



**GOLD ROYALTY CORP.**

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2021

**Gold Royalty Corp.**Condensed Interim Consolidated Statements of Financial Position  
(Unaudited, expressed in United States dollars unless otherwise stated)

	Notes	As at March 31, 2021 (\$)	As at September 30, 2020 (\$)
<b>Assets</b>			
Current assets			
Cash and cash equivalents	3	89,566,071	37,539
Prepays and other receivables		53,193	16,330
		89,619,264	53,869
Non-current assets			
Royalties	4	13,682,527	-
Equipment		1,394	1,587
		13,683,921	1,587
		103,303,185	55,456
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		640,968	75,452
Due to former parent company	8	-	120,930
		640,968	196,382
<b>Equity</b>			
Issued Capital	5	97,677,393	1
Reserves	5	7,439,835	-
Accumulated deficit		(2,896,013)	(140,631)
Accumulated other comprehensive income (loss)		441,002	(296)
		102,662,217	(140,926)
		103,303,185	55,456

**Subsequent event** (Note 10)

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 condensed interim consolidated financial statements*

**Gold Royalty Corp.**Condensed Interim Consolidated Statements of Loss and Other Comprehensive Loss  
(Unaudited, expressed in United States dollars unless otherwise stated)

	Notes	For the three months ended March 31, 2021 (\$)	For the six months ended March 31, 2021 (\$)
<b>Expenses</b>			
Consulting fees		295,232	295,232
Depreciation		143	282
Management and directors' fees	8	117,274	151,810
General and administrative		288,179	322,227
Professional fees		515,623	798,682
Share-based compensation	5	1,017,994	1,096,694
<b>Operating loss for the period</b>		<b>(2,234,445)</b>	<b>(2,664,927)</b>
<b>Other items</b>			
Interest income		7,814	7,814
Foreign exchange loss		(28,948)	(98,269)
<b>Net loss for the period</b>		<b>(2,255,579)</b>	<b>(2,755,382)</b>
<b>Other comprehensive income</b>			
Item that may be reclassified subsequently to net income:			
Foreign currency translation differences		108,548	441,298
<b>Total comprehensive loss for the period</b>		<b>(2,147,031)</b>	<b>(2,314,084)</b>
<b>Net loss per share, basic and diluted</b>		<b>(0.08)</b>	<b>(0.15)</b>
<b>Weighted average number of common shares outstanding, basic and diluted</b>			
		26,921,180	19,000,995

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

**Gold Royalty Corp.**  
Condensed Interim Consolidated Statements of Changes in Equity  
(Unaudited, expressed in United States dollars unless otherwise stated)

	Notes	Number of Common Shares	Issued Capital (\$)	Reserves (\$)	Accumulated Deficit (\$)	Accumulated Other Comprehensive Income (Loss) (\$)	Total (\$)
<b>Balance at June 23, 2020</b>							
Issued capital		1	1	-	-	-	1
Net loss for the period		-	-	-	(140,631)	-	(140,631)
Total other comprehensive loss		-	-	-	-	(296)	(296)
<b>Balance at September 30, 2020</b>							
Cancellation of common share issued upon incorporation		(1)	(1)	-	-	-	(1)
Common shares issued to former parent company for cash	5	5,000,000	50,000	-	-	-	50,000
Performance based restricted shares issued	5	1,500,000	-	-	-	-	-
Common shares issued to acquire royalties	4	15,000,000	13,076,000	-	-	-	13,076,000
Private placement of common shares for cash	5	1,325,000	2,848,750	-	-	-	2,848,750
Share-based compensation - performance based restricted shares	5	-	285,220	-	-	-	285,220
Share-based compensation - share options	5	-	-	811,474	-	-	811,474
Initial public offering:							
Common shares and common share purchase warrants issued for cash	5	18,000,000	82,968,750	7,031,250	-	-	90,000,000
Common shares issued on exercise of over-allotment option	5	721,347	3,603,128	-	-	-	3,603,128
Common share purchase warrants issued on exercise of over-allotment option	5	-	-	13,500	-	-	13,500
Underwriters' fees and issuance costs	5	-	(5,154,455)	(416,389)	-	-	(5,570,844)
Net loss for the period		-	-	-	(2,755,382)	-	(2,755,382)
Total other comprehensive income		-	-	-	-	441,298	441,298
<b>Balance at March 31, 2021</b>							
		41,546,347	97,677,393	7,439,835	(2,896,013)	441,002	102,662,217

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

**Gold Royalty Corp.**  
Condensed Interim Consolidated Statements of Cash Flows  
(Unaudited, expressed in United States dollars unless otherwise stated)

	For the six months ended March 31, 2021 (\$)
<b>Operating activities</b>	
Net loss before tax for the period	(2,755,382)
Items not involving cash:	
Depreciation	282
Interest income	(7,814)
Share-based compensation	1,096,694
Net changes in non-cash working capital items:	
Prepays and other receivables	(29,502)
Accounts payable and accrued liabilities	394,701
Due to former parent company	(83,096)
<b>Cash used in operating activities</b>	<b>(1,384,117)</b>
<b>Investing activities</b>	
Purchase of equipment	(1,632)
Interest received	453
Investment in royalties	(217,260)
<b>Cash used in investing activities</b>	<b>(218,439)</b>
<b>Financing activities</b>	
Proceeds from common shares issued to former parent company	50,000
Proceeds from private placement of common shares	2,848,750
Proceeds from initial public offering, net of underwriters' fees and issuance costs	88,208,194
Repayment of cash advance by former parent company	(37,538)
<b>Cash provided by financing activities</b>	<b>91,069,406</b>
Effect of exchange rate changes on cash	61,682
<b>Net increase in cash</b>	<b>89,528,532</b>
<b>Cash and cash equivalents</b>	
Beginning of period	37,539
End of period	89,566,071

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

## **Gold Royalty Corp.**

Notes to Condensed Interim Consolidated Financial Statements  
(Unaudited, expressed in 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 share and common share purchase warrants are listed on the NYSE American under the symbols "GROY" and "GROY.WS", respectively.

### **2. Basis of Preparation and Significant Accounting Policies**

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

The Company's condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS"), applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. The condensed interim consolidated financial statements should be read in conjunction with the Company's financial statements for the period from the date of incorporation on June 23, 2020 to September 30, 2020.

These condensed interim consolidated financial statements were authorized for issue by the Company's board of directors (the "Board") on May 13, 2021.

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

The Company's condensed interim consolidated financial statements have been prepared on a historical cost basis. The Company's condensed interim consolidated financial statements are presented in United States dollar ("U.S. dollar", "\$" or "dollar"). All values are rounded to the nearest dollar except where otherwise indicated.

On March 11, 2021, GRC, the parent entity, changed its functional currency from the Canadian dollar to the U.S. dollar. The change in functional currency resulted from the growing proportion of expenses paid in U.S. dollars and the receipt of the cash proceeds of \$88 million in U.S. dollars upon the completion of the IPO on March 11, 2021.

The effect of the change in functional currency is accounted for prospectively with no impact on prior period information. The Company translates all items into the new functional currency using the exchange rate at the date of the change. The resulting translated amounts for non-monetary items are treated as their historical cost. Exchange differences arising from translation previously recognized in other comprehensive income are not reclassified from equity to profit or loss until the disposal of the operation.

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's annual financial statements for the year ended September 30, 2020. The Company's interim results are not necessarily indicative of its results for a full year.

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

The condensed interim consolidated financial statements include the financial statements of Gold Royalty Corp. and Gold Royalty U.S. Corp., a wholly owned subsidiary of the Company. Subsidiaries are consolidated from the date the Company obtains control, and continue to be consolidated until the date that 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.

## Gold Royalty Corp.

Notes to Condensed Interim Consolidated Financial Statements  
(Unaudited, expressed in United States dollars unless otherwise stated)

### 2. Basis of Preparation and Significant Accounting Policies (continued)

#### 2.3 Basis of consolidation (continued)

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

The accounts of Gold Royalty U.S. Corp. are prepared for the same reporting period as the parent company, using consistent accounting policies. The functional currency of Gold Royalty U.S. Corp. is the United States dollar. For the period prior to the change in functional currency the results of, GRC, the parent entity were translated from Canadian dollars using period end exchange rate as to assets and liabilities and average exchange rates as to income and expenses. All resulting exchange differences are recognized in other comprehensive income (loss).

#### 2.4 New significant accounting policies

##### *Share-based payments*

###### *Restricted Shares*

The fair value of the restricted shares is measured at grant date and recognized over the period during which the restricted shares 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 is 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 value of restricted shares is recognized as an expense over the vesting period based on the best available estimate of the number of restricted shares expected to vest; that estimate will be revised if subsequent information indicates that the number of restricted shares 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 is measured at 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.

### 3. Cash and cash equivalents

	As at March 31, 2021	As at September 30, 2020
	(\$)	(\$)
Cash at bank	3,566,071	37,539
Guaranteed Investment Certificates	86,000,000	-
Cash and cash equivalents	89,566,071	37,539

## Gold Royalty Corp.

Notes to Condensed Interim Consolidated Financial Statements  
(Unaudited, expressed in United States dollars unless otherwise stated)

### 4. Royalties

	(\$)
<b>Balance at September 30, 2020</b>	-
Acquisition	13,303,297
Functional currency translation	379,230
<b>Balance at March 31, 2021</b>	<b>13,682,527</b>

	March 31, 2021 (\$)
Almaden project	114,333
Batistão project	25,277
Cachoeira project	1,279,197
Crucero project	781,733
La Mina project	1,351,744
Quartz Mountain project	179,631
São Jorge project	2,274,126
Surubim project	56,368
Titiribi project	3,009,959
Whistler project	2,575,033
Yarumalito project	165,085
Yellowknife project	1,870,041
<b>Total</b>	<b>13,682,527</b>

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 net smelter return ("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 \$13,076,000 was satisfied by the issuance of 15,000,000 common shares (the "Consideration Shares") of the Company. Pursuant to a lock-up agreement dated March 8, 2020 (the "Lock-Up Agreement"), the Consideration Shares are subject to a lock-up period which expires on September 4, 2021 (Note 5.5).

The following is a summary of the royalties and other interests acquired from GoldMining:

#### *Royalties*

- a 0.5% NSR on the Almaden Project, located in Idaho, USA;
- a 1.0% NSR on the Batistão Project, located in Brazil;
- a 1.0% NSR on the Cachoeira Project, located in Brazil;
- a 1.0% NSR on the Crucero Project, located in Peru;
- a 2.0% NSR on the La Mina Project, located in Colombia;
- a 1.0% NSR on the São Jorge Project, located in Brazil;
- a 1.0% NSR on the Surubim Project, located in Brazil, including the Surubim and Rio Novo areas;
- a 2.0% NSR on the Titiribi Project, located Colombia;
- a 1.0% NSR on the Whistler Project, located in Alaska, USA, including each of the Whistler, Raintree West and Island Mountain properties;
- a 1.0% NSR on the Yarumalito Project, located in Colombia; and
- a 1.0% NSR on the Yellowknife Project, located in the Northwest Territories, Canada, including each of the Nicholas Lake, Ormsby-Bruce, Goodwin Lake, Clan Lake and Big Sky properties.



## **Gold Royalty Corp.**

Notes to Condensed Interim Consolidated Financial Statements  
(Unaudited, expressed in United States dollars unless otherwise stated)

### **4. Royalties (continued)**

#### *Buyback Rights*

The Company also holds the rights to acquire additional royalties on certain of the properties pursuant to buyback rights under existing royalty agreements between subsidiaries of GoldMining and third parties:

- a 2.0% NSR on the Batistão Project for \$1,000,000;
- a 0.5% NSR on the Surubim area of the Surubim Project for \$1,000,000, which royalty is payable after production at the project has exceeded two million ounces;
- a 1.5% NSR on the Surubim area of the Surubim Project for \$1,000,000;
- a 0.65% NSR on the Rio Novo area of the Surubim Project for \$1,500,000;
- a 0.75% NSR on the Whistler Project (including an area of interest) for \$5,000,000;
- a 1.0% NSR on the Yarumalito Project for C\$1,000,000;
- a 1.0% NSR on the Goodwin Lake property at the Yellowknife Project for C\$1,000,000;
- a 1.0% NSR on certain portions of the Big Sky property at the Yellowknife Project for C\$500,000; and
- a 0.25% NSR on the Narrow Lake property at the Yellowknife Project for C\$250,000, in cash or common shares of GoldMining at any time until the fifth anniversary of commercial production.

On February 1, 2021, the Company entered into a royalty purchase agreement with Quartz Mountain Resources Ltd. and Wavecrest Resources Inc. Pursuant to the terms of the agreement, the Company acquired a 1% NSR on a portion of the Quart Mountain Project located in Oregon, USA, for a cash consideration of \$150,000.

### **5. Issued Capital**

#### **5.1 Initial Public Offering**

On March 8, 2021, the Company entered into an underwriting agreement with H.C. Wainwright & Co., LLC and BMO Capital Markets Corp. (collectively the "Underwriters") for an offering of 18,000,000 units of the Company (the "Units") at a price of \$5.00 per Unit. Each Unit consists of one common share and one half of a common share purchase warrant, and each common share purchase warrant entitles the holder to acquire a common share at a price of \$7.50 per share until March 11, 2024.

The Company granted the Underwriters the over-allotment option (the "Over-Allotment Option") to purchase up to 2,700,000 common shares and/or 1,350,000 common share purchase warrants at \$4.995 per common share and \$0.01 per common share purchase warrant, respectively. The Company agreed to reimburse the Underwriters for certain fees and disbursements.

On March 11, 2021, the Company issued 18,000,000 Units at a price of \$5.00 per Unit for gross proceeds of \$90,000,000. Further, the Underwriters exercised the Over-Allotment Option to purchase 721,347 additional common shares for gross proceeds of \$3,603,128 and 1,350,000 additional common share purchase warrants for gross proceeds of \$13,500. In connection with the IPO, the Company incurred securities issuance costs of \$5,570,844, of which \$5,081,064 represented cash fees paid to the Underwriters.

The net proceeds from the issuance of the Units were allocated to the Company's common shares and common share purchase warrants on a relative fair value basis. Inputs used to calculate the relative fair value of the common shares and common share purchase warrants are based on the quoted closing prices of the Company's common shares and common share purchase warrants on the first day of trading on the NYSE American. The fair value of common shares and common share purchase warrants issued upon exercise of the Over-Allotment Option equals to the net proceeds received by the Company. The allocation of the fair value of the Company's common shares and common share purchase warrants is as follows:

## Gold Royalty Corp.

Notes to Condensed Interim Consolidated Financial Statements  
(Unaudited, expressed in United States dollars unless otherwise stated)

### 5. Issued Capital (continued)

#### 5.1 Initial Public Offering (continued)

	(\$)
Fair value of common shares	86,571,878
Fair value of common share purchase warrants	7,044,750
<b>Total gross proceeds from the IPO</b>	<b>93,616,628</b>
Gross proceeds	93,616,628
Common share issuance costs	(5,154,455)
Common share purchase warrant issuance costs	(416,389)
<b>Net proceeds received</b>	<b>88,045,784</b>
Fair value allocation to:	
Common shares	81,417,423
Common share purchase warrants	6,628,361
	<b>88,045,784</b>

#### 5.2 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.

The Company issued one common share for consideration of \$1.00 upon incorporation on June 23, 2020. On October 16, 2020, GoldMining, the Company's former parent, subscribed for 5,000,000 common shares of the Company for cash of \$50,000 and surrendered one common share issued by the Company upon incorporation for no consideration.

On December 4, 2020, the Company completed a private placement of 1,325,000 common shares (the "Private Placement Shares") for gross proceeds of \$2,848,750.

#### 5.3 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 are subject to restrictions that, among other things, prohibit the transfer thereof until certain performance conditions are met. In addition, if such conditions are 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 are 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; and
- (3) with respect to one-third of the Restricted Shares awarded to the holder, if the holder continues to be a director, officer or employee 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.

During the three and six months ended March 31, 2021, the Company recognized share-based compensation expense of \$213,915 and \$285,220, representing the fair value of the Restricted Shares vested during the respective periods.

## Gold Royalty Corp.

Notes to Condensed Interim Consolidated Financial Statements  
(Unaudited, expressed in United States dollars unless otherwise stated)

### 5. Issued Capital (continued)

#### 5.4 Reserves

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

	Reserves		
	Warrants	Share Options	Total
	(\$)	(\$)	(\$)
<b>Balance at June 23, 2020 and September 30, 2020</b>	-	-	-
Initial public offering:			
Common share purchase warrants issued for cash (Note 5.1)	7,044,750	-	7,044,750
Underwriters' fees and issuance costs (Note 5.1)	(416,389)	-	(416,389)
Share-based compensation - share options	-	811,474	811,474
<b>Balance at March 31, 2021</b>	<b>6,628,361</b>	<b>811,474</b>	<b>7,439,835</b>

#### *Common Share Purchase Warrants*

During the six months ended March 31, 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 March 31, 2021 was 10,350,000 warrants at an exercise price of \$7.50 per share and with weighted average remaining contractual life of 2.95 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.

On March 7, 2021, the Company granted 2,505,000 stock options at an exercise price of \$5.00 per share. The share options are exercisable for a period of five 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 value of the share options granted was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 0.32%, expected life of 3 years, expected dividend yield of 0%, estimated forfeiture rate of 0% and expected volatility of 37%. As there is no 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 the Company operates over a period similar to the expected life of the share options. During the three and six months ended March 31, 2021, the Company recognized share-based compensation expense of \$799,182 for the share options granted. As at March 31, 2021, the number of share options outstanding was 2,505,000 at a weighted average exercise price of \$5.00 per share and weighted average remaining contractual life of 4.93 years.

Pursuant to the agreement with an officer of the Company, the officer received options to purchase 25,000 common shares of GoldMining (the "GoldMining Options") at an exercise price of C\$2.88 per share. These GoldMining Options are exercisable for a period of five 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 value of GoldMining Options granted was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 0.30%, expected life of 2.87 years, expected volatility of 57%, expected dividend yield of 0% and estimated forfeiture rate of 0%. The fair value of the GoldMining Options recognized by the Company as share-based compensation expense during the three and six months ended March 31, 2021 was \$4,897 and \$12,292, respectively.

## **Gold Royalty Corp.**

Notes to Condensed Interim Consolidated Financial Statements  
(Unaudited, expressed in United States dollars unless otherwise stated)

### **5. Issued Capital (continued)**

#### **5.5 Lock-Up Agreement**

In connection with the IPO, GoldMining and each of the Company's directors and officers have entered into Lock-Up Agreements, pursuant to which GoldMining, the directors and officers of the Company agreed not to offer for sale, issue, sell, contract to sell, pledge or otherwise dispose of any GRC common shares for a period of 180 days after March 8, 2021, subject to certain limited exceptions, without the prior written consent of the Underwriters. As of March 31, 2021, there are 21,600,000 common shares which are subject to transfer restrictions pursuant to the Lock-Up Agreements.

### **6. Capital Risk Management**

The Company's objectives are to safeguard the Company's ability to continue as a going concern in order to support the Company's normal operating requirements and future acquisitions of royalty and mineral stream interests, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, debt, acquire or dispose of assets or adjust the amount of cash.

At March 31, 2021, the Company's capital structure consists of the equity of the Company (Note 5). The Company is not subject to any externally imposed capital requirements. In order to maximize ongoing development efforts, the Company does not pay dividends.

### **7. Financial Instruments**

At March 31, 2021, the Company's financial assets include cash and cash equivalents. The Company's financial liabilities include accounts payable. The carrying value of the Company's financial liabilities approximate fair value due to their short term to maturity.

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

The financial risk arising from the Company's operations are credit risk, liquidity risk, commodity price risk and currency 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 these 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.

#### **7.2 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. The Company mitigates credit risk associated with its bank balance by holding cash with large, reputable financial institutions.

#### **7.3 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 March 31, 2021 was \$88,978,296. The Company's accounts payable and accrued liabilities are expected to be realized or settled, respectively, within a one-year period.

## Gold Royalty Corp.

Notes to Condensed Interim Consolidated Financial Statements  
(Unaudited, expressed in United States dollars unless otherwise stated)

### 7. Financial Instruments (continued)

#### 7.4 Commodity price risk

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.

#### 7.5 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 are minimal.

### 8. Related Party Transactions

#### 8.1 Related Party Transactions

During the three and six months ended March 31, 2021, the Company incurred \$4,792 and \$28,104 in technology expenses for service provided by Blender Media Inc., a company controlled by a direct family member of a director of the Company, respectively. In addition, the Company settled the amount due to GoldMining, the Company's former parent, during the six months ended March 31, 2021.

On December 4, 2020, one of the Company's directors subscribed for 150,000 Private Placement Shares (Note 5.2).

Related party transactions are based on the amounts agreed to by the parties. During the six months ended March 31, 2021, the Company did not enter into any contracts or undertake any commitment or obligation with any related parties other than as described herein.

#### 8.2 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 and six months ended March 31, 2021 are as follows:

	For the three months ended March 31, 2021 (\$)	For the six months ended March 31, 2021 (\$)
Management salaries	93,919	128,455
Directors' fees	23,355	23,355
Share-based compensation	946,697	1,025,397
Total	1,063,971	1,177,207

As at March 31, 2021, \$25,733 was payable to key management personnel for expense reimbursement and services provided to the Company (September 30, 2020: \$9,364).

**Gold Royalty Corp.**

Notes to Condensed Interim Consolidated Financial Statements  
(Unaudited, expressed in United States dollars unless otherwise stated)

**9. Operating Segments**

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

**10. Subsequent Event**

Subsequent to March 31, 2021, the Company entered into an agreement with a service provider for the provision of advertising and digital marketing services. The total fee was paid in cash and 75,000 common shares of the Company. The common shares are subject to a hold period that will expire on August 24, 2021.