

APPENDIX E

**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 AND THE PERIOD
FROM THE DATE OF INCORPORATION TO DECEMBER 31, 2018**
(Expressed in United States ("US") Dollars)



STAR ROYALTIES LTD.

Management Discussion and
Analysis for the Year Ended
December 31, 2019 and the
Period from the Date of
Incorporation to December 31,
2018

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FOR THE YEAR ENDED DECEMBER 31, 2019 AND THE PERIOD FROM THE
DATE OF INCORPORATION TO DECEMBER 31, 2018
(Expressed in United States (“US”) Dollars)**

Introduction

This Management’s Discussion and Analysis (“MD&A”) of Star Royalties Ltd. is the responsibility of management and covers the year ended December 31, 2019 and the period from the date of incorporation on February 15, 2018 to December 31, 2018. The MD&A takes into account information available up to and including November 30, 2020 and should be read together with the audited financial statements for the year ended December 31, 2019 and the period from the date of incorporation on February 15, 2018 to December 31, 2018.

Throughout this document the terms *we, us, our, the Company* and *Star Royalties* refer to Star Royalties Ltd. All financial information in this document is prepared in accordance with International Financial Reporting Standards (“IFRS”) and is presented in United States Dollars unless otherwise indicated.

This document contains forward-looking statements. Please refer to “Note Regarding Forward-Looking Statements.”

Description of Business

Star Royalties is a precious metals-focused royalty and streaming company. We pursue shareholder wealth creation through the origination and acquisition of royalties and streams. We are risk averse and will prioritize high-quality cash flow generation to support a meaningful cash dividend policy which targets a payout ratio of 25% of free cash flow. Additionally, our corporate culture and values revolve around superior shareholder and ESG alignment.

Our objective is to be uniquely aligned with our royalty and streaming counterparties and to provide our investors with superior, risk-adjusted net asset value accretion and leverage to rising precious metal prices. We specialize in bespoke and operator-friendly financing solutions, including the repurchase and restructuring of existing royalties and streams. Our aim is to structure mutually beneficial agreements that optimize our counterparties’ capital structure, as we look to become the trusted financing partner for mining companies throughout the various stages of the mine development, commodity and capital markets cycles, while generating a return well above our cost of capital for our shareholders.

The Company’s royalty interests are in the USA, Australia, Canada and Mongolia. Please refer to the “Royalty Interests” section below for the acquisition and project details.

The financial statements for the year ended December 31, 2019 and from the date of incorporation on February 15, 2018 to December 31, 2018 have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Subsequent to December 31, 2019, the Company entered into new contractual commitments as described in Performance Summary and Subsequent Events . The Company also continued to incur losses and is dependent on future funding in order to sustain and meet those contractual commitments. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern and represents an uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern.

Performance Summary and Subsequent Events

During the year ended December 31, 2019, the Company entered in the following transactions:

Asset Acquisitions

- In July 2019, the Company entered into a Gross Royalty Sale and Purchase Agreement with ION Energy LLC (“ION”). The Company purchased a 1.5% of Gross Revenue of any product extracted, produced, sold and marketed from the Baavhai Uul Property located in Sukhbaatar Province in Mongolia. The purchase price was the issuance of 7,500,000 common shares of the Company. The transaction was valued at the fair value of the equity instruments granted of \$141,306 (CAD \$187,509).
- In October 2019, the Company entered into a Net Smelter Return Royalty Sale and Purchase Agreement with Bayan Undur Resource LLC (“BUR”). The Company purchased a 2% net smelter returns royalty on all products produced from the Bayan Undur Property and a right of first refusal on any potential future metals stream on the Bayan Undur Property located in Bayankhongor Aimag, Bayan Undur Soum, Mongolia. The purchase price was the issuance of 6,666,667 common shares of the Company. The transaction was valued at the fair value of the equity instruments granted of \$152,450 (CAD \$200,045).

Equity Transactions

- Completed a non-brokered private placement consisting of 25,000,000 common shares at a price of CAD \$0.01 per share for gross proceeds of \$190,276 (CAD \$250,000).
- Received \$210,530 (CAD \$278,696) relating to the subscriptions received in advance to issue 3,715,945 common shares at a price of CAD \$0.075.

Subsequent to the year ended December 31, 2019:

Asset Acquisitions

- In May 2020, the Company entered into a Gross Revenue Royalty and Right of First Refusal Agreement with AurCrest Gold Inc. (“AurCrest Gold”). The Company purchased 16% Gross Revenue Royalty on AurCrest Gold’s forest carbon sequestration revenue share from the Forest Pilot Project (with a Right of First Refusal on any forest carbon sequestration within the overall Lac Seul Forest Management Unit) located in Ontario, Canada. The purchase price was \$110,029 (CAD\$155,000), acquisition costs of \$7,336 were incurred for a total acquisition cost of \$117,366 paid in cash.
- In October 2020, the Company completed the acquisition of an existing 2.0% minerals royalty on the mineral sands mine (“Keysbrook”) located in WA, Australia and owned and operated by Keysbrook Leucoxene Pty Ltd (“Keysbrook Leucoxene”), from Resource Capital Fund VI L.P. (“RCF VI”) for a total consideration of \$3,000,000 (paid) in cash.
- In November 2020, the Company and Kerr Mines Inc. (now Arizona Gold Corp.) (“AGC”) entered into a definitive \$18,000,000 gold purchase and sale (the “Streaming Agreement”) to finance the restart of underground operations and gold production at the Copperstone Gold Mine (“Copperstone”) in Arizona, USA. The \$18,000,000 advance payment under the Streaming Agreement will be provided in three equal installments, with the first \$6,000,000 installment to be advanced on the initial closing (paid). The remaining two tranches will be advanced at the request of AGC as it incurs expenditures for the restart of Copperstone Gold Mine Project with \$6,000,000 on or before February 28, 2021 and a further \$6,000,000 on or before April 30, 2021.

Corporate Update

- In November 30, 2020, the Company appointed the following officers and directors:

Directors	Officers and Position
Anthony Lesiak, Executive Chairman	Alexandre Pernin, CEO
Alexandre Pernin	Kevin MacLean, CIO
Jinhee Magie	Peter Bures, CBDO
Jay Layman	
Beatriz Orrantia	
Kylie Dickson	
Belinda Labatte	

Equity Transactions

- In February 2020, 12,500,000 common shares of the Company were returned to treasury and subsequently canceled relating to founders' shares.
- In February 2020, 14,166,667 common shares of the Company were repurchased for \$292,383 (CAD\$387,553) and canceled. The Company bought back 7,500,000 common shares relating to the Baavhai Uul royalty interest for \$141,201 (CAD\$187,509) and 6,666,667 common shares relating to the Bayan Undur royalty interest for \$151,182 (CAD\$200,045).
- In February, March and April 2020, the Company closed private placements for gross proceeds of \$1,642,215 (CAD\$2,224,521) through the sale of 29,660,281 common shares at a price of CAD\$0.075 per common share, of which \$210,530 (CAD\$ 278,696) had been received as at December 31, 2019 and recorded as subscriptions received in advance at that date. Share issuance fees paid in cash totaled \$61,294 (CAD\$84,274).
- In August 2020, the Company settled amounts due to related parties of \$183,735 (CAD\$240,000) by issuing 1,920,000 common shares.
- In September 2020, the Company closed private placements for gross proceeds of \$6,980,601 (CAD\$9,211,625) through the sale of 73,693,000 common shares at a price of CAD\$0.125 per common share. Fees and commissions consisted of 5% cash and 5% broker warrants issued to eligible finders exercisable for a common share of the Company at CAD\$0.125 for a period of 18 months from September 30, 2020. Share issuance fees paid in cash totaled \$300,886 (CAD \$391,156) and 3,346,500 broker warrants were issued. The fair value of the broker warrants is \$144,716 (CAD\$192,696).
- In October 2020, the Company closed a private placement for gross proceeds of \$4,440,605 (CAD \$5,914,675) through the sale of 47,317,400 common shares at a price of CAD \$0.125 per common share of which \$4,365,785 (CAD\$ 5,769,550) was received as at September 30, 2020 and recorded as subscriptions received in advance. Fees consisted of 5% cash. Share issuance fees paid in cash fees totalled \$179,476 (CAD \$238,872).

- In December, 2020, the Company approved a share consolidation of one post consolidation common share for every five pre-consolidation common shares of the Company.

Unless described elsewhere in this MD&A, there were no other significant events or transactions during or subsequent to the period to the date of this MD&A.

Outlook

The Company continues to review and diligence new opportunities grow our portfolio in a sustainable manner with strict emphasis on i) risk management; ii) after-tax internal rate of return; iii) return on invested capital; iv) free cash flow per share; v) net asset value per share; and vi) gold equivalent mineral reserves and mineral resources per share. When underwriting or acquiring royalties and streams, the Company considers technical and economic merit, jurisdiction risk, exploration and expansion upside, as well as operator quality. The Company partners with capable producers and developers in top-tier jurisdictions in order to maximize its risk-adjusted returns, with a corporate strategy of pursuing value and quality over quantity.

Material increases or decreases in the Company's liquidity are substantially determined by the success or failure of the Company's royalty and stream programs. The overall market conditions for smaller resource companies is another significant risk factor. The Company is not aware of any seasonality in the business that may have a material effect upon its financial condition, other than those normally encountered by precious metals-focused royalty and streaming companies.

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. Strong equity markets are favourable conditions for completing financings, public mergers or acquisition transaction.

The Company faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect the Company's business, financial condition and results of operations. There can be no assurance that the Company's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs / insurance premiums as a result of these health risks. The coronavirus disease 2019 ("COVID-19") has disrupted economic activities and the extent to which COVID-19 impacts the Company's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time. Such future developments include the duration, severity and scope of the outbreak and the actions taken to contain or treat the outbreak. In particular, the continued spread of COVID-19 globally could materially and adversely impact the Company's business including without limitation, employee health, workforce productivity in the mines where the Company has interests, increased insurance premiums, limitations on travel, supply chain interruption, the availability of industry experts and personnel and other factors that will depend on future developments beyond the Company's control. Efforts to slow the spread of COVID-19 could severely impact the Company's operations. To date, a number of governments have declared states of emergency and have implemented restrictive measures such as border restrictions, travel bans, quarantine and self-isolation. If the Company's operations continue to be disrupted or suspended as a result of these or other measures, it may have a material adverse impact on the Company's profitability, results of operations, financial condition and stock price. Further, COVID-19 risks may not be adequately responded to locally, nationally or internationally due to lack of preparedness to detect and respond to outbreaks or respond to significant pandemic threats. As such, there are potentially significant economic and social impacts of infectious disease risks, including the inability of the Company's operations to operate as intended due to a shortage of skilled employees, shortages or disruptions in supply chains, inability of employees to access sufficient healthcare, significant social upheavals and government or regulatory actions.

The actual and threatened spread of COVID-19 globally could adversely affect global economies and financial markets resulting in a prolonged economic downturn and a decline in the value of the Company's stock price. The extent to which COVID-19 (or any other disease, epidemic or pandemic) impacts business activity or financial results,

and the duration of any such negative impact, will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning COVID-19 and the actions required to contain or treat its impact, among others.

During the year ended December 31, 2019 and subsequent to year end the Company has entered into four royalty agreements, one gold purchase and sale agreement, has secured financing to fund certain acquisitions and is in the process of listing on the TSX-Venture exchange.

As the Company has no source of revenue at this time, it will continue to require additional capital to fund future office and administrative expenditures and to advance the Company's royalty and stream interests and complete project investigation activities.

Royalty Interests

At December 31, 2019, the Company's royalty interests consisted of the following:

Baavhai Uul, Mongolia

The Company entered into a Gross Royalty Sale and Purchase Agreement with ION Energy LLC ("ION") on July 24, 2019. The Company agreed to purchase, and ION agreed to sell a 1.5% of Gross Revenue of any product extracted, produced, sold and marketed from the Property located in Sukhbaatar Province in Mongolia. The purchase price was the issuance of 7,500,000 common shares of the Company. The transaction was valued at the fair value of the equity instruments granted of \$141,306 (CAD\$187,509).

Bayan Undur, Mongolia

The Company entered into a Net Smelter Return Royalty Sale and Purchase Agreement with Bayan Undur Resource LLC ("BUR") on October 30, 2019. The Company agreed to purchase, and BUR agreed to sell a 2% net smelter returns royalty on all products produced from the Bayan Undur Property and a right of first refusal on any potential future metals stream on the Bayan Undur Property located in Bayankhongor Aimag, Bayan Undur Soum, Mongolia. The purchase price was the issuance of 6,666,667 common shares of the Company. The transaction was valued at the fair value of the equity instruments granted of \$152,450 (CAD\$200,045).

	December 31, 2019	Period from date of incorporation on February 15 to December 31, 2018
Opening	\$ -	\$ -
Additions during the year	293,756	-
Foreign currency translation	<u>3,953</u>	<u>-</u>
Closing	<u>\$ 297,709</u>	<u>\$ -</u>

Results of Operations

The audited financial statements reflect the financial condition of the Company's business for the year ended December 31, 2019. The Company was most active during the third and fourth quarters of 2019 as the Company entered into the royalty interest agreements relating to Baavhai Uul and Bayan Undur and general activity increased

due to financings and acquisitions subsequent to December 31, 2019. The Company was incorporated on February 15, 2018 and had no activity for the period ended December 31, 2018.

During the year ended December 31, 2019, the Company incurred a net loss of \$106,150 as compared to a net loss of \$Nil for the period ended December 31, 2018.

Significant expenditures / movements included:

- Consulting fees of \$102,156 (2018 - \$Nil). This increase related to the increased activity and management actively working to finance the Company, find royalty interests and get the Company listed on the TSX.V.
- Professional fees of \$3,519 (2018 - \$Nil). The increase was due to the increased activity, including general administrative, financing and entering into the royalty interest agreements.
- Other general and administrative expenses of \$475 (2018 - \$Nil). the increase was due to the increased activity.

Selected Annual Information

The following table provides a brief summary of the Company's financial operations. The Company was incorporated on February 15, 2018 and had no activity for the period ended December 31, 2018. For more detailed information, refer to the Financial Statements.

	December 31, 2019	Period from date of incorporation on February 15, 2018 to December 31, 2018
Total income	\$ -	\$ -
Net loss	106,150	-
Total comprehensive loss	98,481	-
Basic and diluted loss per share	0.01	-
Total assets	708,623	1
Working capital (deficiency)	298,372	1
Total long-term liabilities	-	-
Cash dividends	-	-

Summary of Quarterly Results and Fourth Quarter

Prior to becoming a reporting issuer, the Company did not prepare quarterly financial statements and, other than the Company's interim financial statement for the nine months ended September 30, 2020 no quarterly financial information is available.

Liquidity

Star Royalties royalty interest activities do not provide a source of income and we therefore generated losses and an accumulated deficit during the year. However, given the nature of our business, the results of operations as reflected in the net losses and losses per share do not provide a complete interpretation of our valuation. As the Company has no substantial income, its ability to fund operations is dependent upon its ability to secure financing through the sale of equity or assets. The value of any mineral property is dependent upon the existence of economically recoverable mineral reserves, or the possibility of discovering such reserves, or proceeds from the disposition of such properties.

The Company manages the capital structure and makes adjustments in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may issue new shares through public and/or private placements, sell assets, or return capital to shareholders.

As at December 31, 2019, the Company had a working capital balance of \$298,372. This balance included a cash balance of \$396,916 (December 31, 2018 - \$1) to settle current liabilities of \$112,542 (December 31, 2018 - \$Nil). Subsequent to year end, the Company completed various financings for gross proceeds of \$13,058,709 (CAD\$17,350,821) (as described in "Performance Summary and Subsequent Events – Equity Transactions").

Subsequent to September 30, 2020 the Company entered into new contractual commitments as described in the condensed interim financial statements. The Company has also continued to incur losses and is dependent on future financing in order to sustain and meet those contractual commitments. While the Company has been successful in obtaining the necessary financing for its operations and its contractual commitments in the past, there is no assurance that such financing will be available in the future or be available on terms acceptable to the Company. These conditions represent a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern.

Operating Activities

The Company does not generate cash from operating activities. Net cash used in the Company for operating activities, for the year ended December 31, 2019 was \$9,077 compared to \$Nil used for the period from the date of incorporation to December 31, 2018.

Investing Activities

The Company did not use any cash in investing activities during the periods ended December 31, 2019 and 2018. Subsequent to year-end, the Company re-purchased 14,166,667 common shares for royalties in February 2020 and incurred acquisition costs.

Financing Activities

During the year ended December 31, 2019, the Company issued shares for net proceeds of \$190,276 (2018 - \$1) and received subscriptions in advance of \$210,530 (2018 - \$Nil).

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's continuing operations rely on the ability of the Company to continue to raise capital.

Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Board and corporate officers, including the Company's Executive Chairman, Chief Executive Officer ("CEO"), Chief Investment Officer ("CIO") and Chief Business Development Officer ("CBDO").

During the year ended December 31, 2019 and the period from the date of incorporation on February 15, 2018 to December 31, 2018, the Company entered into the following transactions with the Chief Executive Officer and Chief Business Development Officer, not disclosed elsewhere in these financial statements:

	Year Ended December 31, 2019	Year Ended December 31, 2019	From the period of incorporation, February 15, 2018 to December 31, 2018	From the period of incorporation, February 15, 2018 to December 31, 2018
	USD	CAD	USD	CAD
Consulting fees (paid to Pernin Inc. controlled by Alex Pernin, CEO and director of the Company)	\$ 45,403	\$ 60,000	\$ -	\$ -
Consulting fees (Investor Stratum Resources Inc. controlled by Peter Bures, CBDO of the Company)	<u>56,753</u>	<u>75,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 102,156</u>	<u>\$ 135,000</u>	<u>\$ -</u>	<u>\$ -</u>

As at December 31, 2019, \$52,082 (CAD\$60,000) (2018 - \$Nil) was recorded as due to related parties, which is owed to Pernin Inc. controlled by Alex Pernin, CEO and director of the Company in relation to professional fees and reimbursement of expenses.

As at December 31, 2019, \$56,423 (CAD\$75,000) (2018 - \$Nil) was recorded as due to related parties, which is owed to Investor Stratum Resources Inc. controlled by Peter Bures, CBDO of the Company in relation to professional fees and reimbursement of expenses.

Outstanding Share Data

As at the date of this MD&A the Company had 33,018,136 (165,090,682 – pre-consolidation) common shares issued and outstanding. In November 2020, the Company approved a share consolidation of one post common share for every five pre-consolidation common shares of the Company.

As at the date of this MD&A the Company had 669,300 (3,346,500- pre-consolidation) warrants issued and outstanding.

Number of Warrants	Weighted Average Exercise Price CAD	Expiry Date
172,300	\$ 0.625	March 18, 2022
47,000	\$ 0.625	March 23, 2022
16,000	\$ 0.625	March 28, 2022
434,000	\$ 0.625	March 30, 2022
<u>669,300</u>		

As at the date of this MD&A the Company had Nil stock options outstanding.

Contractual Obligations

Except as described in “Performance Summary and Subsequent Events” relating to the acquisitions of Keysbrook and Copperstone or in the Company’s financial statements at December 31, 2019, the Company had no other material contractual obligations.

Off-Balance Sheet Arrangements

At December 31, 2019, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Proposed Transactions

Except as elsewhere disclosed in this document, there are no other proposed transactions under consideration.

Capital Resources

Except as described in “Performance Summary and Subsequent Events” relating to the acquisitions of Keysbrook and Copperstone or financial statements at December 31, 2019, the Company has no other commitments for capital expenditures at the date of this MD&A.

The Company will continue to seek capital. In the past the Company has raised capital through the issuance of common shares pursuant to private placement. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

Risk Factors

The Company is subject to a number of risks and uncertainties, each of which could have an adverse effect on its results, business prospects or financial position.

The Company's securities should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in the Company's regulatory filings prior to making an investment in the Company. For a comprehensive list of the risks and uncertainties applicable to the Company, please refer to the Company's long-form prospectus. A few of the primary risk factors affecting the Company are set forth below.

The viability and potential success of Star Royalties lies in its ability to seek out and acquire interests in mineral deposits owned and operated by unrelated third parties. Star Royalties' revenues are dependent on the operators' success. Further, revenues, profitability, and cash flow from any future operation involving Star Royalties will be influenced by commodity prices, which are beyond the Company's control.

Geopolitical, health and safety, and other social factors may have a negative impact on production from operations and negatively impact future Company cash flows.

Star Royalties relies on public information and reporting from third parties. The accuracy of the reporting can have an adverse effect on the Company's interpretation of future opportunities.

The Company faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect the Company's business, financial condition and results of operations. There can be no assurance that the Company's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs / insurance premiums as a result of these health risks. COVID-19 has disrupted economic activities and the extent to which COVID-19 impacts the Company's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time. Such future developments include the duration, severity and scope of the outbreak and the actions taken to contain or treat the outbreak. In particular, the continued spread of COVID-19 globally could materially and adversely impact the Company's business including without limitation, employee health, workforce productivity in the mines where the Company has interests, increased insurance premiums, limitations on travel, supply chain interruption, the availability of industry experts and personnel and other factors that will depend on future developments beyond the Company's control. Efforts to slow the spread of COVID-19 could severely impact the Company's operations. To date, a number of governments have declared states of emergency and have implemented restrictive measures such as border restrictions, travel bans, quarantine and self-isolation. If the Company's operations continue to be disrupted or suspended as a result of these or other measures, it may have a material adverse impact on the Company's profitability, results of operations, financial condition and stock price. Further, COVID-19 risks may not be adequately responded to locally, nationally or internationally due to lack of preparedness to detect and respond to outbreaks or respond to significant pandemic threats. As such, there are potentially significant economic and social impacts of infectious disease risks, including the inability of the Company's operations to operate as intended due to a shortage of skilled employees, shortages or disruptions in supply chains, inability of employees to access sufficient healthcare, significant social upheavals and government or regulatory actions.

The actual and threatened spread of COVID-19 globally could adversely affect global economies and financial markets resulting in a prolonged economic downturn and a decline in the value of the Company's stock price. The extent to which COVID-19 (or any other disease, epidemic or pandemic) impacts business activity or financial results, and the duration of any such negative impact, will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning COVID-19 and the actions required to contain or treat its impact, among others.

Changes in Accounting Policies including Initial Adoption

Accounting Standards - New Accounting Standard Adopted

IFRIC interpretation 23 Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRIC Interpretation 23, Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. At January 1, 2019, the Company adopted this standard and there was no material impact on the Company's financial statements.

IFRS 3, Business Combinations

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations (“IFRS 3”). The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. The amendments to IFRS 3 are effective for annual reporting periods beginning on or after January 1, 2020 and apply prospectively. Earlier application is permitted. The amendments to IFRS 3 were early adopted by the Company and did not have an impact on these financial statements.

Critical Accounting Policies and Estimates

The preparation of financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

The most significant judgments for December 31, 2019 financial statements relate to the following:

Functional Currency

The functional currency for the Company is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Accounting for Royalty Interests

The Company from time to time will acquire royalties. Each royalty interest agreement has its own unique terms and significant judgment is required to assess the appropriate accounting treatment.

Disclosure of Internal Controls

Management has established processes to provide sufficient knowledge to support representations that it has exercised reasonable diligence that (i) the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements, and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

Additional Information for Venture Issuer's Without Significant Revenue

An analysis of the material components of the Company's general and administrative expenses is disclosed in the financial statements for year ended December 31, 2019 and the period from the date of incorporation on February 15, 2018 to December 31, 2018 to which this MD&A relates.

Note Regarding Forward-Looking Statements

This MD&A may contain forward-looking statements. These forward-looking statements may include statements regarding perceived merit of royalty interests, statements relating to the economic viability of a royalty interests, timelines, strategic plans, completion of transactions, market prices for metals or other statements that are not statements of fact. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation:

- the Company's ability to identify and acquire cash flow generating royalty and/or streaming interests,
- assumptions made in the interpretation of third-party information and reporting, which may prove inaccurate,
- The impact of COVID-19 on the Company's business;
- expected future benefits from royalties related to mineral properties,
- evaluation of the potential impact of future accounting change
- credit, liquidity, market and capital markets risks,
- risks related to market events and general economic conditions,
- commodity price fluctuations,
- the Company's need to attract and retain qualified management and technical personnel,
- uncertainty as to the Company's ability to maintain the adequacy of internal control over financial reporting; and
- other matters that may occur in the future

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors.

The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date of this MD&A, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

More information about the Company including its recent financial reports is available on SEDAR at www.sedar.com.