



# **ELECTRIC ROYALTIES LTD.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021**

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

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**Table of Contents**

1.1	DATE .....	5
1.2	OVERVIEW .....	5
1.2.1	ROYALTY ACQUISITION IN PROGRESS.....	7
1.2.2	ROYALTY ACQUISITION AGREEMENTS COMPLETED.....	8
1.2.2	FINANCINGS.....	18
1.2.3	MARKET TRENDS .....	18
1.3	SELECTED ANNUAL INFORMATION .....	21
1.4	SUMMARY AND DISCUSSION OF QUARTERLY RESULTS .....	21
1.5	RESULTS OF OPERATIONS.....	21
1.6	LIQUIDITY .....	24
1.7	CAPITAL RESOURCES.....	24
1.8	OFF-BALANCE SHEET ARRANGEMENTS .....	24
1.9	TRANSACTIONS WITH RELATED PARTIES .....	24
1.10	FOURTH QUARTER.....	25
1.11	PROPOSED TRANSACTIONS .....	25
1.12	CRITICAL ACCOUNTING ESTIMATES .....	25
1.13	CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION.....	25
1.14	FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS.....	25
1.15	OTHER MD&A REQUIREMENTS.....	26
1.15.1	ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE .....	26
1.15.2	DISCLOSURE OF OUTSTANDING SHARE DATA .....	26
1.15.3	INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS.....	26
1.15.4	RISK FACTORS.....	26

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

---

**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;
- 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;

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

---

- 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 2020 Annual Information Form ("2020 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 2020 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.

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

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## 1.1 Date

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements of Electric Royalties Ltd., ("ELEC" or the "Company") for the three and nine months ended September 30, 2021 (the "Financial Statements"), and the audited consolidated financial statements of the Company for the year ended December 31, 2020 and the related MD&A (the "Annual MD&A") as publicly filed on SEDAR at [www.sedar.com](http://www.sedar.com).

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

This MD&A is prepared as of November 29, 2021.

## 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 particular commodity focus is nickel, copper, graphite, cobalt, tin, lithium, manganese and vanadium, but 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.

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

---

***Recent Highlights***

During the quarter, Electric Royalties' activities were focused on expanding its exposure to the essential metals required for the world to transition to clean energy.

Subsequent to the end of the quarter in October 2021, the Company:

- closed the acquisition of the Cancet Lithium Royalties: two royalties which comprise, in aggregate, a 1% NSR on the Cancet Lithium Project. Cancet is an exploration stage property located in an area of Quebec, Canada that has excellent road access and power infrastructure nearby; and
- signed a letter of intent to acquire a 1% NSR on the Rana Nickel Project: four exploration licenses in the Råna mafic-ultramafic intrusion in Northern Norway that include the Bruvann Nickel mine, a past producer (1989-2002) with remaining resource potential. Rana is well located in a region with existing mining infrastructure. The transaction is subject to the completion of due diligence, regulatory approvals and other customary conditions.

On October 28, 2021, the Company announced that, further to the recently closed acquisition of the Middle Tennessee Mine royalty (the "MTM Royalty") acquired via a limited partnership ("MTM LP") owned by Sprott Resource Streaming and Royalty Corp. (75%) and Electric Royalties (25%), MTM LP received its first royalty payment from the MTM Royalty. The MTM Royalty is a sliding-scale, gross metal royalty on zinc production from the operating Middle Tennessee Mine, a zinc operation located in Tennessee, USA.

The Company owns a portfolio of royalty holdings that are diversified across a range of assets and include each of the unique clean energy metals. The Company's overall portfolio now comprises 17 royalties, with one additional royalty acquisition (1% NSR on the Rana Nickel Project) in progress. These royalties are tabulated below in order of each project's stage of development.

Acquired	Project	Mineral	Stage	Royalty	Operator	Location
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	Bissett Creek	Graphite	Feasibility Study Complete	1% GRR, & option to add 0.5% GRR	Northern Graphite Corp.	Canada
2020	Authier	Lithium	Engineering Studies	0.5% GMR	Sayona Mining Limited	Canada
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% GMR, & options to add 1.5% NSR	Metal Bank Limited	Australia
2021	Seymour Lake	Lithium	Advanced Exploration	1.5% NSR	Ardiden / Great Northern Lithium	Canada
2021	Cancet	Lithium	Advanced Exploration	1% NSR	MetalsTech / Winsome Resources	Canada

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

Acquired	Project	Mineral	Stage	Royalty	Operator	Location
2021*	Rana Nickel Project	Nickel	Advanced Exploration	1% NSR	Global Energy Metals Corp.	Norway
2021	Mt. Dorothy	Cobalt	Exploration	0.5% GMR	Global Energy Metals Corp.	Australia
2021	Cobalt Ridge	Cobalt	Exploration	0.5% GMR	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
2020	Bouvier	Lithium	Exploration	2% GMR	Newfoundland Discovery Corp. ***	Canada
2020	Sayona West	Lithium	Exploration	0.50% 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

\*Acquisition of a 1% NSR on the Rana Project is in progress

\*\*Vanadium One Iron Corp is now Voyageur Metals Inc.

\*\*\* Great Thunder Gold Corp is now Newfoundland Discovery Corp.

\*\*\*\* Bass Metals Ltd is now Greenwing Resources Ltd.

Further information on the royalties held and being acquired by the Company are provided in section 1.2.1 *Royalty Acquisition in Progress* and 1.2.2. *Royalty Acquisition Agreements Completed*, respectively.

### 1.2.1 Royalty Acquisition in Progress

#### Rana Nickel Royalty

In October, 2021, the Company announced the signing of a letter of intent with Scandinavian Resource Holdings ("SRH") and TSX-V listed Global Energy Metals Corp. to acquire a 1% net smelter revenue royalty (the "1% NSR") on four exploration licenses totaling 25 km<sup>2</sup> in the R ana mafic-ultramafic intrusion in Northern Norway, including the past producing Bruvann Nickel mine (the "Rana Nickel Project" or "Rana").

Electric Royalties is acquiring the 1% NSR on the Rana Nickel Project for a total consideration of 2,000,000 common shares of the Company ("Consideration Shares") and \$100,000 cash. The Consideration Shares will be 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 transaction noted herein is subject to completion of due diligence, approval of the TSX Venture Exchange and other customary conditions.

The Rana Nickel Project is located on the Ofoten Fjord in Northern Norway and is ice-free year-round. The project includes the past producing Bruvann Ni-Cu-Co mine which was in production from 1989 until 2002 and processed 8.2 million tonnes of ore at an average grade of 0.52% nickel ("Ni"), 0.1%

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

---

copper (“Cu”) and 0.02% cobalt (“Co”)<sup>1</sup>. A historical estimate of the remaining resource is 9.15 million tonnes 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.

Bruvann 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.

## **1.2.2 Royalty Acquisition Agreements Completed**

### **2021 Acquisitions**

#### **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 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 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 MetalsTech Limited and is in the process of being spun out to Winsome Resources Limited, a company which will be listed on the Australian Stock Exchange. 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.

In 2017, a two-phase drill program totaling 5,216 metres (“m”) in 59 holes was completed on the property. Spodumene-bearing pegmatite was traced continuously along strike for approximately 1.1 km. The mineralization, as well as host pegmatite, is interpreted to be shallow dipping; however, drill testing of the down dip continuity is limited. The discovery of additional pegmatite outcrop and a spodumene-bearing boulder attests to the on-strike exploration potential at Cancet.

#### **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

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<sup>1</sup> 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](https://www.ngu.no/upload/Publikasjoner/Rapporter/2017/2017_031.pdf).

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

---

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 Shares are subject to a four-month hold period expiring on December 14, 2021.

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% net smelter return royalty on graphite production at the Graphmada Graphite Mining Complex, located in Madagascar, and operated by ASX-listed Greenwing Resources Ltd. (formerly Bass Metals Ltd). The Graphmada Royalty provides exposure to near-term graphite production from an existing facility with a process plant capable of producing 6,000 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. A drilling campaign and mining studies are currently underway at Graphmada with the objective to increase future mine production through organic growth and plant upgrades.

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

Yalbra Royalty

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

**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") and in May 2021, announced a restructuring of the Globex Transaction terms. On April 15, 2021, the Company announced that it had entered into a letter of intent with Sprott Streaming to help fund the Globex Transaction, which terms were subsequently amended as announced on May 26, 2021.

On August 11, 2021, the Company announced that 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 "Glassville 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. Funds controlled by Sprott Resource Streaming and Royalty Corp. ("Sprott Streaming") co-invested and acquired 75% of the MTM Royalty for \$13.5 million. Electric Royalties has an option to acquire a further 25% of the MTM Royalty from Sprott Streaming for a period of 2 years.

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

---

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

The Company was also 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 (or "Middle Tennessee Zinc Mine" Royalty)

The MTM Royalty is a sliding-scale gross metal royalty that 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.

Glassville Manganese Royalty

The Company acquired 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 interest from an arm's-length party on the Seymour Lake Lithium Deposit. 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 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.

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

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. to progress Ardiden's strategically located lithium portfolio in North America. This sets a pathway to develop

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

---

the joint venture's portfolio of high grade spodumene lithium projects (Ardiden news release June 23, 2021).

### **Cobalt Royalties**

In February 2021, the Company completed the acquisition of the Global Energy Portfolio, comprising three royalties: the Millennium Royalty, the Mt. Dorothy Royalty and the Cobalt Ridge Royalty from TSX-V listed Global Energy Metals Corp. ("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 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% GMR on the Millennium Copper-Cobalt Project (or the "Millennium Project"), located near Mount Isa in Queensland, Australia.

In January 2021, the Company announced that it had acquired approval from the Australian Financial Investment Review Board for the acquisition of the Millennium Royalty.

The Millennium Project is an advanced exploration stage cobalt-copper project located in the northern part of the jurisdictionally safe state of Queensland. The deposit, on which there is a historical resource estimate, is well located close to the regional centres of Mount Isa and Cloncurry with their well-established mining, transport and processing infrastructure and skilled workforce. There is potential to expand the known resource at the project, and preliminary metallurgical studies have shown good potential.

Results of metallurgical testwork showed that separate copper and cobalt concentrates can be readily floated from samples from the Millennium deposit, with recoveries of 93% cobalt (Co), 93% copper (Cu), and 80% gold (Au). Utilizing the Cobalt Blue Process to treat the cobalt concentrate resulted in the extraction of 90% Co 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 Preliminary Economic Assessment ("PEA") be completed to assess the overall costs 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 Millennium copper-cobalt-gold project, with drilling to begin in early July (GEMC news release date June 28, 2021).

Results from a preliminary drilling program of seven holes for 673 m completed as part of MBK's exclusive option to earn-in up to 80% of the project were announced in early September (GEMC news release September 8, 2021). High grade Cu and Co was intersected in the first two holes at the northern margin of the southern zone with results including:

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

---

- MI21RC01 –16 m @ 1.07% Cu, 0.26% Co and 0.40 g/t Au from 80 m including 5 m @ 2.92% Cu, 0.50% Co and 1.19 g/t Au from 82 m.
- MI21RC02 – 2 m @ 0.29% Co from 41 m and 3 m @ 0.59% Cu, 0.14% Co from 84 m.

Results from Hole MI21RC01 support up-dip continuity of mineralisation into an area outside the area modelled in 2016 and in addition, identify potential for lateral extension to the north. Hole MI21RC02 validates the existence of the mineralization in an area of structural complexity.

Initial RC drill testing of the Northern Area has been completed with visual copper oxides and sulphides observed. Results are pending.

#### Mt. Dorothy Cobalt Royalty

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

#### Cobalt Ridge Royalty

The Cobalt Ridge Royalty is a 0.5% GMR 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 TSX-listed Northern Graphite Corporation (“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.

#### *Bissett Creek Royalty Option*

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

#### The Bissett Creek Project

The Bissett Creek Project is an advanced stage graphite deposit with excellent logistics located within 15 km of the Trans-Canada Highway near Deep River, Ontario. A sizeable portion of the graphite from the deposit occurs in larger flake sizes which command a price premium in the market. Bissett Creek is a near surface deposit, which will be mined by open pit methods at a low strip ratio. The current

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

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life of the mine is 21 years with an average annual production rate of 33,200 tonnes of graphite concentrate<sup>2</sup>. The deposit also contains significant measured and indicated resources which are not included in the mine plan presently, inferred resources which could potentially be upgraded, and the deposit has not yet been closed off by drilling - all of which create the potential to expand production or extend the mine life. Processing of mill feed coming from the pit is expected to be straightforward with no technological issues. In-pit material will be drilled, blasted and trucked to the mill, where it will go through a conventional crushing, grinding and flotation process. The objective is not only to produce a high-grade graphite concentrate, but also to preserve the large size of the graphite flakes to maximize the value of the concentrate. This information is based on technical work programs reported in a PEA study that is preliminary in nature and, as such, there is no certainty that the projections will be realized.

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

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

In February 2021, NGC announced that ongoing metallurgical testing continued to confirm the high percentage of valuable, large flake concentrates that will be produced from its Bissett Creek deposit. Recent tests have averaged 22 per cent +32 mesh (XXL) flake and 46 per cent +48 mesh (XL) flake. Cumulatively, 95 per cent of concentrates produced are expected to be greater than 80 mesh, which is the cut-off for large flake. All figures are believed to be the highest large flake yields reported from any worldwide graphite project. Few deposits contain any appreciable amounts of XXL flake material. As a result, the market is under supplied and prices exceed US\$2,000/tonne ("t"). In February 2021, XL flake graphite sold for approximately US\$1,750/t, large flake for US\$1,020/t and small flake for only US\$600/t<sup>3</sup> (NGC news release February 22, 2021).

NGC announced on April 26, 2021 that ProGraphite GmbH ("ProGraphite") had completed the first phase of testing designed to characterize and optimize its graphite concentrates for use in advanced applications such as fuel cells, lithium ion batteries ("LiBs") and flow batteries as well as in traditional markets. ProGraphite concluded that graphite from the Bissett Creek deposit has an almost unique combination of high carbon content and extremely coarse particle size distribution. ProGraphite indicated that the greatest potential for Bissett Creek graphite is in the fast-growing expandable

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<sup>2</sup> 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](http://www.sedar.com).

<sup>3</sup> CIF Europe

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

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graphite market, especially with respect to its use in the manufacture of bipolar plates for hydrogen fuel cells.

Purification testing carried out on graphite concentrates from the Bissett Creek deposit has demonstrated that concentrate can be purified to battery standards using either acid or alkaline based processes. This is the second phase of testing in evaluating use of Bissett Creek concentrates in the manufacture of lithium ion battery anode material ("BAM"). The results were excellent and comparable to the performance of thermal purification as undesirable element levels were far below the typical limits required for BAM. Testing was carried out by ProGraphite, which is located in Germany and is one of the world's leading graphite R&D laboratories with several decades of professional expertise and experience (NGC news release August 16, 2021).

### **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").

#### Authier Lithium Royalties and the Authier Lithium Project

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

Sayona conducted fieldwork in 2020 in support of the environmental assessment process ("EIS") as well as progressing with geotechnical studies (Sayona news release August 21, 2020). Sayona anticipates that a public hearing under the 'BAPE' (bureau d'audiences publiques en environnement) process will be authorised before June 2021 and scheduled for the summer to advance toward an EIS approval decision (Sayona news release December 21, 2020).

On March 31, 2021 Sayona announced that it plans to conduct product trials with leading battery researcher Novonix Limited ("Novonix"), focused on delivering a clean and green 99.97% lithium hydroxide battery suitable for North American EV makers. The samples will then be sent to Novonix's independent battery testing facilities in Nova Scotia, Canada, to evaluate their conformity with lithium-ion battery standards and enable performance comparisons in commercial cells suitable for potential offtake partners. The aim of the tests is to highlight the Authier Project's ability to deliver a minimum 99.97% lithium hydroxide product suitable for leading battery cathode makers in North America. Sayona also announced that Novonix Battery Technology Solutions is analysing the Authier product for performance in commercial lithium-ion batteries (Sayona news release July 7, 2021).

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

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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, with a scoping study underway for the profitable production of spodumene (lithium) concentrate (Sayona news release August 30, 2021).

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.

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.

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.

TSXV-listed Vanadium One Iron Corp. (“VONE”), now called Voyager Metals Inc., completed a PEA for an open pit mine at the Mont Sorcier Iron and Vanadium Project (VONE news release February 27, 2020).

A diamond drilling program was completed by VONE in 2020 (VONE news release November 2, 2020). A total of 3,414 m were drilled in ten holes, targeting the eastern extension of the North Zone and covering more than 1.5 km along strike. VONE announced an updated Mineral Resource estimate (VONE news release May 17, 2021), incorporating results from the 2020 drill program and resulting in an increase in the North Zone Inferred Mineral Resource from 376 Mt to 809.1 Mt, an addition of 433 Mt or 115% increase. The current mineral resources include Indicated Resources of 113.5 Mt

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

---

grading 30.9% magnetite and Inferred Resources of 953.7 Mt grading 32.8% magnetite.<sup>4</sup> VONE also announced that it has entered into a long-term arrangement with a wholly owned subsidiary of Glencore plc (“Glencore”) 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.

In July 2021, VONE reported on the 2021 drill program and its goal to upgrade a sufficient portion of the current Inferred Mineral Resources to Measured and Indicated categories in order to support at least a 20-year mine life as the basis for a feasibility study expected to commence in late 2021 or early 2022. The drill program comprises up to 12,500 m in 34 holes in the North Zone and 2,500 m set aside for the South Zone. Over 4,000 m had been completed in 10 drill holes in the North Zone by late July. Visual examination and magnetic test of the drill core to date supports the intersection of mineralized material as predicted by the current resource outline (VONE news release July 29, 2021).

VONE 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 orehandling, 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 (VONE news release August 19, 2021).

#### Battery Hill Manganese Royalty (the “Battery Hill Royalty”)

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 stage exploration project.

TSXV-listed Manganese X Energy (“MN”) filed a technical report on the Battery Hill Project in July 2020 that provided 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. Results from a metallurgical testwork by Kemetco was also reported in 2020. Phase one, involving 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. The results are very encouraging as they provide a potential route to eliminate a major step in the purification process that would result in major cost benefits as well as an increase in purification efficiency (MN news release January 11, 2021).

In 2021, MN announced that it would utilize its 2020 drill results to complete a resource estimate for the project. The project has also entered phase three of a metallurgical study with Kemetco Research Inc. (“Kemetco”), which will include MN filing a provisional patent on the manganese purification process and further refinement of the ultra-high manganese product flow sheet (MN news release March 4, 2021) to be utilized in a PEA and environmental study for the project. In April, MN

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<sup>4</sup> Resource cut-off grade: 20% Fe<sub>2</sub>O<sub>3</sub>. . A technical report on the mineral resource estimate is posted on Voyageur Metal Inc.’s profile at [www.sedar.com](http://www.sedar.com).

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

---

announced that it had selected global consulting and engineering company Wood to conduct the PEA. The objective of the PEA is measure Battery Hill's full economic and commercialization potential to produce premium ultra-high-purity battery-grade manganese products for the burgeoning North American EV and energy storage sectors (MN news release April 22, 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% Mn and 25.91 Mt of Inferred Mineral Resources grading 6.66% manganese ("Mn")<sup>5</sup>. Based on the large inventory of Measured and Indicated resources, MN plans to move quickly to acquire all information required to bring the project to a Feasibility Study stage (MN news release July 7, 2021). MN filed a technical report on the MRE in August 2021 that summarizes all exploration work on the property, including historical and recent diamond drilling by MN that forms the basis of the MRE and makes recommendations for further exploration and development work on the Project (MN news release September 9, 2021).

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 Figury Townships of Quebec, respectively, and collectively comprise 22 mineral claims. The Chubb Lithium Project and the Bouvier Lithium Project are greenfield exploration projects.

Great Thunder Gold Corp. ("GTG"), now Newfoundland Discovery Corp., announced that it had initiated a 15-hole drilling program on the Chubb Project in 2021 (GTG 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<sub>2</sub>O over 12.7 m in diamond DDH 21-CH-15, the final spring hole drilled to the south.

In September 2021, GTG announced its plans for a Phase 2 winter drilling program on the Chubb Lithium Project, following up its successful spring Phase 1 drill program. Phase 1 drilling consisted of 15 diamond drill holes totalling 2,283 m. All 15 completed drill holes intersected pegmatite and/or spodumene pegmatite with lithium values, with the Main Dyke values being of the greatest value and a key focus for continued drilling this winter. The Phase 2 contract is for a minimum of 5,000 m with one drill rig and is planned to continue to define the lithium bearing pegmatite to the south of the Main Dyke (GTG news release September 10, 2021).

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<sup>5</sup> 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/tonne for High Purity Manganese Sulphate Monohydrate (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](http://www.sedar.com).

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

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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**

***2021 Base Shelf Prospectus***

On September 2, 2021, the "Company filed, and received a receipt for, a preliminary short form base shelf prospectus (the "Prospectus") 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. An amended and restated preliminary short form base shelf prospectus will be filed on November 29, 2021.

Once a receipt for the final Prospectus is received from the applicable securities regulators, the final Prospectus will be 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.

***July 2021 Private Placement***

In July 2021, the Company closed a private placement (the "2021-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 "Warrant"). Each Warrant can be exercised for a 2 year period from the Closing Date at \$0.60 per Warrant for one Share. In connection with the 2021-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.

The securities issued pursuant the 2021-Private Placement were subject to applicable resale restrictions, including a four month hold period from date of closing of the Private Placement under applicable Canadian securities laws.

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

**1.2.3 Market Trends**

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.

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
 Three and nine months ended September 30, 2021

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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.

Trends for the Company's currently targeted commodities are summarized below:

<b>Lithium</b>	In December 2020, Fastmarkets assessed the lithium hydroxide monohydrate (minimum 56.5% LiOH <sub>2</sub> O, battery grade) spot price at US\$9.00/kg, both on a CIF China, Japan and Korea basis. Since June 2021, the spot price has increased; a recent price is US\$29.75/kg.
<b>Graphite</b>	Graphite prices are determined based on direct negotiations between buyers and sellers and, as there is no spot or futures market for graphite, prices are provided by companies such as Benchmark Mineral Intelligence and Fastmarkets based on periodic surveys of buyers and sellers. Graphite prices are categorized by flake size and purity, i.e. large flake (+80 mesh) and particularly XL flake (+50 mesh) and 94% plus carbon varieties command premium pricing. The graphite price has traded in a range of US\$472/t to US\$561/t in 2021, averaging US\$517/t in the YTD, and has been increasing since September. A recent price is US\$554/t.
<b>Cobalt</b>	The average reference price for standard grade cobalt in 2020 was US\$15.58/lb, down 6% from US\$16.57/lb in 2019 according to Fastmarkets MB. Since June 2021, the spot price has trended upward. A recent closing price is US\$29.70/lb.
<b>Manganese</b>	The average manganese price (CIF China 44%) in 2020 was significantly (19%) down at 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 but have trended upward since that time; a recent closing price is approximately US\$5.78/dmtu.
<b>Vanadium</b>	In 2020, the prices for V2O5 averaged US\$6.47/lb. Prices in 2021 were increasing to October when they dropped, but prices have increased again since that time. A recent closing price is US\$8.40/lb.
<b>Copper</b>	The average price for copper in 2020 was US\$2.80/lb (2019: US\$2.72/lb; 2018: US\$2.96/lb). In 2021, copper prices were increasing until June when they decreased, then were steady until October when they increased then decreased slightly; prices have stabilized since that time. A recent closing price of copper is US\$4.42/lb.
<b>Nickel</b>	Average LME price of nickel in 2020 was US\$6.25/lb (2019: US\$6.32/lb; 2018: US\$5.95/lb). Nickel prices were increasing in the first quarter of 2021, then dropped in March, and have been increasing overall since June. Recent closing price of nickel is US\$9.23/lb.
<b>Tin</b>	During 2020, average tin price was US\$7.71/lb. Tin prices have been increasing in 2021, with a recent LME cash price of US\$18.34/lb.
<b>Zinc</b>	Zinc prices decreased in early 2020, but trended upward for the remainder of the year, reaching US\$1.24/lb. Other than a drop and rebound in February, in 2021 the zinc price had been steady until October when prices increased, then decreased; since then, prices have traded higher than prior to the October volatility. A recent closing price is US\$1.51/lb.

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
 Three and nine months ended September 30, 2021

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Average annual prices in 2020 as well as the average prices so far in 2021 for are shown in the table below:

	<b>Lithium US\$/kg</b>	<b>Graphite US\$/tonne</b>	<b>Cobalt US\$/lb</b>	<b>Manganese US\$/dmtu</b>	<b>Vanadium US\$/lb</b>	<b>Copper US\$/lb</b>	<b>Nickel US\$/lb</b>	<b>Tin US\$/tonne</b>	<b>Zinc US\$/lb</b>
2020	9.52	461	15.58	4.60	6.47	2.80	6.25	7.71	1.03
2021 (to date of this MDA)	15.58	519	22.93	5.29	8.13	4.22	8.32	14.52	1.35

Sources: Lithium, graphite and cobalt prices for 2018-2020 are from Fastmarkets. All other prices shown are from Argus Metals.

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

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**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

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### 1.3 Selected Annual Information

Not required.

### 1.4 Summary and Discussion of Quarterly Results

The following information is derived from the Company's accompanying Financial Statements 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 <sup>(1)</sup>	Net Loss	Basic and diluted loss per share	Weighted average number of common shares outstanding
September 30, 2021 <sup>(2)</sup>	\$ -	\$ 683,000	\$ 0.01	65,726,618
June 30, 2021 <sup>(2)</sup>	\$ -	\$ 450,000	\$ 0.01	52,405,101
March 31, 2021 <sup>(2)</sup>	\$ -	\$ 378,000	\$ 0.01	49,929,545
December 31, 2020 <sup>(3)</sup>	\$ -	\$ 358,000	\$ 0.01	48,255,101
September 30, 2020 <sup>(3)</sup>	\$ -	\$ 741,000	\$ 0.02	47,602,927
June 30, 2020 <sup>(3)</sup>	\$ -	\$ 1,255,000	\$ 0.06	21,533,396
March 31, 2020	\$ -	\$ 286,000	\$ 0.02	14,285,814
December 31, 2019	\$ -	\$ 51,000	\$ 0.02	3,043,478

- (1) As of September 30, 2021 and since its inception, the Company has not recorded any significant revenue from its operating activities. A summary of the operating results, including royalty revenue, of the Company's associate that holds the MTM Royalty is presented in the following section (see [1.5 Results of Operations](#)) of this MD&A.
- (2) During the first three quarters of the Company's fiscal year 2021, the Company completed acquisition of various royalty interests and 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<sup>®</sup> Venture Market (the "OTCQB") in the United States under the symbol "ELECF". The increase in net loss during the quarter ended September 30, 2021 was mainly due to initial setup expenses relating to the Company's associate (see [1.5 Results of Operations](#)).
- (3) During the third quarter of the fiscal year 2020, the Company completed various royalty interest acquisitions, activated executive compensation and granted stock options to its directors, officers, employees and certain consultants. During the second quarter of the Company's fiscal year 2020, the Company completed its reverse takeover and the net loss recorded in this quarter was mainly related to listing expenses.

### 1.5 Results of Operations

During the three and nine months ended September 30, 2021, the Company recorded net losses of \$684,000 and \$1,512,000, respectively, that included \$126,833 in the Company's share of loss of its associate (set up costs). Additional discussions and analysis with respect to the Company's operating expenses and related trends are provided herein (below).

During the three and nine months ended September 30, 2020, the Company recorded net losses of \$741,000 and \$2,282,000, respectively. The net loss for the nine months ended September 30, 2020, was mainly due to listing expenses of \$1,164,000, including \$595,000 representing the fair value of the common shares deemed to be issued pursuant to the reverse takeover.

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

The following tables provide comparison of the Company's operating expense for the three and nine months ended September 30, 2021 and 2020:

Operating expenses	Three months ended September 30,		Increase/ (decrease)	Percentage change (%)
	2021	2020		
Investor relations and shareholders communication	\$ 113,316	\$ 127,914	\$ (14,598)	(11%)
Salaries and benefits	76,538	77,319	(781)	(1%)
Administration	107,906	89,299	18,607	21%
Regulatory	74,604	28,844	45,760	159%
Legal, and audit and audit related services	79,720	115,359	(35,639)	(31%)
Property investigations - geology, resource modelling, metallurgy & engineering	78,029	34,212	43,817	128%
Equity-settled share-based payments	34,000	252,000	(218,000)	(87%)
<b>Total</b>	<b>\$ 564,113</b>	<b>\$ 724,947</b>	<b>\$ (160,834)</b>	<b>(22%)</b>

Operating expenses	Nine months ended September 30,		Increase/ (decrease)	Percentage change (%)
	2021	2020		
Investor relations and shareholders communication	\$ 334,718	\$ 169,546	\$ 165,172	97%
Salaries and benefits	235,524	156,518	79,006	50%
Administration	265,003	174,198	90,805	52%
Regulatory	91,662	28,844	62,818	218%
Legal, and audit and audit related services	135,154	163,315	(28,161)	(17%)
Property investigations - geology, resource modelling, metallurgy & engineering	181,552	181,542	10	0%
Equity-settled share-based payments	162,000	252,000	(90,000)	(36%)
<b>Total</b>	<b>\$ 1,405,613</b>	<b>\$ 1,125,963</b>	<b>\$ 279,650</b>	<b>25%</b>

During the three and nine months ended September 30, 2021, the Company's operating expenses increased, compared to the same period of the prior year, mainly because of increase in the investor relations and shareholders communication expenses following the completion of the Company's reverse takeover in June 2020 and as the Company retained services of certain consulting groups to assist with shareholders communication and investor relations, and with coverage of the Company's news releases and other developments, with the objective of expanding the Company's investor outreach through video and media content. During the three and nine months ended September 30, 2021, the Company participated in several investor conferences and media events with the objective of enhancing the Company's visibility within the global investment community.

The Company activated directors' fees for its non-executive directors in July 2020 that resulted in higher salaries and benefits for the nine months ended September 30, 2021, compared to the same period of the prior year. There was no significant change in salaries and benefits for the three months ended September 30, 2021, compared to the same period of the prior year.

Administration expenses were also higher during the three and nine months ended September 30, 2021, compared to the same period of the prior year, due to increase in overall business development

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

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activities and regulatory compliance requirements that entailed an increase in administrative support services required in the functional areas of accounting, finance, tax, legal and graphics, which services are sourced by the Company from an arm's-length private consulting firm. Administration expenses also include office expenses, information technology expenses, and amortization of premium for directors and officers liability insurance and general business liability insurance.

The Company recorded higher regulatory expenses during the three and nine months ended September 30, 2021, compared to the same period of the prior year, due to the filing of the Preliminary Prospectus and due to the Company's application for qualification of its common shares for trading on the OTCQB as described herein (see [1.4 Summary and Discussion of Quarterly Results](#)).

The Company records all direct external costs, including legal and due diligence costs, relating to royalty acquisitions as royalty interest asset. All internal property investigation and due diligence costs with respect to the Company's potential royalty acquisitions are recorded as property investigation expense and are classified as operating expenses.

In July 2020, the Company granted 3,898,500 stock options to its directors, officers, employees and certain consultants; approximately one-third of these stock options were fully vested on the date of grant that led to higher share-based payment expenses recorded in third quarter of the Company's fiscal year 2020. The share-based payment expenses recorded during the three and nine months ended on September 30, 2021 included the following: a) amortization of the fair value of the options granted in July 2020 but vested after January 1, 2021; and b) amortization of the fair value of additional options granted during the current year over their vesting term.

### **Investment in Associate**

In August 2021, the Company wholly-owned subsidiary, Electric Royalties (USA) Inc., acquired a 25% interest in a limited partnership ("MTM LP"), which completed the acquisition of the MTM Royalty (See [1.2.2 Royalty Acquisition Agreements Completed](#)). The Company's interest in the MTM LP entitles it to receive distribution of 25% of the MTM LP's revenue after deduction of 50% of the operating expenses.

During the quarter ended September 30, 2021, the Company recorded its share of net loss of MTM LP, mainly due to initial setup expenses of MTM LP.

	Three and nine months ended September 30,	
	2021	2020
MTM Royalty Revenue	\$ 298,000	\$ -
Depletion of royalty interest	(161,332)	-
Revenue, net of depletion	\$ 136,668	\$ -
Administration and initial setup expenses	(322,000)	\$ -
Total net loss	\$ (185,332)	\$ -

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

	Three and nine months ended September 30,	
	2021	2020
Company's share (50%) of operating expenses of associate	\$ (161,000)	\$ -
Company's share (25%) of other items of net income of associate	34,167	-
Company's share of net loss of associate	\$ (126,833)	\$ -

### **1.6 Liquidity**

At September 30, 2021, the Company had a cash balance of \$2,774,000 (December 31, 2020 – \$2,585,000) and working capital of \$2,459,000 (December 31, 2020 – \$2,593,000).

During the nine months ended September 30, 2021, the Company used \$1,174,000 of its cash in its operating activities, compared to \$1,555,000 for the same period of the prior period that included cash used in legal and regulatory expenses (\$537,000) relating to the Company's reverse takeover completed in June 2020.

During the nine months ended September 30, 2021, the Company used \$672,000 of its cash in acquisition of mineral royalty interests and related transaction costs, compared to \$1,173,000 for the same period of the prior period.

During the nine months ended September 30, 2021, the Company received gross proceeds from issuance of common shares of \$2,000,000 pursuant to the 2021-Private Placement and \$123,475 from exercise of warrants. During the nine months ended September 30, 2020, the Company received gross proceeds from issuance of common shares \$5,498,000, which amount includes \$4,998,000 from the private placement closed concurrently with the Company's reverse takeover in June 2020.

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.

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Short-term employment benefits <sup>(1)</sup>	\$ 76,538	\$ 77,319	\$ 235,524	\$ 156,518
Share-based payments relating to stock options <sup>(2)</sup>	3,000	143,000	55,000	143,000
<b>Total</b>	<b>\$ 79,538</b>	<b>\$ 220,319</b>	<b>\$ 290,524</b>	<b>\$ 299,518</b>

- (1) Short-term employment benefits include salaries and benefits of the Company's chief executive officer and directors' fees. The increase in short-term employment benefits for the nine months ended September 30, 2021, compared to the same period of the prior year, was because of the activation of directors' fees by the Company in July 2020.
- (2) The higher share-based payment expenses in the prior periods were higher due to grant of stock options in July 2020. No stock options were granted to the Company's directors and officers during the nine months ended September 30, 2021.

### **1.10 Fourth Quarter**

Not required.

### **1.11 Proposed Transactions**

Except as discussed in this MD&A, 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.

**ELECTRIC ROYALTIES LTD.**  
**Management's Discussion And Analysis**  
Three and nine months ended September 30, 2021

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## **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	77,101,509
Share purchase options	7,172,500
Share purchase warrants	10,593,000

### **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 Annual MD&A and the Company's Annual Information Form for the year ended December 31, 2020 as publicly filed on SEDAR at [www.sedar.com](http://www.sedar.com).