

Form 62-103F1

*Required Disclosure under the Early Warning Requirements*

**Item 1 – Security and Reporting Issuer**

- 1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.**

Common Shares of Electric Royalties Ltd. (the “**Issuer**”), head office located at 14th floor, 1040 West Georgia Street, Vancouver, B.C. V6E 4H1 Canada.

- 1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.**

OTCQB

**Item 2 – Identity of the Acquiror**

- 2.1 State the name and address of the acquiror.**

Stefan Gleason (the “**Acquiror**”) at PO Box 49246, Charlotte, NC 28277.

- 2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.**

On December 2, 2022, Acquiror purchased 141,000 Common Shares of the Issuer via the OTCQB, taking his ownership/control percentage more than 2% higher than the level of his prior early warning report filing on September 26, 2022.

- 2.3 State the names of any joint actors.**

Not applicable.

**Item 3 – Interest in Securities of the Reporting Issuer**

- 3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror’s securityholding percentage in the class of securities.**

After the purchase of 141,000 shares on December 2, 2022, Acquiror now beneficially owns or has control or direction over 16,011,593 Common Shares and 500,000 Warrant shares, or 17.547% of the issued and outstanding Shares on an as converted and partially diluted basis. This represents an increase of 0.150% in the Acquiror’s securityholding percentage.

- 3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.**

The Acquiror acquired ownership of the securities which took his holdings from 17.397% to 17.547%.

**3.3 If the transaction involved a securities lending arrangement, state that fact.**

Not applicable.

**3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.**

The Acquiror previously beneficially owned or had control or direction over an aggregate of 15,870,593 Common Shares and 500,000 Warrant Shares, representing 17.397% of the issued and outstanding Shares on an as converted and partially diluted basis.

After the purchases on December 2, the Acquiror held 16,011,593 Common Shares and 500,000 Warrant shares, or 17.547% of the issued and outstanding Shares on an as converted and partially diluted basis.

**3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which**

- (a) **the acquiror, either alone or together with any joint actors, has ownership and control,**
- (b) **the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**
- (c) **the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

After December 2, 2022, Acquiror has *both ownership and control* over 15,317,233 Common Shares and 500,000 Warrant Shares, representing approximately 16.81% of the issued and outstanding Shares on an as converted and partially diluted basis.

After December 2, 2022, Acquiror has *control but not ownership* over 694,360 Common Shares representing approximately 0.74% of the issued and outstanding Shares on an as converted and partially diluted basis.

**3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.**

An affiliate of Acquiror has committed to Issuer a C\$2 million Loan Facility that will be, if the Loan Facility is formally established, convertible to Common Shares of Issuer on the terms discussed in Item 6 below.

- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

As discussed in Item 6 below, an affiliate of Acquiror has committed to Issuer a C\$2 million Loan Facility that will be, if the Loan Facility is formally established, convertible to Common Shares of Issuer on the terms discussed in Item 6 below. If the Loan Facility closes per the commitment and funds are advance to Issuer, the affiliate of Acquiror will have credit risk.

#### **Item 4 – Consideration Paid**

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

The 141,000 Common Shares were purchased on December 2, 2022, at an average price of \$0.32 per Common Share for a total of \$45,192CAD.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

Not applicable

- 4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

Not Applicable.

#### **Item 5 – Purpose of the Transaction**

**State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:**

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;
- (f) a material change in the reporting issuer's business or corporate structure;
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;
- (j) a solicitation of proxies from securityholders;
- (k) an action similar to any of those enumerated above.

The Acquiror supports company management and has acquired shares purely for investment purposes and not as part of any take-over bid. The Acquiror may acquire or dispose of Common Shares of the Issuer at any time.

#### **Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer**

**Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.**

Acquiror's family office, Gleason & Sons LLC, announced on November 16 it has committed to Issuer a scalable, non-dilutive Loan Facility with an initial loan limit of

C\$2,000,000 to fund the Company's acquisition of producing royalties, with closing on this facility expected by early January 2023.

The Loan Facility will be secured by royalty interests acquired, mature 36 months after the initial loan advance, carry a 15% interest rate, and include no origination or non-utilization fees. The Issuer will have the option to accrue interest payments until the maturity date.

The Loan Facility will be provided on a non-exclusive basis, affording the Issuer full flexibility to establish other debt or equity financing partnerships on any terms it deems favorable.

Advances will be convertible into common shares of the Issuer at a conversion price of *the greater of* C\$0.50 per common share or a 100% premium above the 30-day VWAP of the Issuer's shares on the TSX Venture Exchange at the time of each advance.

Conversions will be permitted at the option of Gleason & Sons LLC at any time following 6 months from the initial loan advance, except that they will be restricted such that Gleason & Sons LLC, the Acquiror, and their affiliates would not gain more than 19.9% in ownership, control, or direction of the Issuer's issued and outstanding Shares on an as converted and partially diluted basis.

Finalization of the Loan Facility is subject to regulatory approval, if applicable, and closing documentation.

#### **Item 7 – Change in Material Fact**

**If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.**

Not Applicable

#### **Item 8 – Exemption**

**If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.**

Not Applicable.

#### **Item 9 – Certification**

**The acquiror must certify that the information in this report is true and complete in every respect. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete.**

**This report must be signed by each person on whose behalf the report is filed or his or her authorized representative.**

**It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.**

**Certificate**

The undersigned certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Dated this 5th day of December, 2022.

A handwritten signature in black ink, appearing to read "Stefan Gleason", written over a horizontal line.

Stefan Gleason