



**ELEMENTAL ALTUS ROYALTIES CORP.**  
(formerly Elemental Royalties Corp.)

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2023 and 2022  
(Unaudited - Expressed in US Dollars)

**ELEMENTAL ALTUS ROYALTIES CORP.**  
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
As at March 31, 2023 and December 31, 2022  
(Unaudited - Expressed in thousands of US Dollars)

	Notes	March 31, 2023 \$'000	December 31, 2022 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		12,483	17,478
Accounts receivable and other	3	3,216	2,890
Held-for-sale assets	16	19,864	19,864
<b>Total current assets</b>		<b>35,563</b>	<b>40,232</b>
<b>Non-current assets</b>			
Stream and royalty interests	4	104,301	101,278
Exploration and evaluation assets	5	3,550	2,757
Equipment and right-of-use assets		178	193
Investments in associates	6	40,008	40,255
Investments	7	1,046	1,213
Total non-current assets		149,083	145,696
<b>Total assets</b>		<b>184,646</b>	<b>185,928</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	8	1,676	2,441
Held-for-sale liabilities	16	4,952	4,952
<b>Total current liabilities</b>		<b>6,628</b>	<b>7,393</b>
<b>Non-current liabilities</b>			
Borrowings	9	30,000	30,000
Deferred tax liability		2,011	2,070
Lease liabilities		30	38
Total non-current liabilities		32,041	32,108
<b>Total liabilities</b>		<b>38,669</b>	<b>39,501</b>
<b>Equity</b>			
Share capital	10	166,579	165,038
Contributed surplus		7,006	6,987
Accumulated other comprehensive income ("AOCI")		246	340
Deficit		(27,854)	(25,938)
<b>Total equity</b>		<b>145,977</b>	<b>146,427</b>
<b>Total liabilities and equity</b>		<b>184,646</b>	<b>185,928</b>

Nature of operations (Note 1)  
Commitments (Note 15)  
Subsequent events (Note 17)

**Approved by the Board of Directors on May 19, 2023**

Frederick Bell, CEO/Director      *"Frederick Bell"*

Martin Turenne, Director      *"Martin Turenne"*

**ELEMENTAL ALTUS ROYALTIES CORP.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the Three Months Ended March 31, 2023 and 2022.

(Unaudited - Expressed in thousands of US Dollars)

		<b>March 31, 2023 \$'000</b>	<b>March 31, 2022 \$'000</b>
Revenue from royalty interests	4,13	2,806	2,195
<b>Total Revenue</b>		<b>2,806</b>	<b>2,195</b>
Depletion of royalty interests	4	(1,875)	(1,166)
<b>Gross profit</b>		<b>931</b>	<b>1,029</b>
General and administrative expenses	11	(1,890)	(1,095)
Project evaluation expenses	11	(47)	(51)
Impairment charge	4	(124)	-
Share-based compensation expense		(19)	(57)
Share of profit of associate	6	209	-
<b>Loss from operations</b>		<b>(940)</b>	<b>(174)</b>
<b>Other income and expenses</b>			
Interest income		30	2
Interest and finance expenses		(620)	(755)
Fair value loss on investments		(184)	-
Foreign exchange gains		35	11
Other income		339	-
<b>Loss before income taxes</b>		<b>(1,340)</b>	<b>(916)</b>
Tax expense		(288)	(291)
<b>Net loss for the period of continuing operations</b>		<b>(1,628)</b>	<b>(1,207)</b>
Net loss of discontinued operations		(288)	-
<b>Total net loss</b>		<b>(1,916)</b>	<b>(1,207)</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation adjustment		(94)	-
<b>Other comprehensive income</b>		<b>(94)</b>	<b>-</b>
<b>Total comprehensive loss</b>		<b>(2,010)</b>	<b>(1,207)</b>
<b>Loss per share – basic and diluted</b>			
Discontinued operations		-	-
Continuing operations		(0.01)	(0.02)
Total net loss		(0.01)	(0.02)
Weighted average number of shares outstanding – basic and diluted		181,578,547	69,094,277

**ELEMENTAL ALTUS ROYALTIES CORP.**  
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Three Months Ended March 31, 2023 and 2022.  
(Unaudited - Expressed in thousands of US Dollars)

	<b>March 31, 2023 \$'000</b>	<b>March 31, 2022 \$'000</b>
<b>Operating activities</b>		
Net loss for the period	(1,916)	(1,207)
Adjustments for:		
Depletion of royalty interests	1,875	1,166
Depreciation of property, plant and equipment	24	-
Impairment charge	124	-
Unrealized foreign exchange	(145)	51
Share-based compensation expense	19	57
Fair value loss on investments	184	-
Share of profit of associate	(209)	-
Interest income	(30)	-
Interest and finance expenses	620	755
	546	822
<b>Changes in non-cash working capital items:</b>		
Accounts receivable and other	(375)	179
Accounts payable and accrued liabilities	(751)	154
<b>Net cash (used in) provided by operating activities</b>	<b>(580)</b>	<b>1,155</b>
<b>Investing activities</b>		
Purchase of royalty interests	(3,481)	(378)
Investment in exploration assets	(793)	-
Purchase of PPE	(17)	-
Distribution from associate	512	-
<b>Cash used in investing activities</b>	<b>(3,779)</b>	<b>(378)</b>
<b>Financing activities</b>		
Proceeds from issue of shares	-	11,196
Share issue costs	-	(147)
Interest received	30	2
Interest paid	(701)	(625)
<b>Net cash provided by financing activities</b>	<b>(671)</b>	<b>10,426</b>
<b>Exchange differences on cash and cash equivalents</b>	<b>35</b>	<b>(56)</b>
<b>Change in cash and cash equivalents</b>	<b>(4,995)</b>	<b>11,147</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>17,478</b>	<b>6,110</b>
<b>Cash and cash equivalents, end of the period</b>	<b>12,483</b>	<b>17,257</b>
Supplemental cash flow information (Note 14)		

**ELEMENTAL ALTUS ROYALTIES CORP.**

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Three Months Ended March 31, 2023 and 2022.

(Unaudited - Expressed in thousands of US Dollars)

	<b>Ordinary shares #</b>	<b>Share capital \$'000</b>	<b>Contributed Surplus \$'000</b>	<b>AOCI \$'000</b>	<b>Deficit \$'000</b>	<b>Total Equity \$'000</b>
Balance as at December 31, 2021	68,991,221	56,437	1,717	43	(7,727)	50,470
Issued during the period:						
For cash	9,275,000	11,196	-	-	-	11,196
Less: other cash issuance costs	-	(147)	-	-	-	(147)
Share-based compensation expense	-	-	57	-	-	57
Loss and comprehensive loss for the period	-	-	-	-	(1,206)	(1,206)
Balance as at March 31, 2022	78,266,221	67,486	1,774	43	(8,933)	60,370
Balance as at December 31, 2022	180,886,010	165,038	6,987	340	(25,938)	146,427
Issued during the period (Note 4):						
Pursuant to acquisition of royalty assets	1,598,162	1,547	-	-	-	1,547
Less: other cash issuance costs	-	(6)	-	-	-	(6)
Share-based compensation expense	-	-	19	-	-	19
Loss and comprehensive loss for the period	-	-	-	(94)	(1,916)	(2,010)
Balance as at March 31, 2023	182,484,172	166,579	7,006	246	(27,854)	145,977

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**ELEMENTAL ALTUS ROYALTIES CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the Three Months Ended March 31, 2023 and 2022.

(Unaudited - Expressed in US Dollars, except where otherwise noted)

**1. NATURE OF OPERATIONS**

Elemental Altus Royalties Corp. (the "Company" or "Elemental") was incorporated (as Elemental Royalties Corp.) on March 11, 2014, under the laws of the Province of British Columbia. The Company is primarily involved in the acquisition and generation of precious metal royalties. The registered office address is Suite 1020, 800 West Pender Street, Vancouver, British Columbia, Canada. The Company's common shares trade on the TSX Venture Exchange under the ticker symbol "ELE" and the OTCQX market under the trading symbol "ELEM".

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least twelve months from March 31, 2023.

**2. BASIS OF PRESENTATION****(A) Statement of compliance**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2022.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended December 31, 2022.

The condensed interim consolidated financial statements are presented in US Dollars. The notation "\$" represents US dollars, "C\$" represents Canadian dollars, and A\$ represents Australian dollars.

The condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on May 19, 2023.

**(B) Basis of consolidation**

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. Material subsidiaries are listed in the following table:

Name	Country of Incorporation	Functional Currency	% Equity Interest as at	
			March 31, 2023	December 31, 2022
Elemental Royalties Limited	BVI	US Dollar	100	100
Elemental One Limited	BVI	US Dollar	100	100
Elemental Royalties (Australia) Pty Ltd	Australia	US Dollar	100	100
Elemental Resources Limited	England & Wales	Pound Sterling	100	100
Altus Strategies Limited	England & Wales	US Dollar	100	100
Altus Exploration Management Limited	England & Wales	Pound Sterling	100	100
Akh Gold Limited	England & Wales	Pound Sterling	100	100
Akh Gold Limited (branch)	Egypt	Egyptian Pound	100	100
LGC Exploration Mali SARL	Mali	West African Franc	100	100

**(C) Critical accounting estimates and judgements**

The Company uses the same critical accounting estimates and judgements as those that applied to the annual consolidated financial statements for the year ended December 31, 2022.

**ELEMENTAL ALTUS ROYALTIES CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the Three Months Ended March 31, 2023 and 2022.

(Unaudited - Expressed in US Dollars, except where otherwise noted)

**(D) New accounting standards adopted**New accounting standards effective in 2023

There was no material impact on the financial statements from new accounting standards or amendments to accounting standards, effective January 1, 2023.

New accounting standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Company's current or future reporting periods.

**3. ACCOUNTS RECEIVABLE AND OTHER**

	<b>March 31, 2023 \$'000</b>	<b>December 31, 2022 \$'000</b>
Trade receivable	43	43
Accrued royalty income	2,429	2,083
Prepaid expenses and other assets	321	359
Amounts due from related parties	246	242
GST/VAT receivable	177	163
<b>Total accounts receivable and other</b>	<b>3,216</b>	<b>2,890</b>

**ELEMENTAL ALTUS ROYALTIES CORP.**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2023 and 2022.

(Unaudited - Expressed in US Dollars, except where otherwise noted)

**4. STREAM AND ROYALTY INTERESTS**

As of and for the three months ended March 31, 2023

	COST				ACCUMULATED DEPLETION			Carrying Amount \$'000
	Opening \$'000	Additions \$'000	Impair -ment \$'000	Ending \$'000	Opening \$'000	Depletion \$'000	Ending \$'000	
<b>Amancaya</b>								
<i>Chile</i>	3,614	-	-	3,614	2,706	138	2,844	770
<b>Ballarat</b>								
<i>Australia</i>	5,625	-	-	5,625	339	308	647	4,978
<b>Bonikro</b>								
<i>Côte d'Ivoire</i>	12,405	-	-	12,405	29	101	130	12,275
<b>Karlawinda</b>								
<i>Australia</i>	37,166	-	-	37,166	3,894	759	4,653	32,513
<b>Kwale</b>								
<i>Kenya</i>	943	-	(124)	819	819	-	819	-
<b>Laverton</b>								
<i>Australia</i>	16,071	-	-	16,071	-	-	-	16,071
<b>Mercedes</b>								
<i>Mexico</i>	999	-	-	999	69	32	101	898
<b>Mount Pleasant</b>								
<i>Australia</i>	476	-	-	476	204	37	241	235
<b>Panton Sill</b>								
<i>Australia</i>	94	-	-	94	-	-	-	94
<b>SKO</b>								
<i>Australia</i>	1,243	-	-	1,243	37	41	78	1,165
<b>Wahgnion</b>								
<i>Burkina Faso</i>	12,379	-	-	12,379	3,037	459	3,496	8,883
<b>Western Queen</b>								
<i>Australia</i>	2,009	-	-	2,009	-	-	-	2,009
<b>Development assets</b>								
<i>Australia and other</i>	8,163	5,022	-	13,185	-	-	-	13,185
<b>Ming Stream</b>								
<i>Canada</i>	11,377	-	-	11,377	152	-	152	11,225
<b>Total</b>	<b>112,564</b>	<b>5,022</b>	<b>(124)</b>	<b>117,462</b>	<b>11,286</b>	<b>1,875</b>	<b>13,161</b>	<b>104,301</b>



**ELEMENTAL ALTUS ROYALTIES CORP.**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2023 and 2022.

(Unaudited - Expressed in US Dollars, except where otherwise noted)

As of and for the year ended December 31, 2022

	COST				ACCUMULATED DEPLETION			Carrying Amount \$'000
	Opening \$'000	Additions \$'000	Impair- ment \$'000	Ending \$'000	Opening \$'000	Depletion \$'000	Ending \$'000	
<b>Amancaya</b>								
<i>Chile</i>	3,614	-	-	3,614	2,086	620	2,706	908
<b>Ballarat</b>								
<i>Australia</i>	-	5,625	-	5,625	-	339	339	5,286
<b>Bonikro</b>								
<i>Côte d'Ivoire</i>	-	12,405	-	12,405	-	29	29	12,376
<b>Karlawinda</b>								
<i>Australia</i>	37,166	-	-	37,166	1,138	2,756	3,894	33,272
<b>Kwale</b>								
<i>Kenya</i>	943	-	-	943	776	43	819	124
<b>Laverton</b>								
<i>Australia</i>	16,071	-	-	16,071	-	-	-	16,071
<b>Mercedes</b>								
<i>Mexico</i>	999	-	-	999	-	69	69	930
<b>Mount Pleasant</b>								
<i>Australia</i>	476	-	-	476	19	185	204	272
<b>Panton Sill</b>								
<i>Australia</i>	94	-	-	94	-	-	-	94
<b>SKO</b>								
<i>Australia</i>	-	1,243	-	1,243	-	37	37	1,206
<b>Wahgnion</b>								
<i>Burkina Faso</i>	12,512	-	(133)	12,379	1,858	1,179	3,037	9,342
<b>Western Queen</b>								
<i>Australia</i>	2,009	-	-	2,009	-	-	-	2,009
<b>Development assets</b>								
<i>Australia and other</i>	-	8,163	-	8,163	-	-	-	8,163
<b>Ming Stream</b>								
<i>Canada</i>	-	11,377	-	11,377	-	152	152	11,225
<b>Total</b>	<b>73,884</b>	<b>38,813</b>	<b>(133)</b>	<b>112,564</b>	<b>5,877</b>	<b>5,409</b>	<b>11,286</b>	<b>101,278</b>

**ELEMENTAL ALTUS ROYALTIES CORP.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2023 and 2022.

(Unaudited - Expressed in US Dollars, except where otherwise noted)

The following table summarizes the Company's total revenue from royalty interests during the three months ended March 31, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue from royalties</b>		
Amancaya	237	282
Ballarat	35	-
Bonikro	179	-
Karlawinda	1,260	1,145
Kwale	-	113
Mercedes	239	-
Mount Pleasant	103	118
SKO	84	-
Wahgnion	669	537
	<b>2,806</b>	<b>2,195</b>
<b>Revenue from streams</b>		
Ming	-	-
<b>Total revenue</b>	<b>2,806</b>	<b>2,195</b>

**Kwale**

In February 2017 the Company acquired a 0.25% gross revenue royalty ("GRR") royalty on the Kwale mineral sands mine located 50 kilometres south of Mombasa in Kenya, from Acacia Mining Plc (LON: ACA) for cash consideration of \$0.9 million. The Kwale mine is operated by Base Resources Limited, an Australian-based, African-focused mineral sands producer and developer which is dual-listed on the Australian Securities Exchange (ASX: BSE) and the London Alternative Investment Market (AIM: BSE).

On May 3, 2023, the royalty operator communicated to holders that the mining operations in the areas within the royalty's scope were completed in the December 2022 quarter, and there will be no royalty payments for the March quarter or subsequent quarters. As a result, the Company concluded that the Kwale royalty investment should be fully impaired as of March 31, 2023, and the carrying value of the investment of \$124,000 reduced to zero. The carrying value of the investment has been reduced to zero.

**Wahgnion**

In January 2020 the Company acquired a 100% equity interest in Sanembaore Sarl Pty Ltd ("SNB"), a company incorporated under the laws of Australia whose principal asset is a 1% NSR royalty over the Wahgnion gold project in Burkina Faso. In consideration, the Company paid \$11.5 million in cash and issued 1,374,683 common shares at a fair value of \$1 million. The purchase price was allocated to the Wahgnion royalty. The Wahgnion mine is operated by Endeavour Mining (TSX: EDV). An impairment charge of \$133,000 was recorded on the asset in Q4 2022 following a reduction by Endeavour in the estimated reserves and resources and estimated operating costs.

**Ballarat**

Elemental acquired a 1.25% NSR royalty interest (capped at A\$25 million) on the Ballarat gold project through the merger with Altus Strategies. Ballarat is an underground gold project located in Central Victoria, Australia, and is operated by Golden Point Group Pty Ltd, a wholly owned subsidiary of Singapore-listed public company, Shen Yao Holdings. Ballarat is held through Alcrest Royalties Australia (Pty) Ltd (50% interest) and is accounted for as a joint operation using the proportionate consolidation method.

**ELEMENTAL ALTUS ROYALTIES CORP.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2023 and 2022.

(Unaudited - Expressed in US Dollars, except where otherwise noted)

**Acquisition during Q1 2023 - First Mining royalty portfolio**

A share purchase agreement was signed by the Company and First Mining Gold Corp. ("First Mining") on February 6, 2023. Under its terms, the Company agreed to buy a 100% equity interest in 1274577 B.C. Ltd ("BC Ltd"), a BC-registered subsidiary of First Mining holding a portfolio of 17 NSR royalties. As BC Ltd did not meet the criteria of a business under the test for a business combination, the transaction was treated as an asset acquisition.

The transaction was completed on February 21, 2023. Consideration for the acquisition was through a cash payment of C\$4.67 million (\$3.45 million) and through the issue of 1,598,162 shares of the Company to First Mining at C\$1.31 (\$0.97) per share (total fair value of \$1.55 million). Expenses of \$0.02 were also capitalized to give a total investment value of \$5.02 million.

The purchase price was allocated as follows: \$3.97 million for a 2.0% NSR royalty on Pickle Crow, a gold development project located in Ontario, Canada; \$1.02 million for a 1.5% NSR royalty on Hope Brook, a gold development project located in Newfoundland, Canada; and \$0.03 million for a portfolio of 14 gold NSR royalties and one iron ore NSR royalty on development projects in Mexico, and Quebec and Newfoundland, Canada.

**Ming Gold Stream**

On March 17, 2022, the Company entered into a gold purchase and sale agreement (the "Ming Gold Stream") with Rambler Metals and Mining Canada Limited, a wholly owned subsidiary of Rambler Metals and Mining PLC (AIM: RMM) ("Rambler"), the owner of the Ming Copper-Gold Mine in Newfoundland and Labrador in Canada.

Having delivered initial gold ounces to the Company in respect of Q2 2022 production, Rambler failed to deliver any ounces in respect of production for the subsequent two quarters. On February 9, 2023 the Company issued a written notice of default to Rambler.

Having announced a strategic financial restructuring plan in November 2022, in March 2023, Rambler announced that it had obtained an order under the Companies' Creditors Arrangement Act, allowing it to continue its business as usual while engaging in discussions with creditors regarding payment defaults. However, the mine has subsequently been placed in care and maintenance. This was concluded to be an indicator of impairment and the Company performed a test to determine the recoverable amount for its royalty asset on December 31, 2022. The Company used the Income Approach, assuming that the fair value of the asset is based on the future economic benefits that the asset will generate for the Company, and applied a probability weighting to a number of potential outcomes. The same blended approach to determining gold prices was as for the Wahgnion royalty (see above) resulting in prices of \$1,875/oz for 2023-24 and long-term price of \$1,644/oz. A discount rate of 4.6% was applied. It was determined that the recoverable amount from the royalty asset following a resumption of operations exceeds the carrying amount of the asset and that no impairment was required. There was no further impairment indicator as at March 31, 2023.

**ELEMENTAL ALTUS ROYALTIES CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the Three Months Ended March 31, 2023 and 2022.

(Unaudited - Expressed in US Dollars, except where otherwise noted)

**5. EXPLORATION AND EVALUATION ASSETS**

As of and for the three months ended March 31, 2023.

	<b>January 1, 2023 \$'000</b>	<b>Additions \$'000</b>	<b>March 31, 2023 \$'000</b>
<b>Eastern Desert Projects</b> <i>Egypt</i>	2,109	739	2,848
<b>Laboum</b> <i>Cameroon</i>	254	35	289
<b>Bikoula</b> <i>Cameroon</i>	228	4	232
<b>Daro &amp; Zager</b> <i>Ethiopia</i>	166	15	181
<b>Total</b>	<b>2,757</b>	<b>793</b>	<b>3,550</b>

**6. INVESTMENT IN ASSOCIATES**

The Company holds three investments in associates as shown in the table below:

	<b>SLM California \$'000</b>	<b>Legend Gold Mali \$'000</b>	<b>Aterian plc \$'000</b>	<b>Total \$'000</b>
Opening balance at January 1, 2023	33,426	3,026	3,803	40,255
Share of profit or loss for the quarter	284	-	(75)	209
Distributions received	(512)	-	-	(512)
FX revaluation	-	-	56	56
Closing balance at March 31, 2023	33,198	3,026	3,784	40,008

**SLM California**

The Company holds a 0.418% net smelter return royalty interest on the Caserones copper mine in northern Chile. The royalty is owned through the Company's 50% interest in Minera Tercero SpA which owns 43% of Sociedad Legal Minera California Una de la Sierra Peña Negra ("SLM California"). The Company's beneficial interest in the Caserones copper mine net smelter return royalty interest is therefore 21.5%. Minera Tercero SpA is jointly controlled by the Company and another operator and is accounted for as a joint operation. The Company recognizes 50% of the principal asset held by Minera Tercero SpA, which is an investment in SLM California and 50% of the respective income and expenses. SLM California is an associate of Minera Tercero SpA and is accounted for using the equity method. The Company's 50% share of profit/loss of the associate recognized by Minera Tercero SpA under the equity method is shown in the Statement of Comprehensive Loss. Distributions received from the associate reduce the carrying amount of the investment.

In the quarter, the Company received distributions from SLM California in respect of the royalty on production at the Caserones mine during Q4 2022 of \$0.51 million. The distributions were calculated after provisions made by SLM California for expenses and Chilean income tax. The Company adjusted this share of profit through an amortization of the investment based on a depletion calculation performed on the underlying royalty asset in order to conform with Elemental's consolidated accounting policies.

**ELEMENTAL ALTUS ROYALTIES CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the Three Months Ended March 31, 2023 and 2022.

(Unaudited - Expressed in US Dollars, except where otherwise noted)

**7. INVESTMENTS**

Investments carried at fair value through profit or loss comprise listed equity shares (Level 1). The fair value of these equity shares is determined by reference to published price quotations in an active market. All three investments currently held by the Company are in public companies, and all are portfolio investments where the Company owns less than a 20% interest.

	<b>2023</b>
	<b>\$'000</b>
Opening balance at January 1, 2023	1,213
Revaluation losses	(167)
Closing balance at March 31, 2023	1,046

Of the \$184,000 of fair value losses, \$167,000 was an unrealized loss on revaluation of the Company's investments. There were no disposals of marketable securities during the quarter.

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables	419	1,166
Accrued interest (Note 9)	119	215
Accruals	294	586
Lease payables	35	-
Taxes payable	560	91
Other payables	249	383
<b>Total</b>	<b>1,676</b>	<b>2,441</b>

**9. BORROWINGS**

	<b>2023</b>
	<b>\$'000</b>
Opening balance at January 1, 2023	30,000
Amortization of transaction costs and arrangement fees	-
Closing balance at March 31, 2023	30,000

National Bank of Canada/Canadian Imperial Banking Corp. loan

On December 1, 2022, the Company entered into an agreement National Bank of Canada ("NBC") and Canadian Imperial Bank of Commerce ("CIBC") for a \$40 million revolving credit facility (the "Facility"), with an option to increase to \$50 million subject to certain conditions. The Facility has a term of 3 years, extendable through mutual agreement between the Company, NBC, and CIBC. Depending on the company's leverage ratio, 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. As at March 31, 2023, the balance of accrued interest was \$119,000 (December 31, 2022: \$215,000).

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As at March 31, 2023, the Company had drawn down an initial \$30 million from the facility (December 31, 2022: \$30 million).

The Facility has been entered into by the Company as borrower, NBC and its subsidiaries as Administrative Agent, Sole Bookrunner and Co-Lead Arranger, and CIBC as Co-Lead Arranger and Syndication Agent. The Facility includes a number of financial covenants including maintenance of an interest coverage ratio above 4.00:1.00, maintenance of a net leverage ratio below 3.50:1.00 and maintenance of a net worth relative to that at the date of the Facility plus cumulative net income thereafter. At March 31, 2023 and December 31, 2022, the Company certified that it was in compliance with the terms of the covenants.

**10. SHARE CAPITAL**

*a) Authorized*

The Company's authorized share structure consists of an unlimited number of common shares without par value.

*b) Share activities*

Details of equity transactions during the three months ended March 31, 2023 are as follows:

- 1) On February 21, 2023, the Company issued 1,598,162 common shares at C\$1.31 (\$0.97) per common share at a fair value of \$1.55 million as partial consideration for the acquisition of royalty interests from First Mining (Note 4).

Details of equity transactions during the three months ended March 31, 2022 are as follows:

- 1) On March 31, 2022, the Company completed a private placement of 9,275,000 common shares at C\$1.51 (\$1.21) per common share for gross proceeds of C\$14.0 million (\$11.2 million). In connection with the private placement, the Company incurred additional legal fees and other cash issuance costs of C\$0.16 million (\$0.12 million).

*c) Stock options, performance share units and warrants*

The Company maintains an incentive compensation plan for stock options, performance share units ("PSUs") and restricted share units. The maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX-V). The vesting terms of the awards are in the sole discretion of the Board of Directors. All stock options and PSUs become fully vested if a change of control of the Company occurs. Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as a director or officer of the Company.

*Stock options*

Changes in share purchase options during the three months ended March 31, 2023 and the year ended December 31, 2022 are as follows:

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	Number of stock options	Weighted Average Exercise Price	Weighted Average Life (Years)
Outstanding, December 31, 2021	900,000	C\$1.50	3.58
Replacement Altus options granted	5,405,396	C\$1.91	
Granted	8,030,000	C\$1.40	
Outstanding, December 31, 2022	14,335,396	C\$1.60	4.20
Forfeited	(522,720)	C\$1.86	
Outstanding, March 31, 2023	13,812,676	C\$1.56	3.95
Outstanding and exercisable, March 31, 2023	13,197,886	C\$1.56	3.95

All of the outstanding unvested options vest during 2023. The expiration schedule of the 13,812,676 options outstanding at March 31, 2023 is as follows:

Year of expiry	Number of stock options	Weighted Average Exercise Price
2025	3,840,296	C\$1.82
2026	237,600	C\$1.92
2027	9,734,780	C\$1.45

During the three months ended March 31, 2023, the Company recorded \$nil (2022: \$nil) of share-based compensation expense to the statement of comprehensive loss based on the vesting of stock options.

*Performance share units*

The Company has certain performance share units outstanding which were issued to directors and officers. Changes in PSUs during the three months ended March 31, 2023 and the year ended December 31, 2022 are as follows:

	Number of PSUs
Outstanding, December 31, 2021	2,895,109
Outstanding, December 31, 2022	2,895,109
Outstanding, March 31, 2023	2,895,109
Outstanding and exercisable, March 31, 2023	2,555,109

On June 14, 2018, the Company issued 2,395,109 PSUs to directors and officers, expiring on June 14, 2023. The PSUs vest once the Company's share price reaches between \$0.62 and \$1.25 per share and a period of time has passed. 463,498 PSUs vest after 2 years if the share price reaches \$0.62. The remaining PSUs vest after 3 years with 579,483 vesting if the share price reaches \$0.78, 579,483 if the share price reaches \$0.94 and 772,645 if the share price reaches \$1.25.

On July 28, 2020, the Company issued 500,000 PSUs to certain employees of Elemental. The PSUs vest once the Company's share price reaches between C\$1.70 and C\$2.20 per share and a period of time has passed as follows: 160,000 PSUs vest after 2 years (July 28, 2022) if the share price reaches C\$1.70 – this threshold has been met - and 340,000 PSUs vest after 3 years (July 28, 2023) if the share price reaches C\$2.20 – this threshold has not been met.

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The fair value of the performance share units was estimated using the fair value of a common share at the grant date and various probabilities of the likelihood of the Company's stock price reaching the targets.

During the three months ended March 31, 2023, the Company recorded \$0.02 million (2022: \$0.06 million) of share-based compensation to the statement of comprehensive loss based on the vesting of PSUs.

*Warrants*

Changes in share purchase warrants during the three months ended March 31, 2023 and the year ended December 31, 2022 are as follows:

	Number of stock options	Weighted Average Exercise Price	Weighted Average Life (Years)
Outstanding, December 31, 2021	-	-	-
Replacement Altus warrants issued	3,291,574	C\$2.51	
Outstanding, December 31, 2022	3,291,574	C\$2.51	0.30
Expired	(37,460)	C\$1.89	
Outstanding, March 31, 2023	3,254,114	C\$2.52	0.05

3,254,114 warrants with an exercise price of C\$2.52 per share expire on April 18, 2023. Subsequent to March 31, 2023, these warrants expired unexercised.

*d) Basic and diluted loss per share*

During the three months ended March 31, 2023, potentially dilutive common shares totaling 19,961,899 (2022: 3,795,109) were not included in the calculation of basic and diluted loss per share because their effect was anti-dilutive. Potentially dilutive common shares are from PSUs, stock options and warrants.

**11. OPERATING EXPENSES BY NATURE**

	<b>2023</b>	<b>2022</b>
Three months to March 31	<b>\$'000</b>	<b>\$'000</b>
Salary, fees and pension	1,017	288
Corporate administration	150	41
Listing and filing fees	4	53
Marketing and promotion	187	189
Professional fees and consulting fees	418	575
Refinancing and other transaction related expenses	161	-
Total (G&A and project evaluation expenses)	1,937	1,146

**12. RELATED PARTY TRANSACTIONS**

Key management includes the executive and non-executive directors and certain officers of the Company. Key management compensation during the three months ended March 31, 2023 and 2022 is as follows:



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	<b>2023</b>	<b>2022</b>
Three months to March 31	<b>\$'000</b>	<b>\$'000</b>
Salary, fees, pension and professional fees	587	233
Share-based compensation – PSUs and stock options	20	41
	<b>607</b>	<b>274</b>

Amounts due from related parties at March 31, 2023 of \$246,000 (December 31, 2022: \$242,000, Note 3) is a receivable due from Aterian Plc in which the Company holds a 25% equity interest (Note 6).

**13. SEGMENTED INFORMATION**

The Company maintains a single business segment which is its royalty and streams interests, from which it derives its revenue, including its exploration and evaluation assets from which it intends to generate royalties.

	<b>North America 2023 \$'000</b>	<b>South America 2023 \$'000</b>	<b>Australia 2023 \$'000</b>	<b>Africa 2023 \$'000</b>	<b>Total 2023 \$'000</b>
Royalty & stream assets	17,145	769	61,601	24,786	104,301
Exploration & evaluation assets	-	-	-	3,550	3,550
	<b>17,145</b>	<b>769</b>	<b>61,601</b>	<b>28,336</b>	<b>107,851</b>
Revenue	239	237	1,482	848	2,806

**14. SUPPLEMENTAL CASH FLOW INFORMATION**

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows.

During the quarter ended March 31, 2023, the following transactions were excluded from the condensed interim consolidated statement of cash flows:

- a) 1,598,162 common shares at a fair value of \$1.55 million were issued to acquire royalties from First Mining (Note 4).

During the quarter ended March 31, 2022, the following transactions were excluded from the condensed interim consolidated statement of cash flows:

- a) 13,065,100 common shares were issued at a fair value of \$15.0 million to acquire the South32 Portfolio.
- b) 653,255 common shares were issued at a fair value of \$0.8 million to settle the Sprott finance cost.

**15. COMMITMENTS**

In December 2017, the Company acquired the Mount Pleasant royalty. A deferred payment of A\$0.4 million is due at the point a decision is taken to mine a refractory portion of the resource and funds committed to its development. The deferred payment has not been recognized as it is not considered more likely than not that the condition triggering the payment obligation will occur.

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**16. HELD-FOR-SALE ASSETS AND LIABILITIES AND DISCONTINUED OPERATIONS**

Held-for-sale assets and liabilities are accounted for under IFRS 5 Non-current Assets Held For Sale and Discontinued Operations. Items are classified as being held-for-sale once they meet the qualifying criteria:

- management is committed to a plan to sell
- the asset is available for immediate sale
- an active programme to locate a buyer is initiated
- the sale is highly probable, within 12 months of classification as held for sale (subject to limited exceptions)
- the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value
- actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn

The balance of held-for-sale assets and liabilities is represented by the Diba-Lakanfla exploration project in Mali and the Birsok royalty asset in Cameroon.

The Diba-Lakanfla gold project is held by LGC Exploration Mali SARL. The project is located in western Mali and comprises the Korali Sud (Diba) licence and the Lakanfla licence, which are situated on the Senegal-Malian shear corridor within the 'Kenieba window'. The nearby Sadiola gold mine is operated by Allied Gold Corp. and the Malian government. Mining and mineralisation hosted on these properties is not necessarily indicative of a resource at Diba-Lakanfla.

The Birsok royalty is held by Aucam SA. Aucam SA was the subject of an agreement between Altus and Canyon Resources Ltd ("Canyon") dated February 6, 2019 under which Canyon agreed to acquire a 100% interest in Aucam, giving as consideration 5 million shares in Canyon and a \$1.50 per tonne royalty on the Birsok project. The agreement was subject to the satisfaction of certain conditions precedent, including a reorganization of Aucam involving the transfer of other exploration assets out of the company.

The value of held-for-sale assets and liabilities at March 31, 2023, was as follows:

	<b>Assets held by Aucam SA \$'000</b>	<b>Assets held by LGC Exploration Mali SARL \$'000</b>	<b>Total \$'000</b>
January 1, 2023	148	19,716	19,864
March 31, 2023	148	19,716	19,864

  

	<b>Liabilities held by Aucam SA \$'000</b>	<b>Liabilities held by LGC Exploration Mali SARL \$'000</b>	<b>Total \$'000</b>
January 1, 2023	50	4,902	4,952
March 31, 2023	50	4,902	4,952

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**17. SUBSEQUENT EVENTS**

On April 13, 2023, Elemental Altus paid a total of \$300,000 in cash to a private third-party entity to acquire an additional 0.25% NSR royalty on AuTECO's (ASX:AUT) Pickle Crow gold asset in Ontario, increasing the effective NSR royalty held by the Company to 2.25%.