



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2021**

Introduction

This Management's Discussion and Analysis ("MD&A") of Star Royalties Ltd. is the responsibility of management and covers the three and nine months ended September 30, 2021. The MD&A takes into account information available up to, and is dated, November 23, 2021 and should be read together with the audited annual financial statements for the year ended December 31, 2020 and the unaudited condensed interim financial statements for the three and nine months ended September 30, 2021 (the "**Interim Financial Statements**") and the related notes thereto.

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") as issued by the International Accounting Standards Board ("IASB") and is presented in United States ("US") Dollars unless otherwise indicated.

This document contains forward-looking statements. Please refer to "*Note Regarding Forward-Looking Statements*" of this MD&A.

Description of Business

Star Royalties is a precious metals and green royalty and streaming investment company. The Company created the world's first carbon negative gold royalty platform and offers investors gold exposure with an increasingly negative carbon footprint. The Company's objective is to provide wealth creation through accretive transaction structuring and asset life extension with superior alignment to both counterparties and shareholders.

Star Royalties specializes in bespoke and operator-friendly financing solutions. The Company aims to structure mutually beneficial agreements that optimize the counterparties' capital structure, while generating a return above the Company's cost of capital for its shareholders. Star Royalties looks to become the trusted financing partner for natural resource companies throughout the various stages of development, and commodity and capital markets cycles.

Star Royalties' separate corporate entity, Green Star Royalties Ltd. ("**Green Star Royalties**"), was established to accelerate the growth of its pure-green portfolio beyond its 80/20 allocation framework. Green Star Royalties positions the Company to be carbon negative by 2023, through its existing and future carbon offset projects whose sequestration benefits more than offset the Company's direct CO₂ emissions from corporate activities and attributable CO₂ emissions sourced from its gold equivalent ounces. Green Star Royalties' focus will be on funding new carbon credit projects in biosequestration (improved forest management and regenerative agriculture), renewable energies (solar, wind, geothermal, biomass), biofuels, as well as other cleantech investments.

Additionally, Star Royalties' portfolio allocation strategy will target a 70% weighting in cash generating royalties and streams, 20% weighting towards near-term development opportunities (with development-to-cash-flow timeline horizons of less than two years), and 10% to geologically prospective, advanced exploration targets (non-cash generating). This targeted 70/20/10 approach is intended to improve cash flow visibility and restrict capital allocation towards higher-risk, long-term exploration-stage investments. The Company believes that abiding by these portfolio constructs will result in a robust, cash generating, precious metals-focused portfolio with a carbon negative footprint that will provide attractive risk-adjusted returns to its shareholders.

The Company's royalty and stream interests are located in the USA, Canada, Australia and Mongolia. Please refer to "*Asset Portfolio*" of this MD&A for project details.

Corporate Developments

Green Star Royalties

On October 18, 2021, the Company announced the creation of a wholly-owned, pure-green subsidiary, Green Star Royalties.

Since its inception, Star Royalties has been committed to funding sustainable environmental solutions for a carbon neutral economy and continues to view ESG-related investments as a highly scalable business model with attractive returns. As part of its portfolio construction strategy, Star Royalties targets a long-term 80% capital allocation to precious metals, with the remaining 20% reserved for green investments. To address the positive response to the Company's novel green royalty model, the numerous origination opportunities, and the superior potential returns, Star Royalties created a separate corporate entity, Green Star Royalties, to accelerate the growth of its pure-green portfolio beyond the current limitation of its 80/20 allocation framework.

While funding for Green Star Royalties has initially come from Star Royalties, the Company is planning to grow more rapidly by adding a strategic capital partner at the Green Star Royalties level.

The Company is in the process of internally transferring its two existing carbon offset credit royalties (Lac Seul First Nation Forest Carbon Pilot Project and Elizabeth Metis Settlement Forest Project) to Green Star Royalties in a continued effort to grow its pure-green portfolio.

Significant Portfolio Updates

Copperstone Gold Project

On August 25, 2021, Sabre Gold Mines Corp. ("**Sabre Gold**") (formerly Arizona Gold Corp.) announced that shareholders of both Arizona Gold Corp. and Golden Predator Mining Corp. ("**Golden Predator**") overwhelmingly approved all matters voted on at special meetings of their respective shareholders, including shareholders of Golden Predator approving the proposed merger of Golden Predator and Arizona Gold to form Sabre Gold. The British Columbia Supreme Court issued the final order approving the merger on August 31, 2021. On September 2, 2021, the merger was completed and Sabre Gold's common shares commenced trading on the Toronto Stock Exchange with the new trading symbol "SGLD" at the opening of trading on September 8, 2021.

On September 21, 2021, Sabre Gold announced updated mineral resources at Copperstone. These highlights included:

- 23% increase in gold ounces in all categories.
- 53% increase in Measured Resources to 196,000 gold ounces in 806,000 tonnes at 7.6 g/t.
- 45% increase in Inferred Resources to 212,000 gold ounces in 1,124,000 tonnes at 5.9 g/t.
- Underground mapping and sampling confirmed that the mineralized domains occur where previously modelled while drilling continued to demonstrate continuity in mineralization within mineralized domains and delimited some domain edges where step-out holes were drilled.
- Capping of very high-grade intercepts were distinct for each mineralized domain and based on conservative detailed statistical analysis which will provide potential further resource upside.

An updated National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") Technical Report titled "Updated Mineral Resource Estimate for the Copperstone Project, La Paz County, Arizona, USA" was filed in October 2021, supporting the above noted results.

On October 13, 2021, Sabre Gold provided an update on the pre-construction and engineering activities at Copperstone where production is expected to commence in mid-2022:

- **Mine Engineering:** Sabre Gold engaged Mine Development Associates of Reno, Nevada to prepare final mine designs and production scheduling. The purpose of this work was to optimize ore

sequencing and haulage profiles associated with the new resource model. A full estimation of mining costs and initial capital costs will be completed as well. Underground electrical power needs and infrastructure requirements were completed and incorporated into the overall project schedule.

- **Mine Operations:** Sabre Gold completed most of the necessary rehabilitation in the first quarter of 2021. Additional pre-production rehabilitation was scheduled for the fourth quarter of 2021 in preparation for the final definition drilling in October and subsequent full mine production in 2022. Several mining contractors had been engaged in a formal tender process in preparation for mine development quotes. A comprehensive list of pre-qualified contractors had been developed and RFQ's were scheduled to be extended by late October, with final selection in November.
- **Mineral Processing:** The original flotation circuit has been dismantled and removed to make room for the construction of the new whole ore leach ("WOL") facility. A complete evaluation of the existing infrastructure was performed and included in the project scope.

Detailed engineering of the modifications to the existing mill and expansion of the new WOL facility had been brought to 60% completion by Hanlon Engineering and included initial plant layout, tank and thickener sizing, and a revised capital estimate. Final detailed engineering and plant layout was pending final metallurgical testing derived from the final mine plan.

Long-lead items such as the ball mill feed chute, ball mill liners and a replacement cone crusher had been ordered by Sabre Gold. The Merrill Crowe unit and other WOL plant equipment were ordered in October and will be available for construction later this year and early next year.

Elk Gold Project

On September 28, 2021, the Company executed a definitive royalty purchase agreement with Almadex Minerals Ltd. ("**Almadex**") to acquire an existing 2% net smelter return royalty on the Elk Gold Mine ("**Elk Gold**") located in British Columbia, Canada and owned and operated by Gold Mountain Mining Corp. ("**Gold Mountain**") for total consideration of \$10,000,000 in cash, 1,659,304 common shares valued at \$574,249 (CAD\$730,094) and 829,652 common share purchase warrants valued at \$57,659 (CAD\$73,307). Each common share purchase warrant will be exercisable at CAD\$0.70 until September 29, 2023.

On November 9, 2021, Gold Mountain announced that it had mined the first significant mineralized material at Elk Gold. Gold Mountain exposed its 1100 vein system located on the footwall of historic pit 2, and will now crush, weigh and assay the material prior to sending it to its ore purchase partner, New Gold Inc. ("**New Gold**"), to be processed at New Gold's New Afton processing plant.

Elizabeth Metis Settlement Forest Carbon Offset Project

On July 23, 2021, the Company executed a definitive royalty purchase agreement and gross revenue royalty agreement with Elizabeth Metis Settlement ("**EMS**") to acquire a 13.5% gross revenue royalty on EMS' revenue share from the creation and sale of emission reduction benefits (including carbon offset credits and emission reduction credits) from forested lands located in EMS in Alberta, Canada for a total consideration of \$238,569 (CAD\$300,000) in cash.

Corporate Strategy

The Company is focused on underwriting bespoke royalties and streams with the intent of optimizing its counterparties' risk-adjusted cost of capital while allowing Star Royalties to achieve above-threshold returns. Management, as capital allocators, constantly review new opportunities to sustainably and responsibly grow Star Royalties' portfolio with a strict emphasis on:

1. Value and quality over quantity
2. Risk management with focus on top-tier jurisdictions
3. Free cash flow per share accretion (Free cash flow per share is a non-IFRS measure. Please refer to "*Non-IFRS Financial Measures*" of this MD&A)
4. Additional industry-standard investment metrics as outlined on the Company's website at www.starroyalties.com/portfolio

When acquiring royalties and streams, the Company considers technical and economic merit, jurisdiction risk, exploration and expansion upside, as well as operator quality. The Company endeavours to partner 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 are another significant risk factor. The Company is not aware of any seasonality encountered by precious metals-focused royalty and streaming companies that may have a material effect upon its financial condition.

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 and commodity markets provide favourable conditions for completing financings, public mergers or acquisition transactions.

Impact of the COVID-19 Pandemic

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. There have been no material impacts announced to date on any of the properties underlying the Company's stream and royalty interests. However, as the COVID-19 pandemic ("COVID-19") continues to impact the jurisdictions in which the Company holds assets, the broader impact of COVID-19 on investors, businesses, the global economy or financial and commodity markets may have a material adverse effect on the Company. As of March 23, 2020, pursuant to executive order 2020-12, in the State of Arizona, mining was determined to be an essential service. Accordingly, the Copperstone project's development has not been impacted by COVID-19. However, 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 stream and royalty 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. Should the Company's operations 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 share 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.

The Company reviewed all operations on which the Company holds royalty and stream interests to identify the impacts of COVID-19. Based on the review, COVID-19 was not considered to have a material impact on any of the Company's investments and as a result as at September 30, 2021, the Company has not recorded any adjustments directly attributable to COVID-19.

Asset Portfolio

The Company currently holds the following seven royalty and stream assets:

Asset	Key Terms	Commodity	Jurisdiction	Stage	Operator
Copperstone Project	Gold stream	Gold	Arizona, USA	Near-Production ¹	Sabre Gold Mines Corp.
Elk Gold Project	2% Net Smelter Return ("NSR") Royalty	Gold, Silver	British Columbia, Canada	Near-Production ²	Gold Mountain Mining Corp.
Keysbrook Project	2% Gross Revenue ("GR") Royalty	Mineral Sands (Titanium, Zircon)	Western Australia, Australia	Production	Keysbrook Leucoxene Pty Ltd.
Bayan Undur Project	2% NSR Royalty	Copper, Silver	Bayankhongor, Mongolia	Advanced Exploration	Aranjin Resources Ltd.
Baavhai Uul Project	1.5% GR Royalty	Lithium (brine)	Sukhbaatar, Mongolia	Early Exploration	Ion Energy Ltd.
Lac Seul First Nation Forest Carbon Offset Pilot Project	16% GR Royalty	Federal Output-Based Performance Standards (OBPS) Carbon Offset Credit	Ontario, Canada	Development	Lac Seul First Nation, AurCrest Gold Inc., Bluesource Canada ULC
Elizabeth Metis Settlement Forest Carbon Offset Project	13.5% GR Royalty	Federal Output-Based Performance Standards (OBPS) Carbon Offset Credit	Alberta, Canada	Development	Elizabeth Metis Settlement, Bluesource Canada ULC

¹ Copperstone's operational restart is expected to occur in early 2022 with first gold production expected in the second quarter of 2022.

² The operator expects commercial production to be achieved in the fourth quarter of 2021.

Review of Financial Performance

Revenue

Revenue relates to royalty income from Keysbrook. For the three and nine months ended September 30, 2021, revenues were \$225,458 and \$580,478, respectively. There was no revenue for the comparative periods in 2020.

Depletion

Depletion expense relates to the Company's royalty on the Keysbrook project. For the three and nine months ended September 30, 2021, depletion expenses were \$144,272 and \$404,692, respectively. There was no depletion expense for the comparative periods in 2020.

Operating expenses

Operating expenses for the three and nine months ended September 30, 2021 totaled \$692,488 and \$2,369,014, respectively, compared to \$63,938 and \$259,842, respectively, for the comparative periods in 2020. The following table provides a breakdown of total operating expenses incurred for the three and nine month periods:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Marketing and shareholder communications	\$ 43,936	\$ 1,351	\$ 121,989	\$ 2,709
Management compensation	225,247	45,027	670,963	210,652
Office and miscellaneous	76,382	7,664	196,890	22,526
Professional fees	152,713	9,896	548,931	23,955
Share-based compensation	194,210	-	830,241	-
Total operation expenses	\$ 692,488	\$ 63,938	\$ 2,369,014	\$ 259,842

Total operating expenses increased for the three and nine months ended September 30, 2021 compared to the comparative periods in 2020 due to increase in public company costs upon the Company's listing on the TSX Venture Exchange (the "TSX-V") in February 2021.

Management compensation increased during the three and nine months ended September 30, 2021 compared to the comparative period in 2020 due to an increase in headcount.

Share-based compensation relates to amortization of stock options and restricted share units ("RSUs") for the three and nine months ended September 30, 2021. The Company recorded share-based compensation of \$61,647 and \$132,563, respectively, for the stock options and RSUs for the three and nine months ended September 30, 2021.

Other income/(loss)

Other income/(loss) comprised of interest income and foreign exchange losses. The following table provides a breakdown for the three-and-nine-month periods:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Interest income	\$ 14,115	\$ 299	\$44,562	\$ 2,225
Foreign exchange income/(loss)	199,678	(70,726)	78,806	(70,726)
Other income/(loss)	\$ 213,793	\$ (70,427)	\$ 123,368	\$ (68,501)

Summarized Quarterly Financial Information

The following table presents a summary of the Company's quarterly results of operations for each of its last five quarters. Prior to becoming a reporting issuer, the Company did not prepare quarterly financial statements other than the Company's interim financial statement for the three and nine months ended September 30, 2020. As such, no quarterly financial information is available other than information disclosed in the below table.

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Revenue	\$ 225,458	\$ 208,948	\$ 146,072	\$ 9,801	\$ -
Net loss	(397,609)	(742,058)	(930,293)	(471,550)	(135,365)
Basic and diluted loss per share	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)
Cash flow from operating activities	(92,758)	(305,114)	(373,689)	(373,193)	(95,504)
Cash flow from investing activities	(10,339,476)	-	(6,008,911)	(9,623,480)	(53,855)
Cash flow from financing activities	-	-	19,399,650	(277,577)	11,253,213
Total assets	31,669,735	31,866,343	31,748,808	12,722,912	12,883,421

The increase in assets in Q1 2021 was a result of net proceeds from the completion of the Company's initial public offering (the "IPO") and the partial exercise of the over-allotment option by the syndicate of underwriters.

The increase in revenue was due to Keysbrook becoming a producing asset for the Company. Royalty payments from Keysbrook commenced in Q4 2020.

The increase in net loss during the first half of 2021 in comparison to the net loss during the second half of 2020 was due to increased general and administrative expenditures upon the Company becoming a reporting issuer. The quarterly net loss in 2021 has been declining as a result of increases in quarterly revenue from Keysbrook and reductions in operating expenses.

Use of Proceeds from Financing

During the first quarter of 2021, the Company completed an IPO for gross proceeds of \$21,206,052 (CAD\$26,761,083) (net proceeds \$19,393,851), which included a partial exercise of the over-allotment option by the syndicate of underwriters.

The Company intends to use its available funds to meet its planned growth and development activities and, as of the date of this MD&A, there have not been, and the Company does not anticipate, any changes to its previously made disclosure about the Company's intended use of proceeds except as described below.

The following table illustrates: (i) the intended use of the net proceeds of the IPO (with the net proceeds from the over-allotment exercised by the syndicate of underwriters allocated for working capital and general corporate purposes); and (ii) the current estimated use of proceeds from the IPO as at September 30, 2021:

Use of proceeds	Prior estimated amounts as at February 12, 2021	Current estimated amounts as at September 30, 2021
Payment of tranche 2 and 3 in respect of the Copperstone transaction	\$6,000,000	\$6,000,000
Payment of tranche 2 and 3 in respect of the Copperstone transaction	\$6,000,000	Nil
Cash proceeds in respect of the Elk Gold Project	N/A	10,000,000
Working capital and general corporate purposes	\$7,393,851	\$3,393,851
Total	\$19,393,851	\$19,393,851

The Company has made the tranche 2 payment of \$6,000,000 to Sabre Gold in February 2021, pursuant to the purchase and sale agreement in respect of the Copperstone asset (the "**Streaming Agreement**") with Sabre Gold. On June 28, 2021, the Streaming Agreement was amended whereby the previously defined final tranche payment date was removed and was replaced by certain closing conditions having to be met by Sabre Gold. In September 2021, the Company acquired a 2% net smelter royalty on Elk Gold using cash proceeds of \$10,000,000. Royalty income from the Elk Gold Project is expected to commence in the fourth quarter of 2021.

Balance Sheet Review

	September 30, 2021	December 31, 2020
Assets	\$ 31,669,735	\$ 12,619,540
Liabilities	427,619	134,835
Shareholders' equity	31,242,735	12,484,705

Assets

Total assets were \$31,669,735 at September 30, 2021 compared to \$12,619,540 at December 31, 2020. The Company's asset base is comprised primarily of royalty and stream interests and cash and cash equivalents. The increase in assets reflects primarily an increase in cash and cash equivalents from the proceeds received from the IPO and additions in royalty and stream interests relating to the Copperstone and Elk Gold assets.

Liabilities

Total liabilities at September 30, 2021 comprise \$427,619 of accounts payable and accrued liabilities. The increase in liabilities reflects mainly the timing of payments.

Shareholders' equity

Shareholders' equity increased by \$18,757,411 at September 30, 2021 compared to December 31, 2020, reflecting primarily the net proceeds from the IPO in February 2021 and the over-allotment exercised by the syndicate of underwriters in March 2021 (see "*Use of Proceeds from Financing*" of this MD&A).

Liquidity and Capital Resources

The Company completed its listing on the TSX-V during the first quarter of 2021 and raised additional financing for gross proceeds of \$21,206,052 (CAD\$26,761,083). As at September 30, 2021, the Company had a working capital¹ balance of \$4,330,433. This balance included cash and cash equivalents of \$4,320,714 (December 31, 2020 - \$1,988,993), receivables of \$368,875 (December 31, 2020 - \$164,017) and prepaids of \$68,463 (December 31, 2020 - \$120,106) to settle current liabilities of \$427,619 (December 31, 2020 - \$134,835). The Company made the second installment payment of \$6,000,000 in February 2021 to Sabre Gold pursuant to the Streaming Agreement. The Company also received payment of \$580,478 in respect of the Keysbrook royalty for the nine months ended September 30, 2021. In September 30, 2021, the Company acquired a 2% net smelter royalty for Elk Gold and expects royalty income to commence in the fourth quarter of 2021. Although the Company has not generated substantial income and has accumulated a deficit during the nine months ended September 30, 2021, we believe that the cash balance will be sufficient to fund operations and commitments as required.

To maintain liquidity in the future, the Company continues to investigate additional royalty and stream interests and financing opportunities and would consider raising capital via share issuances, debt facilities, joint venture arrangements, or a combination of these options. The Company has financed its operations to date primarily through the issuance of common shares and warrants. The Company has filed a base-shelf prospectus on April 15, 2021 which will allow flexibility for the Company to raise capital for the acquisition of larger-size royalty and stream interests when opportunities arise. 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.

Operating Activities

Net cash used for operating activities for the nine months ended September 30, 2021 was \$771,561 compared to \$205,347 for the same period in 2020. The increase in net cash used for operating activities was due mainly to an increase in operating expenses as the Company scaled up its business operations, offset by the royalty income from Keysbrook.

Investing Activities

Net cash used in investing activities was \$16,348,387 for the nine months ended September 30, 2021 and primarily consisted of the second tranche payment of \$6,000,000 to Sabre Gold in February 2021 pursuant to the Streaming Agreement and the \$10,000,000 paid to Almadex for the acquisition of the 2% net smelter royalty on Elk Gold.

Financing Activities

Net cash received from financing activities was \$19,399,650 for the nine months ended September 30, 2021, comprised primarily of the net proceeds from the IPO in February 2021 and the over-allotment exercised by the syndicate of underwriters in March 2021. Comparatively, financing activities for the nine months ended September 30, 2020 comprised of \$12,623,674 net proceeds from private placements offset by \$292,383 repurchase of common shares that were issued as consideration in the Baavhai Uul and Bayan Undur royalty acquisitions in 2019. Refer to "*Use of Proceeds from Financing*" of this MD&A for information relating to expected use of cash generated from financing activities.

¹ Working capital is a non-IFRS measure. Please refer to "*Non-IFRS Financial Measures*" of this MD&A.

Capital Resources

The Company will continue to seek capital. In the past, the Company has raised capital through the issuance of common shares pursuant to private placements. 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.

Related Party Transactions

Related party transactions, including compensation to key management personnel, for the three and nine months ended September 30, 2021 and 2020 are presented in Note 8 of the Interim Financial Statements. 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 consist of members of the Board of Directors and corporate officers, including the Company's Executive Chairman, Chief Executive Officer, Chief Investment Officer, Chief Business Development Officer and Chief Financial Officer.

Non-IFRS Financial Measures

The Company used certain non-IFRS performance measures, such as free cash flow per share and working capital, throughout this MD&A.

Free cash flow per share is defined as cash flow from operating activities less capital expenditures divided by total number of common shares outstanding. Working capital is defined as current assets less current liabilities.

These non-IFRS measures do not have any standardized meaning prescribed by IFRS, and other companies may calculate these measures differently. The presentation of these non-IFRS measures is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Outstanding Share Data

As of the date of this MD&A, there were 72,740,141 common shares of the Company issued and outstanding, 39,421,700 publicly traded warrants outstanding with an average exercise price of CAD\$1.00, 669,300 broker warrants outstanding with an average exercise price of CAD\$0.625, 829,652 share purchase warrants outstanding with an average exercise price of CAD\$0.70, 3,735,000 stock options outstanding with an average exercise price of CAD\$0.70, and 1,250,005 RSUs outstanding.

Off-Balance Sheet Arrangements

As at September 30, 2021, the Company had no off-balance sheet arrangements.

Additional Disclosure for Venture Issuers without Significant Revenue

The required disclosure on general administrative expenses is presented in the "Review of Financial Performance" section of this MD&A.

Significant Accounting Judgements and Estimates

The Company applied the significant accounting judgements and estimates as disclosed in Note 2 of the audited annual financial statements for the year ended December 31, 2020.

Change in Accounting Policies

The Company adopted the following accounting policy:

Share-based compensation

The Company grants share-based awards in the form of stock options and RSUs. The stock options and RSUs are equity-settled awards. The Company determines the fair value of the awards on the date of grant. This fair value is expensed to the statement of earnings using a graded vesting attribution method over the vesting period of the awards, with a corresponding credit to contributed surplus. When the share options or share units are exercised, the applicable amounts of contributed surplus are transferred to share capital. At the end of the reporting period, the Company updates its estimate of the number of awards that are expected to vest and adjusts the total expense to be recognized over the vesting period.

Financial Instruments

The Company does not currently utilize complex financial instruments in hedging commodity price and foreign exchange exposures. Information relating to the Company's financial instruments is disclosed in Note 11 of the Interim Financial Statements.

Note Regarding Scientific and Technical Information

Except where otherwise stated, the disclosure in this MD&A relating to properties and operations on the properties in respect of which Star Royalties holds royalty or stream interests is based in respect of the Copperstone Project and the Elk Gold Project, on the following technical reports listed below and on additional publicly disclosed information relating to these assets after the date of the technical reports.

- “NI 43-101 Technical Report, Preliminary Feasibility Study for the Copperstone Project, La Paz County, Arizona, USA” with an effective date of April 1, 2018 and report date of May 18, 2018, which technical report was prepared in accordance with NI 43-101 for Kerr Mines Inc. (currently Sabre Gold Mines Corp.), and filed under Sabre Gold's SEDAR profile on May 22, 2018.
- “NI 43-101 Technical Report, Updated Mineral Resource Estimate for the Copperstone Project, La Paz County, Arizona, USA” with an effective date of September 3, 2021 and report date of September 21, 2021, which technical report was prepared in accordance with NI 43-101 for Sabre Gold Mines Corp., and filed under Sabre Gold's SEDAR profile on October 19, 2021.
- “NI 43-101 Technical Report, Updated Preliminary Economic Assessment on the Elk Gold Project” with an effective date of May 14, 2021 and report date of June 21, 2021, which technical report was prepared in accordance with NI 43-101 for Gold Mountain Mining Corp. and filed under Gold Mountain's SEDAR profile on June 22, 2021.

The technical and scientific information contained in this MD&A has been reviewed and approved in accordance with NI 43-101 by Timothy Strong, MIMMM, a “qualified person” as defined in NI 43-101 and independent of the Company.

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 and stream interests; statements relating to the economic viability of a royalty and stream interests; operational, strategic and supply chain timelines; strategic plans; future financial position; access to capital; the ability to raise additional capital and complete future financings; completion of the Streaming Agreement; completion of the transfer of carbon offset credit royalties; completion of additional drilling and sampling programs at the Baavhai Uul Project; 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. The forward-looking information included in this MD&A is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. These assumptions include, but are not limited to, the following:

- our estimates of near, medium and long-term commodity prices;
- for the properties in respect of which Star Royalties holds a royalty or streaming interest, the operation continues as a going concern;
- the accuracy of public statements and disclosures made by the owners or operators of such underlying properties, including with respect to Mineral Resources, Mineral Reserves, construction timelines, production estimates and other related matters, as applicable;
- that each counterparty will satisfy its obligations in accordance with the royalty or stream contract to which it is a party with Star Royalties, and that each such contract will be enforceable in accordance with its terms;
- no adverse development relating to any property in respect of which Star Royalties holds a royalty or stream;
- that projects not yet in production or in development included in Star Royalties' asset portfolio will be developed, transitioned into production or development and successfully achieve production and commercial ramp-up, in each case, in accordance with Star Royalties' expectations;
- that the completion of the Copperstone transaction will be completed in accordance with its terms, as amended;
- the impact of COVID-19 on the Company's business;
- the absence of an outbreak or escalation of infectious diseases or other similar health threats, including COVID-19, that could result in the suspension, shutdown or delay of the operations in the properties in which Star Royalties holds an interest;
- no material changes will occur with respect to Star Royalties' existing tax treatment; and
- the absence of any other factors that could cause actions, events or results to differ from those anticipated, estimated, intended or implied.

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:

- limited operating history and uncertainty of future revenues;
- changes in commodity prices will affect the revenues generated from our portfolio and the profitability of Star Royalties;
- Star Royalties has no or limited control over the operation of the properties in respect of which Star Royalties holds a royalty or a stream interest and the operators' failure to perform or decision to cease or suspend operations will affect the revenues of Star Royalties;
- risks related to health epidemics and pandemics including COVID-19 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;
- increased competition for royalties, streams and other interests could adversely affect Star Royalties' ability to acquire additional royalties, streams and other interests in mineral properties;
- some of the properties in respect of which Star Royalties holds an interest may never achieve commercial production, and Star Royalties may lose its entire investment;
- sales of assets in respect of which Star Royalties holds an interest may result in a new operator and any failure of such operator to perform could affect the revenues of Star Royalties;

- Star Royalties may acquire royalties, streams or other interests in respect of properties that are speculative and there can be no guarantee that mineable deposits will be discovered, developed or mined;
- Star Royalties has limited access to data and disclosure regarding the operation of properties in respect of which it holds interests, which will affect its ability to assess and predict the performance of its royalties or streams;
- Star Royalties depends on its operators for the calculation of certain payments, and it may not be possible to detect errors in payment calculations;
- Star Royalties is dependent on the payment or delivery by the owners and operators of the properties in respect of which Star Royalties has a royalty or stream, and any delay in or failure of such payments will affect the revenues generated by the asset portfolio;
- global financial conditions may destabilize;
- royalties or streaming interests may not be honoured by operators of a project;
- not all of Star Royalties' royalties or streams are secured, Star Royalties' security interests, if any, may be subordinated, and security interests may be difficult to enforce;
- Star Royalties' profitability, results of operations and financial condition are subject to variations in foreign exchange rates;
- operators of mines may not be able to replace depleted Mineral Reserves and Mineral Resources, which would reduce Star Royalties' revenue from royalties or streams;
- Star Royalties can provide no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be on terms acceptable to the Company;
- Star Royalties may experience difficulty attracting and retaining qualified management and technical personnel to efficiently operate its business;
- certain of Star Royalties' directors serve in similar positions with other public companies, which could put them in a conflict position from time to time;
- changes in the interpretation of tax legislation or accounting rules could affect the profitability of Star Royalties;
- changes in governmental and environmental regulation that results in increased costs;
- Star Royalties has a history of losses and it may be unable to achieve profitability;
- Star Royalties is indirectly exposed to many of the same risk factors as the owners and operators of properties in respect of which it holds a royalty or stream interest;
- production at mines and projects in respect of which Star Royalties holds royalty or stream interests is dependent on operators' employees;
- production forecasts may not prove to be accurate;
- the exploration and development of Mineral Resource properties is inherently dangerous and subject to risks beyond the control of Star Royalties;
- defects in title to properties underlying Star Royalties' royalty or stream interests may result in a loss of entitlement by the operator and a loss of Star Royalties' interest;
- future litigation affecting the properties in respect of which Star Royalties holds its royalty or stream interests could have an adverse effect on Star Royalties;
- the operations in respect of which Star Royalties holds a royalty or stream require various property rights, permits and licenses to be held by the operator in order to conduct current and future operations, and delays or a failure to obtain or maintain such property rights, permits and licenses, or a failure to comply with the terms of any of such property rights, permits and licenses could result in interruption or closure of operations or exploration on the properties;
- Star Royalties is exposed to risks related to the construction, development, expansion, and/or exploration in relation to the mines, projects and properties in respect of which it holds a royalty or stream interest;
- additional costs may be incurred by mineral property operators as a result of international climate change initiatives and may affect the availability of resources and cause business disruptions, which could reduce Star Royalties' revenues;
- certain operators are subject to risks relating to foreign jurisdictions which could negatively impact Star Royalties;
- Star Royalties is subject to risks related to certain operations in developing economies; and
- the forward-looking statements contained in this MD&A or incorporated by reference may prove to be incorrect.

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 under the Company's profile on SEDAR at www.sedar.com.

Disclosures of Internal Controls

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that: (i) the unaudited condensed interim consolidated 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 unaudited condensed interim consolidated 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 such 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 consolidated financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Risk Factors and Additional Information

The risk factors for the three and nine months ended September 30, 2021 are substantially the same as those disclosed and discussed in the Company's Annual Information Form for the year ended December 31, 2020, which is available on SEDAR at www.sedar.com.