



**GOLD ROYALTY CORP.**

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED DECEMBER 31, 2022, AND  
YEARS ENDED SEPTEMBER 30, 2022 AND 2021



## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Gold Royalty Corp.

### **Opinion on the Financial Statements**

We have audited the accompanying consolidated statements of financial position of Gold Royalty Corp. and its subsidiaries (together, the Company) as of December 31, 2022, September 30, 2022 and September 30, 2021, and the related consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the three months ended December 31, 2022 and for the years ended September 30, 2022 and September 30, 2021, including the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, September 30, 2022 and September 30, 2021, and its financial performance and its cash flows for the three months ended December 31, 2022 and for the years ended September 30, 2022 and September 30, 2021 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### **Basis for Opinion**

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

**/s/PricewaterhouseCoopers LLP**  
Chartered Professional Accountants

Vancouver, Canada  
March 27, 2023

We have served as the Company's auditor since 2020.

**Gold Royalty Corp.**

## Consolidated Statements of Financial Position

(Expressed in thousands of United States dollars unless otherwise stated)

	Notes	As at December 31, 2022 (\$)	As at September 30, 2022 (\$)	As at September 30, 2021 (\$)
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents		5,847	7,048	9,905
Short-term investments	4	3,840	7,199	1,118
Accounts receivable		648	1,033	412
Prepays and other receivables		1,201	1,677	1,866
		<u>11,536</u>	<u>16,957</u>	<u>13,301</u>
<b>Non-current assets</b>				
Royalty and other mineral interests	5	667,504	668,288	264,545
Long-term investment	6	1,587	1,587	1,587
Investment in associate	7	1,459	1,429	—
Other long-term assets		324	353	66
		<u>670,874</u>	<u>671,657</u>	<u>266,198</u>
		<u>682,410</u>	<u>688,614</u>	<u>279,499</u>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities		3,691	6,683	6,921
Government loan		44	—	—
Derivative liabilities	8	242	528	—
		<u>3,977</u>	<u>7,211</u>	<u>6,921</u>
<b>Non-current liabilities</b>				
Non-current portion of lease obligation		246	256	11
Government loan		—	43	—
Derivative liabilities	8	—	—	4,549
Bank loan	9	9,448	9,362	—
Deferred income tax liability	10	135,088	135,523	42,700
		<u>144,782</u>	<u>145,184</u>	<u>47,260</u>
		<u>148,759</u>	<u>152,395</u>	<u>54,181</u>
<b>Equity</b>				
Share Capital	11	551,074	551,074	228,620
Reserves	11	22,420	21,374	11,404
Accumulated deficit		(40,168)	(36,525)	(15,147)
Accumulated other comprehensive income		325	296	441
		<u>533,651</u>	<u>536,219</u>	<u>225,318</u>
		<u>682,410</u>	<u>688,614</u>	<u>279,499</u>

**Subsequent events** (Note 17)

Approved by the Board of Directors:

*/s/ Ken Robertson***Ken Robertson**

Director

*/s/ Warren Gilman***Warren Gilman**

Director

*The accompanying notes are an integral part of these consolidated financial statements*

**Gold Royalty Corp.**

## Consolidated Statements of Loss and Comprehensive Loss

(Expressed in thousands of United States dollars unless otherwise stated)

	Notes	For the three months ended December 31, 2022 (\$)	For the year ended September 30, 2022 (\$)	For the year ended September 30, 2021 (\$)
<b>Revenue</b>				
Royalty and option income	12	582	3,944	192
<b>Cost of sales</b>				
Depletion	5	(216)	(1,756)	(164)
<b>Gross profit</b>		<u>366</u>	<u>2,188</u>	<u>28</u>
<b>Expenses</b>				
Consulting fees		(158)	(4,125)	(2,677)
Depreciation		(29)	(72)	(5)
Management and directors' fees	14	(377)	(1,895)	(1,172)
Salaries, wages and benefits		(361)	(1,103)	(132)
Investor communications and marketing expenses		(571)	(1,410)	(1,141)
Office and technology expenses		(225)	(811)	(181)
Transfer agent and regulatory fees		(93)	(536)	(190)
Insurance fees		(438)	(2,049)	(1,293)
Professional fees		(678)	(4,249)	(2,481)
Share-based compensation	11	(1,078)	(3,146)	(3,324)
Mineral interest maintenance expenses		(39)	(229)	(13)
Share of loss in associate	7	1	(296)	—
Dilution gain in associate	7	—	100	—
Impairment of royalty	5	—	(3,821)	—
<b>Operating loss for the period/year</b>		<u>(3,680)</u>	<u>(21,454)</u>	<u>(12,581)</u>
<b>Other items</b>				
Change in fair value on derivative liabilities	8	278	4,588	(1,511)
Change in fair value on short-term investments	4	1,060	(569)	(168)
Foreign exchange gain / (loss)		1	54	(813)
Interest expense		(285)	(633)	—
Gain on loan modification	9	—	316	—
Other income / (expense)		(13)	337	67
<b>Net loss before income taxes for the period/year</b>		<u>(2,639)</u>	<u>(17,361)</u>	<u>(15,006)</u>
Current tax expense	10	—	(114)	—
Deferred tax recovery	10	435	129	—
<b>Net loss after income taxes for the period/year</b>		<u>(2,204)</u>	<u>(17,346)</u>	<u>(15,006)</u>
<b>Other comprehensive income</b>				
Item that may be reclassified subsequently to net income:				
Foreign currency translation differences		29	(145)	441
<b>Total comprehensive loss for the period/year</b>		<u>(2,175)</u>	<u>(17,491)</u>	<u>(14,565)</u>
<b>Net loss per share, basic and diluted</b>		<u>(0.02)</u>	<u>(0.14)</u>	<u>(0.45)</u>
<b>Weighted average number of common shares outstanding, basic and diluted</b>		<u>143,913,069</u>	<u>128,232,364</u>	<u>33,555,265</u>

*The accompanying notes are an integral part of these consolidated financial statements*

**Gold Royalty Corp.**
**Consolidated Statements of Changes in Equity**

(Expressed in thousands of United States dollars unless otherwise stated)

	Notes	Number of Common Shares	Issued Capital (\$)	Reserves (\$)	Accumulated Deficit (\$)	Accumulated Other Comprehensive Income (\$)	Total (\$)
<b>Balance at September 30, 2020</b>		1	—	—	(141)	—	(141)
Cancellation of common share issued upon incorporation		(1)	—	—	—	—	—
Common shares issued to former parent company for cash	11	5,000,000	50	—	—	—	50
Performance based restricted shares issued	11	1,500,000	—	—	—	—	—
Common shares issued to acquire royalties	5	15,000,000	13,076	—	—	—	13,076
Private placement of common shares for cash	11	1,325,000	2,849	—	—	—	2,849
Share-based compensation - performance based restricted shares	11	—	409	—	—	—	409
Share-based compensation - share options	11	—	—	2,199	—	—	2,199
Initial public offering:							
Common shares and common share purchase warrants issued for cash		18,000,000	82,969	7,031	—	—	90,000
Common shares issued on exercise of over-allotment option		721,347	3,603	—	—	—	3,603
Common share purchase warrants issued on exercise of over-allotment option		—	—	14	—	—	14
Underwriters' fees and issuance costs		—	(5,154)	(416)	—	—	(5,570)
Common shares issued for marketing services	11	75,000	345	—	—	—	345
Common shares issued to acquire Ely Gold Royalties Inc.	3	30,902,176	130,407	—	—	—	130,407
Common share purchase warrants of Ely Gold Royalties Inc.	3	—	—	2,603	—	—	2,603
Common shares issued upon exercise of common share purchase warrants	11	15,086	66	(27)	—	—	39
Net loss for the year		—	—	—	(15,006)	—	(15,006)
Total other comprehensive income		—	—	—	—	441	441
<b>Balance at September 30, 2021</b>		72,538,609	228,620	11,404	(15,147)	441	225,318
Common shares issued to acquire Abitibi Royalties Inc.	11	31,625,931	153,702	—	—	—	153,702
Common shares issued to acquire Golden Valley Mines and Royalties Ltd.	11	29,478,269	143,264	—	—	—	143,264
Share options issued on exchange of options of Golden Valley Mines and Royalties Ltd.	3	—	—	8,991	—	—	8,991
Common shares issued to acquire royalties	5	9,651,130	22,544	—	—	—	22,544
Common shares issued for marketing services	11	216,192	899	—	—	—	899
Common shares issued upon exercise of common share purchase warrants	11	402,938	1,769	(913)	—	—	856
Share-based compensation - performance based restricted shares	11	—	276	—	—	—	276
Share-based compensation - share options	11	—	—	1,551	—	—	1,551
Share-based compensation - restricted share units	11	—	—	341	—	—	341
Net loss for the year		—	—	—	(17,346)	—	(17,346)
Dividends	11	—	—	—	(4,032)	—	(4,032)
Total other comprehensive income	7	—	—	—	—	(145)	(145)
<b>Balance at September 30, 2022</b>		143,913,069	551,074	21,374	(36,525)	296	536,219
Share-based compensation - share options	11	—	—	845	—	—	845
Share-based compensation - restricted share units	11	—	—	201	—	—	201
Net loss for the period		—	—	—	(2,204)	—	(2,204)
Dividends	11	—	—	—	(1,439)	—	(1,439)
Total other comprehensive income	7	—	—	—	—	29	29
<b>Balance at December 31, 2022</b>		143,913,069	551,074	22,420	(40,168)	325	533,651

*The accompanying notes are an integral part of these consolidated financial statements*

**Gold Royalty Corp.**

## Consolidated Statements of Cash Flows

(Expressed in thousands of United States dollars unless otherwise stated)

	For the three months ended December 31, 2022 (\$)	For the year ended September 30, 2022 (\$)	For the year ended September 30, 2021 (\$)
<b>Operating activities</b>			
Net loss for the period/year	(2,204)	(17,346)	(15,006)
Items not involving cash:			
Depreciation	29	72	5
Depletion	216	1,756	164
Interest expense	285	633	—
Other (income)/expense	13	(545)	(64)
Share-based compensation	1,078	3,146	2,995
Change in fair value of short-term investments	(1,060)	569	168
Change in fair value of derivative liabilities	(278)	(4,588)	1,511
Gain on loan modification	—	(316)	—
Impairment of royalty	—	3,821	—
Share of loss in associate	(1)	296	—
Dilution gain in associate	—	(100)	—
Deferred tax recovery	(435)	(129)	—
Unrealized foreign exchange gain	42	(415)	(28)
Net changes in non-cash working capital items:			
Accounts receivables	389	(655)	(150)
Prepays and other receivables	439	2,889	(1,485)
Accounts payable and accrued liabilities	(3,043)	(8,350)	23
Due to former parent company	—	—	(83)
<b>Cash used in operating activities</b>	<b>(4,530)</b>	<b>(19,262)</b>	<b>(11,950)</b>
<b>Investing activities</b>			
Restricted cash released	—	1,815	—
Interest received	—	—	64
Dividend received	28	—	—
Investment in royalties and other mineral interests	(12)	(19,682)	(9,390)
Acquisition of Ely Gold Royalties Inc. net of cash acquired	—	—	(58,247)
Investment in marketable securities	(44)	(799)	—
Long-term investments acquired	—	—	(1,587)
Proceeds on disposition of marketable securities	4,531	17,659	—
Cash acquired through acquisition of Abitibi Royalties Inc. and Golden Valley Mines and Royalties Ltd.	—	10,393	—
Investment in associate	—	(409)	—
Proceeds from option agreements	481	1,630	—
Purchase of equipment	—	(28)	(2)
Proceeds on disposition of other mineral interests	16	—	—
Payment of lease obligations	—	—	(3)
<b>Cash provided by investing activities</b>	<b>5,000</b>	<b>10,579</b>	<b>(69,165)</b>
<b>Financing activities</b>			
Proceeds from common shares issued to former parent company	—	—	50
Proceeds from private placement of common shares	—	—	2,849
Proceeds from initial public offering, net of underwriters' fees and issuance costs	—	—	88,046
Net proceeds from bank loan	—	9,403	—
Interest paid	(197)	(342)	—
Proceeds from exercise of common share purchase warrants	—	856	39
Payment of lease obligations	(25)	(60)	—
Dividends	(1,439)	(4,032)	—
Repurchase of call options	(8)	—	—
Changes in balances with former parent company	—	—	(38)
<b>Cash provided by / (used in) financing activities</b>	<b>(1,669)</b>	<b>5,825</b>	<b>90,946</b>
Effect of exchange rate changes on cash	(2)	1	36
<b>Net increase (decrease) in cash</b>	<b>(1,201)</b>	<b>(2,857)</b>	<b>9,867</b>
<b>Cash and cash equivalents</b>			
Beginning of period/year	7,048	9,905	38
End of period/year	<u>5,847</u>	<u>7,048</u>	<u>9,905</u>

*The accompanying notes are an integral part of these consolidated financial statements*

## **Gold Royalty Corp.**

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

### **1. Corporate information**

Gold Royalty Corp. ("GRC" or the "Company") is a company incorporated in Canada on June 23, 2020 and domiciled in Canada. GRC is principally engaged in acquiring gold-focused royalty and mineral stream interests. The registered office of the Company is located at 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2, Canada. The principal address of the Company is located at 1030 West Georgia Street, Suite 1830, Vancouver, British Columbia, V6E 2Y3, Canada.

The Company was a subsidiary of GoldMining Inc. ("GoldMining") until the Company completed its initial public offering (the "IPO") on March 11, 2021. The Company's common shares (the "GRC Shares") and common share purchase warrants are listed on the NYSE American under the symbols "GROY" and "GROY.WS", respectively.

On August 23, 2021, the Company acquired all the issued and outstanding common shares of Ely Gold Royalties Inc. ("Ely") which has been consolidated from the date of acquisition.

On November 4, 2021, the Company acquired all the issued and outstanding shares of Golden Valley Mines and Royalties Ltd. ("Golden Valley") and Abitibi Royalties Inc ("Abitibi") which have both been consolidated from the date of acquisition.

The Company elected to change its fiscal year-end from September 30 to December 31, beginning with the three months ended December 31, 2022 (Note 16).

### **2. Basis of preparation and Significant accounting policies**

#### ***2.1 Statement of compliance***

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). These consolidated financial statements were authorized for issue by the Company's board of directors on March 27, 2023.

#### ***2.2 Basis of presentation***

The Company's consolidated financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. The Company's consolidated financial statements are presented in United States dollars ("U.S. dollar", "\$" or "dollar"). All values are rounded to the nearest thousand except where otherwise indicated.

#### ***2.3 Basis of consolidation***

The consolidated financial statements include the financial statements of Gold Royalty Corp. and its wholly-owned subsidiaries, being Gold Royalty U.S. Corp., Ely Gold Royalties Inc., 1320505 B.C. Ltd., Nevada Select Royalty, Inc., Ren Royalties LLC, VEK Associates, DHI Minerals (U.S.) Ltd, Golden Valley Mines and Royalties Ltd., Abitibi Royalties Inc., Calone Mining Ltd. and Abitibi Royalties (USA) Inc. Subsidiaries are consolidated from the date the Company obtained control, and continue to be consolidated until the date that its control ceases. Control is achieved when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsequent to December 31, 2022, Golden Valley Mines and Royalties Ltd. continued into British Columbia from the jurisdiction of Canada and amalgamated with Abitibi Royalties Inc. as one company under the name Golden Valley Abitibi Royalties Ltd.

All inter-company transactions, balances, income and expenses are eliminated through the consolidation process.

The accounts of all subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. The functional currency of the Company and all its subsidiaries is the United States dollar.

## **Gold Royalty Corp.**

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

### **2. Basis of preparation and Significant accounting policies (continued)**

#### **2.4 Significant accounting policies**

##### ***Royalties***

Royalties consist of acquired royalty interests in producing, development and exploration and evaluation stage properties. Royalties are recorded at cost and capitalized as tangible assets on a property-by-property basis. They are subsequently measured at cost less accumulated depletion and accumulated impairment losses, if any. The Company assesses the carrying costs for impairment when indicators of impairment exist. Project due diligence costs that are not related to a specific agreement are expensed in the period incurred.

Producing royalty interests are recorded at cost in accordance with IAS 16, *Property, Plant and Equipment* and depleted using the units-of-production method over the life of the property to which the royalty relates, which is estimated using available information of proven and probable mineral reserves specifically associated with the properties and may include a portion of resources expected to be classified as mineral reserves at the mine corresponding to the specific interest.

On acquisition of a royalty, an allocation of its cost or fair value may be attributed to the exploration potential of the interest. The value of the exploration potential is accounted for in accordance with IFRS 6, *Exploration and Evaluation of Mineral Resources* and is not depleted until such time as the technical feasibility and commercial viability have been established at which point the value of the asset is accounted for in accordance with IAS 16, *Property, Plant and Equipment*.

##### ***Exploration and Evaluation Assets***

All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are expensed in the period incurred. Exploration and evaluation costs arising following the acquisition of an exploration license are capitalized on a project-by-project basis. Costs incurred include appropriate technical and administrative overheads. Exploration assets are carried at historical cost less any impairment losses recognized. Exploration and evaluation activity includes geological and geophysical studies, exploratory drilling and sampling and resource development.

Upon demonstration of the technical feasibility and commercial viability of a project and a development decision, any past exploration and evaluation costs related to that project are subject to an impairment test and are reclassified in accordance with IAS 16, *Property Plant and Equipment*.

Management assesses exploration assets for impairment at each reporting period or when facts and circumstances suggest that the carrying value of capitalized exploration costs may not be recoverable.

For option payments received pursuant to mineral property option agreements where the Company acts as the optionor in the agreement, option proceeds are recognized as a credit to the amounts previously capitalized as exploration and evaluation assets. Any amounts received in excess of amounts capitalized are recorded as a credit in the consolidated statements of comprehensive loss.

##### ***Impairment of non-financial assets***

At the end of each reporting period, the Company reviews the carrying amounts of its royalties and exploration and evaluation assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.



## **Gold Royalty Corp.**

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

### **2. Basis of preparation and Significant accounting policies (continued)**

#### ***2.4 Significant accounting policies (continued)***

##### ***Impairment of non-financial assets (continued)***

Impairment reviews for exploration stage royalties and exploration and evaluation assets are carried out on a property-by-property basis, with each property representing a single cash generating unit. An impairment review is undertaken when indicators of impairment arise, but typically, when one of the following circumstances apply:

- The right to explore the area has expired or will expire in the near future with no expectation of renewal;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the area is neither planned nor budgeted;
- No commercially viable deposits have been discovered, and the decision had been made to discontinue exploration in the area; and
- Sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Recoverable amount is the higher of an asset's (or cash-generating unit's) fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statements of comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount, net of depreciation, that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

##### ***Cash and cash equivalents***

Cash and cash equivalents comprise of cash on deposit with banks and highly liquid short-term interest-bearing investments with a term to maturity at the date of purchase of 90 days or less which are subject to an insignificant risk of change in value.

##### ***Investments in associates***

Investments over which the Company exercises significant influence but which it does not control or jointly control are associates. Investments in associates are accounted for using the equity method, except when classified as held for sale. The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for the Company's proportionate share of the profit (loss), other comprehensive income (loss) and any other changes in the associate's net assets, such as further investment. The equity method requires shares of losses to be recognized only until the carrying amount of an interest in an associate is nil. Any further losses are not recognized unless the entity has a legal or constructive obligation in respect of the liabilities associated with those losses.

At each statement of financial position date, the Company considers whether there is objective evidence of impairment of its investments in associate. If there is such evidence, the Company determines the amount of impairment to record, if any, in relation to the associate.

##### ***Foreign currencies***

Foreign currency transactions are translated into the functional currency of each entity using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities are translated using period end exchange rates. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of loss and comprehensive loss.

##### ***Revenue recognition***

Revenue is comprised of revenue earned in the period from royalty interests.

For royalty interests, revenue recognition occurs when control of the relevant commodity is transferred to the end customer by the operator of the royalty property. Revenue is measured at the fair value of the consideration received or receivable when management can reliably estimate the amount, pursuant to the terms of the royalty agreement. In some instances, the Company will not have access to sufficient information to make a reasonable estimate of consideration to which it expects to be entitled and, accordingly, revenue recognition is deferred until management can make a reasonable estimate. Differences between estimates and actual amounts are adjusted and recorded in the period that the actual amounts are known.

## **Gold Royalty Corp.**

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

### **2. Basis of preparation and Significant accounting policies (continued)**

#### **2.4 Significant accounting policies (continued)**

##### ***Related party transactions***

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

##### ***Net loss per share***

Basic net loss per share includes no potential dilution and is computed by dividing the net loss attributable to common stockholders by the weighted average number of common shares outstanding for the period. The basic and diluted net loss per share are the same as there are no instruments that have a dilutive effect on earnings.

##### ***Segment Reporting***

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Company's operating segments are components of the Company's business for which discrete financial information is available and which are reviewed regularly by the Company's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance.

##### ***Business combinations***

Transactions whereby the assets acquired and liabilities assumed constitute a business are business combinations. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income or generating other income from ordinary activities.

Business combinations in which the Company is identified as the acquirer are accounted for using the acquisition method of accounting, whereby identifiable assets acquired, and liabilities assumed, including contingent liabilities, are recognized at their fair values at the acquisition date. The acquisition date is the date at which the Company obtains control over the acquiree, which is generally the date that consideration is transferred, and the Company acquires the assets and assumes the liabilities of the acquiree.

It generally requires time to obtain the information necessary to identify and measure the assets acquired and liabilities assumed as of the acquisition date. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Company reports in its consolidated financial statements provisional amounts for the items for which the fair value measurement is incomplete. During the year from the acquisition date to the time the Company receives the relevant information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable (the "measurement period"), the Company will retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new relevant information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date, including recognizing additional assets or liabilities. The measurement period does not exceed one year from the acquisition date.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, the liabilities, including contingent consideration, incurred and payable by the Company to former owners of the acquiree and the equity interests issued by the Company. Acquisition-related costs, other than costs to issue debt or equity securities of the Company, are expensed as incurred.

At the acquisition date, non-controlling interests are recorded at their proportionate share of the fair value of identifiable net assets acquired. When the cost of the acquisition exceeds the fair value of the identifiable net assets acquired, the difference is recognized as goodwill.

The results of businesses acquired during the year are included in the consolidated financial statements from the date of acquisition.

##### ***Income taxes***

Income tax expense represents the sum of tax currently payable and deferred tax. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of each reporting period. Deferred income tax is provided using the liability method on temporary differences, at the end of each reporting period, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

## **Gold Royalty Corp.**

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

### **2. Basis of preparation and Significant accounting policies (continued)**

#### **2.4 Significant accounting policies (continued)**

##### ***Income taxes***

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of comprehensive loss.

## Gold Royalty Corp.

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

### 2. Basis of preparation and Significant accounting policies (continued)

#### 2.4 Significant accounting policies (continued)

##### Income taxes (continued)

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

##### Financial Instruments

Financial instruments are recognized in the consolidated statements of financial position on the trade date, being the date in which the Company becomes a party to the contractual provisions of the financial instrument. The Company's financial instruments consist of cash and cash equivalents, short-term and long-term investments, accounts receivable, accounts payable and accrued liabilities, lease obligation, government and bank loan, and derivative liabilities.

The Company determines the classification of financial assets at initial recognition. Short-term investments are equity instruments held for trading and are classified as fair value through profit and loss ("FVTPL"). Long-term investments in common shares are held for long-term strategic purposes and not for trading. The Company has made an irrevocable election to designate all these investments as fair value through other comprehensive income ("FVTOCI") in order to provide a more meaningful presentation based on management's intention, rather than reflecting changes in fair value in net income. Such investments are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized as a component of other comprehensive income under the classification of gain (loss) on revaluation of investments. Cumulative gains and losses are not subsequently reclassified to profit or loss. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or where the Company has opted to measure them at FVTPL.

All financial instruments are initially recorded at fair value and designated as follows:

<b>Financial Assets</b>	<b>Classification</b>
Cash and cash equivalents	Financial assets at amortized cost
Short-term investments	FVTPL
Accounts receivable	Financial assets at amortized cost
Long-term investments	FVTOCI

  

<b>Financial Liabilities</b>	<b>Classification</b>
Accounts payable and accrued liabilities	Financial liabilities at amortized cost
Lease obligation	Financial liabilities at amortized cost
Derivative liabilities	FVTPL
Government loan	Financial liabilities at amortized cost
Bank loan	Financial liabilities at amortized cost

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire. Financial liabilities are derecognized only when the Company's obligations are discharged, cancelled or otherwise expire. On derecognition, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability obtained) is recognized in profit or loss.

##### Share-based payments

###### Restricted Shares and Restricted Share Units

The fair values of restricted shares and time-based restricted share units ("RSUs") are measured at grant date and recognized over the period during which the restricted shares and RSUs vest. When restricted shares are conditional upon the achievement of a performance condition, the Company estimates the length of the expected vesting period at the grant date, based on the most likely outcome of the performance condition. The fair value of the restricted shares are determined based on the fair value of the common shares on the grant date, adjusted for minority shareholder discount, liquidity discount and other applicable factors that are generally recognized by market participants.

The fair values of restricted shares and RSUs are recognized as an expense over the vesting period based on the best available estimate of the number of restricted shares and RSUs expected to vest; that estimate will be revised if subsequent information indicates that the number of

**Gold Royalty Corp.**

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

**2. Basis of preparation and Significant accounting policies (continued)****2.4 Significant accounting policies (continued)****Share-based payments (continued)***Restricted Shares and Restricted Share Units (continued)*

restricted shares and RSUs expected to vest differs from previous estimates.

*Share Options*

The Company uses the Black-Scholes option-pricing model to determine the grant date fair value of share options. The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes, provides services that could be provided by a direct employee, or has authority and responsibility for planning, directing and controlling the activities of the Company, including non-executive directors. The fair value of share options is measured at the grant date and recognized over the period during which the options vest. Consideration received on the exercise of share options is recorded as issued capital and the related share-based compensation reserve is transferred to issued capital.

**Significant accounting policy judgments and sources of estimation uncertainty**

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

## **Gold Royalty Corp.**

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

### **2. Basis of preparation and Significant accounting policies (continued)**

#### **2.4 Significant accounting policies (continued)**

##### **Significant accounting policy judgments and sources of estimation uncertainty (continued)**

Management is required to make judgements in the application of the Company's accounting policies. The significant accounting policy judgements relevant to the current fiscal period are as follows:

- The assessment of impairment of royalty and other interests requires the use of judgments, assumptions and estimates when assessing whether there are any indicators that could give rise to the requirement to conduct a formal impairment test as well as in the assessment of fair values. When assessing whether there are indicators of impairment, management uses its judgment in evaluating the indicators such as significant changes in future commodity prices, discount rates, foreign exchange rates, taxes, operator reserve and resource estimates or other relevant information received from the operators that indicates production from royalty interests may be deferred, will not likely occur or may be significantly reduced in the future.
- The Company's business is the acquisition of royalties through direct royalty asset acquisition or business combinations. Each royalty has its own unique terms and judgment is required to assess the appropriate accounting treatment. The assessment of whether an acquisition meets the definition of a business or whether assets are acquired is an area of judgment. In evaluating whether a transaction is a business combination management must consider if the acquired assets or entities encompass an integrated set of activities and assets that is capable of being conducted and managed for the purpose of generating income. Additionally, an optional asset concentration test may be applied. If deemed to be a business combination, applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition date fair value. The excess, if any, of the fair value of the consideration over the fair value of the net identifiable assets acquired is recognized as goodwill.
- The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve judgment 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 determine the primary economic environment.

Information about significant sources of estimation uncertainty are described below.

- The Company estimates the attributable reserves and resources relating to the mineral properties underlying the royalties that are held by the Company. Reserves and resources are estimates of the amount of minerals that can be economically and legally extracted from the mining properties in which the Company has royalty interests, adjusted where applicable to reflect the Company's percentage entitlement to minerals produced from such mines. The public disclosures of reserves and resources that are released by the operators of the interests involve assessments of geological and geophysical studies and economic data and the reliance on a number of assumptions, including commodity prices and production costs. The estimates of reserves and resources may change based on additional knowledge gained subsequent to the initial assessment. Changes in the reserve or resource estimates may impact the depletion calculation and carrying value of the Company's royalty interests.

### **3. Acquisitions of Ely, Golden Valley and Abitibi**

#### **Acquisition of Ely**

On August 23, 2021, the Company completed the acquisition of all of the outstanding common shares Ely (the "Ely Shares") by way of a statutory plan of arrangement under the Business Corporations Act (British Columbia). The Company issued 30,902,176 GRC Shares and paid \$65 million (C\$84 million) in cash. Each of the 15,946,732 warrants to purchase Ely Shares (an "Ely Warrant") that were outstanding immediately prior to the effective time represent the right to acquire, on valid exercise thereof (including payment of the applicable exercise price), 0.2450 of a GRC Share plus C\$0.0001.

**Gold Royalty Corp.**

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

**Acquisitions of Ely, Golden Valley and Abitibi (continued)***Acquisition of Ely (continued)*

The Ely Warrants are exercisable into 3,906,949 of GRC Shares with no change in the aggregate underlying exercise price denominated in Canadian dollar. The estimated total value for the Ely Warrants of \$5,641 at the closing date is included in total consideration, of which \$2,603 is classified as equity in accordance with IFRS 2 *Share-based Payment* and presented in reserve and \$3,038 is classified as derivative liabilities in accordance with IAS 32 *Financial Instruments: Presentation* because they are denominated in Canadian dollars, which differs from the Company's functional currency. The change in fair value on the warrant derivative liabilities has been recorded as change in fair value of derivative liability in the consolidated statements of comprehensive loss.

The following table summarizes the fair value of the consideration paid and the fair values of the assets acquired, and liabilities assumed on the closing date:

	(\$)
<b>Consideration paid</b>	
Cash paid to Ely shareholders <sup>(1)</sup>	65,016
GRC Shares issued to Ely shareholders <sup>(1)</sup>	130,194
15,946,732 Ely Warrants deemed to be exchanged for GRC Shares	5,641
<b>Total consideration</b>	<b>200,851</b>
<b>Allocation of consideration</b>	
Cash and cash equivalents	6,769
Short-term investments	1,291
Accounts receivable	262
Prepaid and other receivables	193
Reclamation bond	22
Property, plant & equipment	48
Royalties and other mineral interests	238,864
Accounts payable and accrued liabilities	(3,847)
Lease obligation	(51)
Deferred income tax liability	(42,700)
<b>Net assets acquired</b>	<b>200,851</b>

<sup>(1)</sup> Consideration excludes a portion of cash (\$330) and share (\$213) consideration representing the excess of the value of consideration over the intrinsic value of Ely's share options outstanding prior to the closing date. Such excess is recorded as share-based compensation in the consolidated statements of comprehensive loss on the closing date.

The GRC shares issued to Ely shareholders were measured based on a share price of \$4.22, the share price of GRC immediately prior to the closing of the transaction. The fair value of the Ely Warrants at the time of the acquisition was estimated based on the Black-Scholes option pricing model using the following weighted average assumptions: risk-free interest rate of 0.40%, expected life of the Ely Warrant of 1.91 years, expected volatility of 37%, expected dividend yield of 0% and estimated forfeiture rate of 0%. The weighted average fair value of the Ely Warrants deemed to be exchanged on the closing date was \$0.35 per Ely Warrant.

## **Gold Royalty Corp.**

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

### **3. Acquisitions of Ely, Golden Valley and Abitibi (continued)**

#### *Acquisitions of Ely (continued)*

The fair value of short-term investments acquired was estimated using their quoted market prices. The fair values of producing and development stage royalties were estimated using discounted cash flow models. Expected future cash flows used to estimate the fair value of these royalties are based on estimates of future gold prices, projected future production, estimated quantities of mineral reserves and resources, expected future production costs, and discount rates at the closing date. The fair values of exploration stage royalties were estimated using a market approach based on comparable market transactions. The fair value of receivables and payables are equal to their gross contractual amounts at the closing date.

Transaction costs of \$2.9 million were expensed in the consolidated statements of comprehensive loss and included advisory and consulting fees of \$1.9 million and legal and other professional fees of \$1.0 million. On closing date, the Company recognized share-based compensation of \$543, of which \$330 was paid from the cash consideration and \$213 was paid from the share consideration, representing the excess of consideration given to Ely share option holders over the intrinsic value of options to purchase Ely Shares outstanding immediately prior to the closing date. The intrinsic value of Ely's share options was determined based on Ely's share price on the last trading day prior to the closing date. The difference between the intrinsic value and the value of the cash consideration and GRC Shares that the Ely Shares were exchanged for, has been treated as share-based compensation expense.

#### *Acquisitions of Golden Valley and Abitibi*

On November 5, 2021, the Company completed business combinations with Golden Valley and Abitibi by way of statutory plans of arrangement (the "Arrangements"). Pursuant to the Arrangements, the Company acquired all the issued and outstanding Golden Valley and Abitibi common shares, whereby:

- GRC issued 2.1417 GRC Shares to Golden Valley shareholders for each Golden Valley common share; and
- GRC issued 4.6119 GRC Shares to Abitibi shareholders for each Abitibi common share.

The total consideration paid by the Company to holders of Golden Valley and Abitibi shares on the closing date consisted of an aggregate of 61,104,200 GRC Shares. Additionally, pursuant to the Golden Valley Arrangement, each of its 1,166,389 options that were outstanding immediately prior to the effective time were exchanged for 2,498,045 options to purchase GRC Shares.

Based on the GRC share price, GRC Shares issued, and the fair value of GRC share options issued in exchange for Golden Valley options, the total consideration for the acquisition was \$305,957. The Company also incurred consulting fees payable to financial advisors of approximately \$3 million. On the closing date, the total amount of cash and marketable securities acquired by the Company was \$34,922. The Company began consolidating the operating results, cash flows and net assets of Golden Valley and Abitibi beginning on November 5, 2021.

On completion of the transaction, the Company acquired royalties, included, among other things:

- Four royalties (1.5% net smelter return ("NSR"), 2% NSR, 3% NSR, 15% Net Profit Interest ("NPI")) on portions of the Canadian Malartic Property; and
- A royalty (2.5% to 4.0% NSR) on Cheechoo, proximate to Newmont Corporation's Éléonore Mine in Québec.



**Gold Royalty Corp.**

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

**3. Acquisitions of Ely, Golden Valley and Abitibi (continued)***Acquisitions of Golden Valley and Abitibi (continued)*

The following table summarizes the fair value of the consideration paid and the fair values of the assets acquired, and liabilities assumed on the closing date:

	(\$)
<b>Consideration paid</b>	
GRC Shares issued to Abitibi and Golden Valley Shareholders	296,966
1,166,389 Golden Valley share options deemed to be exchanged for GRC share options	8,991
Total consideration	<u>305,957</u>
<b>Allocation of consideration</b>	
Cash and cash equivalents	10,393
Restricted cash	1,815
Short-term investments	23,360
Prepaid and other receivables	2,756
Royalties and other mineral interests	366,102
Investment in associate	1,360
Accounts payable and accrued liabilities	(5,561)
Derivative liabilities	(691)
Government loan	(48)
Deferred income tax liability	(93,529)
Net assets acquired	<u><u>305,957</u></u>

The fair value of short-term investments and investment in associates was estimated based on quoted market prices. The fair value of derivative liabilities was estimated based on quoted market prices of the put and call option contracts (Note 10). The fair values of producing and development stage royalties were estimated using discounted cash flow models. Expected future cash flows used to estimate the fair value of these royalties are based on estimates of future gold prices, projected future production, estimated quantities of mineral reserves and resources, expected future production costs, and discount rates at the closing date. The fair values of exploration stage royalties were estimated using a market approach based on comparable market transactions. The fair value of receivables and payables are equal to their gross contractual amounts at the closing date. The fair value of the option has been estimated based on the Black-Scholes option pricing model using the following weighted average assumptions: risk-free interest rate of 0.40%, expected life of 4.1 years, expected volatility of 37%, expected dividend yield of 0% and estimated forfeiture rate of 0%.

**Gold Royalty Corp.**

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

**4. Short-term investments**

	(\$)
<b>Balance at September 30, 2020</b>	—
Acquisition of marketable securities in merger with Ely	1,291
Fair value change due to price change	(168)
Fair value change due to foreign exchange	(5)
<b>Balance at September 30, 2021</b>	1,118
Acquisition of Golden Valley and Abitibi	23,360
Addition	949
Dispositions	(17,659)
Fair value change due to price change	(619)
Fair value change due to foreign exchange	50
<b>Balance at September 30, 2022</b>	7,199
Addition	112
Dispositions	(4,531)
Fair value change due to price change	481
Fair value change due to foreign exchange	579
<b>Balance at December 31, 2022</b>	3,840

During the three months ended December 31, 2022, the Company received shares from various optionees totaling \$68 as property option payments and disposed of a portion of the short-term investments acquired through the acquisition Abitibi.

During the year ended September 30, 2022, the Company acquired 1,666,667 units of Monarch Mining Corporation ("Monarch") at a price of C\$0.60 per unit for \$799 (C\$1 million). Each unit consists of one common share of Monarch and one transferable common share purchase warrant, with each warrant entitling the holder to acquire an additional common share for C\$0.95 for a period of 60 months following the date of issuance thereof.

The fair values of marketable securities disposed of during the three months ended December 31, 2022, and year ended September 30, 2022 were \$4,531 and \$17,659, respectively.

**Gold Royalty Corp.**

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

**5. Royalty and other mineral interests**

	(\$)
<b>Balance at September 30, 2020</b>	—
Additions	25,496
Acquisition of Ely (Note 3)	238,864
Depletion	(164)
Foreign currency translation	379
Property option payment received	(30)
<b>Balance at September 30, 2021</b>	264,545
Additions	45,008
Disposal	(10)
Acquisition of Golden Valley & Abitibi (Note 3)	366,102
Depletion	(1,756)
Property option payment received	(1,780)
Impairment	(3,821)
<b>Balance at September 30, 2022</b>	668,288
Additions	57
Disposal	(76)
Depletion	(216)
Property option payment received	(549)
<b>Balance at December 31, 2022</b>	667,504

Property option payments received during the three months ended December 31, 2022 is \$648, of which \$549 was deducted from royalties and other mineral interests and \$99 is presented in revenue. Of the payments received, \$68 was settled by receipt of marketable securities. \$641 of the option payments received during the three months ended December 31, 2022 were generated from assets located in the U.S.A.

Option payments received during the year ended September 30, 2022 is \$2,230, of which \$1,780 is deducted from royalties and other mineral interests and \$450 is presented as revenue. Of the payments received, \$150 is settled by receipts of marketable securities. All option payments received during the year ended September 30, 2022 were generated from assets located in the U.S.A.

## Gold Royalty Corp.

### Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

### 5. Royalty and other mineral interests (continued)

	Cost			Accumulated Depletion			Others			Carrying Amount
	September 30, 2022 (\$)	Additions (\$)	December 31, 2022 (\$)	September 30, 2022 (\$)	Depletion (\$)	December 31, 2022 (\$)	Disposition (\$)	Option payments (\$)	Total (\$)	December 31, 2022 (\$)
Beaufor	1,235	—	1,235	—	—	—	—	—	—	1,235
Borden	3,889	—	3,889	(539)	(47)	(586)	—	—	—	3,303
Cheechoo	12,640	—	12,640	—	—	—	—	—	—	12,640
Côté	16,132	—	16,132	—	—	—	—	—	—	16,132
Croinor	5,779	—	5,779	—	—	—	—	—	—	5,779
Fenelon	41,553	—	41,553	—	—	—	—	—	—	41,553
Gold Rock	3,275	—	3,275	—	—	—	—	—	—	3,275
Granite Creek	21,768	—	21,768	—	—	—	—	—	—	21,768
Hog Ranch	12,879	—	12,879	—	—	—	—	—	—	12,879
Jerritt Canyon	8,921	—	8,921	(528)	(21)	(549)	—	—	—	8,372
Lincoln Hill	5,421	—	5,421	—	—	—	—	—	—	5,421
Malartic	318,393	—	318,393	(691)	(126)	(817)	—	—	—	317,576
Marigold	1,261	—	1,261	(84)	—	(84)	—	—	—	1,177
McKenzie Break	4,301	—	4,301	—	—	—	—	—	—	4,301
Railroad-Pinion	3,032	—	3,032	—	—	—	—	—	—	3,032
REN (Net Profit Interest)	21,017	—	21,017	—	—	—	—	—	—	21,017
REN (Net Smelter Return)	42,921	—	42,921	—	—	—	—	—	—	42,921
São Jorge	2,274	—	2,274	—	—	—	—	—	—	2,274
Titiribi	3,010	—	3,010	—	—	—	—	—	—	3,010
Whistler	2,575	—	2,575	—	—	—	—	—	—	2,575
Yellowknife	1,870	—	1,870	—	—	—	—	—	—	1,870
Others	136,062	57	136,119	(78)	(22)	(100)	(76)	(549)	(625)	135,394
<b>Total <sup>(1)</sup></b>	<b>670,208</b>	<b>57</b>	<b>670,265</b>	<b>(1,920)</b>	<b>(216)</b>	<b>(2,136)</b>	<b>(76)</b>	<b>(549)</b>	<b>(625)</b>	<b>667,504</b>

<sup>(1)</sup> Royalty and other mineral interests include non-depletable assets of \$479,494 and depletable assets of \$188,010.

**Gold Royalty Corp.**

## Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

**5. Royalty and other mineral interests (continued)**

	Cost			Accumulated Depletion			Others					Carrying Amount
	September 30, 2021 (\$)	Additions (\$)	September 30, 2022 (\$)	October 1, 2021 (\$)	Depletion (\$)	September 30, 2022 (\$)	Transfer (\$)	Disposal (\$)	Impairment (\$)	Option payments (\$)	Total (\$)	September 30, 2022 (\$)
Beaufor	1,235	—	1,235	—	—	—	—	—	—	—	—	1,235
Borden	1,108	2,781	3,889	—	(539)	(539)	—	—	—	—	—	3,350
Cheechoo	—	12,640	12,640	—	—	—	—	—	—	—	—	12,640
Côté	—	16,132	16,132	—	—	—	—	—	—	—	—	16,132
Croinor	5,330	449	5,779	—	—	—	—	—	—	—	—	5,779
Fenelon	41,553	—	41,553	—	—	—	—	—	—	—	—	41,553
Gold Rock	3,275	—	3,275	—	—	—	—	—	—	—	—	3,275
Granite Creek	—	21,768	21,768	—	—	—	—	—	—	—	—	21,768
Hog Ranch	12,879	—	12,879	—	—	—	—	—	—	—	—	12,879
Jerritt Canyon	8,921	—	8,921	(74)	(454)	(528)	—	—	—	—	—	8,393
Lincoln Hill	5,289	—	5,289	—	—	—	132	—	—	—	132	5,421
Malartic	—	318,393	318,393	—	(691)	(691)	—	—	—	—	—	317,702
Marigold	1,261	—	1,261	(84)	—	(84)	—	—	—	—	—	1,177
McKenzie Break	4,010	291	4,301	—	—	—	—	—	—	—	—	4,301
Railroad-Pinion	3,032	—	3,032	—	—	—	—	—	—	—	—	3,032
Rawhide	3,821	—	3,821	—	—	—	—	—	(3,821)	—	(3,821)	—
REN (Net Profit Interest)	21,017	—	21,017	—	—	—	—	—	—	—	—	21,017
REN (Net Smelter Return)	42,365	—	42,365	—	—	—	556	—	—	—	556	42,921
São Jorge	2,274	—	2,274	—	—	—	—	—	—	—	—	2,274
Titiribi	3,010	—	3,010	—	—	—	—	—	—	—	—	3,010
Whistler	2,575	—	2,575	—	—	—	—	—	—	—	—	2,575
Yellowknife	1,870	—	1,870	—	—	—	—	—	—	—	—	1,870
Others	99,884	38,656	138,540	(6)	(72)	(78)	(688)	(10)	—	(1,780)	(2,478)	135,984
<b>Total <sup>(1)</sup></b>	<b>264,709</b>	<b>411,110</b>	<b>675,819</b>	<b>(164)</b>	<b>(1,756)</b>	<b>(1,920)</b>	<b>—</b>	<b>(10)</b>	<b>(3,821)</b>	<b>(1,780)</b>	<b>(5,611)</b>	<b>668,288</b>

<sup>(1)</sup> Royalty and other mineral interests include non-depletable assets of \$480,085 and depletable assets of \$188,203.

## Gold Royalty Corp.

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021  
(Expressed in thousands of United States dollars unless otherwise stated)

### 5. Royalty and other mineral interests (continued)

The following is a summary of selected royalties own by the Company as at December 31, 2022:

Asset	Interest	Jurisdiction
<b>Producing</b>		
Borden Mine <sup>(1)</sup>	0.5% NSR	Ontario, Canada
Canadian Malartic Property (open pit) <sup>(1)</sup>	2.0% – 3.0% NSR	Québec, Canada
Jerritt Canyon Mine	0.5% NSR	Nevada, USA
Jerritt Canyon Mine (Per Ton Royalty)	\$0.15 – \$0.40 Per Ton Royalty	Nevada, USA
Marigold Mine <sup>(1)</sup>	0.75% NSR	Nevada, USA
Granite Creek	10% NPI	Nevada, USA
Isabella Pearl Mine <sup>(1)</sup>	0.375% Gross Revenue Royalty	Nevada, USA
<b>Key Developing</b>		
Beaufor Mine	1.0% NSR	Québec, Canada
Beaufor-Beacon Mill (Per Tonne Royalty (“PTR”))	C\$1.25 – C\$3.75 PTR	Québec, Canada
Côté Gold Project <sup>(1)</sup>	0.75% NSR	Ontario, Canada
Fenelon Gold Property	2.0% NSR	Québec, Canada
Gold Rock Project	0.5% NSR	Nevada, USA
Hog Ranch Project	2.25% NSR	Nevada, USA
La Mina Project	2.0% NSR	Colombia
Lincoln Hill Project	2.0% NSR	Nevada, USA
Canadian Malartic - Odyssey Project <sup>(1)</sup> (underground)	3.0% NSR	Québec, Canada
Railroad-Pinion Project <sup>(1)</sup>	0.44% NSR	Nevada, USA
REN - Carline Mines	1.5% NSR	Nevada, USA
REN - Carline Mines (NPI)	3.5% NPI	Nevada, USA
São Jorge Project	1.0% NSR	Brazil
Sleeper Project	0.33% NSR	Nevada, USA

Note:

<sup>(1)</sup> Royalty applies to only a portion of the property.

### Val d'Or Mining Royalties and Strategic Alliance

On December 1, 2022, through our subsidiaries, we entered into an agreement (the "**VZZ Agreement**") with Val d'Or Mining Corporation ("**VZZ**"), whereby, among other things, our subsidiary Golden Valley Mines and Royalties Ltd. ("**Golden Valley**") would transfer to VZZ interests in 12 prospective properties held by it with a carrying value of \$321 in exchange for royalties thereon. The subject properties are located in Québec and Ontario. The transactions under the VZZ Agreement were completed in January 2023, pursuant to which Golden Valley:

- divested certain mineral rights and other interests to VZZ and retained a 0.5% to 1.0% NSR royalty on the following properties located in Québec and Ontario: Bogside, Bogside NW, Cheechoo B East, Island 27, Matachewan, Munro, North Contact, Recession Larder, Riverside, Sharks, Smokehead and Titanic;
- assigned to VZZ certain mineral rights and interests under an option agreement with Eldorado Gold (Québec) Inc. and retained a 1.5% NSR royalty on the Claw Lake, Cook Lake and Murdoch Creek properties in Ontario and the Perestroika Prospect in Québec; and
- retained a right of first refusal on any royalty or similar interest that VZZ intends to sell, transfer or otherwise dispose of. Such right of first refusal is subject to our and our affiliates holding at least 10% of the outstanding common shares of VZZ. As of the date of this Transition Report, we own 35% of the outstanding common shares of VZZ.

### Côté Gold Project

On March 1, 2022, the Company completed the acquisition of an existing 0.75% NSR royalty on a portion of the Côté Gold Project, located in Ontario Canada, and owned by IAMGOLD Corporation, as the operator, and Sumitomo Metal Mining Co., Ltd. The Company paid a total consideration of \$15,832 at closing which comprised of \$15,000 in cash and the issuance of 207,449 GRC Shares with fair value of \$832.

## **Gold Royalty Corp.**

Notes to Consolidated Financial Statements

(Expressed in thousands of United States dollars unless otherwise stated)

### **5. Royalty and other mineral interests (continued)**

#### ***Côte Gold Project (continued)***

In addition, the Company issued an additional 50,000 GRC Shares to third parties in connection with certain acknowledgement in connection with the transaction.

#### ***Nevada Gold Mines***

On September 27, 2022, the Company completed the acquisition from Nevada Gold Mines LLC ("NGM"), a joint venture between Barrick Gold Corporation and Newmont Corporation, of a royalty portfolio consisting of:

- a 10% NPI royalty on Granite Creek Mine operated by i-80 Gold Corp., payable after 120,000 oz of gold or equivalent is cumulatively produced from the project;
- a 2.0% NSR royalty on the Bald Mountain Mine operated by Kinross Gold Corporation ("Kinross"), payable after 10 million ounces of gold have been produced from the properties; and
- a 1.25% NSR on the Bald Mountain Joint Venture Zone also operated by Kinross.

The purchase consideration was satisfied by the issuance of 9,393,681 GRC Shares to NGM with fair value of \$21,512 at closing.

#### ***Eldorado Project***

On January 14, 2022, Nevada Select Royalty, Inc., a wholly owned subsidiary of the Company, granted an option to a third party to purchase 100% of its right, title, and interest in its Eldorado Project for a 3.0% NSR and \$2,000 cash payments, of which \$75 has been received. The balance of the cash payments is due as follows:

- \$125 on or before January 14, 2023.
- \$400 on or before January 14, 2024 and January 14, 2025 and;
- \$500 on or before January 14, 2026 and January 14, 2027.

The option will be in effect during the term of the agreement from the grant date to the first to occur of (a) the exercise of the option, (b) the termination of this option agreement, or (c) 5 years from January 14, 2022.

#### ***Monarch Mining Projects***

On July 23, 2021, the Company entered into a definitive agreement with Monarch Mining Corporation ("Monarch") to acquire a portfolio of gold royalty interests, including a C\$2.50 per tonne royalty on material processed through Monarch's Beacon mill originating from the Beaufor mine operations, a 2.5% NSR on each of Monarch's Croinor Gold, McKenzie Break and Swanson properties, and a 1% NSR on Monarch's Beaufor property. The consideration was approximately \$12 million (C\$15 million), of which approximately \$9 million (C\$11.25 million) was paid on closing and approximately \$3 million (C\$3.75 million) is payable upon the 6-month anniversary of closing. Monarch has the right to repurchase a 1.25% NSR on each of the Croinor Gold, McKenzie Break and Swanson properties for C\$2 million per property. Such rights may only be exercised by Monarch for a period of 30 days after December 31, 2027 after the gold price as quoted by the London Bullion Market exceeds \$2,000 per ounce continuously for 30 consecutive days.

On April 6, 2022, the Company completed a royalty financing transaction with Monarch. Pursuant to the definitive agreement, the Company provided \$3,587 (C\$4.5 million) in additional royalty financing to Monarch in exchange for increasing the rate on the Company's existing royalties and provided an additional \$799 (C\$1 million) in equity financing to Monarch by participating in its marketed private placement (Note 5). Pursuant to the definitive agreement, among other things:

- the existing C\$2.50 PTR on material from the Beaufor Mine through the Beacon Mill is increased to C\$3.75 per tonne on material from the Beaufor Mine and C\$1.25 per tonne on material from the McKenzie Break, Croinor Gold, and Swanson properties;
- the existing 2.50% NSR royalties on Monarch's McKenzie Break, Croinor Gold, and Swanson properties is increased to a 2.75% NSR over the properties;
- Monarch's existing 1.25% NSR royalty buyback rights on the McKenzie Break, Croinor Gold, and Swanson properties is extinguished; and
- the Company retains pre-emptive rights on any future PTRs on the Beacon Mill and retains a right of first refusal on the creation of any additional NSR properties over the McKenzie Break, Croinor Gold, and Swanson properties.

## **Gold Royalty Corp.**

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

### **5. Royalty and other mineral interests (continued)**

#### ***Monarch Mining Projects (continued)***

On September 27, 2022, Monarch announced that it had suspended its operations at the Beaufor Mine due to financial and operational challenges. Monarch further disclosed that the mine has been put on care and maintenance for an undetermined period. Monarch has not disclosed the timing or plans for a potential restart of the mine. The Company considered the suspension of operations at the Beaufor Mine an indicator of impairment as at September 30, 2022 and conducted an impairment analysis to estimate the recoverable amount at that time. No impairment charge was recorded as a result of this assessment. As at September 30, 2022, the carrying values of royalties held at the Beaufor Mine totaled \$4,712.

#### ***Rawhide***

During the year ended September 30, 2022, mining operations at the Rawhide mine were suspended due to working capital constraints. Accordingly, the Company recognized an impairment charge of \$3,821 on the Rawhide royalty.

#### ***GoldMining Projects***

On November 27, 2020, the Company entered into a royalty purchase agreement with GoldMining, the Company's former parent, pursuant to which GoldMining caused its applicable subsidiaries to create and issue to the Company NSR royalties ranging from 0.5% to 2.0% on 17 gold properties and transfer to the Company certain buyback rights held by its subsidiaries. The purchase consideration with a fair value of \$13,076 was satisfied by the issuance of 15,000,000 GRC Shares.

#### ***Jerritt Canyon***

On March 20, 2023, First Majestic announced it is temporarily suspending all mining activities and reducing its workforce at Jerritt Canyon effective immediately. During the suspension, First Majestic announced the intention to process aboveground stockpiles through the plant and continue exploration activities throughout 2023.

The Company considered the temporary suspension of mining activities to be an indicator of impairment and conducted an impairment analysis as of December 31, 2022 to estimate the recoverable amount of its royalty assets. A fair value less cost of disposal test was performed using a discounted cash flow model and the following assumptions: consensus average gold prices of \$1,688 over the longer term, resumption of production at the mine in 2025 and a post-tax real discount rate of 5%. As at December 31, 2022, the carrying value of the Jerritt Canyon mine royalties totaled \$8,393. The Company concluded that the recoverable amount exceeded the carrying value of the royalties and no impairment charge was recorded.

### **6. Long-term investment**

As at December 31, 2022, long-term investment includes a \$1,587 (C\$2 million) (September 30, 2022: \$1,587 (C\$2 million) investment for a 12.5% equity interest in Prospector Royalty Corp. ("PRC"). PRC is a private company that provides the Company preferred access to a proprietary, extensive and digitized royalty database. In conjunction with the investment, the Company has entered into a royalty referral arrangement with PRC, which will provide the Company with the opportunity to acquire certain royalties identified by PRC.

### **7. Investment in associate**

The Company acquired 25,687,444 common shares of Val-d'Or Mining Corporation ("VZZ") as part of the acquisition of Golden Valley. On March 18, 2022, the Company participated in the VZZ private placement offering and acquired 3,277,606 units at a price of C\$0.16 per unit. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable for the purchase of one common share of VZZ at a per share price of C\$0.20 until March 18, 2024. As at December 31, 2022, the Company has a 35.59% equity interest in VZZ.



## Gold Royalty Corp.

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

### 7. Investment in associate (continued)

The following table summarizes the changes to the Company's investment as at December 31, 2022:

	(\$)
<b>Balance at September 30, 2021</b>	—
Acquisition of Golden Valley	1,360
Addition	409
Share of loss in associate	(296)
Dilution gain	100
Translation gain	(144)
<b>Balance at September 30, 2022</b>	1,429
Share of loss in associate	1
Translation gain	29
<b>Balance at December 31, 2022</b>	1,459

### 8. Derivative liabilities

The Company acquired put and call options on certain short-term investments as part of the acquisition of Abitibi. These put and call options were classified as derivative liabilities in accordance with IAS 32 *Financial Instruments: Presentation*. At each reporting date, the change in fair value is recognized in the consolidated statements of comprehensive loss. On the closing of the business combination, the fair value of these put and call options was \$691.

During the three months ended December 31, 2022, a fair value loss of \$16 was recorded in change in fair value of derivative liabilities in the consolidated statements of comprehensive loss.

As at December 31, 2022, each of the 8,849,251 warrants to purchase common shares of Ely (an "Ely Warrant") that were outstanding represent the right to acquire, on valid exercise thereof (include payment of the applicable exercise price), 0.2450 of a GRC Share plus C\$0.0001. The Ely Warrants were classified as derivative liabilities in accordance with IAS 32 *Financial Instruments: Presentation* as they are denominated in Canadian dollars, which differs from the Company's functional currency. The fair value of such Ely Warrants is remeasured on the reporting date and the change in fair value is recognized in the consolidated statements of comprehensive loss.

As at December 31, 2022, the fair value of the Ely Warrants has been estimated based on the Black-Scholes option pricing model using the following weighted average assumptions: risk-free interest rate of 4.02%, expected life of the Ely Warrant of 0.39 years, expected volatility of 41%, expected dividend yield of 0% and estimated forfeiture rate of 0%. The Company recorded a fair value gain on the warrant derivative liabilities of \$294 in change in fair value of derivative liabilities in the consolidated statements of comprehensive loss for the year ended December 31, 2022.

As at September 30, 2022, each of the 8,849,251 warrants to purchase common shares of Ely (an "Ely Warrant") that were outstanding represent the right to acquire, on valid exercise thereof (include payment of the applicable exercise price), 0.2450 of a GRC Share plus C\$0.0001. The Ely Warrants were classified as derivative liabilities in accordance with IAS 32 *Financial Instruments: Presentation* as they are denominated in Canadian dollars, which differs from the Company's functional currency. The fair value of such Ely Warrants is remeasured on the reporting date and the change in fair value is recognized in the consolidated statements of comprehensive loss.

As at September 30, 2022, the fair value of the Ely Warrants has been estimated based on the Black-Scholes option pricing model using the following weighted average assumptions: risk-free interest rate of 3.75%, expected life of the Ely Warrant of 0.64 years, expected volatility of 40%, expected dividend yield of 0% and estimated forfeiture rate of 0%. The Company recorded a fair value gain on the warrant derivative liabilities of \$3,999 in change in fair value of derivative liabilities in the consolidated statements of comprehensive loss for the year ended September 30, 2022.

As at September 30, 2021, the fair value of the Ely Warrants has been estimated based on the Black-Scholes option pricing model using the following weighted average assumptions: risk-free interest rate of 0.23%, expected life of the Ely Warrant of 1.64 years, expected volatility of 43%, expected dividend yield of 0% and estimated forfeiture rate of 0%. The Company recorded a fair value loss on the warrant derivative liabilities of \$1,511 in change in fair value of derivative liabilities in the consolidated statements of comprehensive loss for the year ended September 30, 2021.

## Gold Royalty Corp.

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

### 8. Derivative liabilities (continued)

The movement in derivative liabilities is as follows:

	(\$)
<b>Balance at September 30, 2020</b>	—
Acquisition of Ely (Note 3)	3,038
Change in fair value during the year	1,511
<b>Balance at September 30, 2021</b>	4,549
Acquisition of Abitibi (Note 3)	691
Exercise of Ely warrants	(124)
Change in fair value during the year	(4,588)
<b>Balance at September 30, 2022</b>	528
Repurchase of Abitibi call options	(8)
Change in fair value during the period	(278)
<b>Balance at December 31, 2022</b>	242

### 9. Bank loan

On January 24, 2022, the Company entered into a definitive credit agreement with the Bank of Montreal providing for a \$10,000 secured revolving credit facility (the "Facility"), that includes an accordion feature providing for an additional \$15,000 of availability (the "Accordion"), subject to certain conditions. The Facility, secured against certain assets of the Company, is available for general corporate purposes, acquisitions, and investments subject to certain limitations. Amounts drawn on the Facility bear interest at a rate determined by reference to the U.S. dollar Base Rate plus a margin of 3.00% per annum or Adjusted Term SOFR Rate plus a margin of 4.00% per annum, as applicable, and the undrawn portion is subject to a standby fee of 0.90% per annum. The Adjusted Term SOFR Rate shall mean on any day the Term SOFR Reference Rate as published by the Term SOFR Administrator for the tenor comparable to the applicable interest period, plus certain credit spread adjustments. On September 14, 2022, the Company and Bank of Montreal agreed to extend the maturity date of the Facility from March 31, 2023 to March 31, 2025. The exercise of the Accordion is subject to certain additional conditions and the satisfaction of financial covenants.

The following outlines the movement of the bank loan during year ended December 31, 2022:

	(\$)
<b>Balance at September 30, 2021</b>	—
Draw-down	10,000
Less: transaction costs and fees	(597)
Gain on loan modification	(316)
Interest expense	617
Interest paid	(342)
<b>Balance at September 30, 2022</b>	9,362
Interest expense	279
Interest paid	(193)
<b>Balance at December 31, 2022</b>	9,448

On February 13, 2023, the Company announced an amended and restated credit agreement with the Bank of Montreal and the National Bank of Canada to expand its existing secured revolving credit facility (Note 17).

**Gold Royalty Corp.**

## Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

**10. Income taxes**

The Company had no assessable profit for the three months ended December 31, 2022 and the year ended September 30, 2022. A reconciliation of the provision for income taxes computed at the combined Canadian federal and provincial statutory rate to the provision for income taxes as shown in the statements of comprehensive loss is as follows:

	Three months ended December 31, 2022 (\$)	Year ended September 30, 2022 (\$)	Year ended September 30, 2021 (\$)
Net loss before income taxes	(2,639)	(17,361)	(15,006)
Canadian federal and provincial income tax rates	27%	27%	27%
Income tax recovery based on Canadian federal and provincial income tax rates	(713)	(4,687)	(4,052)
<b>Reconciling items:</b>			
Difference in foreign tax rates	12	210	6
Deferred tax assets (not recognized) recognized	(52)	3,282	2,507
Stock-based compensation	291	849	751
Non-taxable dividends	(5)	(106)	—
Fair value change in warrant liability	(79)	(1,080)	408
Tax rate difference on fair value change in marketable securities	(137)	12	—
Permanent difference and others	248	1,505	380
	<u>(435)</u>	<u>(15)</u>	<u>—</u>

**Gold Royalty Corp.**

## Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

**10. Income taxes (continued)**

The significant components of deferred income tax assets and liabilities were as follows:

	Three months ended December 31, 2022 (\$)	Year ended September 30, 2022 (\$)	Year ended September 30, 2021 (\$)
<b>Deferred tax assets and (liabilities):</b>			
Non-capital losses	1,396	897	591
Capital losses	63	63	—
Marketable securities	(63)	19	4
Undeducted financing fees	74	86	114
Other deferred tax assets	94	80	192
Royalty assets	(136,261)	(136,241)	(41,762)
Mineral and royalty interests	—	—	(1,635)
Other deferred tax liabilities	(391)	(427)	(204)
	<u>(135,088)</u>	<u>(135,523)</u>	<u>(42,700)</u>

At December 31, 2022, September 30, 2022 and 2021, deductible temporary differences for which no deferred tax assets are recognized are below:

	Three months ended December 31, 2022 (\$)	Year ended September 30, 2022 (\$)	Year ended September 30, 2021 (\$)
<b>Deducted temporary differences are recognized:</b>			
Non-capital losses	22,652	22,386	9,341
Marketable securities	2,503	2,704	759
Other deferred tax assets	3,853	4,294	1
	<u>29,008</u>	<u>29,384</u>	<u>10,101</u>

The deferred tax assets have not been recognized in the consolidated financial statements, as the Company does not consider it more likely than not that those assets will be realized in the future. As of December 31, 2022, the Company had Canadian net operating loss carryforwards of \$26,780 which expire between 2039 and 2042. As of December 31, 2022, there are U.S. net operating loss carryforwards of \$1,232, of which \$1,071 expire between 2034 and 2036 and the remainder may be carried forward indefinitely.

## **Gold Royalty Corp.**

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

### **11. Issued capital**

#### ***11.1 Common Shares***

The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of preferred shares issuable in series without par value.

On October 16, 2020, GoldMining, the Company's former parent, subscribed for 5,000,000 GRC Shares for cash of \$50. On December 4, 2020, the Company completed a private placement of 1,325,000 GRC Shares for gross proceeds of \$2,849.

On March 11, 2021, the Company completed its initial public offering and issued 18,000,000 units at a price of \$5.00 per unit for gross proceeds of \$90,000. Each unit consisted of one GRC Share and one half of a common share purchase warrant, and each common share purchase warrant entitles the holder to acquire a GRC Share at a price of \$7.50 per share until March 11, 2024. Further, the underwriters exercised the over-allotment option to purchase 721,347 additional GRC shares for gross proceeds of \$3,603 and 1,350,000 additional common share purchase warrants for gross proceeds of \$14.

On April 19, 2021, the Company entered into an agreement with a service provider for the provision of digital marketing and advertising services. The total fee was paid in cash and 75,000 GRC Shares with a fair value of \$4.60 per share. No expense was recognized for the three months ended December 31, 2022. For the year ended September 30, 2022, the Company amortized the prepaid service fee over the term of the agreement and recognized \$173 as share-based compensation expense.

On August 23, 2021, the Company completed its acquisition of Ely by issuing 30,902,176 GRC Shares with a fair value of \$130,194 (Note 3).

On October 12, 2021, the Company issued 120,000 GRC Shares with a fair value of \$626 to Blender Media Inc. ("Blender") as compensation for the expanded scope of digital marketing services for a contract term ending on June 27, 2022 (Note 14). No expense was recognized for the three months ended December 31, 2022. \$626 was recognized as share-based compensation expense for the year ended September 30, 2022.

On November 5, 2021, the Company completed its acquisitions of Golden Valley and Abitibi by issuing an aggregate of 61,104,200 GRC Shares with a fair value of \$296,966 (Note 3).

On March 1, 2022, the Company issued 207,449 GRC Shares to acquire a 0.75% NSR royalty on a portion of the Côté Gold Project. In addition, on May 25, 2022, the Company issued an additional 50,000 GRC Shares to third parties in connection with certain acknowledgement in connection with the transaction (Note 5).

On March 22, 2022 and May 19, 2022, the Company issued 39,435 GRC Shares with fair value of \$148 to service providers for the provision of marketing services. No expense was recognized for the three months ended December 31, 2022. The Company amortized the prepaid service fee over the term of the agreement and recognized \$148 as share-based compensation expense for the year ended September 30, 2022.

On July 5, 2022, the Company issued 56,757 GRC Shares with fair value of \$125 to service providers for the provision of marketing services. For the three months ended December 31, 2022, the Company recognized \$32 as share-based compensation expense. The Company amortized the prepaid service fee over the term of the agreement and recognized \$31 as share-based compensation expense for the year ended ended September 30, 2022.

On September 27, 2022 the Company issued 9,393,681 GRC Shares to acquire a portfolio of royalties from NGM (Note 5).

During the three months ended December 31, 2022, no GRC Share was issued in exchange for the exercise of Ely Warrants. During the year ended September 30, 2022, the Company issued 402,938 GRC Shares in exchange for the exercise of 1,644,649 Ely Warrants and received gross proceeds of \$856.

#### ***11.2 At-the-Market Program***

On August 15, 2022, the Company entered into an equity distribution agreement (the "Equity Distribution Agreement") with a syndicate of agents, providing for the issuance of up to \$50 million shares of GRC from treasury to the public from time to time pursuant to an "at the market" equity program (the "ATM Program"). Unless earlier terminated by the Company or the agents as permitted therein, the Equity Distribution Agreement will terminate upon the earlier of: (a) the date that the aggregate gross sales proceeds of the GRC Shares sold under the ATM Program reaches \$50 million; or (b) September 1, 2023. No sales occurred under the ATM as at December 31, 2022.

## **Gold Royalty Corp.**

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

### **11. Issued capital (continued)**

#### ***11.3 Restricted Shares***

On October 19, 2020, the Company issued 1,500,000 restricted shares (the "Restricted Shares") to certain officers and directors of the Company and GoldMining, the terms of which were subsequently amended on January 10, 2021. The Restricted Shares were subject to restrictions that, among other things, prohibited the transfer thereof until certain performance conditions were met. In addition, if such conditions were not met within applicable periods, the restricted shares will be deemed forfeited and surrendered by the holder thereof to the Company without the requirement of any further consideration. The performance conditions were as follows:

- (1) with respect to one-third of the Restricted Shares awarded to the holder, if the Company's initial public offering or any liquidity event (being any liquidation, dissolution or winding-up of the Company or distribution of all or substantially all of the Company's assets among shareholders or a change of control transaction) occurs that values the Company at a minimum of \$50,000,000 (condition met);
- (2) with respect to one-third of the Restricted Shares awarded to the holder, if the Company receives \$1,000,000 of royalty payments under any of the Company's royalty interests prior to October 19, 2023 (condition met); and
- (3) with respect to one-third of the Restricted Shares awarded to the holder, if the holder continues to be a director, officer, employee or consultant of the Company or an entity that is under common control with the Company for a period of one year after the initial public offering is completed (condition met).

No expense was recognized for the three months ended December 31, 2022. During the year ended September 30, 2022, the Company recognized share-based compensation expense of \$276 related to the Restricted Shares.

#### ***11.4 Restricted Share Units***

During the three months ended December 31, 2022, the Company granted 603,703 RSUs at a weighted average value of \$2.81 to certain officers, directors, and consultants of the Company. The RSUs vest in three equal annual instalments during the recipient's continual service with the Company. During the year ended September 30, 2022 the Company granted 167,849 RSUs at a weighted average value of \$4.91 to certain officers, directors, and consultants of the Company. The RSUs vest in three equal annual instalments during the recipient's continual service with the Company.

The Company classifies RSUs as equity instruments since the Company has the ability and intent to settle the awards in common shares. The compensation expense is calculated based on the fair value of each RSU as determined by the closing value of GRC Shares at the date of the grant. The Company recognizes compensation expense over the vesting period of the RSUs. During the three months ended December 31, 2022, the Company recognized share-based compensation expense of \$201 related to the RSUs. During the year ended September 30, 2022, the Company recognized share-based compensation expense of \$341 related to the RSUs.

## Gold Royalty Corp.

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

### 11. Issued capital (continued)

#### 11.5 Reserves

The following outlines the movements of the Company's common share purchase warrants, share options and RSUs:

	Reserves		
	Warrants	Share Based Awards	Total
	(\$)	(\$)	(\$)
<b>Balance at September 30, 2020</b>	—	—	—
Initial public offering:			
Common share purchase warrants issued to for cash	7,045	—	7,045
Underwriters' fees and issuance costs	(416)	—	(416)
Ely Warrants recognized in equity	2,603	—	2,603
Exercise of Ely Warrants	(27)	—	(27)
Share-based compensation - share options	—	2,199	2,199
<b>Balance at September 30, 2021</b>	9,205	2,199	11,404
Exercise of Ely Warrants	(913)	—	(913)
Share options issued to replace Golden Valley's share options	—	8,991	8,991
Share-based compensation - share options	—	1,551	1,551
Share-based compensation - RSUs	—	341	341
<b>Balance at September 30, 2022</b>	8,292	13,082	21,374
Share-based compensation - share options	—	845	845
Share-based compensation - RSUs	—	201	201
<b>Balance at December 31, 2022</b>	8,292	14,128	22,420

#### Common Share Purchase Warrants

As at December 31, 2022, there were 11,518,252 Ely Warrants outstanding which are exercisable into 2,821,971 GRC Shares based on a 0.2450 exchange ratio. The Ely Warrants has a weighted average exercise price of C\$4.31 per GRC Share and with a weighted average remaining contractual life of 0.61 years.

During the year ended September 30, 2021, the Company issued 10,350,000 common share purchase warrants at an exercise price of \$7.50 per share. The number of common share purchase warrants outstanding as at December 31, 2022 was 10,350,000 warrants at an exercise price of \$7.50 per share and with a weighted average remaining contractual life of 1.19 years.

#### Share Options

The Company adopted a long-term incentive plan (the "LTIP") which provides that the Board of Directors may, from time to time, in its discretion, grant awards of restricted share units, performance share units, deferred share units and share options to directors, officers, employees and consultants. The aggregate number of common shares issuable under the LTIP in respect of awards shall not exceed 10% of the common shares issued and outstanding.

The following outlines the movements of the Company's common share options:

	Number of options	Weighted Average Exercise Price (\$)
<b>Balance at September 30, 2020</b>	—	—
Granted	3,016,200	4.97
<b>Balance at September 30, 2021</b>	3,016,200	4.97
Golden Valley share options exchanged for GRC share options (Note 3)	2,498,045	1.32
Granted	577,031	4.52
Forfeited	(61,200)	4.26
<b>Balance at September 30, 2022</b>	6,030,076	3.42
Granted	2,271,592	2.58
Forfeited	(65,000)	4.29
<b>Balance at December 31, 2022</b>	8,236,668	3.18

## Gold Royalty Corp.

### Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

## 11. Issued capital (continued)

### 11.5 Reserves (continued)

During the three months ended December 31, 2022, the Company granted 30,000 share options at an exercise price of \$2.13, 5,000 share options at an exercise price of \$2.49 per share and 2,236,592 at an exercise price of \$2.59 to directors, officers and employees. These share options are exercisable for a period of 5 years from the date of grant and will vest as follows: (a) 25% on the grant date; and (b) 25% on each of the dates that are 6, 12 and 18 months thereafter.

During the year ended September 30, 2022, the Company granted 404,517 share options at an exercise price of \$4.93, 5,000 share options at an exercise price of \$4.62 per share, 100,000 share options at an exercise price of \$4.14, 17,514 share options at an exercise price of \$3.06, 25,000 share options at an exercise price of \$2.73 and 25,000 share options at an exercise price of \$2.16 to directors, officers and employees. These share options are exercisable for a period of 5 years from the date of grant and will vest as follows: (a) 25% on the grant date; and (b) 25% on each of the dates that are 6, 12 and 18 months thereafter.

During the year ended September 30, 2021, the Company granted 2,505,000 share options at an exercise price of \$5.00 per share, 305,000 share options at an exercise price of \$4.78 per share, and 206,200 share options at an exercise price of \$4.85 per share to directors, officers and employees. These share options are exercisable for a period of 5 years from the date of grant and will vest as follows: (a) 25% on the grant date; and (b) 25% on each of the dates that are 6, 12 and 18 months thereafter.

The fair values of the share options granted during the three months ended December 31, 2022, and year ended September 30, 2022, and 2021 were estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	Three months ended December 31, 2022	Year ended September 30, 2022	Year ended September 30, 2021
Risk-free interest rate	1.90%	1.39%	34.00%
Expected life (years)	2.93	2.87	2.99
Expected volatility	42.12%	47.99%	37.00%
Expected dividend yield	0.65%	0.14%	0.00%
Estimated forfeiture rate	1.72%	0.50%	1.98%

As there is insufficient trading history of the Company's common shares prior to the date of grant, the expected volatility is based on the historical share price volatility of a group of comparable companies in the sector in which the Company operates over a period similar to the expected life of the share options.

A summary of share options outstanding and exercisable as at December 31, 2022, are as follows:

Exercise Price (\$)	Options Outstanding			Options Exercisable		
	Number of Options Outstanding	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options exercisable	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)
1.00 to 1.99	2,450,929	1.38	1.97	2,450,929	1.38	1.97
2.00 to 2.99	2,368,708	2.44	4.34	633,764	2.44	4.34
3.00 to 3.99	17,514	3.06	4.38	8,757	3.06	4.38
4.00 to 4.99	894,517	4.66	3.84	639,759	4.66	3.84
5.00 and above	2,505,000	5.00	3.18	2,505,000	5.00	3.18
	<u>8,236,668</u>	<u>3.18</u>	<u>3.66</u>	<u>6,238,209</u>	<u>3.28</u>	<u>3.30</u>

The fair value of the Company's share options recognized as share-based compensation expense during the three months ended December 31, 2022 was \$845, using the Black-Scholes option pricing model. For the year ended September 30, 2022, the Company recognized share-based compensation expense of \$1,551 related to share options.

### 11.6 Dividends

On January 18, 2022, the Company announced the initiation of a quarterly dividend program and declared an inaugural quarterly cash dividend of \$0.01 per common share. The Company paid a dividend of \$1,439 during the three months ended December 31, 2022, and for the year ended September 30, 2022, the Company paid a dividend of \$4,032.



## Gold Royalty Corp.

### Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

## 12. Royalty and option income

	Three months ended December 31, 2022 (\$)	Year ended September 30, 2022 (\$)	Year ended September 30, 2021 (\$)
<b>Royalty and option income were generated from:</b>			
Canadian Malartic	195	1,132	—
Borden	63	954	—
Jerritt Canyon	148	808	94
Others	176	1,050	98
	<u>582</u>	<u>3,944</u>	<u>192</u>

Others consist of royalty income from the Isabella Pearl Mine, advance mineral royalty payment of \$48 and option income of \$99 for the three months ended December 31, 2022. For the year ended September 30, 2022, others consist of royalty income from the Isabella Pearl Mine, advance mineral royalty payment of \$386 and option income of \$450.

## 13. Financial instruments

The Company's financial assets consist of cash and cash equivalents, short-term and long-term investments, accounts receivable, accounts payable and accrued liabilities, lease obligation, government and bank loan, and derivative liabilities.

The Company uses the following hierarchy for determining and disclosing fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs have a significant effect on the recorded fair value which are observable, either directly or indirectly.
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Company's short and long-term investments are initially recorded at fair value and subsequently revalued to their fair market value at each period end based on inputs such as quoted equity prices. The Company's short-term investments are measured at fair value on a recurring basis and classified as level 1 within the fair value hierarchy. The fair value of short-term investments is based on the quoted market price of the short-term investments. The fair value of the long-term investment is classified as Level 3 and measured based on data such as the price paid by arm's length parties in a recent transaction. The fair value of the derivative liabilities related to Ely Warrants is determined using the Black-Scholes valuation model. The fair value of derivative warrants to purchase shares in Monarch and VZZ were initially determined on a residual value basis and subsequently measured using the Black-Scholes valuation model. The significant inputs used are readily available in public markets and therefore have been classified as Level 2. Inputs used in the Black-Scholes model for derivative warrant liabilities include risk-free interest rate, volatility, and dividend yield. The fair value of the derivative liabilities related to the put and call option contracts is based on the quoted market price of these contracts.

The fair value of the Company's other financial instruments, which include cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their carrying values due to their short term to maturity. Bank loan and lease obligation are measured at amortized cost. The fair value of the bank loan and lease obligation approximate their carrying values as their interest rates are comparable to current market rates.

## **Gold Royalty Corp.**

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

### **13. Financial instruments (continued)**

#### ***13.1 Financial risk management objectives and policies***

The financial risk arising from the Company's operations are credit risk, liquidity risk, currency risk, equity price risk and interest rate risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with financial instruments and the policies on how the Company mitigates these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

#### ***13.2 Credit risk***

Credit risk is the risk of an unexpected loss if a customer or third-party to a financial instrument fails to meet its contractual obligations. Credit risk for the Company is primarily associated with the Company's bank balances and accounts receivable. The Company mitigates credit risk associated with its bank balances by holding cash with Schedule I chartered banks in Canada and their US affiliates. The Company's maximum exposure to credit risk is equivalent to the carrying value of its cash and cash equivalents and accounts receivable. In order to mitigate its exposure to credit risk, the Company closely monitors its financial assets.

#### ***13.3 Liquidity risk***

Liquidity risk is the risk that the Company will not be able to settle or manage its obligations associated with financial liabilities. To manage liquidity risk, the Company closely monitors its liquidity position and ensures it has adequate sources of funding to finance its projects and operations. The Company's working capital (current assets less current liabilities) as at December 31, 2022 was \$7,559 compared to \$9,746 as at September 30, 2022. The Company's accounts payable and accrued liabilities are expected to be realized or settled, respectively, within a one-year period.

The Company's future profitability will be dependent on the royalty income to be received from mine operators. Royalties are based on a percentage of the minerals or the products produced, or revenue or profits generated from the property which is typically dependent on the prices of the minerals the property operators are able to realize. Mineral prices are affected by numerous factors such as interest rates, exchange rates, inflation or deflation and global and regional supply and demand. In managing liquidity risk, the Company takes into account the amount available under the ATM Program, anticipated cash flows from operating activities and its holding of cash and short-term investments. The Company believes it has the required liquidity to meet its obligations and to finance its planned activities.

#### ***13.4 Currency risk***

The Company is exposed to foreign exchange risk when the Company undertakes transactions and holds assets and liabilities in currencies other than its functional currency. The Company currently does not engage in foreign exchange currency hedging. The currency risk on the Company's cash and cash equivalents, short-term investments, accounts payable and accrued liabilities and derivative liabilities are minimal.

#### ***13.5 Equity price risk***

The Company is exposed to equity price risk associated with its investments in other mining companies. The Company's short-term investments consisting of common shares are exposed to significant equity price risk due to the potentially volatile and speculative nature of the businesses in which the investments are held. Based on the Company's short-term investments held as at December 31, 2022, a 10% change in the market price of these investments would have an impact of approximately \$280 on net loss.

#### ***13.6 Interest rate risk***

The Company's exposure to interest rate risk arises from the impact of interest rates on its cash and secured revolving credit facility, which bear interest at fixed or variable rates. The interest rate risks on the Company's cash balances are minimal. The Company's secured revolving credit facility bears interest at a rate determined by reference to the U.S. dollar Base Rate plus a margin of 3.00% or Adjusted Term SOFR plus a margin of 4.00%, as applicable and an increase (decrease) of 10 basis point in the applicable rate of interest would not have a significant impact on the net loss for the three months ended December 31, 2022. The Company's lease liability is determined using the interest rate implicit in the lease and an increase (decrease) of 10 basis point would not have a significant impact on the net loss for the three months ended December 31, 2022.

## Gold Royalty Corp.

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

### 14. Related party transactions

#### 14.1 Related Party Transactions

During the three months ended December 31, 2022, we entered into an agreement with VZZ through our subsidiary Golden Valley, whereby, among other things, our subsidiary would transfer to VZZ interests in 12 prospective properties held by it in exchange for royalties thereon. Also, we entered into a strategic alliance with IZZ, which provides us with a right of first refusal on any royalty or similar interest sold by IZZ in Australia. The strategic alliance includes a royalty referral arrangement which will provide us with the opportunity to acquire certain royalties identified by IZZ in Australia in consideration for which IZZ will retain an interest in the underlying royalty on a carried-basis. Glenn Mullan is the President and Chief Executive Officer of VZZ and IZZ, and a director of the Company.

During the year ended September 30, 2022, the Company incurred \$136 (2021: \$71) in technology expenses for website design, hosting and maintenance service provided by Blender. Blender is controlled by a family member of Amir Adnani, a director of the Company. On October 12, 2021, the Company issued 120,000 GRC Shares to Blender as the compensation for the expanded scope of digital marketing services to be provided by Blender for a contract term ending on June 27, 2022. During the year ended September 30, 2022, the Company recognized share-based compensation expense of \$626 (2021: \$nil) in respect of this contract. No expense was recognized during the three months ended December 31, 2022.

Related party transactions are based on the amounts agreed to by the parties.

#### 14.2 Transactions with Key Management Personnel

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity. Total management salaries and directors' fees incurred for services provided by key management personnel of the Company for the three months ended December 31, 2022 and the year ended September 30, 2022 are as follows:

	For the three months ended December 31, 2022 (\$)	For the year ended September 30, 2022 (\$)	For the year ended September 30, 2021 (\$)
Management salaries	275	1,453	939
Directors' fees	102	442	233
Share-based compensation	788	1,628	2,154
	<u>1,165</u>	<u>3,523</u>	<u>3,326</u>

The amount payable to management and directors of \$23, \$582 and \$632 as at December 31, 2022, September 30, 2022 and September 30, 2021 were included in accounts payable and accrued liabilities. Such payables were fully settled subsequent to period end.

### 15. Operating segments

The Company conducts its business as a single operating segment, being the investment in royalty and mineral stream interests. Except for royalties on gold projects located in Brazil, Colombia, Peru, Turkey and the United States, substantially all of the Company's assets and liabilities are held in Canada.

	For the three months ended December 31, 2022	For the year ended September 30, 2022	For the year ended September 30, 2021
<b>Non-current assets by geographical region as of:</b>			
Canada	453,801	453,917	67,271
USA	217,073	217,740	198,927
<b>Total</b>	<u>670,874</u>	<u>671,657</u>	<u>266,198</u>

**Gold Royalty Corp.**

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

**16. Change of accounting year*****Transition period comparative data***

Condensed Statements of Financial Position

	As at December 31, 2021 (Unaudited) (\$)
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	13,826
Restricted cash	609
Short-term investments	25,057
Accounts receivable	364
Prepays and other receivables	4,465
	<u>44,321</u>
<b>Non-current assets</b>	
Royalty and other mineral interests	630,182
Long-term investment	1,587
Investment in associate	1,217
Other long-term assets	57
	<u>633,043</u>
	<u>677,364</u>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable and accrued liabilities	9,718
	<u>9,718</u>
<b>Non-current liabilities</b>	
Government loan	46
Derivative liabilities	5,027
Deferred income tax liability	136,377
	<u>141,450</u>
	<u>151,168</u>
<b>Equity</b>	
Share Capital	527,132
Reserves	20,611
Accumulated deficit	(21,988)
Accumulated other comprehensive income	441
	<u>526,196</u>
	<u>677,364</u>

**Gold Royalty Corp.**

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

**16. Change of accounting year (Continued)****Transition period comparative data (Continued)**

Condensed Statements of Loss and Comprehensive Loss

	Three months ended December 31, 2021 (Unaudited) (\$)
<b>Revenue</b>	
Royalty and option income	533
<b>Cost of sales</b>	
Depletion	(287)
<b>Gross profit</b>	<u>246</u>
<b>Expenses</b>	
Consulting fees	(3,242)
Depreciation	(9)
Management and directors' fees	(217)
Salaries, wages and benefits	(214)
Investor communications and marketing expenses	(339)
Office and technology expenses	(215)
Transfer agent and regulatory fees	(82)
Insurance fees	(578)
Professional fees	(1,816)
Share-based compensation	(901)
Mineral interest maintenance expenses	(64)
Share of loss in associate	(143)
<b>Operating loss for the period</b>	<u>(7,574)</u>
<b>Other items</b>	
Change in fair value of derivative liabilities	90
Change in fair value of short-term investments	531
Foreign exchange gain	34
Interest expense	(4)
Other income	249
<b>Net loss before income taxes for the period</b>	<u>(6,674)</u>
Deferred tax expense	(167)
<b>Net loss after income taxes for the period</b>	<u>(6,841)</u>
<b>Other comprehensive income</b>	
Item that may be reclassified subsequently to net income:	
<b>Total comprehensive loss for the period</b>	<u>(6,841)</u>
<b>Net loss per share, basic and diluted</b>	<u>(0.06)</u>
<b>Weighted average number of common shares outstanding, basic and diluted</b>	<u>109,907,519</u>

**Gold Royalty Corp.**

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

**16. Change of accounting year (Continued)*****Transition period comparative data (Continued)***

Condensed Statements Changes in Equity

	Number of Common Shares (Unaudited)	Issued Capital (Unaudited) (\$)	Reserves (Unaudited) (\$)	Accumulated Deficit (Unaudited) (\$)	Accumulated Other Comprehensive Income (Unaudited) (\$)	Total (Unaudited) (\$)
<b>Balance at September 30, 2021</b>	72,538,609	228,620	11,404	(15,147)	441	225,318
Common shares issued to acquire Abitibi Royalties Inc.	31,625,931	153,702	—	—	—	153,702
Common shares issued to acquire Golden Valley Mines and Royalties Ltd.	29,478,269	143,264	—	—	—	143,264
Share options issued on exchange of options of Golden Valley Mines and Royalties Ltd.	—	—	8,991	—	—	8,991
Common shares issued for marketing services	120,000	626	—	—	—	626
Common shares issued upon exercise of common share purchase warrants	164,692	760	(230)	—	—	530
Share-based compensation - performance based restricted shares	—	160	—	—	—	160
Share-based compensation - share options	—	—	446	—	—	446
Net loss for the period	—	—	—	(6,841)	—	(6,841)
<b>Balance at December 31, 2021</b>	<u>133,927,501</u>	<u>527,132</u>	<u>20,611</u>	<u>(21,988)</u>	<u>441</u>	<u>526,196</u>

**Gold Royalty Corp.**

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

**16. Change of accounting year (Continued)****Transition period comparative data (Continued)**

Condensed Statements of Cash Flows

	For the three months ended December 31, 2021 (Unaudited) (\$)
<b>Operating activities</b>	
Net loss for the period	(6,841)
Items not involving cash:	
Depreciation	9
Depletion	287
Interest expense	4
Share-based compensation	901
Change in fair value of short-term investments	(531)
Change in fair value of derivative liabilities	(90)
Share of loss in associate	143
Deferred tax expense	167
Unrealized foreign exchange gain	57
Net changes in non-cash working capital items:	
Accounts receivables	48
Prepays and other receivables	565
Accounts payable and accrued liabilities	(2,779)
<b>Cash used in operating activities</b>	<b>(8,060)</b>
<b>Investing activities</b>	
Restricted cash released	1,206
Interest received	2
Investment in royalties and other mineral interests	(307)
Cash acquired through acquisition of Abitibi Royalties Inc. and Golden Valley Mines and Royalties Ltd.	10,393
Proceeds from option agreements	436
<b>Cash provided by investing activities</b>	<b>11,730</b>
<b>Financing activities</b>	
Proceeds from exercise of common share purchase warrants	280
Payment of lease obligations	(10)
<b>Cash provided by financing activities</b>	<b>270</b>
Effect of exchange rate changes on cash	(19)
<b>Net increase in cash</b>	<b>3,921</b>
<b>Cash and cash equivalents</b>	
Beginning of period	9,905
End of period	<b>13,826</b>

**Gold Royalty Corp.**

Notes to Consolidated Financial Statements

For the three months ended December 31, 2022 and the years ended September 30, 2022 and 2021

(Expressed in thousands of United States dollars unless otherwise stated)

**17. Subsequent events**

Other than as disclosed elsewhere in these consolidated financial statements, the following material events occurred subsequent to December 31, 2022:

***Issue of shares to officers, directors and consultants***

On January 4, 2023, the Company issued 53,620 shares in satisfaction of vesting requirements of granted RSUs at a price of \$2.49 to certain officers, directors, and consultants of the Company.

***Grant of share options***

On January 3, 2023, the Company granted 5,000 share options at an exercise price of \$2.30 per share to an employee. The options are valid for a period of five years and will vest as follows: (a) 25% on the grant date; and (b) 25% on each of the dates that are 6, 12 and 18 months thereafter.

***Expanded Revolving Credit Facility***

On February 13, 2023, the Company announced an amended and restated credit agreement with the Bank of Montreal and the National Bank of Canada to expand its existing secured revolving credit facility to \$20,000, with an accordion feature providing for an additional \$15,000 of availability, subject to certain additional conditions.

The Facility, secured against the assets of the Company, will be available for general corporate purposes, acquisitions and investments, and bears interest at a rate determined by reference to the Base Rate plus a margin of 3.00% or Adjusted Term SOFR plus a margin of 4.00%, as applicable. The Facility will have a maturity date of March 31, 2025.

***Dividend Reinvestment Plan (“DRIP”)***

On February 16, 2023, the Company adopted the DRIP commencing with its upcoming first quarter 2023 dividend. The DRIP provides eligible shareholders of Gold Royalty with the opportunity to have all or a portion of the cash dividends declared on their common shares by the Company automatically reinvested into additional common shares, without paying brokerage commissions.

The Company has the discretion to cause share issuances under the DRIP to be satisfied by issuing common shares from treasury or through purchases of common shares on the open market including the facilities of the NYSE American.