



# **Royalty Streams Corp.**

Focused on cash flowing streams

## **CONSOLIDATED FINANCIAL STATEMENTS**

**For The Years Ended  
December 31, 2020 and 2019**

(Expressed in US Dollars)

(UNAUDITED- PREPARED BY MANAGEMENT)

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

	Note	December 31, 2020	December 31, 2019
<b>ASSETS</b>			
Cash		\$ 14,181	\$ 13,579
Physical bullion	3	52,800	-
Music royalties	4	121,928	55,100
Green royalties	5	5	5
Private investment	6	376,404	115,367
Marketable securities	7	1,016,127	-
Dividend receivable		-	5,819
Royalty receivable		-	51,189
Subscription receivable		-	736,452
Other receivable		1,287	-
<b>TOTAL ASSETS</b>		<b>\$ 1,582,732</b>	<b>\$ 977,511</b>
<b>LIABILITIES</b>			
Other payable		\$ 4,000	\$ 4,796
Current tax payable	10	10,014	12,666
Deferred tax payable	10	110,893	-
<b>TOTAL LIABILITIES</b>		<b>\$ 124,907</b>	<b>\$ 17,462</b>
<b>EQUITY</b>			
100,000,000 shares authorized			
Common stock, par value \$.0001	9	\$ 1,530	\$ 1,500
Additional paid in capital	9	963,470	918,500
Retained earnings (loss)		40,049	(2,592)
Net income (loss)		452,776	42,641
<b>TOTAL EQUITY</b>		<b>\$ 1,457,825</b>	<b>\$ 960,049</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 1,582,732</b>	<b>\$ 977,511</b>

ON BEHALF OF THE BOARD:

"Frank Boglev", 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, 2020	Year ended December 31, 2019
<b>INCOME</b>			
Music royalty revenue	4	\$ 13,767	\$ 13,579
Green royalty revenue	5	36,876	51,189
Music equity dividends	6	11,811	5,819
<b>TOTAL INCOME</b>		<b>62,454</b>	<b>70,587</b>
Music royalty amortization	4	7,273	6,750
<b>GROSS PROFIT</b>		<b>55,181</b>	<b>63,837</b>
<b>EXPENSES</b>			
Accounting		4,000	-
Annual franchise tax (DE)		2,250	2,250
Annual registered agent		491	277
Bank fees		936	-
Computer, postage and dues		210	5,262
Organization costs		776	412
Tax prep and fees		900	329
<b>TOTAL EXPENSES</b>		<b>9,563</b>	<b>8,530</b>
<b>INCOME FROM OPERATIONS</b>		<b>45,618</b>	<b>55,307</b>
<b>OTHER INCOME</b>			
Unrealized gain on private investment	6	217,199	-
Unrealized gain on physical bullion	3	19,740	-
Unrealized gain on securities	7	291,126	-
<b>TOTAL OTHER INCOME</b>		<b>528,065</b>	<b>-</b>
<b>INCOME BEFORE TAXES</b>		<b>573,683</b>	<b>55,307</b>
Current tax	10	10,014	12,666
Deferred tax	10	110,893	-
<b>NET INCOME</b>		<b>\$ 452,776</b>	<b>\$ 42,641</b>

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	----- Capital in excess of Par	Retained Earnings (Deficit)	Total
<b><u>AT DECEMBER 5, 2018</u></b> <b><u>(INCEPTION)</u></b>	-	\$ -	\$ -	\$ -	\$ -
Shares issued upon incorporation	100,000	10	8,500		8,510
Shares issued for Royalty Music	5,000,000	500	210,000		210,500
Shares issued for Royalty Gold	8,000,000	800	700,000		700,800
Net loss				(2,592)	(2,592)
<b><u>AT DECEMBER 31, 2018</u></b>	<b>13,100,000</b>	<b>\$ 1,310</b>	<b>\$ 918,500</b>	<b>\$ (2,592)</b>	<b>\$ 917,218</b>
Shares issued for Royalty Green	1,500,000	150	-		150
Shares issued for Royalty Franchise	400,000	40	-		40
Net income				42,641	42,641
<b><u>AT DECEMBER 31, 2019</u></b>	<b>15,000,000</b>	<b>\$ 1,500</b>	<b>\$ 918,500</b>	<b>\$ 40,049</b>	<b>\$ 960,049</b>
Shares issued for private placements	300,000	30	44,970		45,000
Net income				452,776	452,776
<b><u>AT DECEMBER 31, 2020</u></b>	<b>15,300,000</b>	<b>\$ 1,530</b>	<b>\$ 963,470</b>	<b>\$ 492,825</b>	<b>\$ 1,457,825</b>

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, 2020	Year ended December 31, 2019
<b><u>OPERATING ACTIVITIES</u></b>		
Net income	\$ 452,779	42,641
Add back non-cash items:		
Amortization	7,273	6,751
Changes in:		
Accounts receivable	55,721	(33,767)
Accounts payable	156,111	14,869
<b><u>CASH PROVIDED BY OPERATING ACTIVITIES</u></b>	<b><u>\$ 671,884</u></b>	<b><u>\$ 30,494</u></b>
<b><u>INVESTING ACTIVITIES</u></b>		
Investment in marketable securities	(1,035,897)	-
Investment in private company	(261,038)	-
Acquisition of green royalties	-	(5)
Purchase of music equities	(74,100)	(17,100)
Purchase of physical silver	(33,060)	-
<b><u>CASH (USED IN) INVESTING ACTIVITIES</u></b>	<b><u>(1,404,095)</u></b>	<b><u>(17,105)</u></b>
<b><u>FINANCING ACTIVITIES</u></b>		
Common stock par value	30	190
Additional pic	732,783	-
<b><u>CASH PROVIDED BY FINANCING ACTIVITIES</u></b>	<b><u>732,813</u></b>	<b><u>190</u></b>
<b><u>NET INCREASE IN CASH</u></b>	<b><u>602</u></b>	<b><u>13,579</u></b>
<b><u>CASH, BEGINNING OF YEAR</u></b>	<b><u>13,579</u></b>	<b><u>-</u></b>
<b><u>CASH, END OF YEAR</u></b>	<b><u>\$ 14,181</u></b>	<b><u>\$ 13,579</u></b>

See accompanying notes to the consolidated financial statements.

# **ROYALTY STREAMS CORP.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2020 and 2019

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### **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. In February 2019, the Company issued 1,500,000 shares for Royalty Green Corp., and 400,000 shares for Royalty Franchise 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., Royalty Gold Corp., Royalty Green Corp., and Royalty Franchise 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 additional risks and uncertainties due to the COVID-19 pandemic. The Company cannot reasonably estimate with any degree of certainty the future impact COVID-19 may have on the Company’s results of operations, financial position and liquidity, other than noticing a temporary decline in music royalties, as they relate to public performances, given there have been significantly less concert performances worldwide.

## **ROYALTY STREAMS CORP.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2020 and 2019

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#### ***Cash and Cash Equivalents***

Cash consists of cash in reputable bank accounts. Cash equivalents include highly liquid investments with a maturity of three months or less when purchased, and recorded at cost.

#### ***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**

December 31, 2020 and 2019

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#### ***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

December 31, 2020 and 2019

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### *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.

### *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. PHYSICAL BULLION

The Company purchased physical silver bullion through SchiffGold.

Purchase Date	Bullion Type	Physical Ounces	Cost Per Ounce	Total Cost	FMV @ 12/31/20 (A)	Unrealized Gain
April 2020	Silver	1000	16.53	16,530	26,400	9,870
April 2020	Silver	1000	16.53	16,530	26,400	9,870
				<u>\$ 33,060</u>	<u>\$ 52,800</u>	<u>\$ 19,740</u>

(A) Silver spot price was US 26.40 at 12/31/20

## 4. 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.

## ROYALTY STREAMS CORP.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

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.

The Company utilized an online marketplace for purchasing various 10-year, 30-year and 10-year reassigned 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 1/1/20	Additions	Disposal	Amortization	Accumulated Amortization	NAV @ 12/31/20
10 year	Tyga	36,200			3,620	7,841	28,359
10 year	Matoma	8,550			855	1,816	6,734
10 year	IDWK	17,100			1,710	3,277	13,823
30 year	Reo Cragun		7,250		544	544	6,706
7.9 year	NKOTB		10,450		544	544	9,906
8.8 year	Echosmith		56,400			-	56,400
		\$ 61,850	74,100	-	7,273	14,022	\$ 121,928

Net asset value – December 31, 2019 \$55,100

Net asset value – December 31, 2018 \$44,750

## 5. GREEN ROYALTIES

The Company issued 1,500,000 shares for Royalty Green Corp, which included a portfolio of royalties. The royalty terms are for 3 years beginning January 1, 2019 until January 1, 2022, and may be extended based upon agreeable terms. The royalties cover 10% gross revenue on early stage window film companies listed below, that provide solar and security film installation for climate and glare control, as well as mitigating intrusion.

## ROYALTY STREAMS CORP.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

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- Northeast Film Crew, LLC
- Midwest Film Crew, LLC
- Southwest Film Crew, LLC
- West Coast Film Crew, LLC
- Southeast Film Crew, LLC

Green royalty receivables at 12/31/20 was \$0, and at 12/31/19, was \$51,189.

The owner of these Companies is a related party. Accordingly, the Company decided to use a conservative nominal value consideration of \$5.

#### 6. PRIVATE INVESTMENT

The Company made investments 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. Significant artists include Eminem, Jay-Z, Rihanna, Dan+Shay, Avicii, King Harvest and The Beach Boys.

MRI plans to publicly list on a national exchange in due course, and currently pays a monthly dividend.

Dividend income from MRI investment was \$11,811 in 2020, and \$5,819 in 2019.

Purchase Year	Quantity	Cost per share CAD	Cost per share US	Total Cost US	FMV @ 12/31/20	Unrealized gain (loss)
					(A)	
2018	1,000,000	0.15	0.115	115,367	313,672	198,305
2020	100,000	0.15	0.116	11,637	31,366	19,729
2020	100,000	0.40	0.322	32,201	31,366	(835)
			<u>\$ 0.185</u>	<u>\$ 159,205</u>	<u>\$ 376,404</u>	<u>\$ 217,199</u>

(A) Based on most recent private placement by Music Royalties Inc. at CAD .40 using .78418 FX at 12/31/20.

Fair market value – December 31, 2019    \$115,367

## ROYALTY STREAMS CORP.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

#### 7. MARKETABLE SECURITIES

The Company holds equity positions in various resource companies to strive for capital appreciation and dividend income while seeking diversified royalties.

Company	Ticker	Quantity	Total Cost	FMV @ 12/31/20	Unrealized Gain or (Loss)
Patriot Gold	PGOL	3,000,000	312,462	445,200	132,738
Orefinders Resources	ORFDF	2,200,000	200,689	275,001	74,312
Elysee Development	ASXSF	200,000	62,021	78,000	15,979
Elysee Development(A)	ASXSF	80,000	22,100	31,200	9,100
McEwen Mining	MUX	20,000	38,074	19,700	(18,374)
Xtierra(B)	XRESF	500,000	18,985	40,000	21,015
Gogold Resources	GLFDF	17,000	14,498	31,351	16,853
Gogold Resources	GLFDF	13,000	2,087	23,975	21,888
Argonaut Gold	ARNGF	8,000	14,935	17,200	2,265
Anaconda Mining	ANXGF	20,000	8,708	9,608	900
Sailfish Royalty	SROYF	10,000	7,041	9,320	2,279
BAB	BABB	10,000	6,288	5,850	(438)
Resolute Mining	RMGGF	10,000	5,770	6,000	230
QC Copper and Gold(C)	QCCUF	60,000	5,063	15,600	10,537
Sandstorm Gold	SAND	500	3,815	3,585	(230)
Silver Tiger Metals	SLVTF	10,000	2,464	4,537	2,072
			<u>\$725,000</u>	<u>\$1,016,127</u>	<u>\$ 291,126</u>

(A) The Company participated in a Private Placement of 80,000 shares at .35 CAD or .27625 US on September 27, 2018. The shares were subject to a four-month hold period, with an expiration date of January 29, 2019.

(B) The Company participated in a Private Placement at .05 CAD or .03797 US on July 6, 2020. The shares were subject to a four-month hold period and expired on November 11, 2020. The Company also received 250,000 incentive stock options exercisable at .06 CAD for a period of five years from June 4, 2020.

(C) The Company received shares in QC Copper and Gold as a spin off from Orefinders.

## **ROYALTY STREAMS CORP.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2020 and 2019

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#### **8. 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.

#### **9. 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.

During the year ended December 31, 2019, the Company completed the following transactions;

- Issued 1,500,000 shares for Royalty Green Corp.
- Issued 400,000 shares of Royalty Franchise Corp.

During the year ended December 31, 2020, the Company completed the following private placements;

- Issuance of 150,000 shares at \$0.15 per share, totaling \$22,500
- Issuance of 50,000 shares at \$0.15 per share, totaling \$7,500
- Issuance of 100,000 shares at \$0.15 per share, totaling \$15,000

As of December 31, 2020, the Company had 15,300,000 issued and outstanding voting shares.

## **ROYALTY STREAMS CORP.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2020 and 2019

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#### ***Normal Course Issuer Bid (NCIB)***

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

#### **10. INCOME TAX**

The Company files a consolidated U.S. income tax return to the IRS, files Delaware corporate income tax returns separately, for each entity, and is current on all its corporate tax filings. While the income tax may be attributable to certain subsidiaries, as a consolidated entity, the parent Company is responsible for the federal tax component.

The Company receives special dividend deductions of 50% on any foreign dividends received.

Deferred taxes are derived from any unrealized gains in the private investment and marketable securities.

#### **11. SUBSEQUENT EVENTS**

No events occurred subsequent to December 31, 2020