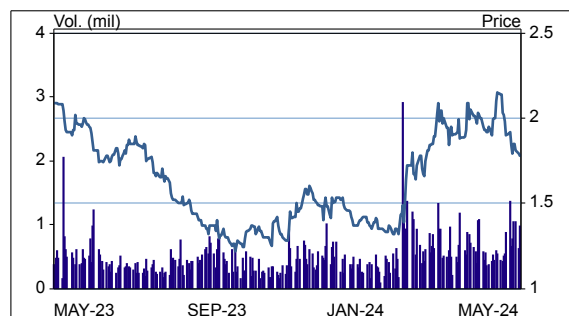


Gold Royalty Corp. (GROY)
Rating: Buy

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**1Q24 Financial Results; Record for Quarterly Revenues;
 Positive Cash Flows From Operations; Reiterate Buy**

Stock Data		5/14/2024		
Price		\$1.78		
Price Target		\$5.75		
52-Week High		\$2.21		
52-Week Low		\$1.18		
Enterprise Value (M)		\$267.0		
Market Cap (M)		\$260		
Shares Outstanding (M)		145.9		
3 Month Avg Volume		706,735		
Short Interest (M)		2.15		
Balance Sheet Metrics				
Cash (M)		\$2.3		
Total Debt (M)		\$9.6		
Total Cash/Share		\$0.02		
<i>Cash (M): Includes short-term investments.</i>				
EPS (\$) Diluted				
Full Year - Sep	2023A	2024E	2025E	
FY	(0.18)	(0.01)	0.00	
Revenue (M)				
Full Year - Sep	2023A	2024E	2025E	
FY	\$3.0	\$12.3	\$16.8	

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


1Q24 financial results. On May 13, 2024, Gold Royalty Corp. (GROY) announced its 1Q24 financial results. During the quarter, the company recorded revenue of \$2.9M and a (largely irrelevant) net loss of \$1.4M, or (\$0.01) per share. These figures also compare quite favorably to 1Q23 revenue of \$0.8M and a net loss of \$3.1M, or (\$0.02) per share. Revenue during 1Q24 ultimately hit a record as this was the first time the company received a full quarter of benefits from Borborema. This effect was exacerbated by royalty payments from GROY's recently acquired Cozamin royalty interest amid increased revenue from Canadian Malartic. We also stress that the company's gross profit increased to \$2.4M, compared with \$0.7M in 1Q23. Lastly, we emphasize that 1Q24 marks the first time GROY has achieved positive cash flows from operations (of \$0.3M), and that this figure excludes an additional \$1.1 million of land agreement proceeds that have been credited against mineral properties.

Other notable metrics from the quarter. GROY incurred meaningful growth of its attributable gold equivalent ounces (GEOs), which rose by 94% YoY, and ultimately reached 2,019 GEOs compared with 1,043 GEOs in the prior period. In addition, we stress that GROY's total revenue, land agreement proceeds, and interest during the period increased to \$4.2M, up from \$2.0M in 1Q23. Unsurprisingly, the firm was also a benefactor of strong commodity pricing during the period. During the quarter, the firm achieved a 10% increase in its realized gold price per ounce (oz) YoY, which rose to \$2,072/oz from \$1,889/oz.

We reiterate our Buy rating on GROY and our PT of \$5.75. We maintain our 7.0% discount rate on São Jorge, Borborema, and Jerritt Canyon. In addition, we continue to value GROY's stream on the Canadian Malartic asset at a 6.5% discount rate, which is intentionally low given its favorable location. We stress that this rate may ultimately even prove to be somewhat conservative. We value the Côté Gold Mine at a 6.5% discount rate. We once again assign an in-situ valuation to the company's other royalty assets of \$208.3M based on their respective attributable gold ounces. Importantly, we continue to add an at-cost value of \$232.3M for assets received in the Ely transaction for which we currently do not yet model DCF values. We then add \$2.3M in cash and short-term investments before subtracting debt. This provides our combined valuation of \$955.7M for GROY and yields our rounded PT of \$5.75.

Near-term catalysts. Côté and Odyssey should continue their respective production ramp-ups in the quarter. We reiterate that 1Q24 ultimately marked the first quarter of positive cash flow for the firm. Looking ahead, we anticipate continued positive net operating cash flow during 2024. We also look forward to additional news on Jerritt Canyon's future and economic potential. Longer-term, we expect to see additional M&A for new royalty opportunities. Lastly, we expect the firm to prioritize paying down its existing secured revolving credit facility after receiving funding from Gold Royalty's strategic convertible debenture financing.

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



Gold Royalty Corp. (GROY)										
<i>All figures expressed in USD unless otherwise noted</i>										
Canadian Malartic										
		2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
				<i>Mine life extends to 2039 but not shown.</i>			<i>Note: UG Commercial production begins in 2028</i>			
Annual gold production (000's oz)		414	443	443	361	520	542	542	542	542
Gold price		\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100
Total UG Revenue (\$000's)		\$ 82,151	\$ 138,330	\$ 138,330	\$ 334,963	\$ 988,309	\$ 1,029,489	\$ 1,029,489	\$ 1,029,489	\$ 1,029,489
		<i>3% NSR attributable to UG production with a 3% NSR applicable to a portion of open-pit production</i>								
Royalty Revenue		\$ 2,465	\$ 4,150	\$ 4,150	\$ 10,049	\$ 29,649	\$ 30,885	\$ 30,885	\$ 30,885	\$ 30,885
Discount rate	6.5%									
PV of Cash Flow		\$ 2,465	\$ 3,967	\$ 3,864	\$ 9,183	\$ 26,704	\$ 27,489	\$ 27,215	\$ 26,980	\$ 26,774
Total Royalty NAV		\$ 337,788	\$ 2.05							
Côté Gold										
		2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
				<i>Mine life extends to 2039 but not shown.</i>						
Annual Gold Production (000's oz)		265,126	438,967	520,809	520,809	509,649	156,243	156,243	197,449	188,865
Gold Price		\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100
Total Revenue		\$ -	\$ -	\$ -	\$ -	\$ 165,338	\$ 220,451	\$ 220,451	\$ 220,451	\$ 220,451
Royalty Revenue	0.75%	\$ 4,176	\$ 6,914	\$ 8,203	\$ 8,203	\$ 8,027	\$ 2,461	\$ 2,461	\$ 3,110	\$ 2,975
Discount Rate	6.50%									
PV of Cash Flow		\$ 4,176	\$ 6,492	\$ 7,232	\$ 6,791	\$ 6,240	\$ 1,796	\$ 1,686	\$ 2,001	\$ 1,797
Total Royalty NAV		\$ 44,179	0.27							
São Jorge										
		2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
				<i>Note; production extends to 2033.</i>						
Annual gold production (000's oz)		-	-	-	-	78,733	104,977	104,977	104,977	104,977
Gold price		\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100
Total Revenue		\$ -	\$ -	\$ -	\$ -	\$ 165,338	\$ 220,451	\$ 220,451	\$ 220,451	\$ 220,451
Royalty Revenue	1.0% NSR	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,653	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205
Discount rate	7.0%									
PV of Cash Flow		\$ -	\$ -	\$ -	\$ -	\$ 1,261	\$ 1,572	\$ 1,469	\$ 1,373	\$ 1,283
Total Royalty NAV		\$ 13,687	\$ 0.08							
Borborema Gold Project										
		2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
				<i>Note; production extends to 2036.</i>						
Annual gold production (000's oz)		-	56,774	83,558	108,740	81,269	81,269	70,967	53,226	53,226
Gold price		\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100
Royalty Revenue		\$ 1,900	\$ 2,385	\$ 3,509	\$ 4,567	\$ 3,413	\$ 3,413	\$ 2,981	\$ 2,235	\$ 2,235
Royalty Revenue + Gold-Linked Loan	2.00% NSR 1.00% NSR post 750koz	\$ 2,824	\$ 3,309	\$ 4,433	\$ 5,491	\$ 4,337	\$ 4,337	\$ 3,905	\$ 3,159	\$ 3,159
Discount rate	7.0%									
PV of Cash Flow		\$ 2,824	\$ 3,092	\$ 3,872	\$ 4,482	\$ 3,309	\$ 3,092	\$ 2,602	\$ 1,968	\$ 1,839
Total Royalty NAV		\$ 31,465	\$ 0.19							
Jerritt Canyon										
		2024E	2025E	2026E	2027E	2028E				
Annual gold production (000's oz)		-	64	180	180	180				
Gold price		\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100				
Total Revenue		\$ -	\$ 133,828	\$ 377,868	\$ 377,868	\$ 377,868				
Royalty Revenue	0.50% NSR \$0.30 per ton	\$ -	\$ 669	\$ 1,889	\$ 1,889	\$ 1,889				
Total Royalty Revenue		\$ -	\$ 128	\$ 360	\$ 360	\$ 360				
Discount rate	7.0%									
PV of Cash Flow		\$ -	\$ 745	\$ 1,965	\$ 1,836	\$ 1,716				
Total Royalty NAV		\$ 6,261	\$ 0.04							
Total Royalty Revenue		\$ 9,464	\$ 15,169	\$ 19,035	\$ 25,992	\$ 45,916	\$ 39,887	\$ 39,455	\$ 39,358	\$ 39,223
Total PV of Cash Flow		\$ 9,464	\$ 14,295	\$ 16,933	\$ 22,292	\$ 39,230	\$ 33,950	\$ 32,972	\$ 32,322	\$ 31,693
Current value of cash flow		\$ 433,380	\$ 2.63	<i>per diluted share</i>						
Plus cash & equivalents and ST investments		\$ 2,252	\$ 0.01	<i>as of 03/31/24</i>						
Value for assets not included in DCF		\$ 208,316	\$ 1.27	<i>per diluted share. Based on \$450/M&I oz and \$225/Inferred oz.</i>						
Value for non-core assets from Ely Acquisition (at cost)		\$ 232,250	\$ 1.41	<i>per diluted share; utilizes a \$5.00 per GROY share issuance price</i>						
Value for Granite Creek		\$ 89,189	\$ 0.54	<i>per diluted share</i>						
Less debt		\$ (9,642)	\$ (0.06)	<i>per diluted share; as of 03/31/24</i>						
Total current value / NAV per share		\$ 955,745	\$ 5.80	<i>per diluted share</i>						
Target P/NAV Multiple		1.0 x								
Firm value after P/NAV Multiple		\$ 955,745	\$ 5.80	<i>per diluted share</i>						
Shares outstanding ('000s)		145,888	<i>as of 03/31/2024</i>							
Options and Warrants ('000s)		18,766	<i>as of 03/31/2024</i>							
Fully diluted shares ('000s)		164,654								
Value per share		\$ 5.80	<i>69.3%</i>							
Rounded (\$0.25) price target		\$ 5.75	<i>69.0%</i>							
GROY share price		\$ 1.78	<i>as of 05/14/24</i>							
<i>Source: H.C. Wainwright & Co. estimates.</i>										

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			Count	Percent
Buy	558	89.14%	138	24.73%
Neutral	61	9.74%	7	11.48%
Sell	1	0.16%	0	0.00%
Under Review	6	0.96%	1	16.67%

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