Grenville Strategic Royalty Corp.

Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2016

(Unaudited)

Grenville Strategic Royalty Corp.
Consolidated Statements of Financial Position

(Canadian dollars)

	Note		September 30, 2016		December 31, 2015
Assets					
Current Assets					
Cash and cash equivalents	8	$	7,785,564	$	16,897,331
Promissory note receivable – current portion	9		3,260,609		2,713,879
Royalty agreements acquired– current portion	9		1,364,634		1,264,541
Income tax recoverable			412,721		-
Prepaid expense			113,681		70,885
Total Current Assets			**12,937,209**		**20,946,636**
Non-Current Assets					
Property and equipment			131,892		152,211
Deferred tax asset	10		3,186,630		975,072
Royalty agreements acquired – long term	9		38,915,185		42,470,936
Total Non-Current Assets			**42,233,707**		**43,598,219**
Total Assets		**$**	**55,170,916**	**$**	**64,544,855**
Liabilities and Shareholders' Equity					
Current Liabilities					
Accounts payable and accrued liabilities		$	626,723	$	882,181
Dividend payable			442,144		587,448
Finance lease liability			3,306		3,166
Income tax payable			-		1,548,438
Total Current Liabilities			**1,072,173**		**3,021,233**
Non-Current Liabilities					
Finance lease liability			7,312		10,626
Convertible debentures	11		15,848,037		15,595,237
Total Non-Current Liabilities			**15,855,349**		**15,605,863**
Shareholders' Equity (Note 12)					
Share capital		$	50,252,273	$	47,318,036
Warrants			-		618,068
Contributed surplus			613,677		417,567
Equity component of convertible debentures	11		558,831		558,831
Accumulated deficit			(13,181,387)		(2,994,743)
Total Shareholders' Equity			**38,243,394**		**45,917,759**
Total Liabilities and Shareholders' Equity		**$**	**55,170,916**	**$**	**64,544,855**

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on November 15, 2016:

"Steve Parry"
Steve Parry, Director

"Gaston Tano"
Gaston Tano, Director

Grenville Strategic Royalty Corp.

Consolidated Statements of Comprehensive Income/(Loss)

(Canadian dollars)

	Note	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Revenue					
Royalty agreements acquired	13	$ (1,015,095)	$ 6,565,156	$ (1,955,674)	$ 10,976,389
Promissory notes receivable	13	143,553	22,756	(519,320)	48,165
Other interest income	13	17,039	43,124	77,796	137,827
Total Revenues		**(854,503)**	**6,631,036**	**(2,397,198)**	**11,162,381**
Operating Expenses					
Salaries, benefits and staffing costs	14	$ 343,006	$ 366,887	$ 1,872,158	$ 979,877
Management and facility fees		38,724	32,105	115,964	118,543
Share-based payments	15	93,591	70,486	208,280	138,129
Professional fees		280,824	157,869	980,106	410,888
Office and general administrative		119,716	86,088	414,157	274,591
Foreign exchange loss (gain), net	16	-	7,647	-	(8,085)
Total operating expenses		**875,861**	**721,082**	**3,590,665**	**1,913,943**
Operating Profit/(Loss)		**$ (1,730,364)**	**$ 5,909,954**	**$ (5,987,863)**	**$ 9,248,438**
Financing expense	11	424,714	422,371	1,284,020	1,264,464
Profit/(Loss) before income taxes		**(2,155,078)**	**5,487,583**	**(7,271,883)**	**7,983,974**
Income Taxes					
Current income tax expense (recovery)	10	$ 296,919	$ 818,382	$ 490,252	$ 1,200,204
Deferred tax expense/(recovery)	10	(761,154)	648,101	(2,247,268)	944,867
Income Taxes Expense/(Recovery)		**(464,235)**	**1,466,483**	**(1,757,016)**	**2,145,071**
Profit/(Loss) and total comprehensive income/(loss)		**$ (1,690,843)**	**$ 4,021,100**	**$ (5,514,867)**	**$ 5,838,903**
Earnings/(Loss) per share (Note 17)					
Basic earnings/(loss) per share		$ (0.0159)	$ 0.0407	$ (0.0522)	$ 0.0680
Diluted earnings/(loss) per share		$ (0.0159)	$ 0.0330	$ (0.0522)	$ 0.0580

See accompanying notes to financial statements.

Grenville Strategic Royalty Corp.

Consolidated Statements of Changes in Equity

(Canadian dollars)

	Number of shares	Note	Share capital	Warrants	Contributed surplus	Equity component of the convertible debenture	Accumulated deficit	Total
Balance, December 31, 2014	**59,410,419**		**$ 21,211,197**	**$ 1,030,233**	**$ 301,488**	**$ 558,831**	**$(3,566,616)**	**$ 19,535,133**
Impact of adopting IFRS 9	-	4	-	-	-	-	43,278	43,278
Restated Balance, January 1, 2015	**59,410,419**		**21,211,197**	**1,030,233**	**301,488**	**558,831**	**(3,523,338)**	**19,578,411**
Common shares issued	37,078,300		25,300,414	-	-	-	-	25,300,414
Share issue costs	-		(1,994,310)	-	-	-	-	(1,994,310)
Share warrants exercised	2,625,906		1,318,121	(215,241)	-	-	-	1,102,880
Stock options exercised	109,641		3,070	-	-	-	-	3,070
Share based payment for services provided	-		-	-	138,129	-	-	138,129
Deferred tax recognized	-		528,492	-	-	-	-	528,492
Dividends paid and payable	-		-	-	-	-	(3,054,848)	(3,054,848)
Comprehensive income for the period	-		-	-	-	-	5,838,903	5,838,903
Balance, September 30, 2015	**99,224,266**		**$ 46,366,984**	**$ 814,992**	**$ 439,617**	**$ 558,831**	**$(739,283)**	**$ 47,441,141**
Balance, January 1, 2016	**100,762,965**		**$47,318,036**	**$618,068**	**$417,567**	**$558,831**	**$(2,994,743)**	**$45,917,759**
Share issue cost	-		(6,885)	-	-	-	-	(6,885)
Share warrants exercised	5,443,456	12	2,904,475	(618,068)	-	-	-	2,286,407
Stock options exercised	78,193	12	36,647	-	(12,170)	-	-	24,477
Share-based payment for services provided	-	15	-	-	208,280	-	-	208,280
Dividends paid and payable	-		-	-	-	-	(4,671,777)	(4,671,777)
Comprehensive (loss) for the period	-		-	-	-	-	(5,514,867)	(5,514,867)
Balance, September 30, 2016	**106,284,614**		**$ 50,252,273**	**-**	**$ 613,677**	**$ 558,831**	**$(13,181,387)**	**$ 38,243,394**

See accompanying notes to financial statements.

Grenville Strategic Royalty Corp.
Consolidated Statements of Cash Flows

(Canadian dollars)

	Note	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Cash flows from operating activities					
Profit/(Loss) before income taxes		$ (2,155,084)	$ 5,487,583	$ (7,271,883)	$ 7,983,974
Share-based payments		93,591	70,486	208,280	138,129
Depreciation		9,765	6,652	29,905	17,568
Unrealized loss (gain) from change in fair value of royalty investments acquired and promissory notes receivable	13	1,718,761	(508,002)	5,249,072	(320,330)
Realized loss on investments written-off	13	1,840,936	-	1,840,936	-
Unrealized foreign exchange loss/(gain)		(564,911)	(1,481,742)	2,161,782	(2,544,182)
Financing expense net of interest outstanding		424,714	74,536	1,284,020	916,629
Royalty agreements acquired and promissory notes receivable – new investments		(370,797)	(4,970,940)	(6,171,924)	(18,130,210)
Royalty agreements acquired and promissory notes receivable – principal payments	9	(5,976)	(138,979)	(58,228)	(75,453)
Royalty agreements acquired and promissory notes receivable – repayments and contract buyouts		1,311,700	2,790,807	1,361,700	2,790,807
Income tax paid		(91,696)	(225,163)	(2,415,686)	(566,594)
Changes in working capital items	19	(601,385)	233,831	(2,113,906)	(277,458)
Net Cash flows generated by/ (used in) Operating Activities		**1,609,618**	**1,339,069**	**(5,895,932)**	**(10,067,120)**
Cash flows from financing activities					
Issuance of common shares, net of costs	12	$ -	$ (22,652)	$ -	$ 23,306,104
Exercise of share warrants and stock options	12	60	268,343	2,304,000	1,105,950
Finance lease payments		(735)	(785)	(3,174)	(3,017)
Debenture interest paid	11	-	-	(690,000)	(690,000)
Dividends paid		(1,326,406)	(1,232,194)	(4,817,081)	(2,642,076)
Net Cash flows from Financing Activities		**(1,327,081)**	**(987,288)**	**(3,206,255)**	**21,076,961**
Cash flows from investing activity					
Purchase of property and equipment		**$ -**	**$ (25,171)**	**$ (9,581)**	**$ (48,784)**
Net increase in cash during the period		**282,537**	**326,610**	**(9,111,768)**	**10,961,057**
Cash and cash equivalents, beginning of period		7,503,027	20,383,288	16,897,331	9,748,841
Cash and cash equivalents, end of period	**8**	**$ 7,785,564**	**$ 20,709,898**	**$ 7,785,564**	**$ 20,709,898**

See accompanying notes to financial statements.

1. Corporate information

Grenville Strategic Royalty Corp., an Ontario predecessor to Grenville Company ("Grenville Ontario"), was incorporated on July 29, 2013. On February 19, 2014, Grenville Strategic Royalty Corp. amalgamated with 2399579 Ontario Inc. to form Grenville Ontario. As a result of the amalgamation, Grenville Ontario became a wholly-owned subsidiary of Troon Ventures Ltd., a British Columbia Company, which was then renamed Grenville Strategic Royalty Corp. ("Company"). The registered office of the Company is located at 1400 – 400 Burrard 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 cash and cash equivalents, promissory notes receivable and royalty agreements acquired that have been measured at fair value. The Company has adopted IFRS 9 *Financial Instruments* (issued in July 2014) ("IFRS 9") with an initial application date of January 1, 2015. The impact of adopting IFRS 9 on the opening retained earnings as at January 1, 2015 is included in Note 4. 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 2015 audited annual consolidated financial statements and accompanying notes.

The financial statements were approved and authorized by the Board of Directors on November 15, 2016.

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. The term of the royalty agreement can also be influenced by the termination of the royalty agreement subsequent to a Contract Buyout event. As a result, uncertainties exist as to how long the agreements will exist and the royalty payment income that will be received. 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 the 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.

Royalty agreements acquired and promissory notes receivable and measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values for financial assets and liabilities. The Company has established a control framework with respect to the measurement of fair values. This includes that all significant fair value measurements have been reviewed and approved by the Investment Committee of the Company. The Investment Committee reviews on a quarterly basis significant unobservable inputs and valuation adjustments used in the fair value measurement of royalty agreements acquired and promissory notes. Fair values are categorized into different levels of a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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.

Further information about the assumptions made in measuring fair values for financial instruments are included in Note 6.

In Canadian dollars, for the nine months ended September 30, 2016

Fair value of stock options and warrants

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

Income taxes

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

4. Change in accounting policy

Financial instruments

The Company early adopted IFRS 9 with a date of initial application of January 1, 2015. The adoption of IFRS 9 replaces the Company's previous application of IAS 39 Financial Instruments: Recognition and Measurement. The Company has classified all its financial assets as subsequently measured either at fair value through profit or loss or amortized cost. This classification was determined by the Company by reference to the business model objective to manage the financial assets and the cash flow characteristics of the assets.

The adoption has resulted in royalty agreements acquired, loans receivable and accrued interest and royalty payments receivables being classified and subsequently measured at fair value through profit or loss rather than amortized cost. This change in classification primarily reflects the characteristics of the cash flows generated by these financial assets which are not solely made up of principal and interest. The impact of the change in classification of the royalty agreements acquired and loans receivable to fair value through profit and loss was to increase the carrying amount at January 1, 2015 by $41,555 ($30,543 net of tax), with the difference reflected in retained earnings.

The adoption of IFRS 9 did not impact the classification or subsequent measurement of the Company's financial liabilities as of January 1, 2015 other than for accounts payable where $17,327 ($12,735 net of tax) was recognized in retained earnings as the balance related to income earned which was deferred over the life of the asset when measured using the effective interest rate. Under IFRS 9, all financial liabilities continue to be measured at amortized cost and presented under the same financial captions on January 1, 2015 as under IAS 39.

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model. The "expected credit loss" model does not apply to financial assets measured at fair value through profit or loss. Under IAS 39 loans receivable, royalty agreements acquired, loans receivable and accrued interest and royalty payments receivables were classified as "loan and receivable" and subject to the impairment principles under IAS 39. Accordingly, the classification of these financial assets under IFRS 9, as subsequently measured at fair value through profit or loss, means that the "expected credit loss" model does not apply. The Company's expectation is that the "expected credit loss" model will only apply to any financial assets that are financial commitments and financial guarantee contracts which as at September 30, 2016 and December 31, 2015 the Company does not have significant exposure to such type of contracts.

There are new requirements under IFRS 9 for hedge accounting. The Company does not apply hedge accounting principles and as a result the adoption of IFRS 9 does not have any impact.

The following table shows the quantitative impact of the changes in classification and measurement of financial assets on January 1, 2015, the Company's initial date of application of IFRS 9:

	Original measurement classification and carrying amount under IAS 39				**New measurement classification and carrying amount under IFRS 9**
	Fair value through profit and loss	**Loan and receivable**	**Reclassification based on application of IFRS 9**	**Remeasurement based on application of IFRS 9 and reflected in opening retained earnings**	**Fair value through profit and loss**
Cash and cash equivalents	$ 9,748,841	$ -	$ -	$ -	$ 9,748,841
Accrued interest and royalty payments receivable	-	491,060	(491,060)	-	-
Loan receivable	-	102,200	(102,200)	-	-
Promissory notes receivable	-	-	102,200	-	102,200
Royalty agreements acquired	-	24,181,558	491,060	41,555	24,714,173

In Canadian dollars, for the nine months ended September 30, 2016

A summary of the amount recognized in retained earnings as at January 1, 2015 resulting from the change in accounting policy is as follows:

Remeasurement of royalty agreements acquired	$	41,555
Reclassification of deferred income included under accounts payable		17,327
Adjustment before taxes		58,882
Taxes at 26.5%		(15,604)
Adjustment to retained earnings as at January 1, 2015	**$**	**43,278**

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 May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which addresses the recognition of revenue. The new standard is not in scope where the Company revenues are generated from financial instruments. The new standard will be in scope for revenues generated under license agreements the Company closed during October 2016 **(Note 21)**.

In January 2016, the IASB issued IFRS 16 *Leases*, which addresses the accounting, classification and measurement for all types of leases for both lessors and lesees. The application date of the new standard is January 1, 2019 and early adoption is possible. The Company has commenced the assessment of the impact of the new standard on the Company's lease agreements.

6. Fair values

a) Valuation technique

The Company uses valuation techniques with the objective of determining a fair value measurement that reflects the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of the royalty agreements acquired and promissory notes receivable by the Company are determined using discounted cash flow models with fair value estimated by applying a discount rate based on a weighted average cost of capital using variables from the industry in which each investee company operates as well as company specific variables. Future cash flows are weighted by the Company using a combination of a probability approach and a terminal value approach, as applicable, and the fair value for each investment is individually calculated. Some or all of the inputs used in the cash flow model may not be observable in the market and are generally derived from published sources that are commonly used by market participants.

Due to the significant use of unobservable inputs, a high degree of management judgement and estimation is required. Management judgement is required for the determination of the expected future cash flows on the financial instrument being measured, determination of the probability of the outcomes, adjustments to the discount rate for liquidity risk, model uncertainties and investee-specific risk factors. The extent of the adjustments to the discount rate is based on management's assessment that a third party market participant would take them into account in pricing the transaction.

b) Fair value hierarchy – financial assets measured at fair value

Prior to January 1, 2015, the only financial instruments measured at fair value were cash and cash equivalents. From January 1, 2015 all financial assets are measured at fair value. All financial liabilities are measured at amortized cost prior to January 1, 2015 and from January 1, 2015.

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.

In Canadian dollars, for the nine months ended September 30, 2016

The financial assets measured at fair value by hierarchy are shown in the table below. The amounts shown are based on the amounts recognized in the statement of financial position. All financial assets are classified as financial assets measured at fair value through profit and loss.

	Total	Level 1	Level 2	Level 3
September 30, 2016				
Cash and cash equivalents	$ 7,785,564	$ 7,785,564	$ -	$ -
Royalty agreements acquired	40,279,820	-	-	40,279,820
Promissory notes receivable	3,260,609	-	-	3,260,609
	$ 51,325,993	**$ 7,785,564**	**$ -**	**$ 43,540,429**
December 31, 2015				
Cash and cash equivalents	$ 16,897,331	$ 16,897,331	$ -	$ -
Royalty agreements acquired	43,735,477	-	-	43,735,477
Promissory notes receivable	2,713,879	-	-	2,713,879
	$ 63,346,687	**$ 16,897,331**	**$ -**	**$ 46,449,356**

There were no transfers between Level 1, Level 2 and Level 3 during both the nine months ended September 30, 2016 and the year ended December 31, 2015.

The following table shows a reconciliation between the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy.

	Balance at January 1, 2016	Total gains and (losses) recognized in profit or loss	Purchases	Sales	Maturities and repayment	Transfers in/(out) of Level 3	Balance at September 30, 2016
Royalty agreements acquired	$43,735,477	$(8,351,597)	$4,837,420	-	$58,520	-	$40,279,820
Promissory notes receivable	2,713,879	(900,193)	1,334,504	-	112,419	-	3,260,609
Total	**$46,449,356**	**$(9,251,790)**	**$6,171,924**	**-**	**$170,939**	**-**	**43,540,429**

	Balance at January 1, 2015	Total gains and (losses) recognized in profit or loss	Purchases	Sales	Maturities and repayment	Transfers in/(out) of Level 3	Balance at December 31, 2015
Royalty agreements acquired	$ 24,223,113	$ (1,896,596)	$ 28,775,570	$ (8,759,594)	$ 1,392,984	-	$ 43,735,477
Promissory notes receivable	102,200	117,922	3,765,485	-	(1,271,728)	-	2,713,879
Total	**$ 24,325,313**	**$ (1,778,674)**	**$ 32,541,055**	**$ (8,759,594)**	**$ 121,256**	**-**	**$ 46,449,356**

The valuation technique used to determine the fair value of all Level 3 financial assets is a discounted cash flow model. The most significant unobservable inputs used in the valuation are the discount rate (range is between 14.3%-25.8%), growth rate of the revenues of the investee (range is between no growth and 20%) and the liquidity premium (range is between 3.6%-29.4%). The low and high input values represent the actual highest and lowest level of values used over the portfolio and represent the range on an individual investment basis. The input ranges will therefore vary from period to period based on the characteristic of the underlying investment at each statement of financial position date.

c) Sensitivity of fair value measurement to changes in unobservable inputs

For fair value measurements in Level 3, changing the most significant unobservable inputs by 1% would have the following impact on the fair value of the Level 3 financial assets as at September 30, 2016 and December 31, 2015 as follows:

September 30, 2016			December 31, 2015		
Discount rate	Revenue growth rate	Liquidity premium	Discount rate	Revenue growth rate	Liquidity premium
$ 1,157,908	$ 327,718	$ 26,965	$ 1,572,249	$ 482,480	$ 22,770

d) Financial liabilities not measured at fair value

All financial liabilities are measured at amortized cost. The table below is a comparison of the carrying amount and the fair value of the financial liabilities that are recognized in the statement of financial position:

In Canadian dollars, for the nine months ended September 30, 2016

	Carrying Amount September 30, 2016	Fair Value September 30, 2016	Carrying Amount December 31, 2015	Fair Value December 31, 2015
Financial liabilities				
Accounts payable and accrued liabilities	$ 626,733	$ 626,723	$ 882,181	$ 882,181
Convertible debentures	15,848,037	13,094,691	15,595,237	15,595,237
Total Financial Liabilities	**$ 16,474,770**	**$ 13,721,414**	**$ 16,477,418**	**$ 16,477,418**

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

- Accounts payable and accrued liabilities, approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair value of the debt component of the convertible debentures for September 30, 2016 was based on the listed price of the security at that date less a calculated price for the convertible option using a Black Scholes model. At December 31, 2015, the fair value was based on valuation techniques using 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.

7. 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 on the 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 promissory note 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, 2016 was $29,994,559 (December 31, 2015: $25,661,837) United States dollars and a 1% movement in the exchange rate has an impact of $299,946 (December 31, 2015: $256,618) on the Company's results.

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 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 promissory note, without limitation. The carrying amount of cash and cash equivalents, promissory note receivable and royalty agreements acquired represents the maximum exposure to credit risk. The maximum exposure at September 30, 2016 was $51,325,993 (December 31, 2015: $63,346,687). The cash is held by a Canadian bank which is rated A+ and the cash is invested in short term liquid investments.

In monitoring credit risk, the Company considers industry, sales volume and aging trends, and other relevant factors. The Company performs ongoing evaluations of its customers' financial condition.

Liquidity risk

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

The following table summarizes the amount of contractual and other obligations undiscounted future cash flow requirements including all financial instruments as at September 30, 2016 and December 31, 2015 respectively:

In Canadian dollars, for the nine months ended September 30, 2016

Contractual obligations	2017	2018	2019	2020	2021	Total
Accounts payable and accrued liabilities	$ 626,723	-	-	-	-	$ 626,723
Dividend payable	442,144	-	-	-	-	442,144
Finance lease liability	3,306	3,471	3,842	-	-	10,619
Convertible debenture	-	-	17,250,000	-	-	17,250,000
	1,072,173	**3,471**	**17,253,842**	**-**	**-**	**18,329,486**

Contractual obligations	2016	2017	2018	2019	2020	Total
Accounts payable and accrued liabilities	$ 882,181	-	-	-	-	$ 882,181
Dividend payable	587,448	-	-	-	-	587,448
Finance lease liability	3,166	3,189	3,530	3,907	-	13,792
Convertible debenture	-	-	-	17,250,000	-	17,250,000
	1,472,795	**3,189**	**3,530**	**17,253,907**	**-**	**18,733,421**

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. From January 1, 2016 to September 30, 2016, the Company raised additional capital of $2,304,000 net of transactions costs through the exercise of share warrants and stock options. An important source of capital for the Company will be from royalty payment income and realized gains on Contract Buyouts.

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. The capital requirements for the Company is not subject to any external regulatory guidelines.

8. Cash and cash equivalents

	September 30, 2016	December 31, 2015
Cash held in bank accounts	$ 698,080	$ 956,359
Guaranteed investment certificates	7,087,484	15,940,972
	$ 7,785,564	**$ 16,897,331**

Included in the guaranteed investment certificates was $210,000 (2015: $210,000) that was held as collateral for security purposes.

9. Royalty agreements acquired and promissory notes receivable

a) Financial assets measured at fair value through profit and loss

Royalty agreements acquired	September 30, 2016	December 31, 2015
Due within 1 year	$ 1,364,634	$ 1,264,541
Due after more than 1 year	38,915,185	42,470,936
Total	**$ 40,279,819**	**$ 43,735,477**

The term of the typical royalty agreement is normally perpetual and in certain cases the investee has a buyout and buydown option.

Promissory notes receivable	September 30, 2016	December 31, 2015
Due within 1 year	$ 3,260,609	$ 2,713,879
Due after more than 1 year	-	-
Total	**$ 3,260,609**	**$ 2,713,879**
Total carrying amount of royalty agreements acquired and promissory notes receivable	**$ 43,540,428**	**$ 46,449,356**

For particular investments, the Company has in place a charge on the assets of the investees under General and Security Agreements. The carrying value of these investments with such security in place was at September 30, 2016, $5,959,107 (December 31, 2015: $3,651,519).

The Company has provided a 100% cash backed financial guarantee of up to $150,000 on behalf of an investee. The value of this financial guarantee recognized at September 30, 2016 was nil (December 31, 2015: nil).

b) Movement during the period

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

In Canadian dollars, for the nine months ended September 30, 2016

	Nine months ended September 30, 2016		Year ended December 31, 2015	
	Royalty agreement acquired	**Promissory notes receivable**	**Royalty agreement acquired**	**Loans receivable**
Starting balance	**$ 43,735,477**	**$ 2,713,879**	**$ 24,181,558**	**$ 102,200**
Impact of adopting IFRS 9 (**Note 4**)	-	-	41,555	-
Restated starting balance	**43,735,477**	**2,713,879**	**24,223,113**	**102,200**
New agreements acquired during the period	4,837,420	1,334,504	28,775,570	3,765,485
Principal payments	-	(89,531)	100,760	(111,352)
Redemption and contract buyout repayments	(1,311,700)	(52,246)	(8,759,594)	(1,160,376)
Investments written-off	(1,840,936)	-	-	-
Transfer to realized gain	-	98,680	-	-
Royalty earned but payment not yet received, net	1,370,220	-	1,292,226	-
Interest earned added to the balance	-	155,516	-	-
Foreign exchange movements during the period	(2,005,188)	(156,594)	2,919,725	69,388
Change in fair value during the period	(4,505,473)	(743,599)	(4,816,323)	48,534
Ending balance	**$ 40,279,820**	**$ 3,260,609**	**$ 43,735,477**	**$ 2,713,879**

c) Concentration

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

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

i) Geographic

	September 30, 2016	%	December 31, 2015	%
Canada	$ 15,245,000	29.6	$ 15,125,000	31.5
United States of America	36,178,018	70.4	32,891,135	68.5
Total portfolio value	**$ 51,423,018**	100	**$ 48,016,135**	100
Royalty agreements acquired – due within one year not included	1,364,634		1,264,541	
Cumulative change in foreign exchange	516,681		2,352,268	
Cumulative change in fair value	(8,782,125)	,	(4,534,945)	
Promissory note redemptions since inception	(981,780)		(648,643)	
Carrying amount recognized in the statements of financial position	**$ 43,540,428**		**$ 46,449,356**	

ii) Economic

	September 30, 2016	%	December 31, 2015	%
Cyclical	$ 21,150,344	41.1	$ 16,954,300	35.3
Neutral	17,880,050	34.8	17,877,765	37.2
Defensive	12,392,624	24.1	13,184,070	27.5
Total portfolio value	**$ 51,423,018**	**100**	**$ 48,016,135**	**100**
Royalty agreements acquired – due within one year not included	1,364,634		1,264,541	
Cumulative change in foreign exchange	516,681		2,352,268	
Cumulative change in fair value	(8,782,125)		(4,534,945)	
Promissory note redemptions since inception	(981,780)		(648,643)	
Carrying amount recognized in the statements of financial position	**$ 43,540,428**		**$ 46,449,356**	

In Canadian dollars, for the nine months ended September 30, 2016

10. Income taxes

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

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Income tax expense/(recovery) – current year	$ 215,107	$ 818,382	$ 484,695	$ 1,200,204
Income tax expense – prior year	81,812	-	5,557	-
Deferred tax expense/(recovery)				
Origination and reversal of temporary differences	(761,154)	648,101	(2,356,337)	944,867
Deferred tax expense – prior year	-	-	109,069	-
Total income taxes	**$ (464,235)**	**$ 1,466,483**	**$ (1,757,016)**	**$ 2,145,071**

(b) Amounts recognized directly in equity

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Issuance cost for common shares	**$ -**	**$ 6,003**	**$ -**	**$ 528,492**

(c) Reconciliation of effective tax rate

	Nine months ended September 30, 2016		Nine months ended September 30, 2015	
Profit/(Loss) before tax		**$(7,271,883)**		**$ 7,983,974**
Tax at the combined Canadian federal and provincial statutory tax rate	26.50%	(1,927,049)	26.50%	2,115,753
Tax cost of non-deductible expenses	(0.77)%	55,407	0.37%	29,318
Incomes taxes recognized in statements of comprehensive Income (Loss) and effective tax rate in respect of current year	**25.73%**	**$ (1,871,642)**	**26.87%**	**$ 2,145,071**

(d) Movement in deferred tax balances

The Company has established, based on the financial performance that it is probable that the Company will have future taxable income. As a result, the Company recognized a deferred tax asset for temporary differences existing at September 30, 2015. The composition of the deferred tax asset at September 30, 2016 and December 31, 2015 was made up as follows:

Amounts recognized in statement of comprehensive income (loss)	**September 30, 2016**	**December 31, 2015**
Transaction costs on common shares issue and convertible debenture	$ (345,636)	$ (182,590)
Property and equipment	3,261	7,372
Tax losses carried forward	-	59,938
RTO expense	107,506	114,967
Unrealized gain on foreign exchange differences	(406,546)	(1,124,679)
Unrealized loss on changes in fair value	3,192,311	1,615,318
Other temporary differences	54,096	(96,892)
	2,604,992	**393,434**
Amounts recognized in equity		
Equity component of convertible debenture	(201,483)	(201,483)
Issuance cost for special warrants and common shares	783,121	783,121
	581,638	**581,638**
Balance at September 30, 2016 and December 31, 2015	**$ 3,186,630**	**$ 975,072**

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, 2016 and December 31, 2015.

11. 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.

In Canadian dollars, for the nine months ended September 30, 2016

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:

Principal		
Balance at September 30, 2016 and December 31, 2015	$	**17,250,000**
Liability		
Gross proceeds	$	17,250,000
Issue costs		(1,343,425)
Equity component less issue costs allocated		(760,314)
Liability component initially recognized		15,146,261
Accretion of finance expense for the period from July 10, 2014 to December 31, 2015		448,976
Balance at December 31, 2015		**15,595,237**
Accretion of finance expense for the nine months ended September 30, 2016		252,800
Balance at September 30, 2016		**15,848,037**
Equity		
Equity component initially recognized	$	760,314
Deferred tax liability recognized		(201,483)
Balance at September 30, 2016 and December 31, 2015		**558,831**

The financing expense amounts recognized in the statement of comprehensive income (loss) were made up as follows:

		Three months ended September 30, 2016		Three months ended September 30, 2015		Nine months ended September 30, 2016		Nine months ended September 30, 2015
Interest expense on convertible debentures	$	345,000	$	347,835	$	1,031,219	$	1,037,835
Accretion of finance expense for the period		79,714		74,536		252,801		226,629
Total	**$**	**424,714**	**$**	**422,371**	**$**	**1,284,020**	**$**	**1,264,464**

12. 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, 2016 were 106,284,614 (December 31, 2015: 100,762,965).

During the nine-month period ended September 30, 2016, 5,521,649 common shares were issued from the exercise of share warrants and stock options. The proceeds received net of issuance costs was $2,304,000. $618,068 was transferred from share warrants into share capital following the exercise and expiry of the share warrants. For the stock options exercised, $12,170 was transferred from contributed surplus into share capital.

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.

Share warrants

On February 19, 2014, 9,660,538 share warrants with an expiry date of February 19, 2016 were issued at an exercise price of $0.42 per warrant. The fair value of the warrants was calculated at $1,044,074. From February 19, 2014 to the expiry date, 9,385,517 warrants were exercised and the Company received proceeds of $3,941,917. Between January 1, 2016 and February 19, 2016, 5,445,523 warrants were exercised and proceeds of $2,286,407 were received.

For the nine-months period ended September 30, 2016, $618,068 was transferred into share capital relating to the share warrants exercised during the period and the fair value of any share warrants that were not exercised.

In Canadian dollars, for the nine months ended September 30, 2016

Each share warrant was 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

There were no share warrants outstanding at September 30, 2016. The details of the share warrants outstanding at December 31, 2015 were:

Number of Warrants outstanding	Fair value of warrants outstanding	Exercise price	Expiry date	Remaining contractual life (years)
5,718,477	618,068	$0.42	February 19, 2016	0.13

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.

Issue Date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Remaining contractual life (years)
February 19, 2014	297,667	297,667	$0.58	June 13, 2017	0.70
February 19, 2014	68,955	68,955	$0.51	March 13, 2018	1.45
February 19, 2014	210,095	126,163	$0.028	August 1, 2018	1.84
April 3, 2014	1,545,000	1,183,750	$0.50	April 3, 2019	2.51
May 26, 2014	400,000	300,000	$0.52	May 26, 2019	2.65
May 25, 2015	1,915,000	528,750	$0.88	May 25, 2020	3.65
July 10, 2015	1,500,000	375,000	$0.87	July 10, 2020	3.78
September 21, 2015	300,000	75,000	$0.64	September 21, 2020	3.98
June 3, 2016	2,015,000	-	$0.44	June 3, 2021	4.68
Total	**8,251,717**	**2,955,285**			
Weighted average exercise price	**$ 0.6378**	**$ 0.6087**		**Weighted average remaining contractual life**	**3.50**

Between January 1, 2016 and September 30, 2016, 178,798 options expired and 1,100,000 options were forfeited.

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 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: The following weighted average assumptions were used to estimate the weighted average grant date fair value of the outstanding options as at September 30, 2016.

Assumption	
Expected stock price volatility	40.90%
Expected life	4.95
Risk free interest rate	1.10%
Expected dividend yield	2.65%
Weighted average fair value per option granted	$0.1766

In Canadian dollars, for the nine months ended September 30, 2016

13. Revenues

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Royalty agreements acquired				
Royalty payment income	$ 1,953,656	$ 2,342,051	$ 6,429,898	$ 5,915,254
Realized/unrealized foreign exchange (loss) gains **(Note 16)**	496,522	1,518,461	(2,039,163)	2,544,163
Realized loss from investments written-off	(1,840,936)	-	(1,840,936)	-
Realized gain from contract buyouts	-	2,196,642	-	2,196,642
Unrealized loss from changes in fair value **(Note 9 b))**	(1,624,337)	508,002	(4,505,473)	320,330
Total	**$ (1,015,095)**	**$ 6,565,156**	**$ (1,955,674)**	**$ 10,976,389**

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Promissory notes receivable				
Interest income	$ 90,402	$ 22,756	$ 268,110	$ 48,165
Realized/unrealized foreign exchange (loss) gains **(Note 16)**	48,896	-	(142,510)	-
Realized gain on full redemption of note	98,679	-	98,679	-
Unrealized loss from changes in fair value **(Note 9 b))**	(94,424)	-	(743,599)	-
Total	**$ 143,553**	**$ 22,756**	**$ (519,320)**	**$ 48,165**

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Other interest income				
Interest income on invested cash and cash equivalents	**$ 17,039**	**$ 43,124**	**$ 77,796**	**$ 137,827**

14. Employee benefit expense

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Wages and salaries	$ 320,000	$ 355,081	$ 1,090,726	$ 839,839
Contract payment	-	-	675,000	-
Other benefits	9,819	2,224	29,840	8,871
Recruitment expense	-	-	8,000	99,733
Employer related costs for insurance, health tax	13,187	9,582	68,592	31,434
Salaries, benefits and other staffing costs	**343,006**	**366,887**	**1,872,158**	**979,877**
Share based payments **(Note 15)**	93,591	70,486	208,280	138,129
Total	$ 436,597	$ 437,373	$ 2,080,438	$ 1,118,006

In Canadian dollars, for the nine months ended September 30, 2016

15. Share-based payments

The amounts recognized in the statement of comprehensive income (loss) were made up as follows:

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Expense recognized for services provided based on vesting conditions of stock options (**Note 14**)	**$ 93,591**	**$ 70,486**	**$ 208,280**	**$ 138,129**

16. Foreign exchange loss/(gain), net

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Unrealized foreign exchange loss/(gain)	$ 564,913	$ 1,518,461	$ (2,161,781)	$ 2,544,163
Realized foreign exchange loss/(gain)	(19,495)	7,647	(19,881)	(8,085)
Total expense recognized in comprehensive income/loss	**$ 545,418**	**$ 1,526,108**	**$ (2,181,672)**	**$ 2,536,078**

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Revenues –royalty agreements acquired	$ 496,522	$ 1,518,461	$ (2,039,162)	$ 2,544,163
Revenues – promissory notes receivable	48,896	-	(142,510)	-
Operating expenses	-	7,647	-	(8,085)
Total	**$ 545,418**	**$ 1,526,108**	**$ (2,181,672)**	**$ 2,536,078**

17. 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, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Profit/(loss) attributable to ordinary equity holders for basic earnings /(loss) per share	$ (1,650,843)	$ 4,021,100	$ (5,514,867)	**$** 5,838,903
Financing expense after tax (**Note 11**)	312,165	310,443	943,755	929,381
Profit/(loss) attributable to ordinary equity holders for diluted earnings /(loss) per share	(1,338,678)	4,331,543	(4,571,112)	6,768,284
Basic weighted average number of shares outstanding	105,596,427	98,852,649	106,282,918	85,887,369
Diluted weighted average number of shares outstanding	133,006,662	131,186,719	133,286,331	116,524,019

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, 2016.

In Canadian dollars, for the nine months ended September 30, 2016

18. 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, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Canada	$ 767,561	$ 4,267,177	**$ 2,138,047**	**$** 5,794,634
United States	(1,622,064)	2,363,859	(4,535,245)	5,367,747
Totals	**$ (854,503)**	**$ 6,631,036**	**$ (2,397,198)**	**$ 11,162,381**

The breakdown of reported revenue excluding interest income on cash and cash equivalents and interest received on tax refunds of $77,796 (2015: 137,827) for each economic factor segment was:

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Cyclical	$ (674,792)	$ 2,700,447	$ (4,128,497)	$ 3,317,608
Neutral	21,236	2,141,766	1,382,025	3,792,152
Defensive	(217,985)	1,745,699	271,478	3,914,794
Totals	**$ (871,541)**	**$ 6,587,912**	**$ (2,474,994)**	**$ 11,024,554**

For the nine months ended September 30, 2016, the royalty payment income and the interest income on loan for 1 (2015:1) investee is greater than 10% of the total revenues. All non-current assets were located in Canada. For this purpose, non-current assets exclude all financial instruments and deferred tax.

19. Changes in working capital items

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Royalty agreements acquired – current portion	$ (538,158)	$ (384,481)	$ (1,474,411)	$ (751,608)
Sales tax recoverable	-	238,530	-	88,655
Prepaid expense	36,149	(51,842)	(42,818)	(70,665)
Accounts payable and accrued liabilities	(99,376)	431,624	(596,677)	456,160
Total changes in working capital items	**$ (601,385)**	**$ 233,831**	**$ (2,113,906)**	**$ (277,458)**

20. Commitments

Operating leases – minimum lease payments under non-cancellable leases

	September 30, 2016	December 31, 2015
Less than one year	$ 152,418	$ 152,148
Between one and five years	12,702	165,120
Total	**$ 165,120**	**$ 317,268**

21. Events after the reporting period

Joint venture and co-investment agreements

During October 2016, the Company closed two agreements which among other activities allows the partners to co-invest alongside the Company in new investment opportunities.

The first agreement was signed with Foregrowth Holdco Inc. a wholly-owned subsidiary of Gravitas Ilium. Under the agreement, a joint venture has been formed, Foregrowth-Grenville Investments Inc. ("FGI") that will have the right to co-invest in each new royalty investment made by the Company. 15% of the shares of FGI will be held by the Company and the Company will nominate one of the two board members of FGI. All decisions made in FGI require unanimous decision by the directors and when required the shareholders. The Company will manage the operational activities of FGI. The Company completed a license agreement with FGI and under this agreement, the Company is entitled to fees based on the amount invested and the outstanding invested amount.

In Canadian dollars, for the nine months ended September 30, 2016

The second agreement was a license agreement and was signed with Darwin Strategic Royalty Corporation ("Darwin"). The Company has agreed to license its intellectual property and royalty-based investment strategy to Darwin as well as co-investing alongside the Company in new investment opportunities. Under this license agreement, the Company will receive 6% of all royalty income generated by Darwin. The Company will hold a seat on the investment committee of Darwin but will not nominate anyone to be on the board of directors of Darwin.

22. Related party disclosures

Key management personnel

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Short term employee benefits	$ 222,426	$ 276,181	$ 792,921	$ 588,470
Share-based payments	67,556	52,551	126,059	91,225
Consultancy fees	61,371	40,000	102,829	113,750
Contract payment	-	-	675,000	-
Total	**$ 351,353**	**$ 368,732**	**$ 1,696,809**	**$ 793,445**

Effective April 26, 2016, Mr. William R. Tharp the former Chief Executive Officer and President of the Company ceased to hold the offices of Chief Executive Officer and President of the Company. In accordance with the terms of Mr. Tharp's employment agreement, the Company paid Mr. Tharp the sum of $675,000 in connection with his departure from the Company. The number of key management personnel were 9 (2015: 8) and are identified as the members of the board of directors and the officers of the Company.