

SILVER CROWN
ROYALTIES INC



Interim Condensed Consolidated Financial Statements of
SILVER CROWN ROYALTIES INC.

For the three and nine months ended September 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 condensed consolidated 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 September 30, 2024 and December 31, 2023

(Unaudited - Expressed in Canadian dollars)

	Notes	2024	2023
		\$	\$
ASSETS			
<i>Current assets</i>			
Cash at bank	4	1,818,503	142,399
Accounts receivable	5	465,077	130,938
Prepaid expenses		542,273	262,052
Total current assets		2,825,853	535,389
<i>Non-current assets</i>			
Royalty interests	6	5,847,840	3,809,032
TOTAL ASSETS		8,767,693	4,344,421
LIABILITIES AND SHAREHOLDERS' EQUITY			
<i>Current liabilities</i>			
Accounts payable and accrued liabilities	4, 9	1,138,860	404,957
Total liabilities		1,138,860	404,957
<i>Shareholders' equity</i>			
Share capital	7	10,366,225	5,120,404
Subscriptions received in advance		-	6,000
Contributed surplus	7	2,168,065	520,712
Accumulated deficit		(4,999,457)	(1,707,652)
Total shareholders' equity		7,534,833	3,939,464
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		8,673,693	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 November 8, 2024, and signed on their behalf by:

Peter Bures

Director

Philip van den Berg

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 nine months ended September 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

		Three-months ended September 30		Nine-months ended September 30	
	Notes	2024	2023	2024	2023
		\$	\$	\$	\$
REVENUE					
Income from royalty interests	6	164,425	42,627	346,635	71,796
EXPENSES					
Personnel costs	9	321,608	145,990	549,195	290,546
Share-based compensation	7, 9	281,417	115,000	656,450	540,000
Marketing and business development	9	154,944	106,765	237,011	227,110
Legal and professional fees		23,913	24,174	67,249	64,174
Depletion	6	17,739	4,720	32,324	9,023
General and administrative expenses		5,514	2,800	11,711	4,163
Listing expenses	8	276,260	-	2,107,778	-
Total expenses		1,081,395	399,449	3,661,718	1,135,016
OTHER INCOME					
Interest income		22,566	2,055	23,278	5,381
Net loss and comprehensive loss		894,404	354,767	3,291,805	1,057,839
Net loss per share - basic and diluted		(0.39)	(0.25)	(1.77)	(1.17)
Weighted average number of shares outstanding - basic and diluted		2,307,914	1,418,712	1,858,010	905,926

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 nine months ended September 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 placements	888,525	3,507,036	-	297,064	-	3,804,100
Share issuance costs	1,275	(288,658)	-	35,330	-	(253,328)
Subscriptions received in advance	-	-	35,500	-	-	35,500
Share-based compensation	162,500	425,000	-	-	-	425,000
Issue of shares to acquire royalty interests	15,000	55,734	-	4,266	-	60,000
Net loss and comprehensive loss	-	-	-	-	(1,057,839)	(1,057,839)
Balance on September 30, 2023	1,432,300	4,064,112	35,500	336,660	(1,281,948)	3,154,324
Balance on December 31, 2023	1,595,174	5,120,404	6,000	520,712	(1,707,652)	3,939,464
Private placements	561,502	4,063,005	-	1,401,707	-	5,464,712
Share issuance costs	-	(240,841)	-	19,676	-	(221,165)
Subscriptions received in advance	-	-	(6,000)	-	-	(6,000)
Issue of shares and warrants on RTO	182,000	1,318,457	-	225,970	-	1,544,427
Share-based compensation	13,150	105,200	-	-	-	105,200
Net loss and comprehensive loss	-	-	-	-	(3,291,805)	(3,291,805)
Balance on September 30, 2024	2,351,826	10,366,225	-	2,168,065	(4,999,457)	7,534,833

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 nine months ended September 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

	2024	2023
	\$	\$
Cash flows from operating activities		
Net loss	(3,291,805)	(1,057,839)
Adjustments for non-cash items:		
Depletion (note 6)	32,324	9,023
Share-based compensation (note 7)	656,450	540,000
Listing expenses (note 8)	1,544,427	-
Interest income	(23,278)	(5,381)
	(1,081,882)	(514,197)
<i>Changes in non-cash working capital:</i>		
Accounts receivable	(334,139)	(89,375)
Prepaid expenses	(280,221)	(31,194)
Accounts payable and accrued liabilities	182,653	89,955
Net cash used in operating activities	(1,513,589)	(544,811)
Cash flows from investing activities		
Additions to royalty interests (note 6)	(2,071,132)	(3,043,460)
Investment in term deposit	-	101,163
Interest received	23,278	5,381
Net cash used in investing activities	(2,047,854)	(2,936,916)
Cash flows from financing activities		
Gross proceeds from private placements (note 7)	5,464,712	3,804,100
Share issuance costs	(221,165)	(253,328)
Subscriptions received in advance	(6,000)	35,500
Net cash provided by financing activities	5,237,547	3,586,272
Net increase in cash	1,676,104	104,545
Cash, beginning of the period	142,399	44,728
Cash, end of the period	1,818,503	149,273

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 nine months ended September 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 originally formed under the laws of the Province of Ontario, Canada by articles of incorporation dated August 23, 2021. The Company continued into British Columbia through a certificate of continuation effective June 26, 2024.

The Company is a royalty and streaming investment company primarily in the silver metal space. The Company’s registered office is at 1055 Dunsmuir Street, Suite 3000, Vancouver, BC, V7X 1K8, Canada. The Company was listed on the Cboe Canada Inc. on July 25, 2024, and its shares started trading under the symbols “SCRI”, after an amalgamation with a reporting issuer on June 27, 2024. See note 8 for more 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 September 30, 2024:

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 \$894,404 for the three months ended September 30, 2024 (2023 - net loss of \$354,767) and a net loss of \$3,291,805 for the nine months ended September 30, 2024 (2023 - net loss of \$1,057,839) and has an accumulated deficit of \$4,999,457 as at September 30, 2024 (December 31, 2023 - \$1,707,652). For the nine months ended September 30, 2024, the Group used net cash of \$1,513,589 (2023 - \$544,811) 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 nine months ended September 30, 2024, have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial*

SILVER CROWN ROYALTIES INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

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 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 November 8, 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.	United States 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 nine months ended September 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.

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Notes to Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 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 nine months ended September 30, 2024, relative to those described in the last annual financial statements.

4. Cash at bank

	2024	2023
Cash at bank, unrestricted	\$ 1,717,408	117,337
Cash at bank, restricted	101,095	25,062
	<u>\$ 1,818,503</u>	<u>142,399</u>

The restricted cash balance represents a segregated account fund set up by a counterparty with a total amount of \$100,000 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
Royalties' receivable	\$ 164,425	52,976
Goods and service tax receivable	300,652	77,962
	<u>\$ 465,077</u>	<u>130,938</u>

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Notes to Interim Condensed Consolidated Financial Statements

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(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		-	2,036,844	34,288	2,071,132
Balance at September 30, 2024	\$	3,081,661	2,753,220	59,821	5,894,702
Accumulated depletion:					
Balance at January 1, 2023	\$	-	-	-	-
Depletion		13,742	796	-	14,538
Balance at December 31, 2023	\$	13,742	796	-	14,538
Depletion		14,158	18,166	-	32,324
Balance at September 30, 2024	\$	27,900	18,962	-	46,862
Net book value:					
Balance at September 30, 2024	\$	3,053,761	2,734,258	59,821	5,847,840
Balance at December 31, 2023	\$	3,067,919	715,580	25,533	3,809,032

(a) Elk Gold, British Columbia, Canada

During May 2023, the Company entered into a royalty purchase agreement with Elk Gold Mining Corp. (the “Elk Gold Royalty”) 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 Elk Gold Royalty, the Company paid the following at the time of purchase:

- \$2,500,000 in cash; and
- \$50,000 in the form of 12,500 units at a deemed price of \$4 per unit 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 \$8.

Under the Elk Gold Royalty, 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. The Production Bonuses are payable, in cash or in 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 500,000 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 each Production Bonus in cash, 62,500 production warrants will be automatically cancelled without further action by the Company. In the event the Company

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elects to pay any Production Bonus in common shares, such number of royalty 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 \$8 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, as the Company was private, and consequentially a total of 62,500 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.

Elk Gold Mining Corporation 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.

(b) Pilar Gold, Brazil

The Company entered into a royalty purchase agreement with Pilar Brazil Inc., as amended and restated (the “Pilar Gold Royalty”) 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 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.

(c) 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.

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

Tucano Gold

Others include a royalty interest acquired effective January 17, 2024, whereby the Company entered into a royalty purchase agreement with Mina Tucano Ltda. ("Tucano Gold Royalty"), 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 125,000 units at a deemed value of \$8 per unit. 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 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 September 30, 2024, the Company had 2,351,826 common shares (December 31, 2023 - 1,595,174 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, performance warrants, and per share amounts have been retrospectively restated for all periods presented unless otherwise stated.

(b) Issued share capital

(i) Private placements

Following are the details of private placements completed during the nine months ended September 30, 2024:

- Effective July 31, 2024, the Company completed a non-brokered private placement, issuing 115,912 units at a unit price of \$10 per unit for aggregate gross proceeds 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%. Fair value of common share purchase warrants was determined using Black-Scholes option pricing model and residual method was used to allocate the gross proceeds between common shares and share purchase warrants.
- Effective June 27, 2024, the Company completed a private placement concurrent to RTO, issuing 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. Fair value of common share purchase warrants was determined using

SILVER CROWN ROYALTIES INC.

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(Unaudited - Expressed in Canadian dollars)

Black-Scholes option pricing model and residual method was used to allocate the gross proceeds between common shares and share purchase warrants.

- During the period between April 25, 2024, to May 14, 2024, the Company completed last two tranches of an ongoing non-brokered private placement, issuing a total of 75,160 units at a unit price of \$8 per unit for aggregate gross proceeds of \$601,292. 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%. Fair value of common share purchase warrants was determined using Black-Scholes option pricing model and residual method was used to allocate the gross proceeds between common shares and share purchase warrants.

Following are the details of private placements completed during the nine months ended September 30, 2023:

- Effective July 21, 2023, the Company completed the first tranche of a non-brokered private placement, issuing a total of 62,500 units at a unit price of \$8 per unit for aggregate gross proceeds of \$500,000. 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. Fair value of common share purchase warrants was determined using Black-Scholes option pricing model and residual method was used to allocate the gross proceeds between common shares and share purchase warrants.
- During the period from May 05, 2023, to June 15, 2023, the Company completed a non-brokered private placement, in tranches, issuing a total of 826,025 units at a unit price of \$4 per unit for an aggregate gross proceeds 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. Fair value of common share purchase warrants was determined using Black-Scholes option pricing model and residual method was used to allocate the gross proceeds between common shares and share purchase warrants.

(ii) 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.

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Notes to Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

(iii) Share-based compensation

During nine-months ended September 30, 2024, the Company issued 13,150 common shares valued at \$105,200 for services rendered by certain consultant, directors and key management personnel.

During the nine-months ended September 30, 2023, the Company issued 162,500 common shares valued at \$425,000 for services rendered by certain directors and key management personnel.

(c) *Share purchased warrants*

The following is the movement schedule of share purchase warrants for the nine months ended September 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 concurrent financing	370,430	1,020,804	16.00
Issued under RTO	82,000	225,970	16.00
Issued under private placement of \$10 per unit	115,912	314,940	16.00
Balance on September 30, 2024	1,135,747	2,089,211	13.05

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

	Risk-free rate	Expected life	Expected volatility	Expected dividend
Private placement of \$10 per unit	3.14%	3 years	57.73%	Nil
Concurrent financing and RTO	4.01%	3 years	57.73%	Nil
Private placements of \$8 per unit	4.49%-4.53%	3 years	62%-64%	Nil
Private placements of \$4 per unit	3.66%	2 years	64%	Nil

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(d) *Brokers warrants*

The following is the movement schedule of broker warrants for the nine months ended September 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 September 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.

	Risk-free rate	Expected life	Expected volatility	Expected dividend
Concurrent financing and RTO	4.01%	3 years	57.73%	Nil
Private placements of \$8 per unit	4.49%-4.53%	3 years	62%-64%	Nil
Private placements of \$4 per unit	3.66%	2 years	64%	Nil

In addition, 437,500 performance warrants are outstanding, as disclosed in note 6.

(e) *Restricted Shares Units (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.

On December 31, 2023, a total of 35,625 RSUs were granted to eligible participants against their services rendered between July 2023 and December 2023 for a total amount of \$285,000. 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, a total of 30,625 RSUs were granted to eligible participants against their services rendered between January 2024 to April 2024 for a total of \$245,000. The 50% of these RSUs vested immediately and the remaining 50% will vest on May 14, 2025. Total of 15,313 common shares were issued against vested 15,313 RSUs on October 9, 2024.

On October 9, 2024, a total of 41,667 RSUs were granted to eligible participants against their services rendered between May 2024 to September 2024 for a total of \$306,250. The 50% of these RSUs vested immediately and the remaining 50% will vest on October 9, 2025. Total of 20,836 common shares were issued against vested 20,836 RSUs on October 09, 2024.

SILVER CROWN ROYALTIES INC.

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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 their respective 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 and nine months ended September 30, 2024, the Company also incurred cash listing expenses of \$563,351 for aggregate listing expenses of \$2,107,778.

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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 September 30, 2024, and December 31, 2023:

	2024	2023
Accounts payable	\$ -	24,185
Accrued liabilities (note 7(e))	526,250	180,000

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

	Three-months ended September 30		Nine-months ended September 30	
	2024	2023	2024	2023
	\$	\$	\$	\$
Personnel costs	306,608	135,990	504,195	280,546
Share-based compensation	228,750	105,000	506,250	530,000
Marketing and business development	13,922	14,254	41,800	41,813

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 September 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 September 30, 2024, and December 31, 2023:

	2024	2023
Financial assets:		
Cash at bank	\$ 1,818,503	142,399
Accounts receivable	465,077	130,938
	\$ 2,283,580	273,337
Financial liabilities:		
Accounts payable and accrued liabilities	\$ 1,138,860	404,957
	\$ 1,138,860	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 September 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 September 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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Cash is held with a reputable financial institution and is closely monitored by management. As at September 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 September 30, 2024, and December 31, 2023:

	Carrying value	less than 6 months	7 - 12 months	Over 12 months
2024:				
Accounts payable and accrued liabilities	\$ 1,138,860	302,610	418,169	418,081
	\$ 1,138,860	302,610	418,169	418,081
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

During October 2024, the Company entered into a royalty purchase agreement with BacTech Environmental Corporation ("BacTech Royalty"), purchasing a royalty on 90% of the aggregate gross proceeds of silver processed at the future bioleaching facility in Tenguel, Ecuador for a consideration of \$4,000,000 payable in 400,000 units at a deemed value of \$10 per unit based on certain milestones. Each unit issued will consist of one common share and one common share purchase warrant with an exercise price of \$16 for a period of thirty-six months from the issue date of each unit. 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.