty - from Global Energy Metals Corp. ("GEMC") (TSXV: GEMC) by issuing 1,150,000 shares and paying $150,000.

Electric Royalties also 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 net smelter returns ("NSR") from the Millennium Copper-Cobalt Project (the "Millennium NSR Royalty") for $500,000. Up to 25% of the payment is payable in shares, at Electric Royalties' 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

[16] Green Technology Metals Limited news release dated June 23, 2022, Appendix B: JORC Code 2012, Table 1. https://b61c7e0b-ed43-4605-8a65-97f4facfef40.usrfiles.com/ugd/b61c7e_b81f59db1aa046d7a2f731c237904aff.pdf Both JORC and CIM are CRIRSCO members hence adhere to international resource reporting standards and adopt a similar approach to resource definition and classification. Differences between the two codes do exist in the requirements for QP site visits, technical reports and use of resource categories.

preliminary economic analysis or similar study on the Millennium Copper-Cobalt Project is provided by GEMC to Electric Royalties, to increase the Millennium NSR Royalty to 1.5% for $1,000,000.

Millennium Copper Cobalt Royalty (the "Millennium Royalty")

The Millennium Royalty is a 0.5% GRR on the Millennium Copper-Cobalt Project (or the "Millennium Project"), located near Mount Isa in Queensland, Australia. The Company received approval from the Australian Financial Investment Review Board for the acquisition of the Millennium Royalty in January 2021.

The Millennium Project is an advanced exploration stage cobalt-copper project located in the northern part of the jurisdictionally safe state of Queensland, close to the regional centres of Mount Isa and Cloncurry with their well-established mining, transport and processing infrastructure and skilled workforce. The project hosts a deposit with a historical resource estimate.

Preliminary metallurgical studies have also shown good potential. Results from testwork showed that separate copper and cobalt concentrates can be readily floated from samples from the Millennium deposit, with recoveries of 93% Co, 93% Cu and 80% gold ("Au"). Utilizing the Cobalt Blue Process to treat the cobalt concentrate resulted in the extraction of 90% Co and 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 of utilizing this process (GEMC news release April 6, 2020).

GEMC signed a formal agreement with ASX-listed Metal Bank Limited ("MBK"), granting MBK a 6-month exclusive option to earn-in and joint venture on the project. Drilling took place in 2021; results include Hole MI21RC01, which supports up-dip continuity of mineralization into an area outside the area modelled in 2016 and identifies potential for lateral extension to the north. Hole MI21RC02 validates the existence of the mineralization in an area of structural complexity (GEMC news release September 8, 2021).

MBK has developed a $1 million three-phase work program including up to 5,500 m of drilling in 2022 to test key outcomes to confirm the exploration target and resource expansion and development program (GEMC news release December 13, 2021). In July 2022, first assay results from the Phase 1 reverse circulation infill program and step-out drilling program were announced. Electric Royalties is relying on the information provided by MBK and is unable to verify the reported drill data. Ongoing diamond drilling includes shallow, large-diameter core holes for metallurgical samples as well as infill holes. Deeper diamond drilling for resource infill, exploration target confirmation, structural information, and geochemical and geo-metallurgical sampling will follow (MBK news release July 7, 2022).

Mt. Dorothy Cobalt Royalty

The Mt. Dorothy Royalty is a 0.5% GRR 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.

Cobalt Ridge Royalty

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

## 2020 Acquisitions

### Bissett Creek Graphite Royalty

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

The Bissett Creek Royalty is a 1% GRR over revenues received or receivable by NGC in connection with graphite flotation concentrate produced from the Bissett Creek graphite 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.

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.

A 2013 PEA proposed a phased plan, with the construction of a graphite mine producing 20-25,000 tonnes per year concentrate and later expansion. 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 concentrate. The currently proposed life of the mine is 21 years with an average annual production rate of 33,200 tonnes of graphite concentrate.[17] The Bissett Creek deposit contains significant measured and indicated resources which are not included in the mine plan, 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. 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 approved an initial Mine Closure Plan ("MCP"); however, due to a number of design and operational improvements made to enhance project economics and to the passage of time, NGC is required to file an amendment to the MCP. NGC would also need to finalize a number of other authorizations and permits.

In December 2021, NGC signed agreements to acquire 100% of the producing Lac des Iles graphite mine in Quebec and the Okanjande graphite deposit/Okorusu processing plant in Namibia for approximately US$40 million (NGC news release December 2, 2021). The acquisitions provide a platform from which to finance and develop NGC's Bissett Creek deposit. NGC is currently re-

[17] Based on a 2013 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.

evaluating its development plans in light of the substantial growth in EV/battery markets (NGC news release February 14, 2022).

In March 2022, NGC announced that Minviro Ltd. ("Minviro") has completed an update of its ISO-compliant Life Cycle Assessment on the production of graphite concentrate and lithium-ion battery anode material from the Bissett Creek deposit, including the benefits of an electric mining fleet. Minviro has estimated that by using electricity from the Ontario grid to power both the mining fleet (rather than diesel) and the processing plant (instead of using natural gas), the Global Warming Potential of the Bissett Creek project could be reduced by approximately 80%, from 2.2 kilograms of carbon-dioxide-equivalent per kg[18] of graphite produced to 0.45 kilograms of carbon-dioxide-equivalent ("$CO_2$ eq"). Additionally, Minviro benchmarked the potential carbon footprint of Bissett Creek against the production of Chinese natural and synthetic graphite and the upgrading into battery anode material. Specifically, Bissett Creek is estimated to have a carbon footprint of 6.3 kg of $CO_2$ eq per kg of product compared to the carbon footprint of Chinese CSPG[19] produced from natural graphite estimated at 16.8 kg of $CO_2$ eq and 17 kg of $CO_2$ eq if produced from synthetic graphite (NGC news release dated March 9, 2022). NGC believes that Bissett Creek is the most advanced critical minerals development project in Ontario and would greatly benefit from these developments given its high margin, large flake characteristics and its proximity to potential lithium-ion battery manufacturers (NGC news release dated March 30, 2022).

**Lithium, Vanadium and Manganese Royalties ("2020 Globex Portfolio")**

On July 13, 2020, Electric Royalties announced the closing of the acquisition of the 2020 Globex Portfolio, comprising seven royalties from Globex, pursuant to a binding letter agreement dated August 30, 2019, as amended, between the Company and Globex. The Company acquired the 2020 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 Consumer Price Index ("CPI").

The Authier Lithium Project consists of 19 mineral claims located in the municipality of Preissac in the Province of Quebec. Electric Royalties' royalty interest at the Authier Lithium Project comprises the following:

Authier Lithium Royalty (the "LaMotte Royalty")

The LaMotte Royalty is a 0.5% GMR on the Authier Lithium Project, relating to the mining claim number CDC 2194819 (the "LaMotte Claim") located in LaMotte Township, Range 6, Lot 7, in the Province of Quebec. The LaMotte Royalty is subject to underlying agreements with Globex and underlying owner 9087-1400 Quebec Inc.

[18] A term for describing different greenhouse gases in a common unit. For any quantity and type of greenhouse gas, CO2 eq signifies the amount of CO2 which would have the equivalent global warming impact.
[19] Coated Spherical Purified Graphite, a product manufactured from graphite concentrates.

Authier Lithium Royalty ("Sayona West")

The Sayona West Authier Lithium Royalty is a 0.5% GMR on part of the Authier lithium project. The Sayona West Royalty is subject to underlying agreements with Globex and underlying owner Sayona Quebec Inc.

Authier Lithium Exploration Royalty ("Sayona East")

The Sayona East Authier Lithium Exploration Royalty is a 2% GMR on claims adjacent to the Authier Lithium Project. The Authier Lithium Exploration Project is a greenfield exploration project. The Sayona East Royalty is subject to agreements with Globex and underlying owner Glen Eagle Resources Inc.

The Authier Lithium Project is 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 Project also benefits from access to cheap, environmentally friendly hydroelectric power. ASX-listed Sayona Mining Limited ("Sayona") completed a revised definitive feasibility study on the Authier Lithium Project in November 2019 under JORC. Sayona conducted fieldwork in 2020 in support of the environmental assessment process ("EIS") as well as progressing with geotechnical studies and metallurgical studies.

In August 2021, Sayona announced that it (75%) and Piedmont Lithium (25%) completed the acquisition of North American Lithium ("NAL"). The planned restart of this former producer and its integration with Sayona's Authier and Tansim lithium projects creates the potential to build a Quebec lithium production hub and become a leading lithium producer. Preparations are now advancing for the resumption of operations at NAL (Sayona news release August 30, 2021). A pre-feasibility study for NAL integrates Authier with the NAL operation into Sayona's Abitibi Lithium Hub and a feasibility study is currently underway (Sayona news release May 23, 2022).

In October 2022, Sayona announced that it has launched a PFS to examine the option of producing lithium carbonate from spodumene produced at NAL, where production of spodumene concentrate is scheduled to commence in Q1 2023. Sayona plans to combine mineralized material produced from Authier with mineralized material at the nearby NAL site, with a goal to facilitate improvement in plant performance and economics (Sayona news release October 4, 2022).

Mont Sorcier Vanadium Royalty (the "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"). The Mont Sorcier Project comprises 37 mining claims located in Roy Township, Province of Quebec. The Mont Sorcier Royalty is subject to agreements with Globex and underlying owner Chibougamau Independent Mines Inc. This region has 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 project is located within 20 km of the rail head connected to two all season, ocean going ports.

Voyager Metals Inc. (TSXV: VMI) ("VMI"), formerly called Vanadium One Iron Corp., completed a PEA for an open pit mine at the Mont Sorcier Iron and Vanadium Project in 2020 (VMI news release February 27, 2020).

A diamond drilling program was completed in 2020. A total of 3,414 m were drilled in ten holes, covering more than 1.5 km along strike (VMI news release November 2, 2020). In May 2021, VMI announced an updated Mineral Resource estimate, incorporating results from the 2020 drill program and reported that it had entered into a long-term arrangement with a wholly owned subsidiary of Glencore plc to support the development of Mont Sorcier. 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 (VMI news release May 17, 2021).

VMI announced that it had signed a non-binding Memorandum of Understanding ("MOU") with the Port of Saguenay to mutually advance the development of the Mont Sorcier project and the planned use of the port to export iron ore concentrates. The MOU outlines the intent of the parties to work collaboratively to develop a strategic plan for future ore handling, yard setup, lay-down and ship loading facilities at the Port of Saguenay to support the future requirements of the Mont Sorcier iron and vanadium project (VMI news release August 19, 2021). VMI completed further drilling in 2021 with a goal to upgrade a sufficient resource to support at least a 20-year mine life as the basis for a feasibility study.

In September 2022, VMI announced that it had filed a technical report on the result of a PEA for the Mont Sorcier project. Highlights of the PEA (all dollar values are in US dollars unless otherwise stated)[1] include:

- An after-tax NPV at 8% discount rate of $1.6 billion and IRR of 43%
- Potential 21-year life of mine ("LOM"), with positive after-tax cash flow commencing in year 1 of operation
- Annual average EBITDA of $348 million and average annual free cash flow of $235 million over LOM
- Annual production targeted at approx. 5.0 million tonnes of high grade, low impurity, iron concentrate grading approximately 65% iron with 0.52% vanadium pentoxide ("$V_2O_5$") per tonne of concentrate
- Total operating costs of $66 per tonne of concentrate over LOM (freight to China included)
- Initial Capital Cost estimated at $574 million includes $118 million contingency
- Payback period under 2 years
- 21-year LOM uses fraction of total resources
- Open-pit mining operation with a LOM strip ratio less than 0.9:1
- There is potential to enhance the value of the overall project through future upgrading of the North Zone Inferred Resource and the potential mining of the South Zone Indicated and Inferred Resources that would be expected to improve the economics by potentially increasing the overall life-of-mine or open up the potential for future expansion in production capacity.

The PEA is preliminary in nature and includes Mineral Resources that are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that the PEA will be realized.

VMI also announced a revised timeline for the feasibility study to the end of Q2 2023 (VMI news release September 27, 2022).

<u>Battery Hill Manganese Royalty (the "Battery Hill Royalty")</u>

The Battery Hill Royalty is a 2% GMR on the Battery Hill manganese 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 Royalty is subject to agreements with Globex and underlying owner Sunset Cove Mining. The Battery Hill Project is an advanced exploration project.

Manganese X Energy ("MN") (TSXV: MN) filed a technical report on the Battery Hill Project in July 2020, providing an update of work on the project since 2016. MN also announced that it had completed a 28-hole, 4,509-m drilling program in 2020, and reported results from a metallurgical testwork by Kemetco Research Inc. ("Kemetco"). Phase one involved of a series of bench-scale leach, purification, and crystallization processes, through which a high purity manganese sulphate product with a purity of up to 99.95%) was produced (MN news release September 11, 2020). Phase two consisted of the development of a more efficient, workable extraction process and flow sheet for the generation of high-grade manganese sulphate. (MN news release January 11, 2021).

In July 2021, MN announced the results of a mineral resource estimate ("MRE"), comprising 34.86 Mt of Measured and Indicated Mineral Resources grading 6.42% manganese (Mn) and 25.91 Mt of Inferred Mineral Resources grading 6.66% Mn[20]. MN filed a technical report on the MRE in August 2021 (MN news release September 9, 2021).

In October 2021, MN announced that processing and metallurgical work had resulted in significant cost reductions in the production of high-grade battery material (MN news release October 12, 2021) and Kemetco delivered a complete process flowsheet. A third and final processing metallurgical phase was completed in early 2022, suggesting a novel and innovative purification process can be used to produce high purity manganese sulphate monohydrate ("HPMSM"). Overall manganese recoveries as high as 80% were confirmed through locked-cycle mass balance calculations on the complete process flowsheet. Impurities, including calcium and magnesium were minimized to <100 ppm - a crucial threshold level for battery grade HPMSM (MN news release February 1, 2022).

MN filed a PEA report on its Battery Hill project in early July 2022. Highlights of the PEA include (all in US dollars unless otherwise stated)[21]:

- After-tax net present value using a 10% discount rate: $486 million
- After-tax internal rate of return of 25%
- Base case market price of $2,900/tonne for battery-grade high-purity manganese sulphate ("HPMSM") used for the study is well below the long-term forecast price of $4,200/tonne HPMSM estimated by CPM Group[22]; Sensitivity analysis shows after-tax $NPV_{10}$ increases to $914 million at $4,200/tonne HPMSM
- Capital costs of $350 million with a payback of 2.8 years
- LOM operating cost of $122/tonne material processed
- 40-year mine production life and seven years of stockpile reclaim feed

[20] Mineral resources are reported at a cut-off grade of 2.50% Mn within the optimized pit shell. Pit optimization parameters include: pit slope of 45°, pricing of US$1500/t for HPMSM - 32% Mn (HPMSM - 32%), exchange rate of CDN $1.30 to US$ 1.00, mining at CDN $6.50/t, combined processing and G&A (1000 tpd) at CDN $86.22/t processed and a process recovery of Mn to HPMSM of 65%. Fe content was not included in the pit optimization. A technical report is filed on Manganese X Energy's profile at www.sedar.com.

[21] Technical report titled "NI 43-101 Technical Report on the Preliminary Economic Assessment of the Battery Hill Manganese Project, Woodstock, New Brunswick, Canada" with an effective date of May 12, 2022, available under Manganese X Energy Corp.'s profile on Sedar.com. The Mineral Resource (MR) within the mine plan includes Measured MR of 5.90 Mt grading 7.65% Mn, Indicated MR of 6.37 Mt grading 7.26% Mn and Inferred MR of 4.73 Mt grading 8.26% Mn at 3.3% Mn cut-off. Input assumptions to the pit shells that constrain the MR estimate include an HPMSM price of US$2,900/t, mine operating cost of $7.43/t, process operating cost of $110/t, G&A cost of $7.60/t, stockpile reclaim cost of $1.46/t, closure cost of $3.00/t, selling cost of US$65/t, process recovery of 78%, a gross metal royalty of 3% applied to the HPMSM produced, and a pit slope of 45°.

[22] CPM Group generated a single weighted average forecast price of HPMSM (80% North America/20% Europe) for the 2029 to 2035 period of US$4,200/tonne. A risk managed base case scenario for the long-term period covering the LOM for the Project was provided at US$2,900/tonne HPMSM. Wood's QP considers the US$4,200/tonne HPMSM price as a reasonable basis for the upside sensitivity analysis of the Project economics.

- Total LOM production of 3.2 million tonnes of HPMSM
- Average annual HPMSM production of 68,000 tonnes over the LOM
- Average annual HPMSM production of 84,000 tonnes in the first seven years of production

The PEA mine plan assumes conventional open-pit mining using a contract mining equipment fleet at a total mining rate of 1.0 million tonnes per year to provide a mill feed of 365,000 tonnes per year, or 1,000 tonnes per day. The proposed process for Battery Hill manganese resources is a whole ore sulphuric acid slurry leach which is further treated to produce a crystalline manganese sulphate monohydrate product meeting all specifications for sale as a battery grade product.

The PEA is preliminary in nature; it includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the preliminary economic assessment will be realized. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

MN is now advancing a pre-feasibility study of the Battery Hill Project. In October 2022, MN announced it had filed a provisional patent on the manganese purification process in preparation for its upcoming pilot project. As the next step to fast track the development of Battery Hill, MN has started the development of the field pilot plant that incorporates a modular design with the goal of demonstrating its proprietary process for treating Battery Hill mineralization under near commercial-scale operating conditions (MN news release October 4, 2022). Also in October, MN announced plans to advance its PFS study in-fill and step-out drilling program with the goal to in-fill and expand the measured and indicated resources by upgrading the inferred category resource included in the mine plan in the recently completed PEA. MN is also scoping the engineering, environmental and social studies to support the PFS work program (MN news release October 11, 2022).

Chubb Lithium Royalty (the "Chubb Royalty") and Bouvier Lithium Royalty (the "Bouvier Royalty")

The Chubb Royalty is a 2% GMR on the Chubb lithium project (the "Chubb Lithium Project") and the Bouvier Royalty 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.

Newfoundland Discovery Corp. ("NDC") (CSE: NEWD), formerly called Great Thunder Gold Corp., announced that it had initiated a 15-hole drilling program on the Chubb Project in 2021 (NDC news release May 4, 2021). The spring 2021 drilling program defined the Main Dyke to a length of more than 350 m and was stopped short of planned depth due to weather conditions. This drilling demonstrated that the grade and width of the lithium bearing pegmatite improved towards the south with 1.48% $Li_2O$ over 12.7 m in diamond drill hole 21-CH-15.

In September 2021, NDC announced its plans for a Phase 2 winter drilling program on the Chubb Lithium Project. The 5,000 to 10,000-m program commenced in January 2022 (NDC news release January 10, 2022).

Qualified Person's Statement

David Gaunt, P.Geo., 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 Financings

***2022 Base Shelf Prospectus***

In February 2022, the Company received a receipt for a final short form base shelf prospectus (the "Prospectus") filed with the securities regulatory authorities in each of the Provinces of Canada, other than Quebec. The Prospectus was filed to provide the Company with financial flexibility and efficient access to Canadian capital markets to pursue its growth initiatives, which include the acquisition of additional royalties. The Prospectus is valid for a 25-month period during which time the Company will be permitted to offer up to $100 million of common shares, warrants, subscription receipts, debt securities, or any combination thereof, including in the form of units.

***May 2022 $3.45 Million Marketed Offering***

On May 12, 2022, the Company announced the closing of a marketed public offering (the "Offering"), and issued 11,500,000 Units of the Company at a price of $0.30 per Unit for aggregate gross proceeds of $3.45 million, including 1,500,000 Units issued at the Offering Price for gross proceeds of $450,000 in connection with the full exercise of an over-allotment option granted to Canaccord Genuity Corp. acted as the lead agent and sole bookrunner of the Offering, with PI Financial Corp. and Research Capital Corporation also acting as agents (collectively, the "Agents").

Each Unit consists of one common share in the capital of the Company (each a "Common Share"), and one common share purchase warrant (each a "2022 Warrant"). Each 2022 Warrant will be exercisable into one Common Share (each a "Warrant Share") at an exercise price of $0.45 per Warrant Share for a period of 36 months following the closing of the Offering.

In connection with the Offering, the Agents received an aggregate cash commission equal to 7% of the gross proceeds of the Offering. The Agents also received, as additional compensation, non-transferable compensation warrants exercisable to purchase up to 805,000 Common Shares each at the Offering Price, subject to adjustments in certain circumstances, for a period of 24 months following the closing of the Offering.

The Offering was conducted pursuant to a prospectus supplement dated May 5, 2022 (the "Prospectus Supplement") to the Company's short form base shelf prospectus dated February 28, 2022, filed with the securities commissions and other similar regulatory authorities in each of the provinces of Canada, except Quebec.

The Company intends to use the net proceeds from the Offering for funding potential future acquisitions of royalties and other interests, targeting commodities that enable the clean energy transition, such as lithium, vanadium, manganese, tin, graphite, cobalt, nickel, zinc and copper, as well as for working capital and general corporate purposes, as further described in the Prospectus Supplement.

***July 2021 $2 Million Private Placement***

In July 2021, the Company closed a private placement consisting of 5,000,000 Units of the Company issued for gross proceeds of $2,000,000.

Each Unit is comprised of one common share (a "Share") of the Company plus one common share purchase warrant (a "2021 Warrant"). Each 2021 Warrant can be exercised for a 2 year period from the Closing Date at $0.60 per 2021 Warrant for one Share. In connection with the private placement, Electric Royalties paid cash fees of $67,200. In addition, Electric Royalties issued brokers' warrants entitling the holders to acquire up to an aggregate of 93,000 Shares of Electric Royalties at a price of $0.60 per Share for a period of 12 months from closing.

Proceeds will be used to fund royalty acquisitions as well as for general corporate working capital purposes.

### 1.2.3 Market Trends

The demand for commodities used in clean energy technologies such as lithium, cobalt, graphite, vanadium, manganese, nickel, copper and zinc 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. Trends for the Company's currently targeted commodities are summarized below. The price of Cu, Zn, C, V, Ni and Sn decreased in late April 2022 related to economic slowdown in China related to COVID restrictions.

| | |
|---|---|
| **Zinc (Zn)** | 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. Prices continued to increase to late April 2022, decreased from August to October and have stabilized since that time. A recent closing price is US$1.32/lb. |
| **Lithium (Li)** | In December 2020, Fastmarkets assessed the lithium hydroxide monohydrate (minimum 56.5% $LiOH_2O$, 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 has been variable since that time. A recent price is US$78/kg. |
| **Graphite (Cg)** | 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, and increased to December 2021, then was largely stable to mid-March 2022 when it increased; the price dropped from mid-April to July then stabilized and has increased since October. A recent price is US$657/t. |

| | |
|---|---|
| **Cobalt (Co)** | 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 and have stabilized since that time. A recent closing price is US$25/lb. |
| **Manganese (Mn)** | 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 but have decreased since June. A recent closing price is approximately US$4.75/dmtu. |
| **Vanadium (V)** | In 2020, the prices for $V_2O_5$ 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. Prices have decreased from late March to October and have increased slightly since that time. A recent closing price is US$7.90/lb. |
| **Copper (Cu)** | 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 have been variable to slightly increasing since that time. A recent closing price of copper is US$3.61/lb. |
| **Nickel (Ni)** | 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 decreased from mid-June to mid-July, and have been variable to slightly increasing since that time. Recent closing price of nickel is US$11.44/lb. |
| **Tin (Sn)** | During 2020, average tin price was US$7.71/lb. Tin prices increased in 2021 and in 2022 to mid-March, then declined and stabilized, and decreased from June but have increased in November. A recent LME cash price of US$10.18/lb. |

Average annual prices for 2020 and 2021, and the average prices so far in 2022 for are shown in the table below:

| | **Zn US$/lb** | **Li US$/kg** | **Cg US$/t** | **Co US$/lb** | **Mn US$/dmtu** | **V US$/lb** | **Cu US$/lb** | **Ni US$/lb** | **Sn US$/t** |
|---|---|---|---|---|---|---|---|---|---|
| 2020 | 1.03 | 9.52 | 461 | 15.58 | 4.60 | 6.47 | 2.80 | 6.25 | 7.71 |
| 2021 | 1.36 | 16.22 | 528 | 23.70 | 5.36 | 8.15 | 4.22 | 5.36 | 14.73 |
| 2022 (to date of this MDA) | 1.59 | 70.67 | 672 | 32.54 | 6.67 | 9.37 | 4.01 | 11.48 | 14.47 |

Sources: Lithium, graphite and cobalt prices for 2018-2020 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% $V_2O_5$ fob China (US$/lb)

## 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 the Company prepared in accordance with IFRS as issued by the IASB effective for the respective reporting years of the Company, and are expressed in Canadian dollars.

| Quarter ended | Revenue(1) | Net Loss | Basic and diluted loss per share | Weighted average number of common shares outstanding |
|---|---|---|---|---|
| September 30, 2022(2) | $ – | $ 522,000 | $ 0.01 | 92,210,205 |
| June 30, 2022(3) | $ – | $ 665,000 | $ 0.01 | 85,667,443 |
| March 31, 2022(4) | $ – | $ 454,000 | $ 0.01 | 78,523,731 |
| December 31, 2021(5) | $ – | $ 790,000 | $ 0.01 | 76,644,987 |
| September 30, 2021(5) | $ – | $ 684,000 | $ 0.01 | 65,726,618 |
| June 30, 2021 | $ – | $ 450,000 | $ 0.01 | 52,405,101 |
| March 31, 2021 | $ – | $ 378,000 | $ 0.01 | 49,929,545 |
| December 31, 2020 | $ – | $ 358,000 | $ 0.01 | 48,255,101 |

(1) 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 statement of comprehensive loss. A summary of the operating results, including royalty revenue, of MTM LP is presented in the following section (see 1.5 Results of Operations). As of September 30, 2022, and since its inception, the Company has not recorded any revenue from its royalty interests owned directly by the Company.

(2) During the quarter ended September 30, 2022, the Company completed the acquisition of the Zonia Copper Royalty. Additional details regarding the Company's operating results for this quarter are provided herein (refer to the following section).

(3) During the quarter ended June 30, 2022, the Company completed the acquisition of the Sleitat Tin Royalty and completed its public offering. The increase in net loss during the second quarter of 2022 was mainly due to timing of certain expenses, such as, audit and audit related expenses, and certain Investor relations and shareholders communication expenses.

(4) During the quarter ended March 31, 2022, the Company completed the acquisition of the Rana Nickel Royalty and completed the filing of its final short form base shelf prospectus (the "Base Shelf Prospectus"). The decrease in net loss during the first quarter of 2022 was mainly due to the Company's share of income MTM LP.

(5) During fiscal year 2021, the Company completed various royalty interest acquisitions and also filed its preliminary short form base shelf prospectus (the "Preliminary Prospectus"). Moreover, the Company announced in September 2021 that its common shares commenced trading on the OTCQB® Venture Market (the "OTCQB") in the United States under the symbol "ELECF". The increase in net loss during the quarter ended September 30, 2021, as the Company recorded its share of the initial setup expenses with respect to MTM LP. The increase in net loss during the quarter ended December 31, 2021, was mainly due to share-based payment expenses with respected to share options grant by the Company to its directors, officers, employees, and consultants in October 2021.

## 1.5 Results of Operations

During three months ended September 30, 2022 (the "Current Quarter"), the Company recorded a net loss of $522,000, compared to a net loss of $684,000 for the three months ended September 30, 2021 (the "Prior Year Quarter").

During nine months ended September 30, 2022 (the "Current Period"), the Company recorded a net loss of $1,641,000, compared to a net loss of $1,512,000 for the nine months ended September 30, 2021 (the "Prior Period").

Unless stated otherwise, the following discussions and analysis relating to the Current Period also apply to the Current Quarter.

The following table provides a comparison of the Company's operating expenses for the Current Quarter and the Prior Year Quarter:

| | Three months ended September 30, 2022 | Three months ended September 30, 2021 | Increase/ (decrease) | Change |
|---|---|---|---|---|
| Operating Expenses | | | | |
| Investor relations and shareholder communications | $ 227,979 | $ 113,316 | $ 114,663 | 101% |
| Salaries and benefits | 96,849 | 76,538 | 20,311 | 27% |
| Administration | 82,343 | 107,906 | (25,563) | (24%) |
| Regulatory | 24,496 | 74,604 | (50,108) | (67%) |
| Legal, tax, audit and audit related | 50,328 | 79,720 | (29,392) | (37%) |
| Property investigations - geology, resource modelling, metallurgy & engineering | 17,691 | 78,029 | (60,338) | (77%) |
| Equity-settled share-based payments | 57,000 | 34,000 | 23,000 | 68% |
| Total | $ 556,686 | $ 564,113 | $ (7,427) | (1%) |

The following table provides a comparison of the Company's operating expenses for the Current Period and the Prior Period:

| | Nine months ended September 30, 2022 | Nine months ended September 30, 2021 | Increase/ (decrease) | Change |
|---|---|---|---|---|
| Operating Expenses | | | | |
| Investor relations and shareholder communications | $ 485,766 | $ 334,718 | $ 151,048 | 45% |
| Salaries and benefits | 298,985 | 235,524 | 63,461 | 27% |
| Administration | 297,376 | 265,003 | 32,373 | 12% |
| Regulatory | 65,110 | 91,662 | (26,552) | (29%) |
| Legal, tax, audit and audit related | 207,851 | 135,154 | 72,697 | 54% |
| Property investigations - geology, resource modelling, metallurgy & engineering | 68,982 | 181,552 | (112,570) | (62%) |
| Equity-settled share-based payments | 284,000 | 162,000 | 122,000 | 75% |
| Total | $ 1,708,070 | $ 1,405,613 | $ 302,457 | 22% |

Investor relations and shareholders communication expenses were higher during the Current Period, as the Company retained services of certain consulting groups to assist with shareholders communication, investor relations and coverage of the Company's news releases.

In October 2021, the Company increased directors' fees and executive compensation that led to an increase in salaries and benefit expenses in the Current Quarter.

The Company records all direct external costs, including legal and due diligence costs, relating to royalty acquisitions as royalty interest asset. All direct costs relating to the Public Offering are recorded as share issuance costs within equity. The filing of the Base Shelf Prospectus as well as the Public Offering led to an increase in administrative support costs during the Current Period. The filing of the Base Shelf Prospectus, in all Canadian provinces, except for Quebec, led to an increase in annual fees, included in regulatory expenses.

Legal, tax, audit and audit related expenses increased in the Current Period due to an increase in the base audit fees and overall change in the size and complexity of the Company's transactions, and due to increased tax compliance requirements in relation to its US subsidiary incorporated during the prior year.

All internal property investigation and due diligence costs with respect to the Company's potential royalty acquisitions are recorded as property investigation expense within operating expenses. During the Current Period, the property investigation expense were lower, compared to the Prior Period, which change is consistent with the Company's royalty acquisition activities discussed herein (see *1.2 Overview*).

The increase in share-based payment expense during the Current Period was due to amortization of the share purchase options granted in October 2021.

The Company's share of income and expenses of MTM LP are summarized below:

| | Quarter ended | | | | |
|---|---|---|---|---|---|
| | Sep 30, 2022 | Jun 30, 2022 | Mar 31, 2022 | Dec 31, 2021 | Sep 30, 2021 |
| ELEC's share (25%) of MTM LP's revenue | $ 102,052 | $ 118,269 | $ 153,427 | $ 143,515 | $ 74,500 |
| Depletion of royalty interest | (58,830) | (56,548) | (55,962) | (30,209) | (40,333) |
| | 43,221 | 61,721 | 97,465 | 113,307 | 34,167 |
| ELEC's share (50%) of MTM LP's expenses | (22,662) | (59,326) | (18,845) | (25,119) | (161,000) |
| ELEC's share of MTM LP's net income/(loss) | $ 20,559 | $ 2,395 | $ 78,620 | $ 88,188 | $(126,833) |

The Company's share of net income of MTM LP decreased in the Current Quarter mainly due to a decrease in underlying revenue during the quarter.

## 1.6 Liquidity

At September 30, 2022, the Company had a cash balance of $ $1,550,000 (December 31, 2021 – $2,102,000) and working capital of $1,452,000 (December 31, 2021 – $1,828,000).

A summary of sources and uses of cash during the Current Period, compared to the Prior Period, as follows:

| | Nine months ended September 30, 2022 | Nine months ended September 30, 2021 | Increase/ (decrease) | Change |
|---|---|---|---|---|
| Cash used in operating activities | $ (1,652,000) | $ (1,174,000) | $ (478,000) | 41% |
| Cash used in investing activities | (1,723,000) | (672,000) | (1,051,000) | 156% |
| Cash provided by financing activities | 2,823,000 | 2,035,000 | 788,000 | 39% |
| (Decrease) increase in cash and cash equivelants | $ (552,000) | $ 189,000 | $ (741,000) | (392%) |

Cash used in investing activities for the nine months to September 30, 2022 mainly represented cash considerations ($1.7 million) paid and transactions (legal) costs incurred in relation to various royalty acquisitions completed during the period, partially offset by cash distributions received from MTM LP. During the prior period, the Company completed royalty acquisitions mainly through issuance of its common shares and warrants.

During the nine months ended September 30, 2022, the Company received net proceeds of $2.8 million from the Public Offering, compared to net proceeds of $1.9 million from a private placement during the prior period.

The Company does not have any material long-term lease obligations, purchase obligations, or any other long-term obligations, except for an office lease with a five year term.

## 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:

| Name | Position(s) Held at the Company |
|---|---|
| Craig Lindsay | Director |
| Robert Schafer | Director |
| Marchand Snyman | Director, Chairman |
| Brendan Yurik | Director, Chief Executive Officer |

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

| | Three months ended September 30, 2022 | 2021 | Increase/ (decrease) | Change |
|---|---|---|---|---|
| Short-term employment benefits (1) | $ 96,849 | $ 76,538 | $ 20,311 | 27% |
| Share-based payments relating to stock options (2) | 59,000 | 23,000 | 36,000 | 157% |
| Total | $ 155,849 | $ 99,538 | $ 56,311 | 57% |

| | Nine months ended September 30, 2022 | 2021 | Increase/ (decrease) | Change |
|---|---|---|---|---|
| Short-term employment benefits (1) | $ 298,985 | $ 235,524 | $ 63,461 | 27% |
| Share-based payments relating to stock options (2) | 135,000 | 52,000 | 83,000 | 160% |
| Total | $ 433,985 | $ 287,524 | $ 146,461 | 51% |

(1) Short-term employment benefits include salaries and benefits of the Company's chief executive officer and directors' fees. The Company increased directors' fees and executive compensation in October 2021 that led to the increase in short-term employment benefits for the Current Period, compared to the Prior Period.

(2) The higher share-based payment expense in Current Period was due to amortization of the fair value of 2,450,000 options grant by the Company to its directors and officers in October 2021.

## 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

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

## 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 | 93,601,509 |
| Share purchase options | 7,197,500 |
| Share purchase warrants | 22,805,000 |

### 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 Information Form for the year ended December 31, 2021 as publicly filed on SEDAR at www.sedar.com.