

**Grenville Strategic Royalty Corp. (formerly Troon Ventures Ltd)**

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

Interim Condensed Consolidated Financial Statements

**For the three and nine months ended September 30, 2015**

**(Unaudited)**

## Grenville Strategic Royalty Corp. (formerly Troon Ventures Ltd)

### Consolidated Statements of Financial Position

(Canadian dollars)

	Note	September 30, 2015	December 31, 2014
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	9	\$ 20,709,898	\$ 9,748,841
Accrued interest and royalty payments receivable		1,183,293	491,060
Receivable from tax authorities		179,050	267,705
Loan receivable – current portion	10	1,431,085	55,613
Royalty agreements acquired– current portion	10	5,183,163	104,689
Deposit and prepaid expense		151,660	80,997
<b>Total Current Assets</b>		<b>28,838,149</b>	<b>10,748,905</b>
<b>Non-Current Assets</b>			
Loan receivable – long term	10	-	46,587
Property and equipment		144,076	112,839
Deferred tax asset	11 c)	-	208,885
Royalty agreements acquired – long term	10	35,262,724	24,076,869
<b>Total Non-Current Assets</b>		<b>35,406,800</b>	<b>24,445,180</b>
<b>Total Assets</b>		<b>\$ 64,244,949</b>	<b>\$ 35,194,085</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		\$ 760,813	\$ 279,546
Dividend payable		412,773	-
Finance lease liability		2,882	3,748
Income tax liability		713,979	80,384
<b>Total Current Liabilities</b>		<b>1,890,447</b>	<b>363,678</b>
<b>Non-Current Liabilities</b>			
Finance lease liability		10,448	12,599
Deferred tax liability	11 c)	3,280	-
Convertible debentures	12	15,509,304	15,282,675
<b>Total Non-Current Liabilities</b>		<b>15,523,032</b>	<b>15,295,274</b>
<b>Shareholders' Equity (Note 13)</b>			
Share capital		\$ 46,366,984	\$ 21,211,197
Warrants		814,992	1,030,233
Contributed surplus		439,617	301,488
Equity component of convertible debentures		558,831	558,831
Accumulated deficit		(1,348,954)	(3,566,616)
<b>Total Shareholders' Equity</b>		<b>46,831,470</b>	<b>19,535,133</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 64,244,949</b>	<b>\$ 35,194,085</b>

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on November 16, 2015:

William R. Tharp, Director

Steve Parry, Director

## Grenville Strategic Royalty Corp. (formerly Troon Ventures Ltd)

### Consolidated Statements of Comprehensive Income/(Loss)

(Canadian dollars)

	Note	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2014	Nine months ended September 30, 2014
<b>Revenue</b>					
Interest income on loan		\$ 22,756	\$ 8,579	\$ 48,165	\$ 31,626
Royalty payment income		2,298,409	842,595	5,879,539	1,283,470
Realized gains on contract buyouts	14	2,196,642	-	2,196,642	-
Other income	14	19,918	54,210	322,611	94,450
<b>Total Revenues</b>		<b>4,537,725</b>	<b>905,384</b>	<b>8,446,957</b>	<b>1,409,546</b>
<b>Impairment provision/(recovery)</b>	15	<b>(409,064)</b>	-	<b>599,341</b>	-
<b>Operating Expenses</b>					
Salaries, benefits and staffing costs		\$ 366,887	\$ 212,979	\$ 979,877	\$ 840,278
Management and facility fees		32,105	37,800	118,543	102,782
Share-based payments	16	70,486	27,959	138,129	2,837,402
Professional fees	6	140,877	73,364	410,888	763,804
Office and general administrative		103,080	52,886	274,591	145,263
Foreign exchange (gain), net	17	(1,510,814)	(373,302)	(2,552,248)	(247,826)
<b>Total operating expenses</b>		<b>(797,379)</b>	<b>31,686</b>	<b>(630,220)</b>	<b>4,441,703</b>
<b>Operating Profit/(Loss)</b>		<b>\$ 5,744,168</b>	<b>\$ 873,698</b>	<b>\$ 8,477,836</b>	<b>\$ (3,032,157)</b>
Financing expense	12	422,371	370,160	1,264,464	370,160
<b>Profit/(Loss) before income taxes</b>		<b>5,321,797</b>	<b>503,538</b>	<b>7,213,372</b>	<b>(3,402,317)</b>
<b>Income Taxes</b>					
Current income tax expense	11 a)	\$ 818,382	\$ 63,829	\$ 1,200,204	\$ 63,829
Deferred tax expense/(income)	11 a)	604,170	(88,849)	740,658	(88,849)
<b>Total Income Taxes</b>		<b>1,422,552</b>	<b>(25,020)</b>	<b>1,940,862</b>	<b>(25,020)</b>
<b>Profit/(Loss) and total comprehensive income/(loss)</b>		<b>\$ 3,899,245</b>	<b>\$ 528,558</b>	<b>\$ 5,272,510</b>	<b>\$ (3,377,297)</b>
<b>Earnings/(Loss) per share (Note 18)</b>					
Basic earnings/(loss) per share		\$ 0.0394	\$ 0.0089	\$ 0.0614	\$ (0.0734)
Diluted earnings/(loss) per share		\$ 0.0321	\$ 0.0089	\$ 0.0532	\$ (0.0734)

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
<b>Balance, December 31, 2013</b>	<b>28,046,338</b>		<b>3,075,032</b>	-	-	-	<b>(108,856)</b>	<b>2,966,176</b>
Common shares exchanged and issued on the RTO	11,223,518	6 & 13	8,762,122	-	-	-	-	8,762,122
Share warrants issued as part of RTO	-	6 & 13	-	1,044,074	-	-	-	1,044,074
Share-based payment as part of consideration of the RTO	-	6 & 13	-	-	87,442	-	-	87,442
Share-based payment for services provided	-	13	-	-	186,086	-	-	186,086
Special warrants issued	-	13	-	10,000,000	-	-	-	10,000,000
Special warrants issue costs	-	13	-	(767,862)	-	-	-	(767,862)
Special warrants converted to common shares	20,000,000	13	9,232,138	(9,232,138)	-	-	-	-
Share issue costs	-		(180,701)	-	-	-	-	(180,701)
Convertible debenture issued	-		-	-	-	760,314	-	760,314
Share warrants exercised	91,065	13	48,089	(9,842)	-	-	-	38,247
Stock options exercised	8,928		250	-	-	-	-	250
Deferred tax recognized	-		254,629	-	-	(201,483)	-	53,146
Comprehensive loss for the period	-		-	-	-	-	(3,377,297)	(3,377,297)
<b>Balance, September 30, 2014</b>	<b>59,369,849</b>		<b>\$ 21,191,559</b>	<b>\$ 1,034,232</b>	<b>\$ 273,528</b>	<b>\$ 558,831</b>	<b>\$(3,486,153)</b>	<b>\$ 19,571,997</b>
<b>Balance, December 31, 2014</b>	<b>59,410,419</b>		<b>\$ 21,211,197</b>	<b>\$ 1,030,233</b>	<b>\$ 301,488</b>	<b>\$ 558,831</b>	<b>\$(3,566,616)</b>	<b>\$ 19,535,133</b>
Common shares issued	37,078,300	13	25,300,414	-	-	-	-	25,300,414
Share issue cost	-	13	(1,994,310)	-	-	-	-	(1,994,310)
Share warrants exercised	2,625,906	13	1,318,121	(215,241)	-	-	-	1,102,880
Stock options exercised	109,641		3,070	-	-	-	-	3,070
Share-based payment for services provided	-	16	-	-	138,129	-	-	138,129
Deferred tax recognized	-	11 b)	528,492	-	-	-	-	528,492
Dividends paid and payable	-		-	-	-	-	(3,054,848)	(3,054,848)
Comprehensive income for the period	-		-	-	-	-	5,272,510	5,272,510
<b>Balance, September 30, 2015</b>	<b>99,224,266</b>		<b>\$ 46,366,984</b>	<b>\$ 814,992</b>	<b>\$ 439,617</b>	<b>\$ 558,831</b>	<b>\$(1,348,954)</b>	<b>\$ 46,831,470</b>

See accompanying notes to financial statements.

## Grenville Strategic Royalty Corp. (formerly Troon Ventures Ltd)

### Consolidated Statements of Cash Flows

(Canadian dollars)

	Note	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
<b>Cash flows from operating activities</b>					
Profit/(Loss) before income taxes		\$ 5,321,797	\$ 503,538	\$ 7,213,372	\$(3,402,317)
Share-based payments	16	70,486	27,959	138,129	2,837,402
Depreciation		6,652	743	17,568	1,338
Impairment provision	15	(409,064)	-	599,341	-
Unrealized foreign exchange gain	17	(1,481,742)	(367,247)	(2,544,182)	(246,032)
Adjustment to carrying amount on royalty agreements acquired	14	23,207	-	(184,769)	-
Financing expense net of interest outstanding		74,536	59,660	916,629	59,660
Royalty agreements acquired and loan receivable – new investments	10	(4,970,940)	(9,540,054)	(18,130,210)	(18,210,768)
Royalty agreements acquired and loan receivable – principal payments	10	(101,876)	64,776	(64,845)	123,819
Royalty agreements acquired and loan receivable – loan and contract buyout repayments	10	2,790,807	-	2,790,807	-
Income tax paid		(225,163)	(65,438)	(566,609)	(65,438)
Changes in working capital items	20	240,369	(238,330)	(252,351)	(211,571)
<b>Net Cash flows used in Operating Activities</b>		<b>1,339,069</b>	<b>(9,554,393)</b>	<b>(10,067,120)</b>	<b>(19,113,907)</b>
<b>Cash flows from financing activities</b>					
Issuance of common shares, net of costs	13	\$ (22,652)	\$ (1,130)	\$ 23,306,104	\$ 9,050,306
Exercise of share warrants and stock options	13	268,343	38,497	1,105,950	38,497
Issuance of convertible debentures, net of costs	12	-	15,906,575	-	15,906,575
Finance lease payments		(785)	-	(3,017)	-
Debenture interest paid		-	-	(690,000)	-
Dividends paid		(1,232,194)	-	(2,642,076)	-
Cancellation of company shares prior to reverse takeover	6	-	-	-	(8,818)
<b>Net Cash flows from Financing Activities</b>		<b>(987,288)</b>	<b>15,943,942</b>	<b>21,076,961</b>	<b>24,986,560</b>
<b>Cash flows from investing activity</b>					
Purchase of property and equipment		\$ (25,171)	-	\$ (48,784)	(8,906)
<b>Net increase in cash during the period</b>		<b>326,610</b>	<b>6,389,549</b>	<b>10,961,057</b>	<b>5,863,747</b>
Cash acquired as part of reverse takeover	6	-	-	-	6,935,241
Cash and cash equivalents, beginning of period		20,383,288	7,002,856	9,748,841	593,417
<b>Cash and cash equivalents, end of period</b>	9	<b>\$ 20,709,898</b>	<b>\$13,392,405</b>	<b>\$ 20,709,898</b>	<b>\$13,392,405</b>

See accompanying notes to financial statements.

# **Grenville Strategic Royalty Corp. (formerly Troon Ventures Ltd)**

## **Notes to the Interim Condensed Consolidated Financial Statements**

**In Canadian dollars, for the nine months ended September 30, 2015**

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### **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 unaudited interim condensed consolidated financial statements have been prepared based on the principles of International Financial Reporting Standards (IFRS) and International Accounting Standard 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board (IASB), London, and the Interpretations of the International Financial Reporting interpretations Committee (IFRIC). The unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's 2014 audited annual consolidated financial statements and accompanying notes.

The financial statements were approved and authorized by the Board of Directors on November 16, 2015.

### **3. Significant accounting judgements, estimates, and assumptions**

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

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

#### **Royalty agreements acquired**

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

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

#### **Fair value of stock options and warrants**

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

#### **Income taxes**

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

# Grenville Strategic Royalty Corp. (formerly Troon Ventures Ltd)

## Notes to the Interim Condensed Consolidated Financial Statements

In Canadian dollars, for the nine months ended September 30, 2015

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### 4. Summary of significant accounting policies

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

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

### 5. Standards issued but not yet effective

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

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

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

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

### 6. Reverse Takeover

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

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

In accordance with the guidance under *IFRS 3 Business Combinations*, the substance of the transaction is a reverse take-over of a non-operating entity. The Company's activities prior to the RTO were limited to the management of cash resources and the maintenance of its listing and accordingly the transaction did not constitute a business combination. As the Company has granted equity instruments the transaction was considered a capital transaction, with Grenville Ontario 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.

## Grenville Strategic Royalty Corp. (formerly Troon Ventures Ltd)

### Notes to the Interim Condensed Consolidated Financial Statements

In Canadian dollars, for the nine months ended September 30, 2015

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)
<b>Total</b>	<b>\$ 7,251,140</b>

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

Consideration	
Fair value of 19,321,106 common shares included in the exchange on February 19, 2014	\$ 8,762,122
Fair value of 9,660,538 warrants issued on February 19, 2014 (Note 13)	1,044,074
Fair value of 910,146 replacement stock options vested on February 19, 2014	87,442
Amount paid to cancel shares of the Company prior to RTO	8,818
<b>Total</b>	<b>\$ 9,902,456</b>
Identifiable assets acquired (see above)	7,251,140
<b>RTO transaction expense (Note 16)</b>	<b>\$ 2,651,316</b>

Included under professional fees for the nine months ended September 30, 2014 was \$584,881 of costs directly related to the RTO.

## 7. Fair values

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

	Carrying amount September 30, 2015	Fair value September 30, 2015	Carrying amount December 31, 2014	Fair value December 31, 2014
<b>Financial assets</b>				
Cash and cash equivalents	\$ 20,709,898	20,709,898	\$ 9,748,841	9,748,841
Accrued interest and royalty payment receivable	1,183,293	1,183,293	491,060	491,060
Loan receivable – current portion	1,431,085	1,431,085	55,613	55,613
Loan receivable – long term	-	-	46,587	46,587
Royalty agreements acquired – current portion	5,183,163	8,035,375	104,689	104,689
Royalty agreements acquired – long term	35,262,724	35,436,454	24,076,869	24,114,803
<b>Total Financial Assets</b>	<b>\$ 63,770,163</b>	<b>\$ 66,796,105</b>	<b>\$ 34,523,659</b>	<b>\$ 34,561,593</b>
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	760,813	760,813	279,546	279,546
Dividend payable	412,773	412,773	-	-
Convertible debentures	15,509,304	15,793,695	15,282,675	16,145,072
<b>Total Financial Liabilities</b>	<b>\$ 16,682,890</b>	<b>\$ 16,967,281</b>	<b>\$ 15,562,221</b>	<b>\$ 16,424,618</b>

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

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

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



# Grenville Strategic Royalty Corp. (formerly Troon Ventures Ltd)

## Notes to the Interim Condensed Consolidated Financial Statements

In Canadian dollars, for the nine months ended September 30, 2015

### 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
<b>September 30, 2015</b>				
Cash and cash equivalents	\$ 20,709,898	\$ 20,709,898	-	-
<b>December 31, 2014</b>				
Cash and cash equivalents	\$ 9,748,841	\$ 9,748,841	-	-

## 8. Financial risk management objectives and policies

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

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

### Market risk

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

### Interest rate risk

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

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Starting in 2014 the Company has foreign currency exposures to United States dollars. The transaction exposure will be minimized by converting all foreign currency to Canadian dollars immediately. The Company is aware that a translation exposure exists and will continue to monitor the impact on its reported results. The foreign exchange exposure at September 30, 2015 was 20,377,947 United States dollars and a 1% movement in the exchange rate has an impact of \$203,779 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 minimal exposure to equity price risk.

### Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company enters into royalty agreements with investees in which a purchase price is advanced in return for participation in the investees' revenue stream. This can take the form of a royalty, streaming arrangement or loan, without limitation. The carrying amount of cash, loan receivable and royalty agreements acquired represents the maximum exposure to credit risk. The maximum exposure at September 30, 2015 was \$63,770,163 (December 31, 2014: \$34,523,660). The cash is held by a Canadian bank which is rated A+ and the cash is invested in short term liquid investments. The specific credit risk information relating to royalty agreements acquired is included under Note 10.

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. Included in Note 10 and Note 15 are details of the impairment allowance and provision recognized.

### 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

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conditions. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis. The Company continuously reviews both actual and forecasted cash flows to ensure that the Company has appropriate capital capacity.

The following table summarizes the amount of contractual and other obligations undiscounted future cash flow requirements including all financial instruments as at September 30, 2015 and December 31, 2014 respectively:

<b>Contractual obligations</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
Accounts payable and accrued liabilities	\$ 760,813	-	-	-	-	\$ 760,813
Dividend payable	412,773	-	-	-	-	412,773
Finance Lease Liability	2,882	3,135	3,471	3,847	-	13,330
Convertible debenture	-	-	-	17,250,000	-	17,250,000
	<b>1,176,468</b>	<b>3,135</b>	<b>3,471</b>	<b>17,253,847</b>	<b>-</b>	<b>18,436,916</b>

  

<b>Contractual obligations</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Total</b>
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
	<b>283,294</b>	<b>2,905</b>	<b>3,216</b>	<b>3,560</b>	<b>17,252,918</b>	<b>17,545,893</b>

#### 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 \$25,300,414 through the issue of common shares. The Company will continually assess the adequacy of its capital structure and capacity and make adjustments within the context of the Company's strategy, economic conditions, and the risk characteristics of the business.

#### 9. Cash and cash equivalents

	<b>September 30, 2015</b>	<b>December 31, 2014</b>
Cash held in bank accounts	\$ 11,804,285	\$ 1,005,399
Guaranteed investment certificates	8,905,613	8,743,442
	<b>\$ 20,709,898</b>	<b>\$ 9,748,841</b>

Included in the balance of \$20,709,898 (2014: \$9,748,841) was \$200,000 (2014: \$42,000) that was held as collateral for security purposes.

#### 10. Royalty agreements acquired and loans receivable

<b>Royalty agreements acquired</b>	<b>September 30, 2015</b>	<b>December 31, 2014</b>
Due within 1 year	\$ 5,183,163	\$ 104,689
Due after more than 1 year	35,262,724	24,076,869
<b>Total</b>	<b>\$ 40,445,887</b>	<b>\$ 24,181,558</b>

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. Two agreements were bought out in October 2015 and as a result the entire carrying amount of the two investments was included under due within 1 year (**Note 22**).

For one of the royalty agreements, the Company has in place a General and Security Agreement which provides first security on the operating equipment of the investee the value of which was at least \$850,000. For another investment the Company has provided a 100% cash backed financial guarantee of up to \$150,000 to the investee's banker.

<b>Loans receivable</b>	<b>September 30, 2015</b>	<b>December 31, 2014</b>
Due within 1 year	\$ 1,431,085	\$ 55,613
Due after more than 1 year	-	46,587
<b>Total</b>	<b>\$ 1,431,085</b>	<b>\$ 102,200</b>

**Total carrying amount of royalty agreements acquired and loans receivable**

	<b>\$ 41,876,972</b>	<b>\$ 24,283,758</b>
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Included in the amounts presented was an impairment allowance of \$1,539,966 (December 31, 2014: \$1,000,000). The impairment allowance was determined based on the investments classified as doubtful and the amounts of the investment that the Company determine would not be recovered. A reconciliation of changes in the impairment allowance account was as follows:

	9 months ended September 30, 2015	12 months ended December 31, 2014
<b>Starting balance</b>	\$ 1,000,000	\$ -
Increase in allowance during the period (Note 15)	949,030	1,000,000
Reduction in allowance during the period (Note 15)	(409,064)	-
<b>Ending balance</b>	<b>\$ 1,539,966</b>	<b>\$ 1,000,000</b>

The changes in the carrying amount in royalty agreements acquired and loan receivable during the reporting periods were:

	9 months ended September 30, 2015		12 months ended December 31, 2014	
	Royalty agreement acquired	Loans receivable	Royalty agreement acquired	Loans receivable
<b>Starting balance</b>	\$ 24,181,558	\$ 102,200	\$ 1,673,763	\$ 216,406
New agreements acquired during the period	16,533,470	1,596,740	22,722,168	-
Principal payments	50,371	14,474	(19,580)	(114,206)
Loan, redemption and contract buyout repayments	(2,382,305)	(408,502)	-	-
Foreign exchange movements	2,516,670	27,493	684,927	-
Increase in impairment allowance	(539,966)	-	(1,000,000)	-
Adjustment to carrying amount for change in estimated cash flows (Note 14)	86,089	98,680	120,280	-
<b>Ending balance</b>	<b>\$ 40,445,887</b>	<b>\$ 1,431,085</b>	<b>\$ 24,181,558</b>	<b>\$ 102,200</b>

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

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

**Special mention** means that investment has potential weaknesses that deserve close attention by the management of the investee. If left uncorrected, these potential weaknesses may result in deterioration of the recovery of the investment at some future date. Special Mention investments do not expose the Company to sufficient risk to warrant classification as substandard or doubtful or require any impairment provision.

**Substandard** is characterized by the distinct possibility that the Company will sustain some loss on the investment if the financial deficiencies identified are not corrected. Substandard investments do not mean that impairment is imminent or that an impairment loss will be incurred by the Company. In most cases the Company will assist the investee in correcting the financial deficiencies either by providing financial support and/or assisting the investee in obtaining finance from another party.

**Doubtful** contains the features of "substandard" with the added characteristic that the financial deficiencies are significant enough to create some uncertainty as to the full recovery of the investment value. In most cases the Company will assist the investee in correcting the financial deficiencies either by providing financial support and/or assisting the investee in obtaining finance from another party. Doubtful normally includes investments that have an impairment provision if the expected recovery is below the carrying value of the investment.

**Loss** does not mean that the investment has absolutely no recovery value, but rather it is not practical nor desirable to defer writing off this investment or continue efforts to recover more of the value of the investment.

	September 30, 2015	%	December 31, 2014	%
Satisfactory	\$ 30,487,805	70.2	\$ 22,161,505	87.6
Special Mention	1,717,595	4.0	383,400	1.5
Substandard	9,121,572	21.0	1,738,853	6.9
Doubtful	2,089,966	4.8	1,000,000	4.0
Loss	-	-	-	-
<b>Total portfolio value</b>	<b>\$ 43,416,938</b>	<b>100</b>	<b>\$ 25,283,758</b>	<b>100</b>
Impairment provision	(1,539,966)	-	(1,000,000)	-
<b>Carrying amount recognized in the statements of financial position</b>	<b>\$ 41,876,972</b>	<b>100</b>	<b>\$ 24,283,758</b>	<b>100</b>

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

The carrying amount before the impairment allowance for the royalty agreements acquired and loan receivable in each category by geographic location and economic factor were:

#### a) Geographic

	September 30, 2015		December 31, 2014	
	\$	%	\$	%
Canada	17,762,683	40.9	11,935,760	47.2
United States of America	25,654,255	59.1	13,347,998	52.8
<b>Total portfolio value</b>	<b>\$ 43,416,938</b>	<b>100</b>	<b>\$ 25,283,758</b>	<b>100</b>
Impairment provision	(1,539,966)	-	(1,000,000)	-
<b>Carrying amount recognized in the statements of financial position</b>	<b>\$ 41,876,972</b>	<b>100</b>	<b>\$ 24,283,758</b>	<b>100</b>

#### b) Economic

	September 30, 2015		December 31, 2014	
	\$	%	\$	%
Cyclical	9,719,171	22.4	4,327,657	18.6
Neutral	17,188,488	39.6	9,400,874	35.7
Defensive	16,509,279	38.0	11,555,227	45.7
<b>Total portfolio value</b>	<b>\$ 43,416,938</b>	<b>100</b>	<b>\$ 25,283,758</b>	<b>100</b>
Impairment provision	(1,539,966)	-	(1,000,000)	-
<b>Carrying amount recognized in the statements of financial position</b>	<b>\$ 41,876,972</b>	<b>100</b>	<b>\$ 24,283,758</b>	<b>100</b>

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

	September 30, 2015		December 31, 2014	
	\$	%	\$	%
Not past due	31,422,801	72.4	22,544,905	89.2
Past due				
- 30 days or less	8,628,741	19.9	1,738,853	6.8
- 30 to 60 days	-	-	-	-
- 61 to 90 days	1,275,430	2.9	-	-
Non-accrual	2,089,966	4.8	1,000,000	4.0
<b>Total portfolio value</b>	<b>\$ 43,416,938</b>	<b>100</b>	<b>\$ 25,283,758</b>	<b>100</b>
Impairment provision	(1,539,966)	-	(1,000,000)	-
<b>Carrying amount recognized in the statements of financial position</b>	<b>\$ 41,876,972</b>	<b>100</b>	<b>\$ 24,283,758</b>	<b>100</b>

## 11. Income taxes

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

	Three months ended		Three months ended		Nine months ended		Nine months ended	
	September 30, 2015		September 30, 2014		September 30, 2015		September 30, 2014	
Current income tax expense – current year	\$	818,382	\$	63,829	\$	1,200,204	\$	63,829
Deferred tax expense								
Origination and reversal of temporary differences		604,170		(88,849)		740,658		(88,849)
<b>Total income taxes</b>	<b>\$</b>	<b>1,422,552</b>	<b>\$</b>	<b>(25,020)</b>	<b>\$</b>	<b>1,940,862</b>	<b>\$</b>	<b>(25,020)</b>

#### (b) Amounts recognized directly in equity

	Three months ended		Three months ended		Nine months ended		Nine months ended	
	September 30, 2015		September 30, 2014		September 30, 2015		September 30, 2014	
Issuance cost for common shares	\$	6,003	\$	254,629	\$	528,492	\$	254,629
Equity component on convertible debenture	\$	6,003	\$	(201,483)	\$	528,492	\$	(201,483)
<b>Total income taxes directly recognized in equity</b>	<b>\$</b>	<b>6,003</b>	<b>\$</b>	<b>53,146</b>	<b>\$</b>	<b>528,492</b>	<b>\$</b>	<b>53,146</b>

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#### (c) Movement in deferred tax balances

The Company has established, based on the financial performance that it is probable that the Company will have future taxable income. As a result, the Company recognized a deferred tax asset and liability for all temporary differences existing at September 30, 2015 and December 31, 2014. The composition of the deferred tax asset and liability at September 30, 2015 and December 31, 2014 was made up as follows:

<b>Amounts recognized in statement of comprehensive income/(loss)</b>		
Transaction costs on common shares issue and convertible debenture	\$ (178,216)	\$ (81,753)
Property and equipment	5,387	880
Tax losses carried forward	59,938	70,241
RTO expense	115,598	110,226
Other temporary differences	(587,627)	56,146
	<b>(584,920)</b>	<b>155,740</b>
<b>Amounts recognized in equity</b>		
Equity component of convertible debenture	(201,483)	(201,483)
Issuance cost for special warrants and common shares	783,123	254,628
	<b>581,640</b>	<b>53,145</b>
<b>Deferred tax asset/(liability) balance at September 30, 2015 and December 31, 2014</b>	<b>\$ (3,280)</b>	<b>\$ 208,885</b>

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 September 30, 2015 and December 31, 2014.

## 12. Convertible debentures

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

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

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

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

<b>Principal</b>		
Balance at September 30, 2015 and December 31, 2014		\$ 17,250,000
<b>Liability</b>		
Gross proceeds		\$ 17,250,000
Issue costs		(1,343,425)
Equity component less issue costs allocated		(760,314)
Liability component initially recognized		15,146,261
Accretion of finance expense for the period from July 10, 2014 to December 31, 2014		136,414
<b>Balance at December 31, 2014</b>		<b>15,282,675</b>
Accretion of finance expense for the nine months ended September 30, 2015		226,629
<b>Balance at September 30, 2015</b>		<b>15,509,304</b>
<b>Equity</b>		
Equity component initially recognized		\$ 760,314
Deferred tax liability recognized		(201,483)
<b>Balance at September 30, 2015 and December 31, 2014</b>		<b>558,831</b>

The financing expense amount recognized in the statement of comprehensive income/(loss) for the three month ended and nine months ended September 30, 2015 (2014: \$370,160) was made up as follows:

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	Three months ended September 30, 2015	Nine months ended September 30, 2015
Interest expense on convertible debentures	\$ 347,835	\$ 1,037,835
Accretion of finance expense for the period	74,536	226,629
<b>Total</b>	<b>\$ 422,371</b>	<b>\$ 1,264,464</b>

### 13. Share capital and other components of equity

#### Common shares

The authorized share capital of the Company consists of an unlimited number of voting common shares without par value. The issued and outstanding common shares at September 30, 2015 were 99,224,266 (December 31, 2014: 59,410,419). The following was the movement in the number of issued common shares on the date of the RTO:

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

On February 26, 2015 and May 7, 2015, 19,828,300 and 17,250,000 common shares were issued at a price of \$0.58 and \$0.80 per common share respectively and the proceeds received net of issuance costs was \$23,306,104. During the nine months period ended September 30, 2015, common shares were issued and proceeds of \$1,321,191 (2014: \$38,497) were received as a result of share warrants and stock options been exercised. \$215,241 was transferred from the amount recognized for share warrants into share capital following the exercise of the share warrants.

#### Special warrants

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

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

#### Share warrants

The details of the share warrants outstanding at September 30, 2015 and December 31, 2014 respectively were:

Number of Warrants outstanding	Fair value of warrants outstanding	Exercise price	Expiry date	Remaining contractual life (years)
6,906,567	814,992	\$0.42	February 19, 2016	0.38
Number of Warrants outstanding	Fair value of warrants outstanding	Exercise price	Expiry date	Remaining contractual life (years)
9,532,473	1,030,233	\$0.42	February 19, 2016	1.12

As part of the RTO (Note 6), 9,660,538 share warrants with an expiry date of February 19, 2016 were issued at an exercise price of \$0.42 per warrant with a fair value of \$1,044,074. During the nine month period ended September 30, 2015 warrants were exercised and the Company received proceeds of \$1,318,121 and \$215,241 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

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#### Stock Options

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

During the nine month period ended September 30, 2015 stock options have been exercised and 2,915,000, 1,500,000 and 300,000 were granted on May 25, 2015, July 10, 2015 and September 21, 2015 respectively. The details of the options outstanding at September 30, 2015 (December 31, 2014: 3,364,790) were:

Issue Date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Remaining contractual life (years)
February 19, 2014	303,341	303,341	\$0.42	February 19, 2016	0.38
February 19, 2014	124,117	124,117	\$0.87	February 19, 2016	0.38
February 19, 2014	344,778	344,778	\$0.58	June 13, 2017	1.71
February 19, 2014	137,910	137,910	\$0.51	March 13, 2018	2.46
February 19, 2014	241,572	63,007	\$0.028	August 1, 2018	2.83
April 3, 2014	1,645,000	822,500	\$0.50	April 3, 2019	3.50
May 26, 2014	465,000	232,500	\$0.52	May 26, 2019	3.67
May 25, 2015	2,915,000	50,000	\$0.88	May 25, 2020	4.65
July 10, 2015	1,500,000	-	\$0.87	July 10, 2020	4.78
September 21, 2015	300,000	-	\$0.64	September 21, 2020	4.97
<b>Total</b>	<b>7,976,718</b>	<b>2,078,153</b>			
<b>Weighted average exercise price</b>	<b>\$ 0.7069</b>	<b>\$ 0.5214</b>		<b>Weighted average remaining contractual life</b>	<b>3.94</b>

#### Share-based payments

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

#### Assumption

Expected stock price volatility	36.31%
Expected life	4.76
Risk free interest rate	1.22%
Expected dividend yield	3%
Weighted average fair value per option granted	\$0.1632

## 14. Realized gains on contract buyouts and other income

### Realized gains on contract buyouts

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Investment in Wmode	\$ 1,799,264	\$ -	\$ 1,799,264	\$ -
Investment in DS Handling	397,378	-	397,378	-
<b>Total income recognized in comprehensive income/ loss</b>	<b>\$ 2,196,642</b>	<b>\$ -</b>	<b>\$ 2,196,642</b>	<b>\$ -</b>

Under the royalty agreements the investee in certain circumstances has the option to buyout the royalty based on a predetermined price formula. When the option is exercised, the investment must be derecognized as the Company do not have any further rights to receive royalties under the

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agreement. The realized gain represents the difference between the net proceeds received less the carrying value of the investment at the date of derecognition.

#### Other income

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Interest income on cash and cash equivalents invested	\$ 43,125	\$ 54,210	\$ 137,842	\$ 94,450
Adjustments to carrying amount of investments (Note 10)	(23,207)	-	184,769	-
<b>Total income recognized in comprehensive income/loss</b>	<b>\$ 19,918</b>	<b>\$ 54,210</b>	<b>\$ 322,611</b>	<b>\$ 94,450</b>

The adjustments to the carrying amount of investments resulted from revising the estimated cash flows of three investments which in accordance with AG8 of IAS 39 *Financial Instruments recognition and measurement* was recognized as income or expense in the statement of comprehensive income/loss. During the period, for three investments, the carrying amount was increased by \$823,592 and for two investments, the carrying amount was reduced by \$516,678. Also during the period, an adjustment of \$122,145 that was recognized in December 2014 was derecognized following the contract buyout of Wmode.

#### 15. Impairment provision/ (recovery)

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Carrying amount of impaired royalty agreement acquired (Note 10)	\$ -	\$ -	\$ 949,030	\$ -
Impairment recovery (Note 10)	(409,064)	-	(409,064)	-
Carrying amount of impaired royalty payments receivable	-	-	59,375	-
<b>Total expense recognized in comprehensive income/loss</b>	<b>\$ (409,064)</b>	<b>\$ -</b>	<b>\$ 599,341</b>	<b>\$ -</b>

#### 16. Share-based payments

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
RTO transaction expense (Note 6)	\$ -	\$ -	\$ -	\$ 2,651,316
Expense recognized for services provided based on vesting conditions of stock options	70,486	27,959	138,129	186,086
<b>Total expense recognized in comprehensive income/loss</b>	<b>\$ 70,486</b>	<b>\$ 27,959</b>	<b>\$ 138,129</b>	<b>\$ 2,837,402</b>

#### 17. Foreign exchange (gain), net

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Unrealized foreign exchange loss/(gain)	\$ (1,481,742)	\$ (367,247)	\$ (2,544,182)	\$ (246,032)
Realized foreign exchange loss/(gain)	(29,072)	(6,055)	(8,066)	(1,794)
<b>Total expense recognized in comprehensive income/loss</b>	<b>\$ (1,510,814)</b>	<b>\$ (373,302)</b>	<b>\$ (2,552,248)</b>	<b>\$ (247,826)</b>



## Grenville Strategic Royalty Corp. (formerly Troon Ventures Ltd)

### Notes to the Interim Condensed Consolidated Financial Statements

In Canadian dollars, for the nine months ended September 30, 2015

#### 18. Earnings/ (Loss) per share

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

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Profit/(loss) attributable to ordinary equity holders for basic earnings /(loss) per share	\$ 3,899,245	\$ 528,558	\$ 5,272,510	\$ (3,377,297)
Financing expense ( <b>Note 12</b> ) less income tax at 26.5%	310,443	272,068	929,381	272,068
Profit/(loss) attributable to ordinary equity holders for diluted earnings /(loss) per share	4,209,688	800,626	6,201,891	(3,105,229)
Basic weighted average number of shares outstanding	98,852,649	59,302,462	85,887,369	45,996,104
Diluted weighted average number of shares outstanding	131,186,719	72,481,663	116,524,019	52,551,317

Due to the anti-dilutive impact, the same net loss attributable to ordinary equity holders and weighted average number of common shares have been used for both the basic and diluted earnings and loss calculations for the three months and nine months ended September 30, 2014.

#### 19. Operating segment information

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

##### Entity-wide information

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

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Canada	\$ 3,590,218	\$ 520,211	\$ 5,594,836	\$ 794,456
United States	947,507	385,173	2,852,121	615,090
<b>Totals</b>	<b>\$ 4,537,725</b>	<b>\$ 905,384</b>	<b>\$ 8,446,957</b>	<b>\$ 1,409,546</b>

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

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Cyclical	\$ 538,862	\$ 199,029	\$ 1,439,666	\$ 360,263
Neutral	827,996	298,937	1,872,010	425,329
Defensive	954,307	353,208	2,616,028	529,504
<b>Totals</b>	<b>\$ 2,321,165</b>	<b>\$ 851,174</b>	<b>\$ 5,927,704</b>	<b>\$ 1,315,096</b>

For the nine months ended September 30, 2015, there was no royalty payment income and the interest income on loan for any investee greater than 10% of the total revenues. For the three months ended September 30, 2015 there was one investee where its royalty payment income was greater than 10% of total royalty payment income.

## Grenville Strategic Royalty Corp. (formerly Troon Ventures Ltd)

### Notes to the Interim Condensed Consolidated Financial Statements

In Canadian dollars, for the nine months ended September 30, 2015

#### 20. Changes in working capital items

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Accrued interest and royalty payment receivable (net of impairment allowance)	\$ (384,481)	\$ (164,719)	\$ (751,608)	\$ (359,293)
Receivable from tax authorities	238,530	(430,758)	88,655	(871,807)
Deposit and prepaid expense	(51,842)	132,246	(70,665)	480,297
Accounts payable and accrued liabilities	438,162	224,901	481,267	223,333
Net assets acquired net of cash and cash equivalents under the Reverse Take-over (Note 6)	-	-	-	315,899
<b>Total changes in working capital items</b>	<b>\$ 240,369</b>	<b>\$ (238,330)</b>	<b>\$ (252,351)</b>	<b>\$ (211,571)</b>

#### 21. Commitments

##### Operating leases – minimum lease payments under non-cancellable leases

	September 30, 2015	December 31, 2014
Less than one year	\$ 152,148	\$ 152,148
Between one and five years	165,120	279,433
<b>Total</b>	<b>\$ 317,268</b>	<b>\$ 431,581</b>

##### Investment commitments

The Company has entered into two royalty agreements that include commitments to invest up to \$850,000 at the option of the investees. In October 2015, \$200,000 was drawn by one of the investees. The agreements contain provisions that allow for the withdrawal of the commitment if there is deterioration in the financial condition of the investee companies.

#### 22. Events after the reporting period

##### Dividend

The board of directors has on October 15, 2015 and November 16, 2015 declared a dividend of \$0.00416 and **\$0.00583** per share payable on November 16, 2015 and December 15, 2015 respectively. On November 16, 2015, a dividend of \$413,092 was paid.

##### Royalty agreements acquired and new loans

Since the end of the reporting period, the Company has entered into one new royalty investment for US\$2,000,000, three loans as part of existing investments for an aggregate of US\$750,000 and \$850,000 and a subsequent installment under an existing royalty agreement for \$200,000.

##### Contract Buyout

On October 6, 2015, INOVx Solutions bought out the royalty agreement with the Company by paying US\$1,750,000. The cost of the original royalty purchased totalled \$2,137,000 and net proceeds received amounted to \$2,247,158. On October 20, 2015, Above Security Inc. bought out its royalty agreement with the Company for \$6,000,000 and repaid in full loans outstanding of \$960,000. At the buyout date the carrying amount of the royalty investment was \$2,964,683 and the net proceeds were \$5,700,000 resulting in a realized gain of \$2,735,317 which was recognized in October 2015.

#### 23. Related party disclosures

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

##### Key management personnel

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Short term employee benefits	\$ 276,181	\$ 157,594	\$ 588,470	\$ 326,759
Share-based payments	52,551	14,310	91,225	174,494
Consultancy fees	40,000	33,750	113,750	69,375
Severance payment	-	-	-	400,000
<b>Total</b>	<b>\$ 368,732</b>	<b>\$ 205,654</b>	<b>\$ 793,445</b>	<b>\$ 970,628</b>

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