Grenville Strategic Royalty Corp (formally Troon Ventures Ltd.)

Consolidated Financial Statements

For the Year Ended December 31, 2014

Contents

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Grenville Strategic Royalty Corp. (formally Troon Ventures Ltd.)

We have audited the accompanying consolidated financial statements of Grenville Strategic Royalty Corp. (formally Troon Ventures Ltd.), which comprise the consolidated statement of financial position as at December 31, 2014 and 2013, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the year ended December 31, 2014 and the period from July 29, 2013 to December 31, 2013, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated statement of financial position of Grenville Strategic Royalty Corp. (formally Troon Ventures Ltd.) as at December 31, 2014 and 2013, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2014 and the period from July 29, 2013 to December 31, 2013,, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Goodman & Associates LLP

Toronto, Ontario
February, 6, 2015

Chartered Accountants
Licensed Public Accountants

Grenville Strategic Royalty Corp. (formerly Troon Ventures Ltd)

Consolidated Statements of Financial Position

(Canadian dollars)

	Note		December 31, 2014		December 31, 2013
Assets					
Current Assets					
Cash and cash equivalents	9	$	9,748,841	$	593,417
Accrued interest and royalty payments receivable			491,060		20,606
Receivable from tax authorities			267,705		166,036
Loan receivable – current portion	10		55,613		125,944
Royalty agreements acquired– current portion	11		104,689		-
Deposit and prepaid expense	12		80,997		506,663
Total Current Assets			**10,748,905**		**1,412,666**
Non-Current Assets					
Loan receivable – long term	10		46,587		90,462
Property and equipment	13		112,839		-
Deferred tax asset	14 (d)		208,885		-
Royalty agreements acquired – long term	11		24,076,869		1,673,763
Total Non-Current Assets			24,445,180		**1,764,225**
Total Assets		**$**	**35,194,085**	**$**	**3,176,891**
Liabilities and Shareholders' Equity					
Current Liabilities					
Accounts payable and accrued liabilities		$	279,546	$	210,715
Finance lease liability	16		3,748		-
Income tax			80,384		-
Total Current Liabilities			**363,678**		**210,715**
Non-Current Liabilities					
Finance lease liability	16		12,599		-
Convertible debentures	15		15,282,675		-
Total Non-Current Liabilities			**15,295,274**		**-**
Shareholders' Equity (Note 17)					
Share capital		$	21,211,197	$	3,075,032
Warrants			1,030,233		-
Contributed surplus			301,488		-
Equity component of convertible debentures			558,831		-
Accumulated deficit			(3,566,616)		(108,856)
Total Shareholders' Equity			**19,535,133**		**2,966,176**
Total Liability and Shareholders' Equity		**$**	**35,194,085**	**$**	**3,176,891**

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on February 6, 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 Loss

(Canadian dollars)

	Note		Year ended December 31, 2014		Period July 29 to December 31, 2013
Revenue					
Interest income on loans		$	38,072	$	24,651
Royalty payment income			2,655,909		27,301
Other income	18		250,810		-
Total Revenues			**2,944,791**		**51,952**
Operating Expenses					
Salaries, benefits and other staffing costs	19	$	1,091,680	$	-
Management and facility fees			163,138		45,000
Share-based payments	20		2,865,362		-
Professional fees	6		853,909		104,059
Office and general administrative			380,320		11,749
Foreign exchange gain, net	21		(693,789)		-
Total operating expenses			**4,660,620**		**160,808**
Operating Loss		**$**	**(1,715,829)**	**$**	**(108,856)**
Financing expense	15		798,058		-
Impairment provision	11		1,000,000		-
Loss before income taxes			**(3,513,887)**		**(108,856)**
Income Taxes					
Current income tax expense	14 (a)	$	99,613	$	-
Deferred tax income	14 (a)		(155,740)		-
Total Income Taxes			**(56,127)**		-
Loss and total comprehensive income loss		**$**	**(3,457,760)**	**$**	**(108,856)**
Loss per share (Note 22)					
Basic and diluted loss per share		$	(0.0700)	$	(0.0083)
Basic and diluted weighted average number of shares outstanding			49,369,201		13,052,403

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
Proceeds on share issue	28,046,338		$ 3,087,332	-	-	-	-	$ 3,087,332
Share issue costs			(12,300)	-	-	-	-	(12,300)
Net loss for the period	-		-	-	-	-	(108,856)	(108,856)
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 & 17**	8,762,122	-	-	-	-	8,762,122
Stock warrants issued as part of RTO	-	**6 & 17**	-	1,044,074	-	-	-	1,044,074
Share-based payment as part of consideration of the RTO	-	**6 & 17**	-	-	87,442	-	-	87,442
Share-based payment for services provided	-	**17**	-	-	214,046	-	-	214,046
Special warrants issued	-	**17**	-	10,000,000	-	-	-	10,000,000
Special warrants issue costs	-	**17**	-	(770,250)	-	-	-	(770,250)
Special warrants converted to common shares	20,000,000	**17**	9,229,750	(9,229,750)	-	-	-	-
Share issue cost	-	**17**	(178,314)	-	-	-	-	(178,314)
Stock warrants exercised	128,065	**17**	67,628	(13,841)	-	-	-	53,787
Stock options exercised	12,498		350	-	-	-	-	350
Convertible debenture issued	-	**15**	-	-	-	760,314	-	760,314
Deferred tax recognized	-	**14 b)**	254,629	-	-	(201,483)	-	53,146
Comprehensive loss for the period	-		-	-	-	-	(3,457,760)	(3,457,760)
Balance, December 31, 2014	**59,410,419**		**$ 21,211,197**	**$ 1,030,233**	**$ 301,488**	**$ 558,831**	**$(3,566,616)**	**$ 19,535,133**

See accompanying notes to financial statements.

Grenville Strategic Royalty Corp. (formerly Troon Ventures Ltd)

Consolidated Statements of Cash Flows

(Canadian dollars)

	Notes	Year ended December 31, 2014	Period July 29 to December 31, 2013
Cash flows from operating activities			
Loss before taxes		$ (3,513,887)	$ (108,856)
Share-based payments	20	2,865,362	7,000
Depreciation	13	3,721	-
Unrealized foreign exchange gain	21	(699,600)	-
Impairment provision	11	1,000,000	-
Unrealized gain on royalty agreements acquired	18	(120,280)	-
Financing expense	15	798,058	-
Income tax paid		(17,989)	-
Changes in non-cash operating working capital items	24	(22,343,716)	(2,372,759)
Net Cash flows used in Operating Activities		**(22,028,331)**	**(2,474,615)**
Cash flows from financing activity			
Issuance of common shares, net of costs		$ 9,051,436	$ 3,068,032
Exercise of share warrants and stock options		54,137	-
Finance lease advance		16,347	-
Issuance of convertible debentures, net of costs	15	15,906,575	-
Debentures interest paid	15	(661,644)	-
Cancellation of company shares prior to reverse takeover	6	(8,818)	-
Net Cash flows from Financing Activities		**24,358,033**	**3,068,032**
Cash flows from investing activity			
Purchase of property and equipment	13	$ (116,560)	-
Net increase in cash during the period		**2,213,142**	**593,417**
Cash acquired as part of reverse takeover	6	6,935,241	-
Foreign exchange movement in cash and cash equivalents		7,041	-
Cash and cash equivalents, beginning of period		593,417	-
Cash and cash equivalents, end of period	9	**$ 9,748,841**	**$ 593,417**

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 February 6, 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

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. 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

(A) Basis of consolidation

The financial statements of all entities controlled by the Company are included in the consolidated financial statements from the date control commenced. The Company controls an entity when it is exposed to, or has rights to, variable returns from it's involvement with the entity and has the ability to affect those returns through its power over the entity. The Company's subsidiary has the same reporting date and functional currency as the Company. Intra-group balances and transactions are eliminated on consolidation.

(B) Foreign currency translation

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. All differences are taken to the statement of comprehensive income and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(C) Revenue Recognition

Interest Income and Royalty Payment Income

Loan receivable and royalty agreements acquired are recognized as financial assets and are classified as Loans and Receivables in accordance with IAS 39. Interest income and royalty payment income are determined using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the income over the life of the asset. The effective interest rate is the rate that exactly discounts estimated future cash flows to the initial carrying amount.

Other Income

Other income includes interest income earned on short term money market investments, the unrealized gain or loss resulting from the adjustment to the amortized cost of royalty agreements acquired when the estimated cash flows are revised and gains realized when a buyout option is exercised under a royalty agreement. Other income is accrued in the statement of comprehensive income when earned.

(D) Taxes

Current income tax

Current income tax assets and liabilities for the respective period is measured at the amount expected to be recovered from or paid to the Canadian taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Company operates and generates taxable income.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of any deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred tax relate to the same taxable entity and the same taxation authority.

(E) Financial instruments – initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include cash and cash equivalents, accrued interest and royalty payments receivable, loan receivable and royalty agreements acquired.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, any embedded derivatives and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive income and loss. Cash and cash equivalents are carried within these categories.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in the statement of comprehensive income and loss. When the original cash flows have been revised the resulting adjustment to the amortized cost is reflected as either income or expense in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income and loss. Accrued interest receivable and royalty payments receivable, royalty agreements acquired and loan receivable are carried within this category.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments are classified as held-to-maturity when the Company has the positive intention and ability to hold it to maturity. After initial measurement held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in the statement of comprehensive loss. The losses arising from impairment are recognized in the statement of comprehensive income. The Company did not have any held-to-maturity investments during the period ended December 31, 2014.

Available-for-sale financial investments

Financial assets investments classified as available-for-sale are those which are neither classified in any other category. After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or determined to be impaired, at which time the cumulative loss is recognized in the statement of comprehensive loss and removed from the available-for-sale reserve.

The Company did not have any available-for-sale financial investments during the period ended, December 31, 2014.

Derecognition

A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Impairment of financial assets carried at amortized cost

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. If the Company determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default, or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss had incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future expected credit that have not yet been incurred and this loss is recorded in the statement of comprehensive income and loss.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are classified as either financial liabilities at fair value through profit or loss or accounts payable and accrued liabilities. The Company determines the classification of its financial liabilities at initial recognition. The Company's financial liabilities are accounts payable and accrued liabilities and are recognized on an amortized cost basis.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously

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(v) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. The Company does not hold any such instruments as of December 31, 2014.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis; or other valuation models. An analysis of fair values of financial instruments and further details as to how they are measured are provided within these note.

(vi) Transaction costs

Transaction costs for financial instruments classified as FVTPL are recognized as an expense in professional fees, in the period they were incurred. For all non-FVTPL financial instruments, the transaction costs are capitalized and amortized using the effective interest rate method over a period that corresponds with the term of the financial instruments.

(vii) Embedded derivatives

IAS 39 requires that under certain conditions, an embedded derivative be separated from its host contract and accounted for as a derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. The Company does not hold any embedded derivatives that need to be separately accounted for as at December 31, 2014.

(F) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

The Company uses the indirect method of reporting cash flow from operating activities.

(G) Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized in the statement of comprehensive income or loss.

(H) Earnings per share

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method for calculating the dilutive effect of the outstanding stock options and other dilutive securities. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options are used to repurchase common shares at the average market price during the period.

(I) Share-based payment

The Company has a share-based compensation plan. The Company accounts for share-based compensation options granted to employees and consultants using the fair value method. Under this method, compensation expense for share-based compensation granted is measured at the fair value at the grant date, using the Black-Scholes option valuation model. In accordance with the fair value method, the Company recognizes estimated compensation expense related to share-based compensation over the vesting period of the options granted, with the related credit being charged to contributed surplus. Consideration paid by employees on the exercise of share-based compensation is recorded as share capital and the related share-based compensation is transferred from contributed surplus to share capital.

(J) Convertible debentures

Convertible 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 interest rate of the debentures without the conversion feature. The fair value of the equity component was determined as the difference between the face value and the fair value of the liability component.

In Canadian dollars, for the year ended December 31, 2014

(K) Property and Equipment

Property and equipment are measured at cost less accumulated depreciation. Depreciation is calculated to expense the cost of the property and equipment items over their estimated useful lives using the straight-line method. Items relating to leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives of property and equipment are as follows:

Leasehold improvements	3 years
Furniture	5 years
Office equipment	3-5 years

The estimated useful life of the asset is reviewed at the end of each reporting date and adjusted if appropriate.

(L) Lease

Assets held by the Company under leases that transfer to the Group substantially all of the risk and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments and are accounted for subsequently in accordance with the property and equipment policy. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability so as to produce a constant periodic finance expense on the remaining balance of the liability.

All leases other than finance leases are classified as operating leases and are not recognized on the Company's statement of financial position.

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.

In Canadian dollars, for the year ended December 31, 2014

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**
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		1,044,074
Fair value of 910,146 replacement stock options vested on February 19, 2014 (**Note 17**)		87,442
Amount paid to cancel shares of the Company prior to RTO		8,818
Total	**$**	**9,902,456**
Identifiable assets acquired (see above)		7,251,140
RTO transaction expense (Note 20)	**$**	**2,651,316**

Included under professional fees 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 December 31, 2014	Fair Value December 31, 2014	Carrying Costs December 31, 2013	Fair Value December 31, 2013
Financial assets				
Cash and cash equivalents	$ 9,748,841	9,748,841	$ 593,417	$ 593,417
Accrued interest and royalty payment receivable	491,060	491,060	20,606	20,606
Loan receivable – current portion	55,613	55,613	125,944	125,944
Loan receivable – long term	46,587	46,587	90,462	90,462
Royalty agreements acquired – current portion	104,689	104,689	-	-
Royalty agreements acquired – long term	24,076,869	24,114,803	1,673,763	1,673,763
Deposit – funds held in escrow	-	-	500,000	500,000
Total Financial Assets	**$ 34,523,659**	**$ 34,561,593**	**$ 3,004,192**	**$ 3,004,192**
Financial liabilities				
Accounts payable and accrued liabilities	279,546	279,546	210,715	210,715
Convertible debentures	15,282,675	16,145,072	-	-
Total Financial Liabilities	**$ 15,562,221**	**$ 16,424,618**	**$ 210,715**	**$ 210,715**

The fair value of the financial assets and liabilities are included at 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 are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk, and remaining maturities.
- 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.

In Canadian dollars, for the year ended December 31, 2014

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
December 31, 2014				
Cash and cash equivalents	$ 9,748,841	$ 9,748,841	-	-
December 31, 2013				
Cash and cash equivalents	$ 593,417	$ 593,417	-	-

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 December 31, 2014 was 12,278,755 United States dollars and a 1% movement in the exchange rate has an impact of $122,788 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 arrangements with investee's 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 December 31, 2014 was $34,523,660 (December 31, 2013: $3,004,192). The cash is held by a Canadian bank which is rated A+ and the cash is invested in short term liquid investments.

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.

In Canadian dollars, for the year ended December 31, 2014

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 undiscounted future cash flow requirements including all financial instruments as at December 31, 2014 and December 31, 2013 respectively:

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**

Contractual obligations	2014	2015	2016	2017	2018	Total
Accounts payable and accrued liabilities	$ 210,715	-	-	-	-	**$ 210,715**

9. 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 $10,000,000 through the issue of special warrants which were subsequently converted into common shares and $17,250,000 by issuing unsecured convertible debentures.

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.

10. Cash and cash equivalents

	December 31, 2014	December 31, 2013
Cash held in bank accounts	$ 1,005,399	$ 593,417
Guaranteed investment certificates	8,743,442	-
	$ 9,748,841	**$ 593,417**

Included in the guaranteed investment certificates was $42,000 (2013: nil) that was held as collateral for security purposes.

11. Loan receivable

	December 31, 2014	December 31, 2013
Due within 1 year	$ 55,613	$ 125,944
Due after more than 1 year	46,587	90,462
	$ 102,200	**$ 216,406**

The loan receivable is unsecured and is repayable in full by July 2017. The loan receivable was not impaired or in arrears at December 31, 2014 and December 31, 2013.

12. Royalty agreements acquired

	December 31, 2014	December 31, 2013
Due within 1 year	$ 104,689	$ -
Due after more than 1 year	24,076,869	1,673,763
	$ 24,181,558	**$ 1,673,763**

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.

On a quarterly basis, the Company carried out a credit quality review of the portfolio of royalty agreements acquired. The review considered delinquency trends, sales volumes and the investee's ability to maintain its financial condition. The status of one investment was past due and this investment was also classified as substandard while the credit quality of the remainder of the portfolio was considered satisfactory.

In Canadian dollars, for the year ended December 31, 2014

Included in the amounts presented is an impairment allowance of $1,000,000 (2013: nil). The impairment arose as one investee company has 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:

	Year ended December 31, 2014	Period July 29 to December 31, 2013
Starting balance	$ -	$ -
Increase in allowance during the period	1,000,000	-
Ending balance	**$ 1,000,000**	**$ -**

13. Deposit and prepaid expenses

	December 31, 2014	December 31, 2013
Prepaid insurance, rent deposit and other deferred costs	$ 80,997	$ 6,663
Deposit - funds held in escrow	-	500,000
	$ 80,997	**$ 506,663**

14. Property and equipment

	Office equipment & furniture	Leasehold improvements	Total
Cost			
Balance at December 31 2013	$ -	$ -	$ -
Additions	110,774	5,786	116,560
Disposals	-	-	-
Balance at December 31 2014	110,774	5,786	116,560
Accumulated depreciation			
Balance at December 31 2013	$ -	$ -	$ -
Change in year	3,560	161	3,721
Disposals	-	-	-
Balance at December 31 2014	3,560	161	3,721
Carrying amount			
At December 31, 2013	-	-	-
At December 31,2014	**$ 107,214**	**$ 5,625**	**$ 112,839**

At December 31, 2014 the carrying amount of leased assets was $16,347 (2013: nil).

15. Income taxes

(a) Amounts recognized in statements of comprehensive loss

	Year ended December 31, 2014	Period July 29 to December 31, 2013
Current income tax expense – current year	$ 99,613	$ -
Deferred tax (income)/expense		
Origination and reversal of temporary differences	(155,740)	-
Total income taxes	**$ (56,127)**	**$ -**

(b) Amounts recognized directly in equity

	Year ended December 31, 2014	Period July 29 to December 31, 2013
Equity component of convertible debenture	$ (201,483)	$ -
Issuance cost for special warrants and common shares	254,629	-
Total income taxes directly recognized in equity	**$ 53,146**	**$ -**

In Canadian dollars, for the year ended December 31, 2014

(c) Reconciliation of effective tax rate

	Year ended December 31, 2014		Period July 29 to December 31 2013	
Loss before tax		**$ (3,513,887)**		**$ (108,856)**
Tax at the combined Canadian federal and provincial statutory tax rate	26.50%	(931,180)	26.50%	(28,847)
Current year losses and temporary differences for which no deferred tax asset is recognized			(26.42)%	28,760
Tax cost of non-deductible expenses	(24.65)%	866,174	(0.08)%	87
Recognition of tax effect of previously unrecognized tax losses	0.66%	(23,273)	-	-
Tax cost of origination and reversal of temporary differences	(0.92)%	32,152	-	-
Incomes taxes recognized in statements of comprehensive loss and effective tax rate	**1.59%**	**(56,127)**	**-**	**-**

(d) Movement in deferred tax balances

The Company has established, based on the financial performance during the latter periods of the financial year 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 December 31, 2014. The composition of the deferred tax asset at December 31, 2014 (2013: nil) was made up as follows:

Amounts recognized in statement of comprehensive loss	
Transaction costs on common shares issue and convertible debenture	$ (81,753)
Property and equipment	880
Tax losses carried forward	70,241
RTO expense	110,226
Other temporary differences	56,146
	155,740
Amounts recognized in equity	
Equity component of convertible debenture	(201,483)
Issuance cost for special warrants and common shares	254,629
	53,146
Balance at December 31, 2014	**$ 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 December 31, 2014.

16. 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.

In Canadian dollars, for the year ended December 31, 2014

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

Principal	
Advanced during the period and balance at 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	136,414
Balance at December 31, 2014	**15,282,675**
Equity	
Equity component initially recognized	$ 760,314
Deferred tax liability recognized	(201,483)
Balance at December 31, 2014	**558,831**

The financing expense amount recognized in the statement of comprehensive loss for the year ended December 31, 2014 was made up as follows:

Interest expense on convertible debentures	$ 661,644
Accretion of finance expense for the period	136,414
Total	**$ 798,058**

17. Finance lease liability

	December 31, 2014			December 31, 2013		
	Minimum lease payments	Interest	Net liability	Minimum lease payments	Interest	Net liability
Less than one year	5,286	1,538	3,748	-	-	-
Between one and five years	15,345	2,746	12,599	-	-	-
Total	**20,631**	**4,284**	**16,347**	**-**	**-**	**-**

18. 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 December 31, 2014 were 59,410,419 (December 31, 2013: 28,046,338). 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 May 15, 2014, 20,000,000 special warrants were converted into 20,000,000 common shares. No additional proceeds were received on the date of conversion and there were costs of $178,314 incurred in converting the special warrants into common shares. During the period, common shares were issued and proceeds of $54,137 were received as a result of share warrants and stock options been exercised. $13,841 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.

In Canadian dollars, for the year ended December 31, 2014

Share warrants

The details of the share warrants outstanding at December 31, 2014 (December 31, 2013: -) were:

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. During the period warrants were exercised and the Company received proceeds of $53,787 and $13,841 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 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 December 31, 2014 (December 31, 2013: 357,143) were:

Issue Date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Remaining contractual life
February 19, 2014	303,341	303,341	$0.42	February 19, 2016	1.12
February 19, 2014	124,117	124,117	$0.87	February 19, 2016	1.12
February 19, 2014	344,778	344,778	$0.58	June 13, 2017	2.42
February 19, 2014	137,910	137,910	$0.51	March 13, 2018	3.21
February 19, 2014	344,644	76,786	$0.028	August 1, 2018	3.58
April 3, 2014	1,645,000	411,250	$0.50	April 3, 2019	4.25
May 26, 2014	465,000	116,250	$0.52	May 26, 2019	4.41
Total	**3,364,790**	**1,514,432**			
Weighted average exercise price	**$ 0.4695**	**$ 0.5110**			

In Canadian dollars, for the year ended December 31, 2014

Share-based payments

The Company uses the Black-Scholes option pricing model to calculate the fair value of the options granted during the period. The model requires management to make estimates, which are subjective and may not be representative of actual results. 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

Share-based payments for the year ended December 31, 2014 on stock options were as follows:

RTO transaction expense **(Note 6)**		87,442
For services provided **(Note 20)**		214,046
Total	**$**	**301,488**

19. Other income

		Year ended December 31, 2014		**Period July 29 to December 31, 2013**
Interest income on guaranteed investment certificates	$	128,374	$	-
Unrealized gain on royalty agreements acquired		120,280		-
Interest received on tax refunds		2,156		-
Total	**$**	**250,810**	$	-

The unrealized gain on royalty agreements acquired relates to the adjustment to the amortized cost of one investment as a result of revising the estimated cash flows and which in accordance with AG8 of IAS 39 *Financial Instruments recognition and measurement* was recognized as income in the statement of comprehensive loss.

20. Employee benefit expense

		Year ended December 31, 2014		**Period July 29 to December 31, 2013**
Wages and salaries	$	647,188	$	-
Other benefits		8,635		-
Termination benefits		400,000		-
Employer related costs for insurance, health tax and pension contribution		35,857		-
Salaries, benefits and other staffing costs		**1,091,680**		**-**
Share based payment **(Note 20)**		214,046		-
Total	**$**	**1,305,726**	$	-

21. Share-based payments

The amount in the statement of comprehensive loss for the year ended December 31, 2014 was made up as follows:

RTO transaction expense **(Note 6)**	**$**	2,651,316
Expense recognized for services provided based on vesting conditions of stock options **(Note 17)**		214,046
Total expense recognized in comprehensive loss	**$**	**2,865,362**

22. Foreign exchange gain, net

		Year ended December 31, 2014		**Period July 29 to December 31, 2013**
Unrealized foreign exchange (gain)	$	(699,600)	$	-
Realized foreign exchange loss		5,811		-
Total	**$**	**(693,789)**	**$**	**-**

In Canadian dollars, for the year ended December 31, 2014

23. Loss per share

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

	Year ended December 31, 2014	Period July 29 to December 31, 2013
Net loss attributable to ordinary equity holders for basic and diluted loss	$ 3,457,760	$ 108,856
Weighted average number of common shares	49,369,201	13,502,403

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.

24. 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 is:

	Year ended December 31, 2014	Period July 29 to December 31, 2013
Canada	$ 1,540,876	$ 51,952
United States	1,403,915	-
Totals	**$ 2,944,791**	**$ 51,952**

For the year ended December 31, 2014, the royalty payment income and the interest income on loans for 1 investee is greater than 10% of the total revenues. For non-current assets, the breakdown by country is:

	December 31, 2014	December 31, 2013
Canada	$ 11,161,859	$ 1,764,225
United States	13,283,320	-
Totals	**$ 24,445,179**	**$** 1,764,225

25. Changes in non-cash operating working capital items

	Year ended December 31, 2014	Period July 29 to December 31, 2013
Royalty agreements acquired and loan receivable – new investments	$ (22,722,168)	$ (1,925,627)
Royalty agreements acquired and loan receivable – principal payments	133,787	35,458
Accrued interest and royalty payment receivable	(464,062)	(20,606)
Receivable from tax authorities	(101,669)	(166,036)
Deposit and prepaid expense	425,666	(506,663)
Accounts payable and accrued liabilities	68,831	210,715
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	**$ (22,343,716)**	**$ (2,372,759)**

26. Commitments

Operating leases – minimum lease payments under non-cancellable leases

	December 31, 2014	December 31, 2013
Less than one year	$ 152,148	$ -
Between one and five years	279,433	-
Total	**$ 431,581**	**$** -

27. Events after the reporting period

The board of directors have on February 6, 2015 declared a dividend of $0.004166 per share.

In Canadian dollars, for the year ended December 31, 2014

28. Related party disclosures

A management agreement ("Agreement") exists 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 term of this Agreement is until December 31, 2014 (the "Term") and subject to termination provisions. For the year ended December 31, 2014 the Company incurred $120,000 (2013 $45,000) under the Agreement.

Key management personnel

	Year ended December 31, 2014	Period July 29 to December 31, 2013
Short term employee benefits	$ 484,070	$ -
Share-based payments	188,803	-
Consultancy fees	103,125	-
Severance payment	400,000	-
Total	**$ 1,175,998**	**$ -**

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

29. Contingent Liability

At December 31, 2013 the Company had entered into an agreement whereby a transaction fee of $75,000 is payable subject to the completion of the transaction detailed in Note 6. On completion of the transaction in February 2014, the fee was paid and recognized as an expense under professional fees. At December 31, 2014 there were no contingent liabilities.