NOVA ROYALTY CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2021

NOVA ROYALTY CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	June 30 2021	December 31 2020
ASSETS		
Current assets		
Cash	$ 710,782	$ 5,400,687
Receivables (Note 3)	114,542	75,484
Prepaid expenses	183,338	86,626
Total current assets	1,008,662	5,562,797
Non-current assets		
Royalty interests (Note 4)	72,157,700	29,859,355
Deferred acquisition costs (Note 5)	134,843	75,658
Total non-current assets	72,292,543	29,935,013
TOTAL ASSETS	$73,301,205	$35,497,810
LIABILITIES AND EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	$ 1,681,146	$ 3,769,570
Total current liabilities	1,681,146	3,769,570
Non-current liabilities		
Other payables (Note 6)	619,700	637,046
Convertible debenture (Note 7)	4,630,542	3,026,912
Total non-current liabilities	5,250,242	3,663,958
Total liabilities	6,931,388	7,433,528
EQUITY		
Share capital (Note 8)	71,804,412	31,134,746
Commitment to issue shares	132,193	28,572
Reserves	1,362,831	1,327,472
Deficit	(6,929,619)	(4,426,508)
Total equity	66,369,817	28,064,282
TOTAL LIABILITIES AND EQUITY	$73,301,205	$35,497,810

Nature of operations and going concern (Note 1)
Commitments (Note 12)
Events after reporting date (Note 13)

These condensed interim financial statements were authorized for issuance by the Board of Directors on August 27, 2021.

Approved by the Board of Directors

"Alex Tsukernik" Director *"Luke Leslie"* Director

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

NOVA ROYALTY CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	For the three months ended June 30 2021	For the three months ended June 30 2020	For the six months ended June 30 2021	For the six months ended June 30 2020
Revenue and other income	$ 1,995	$ -	$ 4,068	$ -
General and administrative expenses				
Consulting fees (Note 9)	323,899	114,363	691,693	191,520
Office and administrative expenses	109,244	18,650	184,985	35,366
Professional fees (Note 9)	176,779	125,414	301,217	179,207
Share-based payments (Note 8 and 9)	547,136	153,594	842,570	670,919
Transfer agent and filing fees	77,678	8,822	150,389	11,322
	1,234,736	420,843	2,170,854	1,088,334
Loss from operations	(1,232,741)	(420,843)	(2,166,786)	(1,088,334)
Interest and accretion on convertible debenture (Note 7)	(205,958)	-	(418,753)	-
Other expenses	(3,326)	-	(16,603)	-
Foreign exchange gain (loss)	92,114	(51,747)	82,969	75,491
Loss before income taxes	(1,349,911)	(472,590)	(2,519,173)	(1,012,843)
Deferred income tax (expense) recovery	(3,309)	-	16,062	-
Loss and comprehensive loss	$ (1,353,220)	$ (472,590)	$ (2,503,111)	$ (1,012,843)
Basic and diluted loss per share	$ (0.02)	$ (0.02)	$ (0.03)	$ (0.04)
Weighted average number of shares outstanding	76,400,825	23,606,757	72,305,931	23,419,772

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

NOVA ROYALTY CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (2,503,111)	$ (1,012,843)
Items not affecting cash:		
Unrealized foreign exchange effect on cash	(74,562)	95,361
Share-based payments	842,570	670,919
Shares issued for services	-	17,250
Interest and accretion on convertible debenture	418,753	-
Deferred income tax recovery	(16,062)	-
Changes in non-cash operating working capital items		
Receivables	(39,058)	(15,853)
Prepaid expenses	(96,712)	(16,982)
Accounts payable and accrued liabilities	(574,607)	(10,546)
Net cash used in operating activities	(2,042,789)	(272,694)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of royalty interests	(19,235,152)	(3,025,257)
Net cash used in investing activities	(19,235,152)	(3,025,257)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued	5,734,740	-
Special warrants issued	-	5,846,586
Special warrant and share issue costs	(362,555)	(239,232)
Convertible debenture	5,000,000	-
Financing costs for convertible debenture	(296,062)	-
Standby charges paid	(8,255)	-
Exercise of stock options and share purchase warrants	6,532,743	87,500
Net cash provided by financing activities	16,600,611	5,694,854
Effect of exchange rate changes on cash	(12,575)	(95,361)
Change in cash	(4,689,905)	2,301,542
Cash, beginning of period	5,400,687	157,098
Cash, end of period	$ 710,782	$ 2,458,640

Supplemental disclosure with respect to cash flows (Note 10)

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

NOVA ROYALTY CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

	Number of shares	Share capital	Commitment to issue shares	Reserves	Deficit	**Total equity**
Balance as at December 31, 2019	22,169,618	$ 3,703,537	$ -	$ 775,154	$ (1,005,519)	$ 3,473,172
Special warrants issued for cash	-	-	-	5,846,586	-	5,846,586
Shares issued - royalty agreement	425,280	212,640	-	-	-	212,640
Special warrant issue costs - cash	-	-	-	(239,232)	-	(239,232)
Share-based payments - RSUs vested	900,000	450,000	-	110,843	-	560,843
Share-based payments - Options vested	-	-	-	110,076		110,076
Exercise of stock options	-	-	87,500	-	-	87,500
Shares issued for services	34,500	17,250	-	-	-	17,250
Shares issued for debt	200,004	76,430	-	-	-	76,430
Loss for the period	-	-	-	-	(1,012,843)	(1,012,843)
Balance as at June 30, 2020	23,729,402	$ 4,459,857	$ 87,500	$ 6,603,427	$ (2,018,362)	$ 9,132,422

	Number of shares	Share capital	Commitment to issue shares	Reserves	Deficit	**Total equity**
Balance as at December 31, 2020	57,984,249	$31,134,746	$ 28,572	$ 1,327,472	$ (4,426,508)	$28,064,282
Shares issued for cash	1,593,700	5,734,740	-	-	-	5,734,740
Shares issued for royalty interests	5,224,283	24,590,837	103,621	-	-	24,694,458
Share issue costs	-	(362,555)	-	-	-	(362,555)
Stock options exercised	1,262,500	552,007	-	(236,382)	-	315,625
Share purchase warrants exercised	8,580,905	6,580,868	-	(363,750)	-	6,217,118
Convertible debenture converted	3,535,691	3,323,768	-	(151,947)	-	3,171,821
Convertible debenture - equity component	-	-	-	194,869	-	194,869
Share-based payments - RSUs vested	500,000	250,000	-	345,862	-	595,862
Share-based payments - Options vested	-	-	-	246,708	-	246,708
Loss for the period	-	-	-	-	(2,503,111)	(2,503,111)
Balance as at June 30, 2021	78,681,328	$71,804,412	$ 132,193	$ 1,362,831	$ (6,929,619)	$66,369,817

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

(Unaudited - Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Nova Royalty Corp. (the "Company") is a royalty company focused on nickel and copper deposits. The Company was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on July 20, 2018 and changed its name to Nova Royalty Corp. on June 9, 2020. The Company's head office, registered, and records office address is 501 - 543 Granville Street, Vancouver, British Columbia, Canada. The Company's common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "NOVR" and on the OTCQB Venture Market ("OTCQB") under the symbol "NOVRF."

These financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values shown and 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. The Company's continuing operations and the ability of the Company to meet commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing, or the realization of cash generating royalty interests. At the date of these financial statements, the Company has not realized cash generating operations on any of its planned royalty interests. The Company has not achieved profitable operations and has accumulated losses since inception. Management estimates it has sufficient cash and available credit to continue operations for the next 12 months.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and measurement

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2020.

The accounting policies applied in the preparation of these unaudited condensed interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2020, except for those noted below. The Company's interim results are not necessarily indicative of its results for a full year.

3. RECEIVABLES

	June 30 2021	December 31 2020
GST/VAT and other taxes recoverable	$ 107,478	$ 53,706
Other receivables	7,064	21,778
	$ 114,542	$ 75,484

The Company's receivables arise from goods and services tax receivable from government taxation authorities and amounts due from a joint operating partner.

(Unaudited - Expressed in Canadian Dollars)

4. ROYALTY INTERESTS

	December 31 2020	Additions	Depletion	June 30 2021
Taca Taca	$ 17,516,996	$ 26,470,607	$ -	$ 43,987,603
Vizcachitas	-	10,587,258	-	10,587,258
West Wall	-	5,240,480	-	5,240,480
NuevaUnión	4,348,380	-	-	4,348,380
Dumont	3,357,582	-	-	3,357,582
Other[1]	4,636,397	-	-	4,636,397
	$ 29,859,355	$ 42,298,345	$ -	$ 72,157,700

(1) Other consists of the Pacific Empire, Wollaston Copper Belt, and Twin Metals royalty interests.

West Wall royalty

In June 2021, the Company acquired a 1.0% Net Proceeds Royalty ("NPR") from Sociedad Minera Auromín Limitada ("Auromín") on the West Wall copper-gold-molybdenum project located in the central Chilean Andes. The project is a joint venture owned 50/50 by Anglo American PLC ("Anglo American"; GBX:AAL) and Glencore PLC ("Glencore"; LSE:GLEN). Cash consideration of US$4,200,000 ($5,105,436) was paid on closing of the acquisition.

Under the terms of the agreement, the Company also has rights to acquire a 1.0% interest in other mining tenements established as designated areas in the surrounding region under certain terms and conditions.

As part of the acquisition, the Company agreed to pay a 2% finder's fee through the issuance of 30,748 common shares, valued at $103,621, recognized as a commitment to issue shares as at June 30, 2021.

Taca Taca royalty

In October 2020, the Company acquired a 0.24% Net Smelter Return ("NSR") royalty on the Taca Taca copper-gold-molybdenum project in Salta Province of Argentina ("Taca Taca") from certain private sellers for up-front consideration of US$8,500,000 ($11,070,230) and 2,000,000 common shares of the Company, valued at $3,200,000, with additional payments of US$500,000 six months after closing ($608,045 paid), US$1,000,000 twelve months after closing, and US$500,000 twenty-four months after closing. As part of the acquisition, the Company paid a 2% finder's fee through the issuance of 212,702 common shares valued at $340,323. The royalty is subject to a buyback right based on the proven reserves at Taca Taca in a feasibility study completed by a recognized, international consulting firm that is contracted by mutual consent of all parties, including royalty holders. The buyback amount will be equivalent to the amount of the proven reserves multiplied by the prevailing market prices of all applicable commodities within Taca Taca.

In February 2021, the Company acquired a further 0.18% NSR on the Taca Taca project, increasing the total NSR royalty to 0.42%. The acquisition price was US$3,000,000 ($3,809,400) in cash and 4,545,454 common shares of the Company, valued at $21,954,543, both paid on closing of the agreement. A further US$4,000,000 is due within 10 days after the date of the commencement of commerical production on the Taca Taca project. As part of the acquisition, the Company paid a 2% finder's fee through the issuance of 103,359 common shares valued at $525,064.

4. ROYALTY INTERESTS (cont'd…)

Vizcachitas royalty

In February 2021, the Company completed the acquisition of a 0.98% NSR royalty on open pit operations and 0.49% on underground operations on the San Jose exploitation concession forming part of the Vizcachitas Project in Chile, which is owned by Los Andes Copper Ltd. ("LAC"; TSXV:LA). The acquisition price was US$6,500,000 ($8,264,373) in cash paid on closing and a further US$9,500,000 payable in common shares of the Company upon achievement of certain project milestones, which include:

a) US$1,750,000 upon issuance of a valid Resolución de Calificación Ambiental ("RCA"), an environmental permit that allows drilling activities regarding the Vizcachitas Project (paid through the issuance of 535,179 common shares);
b) US$1,750,000 upon issuance of the other permits required by the RCA to commence the execution of drilling on the Vizcachitas Project;
c) US$1,500,000 upon the disclosure of a pre-feasibility study prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects with respect to the Vizcachitas Project which includes the Concession; and
d) US$4,500,000 upon the first to occur of: (i) LAC or its successors or assign makes a fully-financed construction decision on the Vizcachitas Project (or any part thereof that includes the concession); (ii) LAC or its successor or assign enters into an earn-in transaction with respect to the Vizcachitas Project (or any part thereof that includes the concession) or for LAC itself, with a third party, for a minimum interest of 51%; or (iii) LAC or its successor or assign sells the Vizcachitas Project (or any part thereof that includes the Concession) or LAC to an arms' length third party.

As part of the acquisition, the Company paid a 1% finder's fee through the issuance of 40,291 common shares, valued at $163,179.

Twin Metals royalty

In November 2020, the Company acquired a 2.4% NSR royalty on a portion of the Twin Metals Minnesota's copper-nickel-platinum group metals project (the "TMM Project") located in Minnesota owned by Antofagasta plc ("Antofagasta") from a subsidiary of Boart Longyear Ltd. (ASX:BLY). In additon to the up-front consideration paid on closing, the Company has agreed to make conditional payments totaling up to US$4,000,000 payable in cash and common shares upon the completion of certain milestones with respect to the TMM Project.

Wollaston Copper Belt exploration royalties

In September 2020, the Company acquired a portfolio of royalties from Transition Metals Corp. ("TMC"), which includes:

a) an existing 1.0% NSR royalty on the Janice Lake copper-silver project in Saskatchewan being advanced by Rio Tinto Exploration Canada Inc. (subject to a right of the royalty payor to buy back 0.375% of the royalty for $750,000 prior to commercial production);
b) a 1.0% NSR royalty on the Wollaston project;
c) a 1.25% NSR royalty on the Dundonald nickel project, and
d) six other royalties on exploration properties.

The Company will retain a right of first refusal ("ROFR") on the sale of any of TMC's retained NSR royalty interests on the Janice Lake, Dundonald, West Matachewan, and the Elephant Head projects.

(Unaudited - Expressed in Canadian Dollars)

4. ROYALTY INTERESTS (cont'd…)

Wollaston Copper Belt exploration royalties (cont'd…)

In additon to the up-front consideration paid on closing, the Company has agreed to make contingent payments totaling up to $2,000,000 payable in cash and common shares to TMC upon achievement of the following milestones in respect of the Janice Lake project:

a) $1,000,000 in cash upon the completion of a bankable feasibility study or the commencement of commercial production on the Janice Lake property; and
b) $1,000,000 in common shares if the projected annual production of the Janice Lake property is at least 30,000 tonnes of contained copper for a minimum of 10 years.

NuevaUnión royalty

In February 2020, the Company acquired an existing 2.0% NSR royalty on future copper production on the Cantarito claim which makes up part of the La Fortuna deposit in the Huasco Province in the Atacama region of Chile. The acquisition was completed as a joint venture with Metalla Royalty & Streaming Ltd. ("Metalla"; TSXV:MTA) with the companies having formed a special purpose vehicle to hold the Cantarito royalty. The aggregate consideration of US$8,000,000 is split between the Company and Metalla, where the Company has agreed to pay 75% or US$6,000,000. On closing, the Company paid US$2,250,000 ($2,992,635) in cash. In February 2021, the Company paid US$750,000 ($952,867) in cash. The Company has agreed to pay a further US$1,500,000 in cash and US$1,500,000 in common shares upon the achievement of commercial production at the La Fortuna deposit. As part of the acquisition, the Company paid a finder's fee through the issuance of 425,280 common shares valued at $212,640.

Pacific Empire royalty portfolio

In March 2019, the Company acquired a portfolio of royalties from Pacific Empire Minerals Corp. ("PEMC"). The portfolio includes a 1.0% NSR royalty on all metals and minerals produced from PEMC's Copper King, NUB East, and NWT projects. In August 2019, the Company acquired a 1.0% NSR on all metals and minerals produced from PEMC's Pinnacle Reef project. PEMC has agreed to grant the Company a ROFR on any future royalty or streaming transactions on the projects.

Dumont royalty

In January 2019, the Company acquired a 2.0% NSR on a portion of the Dumont nickel-cobalt project located in Quebec, which was previously held by Karora Resources Inc. ("Karora"). In January 2021, Karora sold its interest to Waterton Global Resource Investments, who has the option to buy back 1% of the NSR royalty for $1,000,000.

5. DEFERRED ACQUISITION COSTS

		June 30 2021		December 31 2020
Opening balance	$	75,658	$	46,154
Additions		134,843		75,658
Reallocation for completed acquisitions		(75,658)		(46,154)
	$	134,843	$	75,658

Costs incurred or accrued prior to the execution and closing of a royalty agreement are deferred. Deferred costs are reallocated to royalty interests upon signing of a definitive agreement. If management determines not to proceed with a proposed acquisition, the deferred costs are expensed at that time.

(Unaudited - Expressed in Canadian Dollars)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30 2021	December 31 2020
Trade and other payables	$ 176,451	$ 325,336
Payables on Taca Taca acquisition (Note 12)	1,859,100	2,548,182
Payables on NuevaUnión acquisition	-	955,501
Accrued liabilities	265,295	577,597
	2,300,846	4,406,616
Less: current portion	1,681,146	3,769,570
Non-current portion	$ 619,700	$ 637,046

7. CONVERTIBLE DEBENTURE

	June 30 2021	December 31 2020
Opening balance	$ 3,026,912	$ -
Additions	5,000,000	3,500,000
Transaction costs	(279,838)	(364,931)
Allocation of conversion feature	(273,961)	(198,755)
Accretion	282,442	90,598
Conversion to common shares	(3,125,013)	-
	4,630,542	3,026,912
Less: current portion	-	-
Non-current portion	$ 4,630,542	$ 3,026,912

In October 2020, the Company obtained a convertible loan facility of up to $13,000,000 with Beedie Capital ("Beedie") to fund acquisitions of royalties and streams. The loan was funded by way of an initial advance of $3,500,000 at closing, and the remaining $9,500,000 available for subsequent advances in minimum tranches of $1,500,000 over the term of the loan. The initial advance was convertible into common shares of the Company at a conversion price of $1.00 per share and with respect to any subsequent advance, at a conversion price equal to a 20% premium above the 30-day volume-weighted average price ("VWAP") of the Company's common shares on the TSX-V. The loan carried an interest rate of 8.0% on advanced funds and 1.5% on standby funds available, with the principal payment due 48 months after closing. The Company had the option under the loan to defer any interest payments during the first 24 months. Beedie also committed to a subscription of $2,000,000 in the Company's first public offering that subsequently closed in November 2020. In October 2020, the Company drew down the initial advance of $3,500,000, of which $2,936,314 was allocated as a financial liability and the residual value of $198,755 was allocated to the conversion feature as equity, net of transaction costs. A deferred tax liability of $46,808 related to the taxable temporary difference arising from the equity portion of the convertible loan was recognized in equity reserves. The effective interest rate on the liability was 13.2% per annum, with an expected life of 4.00 years. In February 2021, all outstanding principal and accrued interest related to the initial advance was converted into 3,535,691 common shares of the Company. The Company also recorded a deferred income tax expense of $46,808 with an offset to equity reserves to unwind a portion of the deferred taxes that were recognized in October 2020 upon issuance of the initial advance. The Company incurred interest expense of $98,100 from January 1, 2021 up to the date of conversion.

In February 2021, an advance of $5,000,000 was drawn on the facility, with $4,500,000 remaining available for subsequent advances over the term of the loan. This second advance is convertible into common shares of the Company at a conversion price of $5.67 per common share, accrues interest at 8.00% per annum and matures on October 7, 2024. On initial recognition of the second advance, $4,726,039 was allocated as a financial liability and the residual value of $273,961 was allocated to the conversion feature as equity. A deferred tax liability of $62,870 related to the taxable temporary difference arising from the equity portion of the convertible loan has been recognized in equity reserves. Transaction costs of $279,839 and $16,222 were allocated to the financial liability and equity portions of the convertible debt respectively. The effective interest rate on the liability is 11.8% per annum, with an expected life of 3.62 years. The Company has incurred $184,342 of interest expense on the second advance for the six months ended June 30, 2021.

7. CONVERTIBLE DEBENTURE (cont'd…)

In February 2021, the Company entered into an amended and restated convertible loan agreement with Beedie in which the total funds available under the facility increased to $20,000,000. As at June 30, 2021, undrawn funds available under the convertible loan facility were $20,000,000 (December 31, 2020 - $9,500,000). Under the amended and restated convertible loan agreement, the Company is required to maintain a cash balance of at least $500,000 at all times. During the six months ended June 30, 2021 and as at June 30, 2021 the Company was in compliance with this financial covenant.

During the six months ended June 30, 2021, the Company recorded standby charges of $136,311 (2020 - $Nil), of which $8,255 was paid and $128,055 is included in accrued liabilities as at June 30, 2021.

8. SHARE CAPITAL

As at June 30, 2021, the authorized share capital consists of an unlimited number of common shares without par value, of which 2,736,250 (December 31, 2020 - 4,674,000) common shares were held in escrow to be released over time to April 2022.

In February 2021, the Company established an at-the-market ("ATM") equity program to distribute up to $25,000,000 of common shares of the Company under the ATM equity program. The common shares will be issued by the Company to the public from time to time, through the agents, at the Company's discretion.

Issued share capital

During the six months ended June 30, 2021, the Company:

a) issued 1,593,700 common shares pursuant to its ATM equity program for gross proceeds of $5,734,740, with aggregate share issue costs paid and/or accrued of $337,789;
b) issued 5,224,283 common shares, valued at $24,590,837, pursuant to the acquisition of royalty interests, which includes 143,650 common shares issued as non-cash finder's fees valued at $688,242;
c) issued 3,535,691 common shares through the conversion of a convertible debenture;
d) issued 1,262,500 common shares for proceeds of $552,007 on the exercise of 1,262,500 stock options;
e) issued 8,580,905 common shares for proceeds of $6,580,868 on the exercise of 8,580,905 share purchase warrants; and
f) issued 500,000 common shares pursuant to the vesting of 500,000 restricted share units ("RSUs").

During the six months ended June 30, 2020, the Company:

a) issued 11,693,172 special warrants of the Company for gross proceeds of $5,846,586. Each special warrant had a subscription price of $0.50 and was deemed exercised into one unit of the Company for no additional consideration upon the Company becoming a reporting issuer and obtaining a listing of the common shares of the Company on a recognized stock exchange in Canada. Each unit consisted of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at an exercise price of $1.00 at any time up to 24 months following the closing subject to an acceleration clause.
b) as part of the issuance of special warrants the Company incurred $302,298 in share issue costs as follows:
    - paid $239,232 in cash; and
    - issued 239,000 broker warrants valued at $63,066. Each broker's warrant being exercisable into one common share of the Company at an exercise price of $0.50 and expiring 24 months from the date of issuance. The fair value of broker warrants was estimated using the Black-Scholes option pricing model with weighted average assumptions as follows: risk-free interest rate of 1.52%, dividend yield of 0%, volatility of 100%, forfeiture rate of 0%, and an expected life of 2 years.
c) issued 425,280 common shares valued at $212,640 or $0.50 per share as finders' fees for the Nueva Union royalty acquisition (Note 4).
d) issued 900,000 common shares valued at $450,000 pursuant to the vesting of RSUs;
e) issued 200,004 common shares to Seabord Services Corp. for settlement of debt in the amount of $76,430; and
f) issued 34,500 common shares to consultants of the Company in exchange for consulting and legal services rendered in the amount of $17,250.

(Unaudited - Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd…)

Stock options

The Company has adopted a stock option plan approved by the Company's shareholders. The maximum number of shares that may be reserved for issuance under the plan is limited to 10% of the issued common shares of the Company at any time, less the amount reserved for RSUs. The vesting terms, if any, are determined by the Company's Board of Directors at the time of the grant.

The continuity of stock options for the six months ended June 30, 2021 is as follows:

	Outstanding		Weighted average exercise price
As at December 31, 2020	2,600,000	$	0.25
Granted	325,000		4.75
Exercised	(1,262,500)		0.25
As at June 30, 2021	1,662,500	$	1.13

The weighted average remaining useful life of stock options outstanding is 3.06 (December 31, 2020 - 3.17) years. The Company's outstanding and exercisable stock options as at June 30, 2021 are as follows:

Expiry date		Exercise price	Outstanding	Exercisable
March 1, 2024	$	0.25	1,337,500	1,337,500
March 1, 2026	$	4.75	325,000	-

Restricted share units

The continuity of RSUs for the six months ended June 30, 2021 is as follows:

	Outstanding
As at December 31, 2020	1,400,000
Granted	405,000
Vested	(500,000)
As at June 30, 2021	1,305,000

As at June 30, 2021, the weighted average remaining life of the RSUs outstanding was 1.39 (December 31, 2020 - 0.71) years with vesting periods of up to 36 months. The Company's outstanding RSUs as at June 30, 2021 are as follows:

Expiry date	Outstanding
Apr 27, 2022	900,000
Feb 22, 2024	405,000

Share purchase warrants

The continuity of share purchase warrants for the six months ended June 30, 2021 is as follows:

	Outstanding		Weighted average exercise price
As at December 31, 2020	8,636,995	$	0.72
Exercised	(8,580,905)		0.72
As at June 30, 2021	56,090	$	0.50

(Unaudited - Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd…)

Share purchase warrants (cont'd…)

In January 2021, the Company accelerated the expiry of certain outstanding share purchase warrants exercisable at prices of $0.40 and $1.00 per share. Pursuant to the terms of these share purchase warrants, if the closing price of the Company's common shares is greater than $1.00 or $1.25 per share for twenty (20) consecutive trading days after the issuance date, the Company is entitled to accelerate the expiry date of these warrants such that the warrants expire on the 30th day following the date of notice.

The following table summarizes the warrants outstanding as at June 30, 2021:

Expiry date	Exercise price	Outstanding
February 19, 2022	$ 0.50	56,090

Share-based payments and share-based payment reserve

During the six months ended June 30, 2021, the Company granted 325,000 (2020 - Nil) stock options with a fair value of $3.53 (2020 - $Nil) per option. The fair value of the stock options granted was estimated using the Black-Scholes option pricing model with the following assumptions:

Weighted average:	For the six months ended June 30 2021	For the six months ended June 30 2020
Risk free interest rate	0.90%	n/a
Expected dividend yield	0%	n/a
Expected stock price volatility	100%	n/a
Expected life in years	5	n/a
Forfeiture rate	0%	n/a

During the six months ended June 30, 2021, the Company recorded share-based payment expense of $842,570 (2020 - $670,919), of which $246,708 (2020 - $110,076) represents the fair value of options vested during the period with the offsetting amounts credited to reserves, and $595,861 (2020 - $560,843) represents the fair value of RSUs vested during the period.

9. RELATED PARTY BALANCES AND TRANSACTIONS

The Company considers key management personnel to include its management, outside directors, and any entity controlled by them. The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

For the six months ended June 30, 2021	Salary or fees	Share-based payments	Total
Management	$ 84,466	$ 153,276	$ 237,742
Directors	81,500	395,589	477,089
	$ 165,966	$ 548,865	$ 714,831

For the six months ended June 30, 2020	Salary or fees	Share-based payments	Total
Management	$ 84,795	$ 266,736	$ 351,531
Directors	-	82,525	82,525
	$ 84,795	$ 349,261	$ 434,056

During the six months ended June 30, 2021, the Company paid or accrued $494,803 (2020 - $203,100) to DLA Piper (Canada) LLP ("DLA Piper"), a law firm in which a director is a partner of. The aggregate amount has been allocated as follows: $142,316 (2020 - $106,507) for professional fees, $182,498 (2020 - $46,312) for debt and equity financing costs, and $169,989 (2020 - $50,281) for royalty interest acquisition costs.

(Unaudited - Expressed in Canadian Dollars)

9. RELATED PARTY BALANCES AND TRANSACTIONS (cont'd…)

Also during the six months ended June 30, 2021, the Company paid or accrued $90,000 (2020 - $17,143) to Seabord Services Corp. ("Seabord"). Seabord provides the following services: A Chief Financial Officer ("CFO"), a Corporate Secretary, accounting and administration staff, and office space to the Company. The CFO and Corporate Secretary are employees of Seabord and are not paid directly by the Company.

As at June 30, 2021, included in accounts payable and accrued liabilities is $9,000 (December 31, 2020 - $382,227) to key management personnel for fees and reimbursable expenses, $Nil (December 31, 2020 - $45,000) to Seabord, and $86,607 to DLA Piper (December 31, 2020 - $53,000). In addition, as at June 30, 2021, the Company has a commitment to issue 57,144 (December 31, 2020 - 57,144) common shares, valued at $28,572 (December 31, 2020 - $28,572), to Seabord for services rendered during 2020 before the public listing was completed.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing activities

During the six months ended June 30, 2021, the Company:

a) issued 5,224,283 common shares, valued at $24,590,837, pursuant to royalty interest acquisition agreements;
b) recognized a commitment to issue 30,748 common shares, valued at $103,621, pursuant to a finder's fee on a royalty interest acquisition;
c) reallocated $75,658 of deferred acquisition costs to royalty interests on completion of the Vizcachitas and Taca Taca royalty interest acquisitions;
d) reallocated $191,560 to reserves for the conversion feature of the subsequent advance on the convertible debenture;
e) issued 3,535,691 common shares, valued at $3,323,768, pursuant to the conversion of convertible debenture;
f) reallocated $236,382 from reserves to share capital for 1,262,500 stock options exercised; and
g) reallocated $363,750 from reserves to share capital for 8,580,905 share purchase warrants exercised.

During the six months ended June 30, 2020, the Company:

a) issued 425,280 common shares, valued at $212,640, pursuant to royalty acquisition agreements;
b) issued 239,000 brokers warrants, valued at $63,066, as finder's fees;
c) reallocated $46,154 of deferred acquisition costs to royalty interests on completion of the NuevaUnion royalty interest acquisition agreement; and
d) accrued $1,062,724 in accounts payable for staged royalty interest acquisition payments.

11. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

		June 30 2021		December 31 2020
Financial assets - amortized cost:				
Cash	$	710,782	$	5,400,687
Receivables		7,064		21,778
Financial liabilities - amortized cost:				
Accounts payable and accrued liabilities		1,681,146		3,769,570
Other payables		619,700		637,046
Convertible debenture	$	4,630,542	$	3,026,912

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: (a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities; (b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and (c) Level 3 - Inputs for assets and liabilities that are not based on observable market data. The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

11. FINANCIAL INSTRUMENTS (cont'd…)

The carrying value of cash, receivables, accounts payable and accrued liabilities, and other payables approximates their fair value due to the short-term nature of these instruments. The fair values of the Company's convertible debentures approximate their carrying values as contractual interest rates are comparable to current interest rates.

The Company's activities expose it to financial risks of varying degrees of significance, which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are metal price risk, credit risk, liquidity risk, currency risk, and interest rate risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

Capital risk management

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The Company is subject to an externally imposed financial capital covenant as disclosed in Note 7.

Credit risk

Credit risk is the risk of loss arising from a customer or third party to a financial instrument failing to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and receivables. The Company limits exposure to credit risk by maintaining its cash with large financial institutions.

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 attempts to ensure there is sufficient capital to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash as well as anticipated proceeds from future financings. The Company believes that these sources are sufficient to cover the likely short-term cash requirements, but that further funding will be required to meet long-term requirements. The maturities of the Company's non-current liabilities are disclosed in Notes 6, 7 and 12. All current liabilities are settled within one year.

Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company primarily operates in Canada and the United States and incurs expenditures in currencies other than Canadian dollars. Thereby, the Company is exposed to foreign exchange risk arising from currency exposure. The Company has not hedged its exposure to currency fluctuations. Based on the above net exposure, as at June 30, 2021, and assuming that all other variables remain constant, a 1% depreciation or appreciation of the Canadian dollar against the United States dollar would result in an increase/decrease in the Company's pre-tax income or loss of approximately $19,000.

(Unaudited - Expressed in Canadian Dollars)

12. COMMITMENTS

As at June 30, 2021, the Company had commitments payable as follows:

	Less than 1 year	1 to 4 years	Over 4 years	Total
Trade and other payables	$ 176,451	-	-	$ 176,451
Accrued liabilities	265,295	-	-	265,295
Payments related to acquisitions	1,239,400	619,700	-	1,859,100
Convertible debenture	340,822	6,109,041	-	6,449,863
	$ 2,021,968	$ 6,728,741	$ -	$ 8,750,709

In addition to the commitments above, the Company could in the future have additional commitments payable in cash and/or common shares related to the acquisition of royalty interests as disclosed in Note 4. However, these payments are subject to certain triggers or milestone conditions that have not occurred as at June 30, 2021.

13. EVENTS AFTER REPORTING DATE

Subsequent to June 30, 2021, the Company:

a) issued 86,300 common shares in the ATM equity program for gross proceeds of $297,905 and with aggregate share issuance costs paid and/or accrued of $7,448;

b) entered into a royalty purchase agreement with Macocozac, S.A. de C.V. to acquire a 1.00% NSR on the Aranzazu copper-gold-silver mine, in Zacatecas, Mexico. The acquisition price (paid on the closing date of August 27, 2021) consisted of US$8,000,000 cash and 388,093 common shares of the Company;

c) issued 50,000 common shares on the exercise of 50,000 stock option for proceeds of $12,500; and

d) issued 4,139,600 common shares pursuant to a prospectus supplement to the Company's final short form base shelf prospectus dated February 19, 2021 for gross proceeds of $13,660,680 and with aggregate share issuance costs paid and/or accrued of $830,750.