



Royalty Streams Corp.

Focused on cash flowing streams

CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended December 31, 2018

(Expressed in US Dollars)

(UNAUDITED- PREPARED BY MANAGEMENT)

ROYALTY STREAMS CORP.
CONSOLIDATED BALANCE SHEETS
(Unaudited - Expressed in U.S. Dollars)

	Note	December 31, 2018
ASSETS		
Subscription receivable	5	759,693
Private investment	4	115,367
Music royalties	3	44,750
<u>TOTAL ASSETS</u>		<u>\$ 919,810</u>
LIABILITIES		
Other payable		\$ 2,592
<u>TOTAL LIABILITIES</u>		<u>\$ 2,592</u>
EQUITY		
100,000,000 shares authorized		
Common stock, par value \$.0001	7	\$ 1,310
Additional paid in capital	7	918,500
Retained earnings (loss)		-
Net income (loss)		(2,592)
<u>TOTAL EQUITY</u>		<u>\$ 917,218</u>
<u>TOTAL LIABILITIES AND EQUITY</u>		<u>\$ 919,810</u>

ON BEHALF OF THE BOARD:

"Frank Bogley", Director

"Tim Gallagher", Director

See accompanying notes to the consolidated financial statements.

ROYALTY STREAMS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited - Expressed in US Dollars)

	Note	Year ended December 31, 2018
<u>INCOME</u>		
		\$ -
<u>TOTAL INCOME</u>		-
<u>GROSS PROFIT</u>		-
<u>EXPENSES</u>		
Annual franchise tax (DE)		1,350
Bank fees		177
Organization costs		1,065
<u>TOTAL EXPENSES</u>		<u>2,592</u>
<u>LOSS FROM OPERATIONS</u>		(2,592)
<u>OTHER INCOME (LOSS)</u>		-
<u>TOTAL OTHER INCOME (LOSS)</u>		<u>-</u>
<u>(LOSS) BEFORE TAXES</u>		(2,592)
Current tax		-
Deferred tax		-
<u>NET (LOSS)</u>		<u>\$ (2,592)</u>

See accompanying notes to the consolidated financial statements.

ROYALTY STREAMS CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited - Expressed in US Dollars)

	Number of Shares	Common Stock Par Value	Paid-in Capital in excess of Par	Retained Earnings (Deficit)	Total
<u>AT DECEMBER 5, 2018 (INCEPTION)</u>	-	\$ -	\$ -	\$ -	\$ -
Shares issued upon incorporation	100,000	10	8,500		8,510
Shares issued for Royalty Music Corp.	5,000,000	500	210,000		210,500
Shares issued for Royalty Gold Corp.	8,000,000	800	700,000		700,800
Net loss				(2,592)	(2,592)
<u>AT DECEMBER 31, 2018</u>	<u>13,100,000</u>	<u>\$ 1,310</u>	<u>\$ 918,500</u>	<u>\$ (2,592)</u>	<u>\$ 917,218</u>

See accompanying notes to the consolidated financial statements.

ROYALTY STREAMS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited - Expressed in US Dollars)

	Year ended December 31, 2018
<u>OPERATING ACTIVITIES</u>	
Net income (loss)	\$ (2,592)
Add back non-cash items:	
Amortization	-
Changes in:	
Accounts receivable	(759,693)
Accounts payable	2,592
<u>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>	<u>(759,693)</u>
<u>INVESTING ACTIVITIES</u>	
Investment in private company	(115,367)
Purchase of music equities	(44,750)
<u>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</u>	<u>(160,117)</u>
<u>FINANCING ACTIVITIES</u>	
Common stock par value	1,310
Additional pic	918,500
<u>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</u>	<u>919,810</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	-
<u>CASH, BEGINNING OF YEAR</u>	-
<u>CASH, END OF YEAR</u>	<u>\$ -</u>

See accompanying notes to the consolidated financial statements.

ROYALTY STREAMS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

1. NATURE OF BUSINESS AND OPERATIONS

Royalty Streams Corp. (“Royalty Streams” or the “Company”), was incorporated in the state of Delaware on December 5, 2018. The Company seeks investments in diversified royalties and streams, gold and silver stockpiles, marketable securities with a focus on precious metals, and investments in private companies.

The registered agent office of the Company is located at 919 North Market Street, Suite 950, Wilmington, DE 19801. The principle office of the Company is located at 4 Jacobs Way, Chadds Ford, PA 19317.

In December 2018, the Company issued 100,000 shares upon incorporation, along with issuing 5,000,000 shares for Royalty Music Corp., and 8,000,000 shares for Royalty Gold Corp.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), with Article 8 of Regulation S-X, and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Royalty Music Corp., and Royalty Gold Corp. Collectively, they are referred to herein as “the Company”. Inter-company accounts and transactions have been eliminated.

Risks and Uncertainties

The Company is subject to US dollar devaluation risk given the unprecedented money printing in recent years.

ROYALTY STREAMS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

Cash and Cash Equivalents

The Company considers all investment instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes.

Physical Bullion

Investments in physical bullion are measured at fair value determined by reference to published price quotations, with unrealized and realized gains and losses recorded in other income based on the International Accounting Standards 40.

Marketable Securities

Equity investments with readily determinable fair values are measured at fair value. Equity investments without readily determinable fair values are measured using the equity method or measured at costs with adjustments for observable changes in price or impairments (referred to as the measurement alternative).

Foreign Currency Translation

The Company's functional currency and reporting currency is the U.S. dollar. Monetary items denominated in foreign currency are translated to U.S. dollars at exchange rates in effect at the balance sheet date and non-monetary items are translated at rates in effect when the assets were acquired, or obligations incurred. Revenue and expenses are translated at rates in effect at the time of the transactions.

Concentration of Credit Risk

The Company maintains cash and cash equivalents at reputable financial institutions and is not currently exposed to significant credit risk.

Income per Share

Basic earnings per share is computed by dividing the net income by the weighted average number of shares outstanding during the period.

Stock Options

The Company does not currently have any outstanding stock options.

ROYALTY STREAMS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

Stock-based Compensation

The Company has not paid any stock-based compensation.

Warrants

The Company has not issued any warrants.

Fair Value of Financial Instruments

Financial assets and liabilities recorded at fair value on the consolidated balance sheets are categorized based upon a fair value hierarchy established by GAAP, which prioritizes the inputs used to measure fair value into the following levels:

Level 1 – Quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable and can be corroborated by observable market data.

Level 3 – Inputs reflecting management’s best estimates and assumptions of what market participants would use in pricing assets or liabilities at the measurement date. The inputs are unobservable in the market and significant to the valuation of the instruments.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Related Party Transactions

A related party is generally defined as (i) any person who holds 10% or more of the Company’s securities and their immediate families, (ii) the Company’s management, (iii) an entity or person who directly or indirectly controls, is controlled by or is under common control with the Company, or (iv) anyone who can significantly influence the financial and operating decisions of the Company. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

ROYALTY STREAMS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

Income tax

Due to the enactment of the Tax Reform Act of 2018, the corporate tax rate for those tax years beginning with 2018 has been reduced to 21%.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The benefits from net operating losses carried forward may be impaired or limited in certain circumstances. In addition, a valuation allowance can be provided for deferred tax assets when it is more likely than not that all or some portion of the deferred tax asset will not be realized.

The Company files a consolidated U.S. income tax return and a tax return in Delaware, and is current on all its corporate tax filings.

Recent Accounting Pronouncements

The Company has implemented all new accounting pronouncements that are in effect. New pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

3. MUSIC ROYALTIES

Songs typically have two copyrights including musical composition and sound recording, which allows rights to specified rightsholders, thereby creating multiple royalty rights issued on a single song.

The musical composition includes sync royalties played in film, mechanical royalties when sold or streamed, and performance royalties when played on the radio, directed toward publishers and songwriters.

Sound recording includes sync royalties licensed for film, tv, etc, reproduction royalties when sold or streamed, and performance royalties when played in public, directed toward performers, record labels and musicians and singers.

ROYALTY STREAMS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

The Company utilized an online marketplace for purchasing 10-year music royalties which revert to the original royalty holder upon ending term date. The royalties cover musical composition royalties generated from public performance through internet streaming, AM/FM & satellite radio, TV/film/commercial performances, etc.

#	Royalty Term	Notable Artists	Cost	Accumulated Depreciation	NAV @ 12/31/18	Depreciation Expense
1	10 year	Tyga	36,200	-	36,200	0
2	10 year	Matoma	8,550	-	8,550	0
			<u>\$ 44,750</u>	<u>\$ -</u>	<u>\$ 44,750</u>	<u>\$ -</u>

4. PRIVATE INVESTMENT

The Company made an investment in Music Royalties Inc., (MRI) a private company that provides direct exposure to music revenue from the recent streaming growth by acquiring LOA+ 70-year song royalties.

Company	Purchase Year	Quantity	Cost per share CAD	Cost per share US	Total Cost US	Fair Value US	Unrealized gain US
MRI	2018	1,000,000	0.15	0.115	\$ 115,367	\$ 115,367	\$ -

5. SUBSCRIPTION RECEIVABLE

The Company recorded subscription receivable in connection with issuing shares for the incorporation of Royalty Streams Corp. for \$9,810, Royalty Gold Corp. for \$700,000 and Royalty Music Corp. for \$49,883.

6. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, we may be exposed to claims and threatened litigation, and would use various methods to resolve these matters in a manner that we believe serves the best interest of our shareholders and other constituents. There are currently no claims or litigation toward the Company.

ROYALTY STREAMS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

7. SHARE CAPITAL

Authorized share capital

The Company may issue up to 100,000,000 voting shares with \$.0001 par value common stock. There is no authorized preferred stock.

Issued share capital

During the year ended December 31, 2018, the Company completed the following transactions;

- Issued 100,000 shares upon incorporation
- Issued 5,000,000 shares for Royalty Music Corp.
- Issued 8,000,000 shares for Royalty Gold Corp.

As of December 31, 2018, the Company had 13,100,000 issued and outstanding voting shares.

Normal Course Issuer Bid (NCIB)

The Company believes in having a tight share structure, and will obtain approval to utilize a NCIB when appropriate.

8. SUBSEQUENT EVENTS

No events occurred subsequent to December 31, 2018