

**SILVER CROWN
ROYALTIES INC**



Interim Condensed Consolidated Financial Statements of
SILVER CROWN ROYALTIES INC.

For the three and six months ended June 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited interim condensed consolidated financial statements of Silver Crown Royalties Inc. have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor

SILVER CROWN ROYALTIES INC.

Interim Condensed Consolidated Statements of Financial Position

As at June 30, 2024 and December 31, 2023

(Unaudited - Expressed in Canadian dollars)

	Notes	2024	2023
		\$	\$
ASSETS			
Current assets			
Cash at bank	4	3,684,398	142,399
Accounts receivable	5	345,144	130,938
Prepaid expenses		595,033	262,052
Total current assets		4,624,575	535,389
Non-current assets			
Royalty interests	6	4,103,307	3,809,032
TOTAL ASSETS		8,727,882	4,344,421
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	4, 9	1,442,606	404,957
TOTAL LIABILITIES		1,442,606	404,957
SHAREHOLDERS' EQUITY			
Share capital	7	9,537,204	5,120,404
Subscriptions received in advance		-	6,000
Contributed surplus	7	1,853,125	520,712
Accumulated deficit		(4,105,053)	(1,707,652)
TOTAL SHAREHOLDERS' EQUITY		7,285,276	3,939,464
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		8,727,882	4,344,421

General information and going concern (note 1)

Subsequent events (note 12)

These interim condensed consolidated financial statements were approved by the Board of Directors of the Company on August 15, 2024, and signed on their behalf by:

Director

Director

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

SILVER CROWN ROYALTIES INC.

Interim Condensed Consolidated Statements of Net Loss and Comprehensive Loss

For the three and six months ended June 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

		Three-months ended June 30		Six-months ended June 30	
	Notes	2024	2023	2024	2023
				\$	\$
REVENUE					
Royalty income	6	107,785	29,169	182,210	29,169
EXPENSES					
Personnel costs	9	297,255	444,858	595,087	569,556
Marketing and business development	9	48,305	69,773	89,600	120,345
Legal and professional fees		21,225	32,500	43,336	40,000
Depletion	6	7,478	4,303	14,585	4,303
General and administrative expenses		3,223	1,001	6,197	1,363
Listing expenses	8	1,831,518	-	1,831,518	-
Total expenses		2,209,004	552,435	2,580,323	735,567
OTHER INCOME					
Interest income		387	2,822	712	3,326
Net loss and comprehensive loss		(2,100,832)	(520,444)	(2,397,401)	(703,072)
Net loss per share - basic and diluted					
		(1.26)	(0.58)	(1.47)	(1.09)
Weighted average number of shares outstanding - basic and diluted					
		1,665,998	896,937	1,630,586	645,283

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

SILVER CROWN ROYALTIES INC.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

For the six months ended June 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars except for number of common shares)

	Number of common shares	Share capital	Subscriptions received in advance	Contributed surplus	Accumulated deficit	Total
		\$	\$	\$	\$	\$
Balance on December 31, 2022	365,000	365,000	-	-	(224,109)	140,891
Private placement	826,025	3,017,933	-	286,167	-	3,304,100
Share issuance costs	-	(231,340)	-	29,999	-	(201,341)
Issue of shares for services	166,275	440,100	-	-	-	440,100
Issue of shares to acquire royalty interest	12,500	45,734	-	4,266	-	50,000
Net loss and comprehensive loss	-	-	-	-	(703,072)	(703,072)
Balance on June 30, 2023	1,369,800	3,637,427	-	320,432	(927,181)	3,030,678
Balance on December 31, 2023	1,595,174	5,120,404	6,000	520,712	(1,707,652)	3,939,464
Private placement	75,160	535,328	(6,000)	65,963	-	595,291
Share issuance costs	-	(34,927)	-	-	-	(34,927)
Issue of shares for services	1,900	15,200	-	-	-	15,200
Private placement concurrent with RTO	370,430	2,683,496	-	1,020,804	-	3,704,300
Share issuance costs	-	(100,754)	-	19,676	-	(81,078)
Issue of shares and warrants on RTO	182,000	1,318,457	-	225,970	-	1,544,427
Net loss and comprehensive loss	-	-	-	-	(2,397,401)	(2,397,401)
Balance on June 30, 2024	2,224,664	9,537,204	-	1,853,125	(4,105,053)	7,285,276

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

SILVER CROWN ROYALTIES INC.

Interim Condensed Consolidated Statements of Cash Flows

For the six months ended June 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

	2024	2023
	\$	\$
Cash flows from operating activities		
Net loss	(2,397,401)	(703,072)
Adjustments for non-cash items:		
Depletion (note 6)	14,585	4,303
Expense for shares issued against services (note 7)	15,200	440,100
Listing expenses (note 8)	1,544,427	-
Interest income	(712)	(3,326)
	(823,901)	(261,995)
<i>Changes in non-cash working capital:</i>		
Accounts receivable	(214,206)	(50,952)
Prepaid expenses	(332,981)	(40,021)
Accounts payable and accrued liabilities	1,037,649	32,341
Net cash used in operating activities	(333,439)	(320,627)
Cash flows from investing activities		
Additions to royalty interests (note 6)	(308,860)	(2,531,661)
Investment in term deposit	-	101,163
Interest received	712	3,326
Net cash used in investing activities	(308,148)	(2,427,172)
Cash flows from financing activities		
Gross proceeds from private placement (note 7)	4,305,592	3,304,100
Share issuance costs	(116,006)	(201,341)
Subscriptions received in advance	(6,000)	-
Net cash provided by financing activities	4,183,586	3,102,759
Net increase in cash	3,541,999	354,960
Cash, beginning of the period	142,399	44,728
Cash, end of the period	3,684,398	399,688

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

SILVER CROWN ROYALTIES INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

1. General information and going concern

Silver Crown Royalties Inc. (“Silver Crown” or the “Company”) is an entity formed under the laws of the Province of Ontario, Canada by articles of incorporation dated August 23, 2021. Silver Crown is a royalty and streaming investment company primarily in the silver metal space. The Company’s registered office is at First Canadian Place 6200-100 King Street West Toronto Ontario.

After completing a Reverse Take Over (RTO) as a result of an amalgamation with a reporting issuer on June 27, 2024, the Company’s common shares were listed on the Cboe Canada Inc. stock exchange and started trading under the symbols “SCRI” effective Jul 25, 2024. See note 8 for further details.

The consolidated financial statements comprise the Company and its subsidiary (collectively referred to as the “Group”). Following are the details of the subsidiary as at December 31, 2023:

Entity	Percentage holding	Country of incorporation
Argentum Royalties Inc.	100%	Commonwealth of The Bahamas

These interim condensed consolidated financial statements (the “financial statements”) have been prepared on a going concern basis of accounting, which assumes that the Group will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. The Group incurred a net loss of \$2,100,832 for the three months ended June 30, 2024 (2023 - \$520,444) and a net loss of \$2,397,401 for the six months ended June 30, 2024 (2023 - \$703,072) and has an accumulated deficit of \$4,105,053 as at June 30, 2024 (December 31, 2023 - \$1,707,652). For the six months ended June 30, 2024, the Group used net cash of \$333,439 (2023 - \$320,627) in operating activities.

These conditions indicate the existence of material uncertainties that cast significant doubt on the Company’s ability to continue as a going concern. The Company will need to raise capital to fund its operations. To address its financing requirements, management has been able to raise sufficient new equity to finance its operations and will need to continue to do so to fund operations in the future as well as to generate revenue from its royalties’ interests. Should the Company no longer be able to continue as a going concern, certain assets and liabilities may require restatement on a liquidation basis, which may differ materially from the going concern basis. No adjustments to the carrying values of the assets and liabilities have been made in these financial statements.

2. Material accounting policy information

(a) Statement of compliance

These financial statements for the six months ended June 30, 2024, have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, and should be read in conjunction with the Group’s consolidated financial statements as at and for the year ended December 31, 2023 (“last annual financial statements”). These financial

SILVER CROWN ROYALTIES INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

statements do not include all the information and disclosures required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in Group's financial position and performance since the last annual financial statements.

The accounting policies adopted in the preparation of these financial statements are consistent with those set out in note 2 "Material accounting policy information" of the Group's last annual financial statements.

These financial statements were approved and authorized by the Board of Directors of the Company on August 15, 2024. The Board of Directors of the Company has the power to amend the financial statements after issue.

(b) Basis of measurement

These financial statements have been prepared on an accrual basis and are based on historical cost.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars ("dollar"), which is the Group's presentation currency. All amounts have been rounded to the nearest dollar unless otherwise indicated.

The functional currencies of the Company and its subsidiary are as follows:

Entity	Functional currency
Silver Crown Royalties Inc.	Canadian dollar
Argentum Royalties Inc.	U.S. dollar

(d) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in these financial statements from the date on which control commences until the date on which control ceases. Details of the subsidiary are included in note 1. There were no significant transactions and balances in the subsidiary as of and for the six months ended June 30, 2024.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated on consolidation.

SILVER CROWN ROYALTIES INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

(e) *New Accounting Standards Issued but Not Yet Effective:*

The Company has performed an assessment of new and revised standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be material.

3. Use of management estimates, judgments, and measurement uncertainty

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments, and assumptions concerning the future. Actual results may differ from these estimates. The Group's management reviews these estimates, judgments, and assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised.

The critical judgments and significant estimates in applying accounting policies that have the most significant effect on the amounts recognised in these financial statements are outlined in note 3 of the last annual financial statements. There have been no significant changes in the Group's judgments and estimates applied during the three and six months ended June 30, 2024, relative to those described in the last annual financial statements.

4. Cash at bank

	2024	2023
Cash at bank, unrestricted	\$ 3,658,896	117,337
Cash at bank, restricted	25,502	25,062
	<hr/>	<hr/>
	\$ 3,684,398	142,399

The restricted cash balance represents a segregated account fund set up by a counterparty with an initial amount of \$25,000 as required under one of the royalty interests and includes the interest earned on this account. The corresponding liability of this balance is shown in accounts payable and accrued liabilities in these financial statements.

5. Accounts receivable

	2024	2023
Royalty receivables	\$ 182,921	52,976
Goods and service tax receivable	162,223	77,962
	<hr/>	<hr/>
	\$ 345,144	130,938

SILVER CROWN ROYALTIES INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

6. Royalty interests

		Elk Gold	Pilar Gold	Others	Total
Cost:					
Balance at January 1, 2023	\$	-	-	-	-
Additions		3,081,661	716,376	25,533	3,823,570
Balance at December 31, 2023	\$	3,081,661	716,376	25,533	3,823,570
Additions		-	274,573	34,287	308,860
Balance at June 30, 2024	\$	3,081,661	990,949	59,820	4,132,430
Accumulated depletion:					
Balance at January 1, 2023	\$	-	-	-	-
Depletion		13,742	796	-	14,538
Balance at December 31, 2023	\$	13,742	796	-	14,538
Depletion		9,439	5,146	-	14,585
Balance at June 30, 2024	\$	23,181	5,942	-	29,123
Net book value:					
Balance at December 31, 2023	\$	3,067,919	715,580	25,533	3,809,032
Balance at June 30, 2024	\$	3,058,480	985,007	59,820	4,103,307

Elk Gold, British Columbia, Canada

During May 2023, the Company entered into a royalty purchase agreement (the "Royalty Purchase Agreement") with Elk Gold Mining Corp. (the "Elk Gold") whereby the Company purchased a royalty on 90% of the aggregate gross proceeds of silver sold from Elk Gold project located in British Columbia, Canada. Under the terms of the Royalty Purchase Agreement, the Company paid the following at the time of purchase:

- \$2,500,000 in cash; and
- 250,000 units at a deemed unit price of \$0.20 with each such unit consisting of one common share and one-half of one share purchase warrant exercisable for a period of 24 months, from the date of issuance, at an exercise price of \$0.40.

Under the Royalty Purchase Agreement, the Company is contingently liable to pay certain production bonuses (the "Production Bonus" or "Production Bonuses"), up to a maximum of \$4,000,000, contingent upon Elk Gold achieving certain production milestones as specified in the Royalty Purchase Agreement. The Production Bonuses are payable, in cash or common shares of the Company, at the sole discretion of either Elk Gold (when the Company is private) or the Company (when the Company is public). The Company also issued 10,000,000 performance warrants to Elk Gold with the same vesting schedule as the schedule of production milestones to earn Production Bonuses. Upon the Company's payment of a Production Bonus in cash, 1,250,000 production warrants will be automatically cancelled without further action by the Company. In the event the Company elects to pay any Production Bonus in common shares, such number of royalty

SILVER CROWN ROYALTIES INC.

Notes to Interim Condensed Consolidated Financial Statements

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(Unaudited - Expressed in Canadian dollars)

performance warrants as is required to satisfy payment of such Production Bonus in common shares shall be exercisable into common shares of the Company at a price equal to the lower of: (i) the five-day volume weighted average price for such shares on the Stock Exchange; and (ii) the thirty-day volume weighted average price for such shares on the stock exchange upon which the common shares are listed on, subject to the approval of such stock exchange and a floor price of \$0.40 per common share (the "VWAP"), and the Company at its election will pay such Production Bonus through the issuance of common shares priced at the VWAP. No performance warrants shall be exercisable unless the Company elects to pay a Production Bonus in common shares. In July 2023, Elk Gold met its first production milestone and earned its first Production Bonus of \$500,000 in cash and 1,250,000 performance warrants held by Elk Gold were automatically cancelled.

Based on the publicly available information and the information provided by Elk Gold for quarterly production and royalty reports, no additional production milestones have been met to trigger any additional Production Bonus, up to the date of issuance of these financial statements. The estimation of any milestones to be achieved is highly subjective, significantly uncertain, and cannot be done with any degree of reliability. Therefore, no amounts are recognized in these financial statements either for performance warrants or possible cash commitment.

The Company also retains the right to repurchase fifty (50%) of the Royalty at any time by making a payment in the amount of the purchase price and any bonuses paid to the Company at the time of this election.

Pilar Gold, Brazil

The Company entered into a royalty purchase agreement which was subsequently amended and restated, whereby the Company purchased a net smelter return royalty of up to 90% of the cash equivalent of silver produced from Pilar Gold's PGDM Complex ("Pilar Gold") with a minimum guaranteed payment of cash equivalent of 4,000 ounces of silver per quarter for a total cash consideration of US\$2,000,000. The Company completed this acquisition in tranches. The first tranche was completed on November 28, 2023 with a cash payment of US\$500,000 in exchange for a net smelter return royalty for the cash equivalent of 22.50% of the silver produced from the Pilar Gold. The second tranche was completed on April 26, 2024 with a cash payment of US\$190,000 in exchange for an additional net smelter return royalty of 8.55%. The third and final tranche was completed on August 12, 2024 with a cash payment of US\$1,310,000 in exchange for an additional net smelter return royalty of 58.95% of the silver produced from the Pilar Gold.

Others

Other royalty interests represent direct costs incurred on ongoing projects which have just started, and management believes will result in future economic benefits to the Company once the respective transaction is closed.

Others include a royalty interest acquired effective January 17, 2024, whereby the Company entered into a royalty purchase agreement with Mina Tucano Ltda. ("Tucano"), purchasing a royalty on 90% of the aggregate gross proceeds of silver sold from the Tucano Gold project located in Brazil for a consideration of \$1,000,000 payable in 2,500,000 units at a deemed value of \$0.40 per unit. Each unit consisted of one common share and one-half of one common share purchase

SILVER CROWN ROYALTIES INC.

Notes to Interim Condensed Consolidated Financial Statements

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(Unaudited - Expressed in Canadian dollars)

warrant at an exercise price of \$0.40 for a period of three years following the closing. This transaction is not closed as of the reporting date and the units required to be issued are not yet recognised in these financial statements.

7. Shareholders' equity

(a) Authorized share capital and share consolidation

The Company is authorized to issue an unlimited number of common shares with no par value. As at June 30, 2024, the Company had 31,903,500 common shares (December 31, 2023: 7,300,000 common shares) issued and outstanding.

As further outlined in note 8, as part of amalgamation, a twenty-to-one share consolidation was affected. The number of issued and outstanding shares, share purchase warrants, broker warrants, and per share amounts have been retrospectively restated for all periods presented unless otherwise stated.

(b) Issued share capital

During the year ended December 31, 2023, the following transactions were entered by the Company:

(i) Private placement at \$4 per unit (Pre-consolidation: \$0.20 per unit)

During the period from May 05, 2023, to June 15, 2023, the Company completed a non-brokered private placement, in tranches, consisting of 826,025 units at a unit price of \$4 per unit for an aggregate gross amount of \$3,304,100. Each unit consisted of one common share and one-half of one common share purchase warrant at an exercise price of \$8 for a period of two years following the closing date. In connection with this private placement, where applicable, the Company paid a cash finder fee of 8% and issued broker warrants equal to 8% of the aggregate number of units sold by the broker with an exercise price of \$8 for a period of two years from the closing.

(ii) Private placement at \$8 per unit (Pre-consolidation: \$0.40 per unit)

During the period from July 21, 2023, to November 22, 2023, the Company completed three tranches of an ongoing non-brokered private placement, consisting of 221,125 units at a unit price of \$8 per unit for aggregate gross proceeds of \$1,769,000. Each unit consisted of one common share and one-half of one common share purchase warrant at an exercise price of \$16 for a period of three years from the date the Company becomes a reporting issuer in any jurisdiction of Canada. In connection with this private placement, where applicable, the Company paid a cash finder fee of 8% and issued broker warrants equal to 8% of the aggregate number of units sold by the broker with an exercise price of \$8 for a period of three years from the closing. During the period from April 25, 2024, to May 14, 2024, the Company completed additional two tranches of this private placement at the same terms and conditions, for 75,160 units at a unit price of \$8 per unit for aggregate gross proceeds of \$601,291.

SILVER CROWN ROYALTIES INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

(iii) Private placement at \$10 per unit (Pre-consolidation: \$0.50 per unit)

Effective June 27, 2024, the Company completed a private placement concurrent to RTO, consisting of 370,430 units at a unit price of \$10 per unit for aggregate gross proceeds of \$3,704,300. Each unit consisted of one common share and one common share purchase warrant at an exercise price of \$16 for a period of three years from the date the Company becomes a reporting issuer in any jurisdiction of Canada. In connection with this private placement, where applicable, the Company paid a cash finder fee of 8% and issued broker warrants equal to 8% of the aggregate number of units sold by the broker with an exercise price of \$16 for a period of three years from the closing.

(iv) Common shares issued under RTO

As outlined in note 8, the Company issued 182,000 common shares on June 28, 2024 as part of RTO valued at \$1,318,457. Fair value of these common shares was determined using Black-Scholes option pricing model.

(v) Shares issued for services

The Company issued 1,900 common shares valued at \$15,200 for services rendered by a third party.

(c) *Share purchased warrants*

The following is the movement schedule of share purchase warrants for the six months ended June 30, 2024:

	No. of share purchase warrants	Fair value (\$)	Weighted average exercise price (\$)
Balance on January 1, 2024	529,825	461,534	9.67
Issued under private placement of \$8 per unit	37,580	65,963	16.00
Issued under private placement of \$10 per unit	370,430	1,020,804	16.00
Issued under RTO	82,000	225,970	16.00
Balance on June 30, 2024	1,019,835	1,774,271	12.71

The fair value of the warrants was estimated using the Black-Scholes option pricing model using the following assumptions.

	Issued under \$10 per unit round	Issued under \$8 per unit round
Risk-free rate	3.61%	4.01%
Expected life	3 years	3 years
Expected volatility	57.73%	57.73%
Expected dividend per share	Nil	Nil

SILVER CROWN ROYALTIES INC.

Notes to Interim Condensed Consolidated Financial Statements
For the three and six months ended June 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars)

(d) Brokers warrants

The following is the movement schedule of broker warrants for the six months ended June 30, 2024:

	No. of broker warrants	Fair value (\$)	Weighted average exercise price (\$)
Balance on January 1, 2024	55,600	59,178	8.00
Issued under private placement of \$10 per unit	7,140	19,676	16.00
Balance on June 30, 2024	62,740	78,854	8.91

The fair value of the warrants was estimated using the Black-Scholes option pricing model using the following assumptions.

	Issued under RTO
Risk-free rate	3.61%
Expected life	3 years
Expected volatility	57.73%
Expected dividend per share	Nil

In addition, 8,750,000 performance warrants are outstanding, as disclosed in note 6.

(e) Restricted Shares Unites (RSUs)

The RSUs plan is a compensation program designed to reward eligible participants for their services rendered to the Company. RSUs are awarded at the discretion of the board of directors, with each unit representing the right to receive payment equivalent to the value of one common share of the Company, subject to specified conditions and restrictions. These conditions often include continued employment or engagement with the Company. The RSUs plan aims to align the interests of participants with the long-term performance and success of the Company while providing a mechanism for incentivizing and retaining key talent. Unless otherwise set forth in the RSUs Agreement, RSUs vest 50% on the first anniversary of the grant date, and the remaining 50% on the second anniversary of the grant date.

As at December 31, 2023, 712,500 RSUs were granted to settle payable of \$285,000, mostly to key management personnel against their services rendered from July 2023 to December 2023. These RSUs will vest 50% on December 31, 2024, and the remaining 50% on December 31, 2025. Accordingly, no common shares were issued against these RSUs.

On May 14, 2024, additional 612,500 RSUs were granted to settle payable of \$245,000, mostly to key management personnel against their services rendered from January 2024 to April 2024. These RSUs will vest 50% on May 14, 2025, and the remaining 50% on May 14, 2026. Accordingly, no common shares were issued against these RSUs.

SILVER CROWN ROYALTIES INC.

Notes to Interim Condensed Consolidated Financial Statements

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(Unaudited - Expressed in Canadian dollars)

8. Reverse Take Over (RTO)

Effective May 15, 2024, and as further amended on May 27, 2024, the Company entered into an amalgamation agreement with 1287412 B.C. Ltd. which was a reporting issuer in the Provinces of British Columbia and Alberta. Effective June 28, 2024, the transaction was completed by way of amalgamation pursuant to which Silver Crown amalgamated with 128 and, in exchange for their securities of Silver Crown and 128, the security holders of Silver Crown and 128 received securities of the Resulting Issuer based on the relevant exchange ratios. Following the closing of the transaction, the Resulting Issuer is now carrying on the business of Silver Crown under the name "Silver Crown Royalties Inc." The combined entity resulting from the transaction has its common shares listed on the Cboe Canada Inc. (the "Exchange") by way of a listing statement in the form of a non-offering prospectus.

For accounting purposes, the transaction was accounted for as a reverse takeover, as the security holders of SCR acquired control of the consolidated entity upon the completion of the acquisition. The reverse takeover did not constitute a business combination under IFRS 3, and instead was accounted for under IFRS 2 Share-Based Payments, as 128 did not meet the definition of a business. On closing of the acquisition, SCR is treated as the accounting parent (legal subsidiary), and 128 is treated as the accounting subsidiary (legal parent).

As a result of this acquisition, a listing expense of \$1,544,427 has been recorded. This reflects the difference between the estimated fair value of consideration given less the fair value of net assets acquired.

The allocation of estimated fair value of consideration given is as follows:

	2024
Fair value of net assets acquired	
Listing expenses	1,544,427
	\$ 1,544,427
Consideration given:	
182,000 common shares	\$ 1,318,457
82,000 warrants	225,970
	\$ 1,544,427

During the three months and six months period ended, June 30, 2024, the Company also incurred cash listing expenses of \$287,091 for aggregate listing expenses of \$1,831,518.

SILVER CROWN ROYALTIES INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

9. Related party balances and transactions

Related parties include key management personnel and individuals or companies controlled by key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly. Key management personnel include the Group's executive officers and members of the board of directors.

Following are the related party balances as at June 30, 2024, and December 31, 2023:

	2024	2023
Accounts payable	\$ 14,011	24,185
Accrued liabilities (note 7(e))	457,500	180,000

Following are the related party transactions during the three and six months ended June 30, 2024, and 2023:

	Three-months ended June 30		Six-months ended June 30	
	2024	2023	2024	2023
Personnel costs	\$ 232,500	\$ 440,000	\$ 465,000	\$ 560,000
Marketing and business development	14,011	17,311	27,878	27,559

10. Capital management

The Group's objectives for managing capital are:

- (i) to maintain a flexible capital structure which optimizes the cost/risk equation; and
- (ii) to manage capital in a manner that maximizes the interests of stockholders.

The Group considers capital as the total equity disclosed on the statement of financial position.

Management does not establish quantitative return on capital criteria, however, management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Group, is appropriate. As at June 30, 2024 and December 31, 2023, the Group was not subject to any externally imposed capital requirements.

11. Financial instruments and associated risks

(a) Fair value

Fair value is 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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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(Unaudited - Expressed in Canadian dollars)

Following is the summary of the financial instruments as at June 30, 2024, and December 31, 2023:

	2024	2023
Financial assets:		
Cash at bank	\$ 3,684,398	142,399
Accounts receivable	345,144	130,938
	\$ 4,029,542	273,337
Financial liabilities:		
Accounts payable and accrued liabilities	\$ 1,442,606	404,957
	\$ 1,442,606	404,957

The carrying values of financial instruments and fair value amounts of all the Group's financial instruments approximate their fair values as at June 30, 2024, and December 31, 2023.

(b) *Risk management*

A summary of the Group's risk exposures as it relates to financial instruments are reflected below:

(i) *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at June 30, 2024, and December 31, 2023, the Group has determined its exposure to interest rate risk is minimal.

Foreign currency risk

Foreign currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Group is not exposed to significant foreign currency risk as most of its financial instruments are not denominated in currencies other than its functional currency.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Group is not exposed to significant other price risk.

(ii) *Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk is limited to its cash, term deposit and accounts receivable.

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(Unaudited - Expressed in Canadian dollars)

Cash is held with a reputable financial institution and is closely monitored by management. As at June 30, 2024 and December 31, 2023, the Group has determined that no accounts receivable were impaired. The carrying amount of financial assets represents the maximum credit exposure.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's liquidity and operating results may be adversely affected if the Group's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Group. During 2024 and 2023, the Group generated cash flow primarily from its financing activities.

The following are the remaining undiscounted contractual maturities of financial liabilities at June 30, 2024, and December 31, 2023:

	Carrying value	less than 6 months	7 - 12 months	Over 12 months
2024:				
Accounts payable and accrued liabilities	\$ 1,442,606	764,604	265,000	413,002
	\$ 1,442,606	764,604	265,000	413,002
2023:				
Accounts payable and accrued liabilities	\$ 404,957	119,957	142,500	142,500
	\$ 404,957	119,957	142,500	142,500

12. Subsequent events

- (a) Subsequent to the reporting date, the Company completed a non-brokered private placement, consisting of 115,912 units at a unit price of \$10 per unit for an aggregate amount of \$1,159,120. Each unit consisted of one common share and one common share purchase warrant at an exercise price of \$16 until June 28, 2027. In connection with this private placement, where applicable, the Company paid a cash finder fee of 8%.
- (b) As outlined in note 6, the Company acquired an additional royalty of 58.95% on August 12, 2024, by amending the royalty purchase agreement previously signed and by paying an additional amount of US\$1,310,000.