

VOX ROYALTY

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Expressed in United States Dollars)

VOX ROYALTY



VOX ROYALTY CORP.

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**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Expressed in United States Dollars)**

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Vox Royalty Corp.

Unaudited Condensed Interim Consolidated Statements of Financial Position (Expressed in United States Dollars)

| | Note | As at | |
|--|------|-------------------|----------------------|
| | | June 30, 2022 | December 31, 2021 |
| | | \$ | \$ |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 1,532,542 | 5,064,802 |
| Accounts receivable | | 3,214,625 | 545,494 |
| Prepaid expenses | | 299,766 | 377,160 |
| Investments | 4 | - | 2,150,499 |
| Total current assets | | 5,046,933 | 8,137,955 |
| Non-current assets | | | |
| Royalty, stream and other interests | 5 | 32,611,130 | 17,625,689 |
| Intangible assets | 6 | 1,447,478 | 1,539,248 |
| Restricted cash | 5 | 700,000 | - |
| Deferred royalty acquisitions | | - | 2,529 |
| Total assets | | 39,805,541 | 27,305,421 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 7 | 1,166,069 | 1,129,807 |
| Income taxes payable | | 638,900 | 395,331 |
| Derivative and other liabilities | 10 | 325,053 | 403,610 |
| Total current liabilities | | 2,130,022 | 1,928,748 |
| Non-current liabilities | | | |
| Derivative and other liabilities | 10 | 710,365 | 2,924,062 |
| Deferred taxes payable | | 2,074,439 | 1,742,936 |
| Total liabilities | | 4,914,826 | 6,595,746 |
| Equity | | | |
| Share capital | 8 | 56,011,633 | 43,648,023 |
| Equity reserves | 9 | 2,875,890 | 1,163,397 |
| Deficit | | (23,996,808) | (24,101,745) |
| Total equity | | 34,890,715 | 20,709,675 |
| Total liabilities and equity | | 39,805,541 | 27,305,421 |

Commitments and contingencies (Note 14)

Approved by the Board of Directors on August 15, 2022

Signed _____, Director

"Kyle Floyd"

Signed _____, Director

"Robert Sckalor"

See accompanying notes to the unaudited condensed interim consolidated financial statements.

Vox Royalty Corp.

Unaudited Condensed Interim Consolidated Statements of Income and Comprehensive Income
For the three and six months ended June 30, 2022 and 2021
(Expressed in United States Dollars)

| | Note | Three months ended June 30, 2022 | Three months ended June 30, 2021 | Six months ended June 30, 2022 | Six months ended June 30, 2021 |
|--|-----------|--|--|--------------------------------------|--------------------------------------|
| | | \$ | \$ | \$ | \$ |
| Revenue | | | | | |
| Royalty revenue | | 1,750,754 | 1,314,030 | 2,906,689 | 1,854,010 |
| Other revenue | | - | - | 315,084 | - |
| Total revenue | 16 | 1,750,754 | 1,314,030 | 3,221,773 | 1,854,010 |
| Cost of sales | | | | | |
| Depletion | 5 | (305,876) | (260,543) | (612,602) | (321,252) |
| Gross profit | | 1,444,878 | 1,053,487 | 2,609,171 | 1,532,758 |
| Operating expenses | | | | | |
| General and administration | 11, 13 | (1,323,680) | (1,143,217) | (2,536,678) | (2,376,946) |
| Share-based compensation | 9, 10, 13 | (152,345) | (224,929) | (392,008) | (389,792) |
| Total operating expenses | | (1,476,025) | (1,368,146) | (2,928,686) | (2,766,738) |
| Loss from operations | | (31,147) | (314,659) | (319,515) | (1,233,980) |
| Other income (expenses) | | | | | |
| Realized loss on investments | 4 | (448,036) | - | (604,574) | - |
| Unrealized gain on investments | 4 | 40,309 | - | - | - |
| Gain on royalty, stream and other interests | | - | 2,030,700 | - | 2,030,700 |
| Other income | 12 | 1,352,963 | 341,653 | 1,701,632 | 643,557 |
| Income before income taxes | | 914,089 | 2,057,694 | 777,543 | 1,440,277 |
| Income tax expense | 17 | (481,520) | - | (585,366) | - |
| Net income and comprehensive income | | 432,569 | 2,057,694 | 192,177 | 1,440,277 |
| Weighted average number of shares outstanding | | | | | |
| Basic | | 41,585,170 | 39,470,267 | 40,551,889 | 36,249,732 |
| Diluted | | 41,592,486 | 39,470,267 | 40,606,891 | 36,249,732 |
| Income per share | | | | | |
| Basic | | 0.01 | 0.05 | 0.00 | 0.04 |
| Diluted | | 0.01 | 0.05 | 0.00 | 0.04 |

See accompanying notes to the unaudited condensed interim consolidated financial statements.

Vox Royalty Corp.

Unaudited Condensed Interim Consolidated Statements of Changes in Equity
For the six months ended June 30, 2022 and 2021
(Expressed in United States Dollars)

| | Number of Shares | Share Capital | Additional Paid-in Capital | Equity Reserves | Deficit | Total Equity |
|---|---------------------|-------------------|----------------------------------|--------------------|---------------------|-------------------|
| | # | \$ | \$ | \$ | \$ | \$ |
| | (Note 8) | (Note 8) | (Note 8) | (Note 9) | | |
| Balance, December 31, 2020 | 32,412,324 | 3,241 | 29,147,603 | 3,878,964 | (19,112,235) | 13,917,573 |
| Share issuance for cash | 5,615,766 | 562 | 11,981,692 | - | - | 11,982,254 |
| Share issue costs | - | - | (980,708) | - | - | (980,708) |
| Shares issued for acquisition of royalties | 252,878 | 25 | 636,826 | - | - | 636,851 |
| Exercise of RSUs | 1,716,453 | 171 | 3,472,193 | (3,472,364) | - | - |
| Share redemption (normal course issuer bid) | (280,800) | (27) | (690,980) | - | - | (691,007) |
| Share-based compensation | - | - | - | 401,040 | - | 401,040 |
| Net income and comprehensive income | - | - | - | - | 1,440,277 | 1,440,277 |
| Balance, June 30, 2021 | 39,716,221 | 3,972 | 43,566,626 | 807,640 | (17,671,958) | 26,706,280 |
| Balance, December 31, 2021 | 39,379,199 | 43,648,023 | - | 1,163,397 | (24,101,745) | 20,709,675 |
| Shares issued for acquisition of royalties | 4,777,459 | 11,655,700 | - | 1,183,086 | - | 12,838,786 |
| Share issue costs | - | (27,548) | - | - | - | (27,548) |
| Exercise of RSUs | 84,474 | 170,112 | - | (170,112) | - | - |
| Exercise of warrants | 226,234 | 663,970 | - | (131,548) | - | 532,422 |
| Share redemption (normal course issuer bid) | (70,100) | (98,624) | - | - | (87,240) | (185,864) |
| Share-based compensation | - | - | - | 831,067 | - | 831,067 |
| Net income and comprehensive income | - | - | - | - | 192,177 | 192,177 |
| Balance, June 30, 2022 | 44,397,266 | 56,011,633 | - | 2,875,890 | (23,996,808) | 34,890,715 |

See accompanying notes to the unaudited condensed interim consolidated financial statements.

Vox Royalty Corp.

Unaudited Condensed Interim Consolidated Statements of Cash Flows For the three and six months ended June 30, 2022 and 2021 (Expressed in United States Dollars)

| | Note | Three months ended June 30, 2022 | Three months ended June 30, 2021 | Six months ended June 30, 2022 | Six months ended June 30, 2021 |
|---|-------|--|--|--------------------------------------|--------------------------------------|
| | | \$ | \$ | \$ | \$ |
| Cash flows used in operating activities | | | | | |
| Net income for the period | | 432,569 | 2,057,694 | 192,177 | 1,440,277 |
| Adjustments for: | | | | | |
| Fair value change of embedded derivatives | 10 | (1,570,823) | (162,174) | (1,853,195) | (541,392) |
| Deferred tax expense | 17 | 424,365 | - | 331,503 | - |
| Foreign exchange (loss) gain on cash | | (108,090) | 182,692 | (59,195) | 216,386 |
| Gain on royalty, stream and other interests | | - | (2,030,700) | - | (2,030,700) |
| Share-based compensation | 9, 10 | 152,345 | 224,929 | 392,008 | 389,792 |
| Amortization | 6 | 45,885 | 45,885 | 91,770 | 91,770 |
| Depletion | 5 | 305,876 | 260,543 | 612,602 | 321,252 |
| Realized loss on investments | 4 | 448,036 | - | 604,574 | - |
| Unrealized gain on investments | 4 | (40,309) | - | - | - |
| | | 89,854 | 578,869 | 312,244 | (112,615) |
| Changes in non-cash working capital: | | | | | |
| Accounts receivable | | (664,065) | (712,811) | (1,254,855) | (1,349,473) |
| Prepaid expenses | | 13,246 | 3,843 | 77,394 | 25,800 |
| Accounts payable and accrued liabilities | | 304,275 | (297,412) | 6,994 | 436,808 |
| Income tax liability | | 46,861 | - | 243,569 | - |
| Net cash flows used in operating activities | | (209,829) | (427,511) | (614,654) | (999,480) |
| Cash flows used in investing activities | | | | | |
| Acquisition of royalties | 5 | (4,144,265) | (4,670,863) | (4,144,265) | (8,341,816) |
| Restricted cash | 5 | (700,000) | - | (700,000) | - |
| Deferred royalty acquisitions | | 2,529 | 19,536 | 2,529 | 15,218 |
| Proceeds from sale of investments | 4 | 714,685 | - | 1,545,925 | - |
| Net cash flows used in investing activities | | (4,127,051) | (4,651,327) | (3,295,811) | (8,326,598) |
| Cash flows from (used in) financing activities | | | | | |
| Share issuance | 8 | - | - | - | 13,354,501 |
| Share redemption (normal course issuer bid) | 8 | (120,754) | - | (185,864) | (691,007) |
| Share issue costs | 8 | (27,548) | (152,628) | (27,548) | (966,011) |
| Exercise of warrants | | 288,069 | - | 532,422 | - |
| Net cash flows from (used in) financing activities | | 139,767 | (152,628) | 319,010 | 11,697,483 |
| (Decrease) increase in cash and cash equivalents | | (4,197,113) | (5,231,466) | (3,591,455) | 2,371,405 |
| Change in unrealized foreign exchange loss (gain) on cash | | 108,090 | (182,692) | 59,195 | (216,386) |
| Cash and cash equivalents, beginning of the period | | 5,621,565 | 10,723,135 | 5,064,802 | 3,153,958 |
| Cash and cash equivalents, end of the period | | 1,532,542 | 5,308,977 | 1,532,542 | 5,308,977 |

Supplemental cash flow information (Note 15)

See accompanying notes to the unaudited condensed interim consolidated financial statements.

Vox Royalty Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the three and six months ended June 30, 2022 and 2021 (Expressed in United States Dollars)

1. Nature of operations

Vox Royalty Corp. (“Vox” or the “Company”) was incorporated under the *Business Corporations Act* (Ontario) on February 20, 2018. The Company’s registered office is 66 Wellington Street West, Suite 5300, TD Bank Tower Box 48, Toronto, ON, M5K 1E6, Canada. The Company’s common shares trade on the TSX Venture Exchange under the ticker symbol “VOX”, and on the OTCQX under the ticker symbol “VOXCF”.

Vox is a mining royalty company focused on building a portfolio of royalties across a diverse mix of precious metals assets. Vox has a mandate to acquire royalties over a diverse portfolio of underlying hard rock commodities including precious metals, base and battery metals as well as certain bulk commodities. Precious metals assets currently make up over 70% of the assets underlying the Company’s royalties by royalty count.

2. Basis of preparation

(a) Statement of compliance

These unaudited condensed interim consolidated financial statements are prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting* (“IAS34”), as issued by the International Accounting Standards Board (“IASB”) and apply the same accounting policies and application as disclosed in the annual financial statements for the year ended December 31, 2021. They do not include all of the information and disclosures required by IFRS for annual statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these unaudited condensed interim consolidated financial statements. Operating results for the period ended June 30, 2022 are not necessarily indicative of the results that may be expected for the full year ended December 31, 2022. For further information, see the Company’s annual financial statements including the notes thereto for the year ended December 31, 2021.

These unaudited condensed interim consolidated financial statements were reviewed, approved, and authorized for issue by the Company’s Board of Directors on August 15, 2022.

(b) Basis of presentation

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments, which have been measured at fair value. These unaudited condensed interim consolidated financial statements are presented in United States dollars, unless otherwise indicated.

(c) Principles of consolidation

These unaudited condensed interim consolidated financial statements incorporate the accounts of the Company and its three wholly-owned subsidiaries, SilverStream SEZC (Cayman Islands), Vox Royalty Australia Pty Ltd. (Australia) and Vox Royalty Canada Ltd. (Ontario, Canada).

Subsidiaries are fully consolidated from the date the Company obtains control and continue to be consolidated until the date that control ceases. Control is achieved when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intercompany balances, transactions, revenues and expenses have been eliminated on consolidation.

(d) Currency translation

Functional and presentation currency

These unaudited condensed interim consolidated financial statements are presented in United States dollars (“\$”), which is also the functional currency of the Company and all of its subsidiaries. All amounts have been rounded to the nearest dollar, unless otherwise noted.

(e) Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2023. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements (“IAS 1”)

IAS 1 was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the three and six months ended June 30, 2022 and 2021 (Expressed in United States Dollars)

3. Significant judgments, estimates and assumptions

The preparation of the Company's unaudited condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the unaudited condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The unaudited condensed interim consolidated financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates are pervasive throughout the unaudited condensed interim consolidated financial statements and may require accounting adjustments based on future occurrences.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The areas involving a higher degree of judgment or complexity, or areas where the assumptions and estimates are significant to the consolidated financial statements were the same as those applied to the Company's annual financial statements for the year ended December 31, 2021.

4. Investments

Investment activity for the six months ended June 30, 2022

During the period ended June 30, 2022, the Company sold 7,270,408 common shares of Electric for total cash proceeds of C\$1,965,934 (\$1,545,925). The total realized loss on investment was \$604,574. As at June 30, 2022, the Company holds Nil shares in Electric.

5. Royalty, stream and other interests

As at and for the six months ended June 30, 2022:

| Royalty | Country | Cost | | | | Accumulated Depletion | | | | Carrying Amount |
|-----------------------------------|--------------|-------------------|-------------------|----------|-------------------|-----------------------|------------------|----------|--------------------|-------------------|
| | | Opening | Additions | Disposal | Ending | Opening | Depletion | Disposal | Ending | |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Wonmunna | Australia | - | 14,322,107 | - | 14,322,107 | - | (139,586) | - | (139,586) | 14,182,521 |
| Janet Ivy | Australia | 2,494,285 | - | - | 2,494,285 | (29,633) | - | - | (29,633) | 2,464,652 |
| Koolyanobbing | Australia | 2,487,741 | - | - | 2,487,741 | (797,157) | (244,465) | - | (1,041,622) | 1,446,119 |
| South Railroad | USA | 2,316,757 | - | - | 2,316,757 | (37,581) | (6,184) | - | (43,765) | 2,272,992 |
| Limpopo | South Africa | - | 1,150,828 | - | 1,150,828 | - | - | - | - | 1,150,828 |
| Bowdens | Australia | 1,130,068 | - | - | 1,130,068 | - | - | - | - | 1,130,068 |
| Bullabulling | Australia | 953,349 | - | - | 953,349 | - | - | - | - | 953,349 |
| Brits | South Africa | 764,016 | - | - | 764,016 | - | - | - | - | 764,016 |
| Otto Bore | Australia | 583,612 | - | - | 583,612 | - | - | - | - | 583,612 |
| Segilola | Nigeria | 706,425 | - | - | 706,425 | (18,587) | (203,089) | - | (221,676) | 484,749 |
| Lynn Lake (MacLellan) | Canada | 873,088 | - | - | 873,088 | - | - | - | - | 873,088 |
| Bulong | Australia | 544,957 | - | - | 544,957 | - | - | - | - | 544,957 |
| Dry Creek | Australia | 475,723 | - | - | 475,723 | (70,767) | (13,928) | - | (84,695) | 391,028 |
| Sulfur Springs/ Kangaroo Caves | Australia | 467,983 | - | - | 467,983 | - | - | - | - | 467,983 |
| Pedra Branca | Brazil | 450,131 | - | - | 450,131 | - | - | - | - | 450,131 |
| Ashburton | Australia | 355,940 | - | - | 355,940 | - | - | - | - | 355,940 |
| Anthiby Well | Australia | 311,742 | - | - | 311,742 | - | - | - | - | 311,742 |
| Brauna | Brazil | 262,328 | - | - | 262,328 | (37,101) | (5,350) | - | (42,451) | 219,877 |
| Montanore | USA | 61,572 | - | - | 61,572 | - | - | - | - | 61,572 |
| Uley | Australia | 212,393 | - | - | 212,393 | - | - | - | - | 212,393 |
| Mt Ida | Australia | 210,701 | - | - | 210,701 | - | - | - | - | 210,701 |
| Other | Australia | 1,393,686 | - | - | 1,393,686 | - | - | - | - | 1,393,686 |
| Other | Peru | 1,500,000 | 45,609 | - | 1,545,609 | - | - | - | - | 1,545,609 |
| Other | Canada | 60,018 | 79,499 | - | 139,517 | - | - | - | - | 139,517 |
| Total | | 18,616,515 | 15,598,043 | - | 34,214,558 | (990,826) | (612,602) | - | (1,603,428) | 32,611,130 |

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the three and six months ended June 30, 2022 and 2021 (Expressed in United States Dollars)

As at and for the year ended December 31, 2021:

| Royalty | Country | Cost | | | | Accumulated Depletion | | | | Carrying Amount |
|--------------------------------------|--------------|------------------|-------------------|------------------|-------------------|-----------------------|------------------|--------------|------------------|-------------------|
| | | Opening | Additions | Disposal | Ending | Opening | Depletion | Disposal | Ending | |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Janet Ivy | Australia | - | 2,494,285 | - | 2,494,285 | - | (29,633) | - | (29,633) | 2,464,652 |
| Koolyanobbing | Australia | 1,130,010 | 1,357,731 | - | 2,487,741 | - | (797,157) | - | (797,157) | 1,690,584 |
| South Railroad | USA | - | 2,316,757 | - | 2,316,757 | - | (37,581) | - | (37,581) | 2,279,176 |
| Bowdens | Australia | 1,130,068 | - | - | 1,130,068 | - | - | - | - | 1,130,068 |
| Bullabulling | Australia | - | 953,349 | - | 953,349 | - | - | - | - | 953,349 |
| Brits | South Africa | 764,016 | - | - | 764,016 | - | - | - | - | 764,016 |
| Otto Bore | Australia | - | 583,612 | - | 583,612 | - | - | - | - | 583,612 |
| Segilola | Nigeria | 706,425 | - | - | 706,425 | - | (18,587) | - | (18,587) | 687,838 |
| Lynn Lake (MacLellan) | Canada | - | 873,088 | - | 873,088 | - | - | - | - | 873,088 |
| Bulong | Australia | 544,957 | - | - | 544,957 | - | - | - | - | 544,957 |
| Dry Creek | Australia | 475,723 | - | - | 475,723 | (9,338) | (61,429) | - | (70,767) | 404,956 |
| Sulfur Springs/ Kangaroo Caves | Australia | 467,983 | - | - | 467,983 | - | - | - | - | 467,983 |
| Pedra Branca | Brazil | 450,131 | - | - | 450,131 | - | - | - | - | 450,131 |
| Ashburton | Australia | 355,940 | - | - | 355,940 | - | - | - | - | 355,940 |
| Anthiby Well | Australia | 311,742 | - | - | 311,742 | - | - | - | - | 311,742 |
| Brauna | Brazil | 262,328 | - | - | 262,328 | (11,498) | (25,603) | - | (37,101) | 225,227 |
| Montanore | USA | - | 61,572 | - | 61,572 | - | - | - | - | 61,572 |
| Uley | Australia | 212,393 | - | - | 212,393 | - | - | - | - | 212,393 |
| Mt Ida | Australia | 210,701 | - | - | 210,701 | - | - | - | - | 210,701 |
| Graphmada | Madagascar | 188,437 | - | (188,437) | - | - | (2,602) | 2,602 | - | - |
| Other | Australia | 1,173,883 | 302,758 | (82,955) | 1,393,686 | - | - | - | - | 1,393,686 |
| Other | Peru | 500,000 | 1,000,000 | - | 1,500,000 | - | - | - | - | 1,500,000 |
| Other | Canada | - | 60,018 | - | 60,018 | - | - | - | - | 60,018 |
| Total | | 8,884,737 | 10,003,170 | (271,392) | 18,616,515 | (20,836) | (972,592) | 2,602 | (990,826) | 17,625,689 |

Total royalty, stream and other interests include carrying amounts in the following countries:

| | June 30, 2022 | December 31, 2021 |
|--------------|-------------------|----------------------|
| | \$ | \$ |
| Australia | 24,648,751 | 10,724,623 |
| USA | 2,334,564 | 2,340,748 |
| South Africa | 1,914,844 | 764,016 |
| Canada | 1,012,605 | 933,106 |
| Brazil | 670,008 | 675,358 |
| Nigeria | 484,749 | 687,838 |
| Peru | 1,545,609 | 1,500,000 |
| | 32,611,130 | 17,625,689 |

Royalty acquisitions for the six months ended June 30, 2022

Limpopo

On April 27, 2022, Vox completed the acquisition of a portfolio of two royalties from a private South African registered company (the "SA Vendor"). The royalties include a 1.0% gross receipts royalty over the Dwaalkop Project and a 0.704% gross receipts royalty over the Messina Project, which collectively cover the full extent of the Limpopo PGM Project ("Limpopo"). The upfront consideration was \$1,139,628, settled by the issuance of 409,500 common shares of the Company.

The Company will make additional cash payments or issue additional common shares (at Vox's sole election) of up to C\$8,900,000 upon achievement of certain production milestones at Limpopo. As at June 30, 2022, these additional amounts have not been recorded in the statement of financial position, as the production milestones have not been achieved.

Wonmunna

On May 26, 2022, Vox completed the acquisition of a producing royalty over the Wonmunna iron ore mine ("Wonmunna") from a private company. The royalty is a 1.25% to 1.50% sliding scale Gross Revenue Royalty ("GRR"), with 1.25% payable when the benchmark 62% iron ore price is below A\$100/t and 1.50% GRR payable when the benchmark 62% iron ore price is above A\$100/t. Notwithstanding the acquisition date of the royalty, all royalty payments due and payable to the holder of the royalty are for the benefit of Vox commencing April 1, 2022. Royalty revenues earned for the period April 1, 2022 to May 25, 2022 have been netted against the

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the three and six months ended June 30, 2022 and 2021 (Expressed in United States Dollars)

carrying amount of the corresponding royalty asset. The total consideration paid was \$15,703,991, less revenue earned for the period between April 1, 2022 to May 25, 2022 of \$1,414,276 and is broken down as follows:

- Cash of \$4,050,000 (inclusive of a \$50,000 deposit paid prior to closing);
- Issuance of 4,350,000 common shares of the Company, valued at \$10,470,905;
- Issuance of 3,600,000 common share purchase warrants of the Company. Each whole warrant is exercisable to acquire one common share at a price of C\$4.50, expiring March 25, 2024. The fair value of the warrants on the issuance date was \$1,183,086. The fair value of the warrants is based on the Black-Scholes valuation model (“BSM”) option pricing model with the following assumptions: stock price C\$3.09 (\$2.41), expected dividend yield – 0%, expected volatility – 46%, risk-free interest rate – 2.53% and an expected life of 1.83 years; and

In addition, there was a holdback amount of \$700,000 (recorded as restricted cash) that becomes due and payable following the completion of certain conditions for a period up to December 31, 2024.

Gold Portfolio

On June 3, 2022, Vox completed the acquisition of two royalties from an individual prospector residing in Canada, along with all personal rights held to a third potential royalty. The royalties include a 1.0% Net Smelter Royalty (“NSR”) royalty over part of the Goldlund Project in Ontario, an effective 0.60% NSR royalty over the Beschefer Project in Quebec, and any personal rights held to a 1.50% NSR royalty over the Gold River deposit in Ontario. The upfront consideration was a cash payment of \$79,499.

The Company will make additional cash payments or issue additional common shares (at Vox’s sole election), subject to the satisfaction of certain conditions, as follows:

- C\$500,000 or issue up to a maximum of 184,399 common shares in September 2022;
- C\$700,000 or issue up to a maximum of 258,159 common shares in January 2023; and
- C\$500,000 or issue up to a maximum of 184,399 common shares in December 2023.

As at June 30, 2022, these additional amounts have not been recorded in the statement of financial position, as the conditions have not yet been met.

El Molino

On June 9, 2022, Vox acquired all of Terrace Gold’s (a subsidiary of Nuheara Limited) rights and interests in an agreement with Lumina Copper S.A.C, which includes the right to receive the El Molino royalty (“El Molino”). The upfront consideration issued was \$45,167, settled by the issuance of 17,959 common shares of the Company.

A further payment of \$450,000 is payable in cash, following the registration of the El Molino royalty rights on the applicable mining title in Peru and the satisfaction of other customary completion conditions. As at June 30, 2022, this additional amount has not been recorded in the statement of financial position, as the registration of the El Molino royalty rights has not been completed.

6. Intangible assets

| | Database |
|-------------------------------------|------------------|
| | \$ |
| Cost at: | |
| December 31, 2021 | 1,837,500 |
| Additions | - |
| <u>June 30, 2022</u> | <u>1,837,500</u> |
| Accumulated amortization at: | |
| December 31, 2021 | 298,252 |
| Additions | 91,770 |
| <u>June 30, 2022</u> | <u>390,022</u> |
| Net book value at: | |
| December 31, 2021 | 1,539,248 |
| <u>June 30, 2022</u> | <u>1,447,478</u> |

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the three and six months ended June 30, 2022 and 2021 (Expressed in United States Dollars)

7. Accounts payable and accrued liabilities

| | June 30, 2022 | December 31, 2021 |
|---------------------|------------------|----------------------|
| Trade payable | \$ 225,408 | \$ 196,198 |
| GST payable | 269,608 | 150,832 |
| Accrued liabilities | 671,053 | 782,777 |
| | 1,166,069 | 1,129,807 |

8. Share capital

Authorized

The authorized share capital of the Company is an unlimited number of common shares without par value.

The number of common shares issued and outstanding as at June 30, 2022 and at December 31, 2021 is as follows:

| | June 30, 2022 | December 31, 2021 |
|---|-------------------|----------------------|
| | \$ | \$ |
| Issued and outstanding: 44,397,266 (December 31, 2021: 39,379,199) common shares | 56,011,633 | 43,648,023 |

Share issuances for the six months ended June 30, 2022

On April 27, 2022, the Company issued 409,500 common shares for the purchase of the Limpopo royalties, for total consideration of \$1,139,628.

On May 26, 2022, the Company issued 4,350,000 common shares for the purchase of the Wonmunna royalty, for total consideration of \$10,470,905.

On June 9, 2022, the Company issued 17,959 common shares for the purchase of the El Molino royalty, for total consideration of \$45,167.

On November 18, 2021, the Company renewed its normal course issuer bid ("NCIB"), allowing the Company to purchase up to 1,968,056 common shares from time to time during the period of November 19, 2021 through November 18, 2022. During the six months ended June 30, 2022, the Company purchased and cancelled 70,100 common shares, purchased at an average share price of C\$3.39. The value was allocated \$98,624 to share capital and \$87,240 to deficit.

9. Equity reserves

Warrants

The following summarizes the warrant activity for the six months ended June 30, 2022 and 2021:

| | June 30, 2022 | | June 30, 2021 | |
|----------------------------------|------------------|---------------------------------|---------------|---------------------------------|
| | Number | Weighted average exercise price | Number | Weighted average exercise price |
| | # | C\$ | # | C\$ |
| Outstanding, beginning of period | 251,762 | 3.00 | 272,341 | 3.00 |
| Granted | 3,600,000 | 4.50 | - | - |
| Exercised | (226,234) | 3.00 | - | - |
| Expired | (25,528) | 3.00 | - | - |
| Outstanding, end of period | 3,600,000 | 4.50 | 272,341 | 3.00 |
| Exercisable, end of period | 3,600,000 | 4.50 | 272,341 | 3.00 |

Vox Royalty Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the three and six months ended June 30, 2022 and 2021 (Expressed in United States Dollars)

The following table summarizes information of warrants outstanding and exercisable as at June 30, 2022:

| Expiry date | Number of warrants outstanding | Exercise price | Weighted average remaining contractual life |
|----------------|--------------------------------|----------------|---|
| | # | C\$ | Years |
| March 25, 2024 | 3,600,000 | 4.50 | 1.74 |
| | 3,600,000 | 4.50 | 1.74 |

See Note 10 for additional warrants classified under derivative and other liabilities.

The Company used the BSM to estimate the grant date fair value of warrants granted during the period using the following weighted average assumptions:

| | Six months ended June 30, 2022 | Six months ended June 30, 2021 |
|---------------------------------|--------------------------------|--------------------------------|
| Expected stock price volatility | 46% | N/A |
| Risk-free interest rate | 2.53% | N/A |
| Expected life | 1.83 years | N/A |
| Grant date share price | \$ 2.41 | N/A |
| Expected forfeiture rate | - | N/A |
| Expected dividend yield | - | N/A |

See Note 5 for warrants issuance as part of the acquisition of the Wonmunna royalty.

Options

The Company maintains an omnibus long-term incentive plan dated May 19, 2020 (the "Plan") whereby certain key employees, officers, directors and consultants may be granted options to acquire common shares of the Company. The maximum number of common shares that are issuable under the Plan is fixed at 20% of the number of common shares issued and outstanding as of May 19, 2020. As at June 30, 2022, the maximum number of common shares that are issuable under the Plan is 6,413,750. The exercise price and vesting terms are determined by the Board of Directors.

The following table summarizes the stock option activity for the six months ended June 30, 2022 and 2021:

| | June 30, 2022 | | June 30, 2021 | |
|----------------------------------|------------------|---------------------------------|---------------|---------------------------------|
| | Number | Weighted average exercise price | Number | Weighted average exercise price |
| | # | C\$ | # | \$ |
| Outstanding, beginning of period | 799,826 | 3.25 | 6,000 | 3.50 |
| Granted | 804,158 | 4.16 | 819,826 | 3.27 |
| Expired | - | - | (6,000) | 3.50 |
| Outstanding, end of period | 1,603,984 | 3.71 | 819,826 | 3.27 |
| Exercisable, end of period | 399,914 | 3.25 | 20,000 | 4.00 |

The following table summarizes information of stock options outstanding as at June 30, 2022:

| Expiry date | Exercise price | Options Outstanding | | Options Exercisable | |
|---------------|----------------|-------------------------------|---|-------------------------------|---|
| | | Number of options outstanding | Weighted average remaining contractual life | Number of options exercisable | Weighted average remaining contractual life |
| | C\$ | # | Years | # | Years |
| June 30, 2026 | 3.25 | 799,826 | 4.00 | 399,914 | 4.00 |
| March 9, 2027 | 4.16 | 804,158 | 4.69 | - | - |
| | | 1,603,984 | 4.35 | 399,914 | 4.00 |

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the three and six months ended June 30, 2022 and 2021 (Expressed in United States Dollars)

The Company used the BSM to estimate the grant date fair value of stock options granted during the period using the following weighted average assumptions:

| | Six months ended June 30, 2022 | Six months ended June 30, 2021 |
|---------------------------------|--------------------------------------|--------------------------------------|
| Expected stock price volatility | 35% | 36% |
| Risk-free interest rate | 1.65% | 0.96% |
| Expected life | 5 years | 4.91 years |
| Grant date share price | \$ 3.09 | \$ 2.62 |
| Expected forfeiture rate | - | - |
| Expected dividend yield | - | - |

During the six months ended June 30, 2022, 804,158 stock options were granted and vest in 25% increments on each of September 9, 2022, March 9, 2023, September 9, 2023 and March 9, 2024.

In making assumptions for expected volatility, the Company used the industry average as sufficient historical data was not available for the Company's stock price.

Restricted Share Unit Plan

The Plan provides that the Board of Directors may, at its discretion, grant directors, officers, employees and consultants, non-transferable RSUs based on the value of the Company's share price at the date of grant. The Board of Directors has the discretion to issue cash or equity settle the vested RSUs. The RSUs issued were treated as equity-settled instruments and measured at the grant date fair value because the Company does not have a present obligation to settle the issued RSUs in cash.

During the six months ended June 30, 2022, 263,548 RSUs were granted and vest in 25% increments on each of September 9, 2022, March 9, 2023, September 9, 2023 and March 9, 2024.

The share-based compensation expense related to the RSUs will be recorded over the vesting period.

The following summarizes the RSU activity for the six months ended June 30, 2022 and 2021:

| | June 30, 2022 | | June 30, 2021 | |
|----------------------------------|---------------|-----------------------------------|---------------|-----------------------------------|
| | Number | Weighted average fair value | Number | Weighted average fair value |
| | # | \$ | # | \$ |
| Outstanding, beginning of period | 581,696 | 2.13 | 2,124,906 | 2.04 |
| Granted | 263,548 | 3.01 | 292,842 | 2.16 |
| Exercised | (84,474) | 2.01 | (1,716,453) | 2.02 |
| Outstanding, end of period | 760,770 | 2.45 | 701,295 | 2.12 |
| Vested, end of period | 142,516 | 2.22 | 12,901 | 2.40 |

10. Derivative and other liabilities

The following summarizes the derivative and other liabilities balance:

| | June 30, 2022 | December 31, 2021 |
|-----------------------|------------------|----------------------|
| | \$ | \$ |
| Warrants | 792,333 | 2,645,528 |
| PSUs | 243,085 | 682,144 |
| | 1,035,418 | 3,327,672 |
| Less: current portion | 325,053 | 403,610 |
| Non-current portion | 710,365 | 2,924,062 |

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the three and six months ended June 30, 2022 and 2021 (Expressed in United States Dollars)

Warrants

The following summarizes the warrant activity for six months ended June 30, 2022 and 2021:

| | June 30, 2022 | | June 30, 2021 | |
|----------------------------------|---------------|---------------------------------|---------------|---------------------------------|
| | Number | Weighted average exercise price | Number | Weighted average exercise price |
| | # | C\$ | # | C\$ |
| Outstanding, beginning of period | 5,097,550 | 4.50 | 2,289,667 | 4.50 |
| Granted | - | - | 2,807,883 | 4.50 |
| Outstanding, end of period | 5,097,550 | 4.50 | 5,097,550 | 4.50 |
| Exercisable, end of period | 5,097,550 | 4.50 | 5,097,550 | 4.50 |

The following table summarizes information of warrants outstanding and exercisable as at June 30, 2022:

| Expiry date | Number of warrants outstanding | Exercise price | Weighted average remaining contractual life |
|----------------|--------------------------------|----------------|---|
| | # | C\$ | Years |
| May 14, 2023 | 2,289,667 | 4.50 | 0.87 |
| March 25, 2024 | 2,807,883 | 4.50 | 1.74 |
| | 5,097,550 | 4.50 | 1.35 |

The Company used the BSM to estimate the grant date fair value of warrants during the period using the following weighted average assumptions:

| | Six months ended June 30, 2022 | Six months ended June 30, 2021 |
|---------------------------------|--------------------------------|--------------------------------|
| Expected stock price volatility | 44% | 57% |
| Risk-free interest rate | 3.09% | 0.56% |
| Expected life | 1.35 years | 2.35 years |
| Grant date share price | 2.18 | 1.96 |
| Expected forfeiture rate | - | - |
| Expected dividend yield | - | - |

On February 3, 2021, the Company held a Warrant Holder Meeting (“**Meeting**”). At the Meeting, the holders of 2,289,667 common share purchase warrants that were originally set to expire on May 14, 2022 (“**Warrants**”), unanimously voted in favour to amend the Warrants to (a) remove the compulsory call option held by the Company, and (b) in conjunction with the foregoing, extend the term of the Warrants by 12 months, such that the warrants will now expire on May 14, 2023.

See Note 8 for warrants issuance as part of the Offering on March 25, 2021.

Performance Share Unit Plan

The Plan provides that the Board of Directors may, at its discretion, grant directors, officers, employees and consultants, non-transferable Performance Share Units (“**PSUs**”) based on the value of the Company’s share price at the date of grant. The Board of Directors has the discretion to issue cash or equity settle the vested PSUs. The PSUs issued were treated as derivative instruments because the number of shares to be eventually issued is based on a percentage of the common shares outstanding at the time the performance hurdle is met. The share-based compensation expense will be recorded over the vesting period, which is the date that specific share price hurdles are met.

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The following summarizes the PSU activity for the six months ended June 30, 2022 and 2021:

| | June 30, 2022 | | June 30, 2021 | |
|----------------------------------|---------------|-----------------------------|---------------|-----------------------------|
| | Number | Weighted average fair value | Number | Weighted average fair value |
| | # | \$ | # | \$ |
| Outstanding, beginning of period | 787,584 | 1.36 | 648,246 | 1.36 |
| Increase for the period | 100,362 | 0.41 | 146,086 | 0.79 |
| Outstanding, end of period | 887,946 | 0.41 | 794,332 | 0.79 |
| Vested, end of period | - | - | - | - |

The Company used the Monte Carlo simulation model to estimate the grant date fair value of PSUs during the period using the following weighted average assumptions:

| | Six months ended June 30, 2022 | Six months ended June 30, 2021 |
|---------------------------------|-----------------------------------|-----------------------------------|
| Expected stock price volatility | 44% | 57% |
| Risk-free interest rate | 3.03% | 0.31% |
| Expected life | 1.05 years | 3.50 years |
| Grant date share price | C\$ 2.81 | C\$ 2.50 |
| Expected forfeiture rate | - | - |
| Expected dividend yield | - | - |

11. General and administration

The Company's general and administrative expenses incurred for three and six months ended June 30, 2022 and 2021 are as follows:

| | Three months ended June 30, 2022 | Three months ended June 30, 2021 | Six months ended June 30, 2022 | Six months ended June 30, 2021 |
|--------------------------|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| | \$ | \$ | \$ | \$ |
| Corporate administration | 390,201 | 248,817 | 757,867 | 547,247 |
| Nasdaq listing costs | 145,898 | - | 145,898 | - |
| Professional fees | 151,435 | 310,938 | 265,522 | 471,352 |
| Salaries and benefits | 590,261 | 537,577 | 1,275,621 | 1,266,577 |
| Depreciation | 45,885 | 45,885 | 91,770 | 91,770 |
| | 1,323,680 | 1,143,217 | 2,536,678 | 2,376,946 |

12. Other income

The Company's other income earned for the three and six months ended June 30, 2022 and 2021 are as follows:

| | Three months ended June 30, 2022 | Three months ended June 30, 2021 | Six months ended June 30, 2022 | Six months ended June 30, 2021 |
|--|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| | \$ | \$ | \$ | \$ |
| Fair value change of embedded derivatives | 1,570,823 | 162,174 | 1,853,195 | 541,392 |
| Transaction costs related to Offering (Note 8) | - | - | - | (111,715) |
| Foreign exchange gain (expense) | (226,206) | 173,151 | (162,980) | 206,694 |
| Interest income | 8,346 | 6,328 | 11,417 | 7,186 |
| | 1,352,963 | 341,653 | 1,701,632 | 643,557 |

13. Related party transactions

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and also comprise the directors of the Company.

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The remuneration of directors and other members of key management personnel during the three and six months ended June 30, 2022 and 2021 are as follows:

| | Three months ended June 30, 2022 | Three months ended June 30, 2021 | Six months ended June 30, 2022 | Six months ended June 30, 2021 |
|------------------------------|--|--|--------------------------------------|--------------------------------------|
| | \$ | \$ | \$ | \$ |
| Short-term employee benefits | 468,765 | 419,584 | 1,044,625 | 975,834 |
| Share-based compensation | 21,576 | 205,499 | 181,830 | 171,405 |
| | 490,341 | 625,083 | 1,226,455 | 1,147,239 |

14. Commitments and contingencies

As at June 30, 2022, the Company did not have any right-of-use assets or lease liabilities.

The Company is committed to minimum annual lease payments for its premises, which renews on a quarterly basis and certain consulting agreements, as follows:

| | July 1, 2022 to June 30, 2023 |
|-----------------------|-------------------------------------|
| | \$ |
| Leases | 12,980 |
| Consulting agreements | 21,837 |
| | 34,817 |

The Company is responsible for making certain milestone payments in connection with royalty acquisitions, which become payable on certain royalty revenue or cumulative production thresholds being achieved, as follows:

| Royalty | \$ |
|-----------------------------|-------------------|
| Limpopo ⁽¹⁾ | 6,906,720 |
| Janet Ivy ⁽¹⁾ | 2,070,154 |
| Goldlund ⁽¹⁾ | 1,319,261 |
| Brits ⁽¹⁾ | 1,250,000 |
| Bullabulling ⁽²⁾ | 690,051 |
| Koolyanobbing | 517,538 |
| El Molino | 450,000 |
| Uley ⁽¹⁾ | 151,811 |
| | 13,355,535 |

(1) The milestone payments may be settled in either cash or common shares of the Company, at the Company's election.

(2) The milestone payments may be settled in cash or ½ cash and ½ common shares of the Company, at the Company's election.

15. Supplemental cash flow information

| | Three months ended June 30, 2022 | Three months ended June 30, 2021 | Six months ended June 30, 2022 | Six months ended June 30, 2021 |
|---|--|--|--------------------------------------|--------------------------------------|
| | \$ | \$ | \$ | \$ |
| Change in accrued royalty acquisition costs | 29,266 | (363,156) | 29,266 | 1,000,000 |
| Change in accrued deferred royalty acquisitions | - | (170,852) | - | (22,479) |
| Change in accrued share issue costs | - | (142,115) | - | 14,697 |
| Change in accounts receivable related to Wonmunna pre-acquisition royalty revenues | (1,414,276) | - | (1,414,276) | - |
| Share issuance for royalty acquisition costs | 11,655,700 | - | 11,655,700 | 636,851 |
| Warrants issuance for royalty acquisition costs | 1,183,086 | - | 1,183,086 | - |

16. Segment information

For the six months ended June 30, 2022 and 2021, the Company operated in one reportable segment being the acquisition of royalty interests.

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For the three and six months ended June 30, 2022 and 2021, revenues generated from each geographic location is as follows:

| | Three months ended June 30, 2022 | Three months ended June 30, 2021 | Six months ended June 30, 2022 | Six months ended June 30, 2021 |
|--------------|--|--|--------------------------------------|--------------------------------------|
| | \$ | \$ | \$ | \$ |
| Australia | 1,125,539 | 1,296,528 | 1,867,217 | 1,768,108 |
| Nigeria | 625,215 | - | 1,006,210 | - |
| Canada | - | - | 315,084 | - |
| Brazil | - | 17,502 | 17,757 | 30,983 |
| USA | - | - | 15,505 | - |
| Madagascar | - | - | - | 54,919 |
| Total | 1,750,754 | 1,314,030 | 3,221,773 | 1,854,010 |

The Company has the following non-current assets in eight geographic locations:

| | June 30, 2022 | December 31, 2021 |
|----------------|-------------------|----------------------|
| | \$ | \$ |
| Australia | 25,348,751 | 10,724,623 |
| USA | 2,334,564 | 2,340,748 |
| South Africa | 1,914,844 | 764,016 |
| Peru | 1,545,609 | 1,500,000 |
| Cayman Islands | 1,447,478 | 1,541,777 |
| Canada | 1,012,605 | 933,106 |
| Brazil | 670,008 | 675,358 |
| Nigeria | 484,749 | 687,838 |
| Total | 34,758,608 | 19,167,466 |

17. Income taxes

| | Three months ended June 30, 2022 | Three months ended June 30, 2021 | Six months ended June 30, 2022 | Six months ended June 30, 2021 |
|---------------------------|--|--|--------------------------------------|--------------------------------------|
| | \$ | \$ | \$ | \$ |
| Current tax expense | 57,155 | - | 253,863 | - |
| Deferred tax recovery | 424,365 | - | 331,503 | - |
| Income tax expense | 481,520 | - | 585,366 | - |

18. Financial instruments

The Company's risk exposures and the impact on the financial instruments are summarized below. There have been no material changes to the risks, objectives, policies and procedures during the six months ended June 30, 2022 and the year ended December 31, 2021.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and cash equivalents and accounts receivable in the ordinary course of business. In order to mitigate its exposure to credit risk, the Company maintains its cash in high quality financial institutions and closely monitors its accounts receivable balances. The Company's accounts receivable are subject to the credit risk of the counterparties who own and operate the mines underlying Vox's royalty and streaming portfolio.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity is to ensure it will have sufficient liquidity to meet liabilities when due. In managing liquidity risk, the Company takes into account anticipated cash flows from operations and holding of cash and cash equivalents. As at June 30, 2022, the Company had cash and cash equivalents of \$1,532,542 (December 31, 2021 - \$5,064,802) and working capital of \$2,916,911 (December 31, 2021 - \$6,209,207).

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Financial instruments that impact the Company's net income due to currency fluctuations include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, income taxes payable and derivative and other liabilities

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denominated in Canadian and Australian dollars. Based on the Company's Canadian and Australian denominated monetary assets and liabilities at June 30, 2022, a 10% increase (decrease) of the value of the Canadian and Australian dollar relative to the United States dollar would increase (decrease) net income and other comprehensive income by \$616,000.

Interest rate risk

The Company has cash balances with rates that fluctuate with the prevailing market rate. The Company's current policy is to invest excess cash in cash accounts or short-term interest-bearing securities issued by chartered banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company does not use any derivative instrument to reduce its exposure to interest rate risk.

Commodity and share price risk

The Company's royalties are subject to fluctuations from changes in market prices of the underlying commodities. The market prices of precious and base metals are the primary drivers of the Company's profitability and ability to generate free cash flow. All of the Company's future revenue is not hedged in order to provide shareholders with full exposure to changes in the market prices of these commodities.

The Company's financial results may be significantly affected by a decline in the price of precious and/or base metals. The price of precious and base metals can fluctuate widely, and is affected by numerous factors beyond the Company's control.

Fair value of financial instruments

The carrying amounts for cash and cash equivalents, accounts receivables, accounts payable and accrued liabilities, and income tax liabilities on the unaudited condensed interim consolidated statements of financial position approximate fair value because of the limited term of these instruments.

The fair value of the derivative and other liabilities were estimated based on the assumptions disclosed in Note 10.

The Company classifies fair value measurements 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:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2022 and December 31, 2021, the Company does not have any financial instruments measured at fair value after initial recognition, except derivative and other liabilities, which are estimated using Level 3 inputs.

The following table provides information about financial assets and liabilities measured at fair value in the unaudited condensed interim consolidated statements of financial position and categorized by level according to the significance of the inputs used in making the measurements.

As at June 30, 2022:

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|---------|---------|-------------|-------------|
| | \$ | \$ | \$ | \$ |
| Derivative and other liabilities | - | - | (1,035,418) | (1,035,418) |
| | - | - | (1,035,418) | (1,035,418) |

Level 3 Hierarchy

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 as at June 30, 2022 and December 31, 2021. These financial instruments are measured at fair value utilizing non-observable market inputs. The gains and losses are recognized in the unaudited condensed interim consolidated statements of income and comprehensive income.

| | June 30, 2022 | December 31, 2021 |
|---|------------------|----------------------|
| | \$ | \$ |
| Balance, beginning of year | 3,327,672 | 1,042,642 |
| Issuance of Offering warrants (Note 10) | - | 1,372,247 |
| Change in valuation of financing warrants (Note 10) | (1,853,195) | 517,971 |
| Share-based compensation expense on PSUs (Note 10) | (439,059) | 394,812 |
| Balance, end of period | 1,035,418 | 3,327,672 |

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Capital management

The Company's primary objective when managing capital is to maximize returns for its shareholders by growing its asset base through accretive acquisitions of royalties, streams and other interests, while optimizing its capital structure by balancing debt and equity. As at June 30, 2022, the capital structure of the Company consists of \$34,890,715 (December 31, 2021 - \$20,709,675) of total equity, comprising of share capital, equity reserves, and deficit. The Company was not subject to any externally imposed capital requirements.