



**ELEMENTAL ROYALTIES DOUBLES IN ASSET SIZE WITH AGREEMENT TO ACQUIRE GOLD ROYALTY PORTFOLIO FROM SOUTH32 AND ANNOUNCES \$12 MILLION BOUGHT DEAL PRIVATE PLACEMENT**

**November 23, 2020 – Vancouver, BC:** Elemental Royalties Corp. (“**Elemental**” or “**the Company**”) (TSX-V: ELE, OTCQX: ELEM), a gold-focused royalty company providing investors with exposure to a growing portfolio of royalties, is pleased to announce that it has entered into a definitive agreement (the “**Agreement**”) to acquire a portfolio of three gold royalties in Australia (“**South32 Gold Royalty Portfolio**”) from a wholly owned subsidiary of South32 Limited (“**South32**”) for consideration of US\$40 million in cash and US\$15 million in equity (the “**Acquisition**”). The Company is also pleased to announce that it has entered into an engagement letter with Canaccord Genuity in respect of a \$12 million private placement of subscription receipts to partially fund the Acquisition.

**Acquisition Highlights**

- **Addition of three high quality gold royalties:** the South32 Gold Royalty Portfolio consists of royalties over gold assets located in Western Australia, ranging in stage from construction to advanced exploration
- **Karlawinda is a transformative asset:** 2% Net Smelter Return royalty over a new, construction stage, Western Australian gold project with commissioning targeted for the quarter ending March 2021
- **Significant cash flow:** from mid-2021 onwards, the Acquisition is forecast to nearly double royalty revenue with continuing revenue growth in 2022 and 2023
- **Value-accretive transaction:** the Acquisition is accretive to Elemental across key metrics
- **Tier 1 jurisdiction:** the South32 Gold Royalty Portfolio re-weights Elemental’s portfolio towards Western Australia, widely considered a world-class, Tier 1 jurisdiction
- **Operator diversification:** the addition of three ASX-listed operators; Capricorn Metals Ltd, Focus Minerals Ltd and Rumble Resources Ltd, diversifies counterparty exposure for Elemental
- **Exploration optionality:** ongoing exploration across the royalty assets provides increased optionality at no additional cost to Elemental shareholders
- **Elemental welcomes South32 as a cornerstone shareholder:** South32 will become Elemental’s largest shareholder following the Acquisition, with the right to nominate a director to the Board

*Frederick Bell, CEO of Elemental commented: “We are delighted to announce this transformative acquisition from South32, which is our first as a public company and the second major gold royalty acquisition we have completed this year. This continues the Elemental team’s excellent track record of sourcing high-quality, value-accretive royalty opportunities, whilst immediately adding scale, increasing diversification and exposure to Tier 1 jurisdictions. We are grateful for the support of South32 and look forward to working together to continue creating value for shareholders.”*

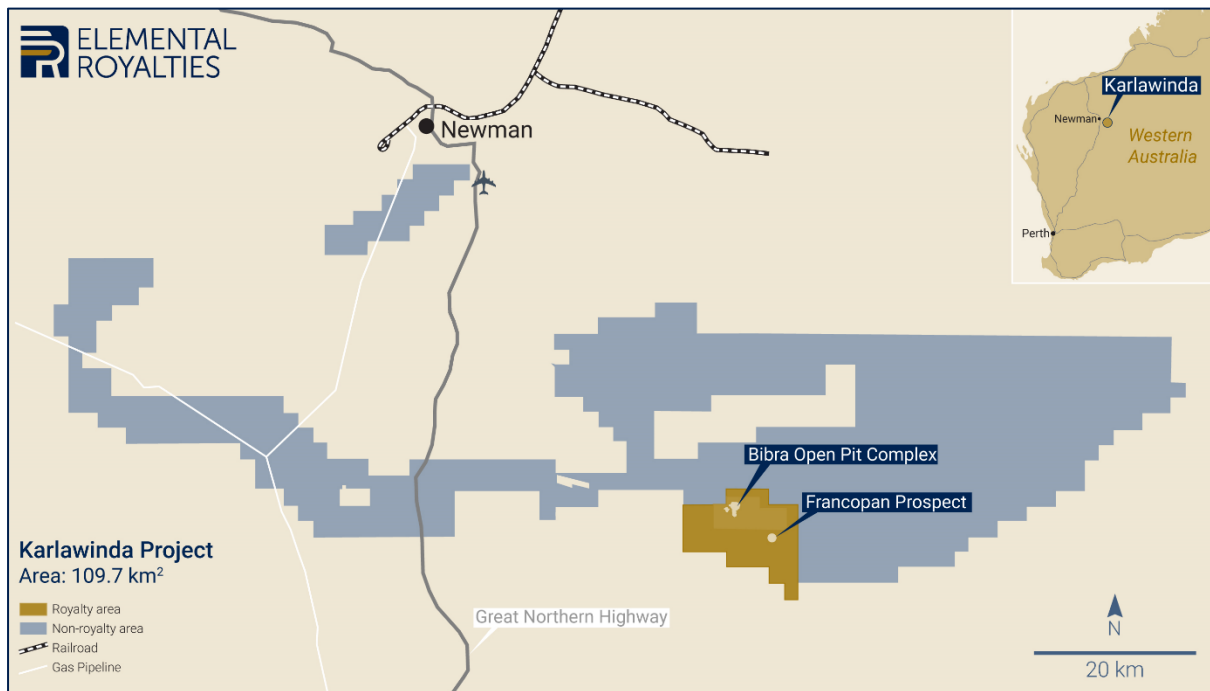
**South32 Gold Royalty Portfolio**

Asset	Operator	Location	Commodity	Stage	Royalty
Karlawinda	Capricorn Metals Ltd	Western Australia	Gold	Construction	2% NSR
Laverton	Focus Minerals Ltd	Western Australia	Gold	Development	2% GRR
Western Queen	Rumble Resources Ltd	Western Australia	Gold	Advanced Exploration	A\$6-20/oz

**Key asset**

**Karlawinda NSR Royalty**

A 2% Net Smelter Return royalty payable on all production from Capricorn Metals Ltd’s (“Capricorn”) mining licence and a surrounding exploration licence at their in-construction Karlawinda Gold Project in Western Australia.



The Karlawinda Gold Project is located in the Pilbara region of Western Australia, 70km by road south-east of the town of Newman and close to key infrastructure and mining support services. Karlawinda is an advanced gold project which includes the Bibra deposit and numerous significant exploration targets including the Francopan prospect. Capricorn acquired the project in February 2016.

In April 2020, Capricorn announced an updated mineral reserve for the Bibra Deposit comprising 43.5 million tonnes @ 0.9 grams per tonne (“g/t”) of gold (“Au”) for 1.2 million ounces (“Moz”) of gold, a 35% increase from the previously announced reserve of 892,000 ounces (“oz”). The mineral reserve final pit design yields a 12-year mine life involving pit staging, with a life-of- mine (LOM) stripping ratio of 3.6:1<sup>1</sup>.

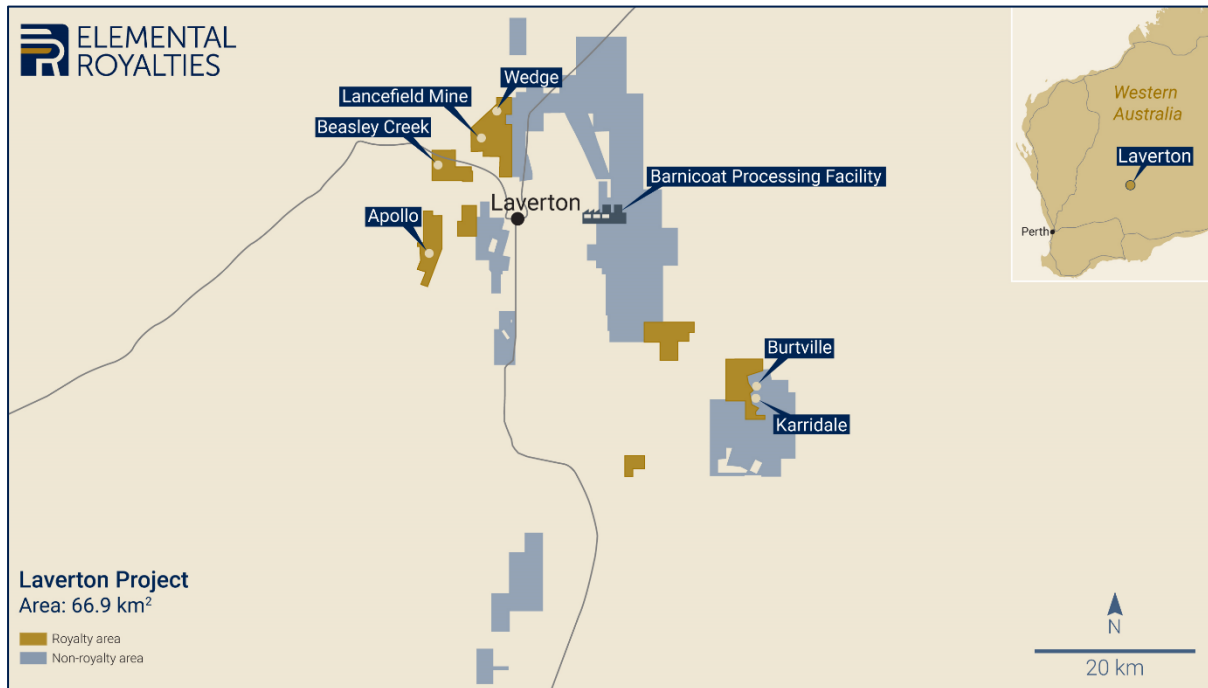
Construction at Karlawinda is well underway, with plant commissioning targeted to commence in the March 2021 quarter and first gold production to follow in the June 2021 quarter. Capricorn is targeting annual gold production at Karlawinda of 110,000 – 125,000 oz. Increased crushing capacity has been achieved in the final design process by up scaling and modifying equipment selection and associated structures. On November 18, 2020, Capricorn announced completion of 4 million tonnes (“Mt”) of grade control drilling for the first year’s mill feed, ball mill manufacture completion and en route to site, and mobilisation of the earthmoving contractor and first blast of waste rock in the stage 1 open pit.

For more information on Karlawinda, please visit <http://capmetals.com.au/>

**Other portfolio assets**

**Laverton GRR Royalty**

A 2% Gross Revenue Royalty payable on certain licences held by Focus Minerals Ltd (“Focus”) at their brownfield Laverton gold project in Western Australia. In addition, there is a separately defined royalty covering nickel, copper and platinum group metals on certain of the tenements.



The Laverton Gold Project is located in the Eastern Goldfields region of Western Australia, surrounding the town of Laverton, approximately 250km north of Kalgoorlie.

Focus has been actively exploring royalty-linked tenements and advancing its Stage 1 production plan, which contemplates open pit mining of the Beasley Creek, Beasley Creek South, Telegraph and Wedge – Lancefield North deposits, with first production targeted for 2022. The Pre-Feasibility Study is expected to be released before the end of December 2020.

Focus is also advancing its Stage 2 production plan, which contemplates mining of the refractory Lancefield Underground, Rumor and Apollo deposits (among others), with first production targeted for 2025.

For more information on Lancefield, please visit: <http://www.focusminerals.com.au/>

**Western Queen Royalty**

An A\$6-20/oz royalty over the 9.8km<sup>2</sup> Western Queen Central Mine and associated prospects held by Rumble Resources Ltd in Western Australia.

The Western Queen Gold Project lies 110km NW of Mt Magnet within the Yalgoo mineral field of Western Australia, located within a 110km radius of three operating gold processing mills.

The project hosts the entire Warda Warra north-south trending mineralised greenstone belt which is 35km in length and up to 3km wide. The greenstone belt hosts the mineralised Western Queen Shear Zone which is up to 50m in width and hosts a series of high-grade gold structures including two mined deposits for a combined historic production of 880,000t @ 7.6 g/t Au for 215,000oz.

Current drilling is targeting multiple near-surface plunging high-grade gold shoots along the Western Queen Shear zone.

For more information on Western Queen, please visit <http://www.rumblersources.com.au/>

### **Terms of the Acquisition**

Elemental will issue to South32 a total of 13,065,100 common shares and pay US\$40 million in cash upon closing of the Acquisition. The shares issued to South32 will represent approximately 19.7% of the Company's common shares after giving effect to the Offering (as defined below).

Closing is expected to occur on or before February 28, 2021, and is subject to certain conditions including the approval of the TSX Venture Exchange ("TSX-V"), Australian Foreign Investment Review Board approval and closing of the Offering.

A majority of Elemental shareholders, including the Board of Directors of Elemental, have agreed to vote in favour of approving the Acquisition and have entered into voting and support agreements.

### **South32 Investor Rights Agreement**

At Closing South32 and Elemental will enter into an Investor Rights Agreement ("Rights Agreement") that will include:

- The right for South32 to nominate a director to Elemental's Board provided that South32's shareholding remains over 10% of Elemental's outstanding common shares;
- Pre-emptive and top-up rights in favour of South32 to maintain its shareholding percentage in Elemental provided that South32's shareholding is over 10% of Elemental's outstanding common shares;
- Certain restrictions on South32's shareholding, including a minimum hold period of 9 months, and following that, certain processes to ensure the orderly disposition of its shareholdings; and
- Piggy back rights in favour of South32 related to any prospectus offering undertaken by Elemental, provided that South32's shareholding is over 10% of Elemental's outstanding common shares.

### **Concurrent Bought Deal Private Placement**

In connection with the Acquisition, Elemental has entered into an agreement with Canaccord Genuity, on behalf of a syndicate of underwriters (the "Underwriters"), pursuant to which the Underwriters have agreed to purchase 8,000,000 subscription receipts ("Subscription Receipts") at a price of C\$1.50 per Subscription Receipt (the "Issue Price") for aggregate gross proceeds of approximately C\$12 million, on a bought deal private placement basis (the "Offering"). In addition, the Underwriters shall have the option (the "Underwriters' Option"), exercisable until the closing of the Offering, to sell up to an additional 1,200,000 Subscription Receipts at the Issue Price for additional gross proceeds to the Company of up to C\$1.8 million.

Each Subscription Receipt will entitle the holder thereof to receive one common share (a "Common Share") of Elemental, without any further action on the part of the holder and without payment of additional consideration, upon satisfaction of the escrow release conditions including the satisfaction of all conditions precedent to completing the Acquisition. The aggregate gross proceeds of the Offering, less 50% of the Underwriters' commission and certain expenses of the Offering, will be held in escrow pending closing of the Acquisition.

In the event that the Acquisition is not completed within four months of the closing of the Offering, the escrow agent shall return to the holders of the Subscription Receipts an amount equal to the aggregate purchase price paid for the Subscription Receipts held by each holder.

The net proceeds of the Offering will be used to fund part of the cash portion of the consideration payable in connection with the Acquisition.

The Subscription Receipt offering is expected to close on or about December 15, 2020 and is subject to

customary regulatory and stock exchange approvals, including approval of the TSX-V.

### **Sprott Credit Facility**

Alongside the Offering, Elemental has entered into a term sheet with Sprott Private Resource Lending II (Collector), LP (“Sprott”) pursuant to which Elemental and Sprott intend to enter into an amended and restated credit agreement (the “ARCA”). Subject to the terms and conditions of the ARCA, Elemental expects to draw US\$25 million to be used to partially finance the Acquisition (the “Sprott Facility”).

The Sprott Facility will have a 2-year term and incur interest at an annual rate of 9% plus the greater of (i) US 3-month LIBOR, and (ii) 1% per annum, payable monthly. In connection with the Sprott Facility, Elemental will issue to Sprott (or as Sprott may direct) 653,255 common shares. Financial close of the Sprott Facility is subject to completion of definitive documentation and other customary closing conditions.

### **Not for distribution to U.S. news wire services or for dissemination in the United States.**

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

<sup>(1)</sup> Mineral Reserves effective as of April 17, 2020. For more information please refer to Capricorn Metals’ ASX announcement dated April 17, 2020, titled “Gold Reserves Increase 35% to 1.2 Million Ounces”. The ASX announcements are prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“JORC Code”). The ASX announcements are available on Capricorn’s website: <http://capmetals.com.au/investor-centre/asx-announcements>

BHP Billiton Ltd (“BHP”) retains a claw-back right whereby BHP can elect to acquire a 70% interest in the Karlawinda project for 3 times total costs incurred, but only if Capricorn has delineated a JORC-compliant resource of 5Moz of gold or 120kt of nickel. Under the current agreement, in the event the clawback is exercised the Karlawinda NSR Royalty is no longer payable.

### **Qualified Person**

Richard Evans, FAusIMM, Senior Vice President Technical for Elemental, and a qualified person under National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, has reviewed and approved the scientific and technical disclosure contained in this press release.

### **On behalf of Elemental Royalties Corp.**

#### **Frederick Bell**

CEO and Director

For further information about Elemental Royalties Corp. or this news release, please visit our website at [www.elementalroyalties.com](http://www.elementalroyalties.com) or by email at [info@elementalroyalties.com](mailto:info@elementalroyalties.com).

Elemental Royalties Corp. is a proud member of Discovery Group. For more information please visit: [discoverygroup.ca](http://discoverygroup.ca) or contact 604-653-9464.

***Neither the TSX-V nor its Regulation Service Provider (as that term is defined in the policies of the TSX-V.) accepts responsibility for the adequacy or accuracy of this press release.***

### **About Elemental Royalties**

Elemental Royalties is a gold-focused royalty company listed on the TSX-V in Canada and provides investors with lower risk precious metals exposure through a portfolio of nine high-quality royalties. This enables investors to benefit from ongoing royalty revenue, future exploration upside and low operating costs. Elemental’s experienced team seeks to secure royalties in advanced precious metals projects, run by established operators, from its pipeline of identified opportunities.

### Cautionary note regarding forward-looking statements

This release 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 transactions contemplated under the Acquisition, anticipated cash flows upon completion of the Acquisition, the entering into of the Sprott Facility, future financial reporting by Elemental, the closing of the Offering, the use of proceeds of the Offering, the entering into of the Rights Agreement, the receipt of payments from Elemental’s mining royalty portfolio and proposed future transactions Elemental may undertake and their expected timing. 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 requirement for regulatory approvals and third party consents, the impact of general business and economic conditions, the absence of control over the mining operations from which Elemental will receive royalties, including 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. Elemental undertakes no obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents management’s best judgment based on information currently available. No forward-looking statement 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.