MAVERIX METALS INC. (FORMERLY MACMILLAN MINERALS INC.)

UNAUDITED CONDENSED INTERIM CONSOLIDATED

FINANCIAL STATEMENTS AND NOTES

FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2016 AND THE PERIOD FROM INCORPORATION (JANUARY 9, 2016) TO SEPTEMBER 30, 2016

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), 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 condensed interim consolidated financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Maverix Metals Inc.
(formerly MacMillan Minerals Inc.)
Condensed Interim Consolidated Statement of Financial Position
(unaudited in thousands of Canadian dollars)

		September 30, 2016
Assets		
Current assets		
Cash and cash equivalents	$	**5,508**
Accounts receivable		**312**
Prepaid expenses and other current assets		**8**
Total current assets		**5,828**
Non-current assets		
Building improvements and equipment		**18**
Stream and Royalty interests (Notes 6,9)		**54,450**
Total Assets	**$**	**60,296**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$	**1,008**
Income tax liabilities		**31**
Total current and total liabilities		**1,039**
Equity		
Capital and reserves (Notes 7,8)		
Share capital		**62,872**
Share option reserve		**85**
Share warrant reserve		**2,600**
Deficit		**(6,300)**
Total Equity		**59,257**
Total Liabilities and Equity	**$**	**60,296**

Commitments and Contingencies (Note 18)
Contractual Obligations (Note 19)
See accompanying notes to the condensed interim consolidated financial statements.

APPROVED BY THE BOARD ON November 23, 2016

"signed" *Geoff Burns, Director* *"signed"* *Robert Doyle, Director*

Maverix Metals Inc.
(formerly MacMillan Minerals Inc.)
Condensed Interim Statements of Loss and Comprehensive Loss
(unaudited in thousands of Canadian dollars, except for earnings per share)

	Three months ended September 30, 2016		The period beginning January 9, 2016 and ending September 30, 2016	
Sales (Note 17)	$	**451**	$	**451**
Royalty revenue (Note 17)		**504**		**504**
		955		**955**
Cost of sales, excluding depletion		**221**		**221**
Depreciation and amortization		**462**		**462**
Total cost of sales		**683**		**683**
Gross profit		**272**		**272**
Expenses and other income				
Administrative expenses		**(705)**		**(830)**
Foreign exchange losses		**-**		**(2)**
Finance income		**5**		**9**
Listing expense (Note 6)		**(4,998)**		**(4,998)**
Transaction costs		**(700)**		**(700)**
Loss before taxes		**(6,126)**		**(6,249)**
Income tax expense (Note 16)		**(51)**		**(51)**
Total loss and comprehensive loss for the period	**$**	**(6,177)**	**$**	**(6,300)**

See accompanying notes to the condensed interim consolidated financial statements.

Loss per share (Note 11)				
Basic loss per share	**$**	**(0.08)**	**$**	**(0.23)**
Diluted loss per share	**$**	**(0.08)**	**$**	**(0.23)**
Weighted average shares outstanding (in 000's) Basic		**73,203,688**		**26,872,573**
Weighted average shares outstanding (in 000's) Diluted		**73,203,688**		**26,872,573**

Equity settled stock based compensation (a non-cash item) included in administration expenses.
See accompanying notes to the condensed interim consolidated financial statements

Maverix Metals Inc.
(formerly MacMillan Minerals Inc.)
Condensed Interim Consolidated Statements of Cash Flows
(unaudited in thousands of Canadian dollars)

	Three months ended September 30, 2016	The period beginning January 9, 2016 and ending September 30, 2016
Cash flow from operating activities		
Net loss for the period	$ (6,177)	$ (6,300)
Current income tax expense (Note 16)	51	51
Interest expense	2	2
Depreciation and amortization	462	462
Unrealized losses on foreign exchange	-	2
Share-based compensation expense	305	305
Listing fees	4,998	4,998
Changes in non-cash operating working capital	116	122
Operating cash flows before interest and income taxes	(243)	(358)
Interest paid	(6)	(6)
Interest received	6	9
Income taxes paid	(9)	(9)
Net cash used in operating activities	$ (252)	$ (364)
Cash flow from investing activities		
Payments for mineral properties, plant and equipment	(18)	(18)
Net cash used in investing activities	$ (18)	$ (18)
Cash flow from financing activities		
Proceeds from issue of equity shares	-	5,890
Net cash used in financing activities	$ -	$ 5,890
Net (decrease) increase in cash and cash equivalents	(270)	5,508
Cash and cash equivalents at the beginning of the period	5,778	- -
Cash and cash equivalents at the end of the period	$ 5,508	$ 5,508

Supplemental cash flow information (Note 13)
See accompanying notes to the condensed interim consolidated financial statements.

Maverix Metals Inc.
(formerly MacMillan Minerals Inc.)
Condensed Interim Consolidated Statements of Changes in Equity
(unaudited in thousands of Canadian dollars, except for number of shares)

	Attributable to equity holders of the Company					
	Issued shares	**Issued capital**	**Share Purchase warrant reserve**	**Share purchase option reserve**	**Deficit**	**Total equity**
Balance, January 9, 2016	**-**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total comprehensive loss						
Net loss for the period	-	-	-	-	(6,300)	(6,300)
Shares issued for formation	18,625,000	1,500	-	-	-	1,500
Shares Subscribed	14,454,091	4,390		-	-	4,390
Shares issued for Reverse takeover (Note 7a)	3,644,165	4,450	-	-	-	4,450
Shares and Warrants issued for asset acquisition (Note 7a)	42,850,000	52,312	2,600	-	-	54,912
Share-based compensation options (Note 8)	-	-	-	85	-	85
Shares issued as compensation (Note 7a)	264,600	220	-	-	-	220
Balance, September 30, 2016	**79,837,856**	**$ 62,872**	**$ 2,600**	**$ 85**	**$ (6,300)**	**$ 59,257**

See accompanying notes to the condensed interim consolidated financial statements.

1. GENERAL INFORMATION

Maverix Metals Inc. (formerly MacMillan Minerals Inc.) ("Maverix" or the "Company") was incorporated on September 5, 2008 under the Canada Business Corporations Act ("CBCA") for the purpose of completing a spin out transaction with MacMillan Gold Corp. On May 23, 2012, the Company's common shares commenced trading on the TSX Venture Exchange under the trading symbol "MMX". On July 11, 2016 the Company completed a statutory plan of arrangement with Pan American Silver Corp. and Maverix Metals Inc. which fundamentally changed the Company's business. Maverix Metals Inc. was a private company, which was formed with the sole purpose of becoming a mining royalty, stream and payment agreement company ("Maverix Private Co."). Its primary activity to date has been the negotiation, financing and structuring for the acquisition of metal royalties and streams from Pan American Silver Corp. ("Pan American"), and the related reverse take-over ("RTO") transaction with MacMillan Minerals Inc. ("MacMillan").

Maverix is a resource-based company that seeks to acquire gold and other precious metal purchase agreements ("Gold Streams" or "Silver Streams") and net smelter return royalties ("NSR's") from companies that have advanced stage development projects or operating mines. In return for making an upfront payment to acquire a gold or silver stream, Maverix receives the right to purchase, at a fixed price per unit, a percentage of a mine's production for the life of the mine or some shorter defined period. The financial statements include the Company's business activities as Maverix Private Co. prior to the completion of the plan of arrangement and the associated change in the Company's business strategy. The Company's registered head office address is 625 Howe Street, Suite 1440, Vancouver, British Columbia V6C 2T6.

These interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 23, 2016.

2. NATURE AND CONTINUANCE OF OPERATIONS

The Company owns a portfolio of royalties, gold and silver stream and payment agreements, in Mexico, Canada, Peru and Argentina. In addition, the Company has retained interests in exploration and evaluation projects in Mexico, which were held prior to the RTO transaction by MacMillan. The Company is no longer actively exploring on its properties, however it is co-incidentally pursuing opportunities to option the properties to third parties in exchange for retained royalties. The business of exploring for minerals involves a high degree of risk and there can be no assurance that exploration programs will result in profitable mining operations. The Company's exploration property interests are subject to increases in taxes and royalties, renegotiation of contracts, expropriation, currency exchange fluctuations and political uncertainty.

These unaudited condensed interim consolidated financial statements have been prepared on the basis that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of business. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations and the ability of the Company to obtain necessary financing. These financial statements do not reflect any adjustments to amounts that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

3. BASIS OF PREPARATION

Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standard Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

The accounting policies set out below have been applied consistently to all periods presented.

Basis of preparation

These unaudited condensed consolidated interim financial statements have been prepared on an accrual basis, except for cash flow information, and are based on historical costs. All amounts are presented in Canadian dollars unless otherwise noted.

The significant accounting policies used in the preparation of these consolidated financial statements are described in Note 4.

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company, which is incorporated in Canada and its wholly owned subsidiaries, Exploracion Mac-Ore S.A. de C.V. and Minera MacMillan S.A. de C.V., both of which are incorporated in Mexico. All inter-company balances and transactions are eliminated on consolidation. The consolidated financial statements include all assets, liabilities, expenses and cash flows of the Company and its subsidiaries after eliminating inter-company balances and transactions.

4. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). They do not include all of the information required for full IFRS annual financial statements.

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and effective as of September 30, 2016. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the fiscal year ending December 31, 2016 could result in restatement of these interim consolidated financial statements.

Currency of Presentation

The financial statements are presented in Canadian Dollars ("CAD") for presentation purposes only. The Company's functional currency is the United States Dollar ("USD"), and all values are rounded to the nearest thousand except where otherwise indicated.

Reverse Asset Acquisition

The Company recognizes the acquisition of assets in a reverse takeover transaction ("RTO"), whereby the purchase is initially recognized at cost, the cost is defined as the amount paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or, when applicable, the amount attributed to that asset when initially recognized in accordance with IFRS 2, share based payments. The cost is allocated to the identifiable assets and liabilities on the basis of fair value at the date of the acquisition with a corresponding increased amount to equity. Provisional fair values allocated at a reporting date are finalized as soon as the relevant information is available, within a period not to exceed twelve months from the acquisition date with retrospective restatement of the impact of adjustments to those provisional fair values effective as at the acquisition date. When the cost of the acquisition exceeds the fair values of the identifiable net assets acquired, the difference is recorded in the consolidated statement of loss. Incremental costs related to the reverse asset acquisitions are included as an element of cost when those costs are directly attributable to the acquisition of the asset.

When the amount of purchase consideration is contingent on future events, the initial cost of the acquisition recorded includes an estimate of the fair value of the contingent amounts expected to be payable in the future. When the fair value of contingent consideration as at the date of acquisition is finalized before the purchase price allocation is finalized, the adjustment is allocated to the identifiable assets and liabilities acquired. Subsequent changes to the estimated fair value of contingent consideration are recorded in the consolidated statement of loss.

Stream Interests and Royalties

Agreements for which settlements are called for in gold or other commodities the amount of which is based on production at the underlying mines to which the agreements related, are capitalized on a property by property basis, are recorded at cost less accumulated depletion and impairment loss, if any. Project evaluation costs that are not related to a specific agreement are expensed in the period incurred.

Producing stream interests and royalties are depleted using the units-of-production method over the life of the property to which the interest relates, which is estimated using available information of proven and probable reserves at the mine corresponding to the specific agreement. For those mineral interests that have commenced production, all costs associated with mineral interests are depleted and no amounts would remain classified as non-depletable.

Depletion and Amortization

The cost of these Stream and Royalty interests is separately allocated to reserves, resources and exploration potential. The value allocated to reserves is classified as depletable and is depleted on a unit-of-sale basis over the estimated recoverable proven and probable reserves at the mine corresponding to the specific agreement. The value associated with resources and exploration potential is the value beyond proven and probable reserves at acquisition and is classified as non-depletable until such time as it is transferred to the depletable category as a result of the conversion of resources and/or exploration potential into reserves.

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures are expensed as incurred. Exploration and evaluation expenditures include the costs of acquiring and maintaining mineral licenses and costs associated with exploration and evaluation activity. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are reclassified to mining property and development assets within property, plant and equipment.

Although the Company has taken steps to verify title to the properties on which it was conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements. The Company’s property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For marketable securities classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of loss and comprehensive loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of loss and comprehensive loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS equity securities, impairment losses previously recognized through the statement of loss and comprehensive loss are not reversed through the statement of loss and comprehensive loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity. The Company does not have any derivative financial instruments.

The Company assesses at the end of each reporting date whether there are indicators of impairment present for financial assets other than financial assets valued through profit and loss. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

An impairment loss in respect of a financial asset carried at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted using the instrument’s original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its *cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative* loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset that was previously recognized in profit or loss, is removed from equity and recognized in profit or loss.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Revenue Recognition

Revenue associated with the sale of commodities is recognized when all significant risks and rewards of ownership of the asset sold are transferred to the customer, usually when insurance risk and title has passed to the customer and the commodity has been delivered to the shipping agent. At this point the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the commodities and the costs incurred, or to be incurred, in respect of the sale, can be reliably measured. Revenue is recognized at the fair value of the consideration receivable, to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Sales revenue is recognized at the fair value of consideration received, which in most cases is based on invoiced amounts.

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Royalty arrangements are based on production, sales and/or other measures and are recognized by reference to the underlying arrangement.

Foreign Currency Translation

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. For the Company and its subsidiaries, the functional currency is the U.S. dollar ("USD"). The condensed consolidated interim financial statements are presented in Canadian dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the foreign exchange component is also recognized in profit or loss.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant changes in value.

Cash and Cash Equivalents		**September 30, 2016**
Cash in banks	**$**	**5,508**
Short term money markets		**-**
Cash and cash equivalents	**$**	**5,508**

Financial Assets and Liabilities

All financial instruments are classified into one of the following categories: at fair value through profit and loss, loans and receivables, held-to-maturity investments, available-for-sale ("AFS"), or financial liabilities. The Company determines the classification of its financial assets at initial recognition.

Financial Assets
Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities of greater than 12 months after the end of the reporting period, which are classified as non-current assets. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at

amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company has classified cash as loans and receivables.

Financial Assets at Fair Value Through Profit or Loss
An instrument is classified at fair value through profit or loss if it is held for trading. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has not designated any financial assets at fair value through profit or loss.

Available-for-sale Financial Assets
Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an instrument is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company has not designated any financial assets as available-for-sale.

Financial Liabilities
Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. Transaction costs on financial assets and liabilities other than those classified as fair value through profit and loss are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at fair value through profit and loss are expensed as incurred. The Company's financial liabilities consist of accounts payable and accrued liabilities.

The Company's financial assets and liabilities include cash, accounts receivable, and accounts payable and accrued liabilities.

The Company has designated its cash and accounts receivable as loans and receivables, which are measured at amortized cost. Regular purchases and sales of financial assets are recognized on the trade-date, the date on which the Company commits to purchase or sell the asset. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Transaction costs associated with fair value through profit and loss financial assets and financial liabilities are expensed as incurred, while transaction costs associated with all other financial assets and other financial liabilities are included in the initial carrying amount of the asset or the liability.

Fair values are determined directly by reference to published price quotations in an active market.

Income Taxes

Taxation on the earnings or loss for the period comprises current and deferred tax. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used are those that are substantively enacted at the reporting date.

Deferred tax is recognized on the estimated future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting or taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities.

Deferred income tax assets and liabilities are measured using income tax rates in effect for the period in which those temporary differences are expected to be recovered or settled based on the tax rates that have been enacted or substantively enacted by the end of the reporting period. The effect on deferred income tax assets and liabilities of a change in income tax rates or laws is recognized as part of the provision for income taxes in the period the changes are considered substantively enacted. Judgements are required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the statement of financial position and the amount of other tax losses and temporary differences not yet recognized. In such circumstances, some or the entire carrying amount of recognized deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the income statement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are reviewed at each statement of financial position date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share Equity and Share Purchase Warrants Issued

Share purchase warrants issued with an exercise price denominated in the Company's functional currency (US dollars) are considered equity instruments with the consideration received reflected within shareholders' equity under the classification of share purchase warrants reserve. Upon exercise, the original consideration is reallocated from share purchase warrants reserve to issued share capital along with the associated exercise price.

The fair value of common shares is based on the market closing price on the date the shares are issued and the fair value of share purchase warrants is estimated using the quoted market price or if the warrants are not traded, using the Black-Scholes Model ("BSM") as of the date of issuance. Equity instruments issued to agents as financing costs are measured at their fair value at the date the services were provided.

Earnings (Loss) Per Share

Basic earnings per share is computed by dividing the net income available to common shareholders by the weighted average number of common shares issued and outstanding during the period. Diluted earnings per share is calculated assuming that outstanding share options and share purchase warrants, with an average market price that exceeds the average exercise prices of the options and warrants for the year, are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the common shares for the year.

Share Based Payments

The Company makes share-based awards, including free shares and options, to certain employees.

For equity-settled awards, the fair value is charged to the statement of loss and credited to equity, on a straight-line basis over the vesting period, after adjusting for the estimated number of awards that are expected to vest. The fair value of the equity-settled awards is estimated at the date of grant. Non-vesting conditions and market conditions, such as target share price upon which vesting is conditioned, are factored into the determination of fair value at the date of grant. All other vesting conditions are excluded from the determination of fair value and included in management's estimate of the number of awards ultimately expected to vest.

The fair value is determined by using option pricing models. At each statement of financial position date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed (after adjusting for non-market performance conditions). The movement in cumulative expense is recognized in the statement of loss with a corresponding entry within equity. No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified over the original vesting period. In addition, an expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification, over the remainder of the new vesting period.

Related Party Transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or significant influence. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. All operating segments' results are reviewed regularly by the Company's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 *Financial Instruments* ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company is currently evaluating the impact of the financial reporting standard and amendments on its consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15") In May 2014, the IASB and the Financial Accounting Standards Board ("FASB") completed its joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for IFRS and US GAAP. As a result of the joint project, the IASB issued IFRS 15, Revenue from Contracts with Customers, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Companies can elect to use either a full or modified retrospective approach when adopting this standard. On April 28, 2015, the IASB decided to defer the effective date of IFRS 15 to January 1, 2018. The Company is currently evaluating the impact of the financial reporting standard and amendments on its consolidated financial statements.

IAS 7, Statement of Cash Flows ("IAS 7") Amendments to IAS 7, Statement of Cash Flows were issued in January 2016 as part of the IASB's Disclosure Initiative. The amendments require certain enhanced disclosures of the cash and non-cash components of changes in liabilities resulting from financing activities and are required to be applied for years beginning on or after January 1, 2017. The Company is currently evaluating the impact of the amendments on its consolidated financial statements.

Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Functional Currency
  The functional currency for the Company is the currency of the primary economic environment in which it operates. The Company has determined that its functional currency is the USD. The determination of functional currency may require certain judgements to determine the primary economic environment. The Company reconsiders the functional currency used when there is a change in events and conditions which determined the primary economic environment.

- Assets' carrying values and impairment charges
  In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- Estimation of Depletion
  As described in Note 9, the Company's gold stream and royalty interests are separately allocated to reserves, resources and exploration potential. The value allocated to reserves is classified as depletable and is depleted on a unit-of-sale basis over the estimated recoverable proven and probable reserves at the mine corresponding to the specific agreement. To make this allocation, the Company estimates the recoverable reserves, resources and exploration potential at each mining operation. These calculations require the use of estimates and assumptions, including the amount of contained silver and gold or other mineral, the recovery rates and payable rates for the contained gold and silver or other mineral being treated through a milling or refining process. Changes to these assumptions may impact the estimated recoverable reserves, resources or exploration potential which could directly impact the depletion rates used. Changes to depletion rates are accounted for prospectively.

- Income taxes and recoverability of potential deferred tax assets
  In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence.

Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

- Share-based payments
  Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Key Sources of Estimation Uncertainty in the Application of Accounting Policies

- *Estimated recoverable minerals:* The carrying amounts of the Company's mining properties are depleted based on recoverable minerals. Changes to estimates of recoverable minerals and depletable costs including changes resulting from revisions to the mine plans of the underlying assets to which the Company owns a gold or silver stream or NSR and changes in metal price forecasts can result in a change to future depletion rates.

- *Mineral reserve estimates:* The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43 -101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators and in accordance with "Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines – adopted November 23, 2003", prepared by the CIM Standing Committee on Reserve Definitions. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control, including the fact that the majority of these estimates are not prepared by the Company and the Company is often relying on a counterparty, which owns and operates the assets to which the company has a stream or royalty interest. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between the counterparty's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operation.

- *Depreciation and amortization rates for stream and royalty mineral interests:* Depreciation and amortization expenses are allocated based on assumed asset lives and depreciation and amortization rates. Should the asset life or depreciation rate differ from the initial estimate, an adjustment would be made in the consolidated income statement prospectively. A change in the mineral reserve estimate for assets depreciated using the units of production method would impact depreciation expense prospectively.

- *Accounting for acquisitions:* The provisional fair value of assets acquired and liabilities assumed and the resulting goodwill, if any, requires that management make certain judgments and estimates taking into account information available at the time of acquisition about future events, including, but not restricted to, estimates of mineral reserves and resources acquired, exploration potential, future operating costs and capital expenditures, future metal prices, long-term foreign exchange rates and discount rates. Changes to the provisional values of assets acquired and liabilities assumed, deferred income taxes and resulting goodwill, if any, are retrospectively adjusted when the final measurements are determined (within one year of the acquisition date).

- *Impairment of Stream or Royalty interests:* While assessing whether any indications of impairment exist for stream or royalty interests, consideration is given to both external and internal sources of information. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of stream or royalty interests. Internal sources of information include the manner in which mineral property, plant and equipment are being used or are expected to be used and indications of the economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's stream or royalty interests, costs to sell the stream or royalty interests and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's stream or Royalty interests.

6. PLAN OF ARRANGEMENT

Reverse Asset Acquisition and Acquisition of portfolio of Gold Stream and NSR interests from Pan American Silver Corp

In April, 2016, MacMillan Minerals Inc. (TSXV: MMX) ("MacMillan"), Maverix Metals Inc. ("Maverix Private Co.") and Pan American Silver Corp. ("Pan American") entered into an arrangement agreement dated April 18, 2016 as amended and restated on May 13, 2016 (the "Arrangement").

On July 11, 2016 MacMillan, Maverix Private Co. and Pan American completed the Plan of Arrangement (the "Arrangement") which has launched Maverix Metals Inc. ("Maverix" or the "Company") (formally MacMillan Minerals Inc.) as a new publicly traded royalty and streaming company.

Under the terms of the Arrangement, MacMillan acquired all of the issued and outstanding securities of Maverix Private Co. (the "Reverse Takeover", or "RTO"). Concurrently, MacMillan purchased a package of thirteen NSR's, precious metal streams, and payment agreements from Pan American (collectively, the "Portfolio").

Upon closing of the Arrangement, MacMillan was renamed Maverix Metals Inc. and continues to trade as "MMX" on the TSX Venture Exchange. The Arrangement sets out the terms of the RTO and the Arrangement involving MacMillan, Maverix Private Co., the shareholders of MacMillan and Maverix Private Co, and Pan American and included among other things:

- After consolidating its share capital on a two-for-one basis (the "Consolidation") MacMillan had issued and outstanding 3,644,165 common shares;
- MacMillan then exchanged common shares for all of the outstanding common shares of Maverix Private Co. at a ratio of one MacMillan common share for each one common share of Maverix Private Co., representing a total aggregate issuance of 33,079,091 common shares of MacMillan to Maverix Private Co. (the "RTO" transaction);
- MacMillan also concurrently acquired the Portfolio from Pan American in exchange for 42,850,000 common shares of MacMillan and 20,000,000 common share purchase warrants to acquire common shares of MacMillan;
- MacMillan then changed its name to Maverix Metals Inc.

Post the RTO transaction, Pan American held approximately 54% of the issued and outstanding common shares of Maverix, Maverix's Private Co.'s shareholders held approximately 41% of the issued and outstanding common shares of Maverix. and MacMillan's shareholders held the remaining 5% of issued and outstanding common shares of Maverix. After the Arrangement was completed, Maverix had a total of approximately 79.9 million shares issued and outstanding.

In addition, Pan American received 20,000,000 common share purchase warrants of Maverix (the "PAS Warrants"). The PAS Warrants are exercisable for five years after closing of the Arrangement. One-half of the PAS Warrants are exercisable for USD$0.546 ($0.716) per share and one-half are exercisable for USD$0.78 ($1.023) per share.

The cost in accordance with the Plan of Arrangement was $59.4 million and included the fair value of the following items as at July 11, 2016:

a) 42.85 million Maverix common shares at $1.22 per share for a total fair value of $52,312; and

b) 20.0 million Maverix Public Co. warrants at an average price of $0.13 per warrant for a total fair value of $2.6 million determined using the Black-Scholes option pricing model; plus
c) 3.6 million Maverix common shares at $1.22 per share for total fair value of $4.4 million for acquisition of MacMillan Minerals Inc. and;
d) the estimated transaction costs of $0.7 million.

The following assumptions were used for the Black-Scholes option pricing model for fair value of the warrants:

Dividend yield	0%
Expected volatility	40%
Risk free interest rate	1.0%
Expected life	5 years

The transactions were accounted for as an asset purchase and the cost of each gold stream, NSR or payment agreement acquired in the portfolio was determined based on its fair value at the time of acquisition.

The acquisition of MacMillan Minerals Inc. was accounted for as an RTO that was not a business combination and effectively a capital transaction of the Company. Maverix Private Co.. has been treated as the accounting parent (legal subsidiary) and MacMillan has been treated as the accounting subsidiary (legal parent) in these consolidated financial statements. As Maverix Private Co. was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying values. Maverix Metals Inc.'s results of operations have been included from the date of the RTO. The legal capital continues to be that of MacMillan Minerals Inc., the legal parent. These financial statements are a continuation of those of Maverix Private Co. which was incorporated on January 9, 2016 and therefore limited comparative information has been included.

The purchase price allocation for the transaction is summarized in the table below:

		($ thousands)
Consideration:		
3.6 million shares to MacMillan	$	4,450
42.85 million shares of Maverix Shares issued to Pan American Silver		52,312
20.0 million Pan American Warrants		2,600
	$	59,362

Allocation of acquisition costs:		($ thousands)
Stream and NSR interests (Note 9)	$	54,912
Cash and Cash equivalents		5
Accounts receivable and prepaid expenses		9
Accounts Payable and Accrued liabilities		(297)
Notes Payable		(265)
Listing expense		4,998
	$	59,362

(Expressed in Canadian Dollars)

7. SHARE CAPITAL

a) Authorized, Issued and Outstanding shares

The Company's authorized capital consists of an unlimited number of common shares without par value.

A summary of common shares outstanding as at September 30, 2016 and changes during the periods then ended are presented below:

	Shares #	Amount $
Balance at January 9, 2016	**-**	**-**
Issued on formation	18,625,000	1,500
Issued on subscriptions(i)	14,454,091	4,390
Issued on RTO (ii)	3,644,165	4,450
Issued on purchase of assets from Pan American Silver (iii)	42,850,000	52,312
Issued as compensation (iv)	264,600	220
Balance at September 30, 2016	**79,837,856**	**62,872**

(i) During the period beginning January 9, 2016 and ending September 30, 2016 14,454,091 shares were issued by Maverix for subscription holders.
(ii) On July 11, 2016, 3,644,165 common shares were issued to MacMillan Minerals Inc. shareholders as part of the Reverse Takeover Transaction ("RTO").
(iii) On July 11, 2016, 42,850,000 common shares were issued in accordance with the plan of arrangement agreement, see note 6.
(iv) On July 11, 2016 the Board of Maverix issued 264,600 common shares for $220,000 in stock compensation to directors.

b) Share Purchase Warrants

A summary of warrants outstanding as at September 30, 2016 and changes during the periods then ended are presented below:

	Warrants #	Grant date Strike price $USD/(CAD)
Balance at January 9, 2016	**-**	**-**
Acquisition transaction (i)	10,000,000	$0.54 ($0.72)
Acquisition transaction (i)	10,000,000	$0.77 ($1.02)
Balance September 30, 2016	**20,000,000**	**$0.65 ($0.85)**

(i) On July 11, 2016, 20,000,000 warrants were issued for the portfolio of assets as part of the consideration transferred to Pan American Silver Corp under the plan of arrangement (Note 6).

8. SHARE-BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN

The Company adopted a stock option plan (the "Plan"), which provides that the Board of Directors may, at its discretion, grant directors, officers, employees and consultants, non-transferable stock options to purchase common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date of which the option is granted. Under this plan, the aggregate number of common stock options shall not exceed 10% of the issued and outstanding common shares of the Company, and if any option granted under the plan expires or terminates for any reason in accordance with the terms of the plan without being exercised, that option shall again be available for the purpose of the plan. All options vest over a period determined by the Board of Directors and expire up to five years after issuance.

(Expressed in Canadian Dollars)

Stock option and share compensation plan
Pursuant to the stock option and share compensation plan approved by shareholders at the June 17, 2016 shareholders meeting, the Company granted 2,907,000 options exercisable at $0.54 expiring April 2021, and vest in two equal parts over two years on the anniversary date of the grant. The Board also approved the issuance of 264,600 common shares to directors as part of their compensation for director fees. These were issued on July 11, 2016.

A summary of options outstanding as at September 30, 2016 and changes during the period then ended are presented below:

	Options Outstanding	Weighted average exercise price
	#	$
Balance at January 9, 2016	**-**	**-**
Granted	2,907,000	0.54
Exercised	-	-
Expired	-	-
Balance at September 30, 2016	**2,907,000**	**0.54**
Options exercisable at September 30, 2016	**-**	**-**

On July 11, 2016, the Company granted 2,907,000 stock options exercisable at $0.54 with an expiry date of July 11, 2021. The grant included 1,275,000 options to officers and employees, and 1,632,000 options to directors of the Company. The fair value of these options of approximately $0.6 million was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected yield of 0%; expected volatility of 40%; risk-free interest rate of 1.0%; and an expected life of 5 years. These options are five year options which vest in two instalments, the first 50% vest on the first anniversary date of the grant and a further 50% vest on the second anniversary date of the date of grant.

9. STREAM AND ROYALTY INTERESTS, NET

The following table summarizes the Company's Stream and royalty interests as at September 30, 2016:

	Cost	Accumulated Depletion	Impairments	Net
As at September 30, 2016 (in thousands)	$	$	$	$
Stream interests				
La Colorada	22,620	(132)	-	22,488
La Bolsa	4,680	-	-	4,680
Total Stream interests	27,300	(132)	-	27,168
NSR and Payment Agreement interests				
San Jose Mine	7,150	(330)	-	6,820
Moose River	4,810	-	-	4,810
Shalipayco Project	4,290	-	-	4,290
Tres Cruces	4,680	-	-	4,680
Calcatreu	2,860	-	-	2,860
Pico Machay	1,560	-	-	1,560
Jojoba	1,495	-	-	1,495
other	767	-	-	767
Total NSR and Payment agreement interests	27,612	(330)	-	27,282
Balance, September 30, 2016	**54,912**	**(462)**	**-**	**54,450**

The portfolio of assets acquired are as follows (see Note 6):

a) La Colorada Mine Gold Stream (Durango, Mexico) –The economic equivalent of one hundred percent (100%) of the gold produced from Pan American's operating La Colorada silver mine, less a fixed price of US$650 per ounce for the life of the mine. The fair value of this gold stream has been estimated at $22.6 million (USD $17.4 million).

b) San José Mine Net Smelter Return Royalty (Oaxaca, Mexico) – Net smelter return royalty ("NSR") of one and one-half percent (1½%) on all metal sales from the Taviche Oeste concession at Fortuna Silver Mines' operating San José silver and gold mine. The fair value of this royalty has been estimated at $7.2 million (USD $5.5 million).

c) Moose River Project NSR (Nova Scotia, Canada) – NSR of three percent (3%), subject to a $2.5 million option to repurchase 2% of the NSR, on the Touquoy deposit at Atlantic Gold Corporation's Moose River open pit gold project. The fair value of this royalty has been estimated at $4.8 million (USD $3.7 million).

d) Shalipayco Project NSR (Junin, Peru) – NSR of one percent (1%) on all metal production from the Shalipayco zinc development project. Shalipayco is an underground, pre-feasibility stage project that has been advanced by a joint venture lead by Votorantim Metals, Compañia Minera Milpo S.A., and Pan American. The fair value of this royalty has been estimated at $4.3 million (USD $3.3 million).

e) La Bolsa Project Gold Stream (Sonora, Mexico) – Agreement to purchase five percent (5%) of the future life of mine gold production at a fixed price of US$450 per ounce from the feasibility stage La Bolsa project. The fair value of this royalty has been estimated at $4.7 million (USD $3.6 million).

f) Calcatreu Project NSR (Rio Negro, Argentina) – NSR of one and one-quarter percent (1¼%), or its equivalent, on all metals produced from the pre-feasibility stage Calcatreu open pit/milling gold/silver project. The fair value of this royalty has been estimated at $2.9 million (USD $2.2 million).

g) Tres Cruces Project NSR (La Libertad, Peru) – NSR of one and one-half percent (1½%) on the Tres Cruces concessions held by New Oroperu Resources Inc. Tres Cruces is under option and is being explored by Barrick Gold Corporation. The fair value of this royalty has been estimated at $4.7 million (USD $3.6 million).

h) Pico Machay Project NSR (Huancavelica, Peru) – NSR of one percent (1%) on the scoping stage Pico Machay open pit/heap leach gold project. The fair value of this royalty has been estimated at $1.6 million (USD$1.2 million).

i) Taviche Este Project NSR (Oaxaca, Mexico) – NSR of one and one-half percent (1½%) on Aura Silver Resources Inc.'s early stage Taviche Este exploration project. The fair value of this royalty has been estimated at $0.3 million (USD $0.25 million).

j) Quiruvilca Mine NSR (La Libertad, Peru) – A right to receive 50% of all revenue received, including any sales proceeds, from Pan American's two percent (2%) NSR on all metal production from the Quiruvilca zinc/silver mine owned and currently operated by Sociedad Minera Quiruvilca Inversiones S.A. The fair value of this royalty has been estimated at $0.3 million (USD $0.2).

k) Jojoba Project NSR (Sonora, Mexico) – NSR of two percent (2%) on the exploration stage Jojoba gold/silver deposit. The project is currently held by GFM Minera S.A.P.I. de C.V., a private Mexican company. The fair value of this royalty has been estimated at $1.5 million (USD $1.15 million).

l) Queylus Project NSR (Quebec, Canada) – NSR of one and one-half percent (1½%) on Copper One Inc.'s early stage Queylus copper/gold project. The fair value of this royalty has been estimated at $0.1 million (USD $0.04 million).

m) Maria Cecilia Project NSR (Peru) – NSR of one and one-half percent (1½%) on Stellar Mining's early stage Maria Cecilia gold/silver project. The fair value of this royalty has been estimated at $0.1 million (USD $0.1 million).

10. EXPLORATION AND EVALUATION EXPENDITURES

a) The Las Cucharas Project – Nayarit State

The Las Cucharas Properties are located within the Municipality of Huajicori, at the north end of the State of Nayarit in west-central Mexico. The Company has been granted a number of concessions collectively referred to as the Las Cucharas Project. The Las Cucharas Project covers a series of generally northwest trending gold and silver-bearing vein structures which mainly occur within a six-kilometre-long by two-kilometre-wide mineralized corridor. The Company has conducted systematic field-work including geological mapping and geochemical surveys. All required land use agreements and environmental permitting were in place to allow exploration activities including trenching and drilling.

b) The La Violetta Project – Sinaloa State

The La Violetta, the Palmira, and the Chino Gordo properties are collectively referred to as the La Violetta Project. These properties were optioned to Lake Shore Gold Corp. ("Lake Shore" formerly West Timmins Mining Inc.) in November 2007. In March 2010, Lake Shore and the Company signed a Letter Agreement amending the terms of the November 2007 agreement. In May 2010, Lake Shore issued 146,000 common shares, valued at $440,920, in exchange for transfer of these titles and an immediate 70% interest in the properties under option. Lake Shore was appointed the operator and is responsible for all costs until a bankable feasibility study is completed on a mineral resource defined at least in part on the properties under option.

(Expressed in Canadian Dollars)

The La Violetta Property option was assigned by Lake Shore to Revolution Resources Corp. ("Revolution") in November 2011 and Revolution agreed that it would remain responsible for the terms of the property option agreement. On January 30, 2013, Lake Shore announced that it was selling 100% of its Mexico portfolio to Revolution including the La Violetta Properties originally under option to Lake Shore. The property option agreement provides that MacMillan maintains a 30% assigned interest and that Revolution is responsible for all costs until a bankable feasibility study is completed on a mineral resource defined at least in part on the properties under option.

c) Cerro de Oro Project – State of Zacatecas

In November 2013, the Company entered into a property option agreement with Minera Peñasquito S.A. de C.V. ("Minera Peñasquito"), a wholly owned subsidiary of Goldcorp Inc. Minera Peñasquito may acquire an initial 51% interest in the Cerro de Oro Project by making payments to the Company of US$100,000 (received $103,623) and making exploration expenditures of US$1,500,000 over three years. Minera Peñasquito then has the option to increase its interest to 70% by spending a minimum additional US$500,000 and completing a Mineral Resource Estimate Report written to be in compliance with National Instrument 43-101. The agreement also provides that the associated concession fees are to be paid by Minera Peñasquito.

Concession fees are due semi-annually in January and July each year. The Company has accrued for the cost of the fees that were due since July of 2013 plus penalties and inflation adjustments. These fees remain outstanding and therefore the titles to these concessions are at risk of termination by government authorities.

The fees required to maintain the La Violetta Properties transferred to Revolution, as described above, are the responsibility of Revolution.

The fees required to maintain the Cerro de Oro Properties optioned to Minera Peñasquito are the responsibility of Minera Peñasquito. Minera Peñasquito has reported that these concession fees have been paid up to December 31, 2016.

11. LOSS PER SHARE

a) Basic

Basic loss per share is calculated by dividing the net loss by the weighted average number of common shares issued and outstanding during the period.

	Three months ended September 30, 2016	**The period beginning January 9 and ending September 30, 2016**
Net loss for the period	$ (6,177)	$ (6,300)
Weighted average number of common shares outstanding	73,203,688	26,872,573
Net loss per share	$0.08	$0.23

b) Diluted

Diluted loss per common share is equal to basic loss per share as any share purchase warrants and stock options outstanding for the three-month period and period beginning January 9, 2016 and ending September 30, 2016 are anti-dilutive.

12. CAPITAL RISK MANAGEMENT

The capital of the Company consists of share capital, warrants, and stock options. The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition of streams, NSR's and Payment agreement interests. The Company attempts to manage its capital structure in a manner that will provide sufficient funding for activities. The Company and its subsidiaries are not subject to externally imposed capital requirements.

Funds are primarily secured through equity capital raised by way of private placements or through the public markets. There can be no assurances that the Company will be able to raise equity capital in this manner.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period from January 9, 2016 ending September 30, 2016. The Company's shareholders' equity at September 30, 2016 was $59.2 million.

13. SUPPLEMENTAL CASH FLOW INFORMATION

The following table summarizes the significant non-cash items:

		Three months ended September 30,		Period beginning January 9, 2016 and Ending September 30,
Significant Non-Cash Items: (thousands)		**2016**		**2016**
Streams and NSR's acquired under Plan of Arrangement	$	54,912	$	54,912
Shares issued under Plan of Arrangement	$	52,312	$	52,312
Shares issue to purchase MacMillan under the RTO	$	4,450	$	4,450
Warrants issued under the Plan of Arrangement	$	2,600	$	2,600

14. FINANCIAL INSTRUMENTS AND RISK FACTORS

Fair Value of Financial Assets and Liabilities

The carrying values of cash, accounts receivable, and accounts payable and accrued liabilities, approximate their respective fair values due to the short-term nature of these instruments.

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

(thousands)	Carrying Amount	Fair Value
	As at September 30, 2016	
	$	$
Cash in banks	5,508	5,508
Accounts receivable	312	312
Accounts payable and accrued liabilities	(1,008)	(1,008)

Risk Management
The Company may be exposed to risks of varying degrees of significance that could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below. There were no changes in the risks, objectives, policies and procedures during the period ended September 30, 2016.

Credit Risk Management
Credit risk relating to accounts receivable arises from the possibility that any counterparty to an instrument fails to perform. The Company does not feel there is significant counterparty risk that could have an impact on the fair value of cash and amounts receivable.

Liquidity Risk
The Company prepares budgets on an ongoing basis to determine the amount of funds required to support the Company's operations and acquisition activities. Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's liquid assets at September 30, 2016 consisted of cash of $5.5 million and accounts receivable of $0.3 million.

Market Risk
Revenue, cash flow, and profits from any of the Company's stream and will be influenced by precious and/or base metal prices and by the relationship of such prices to the pre-determined cost of purchasing the precious metal in the case of the Company's stream interests. Such prices can fluctuate widely and are affected by numerous factors beyond the Company's control.

Foreign Exchange Risk
The Company's financings are in Canadian dollars. Certain of the Company's expenses are incurred in foreign currencies and are therefore subject to gains or losses due to fluctuations in exchange rates. As at September 30, 2016, the Company had the following balances in foreign currencies:

	September 30, 2016	
(thousands)	USD	$CAD
Cash		
USD- Bank Account	$563	$731

The Company does not undertake currency hedging activities to mitigate its foreign currency risk. If the USD denominated financial instrument balances had remained consistent throughout the period, a 10% strengthening (weakening) of the Canadian dollar against the United States dollar would have increased (decreased) the loss for the period beginning January 9, 2016 and ending September 30, 2016 by $73.

Interest Rate Risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is management's opinion that the Company is not exposed to significant interest rate risk.

A sensitivity analysis has determined that an interest rate fluctuation of 1% would not have resulted in significant fluctuation in the interest income during the three or nine months ended September 30, 2016.

Notes payable
Prior to the plan of arrangement, the Company had obtained two loans from two unrelated non-insider third parties in order to meet its ongoing liquidity needs. The total amount of these two loans were $115 and $59, respectively, plus accrued interest with interest of 1.5% per month, or part month (18% per annum) due by July 30, 2016.

There were provisions in all the loan agreements for the interest rate to increase to 2% per month or part month (24% per annum) in the case of early repayment or an Event of Default as defined in the loan agreements. The Event of Default provisions included the sale of significant assets by the Company or the completion of financings by the

Company. These loans were secured by Promissory notes which were ranked ahead of all other liabilities of the Company.

These loans plus accrued interest of $177 were repaid in the current quarter ended September 30, 2016, subsequent to the RTO transaction.

15. RELATED PARTY TRANSACTIONS

Related parties include officers, the Board of Directors, and enterprises which are controlled by these individuals.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of officers and directors of the Company for the period from January 9, 2016 and ending September 30, 2016:

	2016
	$ (000's)
Share based compensation	**305**
Salaries and benefits	**205**
Total compensation	**510**

The Company granted 2,907,000 options to officers, employees and/or directors during the period beginning January 9, 2016 and ending September 30, 2016.

As at September 30, 2016, the Company owed $nil to related parties.

16. TAXATION

Income tax expense differs from the amounts that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes. These differences result from the items shown on the following table, which result in effective tax rates that vary considerably from the comparable periods. The main factors that have affected the effective tax rates for the three months ended September 30, 2016 were non-recognition of certain deferred tax assets. The Company continues to expect that these and other factors will continue to cause volatility in effective tax rates in the future.

The tax charge shown in the statement of loss differs from the amount obtained by applying the statutory rate to the income before taxes due to the following:

	Three-Months ended September 30, 2016	**Period beginning January 9, 2016 and ending September 30, 2016**
Pre tax loss for the year	$ (6,126)	$ (6,249)
Statutory tax rate	26.00%	26.00%
Expected recovery of income taxes	1,593	1,625
Withholding taxes paid on Royalty interest	(51)	(51)
Change in benefit not recognized	(1,593)	(1,625)
Income tax expense	$ (51)	$ (51)

The Company's non-capital losses of $6.4 million will expire by 2036 if not utilized to reduce income in future periods.

17. SEGMENT INFORMATION

Revenue by type

Revenue (thousands)	For the three months ended September 30, 2016	For the period beginning January 9, 2016 and ending September 30, 2016
Refined gold	**$ 451**	$ 451
NSR's	**504**	504
Total	**$ 955**	$ 955

18. CONTINGENT LIABILITIES

Executive Termination Agreements

The Company currently has employment agreements with the provision of termination and change of control benefits with senior employees of the Company. The agreements for these employees provide that in the event that employment is terminated (i) by the Company for any reason other than just cause or death; or (ii) in the case of officers, by a change of control, the employees shall be entitled to an aggregate amount of up to two times factored salaries. As a triggering event has not taken place, the contingent payments have not been recorded in these condensed interim consolidated financial statements.

Environmental Contingencies

The Company's exploration activities are subject to various federal, state and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations comply with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

19. CONTRACTUAL OBLIGATIONS

In connection with its Gold Streams, the Company has committed to purchase the following gold streams:

	Percent of life of mine gold	Per ounce cash payment: Lesser of amount below and the then prevailing market price of gold
Stream interests		
La Colorada	100%	$650
La Bolsa	100%	$450