

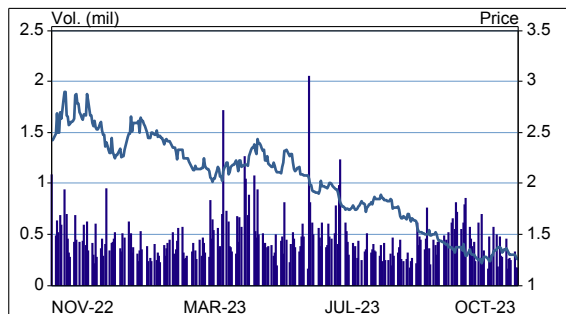
**Gold Royalty Corp. (GROY)**  
**Rating: Buy**

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### Purchase of Québec-Based Royalty Portfolio; Deal Provides Additional Optionality; Reiterate Buy

Stock Data		11/02/2023		
Price		\$1.25		
Price Target		\$8.75		
52-Week High		\$3.00		
52-Week Low		\$1.18		
Enterprise Value (M)		\$185		
Market Cap (M)		\$181		
Shares Outstanding (M)		145.0		
3 Month Avg Volume		409,205		
Short Interest (M)		1.07		
Balance Sheet Metrics				
Cash (M)		\$5.8		
Total Debt (M)		\$9.9		
Total Cash/Share		\$0.04		
<i>Cash (M): Includes short-term investments.</i>				
EPS (\$) Diluted				
Full Year - Sep	2021A	2022A	2023E	
FY	(0.45)	(0.10)	(0.04)	
Revenue (M)				
Full Year - Sep	2021A	2022A	2023E	
FY	\$0.2	\$4.0	\$5.0	

*EPS accounts for adjustment of year-end filing date.*  
*Revenue accounts for adjustment of year-end filing date.*



**Purchase of Québec royalty package.** On November 2, Gold Royalty Corp. (GROY) announced that it had entered into an agreement to acquire a portfolio of 22 royalties throughout Québec from Société Québécoise d'exploration manière (SOQUEM), a subsidiary of Investissement Québec. In total, GROY is expected to issue only C\$1M in common shares for the purchase of this portfolio. Importantly, GROY now maintains over 90 royalties within Québec, with the most recent package containing 22 royalties on various exploration and resource-stage projects throughout the province.

**Portfolio highlights including substantial milestone payment.** As part of the aforementioned 22 royalties, GROY now has exposure to over 65,000 hectares with a primary focus on gold assets such as the Detour project. Additionally, we emphasize that the company is currently subject to receive a C\$1.0M milestone payment from the operator of Detour, Probe Gold (PRB.TO; not rated), upon completion and publication of a positive Preliminary Economic Assessment (PEA) study. However, we note that SOQUEM is entitled to 50% of any buyback proceeds received from the portfolio as the total potential buyback and milestone proceeds are valued at C\$18.2M. Overall, GROY's asset base has now grown to over 240 royalties, including the aforementioned 94 royalties within Québec, upon closing of the transaction.

**We reiterate our Buy rating on GROY and our PT of \$8.75.** At present, our valuation for GROY remains unchanged, although we expect to include the recent deal upon closing of the transaction. We continue to assign a 7.0% discount rate on the São Jorge project, which compares to a slightly more conservative 8.0% discount rate for Yellowknife based on its lack of recent development and somewhat more outdated technical report. We also utilize unchanged 7.0% discount rates for Marigold, Rawhide, Jerritt Canyon, and Isabella Pearl. At present, we value the Canadian Malartic assets at a 6.5% discount rate, given their geographically favorable location, and stress that this rate may ultimately even prove to be somewhat conservative depending on future development successes. We then ascribe an *in situ* valuation for the company's other royalty assets, based on attributable gold ounces, for a total of \$208.3M. We further add an at-cost value of \$212.2M for assets received in the Ely transaction with no DCF values. We then include \$5.8M in cash and short-term investments before subtracting debt. Finally, we apply our 1.5x P/NAV multiple that reflects current market premiums for royalty companies. This yields our overall valuation of \$1.42B and our rounded price target of \$8.75.


 H.C. Wainwright & Co. 1868

**Near-term catalysts.** Looking ahead, we believe GROY is poised to benefit from a variety of project advancements within its portfolio base. Notably, we expect the publication of a PEA at the Whistler project during late-2024. GROY presently maintains a 1% net smelter return (NSR) royalty on the asset, with the option to purchase an additional 0.75% NSR. Additionally, at Granite Creek, on which GROY maintains a 10.0% net profit interest, a ramp-up of production remains ongoing as the asset recently reached a record throughput rate of 592 tons per day. Lastly, we highlight that construction at the Côté gold project is estimated to be over 86% completed, while first production is currently slated for early-2024. This should aid the firm as GROY maintains a 0.75% NSR over the southern portion of the mine. Finally, we expect GROY to continue benefiting from additional project milestones and advancements beyond the aforementioned list and therefore forecast significant revenue growth over the next several years.

**Risks.** 1) Commodity prices; 2) lack of operational control; 3) financing risk.

Gold Royalty Corp. (GROY)												
All figures expressed in USD unless otherwise noted												
Canadian Malartic												
	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E		
				Mine life extends to 2039 but not shown.			Note: UG Commercial production begins in 2029					
<b>Annual gold production (000's oz)</b>	547	579	446	446	424	359	542	542	542	542		
Gold price	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900		
<b>Total UG Revenue (\$000's)</b>	\$ 82,351	\$ 144,155	\$ 144,155	\$ 144,155	\$ 144,155	\$ 453,723	\$ 682,398	\$ 1,029,489	\$ 1,029,489	\$ 1,029,489		
<b>Royalty Revenue</b>	3% NSR attributable to UG production with a 3% NSR applicable to a portion of open-pit production											
Discount rate	6.5%	\$ 2,468	\$ 4,325	\$ 4,325	\$ 4,325	\$ 13,612	\$ 20,472	\$ 30,885	\$ 30,885	\$ 30,885	\$ 30,885	
<b>PV of Cash Flow</b>		\$ 2,468	\$ 4,134	\$ 4,027	\$ 3,952	\$ 12,260	\$ 18,221	\$ 27,215	\$ 26,980	\$ 26,774	\$ 26,591	
<b>Total Royalty NAV</b>		\$ 334,867	\$ 2.05									
Côté Gold												
	2023E	2024E	2025E	2026E	2027E	2028E						
<b>Annual Gold Production (000's oz)</b>	-	374,295	438,967	520,809	520,809	509,649						
Gold Price	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900						
<b>Total Revenue</b>												
<b>Royalty Revenue</b>	0.75%	\$ -	\$ 5,334	\$ 6,255	\$ 7,422	\$ 7,422	\$ 7,262					
Discount Rate	6.50%											
<b>PV of Cash Flow</b>		\$ -	\$ 5,008	\$ 5,515	\$ 6,144	\$ 5,769	\$ 5,301					
<b>Total Royalty NAV</b>		\$ 51,240	0.31									
Rawhide												
	2023E	2024E	2025E	2026E								
<b>Annual gold production (000's oz)</b>	8	21	21	21								
Gold price	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900								
<b>Gold Revenue</b>	\$ 16,031	\$ 40,078	\$ 40,078	\$ 40,078								
<b>Annual silver production (oz)</b>	56	141	141	141								
Silver price	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00								
<b>Silver Revenue</b>	\$ 1,406	\$ 3,516	\$ 3,516	\$ 3,516								
<b>Total Revenue</b>	\$ 17,438	\$ 43,594	\$ 43,594	\$ 43,594								
Total Cash Costs	\$ (5,906)	\$ (14,766)	\$ (14,766)	\$ (14,766)								
CapEx	\$ (2,500)	\$ (2,500)	\$ (2,500)	\$ (2,500)								
<b>Net Operating Profit</b>	\$ 9,031	\$ 26,328	\$ 26,328	\$ 26,328								
<b>Royalty Revenue</b>	15% NPI	\$ 1,355	\$ 3,949	\$ 3,949	\$ 3,949							
Discount rate	7.0%	1	2	3	4							
<b>PV of Cash Flow</b>		\$ 1,355	\$ 3,691	\$ 3,449	\$ 3,224							
<b>Total Royalty NAV</b>		\$ 11,719	0.07									
São Jorge												
	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E		
	Note: production extends to 2033.											
<b>Annual gold production (000's oz)</b>	49,572	104,977	104,977	104,977	104,977	104,977	104,977	104,977	104,977	104,977		
Gold price	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900		
<b>Total Revenue</b>	\$ 94,187	\$ 199,456	\$ 199,456	\$ 199,456	\$ 199,456	\$ 199,456	\$ 199,456	\$ 199,456	\$ 199,456	\$ 199,456		
<b>Royalty Revenue</b>	1.0% NSR	\$ 942	\$ 1,995	\$ 1,995	\$ 1,995	\$ 1,995	\$ 1,995	\$ 1,995	\$ 1,995	\$ 1,995		
Discount rate	7.0%											
<b>PV of Cash Flow</b>		\$ 823	\$ 1,628	\$ 1,522	\$ 1,422	\$ 1,329	\$ 1,242	\$ 1,161	\$ 1,085	\$ 1,014	\$ 948	
<b>Total Royalty NAV</b>		\$ 14,480	0.09									
Marigold (GROY's portion of the property)												
	2023E	2024E	2025E	2026E	2027E	2028E						
<b>Annual gold production (000's oz)</b>	-	-	148	233	180	65						
Gold price	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900						
<b>Gold Revenue</b>	\$ -	\$ -	\$ 281,580	\$ 441,821	\$ 341,786	\$ 124,118						
<b>Royalty Revenue</b>	0.75% NSR	\$ -	\$ -	\$ 2,112	\$ 3,314	\$ 2,563	\$ 931					
Discount rate	7.0%	1	2	3	4	5	6					
<b>PV of Cash Flow</b>		\$ -	\$ -	\$ 1,845	\$ 2,705	\$ 1,956	\$ 664					
<b>Total Royalty NAV</b>		\$ 7,169	0.04									
Jerritt Canyon												
	2023E	2024E	2025E	2026E	2027E	2028E						
<b>Annual gold production (000's oz)</b>	24	-	64	180	180	180						
Gold price	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900						
<b>Total Revenue</b>	\$ 45,993	\$ -	\$ 121,083	\$ 341,881	\$ 341,881	\$ 341,881						
<b>Royalty Revenue</b>	0.50% NSR	\$ 230	\$ -	\$ 605	\$ 1,709	\$ 1,709	\$ 1,709					
50.30 per ton	\$ 51	\$ -	\$ 128	\$ 360	\$ 360	\$ 360						
<b>Total Royalty Revenue</b>	\$ 281	\$ -	\$ 733	\$ 2,069	\$ 2,069	\$ 2,069						
Discount rate	7.0%											
<b>PV of Cash Flow</b>		\$ 263	\$ -	\$ 598	\$ 1,579	\$ 1,475	\$ 1,379					
<b>Total Royalty NAV</b>		\$ 5,665	0.03									
Yellowknife												
	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E		
	Note: production extends to FY38 but is not visible											
<b>Annual gold production (000's oz)</b>	-	-	40,798	101,250	101,250	101,250	126,563	97,031	71,719	71,719		
Gold price	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900		
<b>Total Revenue</b>	\$ -	\$ -	\$ 77,517	\$ 192,375	\$ 192,375	\$ 192,375	\$ 240,469	\$ 184,359	\$ 136,266	\$ 136,266		
<b>Royalty Revenue</b>	1.0% NSR	\$ -	\$ -	\$ 775	\$ 1,924	\$ 1,924	\$ 1,924	\$ 2,405	\$ 1,844	\$ 1,363	\$ 1,363	
Discount rate	8.0%											
<b>PV of Cash Flow</b>		\$ -	\$ -	\$ 615	\$ 1,414	\$ 1,309	\$ 1,212	\$ 1,403	\$ 996	\$ 682	\$ 631	
<b>Total Royalty NAV</b>		\$ 10,211	0.06									
<b>Total Royalty Revenue</b>		\$ 5,611	\$ 15,993	\$ 20,469	\$ 25,322	\$ 29,910	\$ 34,653	\$ 35,284	\$ 34,723	\$ 34,242	\$ 34,242	
<b>Total PV of Cash Flow</b>		\$ 5,436	\$ 14,803	\$ 17,837	\$ 20,688	\$ 24,330	\$ 28,019	\$ 29,779	\$ 29,061	\$ 28,470	\$ 28,170	
<b>Current value of cash flow</b>		\$ 437,079	\$ 2.68	per diluted share								
Plus cash & equivalents and ST investments		\$ 5,779	\$ 0.04	as of 6/30/23								
Value for assets not included in DCF		\$ 208,316	\$ 1.28	per diluted share. Based on \$450/M&I oz and \$225/Inferred oz.								
Value for non-core assets from Ely Acquisition (at cost)		\$ 212,229	\$ 1.30	per diluted share; utilizes a \$5.00 per GROY share issuance price								
Value for Granite Creek		\$ 70,039	\$ 0.43	per diluted share								
Less debt		\$ 9,931	\$ 0.06	per diluted share; as of 6/30/23								
<b>Total current value / NAV per share</b>		\$ 943,374	\$ 5.78	per diluted share								
Target P/NAV Multiple		1.5	x									
<b>Firm value after P/NAV Multiple</b>		\$ 1,415,061	\$ 8.68	per diluted share								
Shares outstanding ('000s)		144,970	as of 8/10/23	1.3793 CAD/USD exchange ratio as of 11/2/23								
Options and Warrants ('000s)		18,116	as of 8/10/23									
Fully diluted shares ('000s)		163,086										
Value per share		\$ 8.68	85.6%									
<b>Rounded (C\$0.25) price target</b>		\$ 8.75	85.7%									
GROY share price		\$ 1.25	as of 11/2/23									
Source: H.C. Wainwright & Co. estimates.												

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Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	567	89.57%	139	24.51%
Neutral	57	9.00%	10	17.54%
Sell	0	0.00%	0	0.00%
Under Review	9	1.42%	3	33.33%

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