

## ELEMANTAL BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS SHAREHOLDERS

## REJECT GOLD ROYALTY'S HOSTILE BID

- TO REJECT THE HOSTILE BID, SIMPLY TAKE NO ACTION
- INVESTOR CONFERENCE CALL AT 10 AM EST (7 AM PST) TOMORROW

**January 26, 2022 – Vancouver, BC:** Elemental Royalties Corp. (“Elemental” or “the Company”) (TSX-V: ELE, OTCQX: ELEM) today announced that the Board of Directors (the “Board”), following the unanimous recommendation of a special committee of independent directors (the “Special Committee”), has unanimously determined that the all-share hostile takeover bid (the “Hostile Bid”) from Gold Royalty Corp. is not in the best interests of the Company or its shareholders (“Shareholders”).

The Board believes the Hostile Bid significantly undervalues Elemental’s business and unanimously and unequivocally recommends that Shareholders **REJECT** the Hostile Bid and **NOT TENDER** their shares. The Board’s determination followed careful consideration, including advice from its financial and legal advisors, and the recommendation of the Special Committee. Furthermore, a majority of Elemental shareholders communicated to the Company that they did not intend to accept the Hostile Bid.

To reject the Hostile Bid, simply take **NO ACTION**. If Shareholders have tendered their shares and wish to withdraw them, simply ask your broker or contact Elemental’s information agent, Morrow Sodali (see contact information below), to assist you with this process.

*“Gold Royalty’s Hostile Bid is completely inadequate,” confirmed Frederick Bell, CEO of Elemental. “The Board believes that Shareholders will be better off if Elemental continues to progress its business plan, or if a more attractive alternative surfaces from our review of strategic options.”*

A Directors’ Circular (the “Circular”) providing the full details of the Board’s recommendation, including the reasons to **REJECT** the Hostile Bid, is available on the Company’s website at <https://www.elementalroyalties.com>, and at [www.sedar.com](http://www.sedar.com). The Circular is also being mailed to all Shareholders and other persons required to receive a copy under applicable securities laws. We encourage Shareholders to visit our website for up-to-date information as we move forward.

The Circular includes a Letter to Shareholders on behalf of the Board and the Special Committee summarizing the reasons why Shareholders should **REJECT** the Hostile Bid. The full text of the Letter to Shareholders is provided here:

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Dear Fellow Shareholder,

On January 11, 2022, Gold Royalty Corp. commenced a hostile take-over bid to acquire all the common shares of Elemental Royalties Corp. that Gold Royalty does not already own (the “Hostile Bid”).

As shareholders, the question before us is simple: why own less of a good thing? The Hostile Bid by Gold Royalty is an opportunistic attempt to acquire Elemental in a manner that grossly undervalues Elemental’s high-quality portfolio of revenue-generating royalties. More importantly, if successful, the Hostile Bid would provide Gold Royalty shareholders with vastly disproportionate benefits at the expense of shareholders of Elemental.

Upon the recommendation of the Special Committee of the Board of Directors, and with the benefit of advice from our external financial and legal advisors, the Elemental Board unanimously and unambiguously recommends that you **REJECT** the Hostile Bid and **DO NOT TENDER** your Elemental shares to the Hostile Bid. It seems that a majority of you agree. Elemental shareholders representing more than 50% of the outstanding common shares of Elemental have already communicated to Elemental their intention to **REJECT** the Hostile Bid.

To join them in rejecting the Hostile Bid, simply **TAKE NO ACTION**.

In this circular, we detail 13 reasons why you should **REJECT** this Hostile Bid. Here is a summary:

1. Elemental shareholders would only own approximately 12% of the combined company, despite Elemental contributing 97% of the revenue on a trailing 12-month basis, and 62% of the revenue based on Gold Royalty's calculation of the "pro forma" financial information of the combined company. While Elemental's revenue is expected to grow materially in 2022, Gold Royalty's revenue outlook is murky and impaired by a counterparty's royalty termination notice.
2. The Hostile Bid implies a woefully inadequate premium for control of Elemental. It values Elemental significantly below equity analysts' target prices of Elemental's common shares and fails to reflect compelling near-term revenue growth already embedded in our portfolio.
3. The combined portfolio of Gold Royalty and Elemental would be significantly less attractive than Elemental's stand-alone portfolio of high-quality revenue-generating gold royalties. The majority of Gold Royalty's assets have little or no likelihood of generating cashflow in the foreseeable future, and 86% do not even have a current feasibility analysis.
4. While Elemental is generating record cash flow, Gold Royalty is burning through cash at an unsustainable and alarming rate. Gold Royalty reported nearly \$12 million in negative operating cashflow in the fiscal year ended September 30, 2021.
5. Elemental's management and the Elemental Board are evaluating a range of strategic alternatives, any of which might be more favorable to Elemental shareholders when compared with the Hostile Bid by Gold Royalty.

Gold Royalty wants you to believe that it was forced to take its offer directly to Elemental shareholders because Elemental failed to "constructively engage in meaningful negotiations" as stated in the Gold Royalty take-over bid circular. That is simply not true. The issue, instead, has been Gold Royalty's unwillingness to present a genuine offer that reflects the full value of Elemental's assets and pays a compelling premium to **YOU** for control.

The Hostile Bid opportunistically attempts to transfer the substantial upside embedded in Elemental's portfolio to Gold Royalty shareholders, at **YOUR** expense. Instead of 100% of Elemental and its high quality, revenue generating portfolio of royalty assets, you would be left with just 12% equity ownership in the combined company, without receiving an adequate premium for your Elemental shares.

We urge you to carefully read the attached Directors' Circular, which outlines the full list of compelling reasons to **REJECT** the Hostile Bid.

On behalf of the Elemental Board and the Special Committee, we would like to thank you for your consideration and your support.

Signed

Frederick Bell  
CEO & Director

Martin Turenne  
Chair of the Special Committee

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## Advisors

The Company has engaged Canaccord Genuity Corp. as its sole financial advisor and Fasken Martineau DuMoulin LLP as legal advisor to the Special Committee and the Board. Longview Communications and Public Affairs is engaged as communications advisor to the Company. Morrow Sodali is acting as information agent and strategic advisor to Elemental.

## Investor Conference Call

Elemental will hold an investor call and webcast on Thursday January 27, 2022 at 10:00 a.m. EST / 7:00 a.m. PST to discuss the rejection recommendation and respond to questions.

To watch the live video webcast and slide presentation, please log into:

<https://services.choruscall.ca/links/elementalroyalties20220127.html>.

A replay of the webcast will be accessible using the same link provided above within two hours from the end of the event through until end of day April 27, 2022.

You can also attend the live call by dialing:

Canada/USA Toll Free: 1-800-319-4610

UK Toll Free: 0808-101-2791

International or Vancouver Toll: +1-604-638-5340

Callers should dial in 5 – 10 min prior to the scheduled start time and simply ask to join the call.

Please submit your questions ahead of the investor call by e-mailing [assistance@morrowsodali.com](mailto:assistance@morrowsodali.com).

*Elemental shareholders who have questions can contact Morrow Sodali, the information agent, at 1- 888-777-2158 or by e-mail at [assistance@morrowsodali.com](mailto:assistance@morrowsodali.com)*

## On behalf of Elemental Royalties Corp.

### Frederick Bell

CEO and Director

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Elemental is a proud member of Discovery Group. For more information please visit:

[www.discoverygroup.ca](http://www.discoverygroup.ca) or contact 604-653-9464.

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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 is a gold-focused royalty company listed on the TSX Venture Exchange (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 (including negative and grammatical variations).

Forward-looking statements and information include, but are not limited to, statements with respect to: the availability of new royalty and other opportunities and the timing thereof; the availability of alternative strategic alternatives for the Company or the Company continuing to progress its business plan, and whether such options represent greater value to Elemental’s shareholders; whether any takeover or change of control transaction involving the Company will occur and/or be completed and as to the timing thereof. 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, including assumptions regarding the continuation of the Company’s current business and its review of strategic alternatives. 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; potential liability; the impact of competition; the 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.