Grenville Strategic Royalty Corp (formally Troon Ventures Ltd.)

Interim Condensed Consolidated Financial Statements

For the Three Months Ended September 30, 2014

(Unaudited)

Interim Condensed Consolidated Statements of Financial Position

[Unaudited] (Canadian dollars)

	Note	September 30, 2014	December 31, 2013
Assets			
Current Assets			
Cash and cash equivalents		$ 13,392,405	$ 593,417
Accrued interest and royalty payment receivable		379,899	20,606
Receivable from tax authorities		1,037,843	166,036
Loan receivable – current portion		70,698	125,944
Royalty agreements acquired– current portion		180,406	-
Deposit and prepaid expense		26,366	506,663
Total Current Assets		**15,087,617**	**1,412,666**
Non-Current Assets			
Loan receivable – long term		$ 54,259	$ 90,462
Equipment		7,568	-
Deferred tax asset	**13**	201,991	-
Royalty agreements acquired – long term		19,911,359	1,673,763
Total Non-Current Assets		**20,175,177**	**1,764,225**
Total Assets		**$ 35,262,794**	**$ 3,176,891**
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities		$ 434,048	$ 210,715
Income tax		51,958	-
Total Current Liabilities		486,006	210,715
Non-Current Liabilities			
Convertible debenture	**6**	15,204,791	-
Shareholders' Equity (details included in Note 7)			
Share capital		$ 21,191,559	$ 3,075,032
Warrants		1,034,232	-
Contributed surplus		273,528	-
Equity component of convertible debenture		558,831	-
Accumulated deficit		(3,486,153)	(108,856)
Total Shareholders' Equity		**19,571,997**	**2,966,176**
Total Liability and Shareholders' Equity		**$ 35,262,794**	**$ 3,176,891**

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on November 3, 2014:

"William R. Tharp"	"Steve Parry"
William R. Tharp, Director	Steve Parry, Director

Interim Condensed Consolidated Statement of Comprehensive Income/(Loss)

[Unaudited] (Canadian dollars)

	Note	Three Months ended September 30, 2014	Nine Months ended September 30, 2014	Period July 29 to December 31 2013 (audited)
Revenue				
Interest income on loans		$ 8,579	$ 31,626	$ 24,651
Royalty payment income		842,595	1,283,470	27,301
Other income		54,210	94,450	-
Total Revenue		**905,384**	**1,409,546**	**51,952**
Operating Expenses				
Salaries, benefits and other staffing costs		$ 212,979	$ 840,278	$ -
Management and facility fees		37,800	102,782	45,000
Share-based payments	**11**	27,959	2,837,402	-
Professional fees	**12**	73,364	763,804	104,059
Office and general administrative expenses		52,886	145,263	11,749
Foreign exchange gain, net		(373,302)	(247,826)	-
Total operating expense		**31,686**	**4,441,703**	**160,808**
Operating Profit/(Loss)		**873,698**	**(3,032,157)**	**(108,856)**
Financing expense		370,160	370,160	**-**
Profit/(Loss) before income taxes		**503,538**	**(3,402,317)**	**(108,856)**
Income Taxes				
Current income tax expense		63,829	63,829	-
Deferred tax income	**13**	(88,849)	(88,849)	-
Total Income Taxes		**(25,020)**	**(25,020)**	**-**
Profit/(Loss) and total comprehensive income/(loss) for period		**528,558**	**(3,377,297)**	**(108,856)**
Earnings/(Loss) per share				
Basic and diluted loss per share		$ 0.0089	$ (0.0734)	$ (0.0083)
Basic and diluted weighted average number of shares outstanding		59,302,462	45,996,104	13,052,403

See accompanying notes to financial statements.

Interim Condensed Consolidated Statement of Changes in Equity

[Unaudited] (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					$3,087,332
Share issue costs			(12,300)					(12,300)
Net loss for the period							(108,856)	(108,856)
Balance, December 31, 2013	**28,046,338**		**3,075,032**	**-**	**-**		**(108,856)**	**2,966,176**
Common shares exchanged and issued on the RTO	11,223,518	**5 & 7**	8,762,122					8,762,122
Stock warrants issued as part of RTO		**5 & 7**		1,044,074				1,044,074
Share-based payment as part of consideration of the RTO		**7**			87,442			87,442
Share-based payment for services provided		**7**			186,086			186,086
Special warrants issued		**7**		10,000,000				10,000,000
Special warrants issue costs		**7**		(767,862)				(767,862)
Special warrants converted to common shares	20,000,000	**7**	9,232,138	(9,232,138)				-
Share issue cost			(180,701)					(180,701)
Stock warrants exercised	91,065	**7**	48,089	(9,842)				38,247
Stock options exercised	8,928	**7**	250					250
Convertible debenture issued		**6**				760,314		760,314
Deferred tax recognized		**13**	254,629			(201,483)		53,146
Comprehensive loss for the period							(3,377,297)	(3,377,297)
Balance, September 30, 2014	**59,369,849**		**$ 21,191,559**	**$1,034,232**	**$ 273,528**	**$558,831**	**$ (3,486,153)**	**$19,571,997**

See accompanying notes to financial statements.

Interim Condensed Consolidated Statement of Cash Flows

[Unaudited] (Canadian dollars)

	Note	Nine months ended September 30, 2014	Period July 29 to December 31, 2013 (audited)
Cash flows from operating activities			
Loss before taxes		$ (3,402,317)	$ (108,856)
Share-based payments		2,837,402	7,000
Depreciation		1,338	-
Unrealized foreign exchange gain		(246,032)	-
Convertible debenture accretion		59,660	-
Income tax paid		(65,438)	-
Changes in non-cash operating working capital items	**14**	(18,298,520)	(2,372,759)
Net Cash flows used in Operating Activities		**(19,113,907)**	**(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		38,497	-
Issuance of convertible debentures, net of costs		15,905,445	-
Cancellation of company shares prior to reverse takeover	**5**	(8,818)	-
Net Cash flows from Financing Activities		**24,986,560**	**3,068,032**
Cash flows from investing activity			
Purchase of equipment		$ (8,906)	-
Net increase in cash during the period		**5,863,747**	**593,417**
Cash acquired as part of reverse takeover		6,935,241	-
Cash and cash equivalents, beginning of period		593,417	-
Cash and cash equivalents , end of period		**$ 13,392,405**	**$ 593,417**

See accompanying notes to financial statements.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) in Canadian dollars, for the period ending September 30, 2014

1. Corporate information

Grenville Strategic Royalty Corp., an Ontario predecessor to Grenville Corporation ("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 corporation, 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 preparation

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.

Statement of compliance

These unaudited interim condensed financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and 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).

These unaudited interim condensed consolidated financial statements do not include all of the information required for full financial statements and should be read in conjunction with the financial statements of Grenville Ontario for the period ended December 31, 2013 which under Note 2, include the Company's significant accounting policies. Accordingly, the accounting policies are the same as those applied in Grenville Ontario's annual financial statements. As Grenville Ontario only commenced operations in July 2013, there are no available comparisons for the 3 month period ended September 30, 2013 and 9 month period ended September 30, 2013. As a result, these unaudited interim condensed financial statements are using the audited financial statements for the period July 29 to December 31, 2013 as the comparison.

The financial statements were approved and authorized by the Board of Directors on November 3, 2014.

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.

4. Significant accounting policies

The same accounting policies and method of computation are followed in the unaudited interim condensed consolidated financial statements as compared with Grenville Ontario's audited consolidated financial statements including the notes for the period ended December 31, 2013.

As a result of the reverse take-over (RTO) (see note 5 for more details), the Company has adopted in the current period 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.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) in Canadian dollars, for the period ending September 30, 2014

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.

5. 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**

(Unaudited) in Canadian dollars, for the period ending September 30, 2014

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 7**)		87,442
Amount paid to cancel shares of the Company prior to RTO		8,818
Total	**$**	**9,902,456**
Identifiable assets acquired (see above)		7,251,140
RTO transaction expense (Note 11)	**$**	**2,651,316**

6. Convertible debenture

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 $1,344,555 resulting in net proceeds of $15,905,445. 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 be 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:

Principal		
Advanced during the period and balance at September 30, 2014	**$**	**17,250,000**
Liability		
Gross proceeds	$	17,250,000
Issue costs		(1,344,555)
Equity component less issue costs allocated		(760,314)
Liability component initially recognized		**15,145,131**
Accretion of finance expense for the period		59,660
Balance at September 30, 2014		**15,204,791**
Equity		
Equity component initially recognized	$	760,314
Deferred tax liability recognized		(201,483)
Balance at September 30, 2014		**558,831**

(Unaudited) in Canadian dollars, for the period ending September 30, 2014

7. 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 September 30, 2014 were 59,369,849 (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 5**)	(8,725,232)
19,948,750 common shares were issued to the shareholders of Grenville Ontario **(Note 5**)	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 $180,701 incurred in converting the special warrants into common shares. During the period, 99,993 common shares were issued and proceeds of $38,497 were received as a result of 91,065 share warrants and 8,928 stock options been exercised. $9,842 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 $767,862.

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 September 30, 2014 (December 31, 2013: -) were:

Number of warrants outstanding	Fair value of warrants outstanding	Exercise price	Expiry date	Remaining contractual life (years)
9,569,473	1,034,232	$0.42	February 19, 2016	1.37

As part of the RTO **(note 5),** 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 91,065 warrants were exercised and the Company received proceeds of $38,497. $9,842 was transferred from the amount recognized for the fair value of the share warrants into share capital following the exercise of the 91,065 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
Risk free interest rate	1%
Expected dividend yield	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 8,928 stock options have been exercised. The details of the options outstanding at September 30, 2014 (December 31, 2013: 357,143) were:

(Unaudited) in Canadian dollars, for the period ending September 30, 2014

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	1.64
February 19, 2014	124,117	124,117	$0.87	February 19, 2016	1.64
February 19, 2014	344,778	344,778	$0.58	June 13, 2017	2.95
February 19, 2014	137,910	137,910	$0.51	March 13, 2018	3.70
February 19, 2014	348,214	80,357	$0.028	August 1, 2018	4.09
April 3, 2014	1,645,000	411,250	$0.50	April 3, 2019	4.51
May 26, 2014	465,000	116,250	$0.52	May 26, 2019	4.65
Total	**3,368,360**	**1,518,003**			
Weighted average exercise price	**$0.4690**	**$0.5099**			

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 9 month period ended September 30, 2014 on stock options were as follows:

RTO transaction expense **(Note 5)**	$	87,442
For services provided **(Note11)**		186,086
Total	**$**	**273,528**

The expense recognized for services provided during the three month period ended September 30, 2014 was $27,959 (**Note 11**).

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) in Canadian dollars, for the period ending September 30, 2014

8. 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.

Financial assets	Carrying Costs September 30, 2014	Fair Value September 30, 2014	Carrying Costs December 31, 2013	Fair Value December 31, 2013
Cash and cash equivalents	$ 13,392,405	$ 13,392,405	$ 593,417	$ 593,417
Accrued interest and royalty payment receivable	379,899	379,899	20,606	20,606
Loan receivable – current portion	70,698	70,698	125,944	125,944
Loan receivable – long term	54,259	54,259	90,462	90,462
Royalty agreements acquired – current portion	180,406	180,406	-	-
Royalty agreements acquired – long term	19,911,359	19,911,359	1,673,763	1,673,763
Deposit – funds held in escrow	-	-	500,000	500,000
Total Financial Assets	**33,989,026**	**33,989,026**	**3,004,192**	**3,004,192**
Financial liabilities				
Accounts payable and accrued liabilities	434,048	434,048	210,715	210,715
Convertible debentures	15,204,791	17,178,218	-	-
Total Financial Liabilities	**$ 15,638,839**	**$ 17,612,266**	**$ 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.

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
September 30, 2014				
Cash and cash equivalents	$ 13,392,405	$ 13,392,405	-	-
December 31, 2013				
Cash and cash equivalents	$ 593,417	$ 593,417	-	-

During the reporting period there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) in Canadian dollars, for the period ending September 30, 2014

9. 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 September 30, 2014 was 9,768,525 United States dollars.

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 clients 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 September 30, 2014 was $33,989,026 (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. Since inception of the Company, no losses have been suffered in relation to loan receivables and royalty agreements. At September 30, 2014, there were no agreements in arrears.

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 undiscounted future cash flow requirements for financial instruments as at September 30, 2014 and December 31, 2013 respectively:

Contractual obligations	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Total**
Accounts payable and accrued liabilities	434,048	-	-	-	-	-	$ 434,048
Convertible debenture	-	-	-	-	-	17,250,000	17,250,000
	434,048	**-**	**-**	**-**	**-**	**17,250,000**	**17,684,048**

Contractual obligations	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Total**
Accounts payable and accrued liabilities	210,715	-	-	-	-	-	**$ 210,715**

(Unaudited) in Canadian dollars, for the period ending September 30, 2014

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 (**Note 6**).

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. 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:

	3 month period ended September 30, 2014	9 month period ended September 30, 2014	Period July 29 to December 31, 2013
Canada	$ 520,211	$ 794,456	$ 51,952
United States	385,173	615,090	-
Totals	**$ 905,384**	**$ 1,409,546**	**$ 51,952**

The royalty payment income and the interest income on loans for two investees' is greater than 10% of the total revenues.

For non-current assets, the breakdown by country is:

	September 30, 2014	December 31, 2013
Canada	$ 9,723,003	$ 1,764,225
United States	10,452,174	-
Totals	**$ 20,175,177**	**$ 1,764,225**

11. Share-based payments

The amount in the statement of comprehensive loss for the 9 months period ended September 30, 2014 was made up as follows:

RTO transaction expense **(Note 5)**	$ 2,651,316
Expense recognized for services provided based on vesting conditions of stock options **(Note 7)**	186,086
Total expense recognized in comprehensive loss	**$ 2,837,402**

The amount in the statement of comprehensive income for 3 months ended September 30, 2014 of $27,959 **(Note 7)** related to the amount recognized for services provided based on vesting conditions of stock options.

12. RTO transaction expense

Included under legal and professional expenses for the 9 month period ended September 30, 2014 is $584,881 of costs directly related to the RTO.

13. Income taxes

The Company has established, based on the financial performance during the three months ended September 30, 2014 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 September 30, 2014. The composition of the deferred tax asset at September 30, 2014 was made up as follows:

Amounts recognized in statement of comprehensive income/(loss)	
Transaction costs on common shares issue and convertible debenture	$ (54,688)
Equipment	275
Tax losses carried forward	90,309
RTO expense	110,898
Unrealized foreign exchange gain	(57,946)
	88,848
Amounts recognized in equity	
Equity component of convertible debenture	(201,483)
Issuance cost for special warrants and common shares	254,629
	53,146
Withholding tax paid and available as a tax credit	59,997
Balance at September 30, 2014	**$ 201,991**

The effective tax rate used in determining the value of the differed tax asset was 26.50%.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) in Canadian dollars, for the period ending September 30, 2014

14. Changes in non-cash operating working capital items

	9 month period ended September 30, 2014	Period July 29 to December 31, 2014
Royalty agreements acquired and loan receivable – new investments	$ (18,210,768)	$ (1,925,627)
Royalty agreements acquired and loan receivable – principal payments	123,819	35,458
Accrued interest and royalty payment receivable	(359,293)	(20,606)
Receivable from tax authorities	(871,807)	(166,036)
Deposit and prepaid expense	480,297	(506,663)
Accounts payable	223,333	210,715
Net assets acquired net of cash and cash equivalents under the Reverse Take-over (**Note 5**)	315,899	-
Total changes in non-cash operating working capital items	**$ (18,298,520)**	**$ (2,372,759)**

15. Events after the reporting period

Royalty agreements acquired

In October 2014, the Company advanced first installments under two new royalty agreements totaling C$1,750,000 and one new royalty agreement for US$2,000,000.

Operating lease agreement

In October 2014, the Company agreed an offer to sublet a new office until October 2017 commencing December 2014. The annual obligations under the sublease are currently $152,418.

16. 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 3 month period ended September 30, 2014 and 9 month period ended September 30, 2014 the Company incurred $30,000 and $90,000 respectively under the Agreement.

Key management personnel

	3 month period ended September 30, 2014	9 month period ended September 30, 2014	Period July 29 to December 31, 2013
Short term employee benefits	$ 157,594	326,759	-
Share-based payments	14,310	174,494	-
Consultancy fees	33,750	69,375	-
Severance payment	-	400,000	-
Totals	**205,654**	**970,628**	**-**

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