Grenville Strategic Royalty Corp. (formally Troon Ventures Ltd.)

Interim Condensed Consolidated Financial Statements

For the Three Months Ended March 31, 2015

(Unaudited)

Grenville Strategic Royalty Corp. (formerly Troon Ventures Ltd)

Consolidated Statements of Financial Position

(Canadian dollars)

	Note		March 31, 2015		December 31, 2014
Assets					
Current Assets					
Cash and cash equivalents	**9**	$	15,652,746	$	9,748,841
Accrued interest and royalty payments receivable			660,475		491,060
Receivable from tax authorities			555,153		267,705
Loan receivable – current portion			23,068		55,613
Royalty agreements acquired– current portion	**10**		84,221		104,689
Deposit and prepaid expense			57,216		80,997
Total Current Assets			**17,032,879**		**10,748,905**
Non-Current Assets					
Loan receivable – long term			39,924		46,587
Property and equipment			125,135		112,839
Deferred tax asset			170,878		208,885
Royalty agreements acquired – long term	**10**		30,580,701		24,076,869
Total Non-Current Assets			**30,916,638**		24,445,180
Total Assets		**$**	**47,949,517**	**$**	**35,194,085**
Liabilities and Shareholders' Equity					
Current Liabilities					
Accounts payable and accrued liabilities		$	645,246	$	279,546
Dividend payable			334,114		-
Finance lease liability			3,055		3,748
Income tax			91,840		80,384
Total Current Liabilities			**1,074,255**		**363,678**
Non-Current Liabilities					
Finance lease liability			12,599		12,599
Convertible debentures	**12**		15,353,079		15,282,675
Total Non-Current Liabilities			**15,365,678**		**15,295,274**
Shareholders' Equity (Note 13)					
Share capital		$	32,538,538	$	21,211,197
Warrants			917,394		1,030,233
Contributed surplus			329,447		301,488
Equity component of convertible debentures			558,831		558,831
Accumulated deficit			(2,834,626)		(3,566,616)
Total Shareholders' Equity			**31,509,584**		**19,535,133**
Total Liabilities and Shareholders' Equity		**$**	**47,949,517**	**$**	**35,194,085**

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on May 12, 2015:

"William R. Tharp"
William R. Tharp, Director

"Steve Parry"
Steve Parry, Director

Grenville Strategic Royalty Corp. (formerly Troon Ventures Ltd)

Consolidated Statements of Comprehensive Income/(Loss)

(Canadian dollars)

	Note		Three months ended March 31, 2015		Three months ended March 31, 2014
Revenue					
Interest income on loan		$	4,405	$	12,465
Royalty payment income			1,568,756		125,878
Other income			37,529		8,728
Total Revenues			**1,610,690**		**147,071**
Operating Expenses					
Salaries, benefits and other staffing costs		$	297,688	$	428,268
Management and facility fees			39,054		31,287
Share-based payments	**14**		27,959		2,693,933
Professional fees	**6**		116,487		643,062
Office and general administrative			65,488		36,818
Foreign exchange gain, net	**15**		(1,261,292)		(5,051)
Total operating expenses			**(714,616)**		**3,828,317**
Operating Profit/(Loss)		**$**	**2,325,306**	**$**	**(3,681,246)**
Financing expense	**12**		414,459		-
Profit/(Loss) before income taxes			**1,910,847**		**(3,681,246)**
Income Taxes					
Current income tax expense	**11 a)**	$	158,353	$	-
Deferred tax expense	**11 a)**		353,513		-
Total Income Taxes			**511,866**		-
Profit/(Loss) and total comprehensive income/(loss)		**$**	**1,398,981**	**$**	**(3,681,246)**
Earnings/(Loss) per share (Note 16)					
Basic earnings/(loss) per share		$	0.0208	$	(0.1280)
Diluted earnings/(loss) per share		$	0.0185	$	(0.1280)

See accompanying notes to financial statements.

Grenville Strategic Royalty Corp. (formerly Troon Ventures Ltd)

Consolidated Statements of Changes in Equity

(Canadian dollars)

	Number of shares	Note	Share capital	Warrants	Contributed surplus	Equity component of the convertible debenture	Accumulated deficit	Total
Balance, December 31, 2013	**28,046,338**		**3,075,032**	**-**	**-**	**-**	**(108,856)**	**2,966,176**
Common shares exchanged and issued on the RTO	11,223,518	**6 & 13**	8,762,122	-	-	-	-	8,762,122
Share warrants issued as part of RTO	-	**6 & 13**	-	1,044,074	-	-	-	1,044,074
Share-based payment as part of consideration of the RTO	-	**6 & 13**	-	-	87,442	-	-	87,442
Share-based payment for services provided	-	**13**	-	-	42,617	-	-	42,617
Special warrants issued	-	**13**	-	10,000,000	-	-	-	10,000,000
Special warrants issue costs	-	**13**	-	(770,250)	-	-	-	(770,250)
Comprehensive loss for the period	-		-	-	-	-	(3,681,246)	(3,681,246)
Balance, March 31, 2014	**39,269,856**		**$ 11,837,154**	**$ 10,273,824**	**$ 130,059**	**$ -**	**$(3,790,102)**	**$ 18,450,935**
Balance, December 31, 2014	**59,410,419**		**$ 21,211,197**	**$ 1,030,233**	**$ 301,488**	**$ 558,831**	**$(3,566,616)**	**$ 19,535,133**
Common shares issued	19,828,300	**13**	11,500,414	-	-	-	-	11,500,414
Share issue cost		**13**	(983,207)	-	-	-	-	(983,207)
Share warrants exercised	1,035,961	**13**	547,943	(112,839)	-	-	-	435,104
Stock options exercised	41,069		1,150	-	-	-	-	1,150
Share-based payment for services provided	-	**14**	-	-	27,959	-	-	27,959
Deferred tax recognized	-	**11 b)**	261,041	-	-	-	-	261,041
Dividends paid and payable							(666,991)	(666,991)
Comprehensive income for the period	-		-	-	-	-	1,398,981	1,398,981
Balance, March 31, 2015	**80,315,749**		**$ 32,538,538**	**$ 917,394**	**$ 329,447**	**$ 558,831**	**$(2,834,626)**	**$ 31,509,584**

See accompanying notes to financial statements.

Grenville Strategic Royalty Corp. (formerly Troon Ventures Ltd)

Consolidated Statements of Cash Flows

(Canadian dollars)

	Notes	Three months ended March 31, 2015	Three months ended March 31, 2014
Cash flows from operating activities			
Profit/(Loss) before taxes		$ 1,910,847	$(3,681,246)
Share-based payments	**14**	27,959	2,693,933
Depreciation		5,334	-
Unrealized foreign exchange gain	**15**	(1,235,347)	-
Adjustment to carrying amount on royalty agreements acquired		1,880	-
Financing expense – accretion	**12**	70,404	-
Royalty agreements acquired – new investments		(5,219,400)	(2,671,215)
Royalty agreements acquired and loan receivable – principal payments		8,711	14,082
Income tax paid		(201,362)	-
Changes in non-cash operating working capital items	**18**	(67,381)	653,298
Net Cash flows used in Operating Activities		**(4,698,355)**	**(2,991,148)**
Cash flows from financing activities			
Issuance of common shares, net of costs		$ 10,517,207	$ -
Issuance of special warrants, net of costs		-	9,229,750
Exercise of share warrants and stock options		436,254	-
Finance lease payments		(693)	-
Dividends paid		(332,877)	-
Cancellation of company shares prior to reverse takeover	**6**	-	(8,818)
Net Cash flows from Financing Activities		**10,619,891**	**9,220,932**
Cash flows from investing activity			
Purchase of property and equipment		**$ (17,631)**	**(4,001)**
Net increase in cash during the period		**5,903,905**	**6,225,783**
Cash acquired as part of reverse takeover	**6**	-	6,935,241
Cash and cash equivalents, beginning of period		9,748,841	593,417
Cash and cash equivalents, end of period	**9**	**$ 15,652,746**	**$13,754,441**

See accompanying notes to financial statements.

1. Corporate information

Grenville Strategic Royalty Corp., an Ontario predecessor to Grenville Company ("Grenville Ontario"), was incorporated on July 29, 2013. On February 19, 2014, Grenville Strategic Royalty Corp. amalgamated with 2399579 Ontario Inc. to form Grenville Ontario. As a result of the amalgamation, Grenville Ontario became a wholly-owned subsidiary of Troon Ventures Ltd., a British Columbia Company, which was then renamed Grenville Strategic Royalty Corp. ("Company"). The registered office of the Company is located at 860-625 Howe Street, Vancouver, British Columbia V6C 2T6.

The Company has one wholly owned subsidiary, Grenville Ontario. The Company buys royalty interests in the revenue generated by small and medium sized businesses operating across a wide range of industry sectors.

2. Basis of presentation

The financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. The functional and presentation currency is the Canadian dollar. Amounts are stated in and recorded to the nearest Canadian dollar except where otherwise indicated. The Company activities are managed and monitored by senior management as one operating and reportable segment.

Statement of compliance

These consolidated financial statements have been prepared based on the principles of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), London, and the Interpretations of the International Financial Reporting interpretations Committee (IFRIC).

The financial statements were approved and authorized by the Board of Directors on May 12, 2015.

3. Significant accounting judgements, estimates, and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities, and the disclosure of contingent liabilities, at the end of the reporting periods. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements.

Royalty agreements acquired

The terms of the royalty agreements entered into by the Company provide that payments to be made by investee companies are fixed or determinable. In addition, each of the Company's royalty agreements contains one or more of the following terms: (i) a right in favour of the investee company to buydown or buyout part or all of the Company's royalty in exchange for a principal payment that, when combined with royalty payments made to the date of the buydown or buyout, exceed the value of the Company's initial investment; and (ii) the payment of a minimum monthly royalty payment by the investee company, which provides the Company with certainty of payment over time. As a result, the Company has concluded that it is highly probable (which it defines as a probability equal to or exceeding 75%) that it will collect greater than 85% of its initial investment under each royalty agreement.

For the royalty agreements acquired, the term of the agreement is normally perpetual and the royalty amount received can be dependent on the revenues of the investee. As a result, uncertainties exist as to how long the agreements will exist and the royalty payment income that will be received. In order to determine the effective interest rate that will apply for the entire term of the agreements, the Company must estimate the expected cash flows based on the Company's experience of such investments and the investee's historical cash flows. The Company is focused on building a portfolio of investee companies that have carried on business for a number of years and have a demonstrable history of revenues. This enables the Company to use historical revenues as the starting basis for estimating expected cash flows from an investment. Those royalty agreements that contain a provision requiring an investee company to make a minimum monthly royalty payment provide the Company with a strong indication of what expected cash flows under that royalty agreement should be over time. In addition to historical revenues of investee companies, the Company also considers other factors, such as external market factors, future performance and industry performance, in estimating expected cash flows from an investment. At the end of each quarter, the Company will review the estimated cash flows to see if they need to be revised based on the actual level of cash flows received.

Fair value of stock options and warrants

Determining the fair value of stock options and warrants requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity.

Income taxes

The recognition of deferred income tax assets and liabilities requires estimates and significant judgments about future events such as future taxable profits based on the information available at the reporting date. For each reporting period the income tax and deferred tax provision reflects our best estimate based on the information available at the reporting date. To the extent that our estimate of tax provisions or the realization of deferred tax assets or liabilities are not as expected, the provision for income taxes may increase or decrease in the future to reflect the actual experience.

4. Summary of significant accounting policies

The same accounting policies and method of computation are followed in the unaudited interim condensed consolidated financial statements as compared with the Company's audited consolidated financial statements including the notes for the year ended December 31, 2014.

In Canadian dollars, for the three months ended March 31, 2015

As a result of the reverse take-over (RTO) (see note 6 for more details), the Company has adopted IFRS 10 *Consolidated Financial Statements* and in particular the definition of control. The definition focuses on the need to have both power and variable returns before control is present. Applying this revised definition meant that for the RTO Grenville Ontario is the accounting acquirer even though the Company was the legal acquirer. As a result of the RTO, the Company's consolidated financial statements are a continuation of Grenville Ontario's financial statements.

5. Standards issued but not yet effective

At the date of authorization of these financial statements, certain new standards, amendments, and interpretations to existing IFRS standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments, and interpretations that are expected to be relevant to the Corporation's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

The IASB has and will issue a collection of amendments as part of its annual project "Improvements to IFRSs." The amendments address details of the recognition, measurement, and disclosure of business transactions and serve to standardize terminology. They consist mainly of editorial changes to existing standards. Except as otherwise specified, the amendments, which have not yet been endorsed, are to be applied for annual periods beginning on or after January 1, 2014. They will not have a material impact on the presentation of the Company's financial position or results of operations.

In November 2009, the IASB issued IFRS 9 *Financial Instruments*, which addresses the classification and measurement of financial assets. The new standard defines two instead of four measurement categories for financial assets, with classification to be based partly on the Company's business model and partly on the characteristics of the contractual cash flows from the respective financial asset. An embedded derivative contained in a financial asset will no longer have to be assessed for possible separate accounting treatment. Effective from January 2018 the application of IFRS 9 is mandatory. The impact of the new standard will mean that the Company's loan receivable and royalty agreements acquired will be subsequently measured at fair value and the changes in fair value will be reflected in the statement of comprehensive income and loss. This change will not impact the cash flows generated by the Company's activities but could have a material presentation impact in the financial statements.

6. Reverse Takeover

The reverse take-over (RTO) was completed on February 19, 2014 between Grenville Ontario and Troon Ventures Ltd on the following basis:

- the Company shareholders received 0.69 of a common share of the Company and 0.34 of a transferable share purchase warrant ("Share Warrant") for each common share that they owned. Each Share Warrant is convertible into one common share at an exercise price of $0.42 within two years of the completion of the RTO;
- the 880,000 outstanding stock options of the Company were replaced for new stock options based on an exchange ratio of 0.69. Each option holder also received an additional stock option exercisable for a period of two years at an exercise price of $0.42 per common share reflecting similar terms being offered by the Share Warrant;
- Grenville Ontario shareholders received one common share of the Company in consideration for each common share of Grenville Ontario held by them;
- the 357,143 stock options outstanding in Grenville Ontario at a price of $0.028 per share were exchanged for stock options of the Company at the same price and on the same terms;
- upon completion of the RTO there were 39,269,856 common shares issued and outstanding of which 19,321,106 were held by the previous holders of the Company's common shares. All 9,660,538 Share warrants were held by previous holders of the Company's common shares; and
- the Company changed its name from Troon Ventures Ltd to Grenville Strategic Royalty Corp. and now trades on the TSX Venture Exchange under the symbol "GRC".

In accordance with the guidance under *IFRS 3 Business Combinations,* the substance of the transaction is a reverse take-over of a non-operating entity. The Company's activities prior to the RTO were limited to the management of cash resources and the maintenance of its listing and accordingly the transaction did not constitute a business combination. As the Company has granted equity instruments the transaction was considered a capital transaction, with Grenville Ontario been identified as the accounting acquirer and the equity consideration measured at fair value in accordance with the guidance under *IFRS 3 Business Combinations*. As Grenville Ontario has obtained control, the Company's consolidated financial statements are a continuation of Grenville Ontario's financial statements and the difference between the fair value of the consideration and the net identifiable assets are recognized as a RTO transaction expense in the statement of comprehensive loss under Share-based payments.

Based on the statement of financial position of the Company at the time of the RTO, the net assets at fair value were $7,251,140 made up as follows:

Cash and cash equivalents	$ 6,935,241
Other assets	395,182
Accounts payable and accrued expenses	(79,283)
Total	**$ 7,251,140**

In Canadian dollars, for the three months ended March 31, 2015

The fair value of the consideration and the RTO transaction expense recognized in comprehensive loss was calculated as follows:

Consideration		
Fair value of 19,321,106 common shares included in the exchange on February 19, 2014	$	8,762,122
Fair value of 9,660,538 warrants issued on February 19, 2014 (**Note 13**)		1,044,074
Fair value of 910,146 replacement stock options vested on February 19, 2014		87,442
Amount paid to cancel shares of the Company prior to RTO		8,818
Total	**$**	**9,902,456**
Identifiable assets acquired (see above)		7,251,140
RTO transaction expense (Note 14)	**$**	**2,651,316**

Included under professional fees for the three months ended March 31, 2014 was $584,881 of costs directly related to the RTO.

7. Fair values

Set out below is a comparison by class of the carrying amount and fair value of the Company's financial instruments that are carried in the financial statements.

	Carrying Costs March 31, 2015	Fair Value March 31, 2015	Carrying Costs December 31, 2014	Fair Value December 31, 2014
Financial assets				
Cash and cash equivalents	$ 15,652,746	15,652,746	$ 9,748,841	9,748,841
Accrued interest and royalty payment receivable	660,475	660,475	491,060	491,060
Loan receivable – current portion	23,068	23,068	55,613	55,613
Loan receivable – long term	39,924	39,924	46,587	46,587
Royalty agreements acquired – current portion	84,221	84,221	104,689	104,689
Royalty agreements acquired – long term	30,580,701	30,569,550	24,076,869	24,114,803
Total Financial Assets	**$ 47,041,135**	**$ 47,029,984**	**$ 34,523,659**	**$ 34,561,593**
Financial liabilities				
Accounts payable and accrued liabilities	645,246	645,246	279,546	279,546
Dividend payable	334,114	334,114	-	-
Convertible debentures	15,353,079	16,321,639	15,282,675	16,145,072
Total Financial Liabilities	**$ 16,332,439**	**$ 17,300,999**	**$ 15,562,221**	**$ 16,424,618**

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Receivables, deposits, accounts payable and accrued liabilities, approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair value of the loan receivable and royalty agreements acquired by the Company are estimated by the Company by discounting future cash flows using a discount rate based on a weighted average cost of capital using variables from the industry in which each investee company operates. Future cash flows are weighted by the Company by using a combination of a probability approach and a terminal value approach, and the fair value for each investment is individually calculated.
- The fair value of the convertible debentures is based on valuation techniques taking into account trading values, market rates of interest, the current conditions in credit markets and the current estimated credit margins applicable to the Company based on similar issues currently listed.

Fair value hierarchy

The only financial instruments measured at fair value were cash and cash equivalents. All other financial assets are classified as loan and receivable and measured at amortized cost. Similarly all financial liabilities are measured at amortized cost.
The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The financial assets measured at fair value are by hierarchy as follows:

	Total	Level 1	Level 2	Level 3
March 31, 2015				
Cash and cash equivalents	$ 15,652,746	$ 15,652,746	-	-

In Canadian dollars, for the three months ended March 31, 2015

December 31, 2014				
Cash and cash equivalents	$ 9,748,841	$ 9,748,841	-	-

8. Financial risk management objectives and policies

The Company's primary risk management objective is to protect the Company's assets and cash flow. The Company is exposed to market, credit, interest rate, foreign exchange and liquidity risks. The Company's senior management oversees the management of these risks. It is the Company's policy that no trading for speculative purposes shall be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise several types of risk: interest rate risk, currency risk, commodity price risk, and other price risk, such as equity risk.

Interest rate risk

The Company has no interest rate exposure. The Company invests surplus cash in bank deposits which, due to their short term nature, do not expose the Company to any material interest rate risks. For loan receivable and royalty agreements acquired, the income can vary on a monthly basis and is not a function of an underlying interest rate.

Foreign 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. Starting in 2014 the Company has foreign currency exposures to United States dollars. The transaction exposure will be minimized by converting all foreign currency to Canadian dollars immediately. The Company is aware that a translation exposure exists and will continue to monitor the impact on its reported results. The foreign exchange exposure at March 31, 2015 was 14,308,247 United States dollars and a 1% movement in the exchange rate has an impact of $143,082 on the Company's results.

Commodity price risk

The Company is not directly subject to price risk from fluctuations in market prices of commodities either directly or through the royalty agreements acquired.

Equity price risk

The Company has no exposure to equity price risk.

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company enters into royalty agreements with investees in which a purchase price is advanced in return for participation in the investees' revenue stream. This can take the form of a royalty, streaming arrangement or loan, without limitation. The carrying amount of cash, loan receivable and royalty agreements acquired represents the maximum exposure to credit risk. The maximum exposure at March 31, 2015 was $47,041,134 (December 31, 2014: $34,523,660). The cash is held by a Canadian bank which is rated A+ and the cash is invested in short term liquid investments. The specific credit risk information relating to royalty agreements acquired is included under Note 9.

In monitoring credit risk, the Company considers industry, sales volume and aging trends, maturity, and other relevant factors. The Company performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary. Purchase limits established for certain accounts represent the maximum open balance permitted without approval from management. If required, the Company maintains reserves for potential credit losses relating to specific exposures.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis. The Company continuously reviews both actual and forecasted cash flows to ensure that the Company has appropriate capital capacity.

The following table summarizes the amount of contractual and other obligations undiscounted future cash flow requirements including all financial instruments as at March 31, 2015 and December 31, 2014 respectively:

Contractual obligations	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
Accounts payable and accrued liabilities	$ 645,246	-	-	-	-	$ $645,246
Dividend Lease Liability	334,114	-	-	-	-	334,114
Finance Lease Liability	2,669	2,955	3,271	3,620	3,138	15,653
Convertible debenture	-	-	-	17,250,000	-	17,250,000
	982,029	**2,955**	**3,271**	**17,253,620**	**3,138**	**18,245,013**

In Canadian dollars, for the three months ended March 31, 2015

Contractual obligations	2015	2016	2017	2018	2019	Total
Accounts payable and accrued liabilities	$ 279,546	-	-	-	-	$ $279,546
Finance Lease Liability	3,748	2,905	3,216	3,560	2,918	16,347
Convertible debenture	-	-	-	-	17,250,000	17,250,000
	283,294	**2,905**	**3,216**	**3,560**	**17,252,918**	**17,545,893**

Capital Management

The Company manages its capital with the primary objective of safeguarding it while providing sufficient working capital to sustain day-to-day operations. During the period the Company raised additional capital of $11,500,414 through the issue of common shares. After the reporting period the Company raised further capital by issuing 17,250,000 common shares at a price of $0.80 per share for gross proceeds of $13,800,000.

The Company will continually assess the adequacy of its capital structure and capacity and make adjustments within the context of the Company's strategy, economic conditions, and the risk characteristics of the business.

9. Cash and cash equivalents

	March 31, 2015	December 31, 2014
Cash held in bank accounts	$ 258,565	$ 1,005,399
Guaranteed investment certificates	15,394,181	8,743,442
	$ 15,652,746	**$ 9,748,841**

Included in the guaranteed investment certificates was $42,000 (2014: $42,000) that was held as collateral for security purposes.

10. Royalty agreements acquired

	March 31, 2015	December 31, 2014
Due within 1 year	$ 84,221	$ 104,689
Due after more than 1 year	30,580,701	24,076,869
Total	**$ 30,664,922**	**$ 24,181,558**

The balance represents the amortized cost at the reporting date of all the agreements. The term of the agreement is normally perpetual and in certain cases the investee has a buyout and buydown option.

Included in the amounts presented is an impairment allowance of $1,000,000 (December 31, 2014: $1,000,000). The impairment arose in 2014 as one investee company had ceased operations and was incapable of returning our investment amount. The impairment allowance covers the entire carrying value of the investment. The Company is actively pursuing to recover part or all of the investment. A reconciliation of changes in the impairment allowance account was as follows:

	3 months period ended March 31, 2015	12 months period ended December 31, 2014
Starting balance	**$ 1,000,000**	**$ -**
Increase in allowance during the period	-	1,000,000
Ending balance	**$ 1,000,000**	**$ 1,000,000**

The changes in the carrying amount during the reporting periods were:

	3 months period ended March 31, 2015	12 months period ended December 31, 2014
Starting balance	**$ 24,181,558**	**$ 1,673,763**
New agreements acquired during the period	5,219,400	22,722,168
Principal payments	26,737	(19,580)
Foreign exchange movements	1,235,347	684,927
(Increase)/decrease in impairment allowance	-	(1,000,000)
Adjustment to carrying amount for change in estimated cash flows	1,880	120,280
Ending balance	**$ 30,664,922**	**$ 24,181,558**

In Canadian dollars, for the three months ended March 31, 2015

On a quarterly basis, the Company carries out a credit quality review of the portfolio of royalty agreements acquired. The review considers delinquency trends, sales volumes and the investee's ability to maintain its financial condition. The credit quality is monitored based on our internal risk ratings. The descriptions of the internal risk ratings used and the carrying amounts in each category were:

Satisfactory means that the investment is fully collectible even if there is some deficiency or vulnerability to changing economic conditions.

Special mention means that investment has potential weaknesses that deserve close attention. If left uncorrected, these potential weaknesses may result in deterioration of the payment prospects for the investment at some future date. Special Mention investments do not expose the Company to sufficient risk to warrant classification as substandard or doubtful.

Substandard is characterized by the distinct possibility that the Company will sustain some loss on the investment if the deficiencies are not corrected.

Doubtful contains the features of "substandard" with the added characteristic that the weaknesses will make collection on the investment highly questionable and improbable.

		March 31, 2015	%		December 31, 2014	%
Satisfactory	$	25,811,146	81.5	$	22,059,305	87.6
Special Mention		2,915,968	9.2		383,400	1.5
Substandard		1,937,808	6.1		1,738,853	6.9
Doubtful		1,000,000	3.3		1,000,000	4.0
Total	**$**	**31,664,922**	100	**$**	**25,181,558**	100

Concentrations of credit risk arise from exposures to a single investee and groups of investees who have similar credit characteristics such as groups in the same economic and geographical regions. Concentration risk is managed by appropriately diversifying the portfolio through the use of concentration limits. There are limits set for individual investee exposure, geographical exposure and economic factors (cyclical, neutral and defensive).

The carrying amount for the royalty agreements acquired in each category by geographic location and economic factor were:

a) Geographic

		March 31, 2015	%		December 31, 2014	%
Canada	$	13,139,322	42.8	$	10,833,560	44.8
United States of America		17,525,600	57.2		13,347,998	55.2
	$	**30,664,922**	100	**$**	**24,181,558**	100

b) Economic

		March 31, 2015	%		December 31, 2014	%
Cyclical	$	5,525,530	18.0	$	4,225,457	17.5
Neutral		11,824,740	38.6		8,400,874	34.7
Defensive		13,314,652	43.4		11,555,227	47.8
Total	**$**	**30,664,922**	100	**$**	**24,181,558**	100

The following shows the past due and impairment analysis as at each reporting date:

		March 31, 2015	%		December 31, 2014	%
Not past due	$	27,516,863	86.9	$	22,442,705	89.1
Past due						
- 30 days or less		1,249,832	4.0		1,738,853	6.9
- 30 to 60 days		1,898,227	6.0		-	0.0
Impaired		1,000,000	3.1		1,000,000	4.0
Total	**$**	**31,664,922**	100	**$**	**25,181,558**	100

In Canadian dollars, for the three months ended March 31, 2015

11. Income taxes

(a) Amounts recognized in statements of comprehensive income/(loss)

	Three months ended March 31, 2015	Three months ended March 31, 2014
Current income tax expense – current year	$ 158,353	$ -
Deferred tax expense		
Origination and reversal of temporary differences	353,513	-
Total income taxes	**$ 511,866**	**$ -**

(b) Amounts recognized directly in equity

	Three months ended March 31, 2015	Three months ended March 31, 2014
Issuance cost for common shares	261,041	-
Total income taxes directly recognized in equity	**$ 261,041**	**$ -**

(c) Movement in deferred tax balances

The Company has established, based on the financial performance that it is probable that the Company will have future taxable income. As a result, the Company recognized a deferred tax asset for temporary differences existing at March 31, 2015. The composition of the deferred tax asset at March 31, 2015 and December 31, 2014 was made up as follows:

Amounts recognized in statement of comprehensive income/(loss)		
Transaction costs on common shares issue and convertible debenture	$ (106,013)	$ (81,753)
Property and equipment	2,165	880
Tax losses carried forward	70,241	70,241
RTO expense	110,851	110,226
Other temporary differences	(275,016)	56,146
	(197,772)	**155,740**
Amounts recognized in equity		
Equity component of convertible debenture	(201,483)	(201,483)
Withholding tax paid	54,463	-
Issuance cost for special warrants and common shares	515,670	254,628
	368,650	**53,145**
Balance at March 31, 2015 and December 31, 2014	**$ 170,878**	**$ 208,885**

The effective tax rate used in determining the value of the deferred tax asset was 26.50%. There was no unrecognized deferred tax asset or liability at March 31, 2015 and December 31, 2014.

12. Convertible debentures

On July 10, 2014 and July 17, 2014, the Company closed an offering for convertible unsecured subordinated debentures (the "**Debentures**"), for an aggregate gross proceeds of $17,250,000. The issue costs were $1,343,425 resulting in net proceeds of $15,906,575. The Debentures bear interest from the date of issue at 8% per annum, payable semi-annually in arrears on June 30 and December 31 in each year commencing December 31, 2014. The Debentures have a maturity date of December 31, 2019 (the "**Maturity Date**"). The Debentures are convertible at the holder's option at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately preceding the date specified by the Company for redemption of the Debentures into common shares at a conversion price of $0.92 per common share, being a conversion rate of 1,086.9565 common shares for each $1,000 principal amount of Debentures. The Debentures are listed for trading on the TSX Venture Exchange under the symbol GRC.DB.

For accounting purposes, the Debentures are separated into their liability and equity components using the effective interest rate method. The fair value of the liability component at the time of issue was determined based on an estimated rate of 8.96% for the Debentures without the conversion feature. The fair value of the equity component was determined as the difference between the face value of the Debentures and the fair value of the liability component.

The Debentures are direct, unsecured obligations of the Company, subordinated to other indebtedness of the Company for borrowed money and ranking equally with all other unsecured subordinated indebtedness. The Debentures are not redeemable before December 31, 2017. On or after December 31, 2017, but prior to the Maturity Date, the Company may, at its option, redeem the Debentures, in whole or in part, at a price equal to the principal amount of the Debentures plus all accrued and unpaid interest up to but excluding the date of redemption.

The following table summarizes the outstanding balance and changes in the amounts recognized in the liability and equity during the period:

In Canadian dollars, for the three months ended March 31, 2015

Principal	
Balance at March 31, 2015 and December 31, 2014	$ 17,250,000
Liability	
Gross proceeds	$ 17,250,000
Issue costs	(1,343,425)
Equity component less issue costs allocated	(760,314)
Liability component initially recognized	15,146,261
Accretion of finance expense for the period from July 10, 2014 to December 31, 2014	136,414
Balance at December 31, 2014	**15,282,675**
Accretion of finance expense for the three months ended March 31, 2015	70,404
Balance at March 31, 2015	**15,353,079**
Equity	
Equity component initially recognized	$ 760,314
Deferred tax liability recognized	(201,483)
Balance at March 31, 2015 and December 31, 2014	**558,831**

The financing expense amount recognized in the statement of comprehensive income/(loss) for the three month ended March 31, 2015 (March 2014: -) was made up as follows:

Interest expense on convertible debentures	$ 344,055
Accretion of finance expense for the period	70,404
Total	**$ 414,459**

13. Share capital and other components of equity

Common shares

The authorized share capital of the Company consists of an unlimited number of voting common shares without par value. The issued and outstanding common shares at March 31, 2015 were 80,315,749 (December 31, 2014: 59,410,419). The following was the movement in the number of issued common shares on the date of the RTO:

19,321,106 new common shares were exchanged for 28,046,338 existing common shares of the Company (**Note 6**)	(8,725,232)
19,948,750 common shares were issued to the shareholders of Grenville Ontario **(Note 6**)	19,948,750
Total	**11,223,518**

On February 26, 2015, 19,828,300 common shares were issued at a price of $0.58 per common share and the proceeds received net of issuance costs was $10,517,207. During the period, common shares were issued and proceeds of $436,253 were received as a result of share warrants and stock options been exercised. $112,839 was transferred from the amount recognized for share warrants into share capital following the exercise of the share warrants.

Special warrants

20,000,000 special warrants were issued on March 27, 2014 on a “bought deal” private placement basis at a price of $0.50 per special warrant for aggregate gross proceeds of $10,000,000. The issuing costs of the special warrants were $770,250.

Each special warrant was exercisable by the holder into one common share of the Company. Any unexercised special warrants were deemed to be exercised, with no further action on the part of the holder, on May 15, 2014 which was the third business day after the date on which receipt for a final prospectus had been issued by applicable securities regulators.

Share warrants

The details of the share warrants outstanding at March 31, 2015 and December 31, 2014 respectively were:

Number of Warrants outstanding	Fair value of warrants outstanding	Exercise price	Expiry date	Remaining contractual life (years)
8,496,512	917,394	$0.42	February 19, 2016	0.87

Number of Warrants outstanding	Fair value of warrants outstanding	Exercise price	Expiry date	Remaining contractual life (years)
9,532,473	1,030,233	$0.42	February 19, 2016	1.12

As part of the RTO **(Note 6),** 9,660,538 share warrants with an expiry date of February 19, 2016 were issued at an exercise price of $0.42 per warrant with a fair value of $1,044,074. During the three month period ended March 31, 2015 warrants were exercised and the Company received proceeds of

In Canadian dollars, for the three months ended March 31, 2015

$435,103 and $112,839 was transferred from the amount recognized for the fair value of the share warrants into share capital following the exercise of the share warrants.

Each share warrant is convertible into one common share of the Company. The fair value of the share warrants at the date of issue was estimated at the date of issue using the Black-Scholes Option Pricing Model using the following assumptions:

Expected stock price volatility	35.45%
Expected life	2.00
Risk free interest rate	1.00%
Expected dividend yield	0.0%
Weighted average fair value per warrant granted	$ 0.1081

Stock Options

The purpose of the Company's stock option plan ("the "Plan") is to develop the interest of and provide an incentive to eligible employees, directors and consultants of the corporation and its affiliates. The Plan provides for the issuance of a maximum of 10% of the issued and outstanding common shares. Options granted may vest over certain time periods within the option period, which will limit the number of options that may be exercised. Each stock option is exercisable into one common share of the Company at the price specified in the terms of the option.

During the period stock options have been exercised. The details of the options outstanding at March 31, 2015 (December 31, 2014: 3,364,790) were:

Issue Date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Remaining contractual life (years)
February 19, 2014	303,341	303,341	$0.42	February 19, 2016	0.87
February 19, 2014	124,117	124,117	$0.87	February 19, 2016	0.87
February 19, 2014	344,778	344,778	$0.58	June 13, 2017	2.21
February 19, 2014	137,910	137,910	$0.51	March 13, 2018	2.96
February 19, 2014	303,575	89,280	$0.028	August 1, 2018	3.33
April 3, 2014	1,645,000	411,250	$0.50	April 3, 2019	4.00
May 26, 2014	465,000	116,250	$0.52	May 26, 2019	4.17
Total	**3,323,721**	**1,526,926**			
Weighted average exercise price	**$ 0.4749**	**$ 0.5071**		**Weighted average remaining contractual life**	**3.33**

Share-based payments

The Company uses the Black-Scholes option pricing model to calculate the fair value of any options granted. The model requires management to make estimates, which are subjective and may not be representative of actual results. For the expected stock price volatility estimate, the business activities changed significantly following the RTO and as a result, the volatility percentage was based on the historical volatility for the same term as the contractual life of the option, of publicly-listed entities with a similar type of business. Changes in assumptions can materially affect estimates of fair values. The following weighted average assumptions were used to estimate the weighted average grant date fair value:

Assumption	
Expected stock price volatility	35.93%
Expected life	4.45
Risk free interest rate	1.61%
Expected dividend yield	0%
Weighted average fair value per option granted	$0.1844

14. Share-based payments

	Three months ended March 31, 2015	Three months ended March 31, 2014
RTO transaction expense **(Note 6)**	$ -	**$** 2,651,316
Expense recognized for services provided based on vesting conditions of stock options	27,959	42,617
Total expense recognized in comprehensive loss	**$ 27,959**	**$ 2,693,933**

In Canadian dollars, for the three months ended March 31, 2015

15. Foreign exchange gain, net

	Three months ended March 31, 2015	Three months ended March 31, 2014
Unrealized foreign exchange (gain)	$ (1,235,347)	$ -
Realized foreign exchange (gain)	(25,945)	(5,051)
Total	**$ (1,261,292)**	**$ (5,051)**

16. Earnings/(Loss) per share

The following reflects the loss and unit data used in the basic and diluted earnings per share computations:

	Three months ended March 31, 2015	Three months ended March 31, 2014
Profit/(loss) attributable to ordinary equity holders for basic earnings /(loss) per share	$ 1,398,981	$ (3,681,246)
Financing expense (**Note 12**)	414,459	-
Profit/(loss) attributable to ordinary equity holders for diluted earnings /(loss) per share	1,813,440	(3,681,246)
Basic weighted average number of shares outstanding	67,304,858	28,750,587
Diluted weighted average number of shares outstanding	98,144,625	28,750,587

Due to the anti-dilutive impact, the same net loss attributable to ordinary equity holders and weighted average number of common shares has been used for both the basic and diluted loss calculations for the three months ended March 31, 2014.

17. Operating segment information

For management purposes, the Company activities are managed and monitored by senior management as one operating segment. The financial statements included are the same financial statements that management uses to monitor the performance of the Company.

Entity-wide information

All the Company's reported revenue is from external customers and the breakdown by country was:

	Three months ended March 31, 2015	Three months ended March 31, 2014
Canada	$ 732,957	$ 99,070
United States	877,733	48,001
Totals	**$ 1,610,690**	**$ 147,071**

The breakdown of interest income on loan and royalty payment income by each economic factor segment was:

	Three months ended March 31, 2015	Three months ended March 31, 2014
Cyclical	$ 347,948	$ 61,003
Neutral	442,177	51,899
Defensive	783,036	25,441
Totals	**$ 1,573,161**	**$ 138,343**

For the three months ended March 31, 2015, the royalty payment income and the interest income on loan for two investees was greater than 10% of the total revenues.

18. Changes in non-cash operating working capital items

	Three months ended March 31, 2015	Three months ended March 31, 2014
Accrued interest and royalty payment receivable	(169,414)	(76,491)
Receivable from tax authorities	(287,448)	(174,711)
Deposit and prepaid expense	23,781	477,821
Accounts payable and accrued liabilities	365,700	110,780
Net assets acquired net of cash and cash equivalents under the Reverse Take-over (**Note 6**)	-	315,899
Total changes in non-cash operating working capital items	**$ (67,381)**	**$ 653,298**

In Canadian dollars, for the three months ended March 31, 2015

19. Commitments

Operating leases – minimum lease payments under non-cancellable leases

	March 31, 2015	December 31, 2014
Less than one year	$ 152,148	$ 152,148
Between one and five years	241,329	279,433
Total	**$ 393,477**	**$ 431,581**

Investment commitments

The Company has entered into two royalty agreements that include commitments to invest up to $850,000 at the option of the investees. The agreements contain provisions that allow for the withdrawal of the commitment if there is deterioration in the financial condition of the investee companies.

20. Events after the reporting period

Dividend

The board of directors has on April 9, 2015 and May 12, 2015 declared a dividend of $0.00416 per share payable on May 15, 2015 and June 15, 2015 respectively.

Royalty agreements acquired

Since the end of the reporting period, the Company has entered into two new royalty agreements advancing $2,860,000 and three follow on investments totaling US$ 1,250,000 under existing agreements.

Issue of Common Shares

On May 7, 2015, the Company issued 17,250,000 common shares at a price $0.80 per share. The gross proceeds from the issue of the common shares amounted to $13,800,000.

21. Related party disclosures

A management agreement ("Agreement") existed between the Company and a company controlled by one of the Directors of the Company. The base fee for the Agreement's services is set at the rate of $10,000 per month (the "Base Fees") plus applicable HST, together with any such increments as the Company may from time-to-time determine. The Agreement finished on December 31, 2014. On expiry of the agreement the Company agreed to continue paying $4,871 per month under this Agreement until the end of May 2015. The full expense of $24,355 was recognized in 2014.

Key management personnel

	3 months ended March 31, 2015	3 months ended March 31, 2014
Short term employee benefits	$ 157,312	$ 7,445
Share-based payments	14,310	78,671
Consultancy fees	33,750	11,250
Severance payment	-	400,000
Total	**$ 205,372**	**$ 497,366**

The key management personnel are identified as the members of the board of directors and the officers of the Company.