

## ELEMENTAL ALTUS ROYALTIES CORP.

### PART 1: SUMMARY OF OFFERING

#### What Are We Offering?

<b>Offering:</b>	Up to 5,250,000 Common Shares (the “Offering”).
<b>Offering Price:</b>	CAD\$1.28 per Common Share.
<b>Offering Amount:</b>	Minimum: 1,046,875 Common Shares, for minimum gross proceeds of CAD\$1,340,000 and Maximum: 5,250,000 Common Shares for maximum gross proceeds of CAD\$6,720,000.
<b>Closing Date:</b>	The Offering may be completed in one or more closings and it is expected that the initial closing will occur on or about December 14, 2022 (the “Closing Date”).
<b>Exchange:</b>	TSX Venture Exchange (“TSX-V”) and the OTCQX.
<b>Last Closing Price:</b>	The last closing price of the Company’s common shares on the TSX-V on December 1, 2022 was CAD\$1.25.

*No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Document. Any representation to the contrary is an offence. This Offering may not be suitable for you and you should only invest in it if you are willing to risk the loss of your entire investment. In making this investment decision, you should seek the advice of a registered dealer.*

Elemental Altus Royalties Corp. (“Elemental”) is conducting a listed issuer financing under section 5A.2 of National Instrument 45-106 *Prospectus Exemptions* in all provinces of Canada other than in Quebec, and in certain jurisdictions outside of Canada. In connection with the Offering, the issuer represents the following is true:

1. Elemental has active operations and its principal asset is not cash, cash equivalents or its exchange listing.
2. Elemental has filed all periodic and timely disclosure documents that it is required to have filed.
3. The total dollar amount of the Offering, in combination with the dollar amount of all other offerings made under the listed issuer financing exemption in the 12 months immediately before the date of this offering document (the “Offering Document”), will not exceed

- \$10,000,000 (being 10% of the aggregate market value of Elemental's listed securities, on the date Elemental issues the news release announcing the Offering, to a maximum of \$10,000,000).
4. Elemental will not close the Offering unless Elemental reasonably believes it has raised sufficient funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution.
  5. Elemental will not allocate the available funds from this Offering to an acquisition that is a significant acquisition or restructuring transaction under securities law or to any other transaction for which the issuer seeks security holder approval.

#### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Offering Document contains certain "forward looking statements" and certain "forward looking information" as defined under applicable Canadian securities laws. Forward-looking statements and information can generally be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "intend", "estimate", "anticipate", "believe", "continue", "plans" or similar terminology.

Forward-looking statements and information include, but are not limited to, statements with respect to the future growth of Elemental, development and focus of Elemental, how the funds from the Offering will be used, the Closing Date of the Offering and whether the business objectives that Elemental expects to accomplish using the available funds of the Offering will be met. Forward-looking statements and information are based on forecasts of future results, estimates of amounts not yet determinable and assumptions that, while believed by management to be reasonable, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

Forward-looking statements and information are subject to various known and unknown risks and uncertainties, many of which are beyond the ability of Elemental to control or predict, that may cause Elemental's actual results, performance or achievements to be materially different from those expressed or implied thereby, and are developed based on assumptions about such risks, uncertainties and other factors set out herein, including but not limited to: the impact of general business and economic conditions, the absence of control over the mining operations from which Elemental will receive royalties, risks related to international operations, government relations and environmental regulation, the inherent risks involved in the exploration and development of mineral properties; the uncertainties involved in interpreting exploration data; the potential for delays in exploration or development activities; the geology, grade and continuity of mineral deposits; the impact of the COVID-19 pandemic; the possibility that future exploration, development or mining results will not be consistent with Elemental's expectations; accidents, equipment breakdowns, title matters, labour disputes or other unanticipated difficulties or interruptions in operations; fluctuating metal prices; unanticipated costs and expenses; uncertainties relating to the availability and costs of financing needed in the future; the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations; currency fluctuations; regulatory restrictions, including environmental regulatory restrictions; liability, competition, loss of key employees and other related risks and uncertainties.

For a discussion of important factors which could cause actual results to differ from forward-looking statements, refer to the annual information form of Elemental for the year ended December 31, 2021. Elemental undertakes no obligation to update forward looking statements and information except as required by applicable law. Such forward-looking statements and information represents management's best judgment based on information currently available. No forward-looking statement or information can be guaranteed, and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.

## PART 2: SUMMARY DESCRIPTION OF BUSINESS

### What is our business?

Elemental is a TSX-V listed precious metals royalty company focused on acquiring royalties and streams over producing, or near producing, assets from established operators and counterparties.

Elemental's gold-focused royalty portfolio is diversified by several top-tier operators and by jurisdiction, serving to reduce operating risk to Elemental and to the individual investor. By relying on advanced assets, Elemental is able to minimize funding and development risks that are outside Elemental's control. Elemental focuses on acquiring assets located in proven mining jurisdictions to seek to mitigate the risks of political instability and policy changes.

### Recent developments

On May 12, 2022, Elemental confirmed that an inadequate, all-share hostile takeover bid made by Gold Royalty Corp. (the "**Hostile Bid**") was not successful. Having failed to meet the statutory minimum tender condition of more than 50% of the Elemental shares outstanding (excluding those shares beneficially owned, or over which control or direction is exercised by, Gold Royalty Corp. or by any persons acting jointly or in concert with Gold Royalty Corp.), Gold Royalty Corp. allowed the Hostile Bid to expire.

On June 14, 2022, Elemental announced that the boards of Elemental and Altus Strategies plc ("**Altus**") entered into an arm's-length co-operation agreement on the terms and conditions of a recommended share-for-share merger of equals of Elemental and Altus, with the entire issued and to be issued share capital of Altus being acquired by Elemental in exchange for common shares in the capital of Elemental (the "**Merger**"). On August 16, 2022, Elemental announced the completion of the Merger. The Merger was implemented by way of a court-sanctioned scheme of arrangement under Part 26 of the *Companies Act 2006*.

On September 26, 2022, Elemental changed its name to Elemental Altus Royalties Corp., in connection to the completion of its previously announced Merger with Altus. The name change was approved by Elemental's shareholders at Elemental's annual general and special meeting on August 8, 2022.

On October 25, 2022, Elemental announced the completion of the vend-out transaction of its 100% owned Morocco-focused copper subsidiary Aterian Resources Ltd. ("**Aterian**") to Eastinco Mining and Exploration plc. ("**Eastinco**"). Aterian owns a 100% interest in 15 prospective projects (the "**Projects**") primarily targeting copper and silver covering 762 km<sup>2</sup>. In consideration, Elemental has received the following:

1. 2.50% net smelter return ("**NSR**") royalty over each of the 15 Projects, with Eastinco retaining certain buyback rights of up to 1.0% of each NSR royalty for USD\$500,000 per 0.5%.
2. 0.5% NSR royalty over Eastinco's Musasa tantalum operation in Rwanda.
3. 241,173,523 shares in Eastinco representing 25% of the issued share capital of Eastinco valued at approximately £2,500,000 (approximately USD\$2,874,038) on the Official List maintained by the U.K. Financial Conduct Authority. The shares are subject to a customary 12-month lock in period and a further 12-month orderly market provision.
4. Five-year warrants to purchase up to an additional 10% of the enlarged share capital of Eastinco, with 50% of the warrants having an exercise price of £0.01 per share and the balance having an exercise price of £0.02 per share.

5. Eastinco will reimburse Elemental up to £250,000 (approximately USD\$287,404) in cash in respect of certain historic exploration expenditures.

One of Elemental's creditors, LMH Explorers S.à.r.l. and its affiliates ("LMH") (which are controlled by La Mancha Investments S.à.r.l.) is an insider of Elemental. Altus and LMH entered into a loan facility agreement dated August 17, 2021, as amended by a letter agreement dated February 12, 2022 and by a second letter agreement dated May 14, 2022, whereby LMH agreed to lend to Altus up to USD\$29,000,000 (the "**LMH Loan Facility Agreement**"). On December 1, 2022, La Mancha Investments S.à.r.l., LMH, Elemental and Altus entered into a loan facility conversion and termination agreement, pursuant to which LMH converted approximately USD\$27,559,844 of loan principal and accumulated interest into 28,959,797 common shares of Elemental ("**Shares**") at a deemed price of CAD\$1.28 per Share (the "**Debt Settlement Transaction**"). LMH holds approximately 34.3% of the outstanding Shares of Elemental as of the date of this Financing Document. All amounts owing by Elemental to LMH have now been satisfied in full and the associated security released. The Debt Settlement Transaction became effective on December 1, 2022.

On December 1, 2022, Elemental entered into an agreement with National Bank of Canada ("**NBC**") and Canadian Imperial Bank of Commerce ("**CIBC**") for a revolving credit facility which allows Elemental to borrow up to USD\$40,000,000 (the "**Facility**"), with an option to increase to USD\$50,000,000 subject to satisfaction of certain conditions. The Facility has a term of three (3) years that is extendable through mutual agreement between Elemental, NBC and CIBC. Depending on Elemental's leverage ratio, the amounts drawn on the Facility are subject to interest at SOFR plus 2.50% - 3.75% per annum and the undrawn portion is subject to a standby fee of 0.56% - 0.84% per annum. Elemental has drawn down an initial USD\$30,000,000 from the Facility, approximately USD\$25,274,442 of which was used to fully repay the outstanding loan principal together with any accrued and unpaid interest and fees owed to Sprott Private Resources Lending II (Collector), LP, under a credit agreement dated December 29, 2020 (the "**Amended Sprott Facility**"). The Facility has been entered into by Elemental as borrower, NBC and its subsidiaries as Administrative Agent, Sole Bookrunner and Co-Lead Arranger, and CIBC as Co-Lead Arranger and Syndication Agent.

### **Material Facts**

There is no material fact about the securities being distributed that has not been disclosed elsewhere in the Offering Document or in any other document filed by Elemental in the 12 months preceding the date of the Offering Document.

### **Business Objectives and Milestones**

#### **What are the business objectives that we expect to accomplish using the available funds?**

Elemental expects to use the available funds to continue the acquisition of mining royalties and streams, to add to Elemental's existing asset portfolio with 11 producing royalties and a diversified number of pre-production and discovery stage assets. Elemental expects to make further acquisitions in 2023, subject to agreeing on commercial terms and due diligence.

## **PART 3: USE OF AVAILABLE FUNDS**

### **Available Funds**

#### **What will our available funds be upon the closing of the Offering?**

		<b>Assuming minimum offering only</b>	<b>Assuming 100% of offering</b>
A	Amount to be raised by this Offering <sup>1</sup>	USD\$1,000,000	USD\$5,014,925
B	Selling commissions and fees	Nil	Nil
C	Estimated offering costs (e.g., legal, accounting, audit)	USD\$200,000	USD\$200,000
D	Net proceeds of Offering: D = A - (B+C)	USD\$800,000	USD\$4,814,925
E	Working capital as at most recent month end (deficiency)	USD\$(33,369,000)	USD\$(33,369,000)
F	Additional sources of funding	USD\$50,000,000	USD\$50,000,000
G	<b>Total available funds: G = D+E+F</b>	USD\$17,431,000	USD\$21,445,925

Elemental entered into the Facility on December 1, 2022, in which Elemental plans to combine this source of funding with the Offering proceeds to achieve its principal purpose for raising capital.

### Use of Available Funds

#### How will we use the available funds?

<b>Description of intended use of available funds listed in order of priority</b>	<b>Assuming minimum offering only</b>	<b>Assuming 100% of offering</b>
Royalty and Streaming Acquisitions and Working Capital	USD\$17,431,000	USD\$21,445,925
<b>Total:</b>	USD\$17,431,000	USD\$21,445,925

The above noted allocation represents Elemental's current intentions with respect to its use of proceeds based on current knowledge, planning and expectations of management of Elemental. Although Elemental intends to expend the proceeds from the Offering as set forth above, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary and may vary from that set forth above, as the amounts actually allocated and spent will depend on a number of factors, including Elemental's ability to execute its business plan.

<sup>1</sup> Note: The Offering proceeds have been converted into United States dollars using an exchange rate of USD\$1=CAD\$1.34.

Elemental’s condensed interim consolidated financial statements for the nine months ended September 30, 2022 and 2021 have been prepared on a going concern basis, which assumes that Elemental will be able to meet its obligations and continue its operations for at least twelve months from June 30, 2022. As at September 30, 2022, Elemental had a working capital deficiency of \$33,900,000, including \$25,000,000 in connection with the Amended Sprott Facility and \$29,000,000 in connection with the LMH Loan Facility Agreement. These conditions gave rise to material uncertainties which may cast significant doubt upon Elemental’s ability to continue as a going concern, and therefore, Elemental may be unable to realize its assets and settle its liabilities in the normal course of business.

Elemental does not expect that a going concern note will be included in the next financial statements, due to the Facility that was entered into on December 1, 2022 (as outlined herein), and the repayment in full of the Amended Sprott Facility and the Debt Settlement Transaction.

### Use of Funds from Previous Financings

**How have we used the other funds we have raised in the past 12 months?**

Date of Financing and Funds Raised	Use of Proceeds for funds raised in the past 12 months	Explanation of Variances	Impact of Variances on Elemental’s ability to achieve its business objectives
<p>On April 1, 2022, Elemental completed a non-brokered private placement of 9,275,000 common shares of Elemental at an issue price of CAD\$1.51 per common share for aggregate gross proceeds of CAD\$14,005,250 (the “<b>April Offering</b>”).</p>	<p>The net proceeds of the April Offering were used to fund the acquisition of a gold stream at the Ming Copper-Gold Mine in Newfoundland and Labrador in Canada. The remainder of the funds were used for general working capital.</p>	<p>No variances</p>	<p>Not Applicable</p>

## PART 4: FEES AND COMMISSIONS

### Involvement of dealers or finders and their fees

**Who are the dealers or finders that we have engaged in connection with this Offering, if any, and what are their fees?**

Elemental may offer dealer(s) (the “**Dealer**”) the option to participate in the Offering, whereby Elemental would pay the Dealer a finder’s fee comprised of a cash commission, of up to 6% of the gross proceeds of the Offering raised by such Dealer. However, there is no engagement letter or other agreement in place with any Dealer at the date of the Offering Document.

## **Dealer conflicts**

### **Does the dealer(s) have a conflict of interest?"**

There is no dealer engaged in connection with this Offering, as of the date of the Offering Document.

## **PART 5: PURCHASERS' RIGHTS**

### **Rights of Action in the Event of a Misrepresentation**

#### **If there is a misrepresentation in the Offering Document, you have a right:**

- a) To rescind your purchase of these securities with Elemental, or
- b) To damages against Elemental and may, in certain jurisdictions, have a statutory right to damages from other persons.

These rights are available to you whether or not you relied on the misrepresentation. However, there are various circumstances that limit your rights. In particular, your rights might be limited if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in paragraph (a) or (b) above, you must do so within strict time limitations.

You should refer to any applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal adviser.

## **PART 6: ADDITIONAL INFORMATION**

### **Where can you find more information about us?**

Vancouver – Head Office:  
1020 - 800 West Pender  
Vancouver, BC V6C 2V6  
Tel: +1 604-653-9464  
Email: [info@elementalaltus.com](mailto:info@elementalaltus.com)

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Tel: +44 (0) 203 983 7040  
Tel: +44 (0) 123 551 1767  
Email: [info@elementalaltus.com](mailto:info@elementalaltus.com)  
<https://www.elementalaltus.com>

A security holder can access Elemental's continuous disclosure filings on SEDAR at [www.sedar.com](http://www.sedar.com).

*[Signature and Certificate on Following Page]*

## DATE AND CERTIFICATE

The Offering Document, together with any document filed under Canadian securities legislation on or after March 31, 2022, contains disclosure of all material facts about the securities being distributed and does not contain a misrepresentation.

Dated: December 2, 2022

### ELEMENTAL ALTUS ROYALTIES CORP.

By: "**Frederick Bell**"

Name: Frederick Bell

Title: Chief Executive Officer

### ELEMENTAL ALTUS ROYALTIES CORP.

By: "**David Baker**"

Name: David Baker

Title: EVP Business Development