Empress Royalty Corp.

Condensed Interim Consolidated Financial Statements
For The Three Months ended March 31, 2024
(Unaudited - Expressed in US dollars)

(Unaudited - Expressed in US dollars)

	Note		March 31, 2024		December 31, 2023
ASSETS					
Current assets					
Cash and cash equivalents	*4*	$	1,067,336	$	1,171,687
Receivables			539,918		693,422
Prepaid expenses			109,140		146,765
			1,716,394		2,011,874
Royalty and stream interests	*5*		21,809,669		17,102,456
		$	23,526,063	$	19,114,330
LIABILITIES					
Current liabilities					
Trade and other payables	*10*	$	732,789	$	539,473
Loan	*6*		2,939,594		1,228,516
			3,672,383		1,767,989
Loan	*6*		4,043,616		1,713,339
			7,715,999		3,481,328
SHAREHOLDERS' EQUITY					
Share capital	*7*		21,257,045		21,257,045
Share-based reserve	*7*		5,448,481		4,741,969
Foreign exchange reserve			245,498		248,822
Deficit			(11,140,960)		(10,614,834)
			15,810,064		15,633,002
		$	23,526,063	$	19,114,330

Nature of operations and going concern	*1*
Commitments	*14*
Subsequent event	*15*

These condensed interim consolidated financial statements are approved for issue by the Board of Directors of the Company on May 29, 2024.

They are signed on the Company’s behalf by:

“Paul Mainwaring”, Director — “Alexandra Woodyer Sherron”, Director

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

(Unaudited - Expressed in US dollars)

	Note		Three months ended March 31, 2024		Three months ended March 31, 2023
Revenue					
Royalty and stream revenue	*5*	$	956,055	$	741,242
Cost of sales, excluding depletion	*5*		(72,454)		(97,072)
Depletion	*5*		(292,787)		(286,173)
			590,814		357,997
Expenses					
General and administrative	*8*		510,107		473,637
Project evaluation	*9*		124,517		34,872
Share-based compensation	*7 & 10*		221,702		115,464
			(856,326)		(623,973)
Loss from operations			(265,512)		(265,976)
Finance costs	*6*		(264,132)		(353,687)
Foreign exchange gain (loss)			3,518		(2,493)
Loss for the period			(526,126)		(622,156)
Other comprehensive income					
Foreign exchange			3,324		3,837
Comprehensive loss for the period		$	(522,802)	$	(618,319)
Basic and diluted loss per share		$	(0.00)	$	(0.01)
Weighted average number of shares outstanding – Basic and diluted			118,205,418		113,529,983

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

Empress Royalty Corp.
Condensed Interim Consolidated Statement of Cash Flows
(Unaudited - Expressed in US dollars)

	Three months ended March 31, 2024	Three months ended March 31, 2023
CASH FLOWS FROM (TO) OPERATING ACTIVITIES		
Loss for the period	$ (526,126)	$ (622,156)
Items not involving cash:		
Depletion	292,787	286,173
Share-based compensation	221,702	115,464
Finance costs	85,467	206,262
Unrealized foreign exchange loss (gain)	(27,617)	-
Accrued interest	178,665	147,425
Change in non-cash working capital items:		
Receivables	153,504	75,751
Prepaid expenses	37,625	(4,336)
Trade and other payables	93,316	111,446
	509,323	316,029
CASH FLOWS FROM (TO) INVESTING ACTIVITIES		
Acquisition of royalty and stream interests	(5,000,000)	-
	(5,000,000)	-
CASH FLOWS FROM (TO) FINANCING ACTIVITIES		
Loan	5,000,000	-
Loan transaction cost	(130,000)	-
Loan repayment	(507,967)	(546,361)
Warrant exercise	-	301,969
	4,362,033	(244,392)
Effect of foreign exchange	24,293	3,868
Change in cash and cash equivalents for the period	(104,351)	75,505
Cash and cash equivalents, beginning of period	1,171,687	707,010
Cash and cash equivalents, end of period	$ 1,067,336	$ 782,515
Supplementary information (Note 13)		
Interest paid	$ 208,230	$ 147,425
Income taxes paid	-	-

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

(Unaudited - Expressed in US dollars)

	Number of Shares		Share Capital		Share-based reserve		Foreign exchange reserve		Deficit		Total Shareholders' Equity
Balance, December 31, 2022	113,241,051	$	19,637,073	$	4,448,409	$	234,243	$	(7,680,272)	$	16,639,453
Warrant exercise	1,529,640		498,930		(196,961)		-		-		301,969
Share-based compensation	-		-		115,464		-		-		115,464
Comprehensive loss for the period	-		-		-		3,837		(622,156)		(618,319)
Balance, March 31, 2023	114,770,691	$	20,136,003	$	4,366,912	$	238,080	$	(8,302,428)	$	16,438,567

	Number of Shares		Share Capital		Share-based reserve		Foreign exchange reserve		Deficit		Total Shareholders' Equity
Balance, December 31, 2023	118,205,418	$	21,257,045	$	4,741,969	$	248,822	$	(10,614,834)	$	15,633,002
Fair value of warrants issued on Nebari loan drawdown	-		-		484,810		-		-		484,810
Share-based compensation	-		-		221,702		-		-		221,702
Comprehensive loss for the period	-		-		-		(3,324)		(526,126)		(529,450)
Balance, March 31, 2024	118,205,418	$	21,257,045	$	5,448,481	$	245,498	$	(11,140,960)	$	15,810,064

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Empress Royalty Corp. (“Empress” or the “Company”) was incorporated on March 2, 2020, under the laws of the Province of British Columbia, Canada. The Company commenced trading on the TSX Venture Exchange (“TSX-V”) on December 29, 2020, under the symbol EMPR. On February 19, 2021, the Company commenced trading on the OTCQB Venture Market in the United States under the symbol EMPYF. On January 11, 2023, the Company graduated to the OTCQX Venture Market in the United States under the same symbol EMPYF. The corporate office and registered and records office is located at Suite 3123, 595 Burrard Street, Vancouver, BC, Canada, V7X 1J1.

Empress is primarily in the business of structuring and creating proprietary precious metal royalty and streaming agreements for its own portfolio and may acquire certain interests from time to time. The Company is focussed on small to mid-tier producing or development stage mining companies, where immediate or near-term revenue can be generated but may consider earlier stage opportunities, as appropriate.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for a period of at least 12 months. As at March 31, 2024, the Company had cash of $1,067,336 and a net working capital deficit of $1,955,989. The Company’s continued operations and the ability of the Company to meet commitments are dependent upon royalty and stream interests delivering cash or cash equivalents according to forecasts, which are outside the control of management, and the ability of the Company to continue to raise additional equity or debt financing. While the Company has been successful in obtaining financing to date, there can be no assurances that future equity financing, debt or debt refinancing alternatives will be available on acceptable terms to the Company or at all.

Some of the Company's activities for royalty generation are located in emerging nations and, consequently, may be subject to a higher level of risk compared to other developed countries. Operations, the status of mineral property rights and the recoverability of investments in emerging nations can be affected by changing economic, legal, regulatory, and political situations. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual audited financial statements for the year ended December 31, 2023.

The unaudited condensed interim consolidated financial statements were approved by the board and authorized for issue on May 29, 2024.

Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. These condensed interim consolidated financial statements are presented in United States dollars ("U.S. dollar", "$" or "dollar").

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned Canadian subsidiary, Empress Royalty Holdings Corp., the holder of the Company's current royalty and stream investments. The accounts of the subsidiary are prepared for the same reporting period as the parent entity, using consistent accounting policies. All inter-company balances and transactions, and any income and expenses arising from inter-company transactions, are eliminated on consolidation.

Significant accounting estimates, judgements, and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about such judgements and estimates are contained in the accounting policies and/or the notes to the consolidated financial statements. Areas of judgement and estimation that have the most significant effect on the amounts recognized in the consolidated financial statements are outlined below.

2. BASIS OF PRESENTATION (continued)

Going concern

These condensed interim consolidated financial statements have been prepared on the assumption that the Company continues to operate as a going concern. Realization values may be substantially different from the carrying values shown due to market conditions, current conditions at the operations, interest rates and commodity prices. As at March 31, 2024, the Company had cash of $1,067,336 and a net working capital deficit of $1,955,989. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

Valuation of Share-based compensation

Management determines the costs for share-based compensation using market-based valuation techniques. The fair value of the market-based share awards is determined at the date of grant, using the Black Scholes Option Pricing model. Assumptions are made and judgement is used in calculating fair value including estimating the future volatility of the share price, expected dividend yield, future employee turnover rates, and future share option exercise behaviours and corporate performance. Such judgements are inherently uncertain and changes in these assumptions affect the fair value of the estimates for share-based compensation.

Accounting for royalty and stream interests

There is judgement as to whether the royalty and stream interests should be accounted for as a financial asset, intangible asset or tangible asset. These interests, where the right to receive cash or metal exist only to the extent there is production and there are no interest payments, minimum payment obligations or any other means to enforce production or guarantee repayment are classified as tangible assets by the Company. The purchase price of each interest acquired is economically similar to holding a direct interest in the underlying mineral asset. Existence risk (the commodity physically existing in the quantity demonstrated), production risk (that the operator can achieve production and operate a commercially viable project), timing risk (commencement and quantity produced, determined by the operator), and price risk (returns depending on the future commodity price, driven by future supply and demand) are all risks which the Company indirectly participates in on a similar basis to an owner of the underlying mineral license. However, due to the nature of royalty and stream interests, the Company has no input into the operations of the mines of which it has an interest.

Impairment of royalty and stream interests

Royalty and stream interests are assessed at each reporting date for indicators of impairment. The assessment requires the use of estimates and assumptions for variables such as the production profile, production commissioning dates as applicable, forecast commodity rates and guidance from the mine operators such as reserve and resource estimates and/or other relevant information which would indicate reduced or ceased production from royalty and stream interests.

(Unaudited - Expressed in US dollars)

2. BASIS OF PRESENTATION (continued)

Mineral reserves and resources

The Company's royalty and stream interests that generate economic benefits are considered depletable and are depleted on a units of production method over the life of the mine to which the interest relates, which is determined using available information on proven and probable mineral reserves and the portion of mineral resources expected to be classified as mineral reserves at the mine corresponding to the specific agreement. These calculations require the use of estimates and assumptions, including the mineral reserves and mineral resources related to each royalty or stream interest as provided by the mine operator. Mineral reserves and mineral resources are estimates of the amount of minerals that can be extracted from the mining properties at which the Company has royalty or stream interests. Changes to the mineral reserves and/or mineral resource assumptions could directly impact the depletion rates used. Changes to the depletion rates are accounted for prospectively.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended December 31, 2023.

Amendment to IAS 1 – Non-current liabilities with covenants

These amendments clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. The amendments also aim to improve the information an entity provides related to liabilities subject to these conditions. These amendments are effective for annual periods beginning on or after January 1, 2024, adoption of these amendments did not have a material impact on the Company's financial statements.

4. CASH AND CASH EQUIVALENTS

		March 31, 2024		December 31, 2023
Canadian dollar denominated deposits	$	115,481	$	86,473
US dollar denominated deposits		920,910		1,080,165
Metal deposits		30,945		5,049
Total	$	1,067,336	$	1,171,687

(Expressed in US dollars)

5. ROYALTY AND STREAM INTERESTS

The royalty and stream interests as at and for the period ended March 31, 2024 are as follows:

	Cost			Accumulated Depletion			Carrying amounts
	As at December 31, 2023	Additions	As at March 31, 2024	As at December 31, 2023	Depletion	As at March 31, 2024	As at March 31, 2024
Sierra Antapite [1] Peru	$ 10,096,964	$ -	$ 10,096,964	$ 1,308,808	$ 138,103	$ 1,446,911	$ 8,650,053
Tahuehueto [2] Mexico	5,092,628	-	5,092,628	35,943	-	35,943	5,056,685
Manica [1] Mozambique	3,024,284	-	3,024,284	667,670	148,491	816,161	2,208,123
Galaxy[1] South Africa	-	5,000,000	5,000,000	-	6,193	6,193	4,993,807
Pinos [2] Mexico	901,000	-	901,000	-	-	-	901,000
Other royalties [3] Canada	1	-	1	-	-	-	1
Total	$ 19,114,877	$ 5,000,000	$ 24,114,877	$ 2,012,421	$ 292,787	$ 2,305,208	$ 21,809,669

(1) Production stage asset
(2) Development stage asset
(3) Exploration stage asset

(Expressed in US dollars)

5. ROYALTY AND STREAM INTERESTS (continued)

The royalty and stream interests as at and for the year ended December 31, 2023 are as follows:

	Cost			Accumulated Depletion			Carrying amounts
	As at December 31, 2022	Impairment	As at December 31, 2023	As at December 31, 2022	Depletion	As at December 31, 2023	As at December 31, 2023
Sierra Antapite (1) Peru	$ 10,096,964	$ -	$ 10,096,964	$ 718,400	$ 590,408	$ 1,308,808	$ 8,788,156
Tahuehueto (2) Mexico	5,092,628	-	5,092,628	-	35,943	35,943	5,056,685
Manica (1) Mozambique	3,024,284	-	3,024,284	109,873	557,797	667,670	2,356,614
Pinos (2) Mexico	1,630,598	(729,598)	901,000	-	-	-	901,000
Other royalties (3) Canada	1	-	1	-	-	-	1
Total	$ 19,844,475	$ (729,598)	$ 19,114,877	$ 828,273	$ 1,184,148	$ 2,012,421	$ 17,102,456

(1) Production stage asset
(2) Development stage asset
(3) Exploration stage asset

5. ROYALTY AND STREAM INTERESTS (continued)

Revenue from royalty and stream interests

During the three months ended March 31, 2024, the Company earned a total stream and royalty revenue of $956,055 (2023 - $741,242) and recorded cost of sales of $72,454 (2023 - $97,072), excluding depletion. The following provides further breakdown by investment:

- During the period ended March 31, 2024, the Company earned stream revenue of $433,534 (2023 – $485,359) and recorded cost of sales of $67,425 (2023 – $97,072) from the gold stream agreement on the Sierra Antapite mine in Peru.

- During the period ended March 31, 2024, the Company earned royalty revenue of $497,372 (2023 - $255,883) from the royalty agreement on gold from the Manica gold project in Mozambique.

- During the period ended March 31, 2024, the Company earned stream revenue of $25,149 (2023 – $nil) and recorded cost of sales of $5,029 (2023 – $nil) from the gold stream agreement on the Galaxy mine in South Africa.

Sierra Antapite Gold Stream

In July 2021, the Company structured and entered into a stream agreement with Sierra Sun Group, a private corporation, in respect of its Sierra Antapite gold mine located in Peru. The Company agreed to purchase an amount of gold equal to 2.25% of the payable gold production in return for upfront cash consideration of $5,000,000 plus an additional amount for each ounce delivered equal to 20% of the prevailing market price. Subsequently, in both October 2021 and December 2021, the Company agreed to purchase an additional 1.125% in exchange for upfront cash of $2,500,000 each time. As such, the Company will receive a total of 4.5% of payable gold production until 11,000 ounces have been delivered, thereafter dropping to 1% for the life of mine.

Tahuehueto Silver Stream

In April 2021, the Company structured and entered into a stream agreement, subsequently amended, with Luca Mining Corporation, a publicly traded company (TSX-V: Luca) in respect of its Tahuehueto silver project located in Mexico. The Company agreed to purchase an amount of silver equal to 100% of the payable silver production in return for upfront cash consideration of $5,000,000 plus an additional amount for each ounce delivered equal to 20% of the prevailing market price until 1,250,000 ounces have been delivered. Thereafter, the amount of payable silver will drop, to 20% on the same terms for a maximum of 10 years from the date of initial production. The cash consideration was paid in two tranches of $2,000,000 and $3,000,000 respectively in April 2021 and July 2021.

5. ROYALTY AND STREAM INTERESTS (continued)

Tahuehueto Silver Stream (continued)

On May 1, 2023, as part of Luca's restructuring process, Empress entered into an amending agreement with Luca with respect to the silver stream on the Tahuehueto project to defer deliveries of silver for the period from October 1, 2022 to June 30, 2023. Pursuant to the agreement, the Company received the sum of $150,000 as compensation for the amendment. The life of the stream agreement, which was originally 10 years from initial production, will be extended by nine months.

After September 30, 2023, Luca publicly disclosed one of its lenders (Trafigura) agreed to extend waivers of certain debt repayments as part of a larger refinancing plan being undertaken by Luca to support the strategic initiatives being taken by Luca at the Campo Morado Mine. As a condition of such extension, Luca has not (since their delivery of silver credits to the Company in October 2023) delivered silver credits to the Company in connection with the stream agreement. The Company is currently in discussion with Luca in connection with the outstanding deliveries.

Manica Project Royalty

In April 2021, the Company structured and entered into a royalty agreement, subsequently amended, with Endor (Mauritius) Limited ("Endor") and Mutapa Mining & Processing LDA ("MMP"), a private corporation, in respect of its Manica hard rock gold project, located in Mozambique. The Company paid $2,000,000 for a 2.25% royalty interest. In January 2022, the Company paid an additional $1,000,000 to increase the royalty interest to 3.375% on the first 95,000 ounces of gold sold and a 1.125% royalty interest thereafter for the life of the mine.

On July 6, 2023, the Company amended the Manica Royalty Agreement to reflect that the Manica royalty payor Endor was replaced by MMP who successfully obtained its own gold export licence.

Pinos Project Royalty

In November 2020, the Company structured and entered into a 1% net smelter royalty ("NSR") agreement with Candelaria Mining Corp., a publicly traded company (TSX-V: CAND), in respect of its Pinos project located in Mexico for cash consideration of $1,500,000. The transaction was a combination of a newly created 0.5% NSR royalty on the Pinos project for consideration of $750,000 and the purchase of an existing 0.5% NSR royalty for consideration of $750,000.

During the year ended December 31, 2023, the Company re-evaluated the carrying value of the Pinos Project royalty after review of delayed estimated production commencement, the Company recorded an impairment charge of $729,598.

(Expressed in US dollars)

5. ROYALTY AND STREAM INTERESTS (continued)

Galaxy Gold Stream

In February 2024, the Company structured and entered into a stream agreement with Galaxy Gold Reefs (Pty) Ltd., a subsidiary of Golconda Gold Ltd. ("Golconda"), a publicly traded company (TSX-V: GG), in respect of its Galaxy gold mine located in South Africa. The Company agreed to purchase an amount of gold equal to 3.5% of the payable gold production from the Galaxy mine for an initial 8,000 payable ounces; thereafter, the percentage will reduce to 2.0% of the payable gold production until the earlier of: (i) 20,000 ounces having been paid to Empress; or (ii) 20 years after the first payment was made. As consideration, the Company made an upfront cash payment of $5,000,000 and will make additional payments for each ounce delivered equal to 20% of the prevailing market price.

Canadian Exploration Royalties

In July 2020, the Company acquired a portfolio of NSR royalties, all of which are on early-stage exploration properties located in Canada that range between 0.5% and 1.5%.

6. LOAN

		March 31, 2024		December 31, 2023
Opening balance	$	2,941,855	$	3,171,187
Loan refinancing and accordion draw		5,221,932		3,596,849
Discount on issuance		(221,932)		(152,866)
Transaction costs		(714,810)		(547,422)
Accrued interest		178,665		520,092
Interest paid		(208,230)		(490,526)
Principal repayment		(299,737)		(3,989,363)
Accretion of transaction costs		85,467		833,904
Ending balance	$	6,983,210	$	2,941,855
Current	$	2,939,594	$	1,228,516
Long-term		4,043,616		1,713,339

On December 22, 2021, the Company entered into a credit agreement (the "Nebari Facility") with Nebari Natural Resources Credit Fund I, LP ("Nebari"), an arm's length party, pursuant to which the Company was provided with a $15,000,000 senior secured credit facility. The Company's received $4,500,000 upon closing of the Nebari Facility. An original issue discount (the "OID") of 6% is applicable to all loans made under the Nebari Facility resulting in the Initial Loan being $4,787,234.

6. LOAN (continued)

On December 5, 2023, the Company entered into a $28,500,000 Accordion Credit Facility (the "Credit Facility") with Nebari Gold Fund 1, LP and Nebari Natural Resources Credit Fund II, LP (collectively, "Nebari"), an arm's length party. The Credit Facility replaced $15,000,000 Nebari Facility. The Credit Facility bears interest at a rate of 7.5% per annum plus 3-month Term SOFR (3.5% floor). An arrangement fee of 2.0% of each draw made under the Credit Facility is payable on closing, together with reimbursement of Nebari's costs for each draw made. In addition, an OID of 4.25% is applicable to all loans made under the Credit Facility. The Credit Facility is secured against the existing investment assets of the Company. The Initial Loan has a term of three years, and any addition draws under the Accordion Feature will have a term of three years from that date of drawdown.

On December 5, 2023, the Company's made an initial drawdown of $3,443,983 upon closing of the Credit Facility. These funds were used to repay the balance outstanding on the existing Nebari Facility of $2,943,983 and provide $500,000 for working capital. An OID of 4.25% applicable to all loans made under the Credit Facility resulted in the Initial Loan being $3,596,849.

The Credit Facility is subject to standard events of default, as well as a requirement to maintain positive working capital (excluding the current portion of the Nebari loan) and no less than $500,000 of cash.

Transaction cost on the Credit facility totalled $547,422 comprised of i) the issuance of 3,104,153 warrants to Nebari at value of $309,663, and ii) legal fees and other transaction costs in connection with the initial drawdown of the Credit Facility. The value of non-cash warrants was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 3.97%; an expected volatility of 67.36%; an expected life of three years; a forfeiture rate of zero; and an expected dividend of zero and will be amortized into profit or loss over the term of the Loan at an effective interest rate of 14.1%, comprised of, 11.1% cash interest on the Loan, and 3% non-cash warrants.

During the three months ended March 31, 2024, the Company recorded finance costs of $264,132 (2023 – $353,687), being interest expense of $178,665 (2023 – $147,425) and accretion of transaction costs of $85,467 (2023 – $206,262).

During the three months ended March 31, 2024, the Company drew $5,000,000 from the accordion facility to fund the Galaxy Gold stream transaction (note 5). An OID of 4.25% applicable to all loans made under the Credit Facility resulted in the Initial Loan being $5,221,932.

Transaction cost on the $5,000,000 draw totalled $714,810 comprised of i) the issuance of 5,000,000 warrants to Nebari at value of $484,810, and ii) legal fees and other transaction costs in connection with the initial drawdown of the Credit Facility. The value of non-cash warrants was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 3.96%; an expected volatility of 58.31%; an expected life of three years; a forfeiture rate of zero; and an expected dividend of zero and will be amortized into profit or loss over the term of the Loan at an effective interest rate of 14.2%, comprised of, 11% cash interest on the Loan, and 3.2% non-cash warrants.

(Expressed in US dollars)

6. LOAN (continued)

Interest payments over the next year, assuming an interest rate of 7.5% and SOFR interest rate of 5.4% for both the initial drawdown and the first accordion draw are between $178,000 to $274,000 per quarter in 2024. Principal payments over the next year are $734,898 per quarter in 2024.

7. SHARE CAPITAL

Authorized

The Company's authorized share structure consists of an unlimited number of common shares without par value.

Issued and outstanding

As at March 31, 2024, the Company had 118,205,418 (December 31, 2023 – 118,205,418) common shares issued and outstanding. A summary of changes in share capital and reserves is contained on the consolidated statements of changes in shareholders' equity for the periods ended March 31, 2024, and 2023.

During the period ended March 31, 2024, there were no shares issued.

During the year ended December 31, 2023, the Company issued 4,964,367 shares at a price of C$0.27 for gross proceeds of $980,748 on the exercise of 4,964,367 warrants with a value of $639,224.

Warrants

The continuity of share purchase warrants for the period ended March 31, 2024 are as follows:

Expiry date	Exercise price (C$)	Balance, December 31, 2023	Granted	Exercised	Expired	Balance, March 31, 2024
December 8, 2026	$0.31	3,104,153	-	-	-	3,104,153
February 26, 2027	$0.31	-	5,000,000	-	-	5,000,000
September 29, 2027	$0.60	4,350,000	-	-	-	4,350,000
October 25, 2027	$0.60	4,316,666	-	-	-	4,316,666
		11,770,819	5,000,000	-	-	16,770,819
Weighted average exercise price (C$)		$0.52	$0.31	N/A	N/A	$0.46

(Expressed in US dollars)

7. SHARE CAPITAL (continued)

The continuity of share purchase warrants for the year ended December 31, 2023 are as follows:

Expiry date	Exercise price (C$)	Balance, December 31, 2022	Granted	Exercised	Expired	Balance, December 31, 2023
March 25, 2023	$0.50	854,550	-		(854,550)	-
March 25, 2023	$0.75	16,402,500	-		(16,402,500)	-
December 23, 2023	$0.27	7,500,000	-	(4,964,357)	(2,535,643)	-
September 29, 2027	$0.60	4,350,000	-	-	-	4,350,000
October 25, 2027	$0.60	4,316,666	-	-	-	4,316,666
December 8, 2026	$0.31	-	3,104,153	-	-	3,104,153
		33,423,716	3,104,153	(4,964,357)	(19,792,693)	11,770,819
Weighted average exercise price (C$)		$0.60	$0.31	$0.27	$0.68	$0.52

Stock options

The Company has incentive compensation plans including a 10% Rolling Stock Option Plan (the “Option Plan”) and a 10% Fixed Security Based Compensation Plan (the “Equity Plan”) for stock options, deferred stock units, performance share unit and restricted share units. The maximum number of shares reserved for issue under the Option Plan shall not exceed 10% of the outstanding shares of the Company, as at the date of the grant. The maximum number of shares reserved for issue under the Equity Plan shall not exceed 10,457,439 shares or a greater number as approved. Vesting is determined by the Board of Directors.

The continuity of stock options for the period ended March 31, 2024, and the year ended December 31, 2023, are as follows:

Expiry date	Exercise price (C$)	Balance, December 31, 2023	Granted	Exercised	Expired	Balance, March 31, 2024
April 19, 2026 [(1)]	$ 0.50	7,000,000	-	-	-	7,000,000
June 26, 2028 [(1)]	$ 0.35	1,150,000		-	-	1,150,000
January 15, 2029[(1)]	$ 0.35	-	500,000	-	-	500,000
		8,150,000	500,000	-	-	8,650,000
Weighted average exercise price (C$)		$0.48	$0.35	N/A	N/A	$0.47

(Expressed in US dollars)

7. SHARE CAPITAL (continued)

Expiry date	Exercise price (C$)	Balance, December 31, 2022	Granted	Exercised	Expired	Balance, December 31, 2023
April 19, 2026 (1)	$ 0.50	7,000,000	-	-	-	7,000,000
May 2, 2027 (2)	$ 0.50	500,000	-	-	(500,000)	-
June 26, 2028 (1)	$ 0.35	-	1,150,000	-	-	1,150,000
		7,500,000	1,150,000	-	(500,000)	8,150,000
Weighted average exercise price (C$)		$0.50	$0.35	N/A	$0.50	$0.48

(1) vest one-third on date of grant, one-third 12 months from grant date, and one-third and 24 from grant date
(2) vest one-third on July 31, 2022, one-third on May 2, 2023, and one-third on May 2, 2024

As at March 31, 2024, 5,216,667 (December 31, 2023 – 5,050,000) of the stock options are exercisable with a weighted average exercise price of $0.48 (2023 - $0.49).

Equity Incentive Plan

The Company adopted an Equity Incentive Plan (the "Plan") during the year ended December 31, 2023 after shareholder approval at its annual general meeting on September 1, 2022. Under the Plan, the Company can grant equity-based incentive awards in the form of restricted share units ("RSUs"), performance share units ("PSUs") and deferred share units ("DSUs"). The aggregate number of common shares in the capital of the Company that may be issued to Equity Incentive Plan Participants under the Equity Incentive Plan cannot not exceed 10,457,439, subject to adjustment as provided for in the Equity Incentive Plan.

Under the Plan, the Company may determine vesting periods for equity units granted at the time of grant, but such vesting shall not be less than one year. The Company also has the option to settle vested units by either issuing one common share of the Company for each unit or make a cash payment calculated by multiplying the number of Vested share units to be redeemed by the market price per share on the date of settlement.

Deferred Share Units ("DSU")

Under the Plan, the Company may elect to fix a portion of the Director's fees that are to be payable in the form of DSUs. In addition, each Director may elect to participate in the grant of additional DSUs in lieu of Director's fees payable in cash. During the year ended December 31, 2023, the Company issued 1,750,000 DSUs to directors of the Company. The Company expensed $72,852 included in share-based compensation expense during the three months ended March 31, 2024 (2023 - $nil) related to the grant of 1,750,000 DSUs that vest equally over two years.

(Expressed in US dollars)

7. SHARE CAPITAL (continued)

The continuity of DSUs for the period ended March 31, 2024, and the year ended December 31, 2023, are as follows:

	Number of DSUs
Balance, December 31, 2022	-
Granted	1,750,000
Balance, December 31, 2023 and March 31, 2024	1,750,000

Restricted Share Units ("RSU")

Under the Plan the Company may, in its discretion, designate participants who are to receive RSU units, fix the number of units and types of units to be granted the dates to be granted and the vesting period of the units. During the year ended December 31, 2023, the Company issued 1,500,000 RSU units to directors of the Company. The Company expensed $62,222 included in share-based compensation expense during the three months ended March 31, 2024 (2023 - $nil) related to the grant of 1,500,000 RSUs that vest equally over two years.

The continuity of RSUs for the period ended March 31, 2024, and the year ended December 31, 2023, are as follows:

	Number of RSUs
Balance, December 31, 2022	-
Granted	1,500,000
Balance, December 31, 2023 and March 31, 2024	1,500,000

Share-based compensation

During the period ended March 31, 2024, the Company recorded share-based compensation of $86,628 (2023 – $115,464).

On June 26, 2023, the Company granted 1,150,000 stock options to employees and consultants of the Company exercisable at a price of C$0.35 until June 26, 2028. The stock options were valued at a fair value of $149,749. The options granted vest one-third on the date of grant, one-third on June 26, 2024, and one-third on June 26, 2025.

On January 15, 2024, the Company granted 500,000 stock options to the vice president of corporate development of the Company exercisable at a price of C$0.35 until January 15, 2029. The stock options were valued at a fair value of $59,468. The options granted vest one-third on date of grant, one-third 12 months from grant date, and one-third 24 months from grant date.

(Expressed in US dollars)

7. SHARE CAPITAL (continued)

The fair value of the options granted was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

	March 31, 2024	March 31, 2023
Risk-free interest rate	3.27%	N/A
Expected volatility	66.64%	N/A
Expected life of warrants	5.00 years	N/A
Expected dividend yield	nil	N/A
Forfeiture rate	nil	N/A

8. GENERAL AND ADMINISTRATIVE

	Note		Three months ended March 31, 2024		Three months ended March 31, 2023
Consulting fees and salaries	*10*	$	196,917	$	192,036
Director fees	*10*		73,397		73,008
Investor and shareholder relations			119,901		87,694
Office expenses			8,451		10,665
Professional fees			56,887		66,971
Regulatory fees			21,199		17,542
Travel			33,355		25,721
Total		$	510,107	$	473,637

9. PROJECT EVALUATION

During the period ended March 31, 2024, and 2023, the Company incurred certain expenditures to conduct due diligence and evaluate royalty and streaming opportunities with the potential for acquisition or investment.

	Note		Three months ended March 31, 2023		Three months ended March 31, 2022
Consulting fees	*10*	$	79,528	$	-
Professional fees			29,376		-
Other			15,613		34,872
Total		$	124,517	$	34,872

(Expressed in US dollars)

10. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management includes members of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid, or payable, to key management personnel during the period ended March 31, 2024 and 2023 are as follows:

	Three months ended March 31, 2024		Three months ended March 31, 2023	
Consulting fees and management salaries	$	81,824	$	92,415
Director fees and consulting fees paid to directors related to project evaluation	$	73,397	$	73,008
Share-based compensation	$	168,184	$	86,414
Total	$	323,405	$	251,837

(1) Endeavour Financial Limited (Cayman) ("Endeavour") and the Company have a director in common.

Amounts due to/from related parties

As at March 31, 2024, the Company had trade and other payables of $77,071 (December 31, 2023 - $130,676) owing to related parties, being, $46,567 (December 31, 2023 - $122,420) owing to Endeavour Financial Limited (Cayman) ("Endeavour") a Company that has a director in common and $8,256 (December 31, 2023 - $8,256) owing to a Company for which the CFO works, $5,643 (December 31, 2023 - $nil) owing to the Chief Executive officer and $16,605 (December 31, 2023 - nil) to a director. All amounts owed are unsecured and non-interest bearing.

11. SEGMENTED INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Chief Executive Officer.

As at March 31, 2024, the Company's business is the creating and investing in a portfolio of mining royalty and streaming interests for its own portfolio. The geographical breakdown of the Company's royalty and stream interests is described in Note 5. All of the Company's revenue is derived from the Sierra Antapite stream in Peru, the Galaxy Mine in South Africa and royalties on gold sales from the Manica gold project in Mozambique as described in Note 5.

(Expressed in US dollars)

12. FINANCIAL INSTRUMENTS

Management of Capital

Management monitors the Company's financial risk management policies and exposures and approves financial transactions. Management considers capital to include the components of shareholders' equity.

The Company's objectives when managing capital are to provide shareholder returns through maximization of the profitable growth of the company and to maintain a degree of financial flexibility relevant to the underlying operating and metal price risks while safeguarding the Company's ability to continue as a going concern. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the Company may issue new shares, acquire debt, or sell assets. Management regularly reviews cash flow forecasts to determine whether the Company has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

The Company was not subject to any externally imposed capital requirements with the exception of complying with certain covenants under the Nebari Credit Facility (Note 6). There were no changes in the Company's capital management strategy during the period ended March 31, 2024. The Company was in compliance with the debt covenants as at March 31, 2024.

Financial instruments

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); fair value through other comprehensive income ("FVTOCI"); or at amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

			March 31, 2024		December 31, 2023
Cash and cash equivalents	Amortized cost	$	1,067,336	$	1,171,687
Receivables	Amortized cost		539,918		693,422
Trade and other payables	Amortized cost		(732,789)		(539,473)
Loan	Amortized cost		(6,983,210)		(2,941,855)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

12. FINANCIAL INSTRUMENTS (continued)

The carrying value of cash and cash equivalents, receivables, trade and other payables approximates their fair value due to their short-term nature.

Loans payable is carried at amortized cost. Fair value of loan payable approximates its carrying value as the interest rates are comparable to market interest rates.

Discussions of risks associated with financial assets and liabilities are detailed below:

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents and receivables relating to royalty and stream revenues. The credit risk on cash is limited because the Company invests its cash in deposits in high credit quality banking institutions in Canada. The Company's receivables is subject to the credit risk of the counterparties who own and operate the mines underlying the royalty and stream portfolio. In order to mitigate its exposure to credit risk, the Company closely monitors its financial assets.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to closely monitor cash forecasts and manage resources to ensure that there is sufficient capital in order to meet short-term business requirements. All of the Company's trade and other payables are classified as current and are anticipated to be settled in the next sixty days.

The Company is exposed to liquidity risk.

Market Risk

Market risk is the risk that the Company's future earnings will be adversely impacted by changes in in market factors such as interest rates, foreign exchange rates, and commodity prices. These fluctuations may be significant.

Foreign 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. As such, the Company is subject to fluctuations in the exchange rate between the Canadian dollar and the US dollar where it holds funds in a currency other than its functional currency. Management estimates the foreign exchange risk related to a 10% change in currency conversion is approximately $3,500. The Company does not hedge its foreign exchange risk.

12. FINANCIAL INSTRUMENTS (continued)

Interest Rate Risk

The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risk on cash is not considered significant. The Credit Facility bears interest at a rate of 7.5% per annum plus 3-month Term SOFR (3.5% floor) (Note 6). A 10% change in the SOFR rate would affect profit or loss by approximately $40,000 per annum.

Commodity Risk

While the value of the Company's investments is expected to be primarily related to the price of gold and silver and the outlook for these minerals, the value of the Company's investments is subject to changes in metal prices and market fluctuations.

13. SUPPLEMENTAL CASH FLOW INFORMATION

During the period ended March 31, 2024, the Company:

- Issued 5,000,000 warrants in connection with the Nebai loan valued at $484,810 (Note 7).
- Transaction cost on loan includes $168,880 which were included in accounts payable (Note 7).

During the year ended December 31, 2023, the Company:

- Warrants with value of $639,224 were exercised (Note 7).
- Issued 3,104,153 warrants in connection with the Nebai loan valued at $309,663 (Note 6 & 7).
- Transaction cost on loan includes $68,880 which were included in accounts payable (Note 6).

During the periods presented, the Company paid no income taxes.

The Company paid interest of $208,230 (2023 – $147,425) during the period ended March 31, 2024 (Note 6).

14. COMMITMENTS

In July 2021, the Company agreed to pay Endeavour a 2% success fee for sourcing, reviewing and negotiating mergers and acquisitions as well as debt opportunities for the Company.

In December 2021, the Company entered into a letter agreement with a third-party to confirm that the Company has agreed to pay a success fee of 1% of all cash proceeds received by the Company from the Nebari Facility (Note 6).

15. SUBSEQUENT EVENT

- On May 1, 2024 the Company granted 200,000 stock options to the Vice President of Investor Relations of the Company exercisable at a price of C$0.35 until May 1, 2029. The options granted vest one-third on date of grant, one-third 12 months from grant date, and one-third 24 months from grant date.