

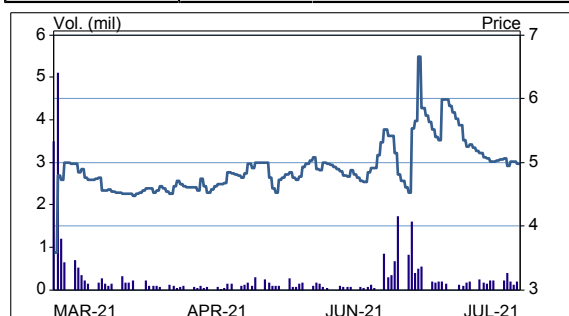
July 26, 2021
Gold Royalty Corp. (GROY)
Rating: Buy

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Acquisition of Five Royalties on Monarch Properties Yield Near-Term Cash Flow Potential; Inclusion in ETF; Reiterate Buy

Stock Data		07/23/2021		
Price		\$4.98		
Exchange		NYSE American		
Price Target		\$7.50		
52-Week High		\$7.08		
52-Week Low		\$3.39		
Enterprise Value (M)		\$118		
Market Cap (M)		\$207		
Shares Outstanding (M)		41.6		
3 Month Avg Volume		232,807		
Short Interest (M)		0.41		
Balance Sheet Metrics				
Cash (M)		\$89.6		
Total Debt (M)		\$0.0		
Total Cash/Share		\$2.15		
EPS (\$) Diluted				
Full Year - Sep		2020A	2021E	2022E
FY		(0.06)	(0.13)	(0.03)
Revenue (M)				
Full Year - Sep		2020A	2021E	2022E
FY		\$0.0	\$0.0	\$0.0



Acquisition of five royalties on Monarch properties. On July 23, Gold Royalty Corp. (GRC) announced that the firm had entered into a definitive agreement to acquire royalties on five properties managed by Monarch Mining Corp. (GBAR.TO; not rated) (Monarch). The royalties include a C\$2.50 per tonne royalty on material processed through Monarch's Beacon mill from the Beaufor mine operations, a 2.5% net smelter return (NSR) royalty on the Croinor Gold, McKenzie Break, and Swanson properties, and a 1% NSR on the Beaufor property. We note that consideration for the proposed acquisition is C\$15.00M, consisting of C\$11.25M payable at closing, which is to occur in August 2021, and C\$3.75M to be paid six months later.

Potential for near-term cash flow in prolific Abitibi region. We highlight that Monarch is currently preparing to bring its fully permitted and past producing Beaufor mine back online over the next 8-14 months. We highlight that this would provide GRC with near-term cash flow potential. Beaufor produced 1.1M ounces (oz) of gold at an average grade of 7.5 grams per tonne over the past three decades during the times when the site was operational. Notably, Monarch's Beacon mill maintains a processing capacity of 750 tonnes per day as the site is expected to produce roughly 25,000oz of gold per year. Besides Beaufor, Monarch's other advanced assets, including Croinor Gold, McKenzie Break, and Swanson, are all located on a 28,702-hectare land package in the prolific Abitibi region in Quebec, Canada. We include a map of Monarch's assets in relation to other notable mines in the area, such as the Canadian Malartic mine (Canada's largest open-pit gold mine), in Exhibit 1 on page two of this report.

Appointment of VP of Evaluations. On July 6, GRC announced that it has appointed Mr. Samuel Mah as its VP of Evaluations. Notably, Mr. Mah maintains more than 20 years of experience, including roles at senior and junior producers, mine consulting firms, and the first metal streaming company that is now Wheaton Precious Metals (WPM; not rated). In addition, he has conducted due diligence and technical appraisals for more than 350 assets across 43 countries throughout the past decade. Given his expertise, we expect Mr. Mah to provide immediate value to GRC, especially as management looks to complete its acquisition of Ely Gold (ELY.TO; not rated), which maintains an extensive portfolio of early-stage exploration assets. We also highlight that GRC's sister company, GoldMining (GOLD; buy), has appointed Mr. Mah as Director of Engineering Studies as the company looks to advance its portfolio of assets.

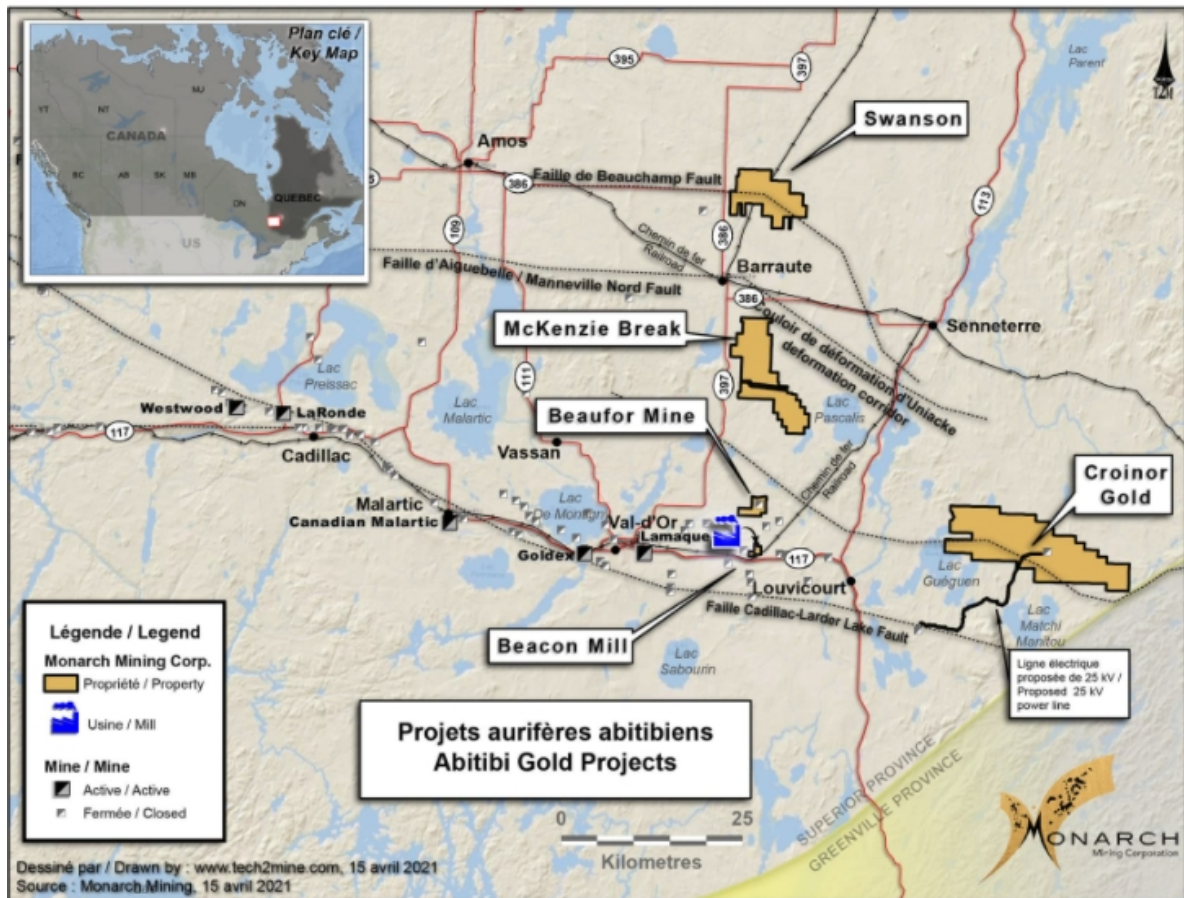
Inclusion into junior gold miners ETF. On June 22, GRC announced that the firm has been added to the VanEck Vectors Junior Gold Miners ETF (GDXJ; not rated) as of June 11, 2021. In short, we believe the inclusion into this index fund should open up the company to a broader range of investors which is likely to improve liquidity and support its share price.

We are reiterating our Buy recommendation on shares of GRC as we maintain our price target of \$7.50. Our valuation remains based on a DCF of GRC's royalty interests. We continue to assign a 7.0% discount rate to the São Jorge project, which compares to a slightly more conservative discount rate of 8.0% for Yellowknife due to its lack of recent development and slightly outdated technical report. We also ascribe an in situ valuation for the company's other royalty assets based on attributable gold ounces for a total of \$127.6M, which we highlight to be more than half of our total company value on a pre-multiple basis. Looking ahead, we expect to include additional DCFs on GRC's assets as they advance. We then add cash and equivalents, amid no debt, before applying our 1.6x P/NAV market premium multiple for royalty companies. This yields our overall valuation of \$384.2M, or \$7.39 per share, which we round to our final price target of \$7.50 per share. As is common practice, we intend to include DCF valuations for the Ely Gold acquisition as well as the royalty interests on Monarch's properties upon closing of the two respective transactions.

Near-term catalysts as GRC aims to close transformational acquisition. We believe that GRC is on the precipice of a market re-rating as it continues to put its meaningful liquidity position to use through accretive acquisitions. In particular, this includes the transformational (C\$292M) acquisition of Ely Gold, and the aforementioned acquisition of royalties on Monarch's assets. We stress that both deals are expected to close this quarter and ultimately provide near-term cash flow generation. This cash flow should ultimately support further accretive acquisitions as well as a potential dividend.

Risks. 1) Commodity prices; 2) lack of operational control; 3) financing risk.

Exhibit 1: Map of Monarch Assets in Abitibi Region



Source: Monarch company website.

Gold Royalty Corp. (GROY)

All figures expressed in USD unless otherwise noted

São Jorge		2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Annual gold production (oz)		-	-	49,572	104,977	104,977	104,977	104,977	104,977	104,977	104,977	104,977	104,977	104,977
Gold price		\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900
Total Revenue		\$ -	\$ -	\$ 94,187	\$ 199,456	\$ 199,456	\$ 199,456	\$ 199,456	\$ 199,456	\$ 199,456	\$ 199,456	\$ 199,456	\$ 199,456	\$ 199,456
Royalty Revenue		\$ -	\$ -	\$ 942	\$ 1,995	\$ 1,995	\$ 1,995	\$ 1,995	\$ 1,995	\$ 1,995	\$ 1,995	\$ 1,995	\$ 1,995	\$ 1,995
Discount rate		1.0% NSR												
PV of Cash Flow		\$ -	\$ -	\$ 823	\$ 1,628	\$ 1,522	\$ 1,422	\$ 1,329	\$ 1,242	\$ 1,161	\$ 1,085	\$ 1,014	\$ 948	\$ 886
Total Royalty NAV		\$ 13,059	\$ 0.25	per diluted share										
Yellowknife		2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Annual gold production (oz)		-	-	-	-	40,798	101,250	101,250	101,250	126,563	97,031	71,719	71,719	126,563
Gold price		1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
Total Revenue		\$ -	\$ -	\$ -	\$ -	\$ 77,517	\$ 192,375	\$ 192,375	\$ 192,375	\$ 192,375	\$ 240,469	\$ 184,359	\$ 136,266	\$ 240,469
Royalty Revenue		\$ -	\$ -	\$ -	\$ -	\$ 775	\$ 1,924	\$ 1,924	\$ 1,924	\$ 1,924	\$ 2,405	\$ 1,844	\$ 1,363	\$ 2,405
Discount rate		8.0%												
PV of Cash Flow		\$ -	\$ -	\$ -	\$ -	\$ 570	\$ 1,309	\$ 1,212	\$ 1,122	\$ 1,299	\$ 922	\$ 631	\$ 584	\$ 955
Total Royalty NAV		\$ 9,870	\$ 0.19	per diluted share										
Total Royalty Revenue		\$ -	\$ -	\$ 942	\$ 1,995	\$ 2,770	\$ 3,918	\$ 3,918	\$ 3,918	\$ 4,399	\$ 3,838	\$ 3,357	\$ 3,357	\$ 4,399
Total PV of Cash Flow		\$ -	\$ -	\$ 823	\$ 1,628	\$ 2,091	\$ 2,731	\$ 2,541	\$ 2,365	\$ 2,460	\$ 2,007	\$ 1,645	\$ 1,532	\$ 1,841
Current value of cash flow		\$ 22,929	\$ 0.44	per diluted share										
Plus cash & equivalents		\$ 89,566	\$ 1.72	per diluted share; as of 3/31/21										
Value for assets not included in DCF		\$ 127,605	\$ 2.46	per diluted share. Based on \$450/M&I oz and \$200/inferred oz.										
Less debt		\$ -	\$ -	per diluted share; as of 3/31/21										
Total current value		\$ 240,100	\$ 4.62	per diluted share										
Shares outstanding ('000s)		41,621	as of 5/13/21											
Warrants ('000s)		10,350	as of 5/13/21											
Fully diluted shares ('000s)		51,971	as of 5/13/21											
Total NAVPS		\$ 4.62												
Target P/NAV Multiple		1.6x												
Price Target		\$ 7.39	32.6% discount to NAV											
Rounded (C\$0.25) price target		\$ 7.50												
GROY share price		\$ 4.98	as of 7/23/21 33.6% Discount to Price Target											

Source: H.C. Wainwright & Co. estimates.

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Market Outperform (Buy): The common stock of the company is expected to outperform a passive index comprised of all the common stock of companies within the same sector.

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Related Companies Mentioned in this Report as of Jul/23/2021

Company	Ticker	H.C. Wainwright Rating	12 Month Price Target	Price	Market Cap
GoldMining, Inc.	GLDG-US	Buy	\$5.75	\$1.27	\$190

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Distribution of Ratings Table as of July 23, 2021				
Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	501	89.95%	193	38.52%
Neutral	51	9.16%	14	27.45%
Sell	1	0.18%	0	0.00%
Under Review	4	0.72%	1	25.00%

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