

MARCH 22, 2022

Gold Royalty Corp.

GROY-NYSE \$4.06 | Rating: Buy | Target price: \$6.25

Strategically Building a Strong Intermediate Royalty Company



Mining

Jacques Wortman, BSc, MBA
Mining Analyst
Tel: 416 941-7701
WortmanJ@lb-securities.ca



LAURENTIAN BANK
SECURITIES



Gold Royalty Corp.

Strategically Building a Strong Intermediate Royalty Company

Investment Thesis and Recommendation	2
Investment Positives	2
Investment Risks	3
Valuation — Sum-of-the-Parts	4
NAVPS — Predominantly Operating & Development Assets	4
Valuation — GROY Trades at Significant P/NAV Discount to Peers	5
Company Profile — Laying A Strategic Foundation	7
Asset Portfolio Sum-of-the-Parts	7
GROY Paid Reasonable Multiples in 2021 Acquisitions	13
GROY's Royalty/Project Generator Model	14
GROY's Bid for Elemental Royalties	15
Management & Directors — Key Members	16
GROY Shareholder Base — Management Reasonably Aligned	16
Financial Position — Balance Sheet in Good Shape	17
Risks — Lower for Royalty Companies vs. Mining Companies	17
Financial Statements	19
Appendix I — Important Disclosures	22



Company Profile

Gold Royalty Corp. (GROY) is a precious metal royalty company with assets located in the Americas, with a focus in Nevada and Canada. In the twelve (12) months since the completion of a successful IPO, GROY has completed three transformational transactions and made additional acquisitions that have grown the total royalty portfolio from eighteen (18) to ~190 royalty interests. On a P/NAV basis, we believe that GROY paid reasonable valuations in these transactions. In our view, the flagship assets include royalty interests on the Malartic/Odyssey, Fenelon, Ren, Jerritt Canyon, Hog Ranch, Cote Gold, La Mina, Titiribi and Whistler mines or development projects. GROY itself currently trades at ~1.0x NAV, below its peer group average of ~1.5x NAV, creating a unique buying opportunity.



Source: BigCharts.com

Market and Company Data

Ticker	GROY-NYSE		Shares - basic O/S (M)	134.1		
Rating	Buy		Shares - FD (M)	140.4		
Risk	High		Market Cap (\$M)	\$543.7		
Price (\$)	\$4.06		Enterprise Value (\$M)	\$504.9		
1-Yr. Target (\$)	\$6.25		Float O/S (M)	95.0		
TP Method (Core Assets)	1.9x NAV		Ave Daily Vol	596,615		
NAVPS (\$)	\$3.75		52-Wk High-Low (\$)	\$7.08-\$3.61		
Div. Yield	0.99%		Year-end	September		
1-Yr ROR	54.9%		Next reporting	April		
			Working Cap (\$M)	\$34.6		
Calendar 2022 forecast	Q1	Q2	Q3	Q4	Annual	
Gold (\$/oz)	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750	
Silver (\$/oz)	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	
Adjusted EPS (\$)					P/E	
F20A (part)					-\$0.14	NM
F21A					-\$0.43	NM
F22E	-\$0.06	-\$0.03	-\$0.02	-\$0.01	-\$0.13	NM
F23E	-\$0.02	-\$0.01	-\$0.02	-\$0.01	-\$0.06	NM
EBITDA (\$ mm)						EV/EBITDA
F20A (part)					-\$0.14	NM
F21A					-\$12.4	NM
F22E	-\$7.3	-\$3.4	-\$2.2	-\$1.0	-\$13.8	NM
F23E	-\$1.7	-\$0.6	-\$1.6	\$0.1	-\$3.8	NM

Prices as of March 17, 2022

All figures are US\$ unless otherwise noted

High Quality Gold Royalty Company Trading at NAV

Initiating coverage on Gold Royalty Corp. with a BUY rating and a \$6.25 price target based on a 1.9x multiple to the Core Asset portfolio and a 1.0x multiple on all other assets and balance sheet items. The Core Asset portfolio includes royalties that currently generate royalty revenue and other high-value flagship royalty interests.

GROY's asset portfolio has a cumulative valuation that well supports the share price. We value the Core Asset portfolio, consisting of royalty interests on twenty-five (25) mines and projects, at \$395.3M (\$2.82/sh) and the remaining development and exploration royalty interests at a combined \$95M (\$0.68/sh). Adjusting for the current balance sheet positions, we calculate an NAV of \$3.75/sh.

Attractive valuation relative to the intermediate precious metal royalty peer group. GROY trades at 1.08x NAV, compared with the intermediate gold-focused peer group that trades at an average consensus P/NAV multiple of 1.56x (see comparables in [Exhibit 2](#)). We believe the deep discount, relative to its peers, largely reflects both: 1) relatively low revenue in the next few years, and 2) uncertainty surrounding the outcome of the unsolicited offer GROY has made (see discussion on [page 15](#)) for Elemental Royalties (ELE-TSXV; covered by J. Wortman; BUY, C\$2.50 TP). That said, we consider GROY's Core Asset portfolio to be of high quality with strong operators controlling the underlying assets. Additionally, the entire royalty portfolio has significant upside value optionality and exploration potential.

Key GROY differentiators:

- **Opportunistically acquiring high-quality junior royalty companies at reasonable multiples.** While several of GROY's peers are completing relatively small 'tuck-in' acquisitions at various multiple points, GROY has completed several key acquisitions without overpaying; and,
- **Very strong management and technical teams** which have transaction experience and identified the key strategies and executed.

Key Near-Term Catalysts:

- **Outcome of the ELE offer.** While GROY has certainly built significant critical mass with its 2021 transactions, we continue to watch this situation closely; and,
- **Exploration updates,** especially on key flagship projects.

Key Investment Risks:

- **Tougher market environment,** with increased competitive pressure in the royalty space and decreased market appetite in the last 1.5 years; and,
- **Commodity price risk,** especially the gold price.

Investment Thesis and Recommendation

Initiating coverage
with a BUY rating and
\$6.25 target price

We are initiating coverage of Gold Royalty Corp. (GROY-TSXV) with a BUY rating and \$6.25 target price. GROY is a relatively new player in the precious metal royalty space, having completed its IPO in March 2021. Since then, GROY has successfully completed the acquisition of Ely Gold Royalties Inc. (ELY; closed in August 2021), and Abitibi Royalties Inc. (RZZ) and Golden Valley Mines and Royalties Ltd. (GZZ; both closed in November 2021). With other recent individual royalty acquisitions, GROY has grown the initial portfolio of 18 royalties to over 190 royalty interests. In addition, in January 2022, GROY announced a formal unsolicited offer to acquire Elemental Royalties on the basis of 0.27 of a GROY share for each ELE share. The offer is open for acceptance until April 27th, 2022. We discuss our views on the strategy and rationale for the bid on [page 15](#).

In our view, GROY is a high-growth, highly transactional player in the precious metal royalty space, growing the asset base and pipeline of future royalty revenue in a strategic and opportunistic manner. As illustrated in [Exhibit 14](#) on page 13, we believe that GROY has completed the transactions summarized above at relatively attractive multiples and succeeded in acquiring several flagship high-value royalty interests. The one area that needs addressing is the lower revenue profile over the next two (2) years. In our view, the successful acquisition of ELE would add ~\$12–14M of annual revenue and significantly improve the near-term revenue profile. This could potentially lead to a re-rating of GROY shares, which currently trade at a significant P/NAV discount relative to intermediate precious metal royalty company peers. **Note that our current GROY valuations, estimates and TP reflect the current asset base and make no assumptions on the outcome of the ELE bid.**

Investment Positives

- **Strong management and technical teams**, with an established track record of identifying strategic M&A opportunities at attractive takeout valuations.
- **Focus on lower risk jurisdictions.** The current portfolio is focused on royalty interests in the Americas, with a high concentration in Nevada and Canada.
- **Potential organic royalty generation.** Through the acquisition of ELY, GROY has retained key personnel responsible for the success of the Royalty Generation Model (see [Exhibit 15](#) on page 14).
- **A strong balance sheet.** As at the end of December 2021, GROY had a working capital position of \$34.6M, cash and marketable securities of \$38.9M and minimal long-term debt and near-term lease obligations. In addition, GROY recently announced a new secured revolving credit facility of up to \$25M. Post the end of 2021, GROY paid out \$15M in cash as part of the recent acquisition of a royalty on Cote Gold. That said, we would maintain that the company is still in a strong financial position with adequate liquidity to pursue other opportunities.
- **Share price well supported by NAVPS.** GROY trades at a P/NAV multiple of 1.08x, which is quite low relative to its intermediate precious metal royalty company peer group, which trades at 1.56x NAV.

Investment Risks

- **Competitive nature of the precious metal royalty space.** This feature has two risks associated with it:
 - 1) the potential for a decrease in available transactions of decent scope going forward, with more parties jockeying to complete acquisitions, and
 - 2) the potential for lower returns as higher prices are paid.
- **Stagnant demand for precious metal royalty vehicles vs. continued high number of players.** With limited opportunities to grow, intermediate royalty companies' valuations have been stuck in a 'holding pattern' and acquisitions have been limited to relatively small tuck-in deals. We expect the current consolidation phase to continue and, in our view, GROY has been a new leader in this theme.
- **Potential for GROY to continue to trade at a discount relative to peers if near-term revenue forecasts remain low.** In our view, GROY's formal bid for ELE is another excellent strategic move, although in our view the probability of the deal succeeding has decreased based on the value of the share ratio offer and ELE's recent private placement that brought in another strategic shareholder (see discussion on [page 15](#)).
- **Several key GROY flagship royalty interests are still years away from production and have associated development and other related risks.** While we risk adjust our valuations to address this, a significant proportion of the market valuation discount might be attributable to this feature. Specifically, we would note Ren, Fenelon, Hog Ranch, La Mina, Titiribi, and Whistler.

Valuation — Sum-of-the-Parts

NAVPS — Predominantly Operating & Development Assets

We estimate that GROY's Core Asset portfolio has a value of \$395.3M.

Our GROY net asset value (NAV) is based on a sum-of-the-parts approach of our Net Present Value calculations (risk-adjusted DCF) for the Core Asset portfolio, and also includes valuations for royalty interests on earlier stage pre-production and development projects and current balance sheet positions. Our NAV is summarized in Exhibit 1 and discussed in greater detail on [pages 7–12](#). We value the Core Asset portfolio of royalties on twenty-five (25) projects at \$395.3M. In addition, our estimate for the value of the earlier stage pre-production and development project portfolio is \$95M. Beyond these assets, we incorporate balance sheet positions to arrive at our calculated NAV.

Exhibit 1. Net Asset Value (NAV) — Gold Royalty Corp. (GROY-NYSE)

Core Asset Portfolio	NPV US\$ mm	NAV Per share	Valuation Approach
Odyssey (Malartic UG) NSR	\$184.4	\$1.31	DCF at 5% discount rate
Cote Gold NSR	\$13.2	\$0.09	DCF at 7% discount rate
Cheechoo NSR	\$14.3	\$0.10	DCF at 7% discount rate
Beaufor / Beacon (NSR + PTR)	\$4.3	\$0.03	DCF at 5% discount rate
La Mina NSR	\$13.8	\$0.10	DCF at 7% discount rate
Sao Jorge NSR	\$5.7	\$0.04	DCF at 7% discount rate
Cachoeira NSR	\$3.4	\$0.02	DCF at 7% discount rate
Surubim NSR	\$1.9	\$0.01	DCF at 8% discount rate
Crucero NSR	\$4.9	\$0.04	DCF at 8% discount rate
Titiribi NSR	\$25.1	\$0.18	DCF at 10% discount rate
Whistler NSR	\$14.3	\$0.10	DCF at 8% discount rate
Sleeper NSR	\$2.2	\$0.02	DCF at 10% discount rate
Mount Hamilton / Monte Cristo NSRs	\$2.8	\$0.02	DCF at 8% discount rate
Yellowknife NSR	\$5.2	\$0.04	DCF at 8% discount rate
Isabella Pearl NSR	\$1.1	\$0.01	DCF at 5% discount rate
Jerritt Canyon (NSR + PTR)	\$6.9	\$0.05	DCF at 5% discount rate
Rawhide NPI	\$3.4	\$0.02	DCF at 5% discount rate
Fenelon NSR	\$34.8	\$0.25	DCF at 7% discount rate
Lincoln Hill NSR	\$4.4	\$0.03	DCF at 7% discount rate
Railroad-Pinion NSR	\$3.2	\$0.02	DCF at 6% discount rate
Marigold NSR	\$3.6	\$0.03	DCF at 7% discount rate
REN (NSR + NPI)	\$28.8	\$0.21	DCF at 6% discount rate
Hog Ranch NSR	\$8.4	\$0.06	DCF at 6% discount rate
Gold Rock NSR	\$2.3	\$0.02	DCF at 6% discount rate
Subtotal - Core Royalty Assets	\$395.3	\$2.82	
Other Development/Exploration Assets	\$95.0	\$0.68	mkt based estimate
Subtotal - Royalty Interests (US\$)	\$490.3	\$3.49	
Working Capital	\$35.5	\$0.25	
Long-term debt	\$0.0	\$0.00	
Reclamation provision	\$0.0	\$0.00	
Subtotal - Balance Sheet (US\$)	\$35.4	\$0.25	
Net Asset Value (US\$/share)	\$525.7	\$3.75	
Target valu'n (US\$/share; 1.9x Key Assets, 1.0x rest)	\$881.5	\$6.28	

Source: LBS Estimates

Our sum-of-the-parts NAV for Gold Royalty Corp. is \$3.75 per share. Our 12-month target price is based on a 1.9x multiple applied to the Core Asset royalty portfolio and 1.0x the other NAV components. The 1.9x multiple we are using on the Core Assets represents a discount to the consensus TP/NAV multiple that the intermediate precious metal royalty peer group trades at (2.1x NAV).

Valuation — GROY Trades at Significant P/NAV Discount to Peers

Significant growth in the number of mining royalty vehicles, with ~16 new groups added in last four (4) years.

The number of players in the competitive precious metal royalty company space has increased in the last few years. In Exhibit 2, we illustrate the key players and would subdivide these companies into three (3) subgroups based on market capitalization and breadth of revenue generating royalty portfolios, including:

- The **senior, larger cap companies** that have dominated the space for the last few decades: 1) Franco Nevada, 2) Wheaton Precious Metals, and 3) Royal Gold. As a subgroup, these three (3) companies have a market cap range of C\$9.0–37.6B, represent ~87% of the total market capitalization of the royalty companies in Exhibit 2, and trade at a consensus P/NAV multiple of 2.5x and a consensus 2022 EV/EBITDA multiple of 21.6x,
- The **intermediate tier of royalty companies** (excluding GROY) consists of approximately seven (7) companies that fall within a market cap range of C\$0.3–3.0B and trade at a consensus P/NAV multiple of 1.56x and a consensus 2022 EV/EBITDA multiple of 15.7x; and
- The **small cap tier companies** have generally entered the space in the last 10–15 years. Focusing on precious metal juniors, this grouping consists of approximately seven (7) companies that fall within a market cap range of C\$0.03–0.15B. Institutional research coverage of these names is limited, with consensus estimates and multiples perhaps somewhat less representative or consistent relative to the larger cap tiers. The juniors trade at a consensus P/NAV multiple of ~1.1x. For the juniors, we focus on P/NAV as many have compelling asset portfolios, but several will not have meaningful revenue or EBITDA for several years, after the construction of key development projects are completed.
- **Focusing on GROY specifically**, we believe a more concise peer group would consist of Sandstorm Gold Ltd. (SSL-TSX; not covered), Maverix Metals Inc. (MMX-TSX; not covered), Nomad Royalty Company Ltd. (NSR-TSX; not covered), Metalla Royalty & Streaming Ltd. (MTA-TSX; not covered), and EMX Royalty Corp. (EMX-TSX; not covered) based on a tighter market cap range. In our view, the closest comparable would probably be MTA. This comp group trades at a consensus average P/NAV of 1.6x and a consensus 2022 EV/EBITDA multiple of 15.9x. Based on our estimates, GROY currently trades at a P/NAV multiple of ~1.08x and is expected to be EBITDA positive starting in F24, with meaningful EBITDA (\$11.3M) starting in F27.

Exhibit 2. Precious Metal Focused Royalty Companies — Comparative Analysis

	Last	Market	Enterprise	NAV	P/NAV	EBITDA				EV/EBITDA			
	Price	Cap	Value			2020A	2021E	2022E	2023E	2020A	2021E	2022E	2023E
	(C\$)	(C\$mm)	(C\$mm)			(C\$/sh)	Multiple	Multiple	Multiple	Multiple	Multiple	Multiple	Multiple
Franco Nevada Corp	\$197.54	\$37,644	\$36,963	\$69.79	2.83x	\$1,013.5	\$1,424.5	\$1,415.0	\$1,349.3	36.5x	25.9x	26.1x	27.4x
Wheaton Precious Metals	\$60.29	\$27,183	\$26,901	\$25.42	2.37x	\$974.1	\$1,153.2	\$1,221.1	\$1,213.3	27.6x	23.3x	22.0x	22.2x
Royal Gold, Inc (US\$)	\$136.61	\$8,964	\$8,912	\$59.38	2.30x	\$375.7	\$514.9	\$530.8	\$497.3	N/A	17.3x	16.8x	17.9x
Osisko Gold Royalties Ltd	\$17.89	\$2,976	\$3,435	\$13.08	1.37x	\$115.5	\$180.8	\$194.7	\$190.4	29.7x	19.0x	17.6x	18.0x
Triple Flag Precious Metals Corp	\$17.56	\$2,729	\$2,662	\$11.06	1.59x	N/A	\$183.3	\$201.5	\$177.4	N/A	14.5x	13.2x	15.0x
Sandstorm Gold Ltd	\$10.18	\$1,943	\$1,926	\$5.86	1.74x	\$81.0	\$113.4	\$109.7	\$112.3	23.8x	17.0x	17.6x	17.1x
Maverix Metals Inc	\$6.32	\$931	\$922	\$4.46	1.42x	\$50.2	\$61.5	\$64.8	\$65.1	18.4x	15.0x	14.2x	14.2x
Nomad Royalty Company Ltd.	\$9.33	\$573	\$687	\$7.81	1.19x	\$8.6	\$40.8	\$43.2	\$63.7	N/A	16.8x	15.9x	10.8x
Metalla Royalty & Streaming Ltd	\$9.60	\$427	\$418	\$4.69	2.05x	N/A	-\$4.2	-\$3.5	\$2.5	N/A	N/A	N/A	N/A
EMX Royalty Corporation	\$3.01	\$316	\$307	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average - Intermediate & Senior Royalty Companies					1.87x					27.2x	18.6x	17.9x	17.8x
Gold Royalty Corp. (US\$)	\$4.06	\$544	\$505	\$3.75	1.08x	-\$0.1	-\$12.4	-\$13.8	-\$3.8	N/A	N/A	N/A	N/A
Great Bear Royalties Corp.	\$5.40	\$147	\$144	\$4.49	1.20x	N/A	-\$0.2	-\$0.4	-\$0.4	N/A	N/A	N/A	N/A
Vox Royalty Corp	\$3.75	\$148	\$142	\$3.40	1.10x	-\$9.7	-\$1.1	\$1.0	-\$0.1	N/A	N/A	141.3x	N/A
Saifish Royalty Corp.	\$1.50	\$108	\$103	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Elemental Royalties Corp	\$1.51	\$92	\$116	\$1.25	1.21x	\$3.9	\$4.0	\$9.7	\$11.4	29.5x	28.7x	12.0x	10.1x
Orogen Royalties Inc	\$0.47	\$84	\$73	\$0.44	1.07x	-\$45.4	-\$3.1	-\$3.1	-\$3.1	N/A	N/A	N/A	N/A
Star Royalties Ltd.	\$0.55	\$40	\$35	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Empress Royalty Corp.	\$0.30	\$31	\$27	\$0.39	0.77x	N/A	\$13.5	N/A	N/A	N/A	N/A	N/A	N/A
Big 3					2.50x						21.65x	22.50x	
Intermed cap					1.56x						15.71x	15.02x	
Small cap					1.07x						N/A	N/A	
GROY peers					1.60x						15.90x	14.02x	

Source: LBS Estimates

Company Profile — Laying A Strategic Foundation

Asset Portfolio Sum-of-the-Parts

Core Asset Portfolio — Producing and Pre-production Royalties

GROY is strategically building a portfolio of royalty assets that includes several high-value, attractive flagship positions.

From our perspective, we group the core asset positions illustrated in [Exhibit 1](#) into three (3) sub-groupings based on the initial portfolio and the subsequent acquisitions, as follows:

- **The initial \$90M IPO portfolio**, consisting of net smelter return (NSR) royalties on 18 gold properties covering 12 projects located in the Americas. Nearly all of the assets in this portfolio sub-grouping are on properties owned by subsidiaries of GROY's parent company, GoldMining Inc. (GOLD-TSX; covered by B. Allan; Buy, \$5.00 TP). Of the property royalties, we ascribe value to ten (10) of them in our NAV as part of GROY's core asset portfolio and value them at \$79.4M. Of this sub-grouping, the **La Mina**, **Titiribi** and **Whistler** royalty interests represent \$53.2M or ~67% of the total value of this sub-grouping. We also ascribe \$15M of value to the property royalties not valued directly on an NPV basis in the core asset portfolio within Development/Exploration assets in our NAV;
- **The portfolio acquired with the Ely Gold Royalties Inc. acquisition in 2021**, which consists of a combination of: 1) royalties that currently generate revenue, 2) royalties on advanced-stage development projects, and 3) royalties on earlier-stage projects and properties. There is also additional upside potential from property positions that could be available for sale or option, allowing for potential organic royalty creation. We currently ascribe value to royalty interests on eleven (11) mines and projects in our NAV as part of GROY's core asset portfolio, and value them at \$99.7M. We estimate that the royalty interests on the **Fenelon**, **Ren**, **Hog Ranch**, and **Jerritt Canyon** projects and mines represent \$79.0M or ~79% of the total value ascribed to this sub-grouping. We also ascribe \$40M of value within Development/Exploration assets in our NAV to the extensive royalty portfolio and property interests not valued directly on an NPV basis in the core asset portfolio;
- **The portfolio acquired with the acquisition of both Abitibi Royalties Inc. and Golden Valley Mines and Royalties Ltd.**, which consisted of numerous royalties proximal to the Canadian Malartic operations and other royalty interests. We value the remaining royalty revenue from the east edge of the Barnat pit and the significant **Odyssey** underground royalty interests together at \$184.4M. As part of this transaction, GROY also acquired a 3% NSR royalty on the Cheechoo project, which we include in our NAV. We also ascribe \$30M of value within Development/Exploration assets in our NAV to royalty assets outside of those described above (various NSR and NPI royalty interests in the Malartic camp, plus other royalties in the Abitibi region, Quebec and elsewhere in Canada and Turkey); and,
- **GROY has made additional royalty acquisitions in the last several months outside of the significant corporate transactions noted above**, including royalty interests on the assets of Monarch Mining Corp. (GBAR-TSX; covered by J. Wortman; Restricted), including: 1) a 1% NSR plus C\$2.50 per tonne royalty on production from the Beaufor mine (valued together at \$4.3M), and 2) 2.5% NSR royalties on the Croinor Gold, Mackenzie Break, and Swanson development stage projects (at an estimated total value of \$10M in Development/Exploration Assets). Lastly, GROY recently acquired a 0.75% NSR royalty covering roughly the southern half of the resource base for the **Cote Gold** project, valued at \$13.2M in our NAV.

As illustrated in [Exhibit 1](#), we value the entire core asset royalty portfolio at \$395.3M. Post the transactions summarized above, GROY now holds ~190 producing and pre-production royalty assets. **In Exhibits 3–11 below, we tabulate the primary characteristics of the nine (9) core assets noted above, which on a cumulative basis we value at \$329.8M, or ~83% of the core asset portfolio. The order of assets illustrated is based on the groupings noted above, ranked based on NPV.**

Exhibit 3. Odyssey (Malartic) Royalty Interest — Basic Details and Valuation

Asset: Odyssey UG project – 3.0% NSR royalty

Location: Quebec, Canada

Status: In construction; initial production in 2023

Operator: Agnico Eagle Mines Ltd (50%) and Yamana Gold Inc (50%)

Basic Valuation Assumptions:

- Estimated LOM production: 6.94 Mozs
- 2029–2039 average throughput rate: 18,000 tpd @ 2.76 g/t Au
- Estimated mine life: ~17 years

Valuation (NPV5%): \$184.4M

Additional commentary: Royalty interests apply to both: 1) a portion of the remaining reserves at the east end of the Barnat pit (2022), and 2) the new Odyssey underground mine scheduled to start production in 2023. Production is scheduled to be ~82,000 ozs Au from H2/23 — end of 2026, before ramping to a design capacity of ~546,000 ozs starting in 2029. GROY holds a 3% NSR over a significant proportion of the UG mine plan — the Feasibility Study cash flow profile indicates an average overall NSR rate of 2.76% (modelled). Although there is some operating risk associated with the mine being in construction, we would characterize it as being low, and cite the very low level of counterparty and financial risk given the strong operators.

Source: GROY disclosure; Odyssey Technical Report (Dec/20); S&P Capital IQ; LBS estimates

Exhibit 4. Fenelon Royalty Interest — Basic Details and Valuation

Asset: Fenelon gold project — 2% NSR royalty

Location: Quebec, Canada

Status: Development

Operator: Wallbridge Mining Company Ltd.

Basic Valuation Assumptions:

- Conceptual LOM plan: 9,700 tpd OP (2029), 3,325 tpd UG (2031)
- Average annual production: ~231,000 ozs Au
- Estimated mine life: ~12 years (starting in 2029)

Valuation (NPV7%): \$34.8M

Additional commentary: The 2% NSR royalty on the Fenelon gold project was acquired with the Ely Gold Royalties transaction. The higher 7% discount rate we are applying reflects: 1) the earlier stage nature of the overall project, 2) higher counterparty risk (Wallbridge: C\$370M market cap, limited operating experience), and 3) the conceptual production profile we are modelling. Wallbridge announced the inaugural resource estimate in Nov/21, with a total combined Indicated Resource of 2.67 Mozs at 1.91 g/t Au and total combined Inferred Resource of 1.72 Mozs at 1.69 g/t Au. With the considerable drilling completed and the expanded resource base, Wallbridge envisions Fenelon as a potential open pit and underground bulk mineable deposit.

Source: Wallbridge disclosure; S&P Capital IQ; LBS estimates

Exhibit 5. Ren Royalty Interest — Basic Details and Valuation

Asset: Ren gold project — 1.5% NSR plus 3.5% NPI royalties

Location: Nevada, USA

Status: Development

Operator: Nevada Gold Mines (Barrick Gold—61.5%; Newmont Corp—38.5%)

Basic Valuation Assumptions:

- Conceptual LOM plan: 1,850 tpd UG @ 7 g/t Au, 92% recovery
- Average annual production: ~138,000 ozs Au starting 2028
- Estimated mine life: ~9 years

Valuation (NPV6%): \$28.9M

Additional commentary: The Ren royalties were acquired with the Ely Gold Royalties transaction. The 6% discount rate reflects both the operators (low counterparty risk) and stated goal to further explore and develop Ren, as well as some uncertainty regarding the timeline to production and final scope of operations. Nevada Gold Mines released an updated NI 43-101 Inferred resource estimate in Feb/22 of 1.24 Mozs at 7.3 g/t Au.

Source: Nevada Gold Mines disclosure; S&P Capital IQ; LBS estimates

Exhibit 6. Titiribi Royalty Interest — Basic Details and Valuation

Asset: Titiribi gold-copper project — 2.0% NSR

Location: Antioquia Department, Colombia

Status: Development stage

Operator: GoldMining Inc.

Basic Valuation Assumptions:

- Conceptual LOM plan: 55,000 tpd OP @ 0.36 g/t Au, 0.08% Cu
- Average annual production: ~183,000 ozs Au; 13,000 tonnes Cu
- Estimated mine life: ~25 years (starting 2032)

Valuation (NPV10%): \$25.1M

Additional commentary: The 2% NSR royalty on the Titiribi project was part of the original portfolio of assets that formed the basis of the GROY IPO. The higher 10% discount rate we are applying reflects: 1) the earlier stage nature of the overall project, 2) higher counterparty risk (GoldMining: C\$338M market cap, limited operating experience), and 3) the conceptual production profile we are modelling. GoldMining announced an updated mineral resource estimate for Titiribi in Jul/21. Measured and Indicated resources totalled 5.54 Mozs Au and 1,061 Mlbs Cu at average grades of 0.40 g/t Au and 0.11% Cu. Inferred resources totalled 3.15 Mozs Au and 213 Mlbs Cu at average grades of 0.40 g/t Au and 0.04% Cu. With this grade profile, we envision a large, OP operation with a high initial capex requirement that would likely require a significant partner or the eventual sale of the project to advance it beyond the Feasibility Study stage.

Source: GROY and GoldMining disclosure; S&P Capital IQ; LBS estimates

Exhibit 7. Whistler Royalty Interest — Basic Details and Valuation

Asset: Whistler gold-copper-silver project — 1.0% NSR royalty

Location: Alaska, USA

Status: Development stage

Operator: GoldMining Inc.

Basic Valuation Assumptions:

- Conceptual LOM plan: 38,000 tpd @ 0.43 g/t Au, 0.11% Cu, 1.62 g/t Ag
- Ave annual production: ~151,500 ozs Au, 12,000 t Cu, 500,000 ozs Ag
- Estimated mine life: ~20 years (starting 2032)

Valuation (NPV8%): \$14.3M

Additional commentary: The 1% NSR royalty on the Whistler project was part of the original portfolio of assets that formed the basis of the GROY IPO. The higher 8% discount rate we are applying reflects: 1) the earlier stage nature of the overall project, 2) higher counterparty risk (GoldMining: C\$338M market cap, limited operating experience), and 3) the conceptual production profile we are modelling. GoldMining announced an updated mineral resource estimate for Whistler in Jun/21. Indicated resources totalled 1.94 Mozs Au, 422 Mlbs Cu and 8.33 Mozs Ag at average grades of 0.51 g/t Au, 0.16% Cu, and 2.19 g/t Ag. Inferred resources totalled 4.67 Mozs Au, 711 Mlbs Cu, and 16.1 Mozs Ag at average grades of 0.46 g/t Au, 0.1% Cu and 1.58 g/t Ag. With this grade profile, we envision a large, OP operation with a high initial capex requirement that would likely require a significant partner or the eventual sale of the project to advance it beyond the Feasibility Study stage. In late February, GOLD announced that a new subsidiary named U.S. GoldMining Inc. has been created and the Whistler project will be vended into this subsidiary, with a dedicated management team for the focused development of the project. An IPO and listing is expected later this year.

Source: GROY and GoldMining disclosure; S&P Capital IQ; LBS estimates

Exhibit 8. La Mina Royalty Interest — Basic Details and Valuation

Asset: La Mina gold-copper-silver project — 2% NSR royalty

Location: Antioquia Department, Colombia

Status: Development stage

Operator: GoldMining Inc.

Basic Valuation Assumptions:

- Conceptual LOM plan: 10,000 tpd @ 0.69 g/t Au, 0.24% Cu, 1.67 g/t Ag
- Ave annual production: ~65,500 ozs Au, 7,250 t Cu, 58,000 ozs Ag
- Estimated mine life: ~10 years (starting 2028)

Valuation (NPV7%): \$13.8M

Additional commentary: The 2% NSR royalty on the La Mina project was part of the original portfolio of assets that formed the basis of the GROY IPO. The higher 7% discount rate we are applying reflects: 1) the earlier stage nature of the overall project, 2) higher counterparty risk (GoldMining: C\$338M market cap, limited operating experience), and 3) the conceptual production profile we are modelling. That said, we believe that the conceptual lower throughput mine scenario envisioned could make La Mina a lower capex project relative to Titiribi and Whistler, and perhaps more manageable for GoldMining. GoldMining announced an updated mineral resource estimate for La Mina in Jul/21. Indicated resources totalled 0.66 Mozs Au, 150 Mlbs Cu and 1.6 Mozs Ag at average grades of 0.73 g/t Au, 0.24% Cu, and 1.76 g/t Ag. Inferred resources totalled 0.29 Mozs Au, 81 Mlbs Cu, and 0.77 Mozs Ag at average grades of 0.65 g/t Au, 0.27% Cu and 1.76 g/t Ag. With this grade profile, we envision a 10,000 tpd OP operation and ~10-year mine life.

Source: GROY and GoldMining disclosure; S&P Capital IQ; LBS estimates

Exhibit 9. Cote Gold Royalty Interest — Basic Details and Valuation

Asset: Cote Gold project — 0.75% NSR royalty (on est. 25% of LOM plan)

Location: Ontario, Canada

Status: Construction stage

Operator: 64.75% IAMGOLD; 27.75% Sumitomo Metal Mining; 7.5% Other

Basic Valuation Assumptions:

- Modelled mine plan based on Nov/21 Technical Report
- Ave. annual production under royalty: 96,500 ozs Au
- Estimated mine life: ~18 years (starting in 2023, mine plan under review)

Valuation (NPV7%): \$13.2M

Additional commentary: GROY completed the acquisition of the 0.75% NSR on Cote Gold in early March. In February, IAMGOLD announced that project construction was 43.4% complete and detailed engineering was at 92.2% completion. In addition, IAMGOLD has identified “inflationary and other cost pressures” in various areas of mine construction, which will result in an expected increase in the projected remaining capex to complete the mine, above the high end of the range previously provided. In addition, the timing of costs could vary. A risk analysis of the schedule and costs will be completed before the end of Q2/22 and could result in the re-basing of the capex profile and completion schedule. With this uncertainty regarding timing and capex, we have elected to use a 7% discount rate to value this royalty interest until we get better clarity on the impact of this review process.

Source: IAMGOLD disclosure; S&P Capital IQ; LBS estimates

Exhibit 10. Hog Ranch Royalty Interest — Basic Details and Valuation

Asset: Hog Ranch gold project — 2.25% NSR royalty

Location: Nevada, USA

Status: Exploration and development stage

Operator: Rex Minerals Ltd.

Basic Valuation Assumptions:

- Conceptual LOM plan: 3.0 Mtpy heap-leach; 0.5 g/t Au, 80% recovery
- Ave annual production: ~39,000 ozs Au
- Estimated mine life: ~9 years (starting 2025)

Valuation (NPV6%): \$8.4M

Additional commentary: The Hog Ranch NSR royalty was acquired with the Ely Gold Royalties transaction. The 6% discount rate reflects our valuation approach of only ascribing value to the project based on the Bells Project 2020 scoping study, which only includes a small sub-set of the overall Hogs Ranch resource base. Our mine plan based on the parameters in the scoping study assumes total production of ~347,250 ozs Au, or ~434,000 ozs (~19%) of the total 2.26 Mozs of total resource including all areas at Hog Ranch (Measured and Indicated resource base of 0.56 Mozs plus Inferred resource base of 1.7 Mozs). We believe that the 2020 capex of \$55.3M for the Bells Project aligns well with Rex’ market cap of ~A\$159M.

Source: Rex Minerals disclosure; S&P Capital IQ; LBS estimates

Exhibit 11. Jerritt Canyon Royalty Interest — Basic Details and Valuation

Asset: Jerritt Canyon gold mine — 0.5% NSR plus \$0.30/tonne royalties

Location: Nevada, USA

Status: Producing

Operator: First Majestic Silver Corp.

Basic Valuation Assumptions:

- Ore throughput: ~2,000 tpd; average grade: 6.75 g/t; recovery: 86%
- Average annual production: ~129,000 ozs Au
- Estimated mine life: ~6 years

Valuation (NPV5%): \$6.9M

Additional commentary: The Jerritt Canyon royalties were acquired with the Ely Gold Royalties transaction. The 5% discount rate reflects: 1) our current conservative model assumptions, 2) the fact that the mine is built and in operation, 3) First Majestic Silver as a strong operator, and 4) considerable upside exploration potential. First Majestic had nine (9) drill rigs operating (four (4) surface and five (5) underground) at the end of 2021. In 2022, the budget has been set at ~135,100 metres of drilling at Jerritt Canyon. This program will consist of a mixture of surface and underground in-fill, step-out and exploratory holes to support the life of mine and test the presence of new orebody targets at Waterpipe II, Wheeler Fault Zone, and Northeast Starvation Canyon. In addition, eight near mine targets located adjacent to historic underground and open pit mines are planned to be drilled from surface. Underground drilling is planned for the Saval 2 mine located north of the main SSX/Smith mine operations and in the West Generator underground mine which is scheduled to be re-opened by the end of 2022.

Source: First Majestic Silver disclosure; S&P Capital IQ; LBS estimates

Summing Up the Core Assets — GROY Revenue, Attributable Production Forecasts

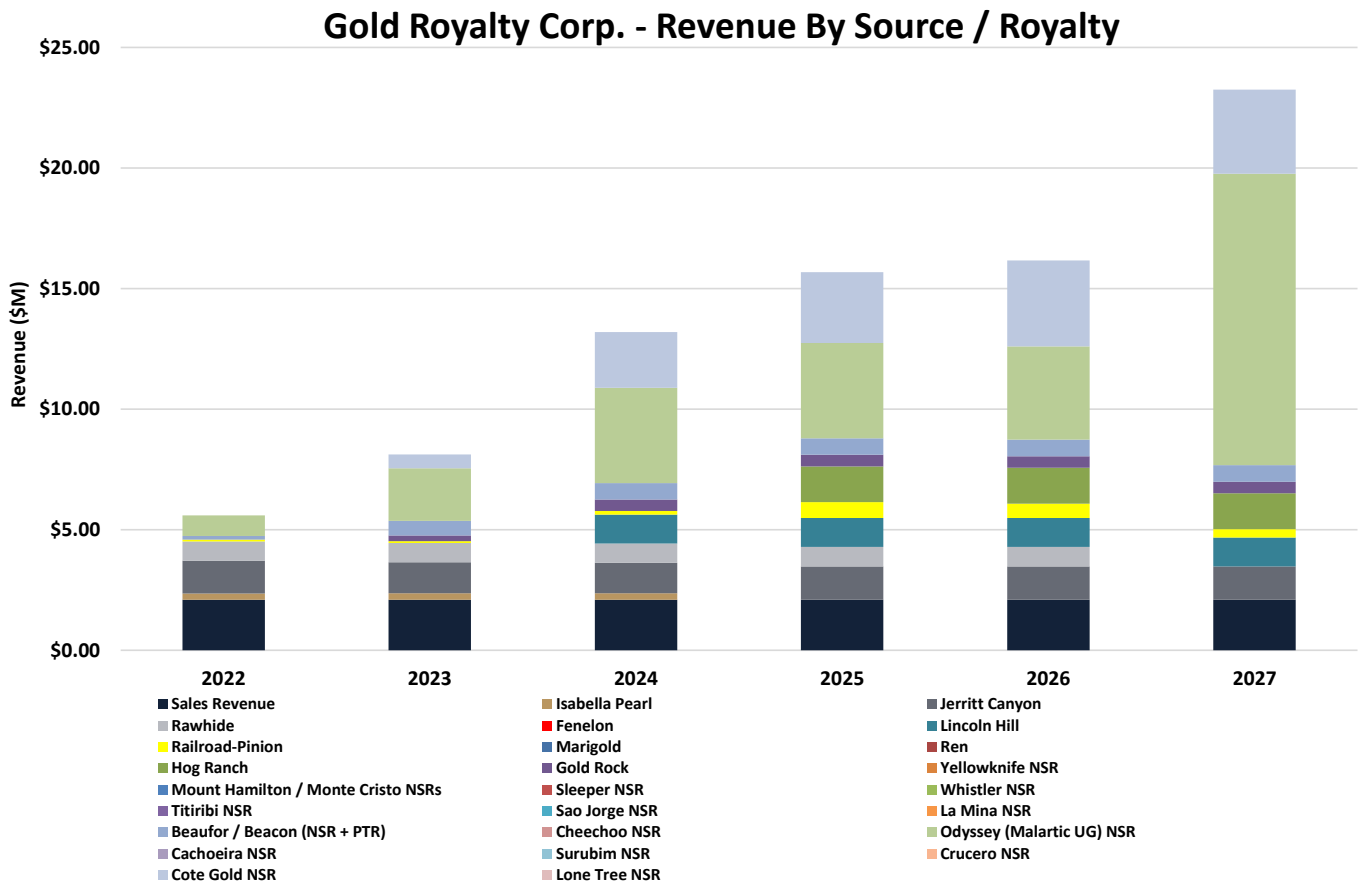
Exhibits 12 and 13 are based on our assumptions and represent current production and revenue estimates.

The basic summaries above provide some details and valuation parameters for the most significant assets within the core royalty portfolio. In Exhibits 12 and 13, we attempt to put the entire portfolio into better context by illustrating the key revenue and attributable production to GROY, based on our model assumptions. The three (3) key takeaways noted are:

- The average ‘life’ of the royalties is estimated at ~10.5 years, although we would note there is very good potential for this estimate to increase based on upside exploration potential;
- Revenue and attributable gold ounce production from the core asset portfolio is meaningful starting in 2025, with a strong three (3) year ramp-up phase from F22 (\$5.3M revenue) to F25 (\$15.7M revenue); and,
- There is some uncertainty regarding the conceptual start of production for several of the assets in our valuation. For these assets, we have addressed this uncertainty by risk-adjusting via a higher discount rate.

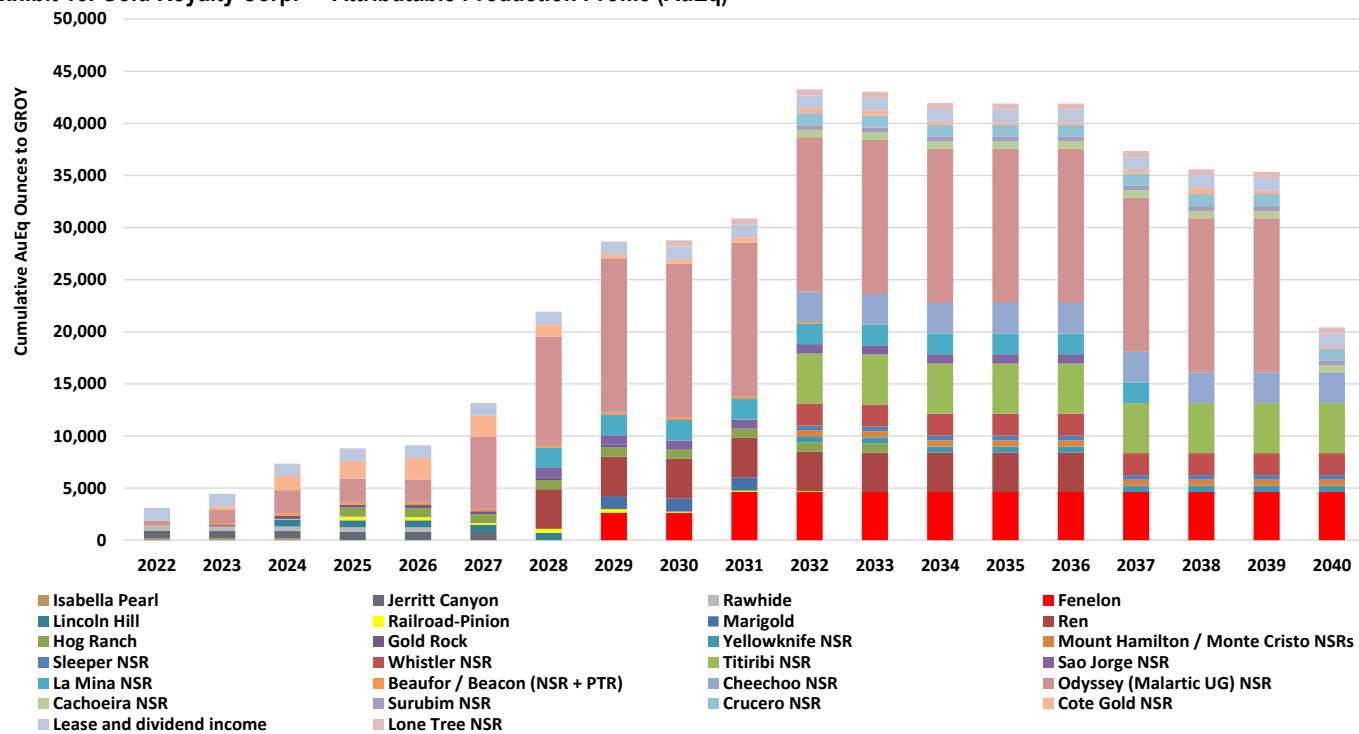
The summary points above and exhibits below illustrate the growth profile of both revenue and attributable production profile for GROY. Beyond the royalty assets illustrated in Exhibits 12 and 13, we would again note further upside potential attributable to both a strong pipeline of development projects and the project/royalty generator business model.

Exhibit 12. Gold Royalty Corp. — Royalty Revenue Profile



Source: LBS estimates

Exhibit 13. Gold Royalty Corp. — Attributable Production Profile (AuEq)



Source: LBS estimates

Development and Exploration Asset Portfolios

As summarized in the discussion above regarding the core asset royalty portfolio, we have modelled twenty-five (25) core assets of the total portfolio of 190 royalty assets. A substantial proportion of the total portfolio are pre-production royalties on exploration and development projects, which by their nature are difficult to ascribe a direct or conceptual value to due to several sources of uncertainty, including total contained metal inventory and timeline to potential production. For these earlier stage assets, we have used the same sub-grouping approach as discussed on [page 7](#) and have **ascribed values based on our estimates of market value of these portfolios of royalties based on what we think they might realize in a sales process.** As illustrated in [Exhibit 1](#), we value the GROY [Development/Exploration Asset](#) royalty portfolio at \$95M.

GROY Paid Reasonable Multiples in 2021 Acquisitions

We estimate GROY paid ~1.2x NAV for ELY & ~1.1x NAV for the combined RZZ and GZZ.

In our view, based on our last published ELY NAV and our constructed NAV for the assets acquired in the acquisitions of Abitibi Royalties and Golden Valley Mines & Royalties, we believe that GROY paid reasonable multiples to NAV in the 2021 acquisitions. We illustrate this valuation work, as well as our valuations for the asset base that supported the Mar/21 IPO, in Exhibit 14.

Exhibit 14. Gold Royalty Corp. — Multiple Analysis for 2021 IPO and Acquisitions
Gold Royalty Corp
Valuation Matrices

A. Where do we value the assets that made up the GROY IPO?	
IPO valuation	\$90.0
Core Asset valuation	\$79.4
<u>Earlier stage assets - estimate</u>	<u>\$15.0</u>
Asset valuation	\$94.4
IPO valuation	0.95 x

B. What did GROY pay on our last ELY NAV?	
Total consideration pd C\$M)	\$262.0
ELY NAV (C\$M)	\$217.7
Valuation - P/ELY NAV	1.20 x

C. What valuation multiple did GROY pay for RZZ/GZZ?	
Odyssey + Cheechoo roys	\$198.7
Other pre-prod'n royalties and properties - estimate	\$30.0
Short-term investments	\$25.3
<u>Working capital</u>	<u>\$15.7</u>
	\$269.7
Value of GROY shs issued	\$296.4
Valuation - P/NAV	1.10 x

Source: Company Disclosure

GROY's Royalty/Project Generator Model

Through its acquisitions of ELY, RZZ and GZZ, GROY inherited a strong in-house technical team & property portfolios.

A key driver in the ELY Gold Royalties business model was to acquire and build property positions and projects that could subsequently be sold or optioned to counterparties to secure royalty interests. While many groups claim to utilize this model, ELY was among a short list of groups that created real value by successfully developing and executing the model.

As illustrated in Exhibit 15, GROY retained the key personnel responsible for the ELY organic growth model in Nevada (Jerry Baughman). Additionally, GROY further built out its network of in-house expertise in 2021 via: 1) the retention of key personnel post the acquisitions of Abitibi Royalties and Golden Valley Mines and Royalties (Glenn Mullan) to assess opportunities in Ontario and Quebec, and 2) a C\$2M strategic investment in Prospector Royalty Corp (PRC). Under this unique agreement with PRC, GROY will be provided an opportunity to acquire certain royalties identified by PRC's proprietary digitized royalty database.

Exhibit 15. Gold Royalty Corp. — Organic Growth Model

Royalty Generator Model

- Prospecting and staking of properties that are subsequently optioned / sold to exploration companies including recently announced Barrick Gold and Eldorado Gold option agreements
 - Currently 47 exploration properties
- NSRs and carried interests retained on properties

Proprietary Royalty Database

- Strategic alliance with Prospector Royalty Corp. (PRC)
- Opportunity to acquire royalties identified by PRC
 - Targets royalties using proprietary database

Strategic and Economic Benefits

- | | |
|---|---|
| <ul style="list-style-type: none"> ✓ Increased volume of royalty opportunities ✓ Target opportunities with exploration upside ✓ Difficult to replicate | <ul style="list-style-type: none"> ✓ Pursue highly accretive transactions ✓ Avoid competitive auction processes ✓ Drives robust organic growth |
|---|---|

Proven Track Record

- ✓ Over 35 royalties, including Odyssey and Isabella Pearl, originally acquired by staking through the royalty generator model



• Nevada focus led by Jerry Baughman



• Québec and Ontario focus led by Glenn Mullan

Prospector Royalty Corp.

• Led by Tim Young

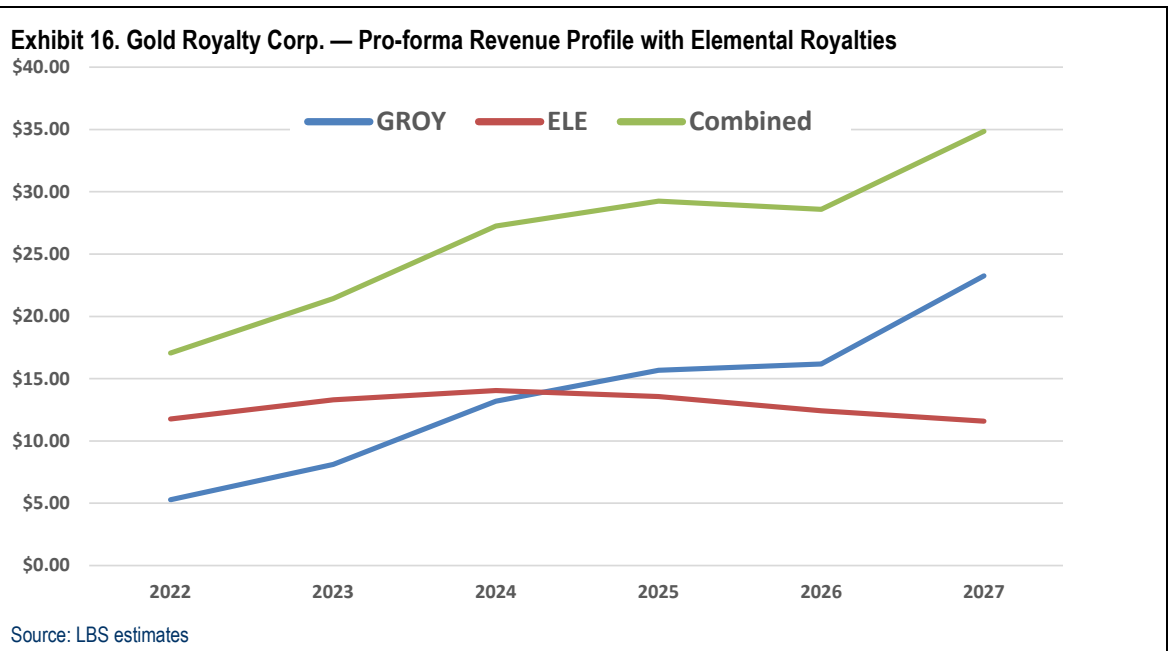
Source: Company Disclosure

GROY's Bid for Elemental Royalties

GROY's bid for ELE makes strategic sense, but price depreciation weighs on the offer price.

As discussed and illustrated in the prior sections of this report, we believe that GROY has successfully built a high-quality royalty business, with: 1) several high-value flagship royalty positions, 2) a strong pipeline of royalties on pre-production development and exploration projects, and 3) a proven organic growth model. That said, we suggest that the low level of royalty revenue in the next few years (albeit revenue growth is relatively strong) is one concern that may explain the P/NAV discount that GROY trades at relative to its peers. We believe that GROY has attempted to address this issue with the relatively recent unsolicited offer to acquire Elemental Royalties. **Note that our valuations, estimates and TP do NOT include the acquisition of ELE at this point.**

- GROY's offer for ELE: summary** — On December 20th, 2021, GROY announced its intention to acquire all of the issued and outstanding shares of Elemental Royalties on the basis of 0.27 GROY shares for each share of ELE. Based on the prior trading day's closing prices, the GROY bid (C\$1.78/sh ELE) represented a 37% premium to ELE's prevailing price (C\$1.30/sh) and valued ELE at C\$130M. Assuming the successful completion of the acquisition, ELE shareholders would own 12% of the combined company.
- What would ELE bring to GROY?** — In Feb/21, ELE completed the acquisition of a relatively small number of high-quality royalty assets from South32 Ltd (S32-ASX; not covered), with the flagship royalties being: 1) a 2% NSR royalty on the Karlawinda gold mine in Western Australia, 2) a 1% NSR royalty on the Wahgnion gold mine in Burkina Faso, and 3) a 2.25% NSR royalty on the Amancaya gold-silver mine in Chile. As illustrated in Exhibit 16, if ELE could be successfully acquired, we estimate incremental additional royalty revenue of \$11.8M in 2022, increasing to ~\$13.0–14.0M in 2023, 2024 and 2025. The combined revenue profile of GROY plus ELE would be ~\$21.4M in 2023 and would continue to ramp higher to ~\$34.9M by 2027.



Potential outcomes: GROY's bid for ELE — since the announcement of the intention to acquire ELE in late Dec/21, GROY shares have corrected by over 20%, valuing the GROY offer at C\$1.39 per ELE share currently, or 1.11x our ELE NAV of C\$1.25 per share. In the last week, we have seen ELE's price trend lower and the premium to the implied GROY bid decrease. We don't expect GROY to bid against themselves, but assuming that the 37% premium offer in Dec/21 (C\$1.78 per ELE share) is reasonable for high-quality royalties generating revenue now, GROY would need to increase its share ratio to 0.347 GROY shares from 0.27 shares. Otherwise, the three (3) logical scenarios would be: 1) ELE shareholders don't tender to GROY's offer on April 27th, 2) GROY abandons its offer, or 3) the deal becomes 'friendly' (low probability). In our view, ELE's recent C\$14M non-brokered private placement financing likely reduces the probability of GROY succeeding with its ELE bid.

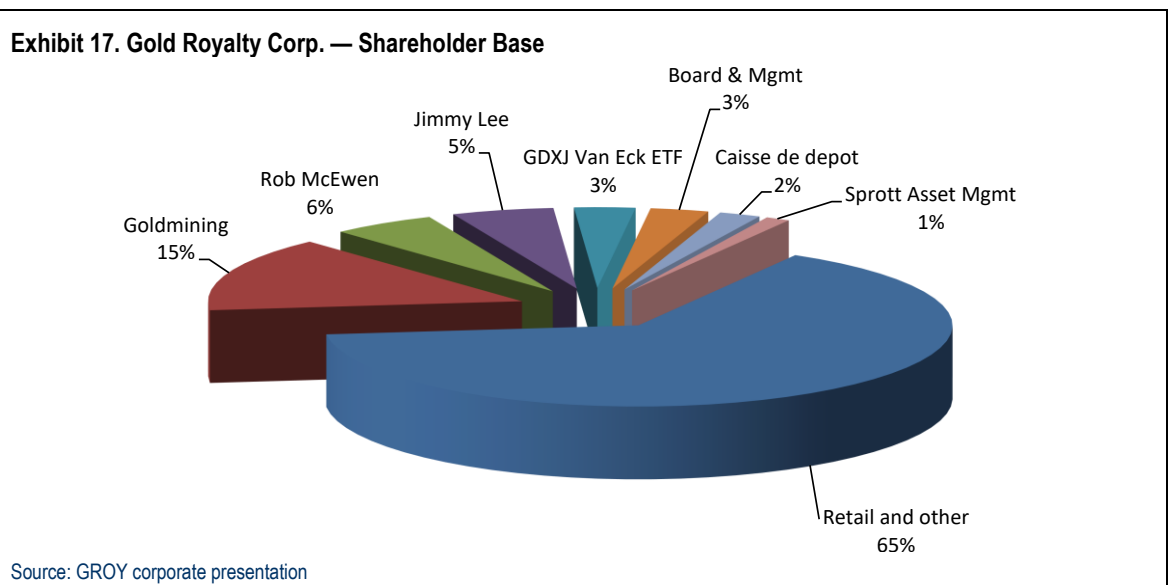
Management & Directors — Key Members

A full listing of all Gold Royalty Corp. management and directors, with profiles, can be found on the company website at <https://www.goldroyalty.com/company/management-and-directors/>, but we would identify the following as being critical to the day-to-day activities and driving shareholder value:

- David Garofalo — CEO/President, Chairman and Director
- Josephine Man — CFO
- John W. Griffith — Chief Development Officer
- Alastair Still — Director of Technical Services
- Samuel Mah — VP, Evaluations
- Jerry Baughman — VP, Nevada Select Royalty Inc.
- Peter Behncke — Manager, Corporate Development & Investor Relations
- Amir Adnani — Director
- Warren Gilman — Director
- Alan Hair — Director
- Ken Robertson — Director
- Glenn Mullan — Director
- Karri Howlett — Director

GROY Shareholder Base — Management Reasonably Aligned

We estimate that post the acquisition of the Cote Gold 0.75% NSR royalty, GROY had 134.1M common shares outstanding (basic). Based on the GROY corporate presentation, the Board and management collectively own ~3% of the shares outstanding, which demonstrates reasonable alignment with other shareholders. GoldMining Inc. is the largest shareholder. The estimated shareholder proportions are summarized in Exhibit 17.



Financial Position — Balance Sheet in Good Shape

GROY reported its FQ1/22 financial results in mid-February. From our perspective, the following key measures demonstrate the company's strong financial position:

- **A working capital position of \$34.6M, including cash of \$39.5M, and**
- **Minimal long-term debt (\$0.05M) and current portion of lease obligations of \$0.04M.**

Additionally, at the end of FQ1 GROY had: 1) ~15.2M ELY warrants outstanding, exercisable into ~3.73M GROY shares at ~\$3.37 per GROY share, and 2) Golden Valley share options exchanged for GROY share options (2.498M GROY shares at \$1.32/share). Both of these classes of warrants and options are currently in-the-money and could potentially bring in another \$15.85M in proceeds to the treasury.

Post the end of calendar 2021, GROY announced that it had entered into a definitive credit agreement for a \$10M secured revolving credit facility that includes an accordion feature providing for an additional \$15M of availability. This new facility will provide GROY with additional financial liquidity in the event that additional royalty asset acquisitions become available. In addition, post the end of calendar 2021, GROY announced the acquisition of a 0.75% NSR royalty on a portion of the Cote Gold project. The purchase price for this acquisition was \$15.875M, to be paid in cash (\$15M) and GROY shares (\$0.875M).

Risks — Lower for Royalty Companies vs. Mining Companies

Investing in mining and mining-related companies is highly speculative and inherently risky due to generally high capital intensity and limited product differentiation and pricing power. By comparison, royalty companies such as GROY offer greater diversification via its diversified portfolio of royalties and value generation through its organic growth (Royalty/Project Generation) model. Royalty companies also offer limited exposure to capital costs and operating costs, while still offering investors leverage to the commodity prices (gold in the case of GROY) and exploration and expansion potential. That said, there are still risk considerations to take into account, including financial risks, commodity price risks, country risk, and operating and financial risk of the companies that operate the mines that the royalties apply to.

Financial Risk — Relatively Low Based on Existing Working Capital, Limited Obligations

As noted above, GROY had a relatively strong balance sheet at the end of FQ1/22. After adjusting for the \$15M of cash that will be paid for the Cote Gold NSR royalty, working capital would have been ~\$19.6M. Including the added financial flexibility from the new revolving credit facility and potential cash-in from in-the-money options and warrants, we believe that GROY is in a strong financial position.

Country and Commodity Price Risk (Gold) — Low-Medium

Commodity price risk. While the GROY portfolio has a strong concentration in gold, we currently have a favourable outlook for gold market fundamentals (and commodities in general) in the near- and medium-term. In the medium term (F2025), we believe that several of GROY's key assets will be generating significant royalty revenue. While a lower gold price would obviously impact on revenue and overall valuation, we do not expect that GROY will have significant debt to service, reducing this form of risk.

Country risk. GROY's royalty assets are currently restricted to the Americas, with a concentration in Nevada, USA, as well as Quebec and Ontario. We consider these to be excellent mining jurisdictions and would characterize the overall country risk for GROY as being quite low. In the event that GROY succeeds in acquiring ELE, we believe that country risk would increase somewhat with new exposure to Burkina Faso. That said, the country has an established and tested mining code and the majority of operating mines have been able to operate relatively safely despite increased terrorist activity. Controls Risks Ratings characterizes Burkina Faso country risk as 'High' in the areas of political, terrorism, security and operational.

Production/Counterparty Risk — Low, Strong Counterparties at Several Key Mines/Projects

GROY does not own or operate any producing mines, but is still subject to production and operating risks related to the mines on which GROY has royalty interests. To receive revenue from these royalties requires the mines to maintain profitability to stay in production. If production volumes decrease significantly, the resulting revenue may decrease significantly. That said, we would note the strong operators of the mines that GROY holds core royalty positions on, including: Yamana Gold and Agnico Eagle (Malartic/Odyssey), First Majestic Silver (Jerritt Canyon), IAMGOLD/Sumitomo (Cote Gold), Coeur Mining (Lincoln Hill), Nevada Gold Mines (Barrick/Newmont; Ren project), and Calibre Mining (Gold Rock).

Contract/Legal Risk — Generally Low, but NSR Deductions can be Challenging

By definition, a net smelter return (NSR) royalty holder is entitled to some fraction of the net smelter return of a mine, which is the net revenue that the owner receives from the sale of the mine's products less transportation and refining costs. Although relatively rare, in some cases (i.e. Altius vs. Vale re: Voisey's Bay) the owner/operator of the mine can have a different interpretation of the basis of the royalty calculation, especially as it pertains to what qualifies as being deductible in the NSR calculation.

Financial Statements

Exhibit 18. GROY Income Statement

Income Statement (US\$M) - 30September fiscal Y/E	F2020A	F2021A	F2022E	F2023E	F2024E	F2025E	F2026E	F2027E
Royalty income	0.0	0.2	3.2	6.0	11.1	13.6	14.1	21.2
Lease and dividend income	0.0	0.0	2.1	2.1	2.1	2.1	2.1	2.1
Gain on disposal of mineral interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue	0.0	0.2	5.3	8.1	13.2	15.7	16.2	23.3
Depletion of royalties	0.0	0.2	2.7	6.8	9.4	10.1	10.1	16.7
Gross profit	0.0	0.0	2.6	1.4	3.8	5.6	6.1	6.5
Expenses								
Consulting fees	0.0	2.7	5.2	1.0	1.0	1.0	1.0	1.0
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Management and directors fees	0.0	1.2	0.9	0.9	0.9	0.9	0.9	0.9
General and administrative	0.0	2.9	0.0	0.0	0.0	0.0	0.0	0.0
Salaries, wages and benefits	0.0	0.0	0.8	0.8	0.8	0.8	0.8	0.8
Investor communications and marketing expenses	0.0	0.0	1.1	1.0	1.0	1.0	1.0	1.0
Office and technology expenses	0.0	0.0	0.8	0.8	0.8	0.8	0.8	0.8
Transfer agent and regulatory fees	0.0	0.0	0.3	0.3	0.3	0.3	0.3	0.3
Insurance fees	0.0	0.0	2.3	2.3	2.3	2.3	2.3	2.3
Professional fees	0.1	2.5	3.6	1.0	1.0	1.0	1.0	1.0
Share-based compensation	0.0	3.3	3.6	3.6	3.6	3.6	3.6	3.6
Share of loss in associate	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Exploration and evaluation expenses	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.2
	0.1	12.6	19.1	12.0	12.0	12.0	12.0	12.0
Operating loss for the period	(0.1)	(12.6)	(16.5)	(10.6)	(8.2)	(6.4)	(5.9)	(5.5)
Other items								
Change in fair value of derivative liabilities	0.0	(1.5)	0.1	0.0	0.0	0.0	0.0	0.0
Change in fair value of short-term investments	0.0	(0.2)	0.5	0.0	0.0	0.0	0.0	0.0
Foreign exchange loss	0.0	(0.8)	0.0	0.0	0.0	0.0	0.0	0.0
Other income	0.0	0.1	0.2	0.0	0.0	0.0	0.0	0.0
Net gain (loss) for the year	(0.1)	(15.0)	(15.6)	(10.6)	(8.2)	(6.4)	(5.9)	(5.5)
Other comprehensive income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Item that may be reclassified subsequently to net income:	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign currency translation differences	(0.0)	0.4	0.0	0.0	0.0	0.0	0.0	0.0
	(0.1)	(14.6)	(15.6)	(10.6)	(8.2)	(6.4)	(5.9)	(5.5)
Income tax	0.0	0.0	0.0	2.1	1.6	1.3	1.2	1.1
Total comprehensive net income (loss) for the year	(0.1)	(14.6)	(15.6)	(8.5)	(6.6)	(5.1)	(4.7)	(4.4)
Net earnings per share (basic)	(0.14)	(0.43)	(0.13)	(0.06)	(0.05)	(0.04)	(0.04)	(0.03)
Net earnings per share (fully diluted)	(0.14)	(0.43)	(0.13)	(0.06)	(0.05)	(0.04)	(0.03)	(0.03)
Operating Cash Flow	(0.1)	(14.4)	(13.1)	(1.7)	2.9	5.0	5.4	12.4
Operating Cash Flow per Share (basic)	(0.14)	(0.43)	(0.10)	(0.01)	0.02	0.04	0.04	0.09
Operating Cash Flow per Share (fully diluted)	(0.14)	(0.43)	(0.09)	(0.01)	0.02	0.04	0.04	0.09
Adjusted EBITDA	(0.1)	(12.4)	(13.8)	(3.8)	1.2	3.7	4.2	11.3
Total shares outstanding (000s)								
Basic	1.0	33.6	134.1	134.1	134.1	134.1	134.1	134.1
Fully-diluted	1.0	33.6	140.4	140.4	140.4	140.4	140.4	140.4

Source: Company reports, LBS estimates

Financial Statements (cont'd)

Exhibit 19. GROY Balance Sheet

Balance Sheet (US\$M) - 30September fiscal Y/E

	F2020A	F2021A	F2022E	F2023E	F2024E	F2025E	F2026E	F2027E
Assets								
Current assets:								
Cash and cash equivalents	0.0	9.9	14.4	16.3	23.2	32.6	42.4	59.3
Restricted cash	0.0	0.0	0.6	0.6	0.6	0.6	0.6	0.6
Short-term investments	0.0	1.1	25.0	25.0	25.0	25.0	25.0	25.0
Accounts receivable	0.0	0.4	0.5	0.5	0.5	0.5	0.5	0.5
Prepays and other receivables	0.0	1.9	1.8	1.8	1.8	1.8	1.8	1.8
Total Current Assets	0.1	13.3	42.3	44.1	51.0	60.4	70.2	87.1
Non-current assets								
Royalties	0.0	256.8	622.3	622.3	622.3	622.3	622.3	622.3
Mineral property assets	0.0	7.7	7.5	7.5	7.5	7.5	7.5	7.5
Long-term investments	0.0	1.6	1.8	1.8	1.8	1.8	1.8	1.8
Investment in associate	0.0	0.0	1.3	1.3	1.3	1.3	1.3	1.3
Other long-term assets	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Long Term Assets	0.0	266.2	632.9	632.9	632.9	632.9	632.9	632.9
Total assets	0.1	279.5	675.2	677.0	683.9	693.3	703.1	720.0
Liabilities								
Current liabilities:								
Accounts payable and accrued liabilities	0.1	6.9	9.5	9.5	9.5	9.5	9.5	9.5
Current portion of lease obligation	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Due to former parent company	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Current Liabilities	0.2	6.9	9.6	9.6	9.6	9.6	9.6	9.6
Non-current liabilities								
Lease obligation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derivative liability	0.0	4.5	5.0	5.0	5.0	5.0	5.0	5.0
Long-term loan	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Deferred income tax liability	0.0	42.7	136.5	136.5	136.5	136.5	136.5	136.5
Total non-current liabilities	0.0	47.3	141.6	141.6	141.6	141.6	141.6	141.6
Total Liabilities	0.2	54.2	151.1	151.1	151.1	151.1	151.1	151.1
Shareholders' equity								
Issued capital	0.0	228.6	0.0	0.0	0.0	0.0	0.0	0.0
Reserves	0.0	11.4	0.0	0.0	0.0	0.0	0.0	0.0
Accumulated deficit	(0.1)	(15.1)	0.0	0.0	0.0	0.0	0.0	0.0
Accumulated other comprehensive income (loss)	(0.0)	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Total shareholders' equity	(0.1)	225.3	524.1	525.9	532.8	542.2	552.0	568.9
Non-controlling interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	(0.1)	225.3	523.9	525.9	532.8	542.2	552.0	568.9
Total liabilities and shareholders' equity	0.1	279.5	675.2	677.0	683.9	693.3	703.1	720.0
Book Value (\$/share)	(0.14)	6.71	3.91	3.92	3.97	4.04	4.12	4.24
Working capital	(0.1)	6.4	32.7	34.6	41.5	50.9	60.7	77.6

Source: Company reports, LBS estimates

Financial Statements (cont'd)

Exhibit 20. GROY Cash Flow Statement								
Cash Flow Statement (US\$M) - 30September fiscal Y/E								
	F2020A	F2021A	F2022E	F2023E	F2024E	F2025E	F2026E	F2027E
Cash provided by (used in) operating activities								
Net earnings (loss) before tax	(0.1)	(15.0)	(15.6)	(8.5)	(6.6)	(5.1)	(4.7)	(4.4)
Items not affecting cash:								
Accretion and depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depletion of royalties	-	0.2	2.7	6.8	9.4	10.1	10.1	16.7
Interest income	-	(0.1)	(0.0)	-	-	-	-	-
Share-based compensation	-	3.0	3.6	3.6	3.6	3.6	3.6	3.6
Change in fair value of short-term investments	-	0.2	(0.5)	-	-	-	-	-
Change in fair value of derivative liability	-	1.5	(0.1)	-	-	-	-	-
Share of loss in associates	-	0.0	0.1	-	-	-	-	-
Deferred tax expense	-	0.0	0.2	(2.1)	(1.6)	(1.3)	(1.2)	(1.1)
Unrealized foreign exchange loss	-	(0.0)	0.1	0.1	0.1	0.1	-	-
	0.0	4.8	6.1	8.3	11.5	12.5	12.5	19.3
Cash generated from operations before changes in non-cash working capital	(0.1)	(10.3)	(9.6)	(0.2)	4.9	7.4	7.8	14.9
Net changes in non-cash working capital items:								
Accounts receivables	-	0.0	-	-	-	-	-	-
Prepays and other receivables	(0.0)	(1.5)	3.3	-	-	-	-	-
Accounts payable and accrued liabilities	0.1	0.0	(2.6)	-	-	-	-	-
Due to former parent company	0.1	(0.1)	-	-	-	-	-	-
Changes in non-cash operating working capital	0.1	(1.7)	0.6	-	-	-	-	-
Cash provided by (used in) operating activities	-	(11.9)	(9.0)	(0.2)	4.9	7.4	7.8	14.9
Cash provided by (used in) investing activities								
Investment in royalties	-	(9.4)	-	-	-	-	-	-
Restricted cash released	-	0.0	1.2	-	-	-	-	-
Cash acquired through acquisition of Abitibi Royalties Inc. and Golden Valley Mines and Royalties Inc.	-	0.0	10.4	-	-	-	-	-
Acquisition of Ely Gold Royalties Inc., net of cash acquired	-	(58.2)	-	-	-	-	-	-
Investment in exploration and evaluation assets	-	(0.0)	(0.3)	-	-	-	-	-
Proceeds from option agreement	-	0.0	1.9	2.0	2.0	2.0	2.0	2.0
Long-term investments acquired	-	(1.6)	-	-	-	-	-	-
Purchase of equipment	-	(0.0)	-	-	-	-	-	-
Payment of lease obligations	-	(0.0)	-	-	-	-	-	-
Interest received	-	0.1	0.0	-	-	-	-	-
	-	(69.2)	13.2	2.0	2.0	2.0	2.0	2.0
Cash provided by (used in) financing activities								
Proceeds from common shares issued to former parent company	-	0.1	-	-	-	-	-	-
Proceeds from private placement of common shares	-	2.8	-	-	-	-	-	-
Proceeds from initial public offering, net of underwriters' fees and issuance costs	-	88.0	-	-	-	-	-	-
Proceeds from exercise of common share purchase warrants	-	0.0	0.3	-	-	-	-	-
Payment of lease obligations	-	0.0	(0.0)	-	-	-	-	-
Proceeds from common shares issued	0.0	0.0	-	-	-	-	-	-
Due to former parent company	0.0	(0.0)	-	-	-	-	-	-
	0.0	90.9	0.3	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	0.0	9.8	4.5	1.8	6.9	9.4	9.8	16.9
Effect of foreign exchange on cash	-	0.0	(0.0)	-	-	-	-	-
Cash and cash equivalents - beginning of period	-	0.0	9.9	14.4	16.3	23.2	32.6	42.4
Cash and equivalents - end of period	0.0	9.9	14.4	16.3	23.2	32.6	42.4	59.3

Source: Company reports, LBS estimates

Appendix I — Important Disclosures

Company	Ticker	Disclosures*
Gold Royalty Corp.	GROY-NYSE	-

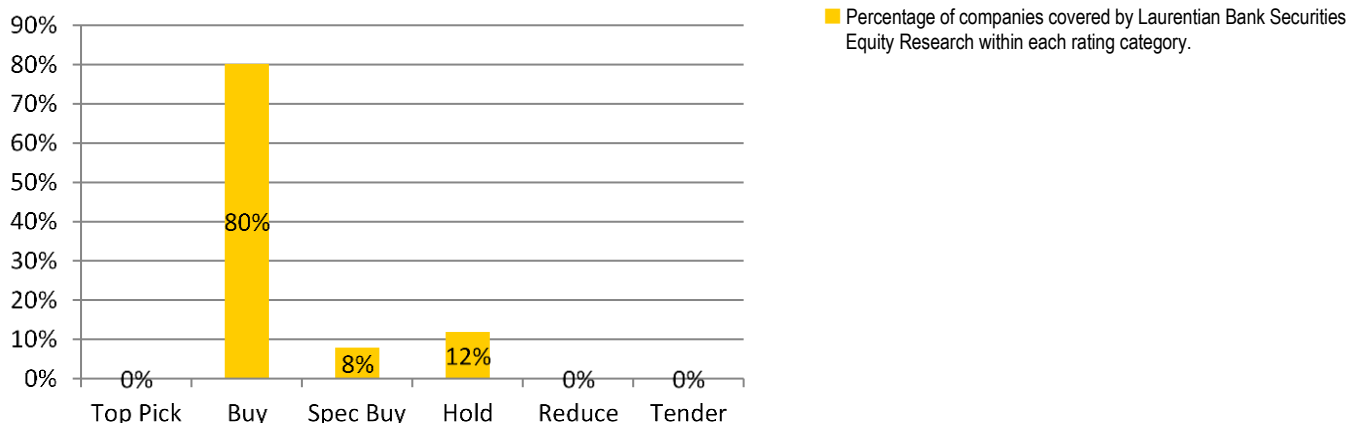
The analyst(s) certify that (1) the views expressed in this report in connection with securities or issuers they analyze accurately reflect their personal views and (2) no part of their compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed by them in this report.

The Research Analyst's compensation is based on various performance and market criteria and is charged as an expense to certain departments of Laurentian Bank Securities (LBS), including investment banking.

*Legend

- A** The Analyst/Associate, in his/her own account or in a related account, owns securities of this issuer.
- D** A member of the Board of directors of LBS sits on the Board of directors of this issuer.
- L** LBS collectively beneficially owns in excess of 1% of one or more classes of the issued and outstanding equity securities of this issuer.
- O** The Director of Equity Research, in his/her own account or in a related account, owns securities of this issuer.
- U** Within the last 24 months, LBS has undertaken an underwriting liability with respect to equity securities of, or has provided advice for a fee with respect to, this issuer.
- V** The Analyst has visited material operations of this issuer.
- P** This issuer paid a portion of the travel-related expenses incurred by the Analyst to visit material operations of this issuer.

Laurentian Bank Securities Equity Research Ratings Distribution



Source: Laurentian Bank Securities

Recommendation	Top Pick	Our best investment idea, the greatest potential value appreciation.
	Buy	The stock is expected to generate significant risk-adjusted returns over the next 12 months.
	Hold	The stock is expected to generate modest risk-adjusted returns over the next 12 months.
	Reduce	The stock is expected to generate negative risk-adjusted returns over the next 12 months.
	Tender	Analyst is recommending that investors tender to a specific offering for the stock.
Our ratings may be followed by "(S)" which denotes that the investment is speculative and has a higher degree of risk associated with it. Additionally, our target prices are based on a 12-month investment horizon.		
Risk Ratings	Low	Low financial/operational risk, high predictability of financial performance, low stock volatility.
	Medium	Moderate financial/operational risk, moderate predictability of financial performance, moderate stock volatility.
	High	High financial/operational risk, low predictability of financial performance, high stock volatility.

Laurentian Bank Securities Equity Research » is a trade name used by the Equity Research sector of Laurentian Bank Securities Inc. To access Laurentian Bank Securities' regulatory disclosures, please click or press on the hyperlink – <http://www.vmbi.ca/portal/disclosure>

The information contained in this document is based on what we deem to be reliable sources, but no guarantee or promise, explicit or implicit, is given as to the accuracy and exhaustiveness of these sources. This report shall under no circumstances be considered an offer to buy or sell, or a request to buy and/or sell the stocks mentioned. Laurentian Bank Securities Inc. and its employees may not be held liable for any monetary losses stemming from the implementation of the recommendations contained in this document. Laurentian Bank Securities Inc. and/or its officers, directors, representatives, traders, analysts and members of their families may hold positions in the stocks mentioned in this document and may buy and/or sell these stocks on the market or otherwise. Stocks in foreign currency may be adversely affected by exchange rate fluctuations. Laurentian Bank Securities Inc. is a wholly-owned subsidiary of Laurentian Bank of Canada. The opinions, projections and estimates are those of the Economic and Financial Research department of Laurentian Bank Securities Inc. as at the date appearing on the cover page, and are subject to change without prior notice. Laurentian Bank Securities Inc. may, in exchange for remuneration, act as a financial advisor or tax consultant for, or participate in the financing of companies mentioned in this document. This study may not be reproduced, in whole or in part, without the consent of Laurentian Bank Securities Inc. Member of the Investment Industry Regulatory Organization of Canada and of the Canadian Investor Protection Fund. The regulation of the securities market establishes requirements that analysts must follow when issuing research reports or making recommendations. These guidelines are included in the research dissemination policy of Laurentian Bank Securities, available at <http://www.vmbi.ca/portal/research-dissemination-policy>. ©2019

Institutional Equity

Head of Equities and Syndication
 Cameron Baker, CFA, M.I.M. 514 350-3055
 Managing Director, Head of Equities and Syndication
BakerC@lb-securities.ca

RESEARCH

Head of Research
 Nick Agostino, MBA, CFA, P.Eng. 416 865-5967
 Managing Director, Diversified Technology
AgostinoN@lb-securities.ca
 Barry Allan, MBA 416 865-5798
 Managing Director, Precious Metals Mining
AllanB@lb-securities.ca
 Frédéric Blondeau, MSc. 514 350-2974
 Managing Director, Real Estate
BlondeauF@lb-securities.ca
 Jacques Wortman, MBA 416 941-7701
 Director, Base Metals Mining
WortmanJ@lb-securities.ca
 Ryan Hanley 647 252-5607
 Vice President, Precious Metals Mining
HanleyR@lb-securities.ca
 Nauman Satti, MBA, CFA 647 252-5602
 Vice President, Diversified
SattiN@lb-securities.ca
 Troy Sun, MBA 416 399-7635
 Vice President, Industrials Analyst
SunTY@lb-securities.ca
 Anthony Linton, CPA, CFA 647 252-5609
 Vice-President, Special Situations
LintonA@lb-securities.ca
 Salman Zia Rana, M.Fin. 416 865-5889
 Analyst, Diversified Technology
RanaS@lb-securities.ca
 Liyan Chen, MBA 514 350-2803
 Associate, Real Estate
ChenL@lb-securities.ca
 Masa Song 514 399-7635
 Associate
SongM@lb-securities.ca
 Chaitanya Dhumal, MBA
 Technology Associate
DhumalC@lb-securities.ca
 Tina Champniss 514 350-2891
 Manager, CRM and Publishing
ChampnissT@lb-securities.ca

ECONOMICS & STRATEGY

Sébastien Lavoie 514 350-2931
 Chief Economist
LavoieS@lb-securities.ca
 Dominique Lapointe 514 350-2924
 Economist
LapointeD@lb-securities.ca

SALES & TRADING

Institutional Sales

Head of Sales
 Jason Trainor 416-865-5951
 Managing Director,
TrainorJ@lb-securities.ca
 Nicholas Kaulbach 514 350-2834
 Managing Director
KaulbachN@lb-securities.ca
 Charles Brulotte, CFA 514 350-3038
 Vice President
BrulotteC@lb-securities.ca

Institutional Trading

Head of Equity Trading
 Genevieve Coutu 514 350-3055
 Managing Director
CoutuG@lb-securities.ca
 Steven Martins 514 350-3055
 Vice President, Trader
MartinsS@lb-securities.ca
 Mark Whelpton 437 335-6724
 Vice President, Trader
WhelptonM@lb-securities.ca
 Taslim Visram 416 865-5951
 Assistant
VisramT@lb-securities.ca

Specialty Products

Alex Jemetz, CFA 416 865-5781
 Managing Director
JemetzA@lb-securities.ca

INVESTMENT BANKING

Head of Investment Banking
 Joseph Gallucci, MBA 514 350-2933
 Managing Director
GallucciJ@lb-securities.ca
 Rob Sutherland, M.Sc. 416-865-5840
 Managing Director, Real Estate
SutherlandR@lb-securities.ca
 Frédéric Bélisle, P. Eng, MBA 514 350-2817
 Managing Director, Technology & Diversified
BelisleF@lb-securities.ca
 Derek Hall, MBA
 Managing Director, Diversified Industries
HallD@lb-securities.ca
 Ian Bjornson 514 350-2898
 Vice President, Mining
BjornsonI@lb-securities.ca
 Tom Nikolettopoulos 514 350-3055
 Vice President, Mining
NikolettopoulosT@lb-securities.ca
 Jackson Harding, CFA 416 865-5982
 Associate, Mining
HardingJ@lb-securities.ca
 Jordan Simon, CFA 514 350-2800
 Associate
SimonJ@lb-securities.ca
 Malcolm Dymond 437 226-5938
 Analyst, Real Estate
DymondM@lb-securities.ca
 Thierry Goyette
 Analyst
GoyetteT@lb-securities.ca
 Kristi Kulla 514 350-3037
 Analyst
KullaK@lb-securities.ca
 Nishita Mehta, M. Fin, MBA
 Analyst
MehtaN@lb-securities.ca
 Alec Stuart 514 350-2843
 Analyst
StuartA@lb-securities.ca

SYNDICATION

Matthieu Fournier-Viens, CFA 514 350-2979
 Director
FournierM@lb-securities.ca
 Owen Brosseau 514 350-2979
 Analyst
BrosseauO@lb-securities.ca