SAILFISH
ROYALTY CORP.

Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
(Expressed in United States Dollars)
(Audited)

Independent auditor's report

To the Shareholders of Sailfish Royalty Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Sailfish Royalty Corp. and its subsidiaries (together, the Company) as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of comprehensive (loss) income for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of indicators of impairment for royalty and stream interests *Refer to note 2(k) – Significant accounting policies and changes in accounting policies – Impairment of royalty and stream interests and exploration and evaluation assets, note 3(i) – Key sources of estimation uncertainty and critical accounting judgment – Assessment of indicators of impairment of royalty and stream interests and exploration and evaluation assets and note 5 – Royalty and stream interests, to the consolidated financial statements.* The carrying value of royalty and stream interests amounted to $34.9 million as at December 31, 2022. At each reporting period end, management assesses whether there are any indicators of impairment relating to each of its royalty and stream interests. If there are indicators of impairment, management estimates the recoverable amount of the related interest in order to determine the extent of the impairment, if any. Management uses judgment when assessing whether there are indicators of impairment. For interests in operating mines (operating interests), indicators of impairment may include significant changes in future commodity prices, discount rates, operator reserve and resource estimates or other relevant information received from the operators that indicates production from operating interests will not likely occur or may be significantly reduced in the future. For interests in non-operating mines (non-operating interests), indicators of impairment may include the period during which the entity has the right to explore in	Our approach to addressing the matter included the following procedures, among others: • For selected royalty and stream interests, assessed the judgments made by management in determining whether there were indicators of impairment, which included the following: – Evaluating management's assessment of indicators of impairment related to operating interests by: ○ Assessing significant changes in future commodity prices and discount rates by considering external market and industry data. ○ Assessing whether significant changes exist with respect to operator reserve and resource estimates or whether other relevant information was received from the operators that indicates production from operating interests will not likely occur or may be significantly reduced in the future, by considering (i) the current and past performance of the underlying mining operation associated with the operating interests; and (ii) publicly disclosed information by operators of the underlying mining operation associated with the operating interests.

Key audit matter	How our audit addressed the key audit matter
the specific area has expired during the year or will expire in the near future and is not expected to be renewed, substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned, exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the operator has decided to discontinue such activities in the specific area, and sufficient data exists to indicate that the carrying amount of the underlying interest is unlikely to be recovered in full from successful development or by sale. No impairment indicators were identified by management as at December 31, 2022. We considered this a key audit matter due to (i) the significance of the royalty and stream interests balance and (ii) the judgments made by management in its assessment of indicators of impairment related to royalty and stream interests, which have resulted in a high degree of subjectivity in performing procedures related to these judgments applied by management.	– Evaluating management's assessment of indicators of impairment related to non-operating interests by: ○ Obtaining, for a sample of mining claims, by reference to government registries and other regulatory bodies, evidence to support (i) the operator's right to explore the area and (ii) claim expiration dates. ○ Assessing (i) the budgeted/planned substantive expenditures on further exploration for and evaluation of mineral resources in the specific area, (ii) whether the exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources, and (iii) whether sufficient data exists to indicate that the carrying value of the interest is unlikely to be recovered in full from successful development or by sale, based on publicly available sources of information as well as evidence obtained in other areas of the audit.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Lana Kirk.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 24, 2023

(Expressed in United States Dollars)

ASSETS	Notes	December 31, 2022	December 31, 2021
CURRENT			
Cash		$ 1,609,521	$ 3,680,478
Accounts receivable		11,674	11,699
Due from related parties	9	1,879,553	1,251,096
Prepaid expenses and other assets		55,287	75,682
Loan receivable	6	3,380,269	4,307,319
		$ 6,936,304	**$ 9,326,274**
NON-CURRENT			
Royalty and stream interests	5	$ 34,875,632	$ 35,453,210
Right of use assets		14,081	40,832
Exploration and evaluation assets	4	641,197	628,179
Loan receivable	6	-	2,998,315
Total assets		**$ 42,467,214**	**$ 48,446,810**

LIABILITIES	Notes	December 31, 2022	December 31, 2021
CURRENT			
Accounts payable and accrued liabilities	7	$ 236,261	$ 399,561
Dividends payable	14	887,377	913,044
Lease liabilities		16,599	28,545
Due to related parties	9	45,683	5,543
		$ 1,185,920	**$ 1,346,693**
NON-CURRENT			
Lease liabilities		-	17,733
Total liabilities		**$ 1,185,920**	**$ 1,364,426**

SHAREHOLDERS' EQUITY	Notes	December 31, 2022	December 31, 2021
Share capital	7	$ 41,099,052	$ 42,570,232
Contributed surplus		6,903,676	6,469,044
Accumulated other comprehensive income		42,145	12,359
Deficit		(6,763,579)	(1,969,251)
		$ 41,281,294	**$ 47,082,384**
Total shareholders'equity and liabilities		**$ 42,467,214**	**$ 48,446,810**

Events after the reporting period (Note 14)
Approved on behalf of the Board of Directors:

"Paolo Lostritto"
Director

"Walter Reich"
Director

(Expressed in United States Dollars)

	Notes		Year Ended December 31, 2022		Year Ended December 31, 2021
Revenues					
Sales	5, 12	$	2,646,301	$	1,454,786
Royalty revenue	5, 12		-		20,497
Total revenue		**$**	**2,646,301**	**$**	**1,475,283**
Cost of sales					
Cost of sales, excluding depletion	12	$	(685,356)	$	(364,398)
Depletion	5, 12		(577,291)		(329,908)
Gross profit		**$**	**1,383,654**	**$**	**780,977**
Operating and administrative expenses (income)					
Director fees	9	$	60,000	$	160,000
Senior management	9		574,661		871,199
Share-based compensation	7, 9		714,977		736,736
Consulting fees			223,215		154,434
Investor relations			70,679		78,471
General office and regulatory fees	9		301,314		345,498
Depreciation			25,116		26,079
Exploration fees			659,827		742,188
Travel and marketing			95,743		146,049
Professional fees			214,835		471,817
Foreign exchange loss			39,682		44,380
(Gain) on disposal of assets	5,12		-		(6,727,564)
Royalty and stream interests impairment	5, 12		-		577,093
		$	2,980,049	$	(2,373,620)
Net operating (loss) income		**$**	**(1,596,395)**	**$**	**3,154,597**
Other income (expense)					
Fair value adjustment on loan receivable	6		541,428		407,374
Loan adjustment loss	8		-		(205,279)
Write-off of amounts due from related parties	9		(159,907)		-
Interest expense	8		(3,460)		(88,761)
Interest income			2,379		-
Dividend income			10,456		942
		$	390,896	$	114,276
Total (loss) income for the year		**$**	**(1,205,499)**	**$**	**3,268,873**
Other comprehensive gain (loss) for the year					
Items that may be reclassified subsequently to net income					
Exchange gain (loss) on translation		$	29,786	$	(6,779)
Total other comprehensive gain (loss) for the year		**$**	**29,786**	**$**	**(6,779)**
Net comprehensive (loss) income		**$**	**(1,175,713)**	**$**	**3,262,094**
Basic (loss) income per share		$	(0.02)	$	0.04
Diluted (loss) income per share		$	(0.02)	$	0.04
Weighted average number of shares outstanding					
Basic			72,007,093		74,659,858
Diluted			72,007,093		75,295,230

The accompanying notes are an integral part of these consolidated financial statements.

SAILFISH ROYALTY CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2022 and 2021
(Expressed in United States Dollars)

Cash provided by (used for):	Notes	Year Ended December 31, 2022	Year Ended December 31, 2021
OPERATING ACTIVITIES			
Net (loss) income for the year		$ (1,205,499)	$ 3,268,873
(Gain) on disposal of assets	5, 12	-	(6,727,564)
Fair value adjustment on loan receivable	6	(541,428)	(407,374)
Write-off of amounts due from related parties	9	159,907	-
Royalty and stream interests impairment	5, 12	-	577,093
Loan adjustment loss	8	-	205,279
Interest expense	8	1,066	83,866
Interest income		(2,379)	-
Depreciation		25,116	26,079
Unrealized foreign exchange (gain) loss		19,405	(7,308)
Depletion (including depletion in ending inventory)	5, 12	585,778	342,069
Share-based compensation	7, 9	714,977	736,736
Changes in working capital			
Accounts receivable		1,869	78,214
Prepaid expenses		8,234	(36,812)
Accounts payable and accrued liabilities	7	(163,300)	101,804
Due to related parties	9	40,140	3,631
		$ (356,114)	**$ (1,755,414)**
INVESTING ACTIVITIES			
Due from related parties	9	$ (788,364)	$ (1,095,401)
Proceeds from sale of assets	5	-	19,000,000
Transaction cost from sale of assets		-	(165,436)
Loan receivable proceeds advanced	6	-	(8,000,000)
Loan receivable payments received	6	4,466,793	1,101,740
Interest received		535	-
		$ 3,678,964	**$ 10,840,903**
FINANCING ACTIVITIES			
Interest paid		$ (1,066)	$ (1,049)
Principal payments on lease liabilities		(26,720)	(25,750)
Repayment (including interest) of loan facility	8	-	(3,355,255)
Stock options exercised - proceeds received	7	119,621	614,189
Purchase of treasury shares	7	(1,863,181)	(3,278,249)
Transaction cost on shares bought back	7	(7,965)	(13,633)
Dividends paid	7	(3,614,496)	(908,097)
		$ (5,393,807)	**$ (6,967,844)**
Net (decrease) increase in cash		**$ (2,070,957)**	**$ 2,117,645**
Cash - beginning of year		3,680,478	1,562,833
Cash - end of year		**$ 1,609,521**	**$ 3,680,478**

The accompanying notes are an integral part of these consolidated financial statements.

SAILFISH ROYALTY CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Year ended December 31, 2022 and 2021
(Expressed in United States Dollars)

	Notes	Number of shares	Amount	Contributed surplus	Accumulated other comprehensive income	Retained earnings (deficit)	Total
Balance at December 31, 2020		**75,022,851**	**$ 43,896,515**	**$ 7,083,718**	**$ 19,138**	**$ (3,416,983)**	**$ 47,582,388**
Shares bought back on-market but not yet cancelled	7	(310,900)	(331,105)	-	-	-	(331,105)
Shares bought back on-market and cancelled	7	(3,005,122)	(2,947,144)	-	-	-	(2,947,144)
Less: transaction cost on shares bought back		-	(13,633)	-	-	-	(13,633)
Stock options exercised		1,025,800	1,965,599	(1,351,410)	-	-	614,189
Share-based compensation	7, 9	-	-	736,736	-	-	736,736
Cumulative translation adjustment		-	-	-	(6,779)	-	(6,779)
Net income		-	-	-	-	3,268,873	3,268,873
Dividends declared	7	-	-	-	-	(1,821,141)	(1,821,141)
Balance at December 31, 2021		**72,732,629**	**$ 42,570,232**	**$ 6,469,044**	**$ 12,359**	**$ (1,969,251)**	**$ 47,082,384**
Shares bought back on-market but not yet cancelled	7	(22,500)	(16,893)	-	-	-	(16,893)
Shares bought back on-market and cancelled	7	(1,946,700)	(1,846,288)	-	-	-	(1,846,288)
Less: transaction cost on shares bought back		-	(7,965)	-	-	-	(7,965)
Stock options exercised		204,200	399,966	(280,345)	-	-	119,621
Share-based compensation	7, 9	-	-	714,977	-	-	714,977
Cumulative translation adjustment		-	-	-	29,786	-	29,786
Net loss		-	-	-	-	(1,205,499)	(1,205,499)
Dividends declared	7	-	-	-	-	(3,588,829)	(3,588,829)
Balance at December 31, 2022		**70,967,629**	**$ 41,099,052**	**$ 6,903,676**	**$ 42,145**	**$ (6,763,579)**	**$ 41,281,294**

1. NATURE OF OPERATIONS

Sailfish Royalty Corp. ("Sailfish" or the "Company") is a public company listed on the TSX Venture Exchange ("TSX-V") under the symbol "FISH". The Company also trades on the OTCQX Best Market under the symbol "SROYF". The Company was incorporated on February 27, 2014 under the BVI Business Companies Act, 2004 and is domiciled in the British Virgin Islands. The address of its registered and head office is Sea Meadow House, P.O. Box 116, Road Town, Tortola, British Virgin Islands, VG1110. The Company is primarily engaged in the acquisition of royalty and streaming agreements.

2. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

(a) Basis of presentation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The consolidated financial statements have been prepared on a going concern basis, under the historical cost convention.

These consolidated financial statements were approved by the board of directors for issue on April 24, 2023.

(b) Basis of measurement

These consolidated financial statements are expressed in United States dollars and include the accounts of Sailfish Royalty Corp. and its subsidiaries. Subsidiaries are entities over which the Company has control. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over its subsidiary.

As of December 31, 2022, the subsidiaries of the Company are as follows:

Company	Location of Incorporation	Ownership Interest	Principal Activity
Sailfish de Mexico S.A de C.V	Mexico	100%	Gavilanes silver property
Sailfish Royalty Management Corp.	United States of America	100%	Management services
Swordfish Silver Corp.	Canada	100%	Owns Sailfish de Mexico S.A de C.V
Terraco Gold Corp.	Canada	100%	Owns TGC Holdings Ltd.
Terraco Royalties USA, Inc.	United States of America	100%	Moonlight Royalties (NSR)
TGC Holdings Ltd.	United States of America	100%	Spring Valley Royalties (NSR)
Western Standard Metals Ltd.	Canada	100%	Owns Western Standard Metals USA, Inc.
Western Standard Metals USA, Inc.	United States of America	100%	Inactive

All inter-company transactions, balances, revenue and expenses are eliminated in full on consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (Cont'd)

(c) Functional currency

Items included in the financial statements of each subsidiary are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date, giving rise to foreign exchange gains and losses in the statement of loss.

The functional currency of Sailfish is the United States dollar. Management is required to assess the functional currency of each subsidiary of the Company, which is summarized as follows:

Company	Location of Incorporation	Ownership Interest	Functional currency
Sailfish de Mexico S.A de C.V	Mexico	100%	Mexican peso
Sailfish Royalty Management Corp.	United States of America	100%	US dollar
Swordfish Silver Corp.	Canada	100%	Canadian dollar
Terraco Gold Corp.	Canada	100%	Canadian dollar
Terraco Royalties USA, Inc.	United States of America	100%	US dollar
TGC Holdings Ltd.	United States of America	100%	US dollar
Western Standard Metals Ltd.	Canada	100%	Canadian dollar
Western Standard Metals USA, Inc.	United States of America	100%	US dollar

Management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates as well as all secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained. Any assets and liabilities of the Company held in foreign currencies are expressed in United States dollars using exchange rates prevailing at the end of the reporting period.

Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period; in this case, the exchange rates at the dates of the transactions are used. Equity transactions are translated using the exchange rate at the date of the transaction. Exchange differences arising from assets and liabilities held in foreign currencies, are recognised in other comprehensive income (loss) as cumulative translation adjustments.

(d) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable and unconditional right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

2. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (Cont'd)

(d) Financial Instruments (cont'd)

Financial assets
Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

i) FVTPL- financial assets are classified at FVTPL if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Changes in fair value are recognized in the consolidated statement of income.

ii) Amortized cost - financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) The objective of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the assets contractual cash flow represents solely payments of principal and interest.

The Company's cash, accounts receivable, and due from related parties are recorded at amortized cost. The Company's loan receivable is recorded at FVTPL.

Financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments. Gains or losses on financial liabilities at FVTPL are recognized in the consolidated statement of loss.

Loans, borrowings and payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortized cost using the Effective Interest Method ("EIR") method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortization is included as finance fees in the statement of comprehensive income. Gains and losses are recognized when the financial liability is derecognized. The Company recognizes capital contributions directly in contributed surplus when obtaining Interest-bearing debt from a related party with a stated interest rate below the current market interest rate for similar debt.

The Company's financial liabilities at amortized cost include: accounts payable and accrued liabilities, dividends payable, due to related parties and lease liabilities.

A financial liability is derecognized when the associated obligation is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive loss.

2. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (Cont'd)

(d) Financial Instruments (cont'd)

Impairment
The Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For accounts receivable, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(e) Inventory

When refined gold is delivered to the Company under a stream agreement it is initially recorded as inventory. The amount recognized as inventory includes both the cash payment and the related depletion associated with the underlying stream interest. At such time the inventory is sold, the amounts recognized in inventory are recorded as cost of sales and depletion.

(f) Borrowing cost

Borrowing costs are expensed as incurred except where they are directly attributable to the financing of acquisition, construction or development of qualifying assets requiring a substantial period of time to prepare for their intended future use. Interest is capitalized up to the date when substantially all the activities necessary to prepare the asset for its intended use are complete.

(g) Cash and cash equivalents

Cash and cash equivalents include cash held in bank accounts and highly liquid investments with original maturities of three months or less.

(h) Share-based compensation

Compensation expense for options granted to employees, directors and certain service providers is determined based on estimated fair values of the options at the time of grant using the Black-Scholes option pricing model, which takes into account, as of the grant date, the fair market value of the shares, expected volatility, expected dividend yield and the risk-free interest rate over the expected life of the option. The cost is recognized using the graded attribution method over the vesting period of the respective options.

The expense relating to the fair value of stock options is included in expenses and is credited to contributed surplus. Shares are issued from treasury in settlement of options exercised.

(i) Royalty and stream interests

Royalty interests consist of acquired royalty interests and stream metal purchase agreements. These interests are recorded at cost, including the capitalisation of associated transaction costs, and capitalized as intangible assets with finite lives. They are subsequently measured at cost less accumulated depletion and accumulated impairment losses, if any. Royalty and stream interests related to producing mines are depleted using the units-of-production method over the life of the property to which the agreement relates, which is estimated using available information of proven and probable reserves (if applicable) and the portion of resources expected to be classified as mineral reserves at the mine corresponding to the specific interest.

2. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (Cont'd)

(j) Exploration and evaluation assets

Exploration and evaluation asset acquisition costs are capitalized. These include any cash consideration and advance royalties paid, and the fair market value of shares issued, if any, on the acquisition of the exploration and evaluation asset. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made. Exploration and evaluation expenditures are expensed as incurred.

Once the technical feasibility and commercial viability of the extraction of resources from a particular exploration and evaluation asset has been determined, exploration and evaluation asset acquisition costs are tested for impairment and then reclassified to mine properties within property, plant and equipment and carried at cost until the properties to which they relate are placed into commercial production, sold, abandoned or determined by management to be impaired in value.

At each reporting date, capitalized exploration and evaluation asset acquisition costs are assessed for indicators of impairment. Where a potential impairment is indicated, impairment tests are performed for each area of interest. To the extent that exploration and evaluation asset acquisition costs are not expected to be recovered, they are charged to the consolidated statement of (loss) income and comprehensive (loss) income.

(k) Impairment of royalty and stream interests and exploration and evaluation assets

At each reporting period, management assesses whether there are any indicators of impairment relating to each of its royalty and stream assets and exploration and evaluation assets for indicators of impairment. If there are indicators of impairment, management estimates the recoverable amount of the related interest in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU"). In assessing FVLCD, recent market transactions (where available) are taken into account. If no such transactions can be identified, an appropriate valuation model is used. In assessing VIU, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in net loss for that period.

(l) Right-of use assets and leases liabilities

The right-of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of plant and equipment. The right-of-use asset is assessed for impairment losses, should a trigger be identified and adjusted for impairment if required.

The lease liability is subsequently measured at amortized cost using the effective interest method. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit.

We have elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (Cont'd)

(m) Income (loss) per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the loss of the Company, and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, except when the adjustment is anti-dilutive.

(n) Interest

Interest income and expenses are recognised in the profit or loss using the effective interest rate method. The effective interest rate is the rate that discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument on initial recognition. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

(o) Taxes

Income tax expense or benefit for the reporting period includes current and deferred income taxes. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax paid or payable in respect of previous years.

Deferred income tax is recognized using the liability method on temporary differences arising between the carrying amounts of assets and liabilities in the consolidated financial statements and the tax basis of assets and liabilities.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the year that includes the date of enactment or substantive enactment of change. Deferred tax assets and liabilities are presented separately except where there is a right of set-off within fiscal jurisdictions.

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized.

Under the present British Virgin Island laws, the Company will not be subject to tax on income, profits or capital gains in the British Virgin Islands. Under the laws of the United States, Sailfish Royalty Management Corp., TGC Holdings Ltd, Western Standard Metals, USA, Inc., and Terraco Royalties Corp.; (the "Subsidiaries"), are subject to taxation in the United States, however, the Subsidiaries had no income in 2022 or 2021 and therefore incurred no taxes. Accordingly, no provision for income tax is included in these consolidated financial statements.

(p) Revenue recognition

Revenue is comprised of revenue earned in the year from royalty and stream interests. The Company recognizes revenue upon the transfer of control of the relevant commodity to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those commodities.

2. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (Cont'd)

(p) Revenue recognition (cont'd)

For stream agreements, revenue recognition occurs when the relevant commodity received from the stream operator is delivered by the Company to its third-party customers. Revenue is measured at the fair value of the consideration received or receivable when management can reliably estimate the amount, pursuant to the terms of the sales contract.

For royalty interests, revenue recognition occurs when control of the relevant commodity is transferred to the end customer by the operator of the royalty property. Revenue is measured at the fair value of the consideration received or receivable when management can reliably estimate the amount, pursuant to the terms of the royalty agreement. In some instances, the Company will not have access to sufficient information to make a reasonable estimate of consideration to which it expects to be entitled and, accordingly, revenue recognition is deferred until management can make a reasonable estimate. Differences between estimates and actual amounts are adjusted and recorded in the period that the actual amounts are known.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENT

The preparation of these consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Information about estimates, assumptions and other sources of estimation uncertainty as at December 31, 2022 that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year are provided below. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each period end. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Outlined below are the areas that require management to make judgements and significant estimates and assumptions:

i. **Assessment of Indicators of Impairment of Royalty and Stream Interests and Exploration and Evaluation Assets**
Assessment of impairment of royalty and stream interests and exploration and evaluation assets requires the use of judgments when assessing whether there are any indicators of impairment at the end of each reporting period.

For interests in operating mines (operating interests) indicators of impairment may include significant changes in future commodity prices, discount rates, operator reserve and resource estimates or other relevant information received from the operators that indicates production from operating interests will not likely occur or may be significantly reduced in the future. For interests in non-operating mines (non-operating interests), indicators of impairment may include the period, during which the entity has the right to explore in the specific area, has expired during the year or will expire in the near future and is not expected to be renewed, substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned, exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the operator has decided to discontinue such activities in the specific area, and sufficient data exists to indicate that the carrying amount of the underlying interest is unlikely to be recovered in full from successful development or by sale.

For exploration and evaluation assets, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. Management also considers whether the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENT (Cont'd)

i. **Assessment of Indicators of Impairment of Royalty and Stream Interests and Exploration and Evaluation Assets (cont'd)**
If there are indicators of impairment, management estimates the recoverable amount of the related interest in order to determine the extent of any impairment, if any. The recoverable amount is the higher of the fair value less costs of disposal and value in use. During the year ended December 31, 2022, management of the Company determined that there were no indicators of impairment for its royalty and stream interests and exploration and evaluation assets.

ii. **Attributable Reserve and Resource Estimates**
The Company has significant royalty and stream interests which represents the capitalized expenditures related to the acquisition of royalty and stream interests, net of accumulated depletion and any impairments. The Company is required to estimate the amount of reserves and resources relating to each interest as the Company's royalty and stream interests are depleted on a units-of-production basis (once in operation), with estimated recoverable reserves and resources being used to determine the depletion rate for each of the Company's royalty and stream interests in certain instances such as impairment tests. Reserves and resources may also be used as a significant assumption for impairment assessments.

Reserves and resources are estimates of the amount of minerals that can be economically and legally extracted from the mining properties at which the Company has royalty and stream interests, adjusted where applicable to reflect the Company's percentage entitlement to minerals produced from such mines. Reserves and resources that are publicly released by the operators of the mining operations for which the Company has royalty and stream interests are based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological assessments to interpret the data. The estimation of recoverable mineral reserves and resources is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, metallurgical recoveries, permitting and production costs along with geological assumptions made in estimating the size, and grade of the ore body.

Changes in the mineral reserve or mineral resource estimates may impact the carrying value of the Company's royalty and stream interests as well as the depletion rate for each of the Company's royalty and stream interests.

iii. **Fair Value of Loan Receivable**
The carrying value of the loan receivable represents management's best estimate of the fair value of the arrangement. The fair value incorporates estimates of forward gold prices and discount rates. Refer to Note 6 for additional details.

4. EXPLORATION AND EVALUATION ASSETS

Gavilanes Property

The Company acquired an option to assign a 100% ownership interest from Mako Mining Corp. ("Mako") for a de minimis amount on the Gavilanes silver property ("Gavilanes") located in Durango, Mexico. On August 1, 2019, the Company exercised its option to acquire a 100% ownership interest on Gavilanes. Exploration and evaluation assets had a carrying value of $641,197 at December 31, 2022 (2021: $628,179), after a translation adjustment increase of $13,018.

On October 6, 2021, as amended June 30, 2022, the Company entered into a binding letter of intent with 1287398 B.C. Ltd. ("Pubco") to complete a transaction with Pubco (the "Proposed Transaction") with the goal of creating a silver focused exploration and development company (Note 9(b) (iii) and (iv)). The Proposed Transaction was expected to result in the transfer of the Company's wholly owned Gavilanes silver property located in Durango, Mexico to Pubco in exchange for shares of Pubco. Pubco also signed a binding letter of intent with certain funds managed by Wexford Capital LP to acquire the Commonwealth silver and gold property in Cochise County, Arizona (the "Commonwealth Silver-Gold Project").

(Expressed in United States Dollars)

4. EXPLORATION AND EVALUATION ASSETS (Cont'd)

Closing of the Proposed Transaction was subject to, among other things, Pubco acquiring the Commonwealth Silver-Gold Project in exchange for shares of Pubco, a concurrent private placement financing for proceeds of US$5,000,000, and receipt of acceptance from the TSX-V to have Pubco's common shares listed on the TSX-V. On March 1, 2023, the Company terminated the Proposed Transaction (Note 14).

5. ROYALTY AND STREAM INTERESTS

As of and for the year ended December 31, 2022:

	COST				ACCUMULATED DEPLETION					
Royalty and stream interests	**Opening**	**Additions (Disposals)**	**Translation effect**	**Ending**	**Opening**	**Depletion**	**Depletion in Ending Inventory**	**Impairment**	**Ending**	**Carrying amount**
San Albino (i)	$ 4,371,291	$ -	$ -	$ 4,371,291	$ 330,250	$ 577,291	$ -	$ -	$ 907,541	$ 3,463,750
El Compas (ii)	1,030,097	-	-	1,030,097	803,529	-	-	-	803,529	226,568
La Cigarra (iii)	201,989	-	-	201,989	-	-	-	-	-	201,989
TZ Royalty (iv)	-	-	-	-	-	-	-	-	-	-
Spring Valley (v)	30,983,612	-	(287)	30,983,325	-	-	-	-	-	30,983,325
Total	**$ 36,586,989**	**$ -**	**$ (287)**	**$ 36,586,702**	**$ 1,133,779**	**$ 577,291**	**$ -**	**$ -**	**$ 1,711,070**	**$ 34,875,632**

As of and for the year ended December 31, 2021:

	COST				ACCUMULATED DEPLETION					
Royalty and stream interests	**Opening**	**Additions (Disposals)**	**Translation effect**	**Ending**	**Opening**	**Depletion**	**Depletion in Ending Inventory**	**Impairment**	**Ending**	**Carrying amount**
San Albino (i)	$ 4,371,291	$ -	$ -	$ 4,371,291	$ -	$ 318,089	$ 12,161	$ -	$ 330,250	$ 4,041,041
El Compas (ii)	1,030,097	-	-	1,030,097	214,617	11,819	-	577,093	803,529	226,568
La Cigarra (iii)	201,989	-	-	201,989	-	-	-	-	-	201,989
TZ Royalty (iv)	12,107,000	(12,107,000)	-	-	-	-	-	-	-	-
Spring Valley (v)	30,983,349	-	263	30,983,612	-	-	-	-	-	30,983,612
Total	**$48,693,726**	**$ (12,107,000)**	**$ 263**	**$36,586,989**	**$ 214,617**	**$ 329,908**	**$ 12,161**	**$ 577,093**	**$1,133,779**	**$ 35,453,210**

The Company owns the following royalties and stream interests:

(i) San Albino (3%)

The Company holds a stream equivalent to a 3% Net Smelter Return ("NSR") on the original area of interest of the San Albino gold mine operated by Mako. The terms of the stream agreement provide the Company with the right to purchase 4% of all minerals produced from the San Albino gold mine within a specified area of interest for a purchase price equal to 25% of the minerals acquired using the London p.m. gold price as determined by the LBMA on the delivery date of each shipment. Commercial production was achieved at the San Albino gold mine in July 2021.

(Expressed in United States Dollars)

5. ROYALTY AND STREAM INTERESTS (Cont'd)

(ii) El Compas (1.5%)

The Company holds a 1.5% NSR on El Compas, located in Zacatecas, Mexico, which is operated by Grupo ROSGO, S.A. de C.V. ("ROSGO") (previously operated by Endeavour Silver Corp. ("Endeavour") and sold to ROSGO on September 12, 2022). Commissioning of El Compas commenced in 2018 and commercial production was achieved in March 2019. During the year ended December 31, 2022, $nil (December 31, 2021 - $20,497) of royalty revenue was received, depletion of $nil (December 31, 2021 - $11,819) was expensed and an impairment of $nil was recorded (December 31, 2021 - $577,093). See Impairments below.

(iii) La Cigarra (1%)

The Company holds a 1% NSR on La Cigarra, located in Chihuahua, Mexico. Kootenay Silver Inc. is the current operator and the project is in the exploration stage.

(iv) TZ Royalty (3.5%)

The Tocantinzinho Royalty ("TZ Royalty") was acquired as part of the spin-out of Sailfish from Marlin Gold Mining Ltd ("Marlin") in 2017. It originated as a 3.5% NSR on revenues on the Tocantinzinho Project ("TZ Project") payable following the commencement of commercial production, which Eldorado Gold Corp ("Eldorado") has the right to reduce to a 1.5% NSR on revenues by payment of $5.5 million within 30 days of a construction decision to proceed with development of the TZ Project. In the event that Eldorado elects to make such a payment and such amount is paid to Sailfish, Sailfish will be obligated, pursuant to the TZ Royalty Purchase Agreement to pay such amount to the TZ Royalty vendors. If Eldorado does not exercise its right to reduce the TZ Royalty, then, within 35 days of the announcement by Eldorado of a construction decision to proceed with development of the TZ Project, Sailfish shall, at its option, either (i) pay $5.5 million to the TZ Royalty Vendors or (ii) assign 2% of the TZ Royalty back to the TZ Royalty vendors. No liability was recognized for this in the consolidated statement of financial position.

On March 17, 2021, the Company closed a transaction whereby a post-buy-down interest of 0.75% of the Company's up to 3.5% NSR royalty held on its TZ Royalty was transferred to Metalla Royalty & Streaming Ltd. for total consideration of $9 million in cash. On August 19, 2021, the Company closed a transaction whereby the Company transferred to Osisko Gold Royalties Ltd. the remaining 2.75% NSR royalty held on its TZ Royalty for total consideration of $10 million in cash. The Company recorded a gain of $6,727,564 in conjunction with these transactions during the year ended December 31, 2021.

(v) Spring Valley Royalty (0.5% - 3.0%)

The Spring Valley gold project ("Spring Valley Project") is located in Pershing County, Nevada and is 100% owned and controlled by Waterton Global Resource Management. The Company acquired a portfolio of royalties on the Spring Valley Project as part of the acquisition of Terraco Gold Corp. ("TGC"). The royalties in the portfolio acquired range from a 0.5% NSR royalty on a portion of the Spring Valley Project up to a 3.0% NSR sliding scale royalty on the main portion of the Spring Valley Project.

The parameters surrounding of the 3% NSR sliding scale royalty are as follows:

Gold Price (US$ per oz)	Royalty %
<$300	0.84%
$300-$399	1.26%
$400-$499	1.74%
$500-$599	2.16%
$600-$699	2.58%
$700+	3.00%

(Expressed in United States Dollars)

5. ROYALTY AND STREAM INTERESTS (Cont'd)

The Company owns the following royalties and stream interests for which no value has been attributed:

(i) San Albino (2%)

The Company holds a 2% NSR on the district-scale land package surrounding the original area of interest of the San Albino project, which hosts multiple high-grade targets including Las Conchitas and El Golfo.

(ii) Moonlight Royalty (2%)

As part of the acquisition of TGC, Sailfish acquired a 2% NSR on the Moonlight exploration property (the "Moonlight Property"), located to the north of the Spring Valley Project.

The Moonlight Property is comprised of 95 parcels of private fee lands as well as 3 mineral leases of private fee lands and 3 leases of patented mining claims, plus 230 unpatented lode mining claims.

Impairments

While assessing whether any indications of impairments exist, consideration is given to both external and internal sources of information. During the year ended December 31, 2021, Endeavour revised its mineral reserve and resource estimates and suspended operations at El Compas and the Company considered these factors to be indicators of impairment. The Company conducted an impairment analysis whereby the carrying value of the El Compas 1.5% NSR asset was compared to an estimate of its recoverable amount which was determined to be its fair value less costs of disposal ("FVLCD"). A FVLCD of $226,568 was determined based on current and long-term gold ($1,824/ounce) and silver ($24/ounce) prices, updated reserve and resource estimates as publicly released by Endeavour, and the Company's NSR rate of 1.5% on the El Compas mine.

As a result, the Company recorded an impairment of $577,093 during the year ended December 31, 2021. Other than as mentioned above, as at December 31, 2022 and December 31, 2021 there were no indications of impairments on any of the above assets.

6. LOAN RECEIVABLE

On August 30, 2021, the Company entered into a loan agreement with Mako, pursuant to which the Company agreed to provide an $8 million unsecured gold-linked term loan to Mako.

As compensation for making the loan available to Mako, Sailfish shall be entitled to certain cash compensation based on the prevailing price of gold (the "Lender Compensation"). Mako will make 24 monthly cash payments to Sailfish on account of the principal amount of the loan and the Lender Compensation, which shall equal the cash equivalent of 205 ounces of gold multiplied by the preceding month's average gold price with a floor of $1,750 and a ceiling of $2,000 pursuant to the terms of the loan agreement. The loan does not have any operational negative covenants or balance sheet covenants, and there are no restrictions on dividends and/or share repurchases.

Upon the occurrence of an event of default under the loan agreement, all outstanding amounts, including applicable premiums become immediately due and payable and interest on such amounts will accrue at a rate of 12% per annum, accruing daily and payable to the Company on demand. See Note 14 for an amendment after the reporting period.

Loan Receivable		December 31, 2022		December 31, 2021
Beginning of year	$	7,305,634	$	-
Additions		-		8,000,000
Fair value adjustments to loan receivable		541,428		407,374
Loan payments received		(4,466,793)		(1,101,740)
End of year	**$**	**3,380,269**	**$**	**7,305,634**
Current portion of loan receivable	$	3,380,269	$	4,307,319
Long term portion of loan receivable	$	-	$	2,998,315

(Expressed in United States Dollars)

6. LOAN RECEIVABLE (Cont'd)

The loan receivable is measured at FVTPL as the contractual cash flows do not represent solely payments of principal and interest as the cash flows are exposed to changes in gold price. The following assumptions and inputs were used in a discounted cash-flow model to calculate the fair value adjustment to the loan receivable: 10% discount rate, average forward gold price per ounce of $1,891.

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS

(a) Authorized – Unlimited number of common shares with no par value.

(b) Issued share capital is as follows:

	Number of shares		Value
December 31, 2020, issued and outstanding	**75,022,851**	**$**	**43,896,515**
Shares bought back on-market but not yet cancelled (i)	(310,900)		(331,105)
Shares bought back on-market and cancelled (ii)	(3,005,122)		(2,947,144)
Less: transaction cost on shares bought back	-		(13,633)
Stock options exercised	1,025,800		1,965,599
December 31, 2021, issued and outstanding	**72,732,629**		**42,570,232**
Shares bought back on-market but not yet cancelled (iii)	(22,500)		(16,893)
Shares bought back on-market and cancelled (iv)	(1,946,700)		(1,846,288)
Less: transaction cost on shares bought back	-		(7,965)
Stock options exercised	204,200		399,966
December 31, 2022, issued and outstanding	**70,967,629**		**41,099,052**

i. During the year ended December 31, 2021, Sailfish purchased 310,900 common shares on-market, which have not yet been cancelled. The shares were acquired at an average price of $1.0694 (C$1.3443) per share, with prices ranging from $0.9828 (C$1.2400) to $1.1630 (C$1.4477). The total cost of $331,105, plus $1,362 of after-tax transaction costs, was deducted from shareholders' equity.

ii. During the year ended December 31, 2021, Sailfish purchased 3,005,122 common shares on-market, which have been cancelled. The shares were acquired at an average price of $0.9848 (C$1.2356) per share, with prices ranging from $0.8291 (C$1.0358) to $1.1531 (C$1.3908). The total cost of $2,947,144, plus $12,271 of after-tax transaction costs, was deducted from shareholders' equity.

iii. During the year ended December 31, 2022, Sailfish purchased 22,500 common shares on-market, which have not yet been cancelled. The shares were acquired at a price of $0.7551 (C$1.0335) per share. The total cost of $16,893, plus $97 of after-tax transaction costs, was deducted from shareholders' equity.

iv. During the year ended December 31, 2022, Sailfish purchased 1,946,700 common shares on-market, which have been cancelled. The shares were acquired at an average price of $0.9525 (C$1.2322) per share, with prices ranging from $0.5207 (C$0.7107) to $1.1779 (C$1.5000). The total cost of $1,846,288, plus $7,868 of after-tax transaction costs, was deducted from shareholders' equity.

On July 12, 2021, the Company announced its intention to make a normal course issuer bid whereby the Company may, during the 12-month period commencing July 13, 2021 and ending July 13, 2022, purchase up to 3,686,576 common shares of the Company in total, being approximately 5% of the total number of common shares outstanding as at July 13, 2021.

(Expressed in United States Dollars)

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS (Cont'd)

On July 11, 2022, the Company announced that the TSX-V had accepted a notice filed by the Company of its intention to make a normal course issuer bid to be transacted through the facilities of the TSX-V. The notice provides that the Company may, during the 12-month period commencing July 14, 2022 and ending July 13, 2023, purchase up to 3,586,886 common shares of the Company in total, being approximately 5% of the total number of Shares outstanding as at July 14, 2022.

(c) Stock options

As at December 31, 2022, the Company had outstanding share purchase options enabling holders to acquire common shares of the Company as follows:

Number	Vested	C$	C Price per share	Expiry date
150,000	150,000	C$	0.58	October 30, 2023
1,989,127	1,989,127	C$	1.00	December 23, 2023
231,000	231,000	C$	1.33	December 23, 2023
186,000	186,000	C$	1.00	December 23, 2023
1,750,000	1,750,000	C$	1.25	October 28, 2025
500,000	250,000	C$	1.14	March 15, 2026
1,425,000	475,000	C$	1.28	May 31, 2027
6,231,127	**5,031,127**			

The continuity of stock options granted and outstanding is as follows:

	Number of Options	Weighted Average Exercise Price C$
Outstanding December 31, 2020	**5,636,127**	**1.02**
Granted (i)	500,000	1.14
Exercised during the year	(1,025,800)	0.75
Outstanding December 31, 2021	**5,110,327**	**1.09**
Granted (ii)	1,425,000	1.28
Exercised during the period	(204,200)	0.75
Expired during the period	(100,000)	1.40
Outstanding December 31, 2022	**6,231,127**	**1.14**

(i) On March 15, 2021, the Company granted 500,000 stock options. The following assumptions and inputs were used to fair value the options on the grant date: expected life - 5 years; weighted average expected volatility – 111.24%, expected dividend yield – 0.0%, risk free interest rate – 1.020%, and share price- C$1.14. The weighted average grant-date fair value of the stock options granted during the year is $0.81.

(ii) On May 31, 2022, the Company granted 1,425,000 stock options. The following assumptions and inputs were used to fair value the options on the grant date: expected life – 5 years; weighted average expected volatility – 96.35%, expected dividend yield – 4.94%, risk free interest rate – 2.720%, and share price – C$1.28. The weighted average grant-date fair value of the stock options granted during the year is C$0.70.

(Expressed in United States Dollars)

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS (Cont'd)

(d) Diluted earnings per share

	Year ended December 31, 2022	Year ended December 31, 2021
Net (loss) income for the year	$ (1,205,499)	$ 3,268,873
Basic weighted average number of shares	72,007,093	74,659,858
Basic (loss) earnings per share	$ (0.02)	$ 0.04
Effect of diluted securities		
Stock options	-	635,372
Diluted weighted average number of shares	**72,007,093**	**75,295,230**
Diluted (loss) earnings per share	**$ (0.02)**	**$ 0.04**

The number of potentially dilutive securities is excluded from the computation of diluted earnings per share because the exercise prices exceeded the average market value of the common shares of C$1.21 during the year ended December 31, 2022 (December 31, 2021 – C$1.26).

The Company had a net loss for the year ended December 31, 2022; however, if the Company had had net earnings, 470,063 stock options (December 31, 2021 – 331,000) would have been included in the computation of diluted weighted average number of common shares.

(e) Dividends

During the year ended December 31, 2022, the Company declared dividends of $3,588,829 (December 31, 2021 - $1,821,141). During the year ended December 31, 2022, the Company paid dividends of $3,614,496 (December 31, 2021 - $908,097) and $887,377 (December 31, 2021 - $913,044) is in dividends payable at December 31, 2022.

8. LOAN FACILITY

On August 19, 2019, Sailfish entered into a Loan Facility with Wexford Spectrum Trading Limited ("WST") and Wexford Catalyst Trading Limited ("WCT"). The total amount of the loan was $12,031,055 of which $4,812,422 was loaned from WST and $7,218,633 was loaned from WCT, with a maturity date of August 19, 2022 ("Maturity Date"). The loan bore interest at 8% per year, with no compounding and was payable on the Maturity Date.

The Company used an effective interest rate of approximately 12.0%. The Loan Facility was measured at amortized cost and was being accreted to maturity over the term using the effective interest method.

Loan Facility	December 31, 2022	December 31, 2021
Beginning of year	$ -	$ 3,067,159
Repayments	-	(3,355,254)
Loan adjustment (i)	-	205,279
Accretion	-	82,816
End of year	$ -	$ -

(i) During the year ended December 31, 2021, the Company repaid $3,272,438 of principal and $82,816 of accrued interest on the loan facility which resulted in the full extinguishment of the financial liability. As a result of the full extinguishment, the Company recognised a loan adjustment loss of $205,279 in the statement of comprehensive income (loss) for the year, being the difference arising between the carrying amount of the loan facility extinguished, and the consideration paid.

(Expressed in United States Dollars)

9. RELATED PARTIES

Related party transactions have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions are listed below:

(a) Key management compensation

Key management includes directors and senior management. For the year ended December 31, 2022 and 2021 the compensation was as follows:

(i) During the year ended December 31, 2022, the Company incurred director fees of $60,000 (December 31, 2021 - $160,000).

(ii) During the year ended December 31, 2022, the Company incurred senior management fees of $574,661 (December 31, 2021 - $871,199). During the year ended December 31, 2022, the Company incurred share-based compensation to key management of $706,440 (December 31, 2021 - $718,578).

(b) Related party transactions

(i) At December 31, 2022 and December 31, 2021, due from related parties was comprised of the following balances:

		2022		2021
Due from Marlin Gold Mining USA Ltd.	$	1,878,834	$	1,101,961
Due from 1287398 B.C. Ltd.		-		148,416
Due from a company related by a common officer		719		719
Total due from related parties	**$**	**1,879,553**	**$**	**1,251,096**

(ii) During the year ended December 31, 2022, the Company incurred rent of $18,000 which is included in general office and regulatory fees (December 31, 2021 - $18,000) to a company related to one of the directors for office space for which there is no long-term commitment.

(iii) During the year ended December 31, 2022, the Company provided advances or made payments on behalf of Marlin Gold Mining USA Ltd ("MGM USA"), a company related by common shareholders of $776,873 (December 31, 2021 - $946,266) in conjunction with the Proposed Transaction (Note 4), of which $1,878,834 (December 31, 2021 - $1,101,961) is included in due from related parties at December 31, 2022. On March 1, 2023, the Company terminated the Proposed Transaction and requested repayment of all amounts owing from MGM USA.

(iv) During the year ended December 31, 2022, the Company made payments on behalf of 1287398 B.C. Ltd., a company related by common shareholders who are directors or officers of the Company, of $11,491 (2021 - $148,416), of which $nil (December 31, 2021 - $148,416) is included in due from related parties at December 31, 2022. The amount of $159,907 was deemed uncollectible and was written during the year ended December 31, 2022 as a result of the termination of the Proposed Transaction (Note 4).

(v) During the year ended December 31, 2022, the Company incurred stream payments (Note 5(i)) to Nicoz Resources S.A., a subsidiary of Mako, a company related by common shareholders, officers and directors of $641,018 (December 31, 2021 - $364,398), of which $45,683 (December 31, 2021 - $5,543) is included in due to related parties at December 31, 2022.

(Expressed in United States Dollars)

9. RELATED PARTIES (Cont'd)

(b) Related party transactions (cont'd)

(vi) At December 31, 2022 and December 31, 2021, due to related parties was comprised of the following balances:

	2022	2021
Nicoz Resources S.A.	45,683	5,543
Total due to related parties	**$ 45,683**	**$ 5,543**

(c) Financing activities

Sailfish entered into a Loan Facility in 2019 with related parties which was repaid during the year ended December 31, 2021. See Note 8.

(d) Investing activities

Sailfish entered into a Loan Receivable agreement with Mako during the year ended December 31, 2021. See Note 6.

10. MANAGEMENT OF FINANCIAL RISK

(a) Overview

The Company has exposure to credit risk, liquidity risk and market risk from its use of financial instruments. This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(b) Fair Value of Financial Instruments

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") and amortized cost. Investments in equity instruments are required to be measured by default at FVTPL (but there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income). Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	December 31, 2022	December 31, 2021
Cash	Amortized cost	$ 1,609,521	$ 3,680,478
Accounts receivable	Amortized cost	11,674	11,699
Due from related parties	Amortized cost	1,879,553	1,251,096
Loan receivable	FVTPL	3,380,269	7,305,634
Accounts payable and accrued liabilities	Amortized cost	(236,261)	(399,561)
Dividends payable	Amortized cost	(887,377)	(913,044)
Lease liabilities	Amortized cost	(16,599)	(46,278)
Due to related parties	Amortized cost	(45,683)	(5,543)

10. MANAGEMENT OF FINANCIAL RISK (Cont'd)

(b) Fair Value of Financial Instruments (cont'd)

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

- Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2: Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3: Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The fair value of all financial instruments not recorded at fair value approximates their carrying value due to either their short-term maturity and/or capacity of prompt liquidation.

The Company does not have any financial instruments, other than its loan receivable which is measured at Level 2, that are measured using level 1, 2 or level 3 inputs.

(c) Credit Risk

Credit risk is the risk of potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash held in bank accounts, accounts receivable, due from related parties and its loan receivable. The carrying amount of financial assets recorded in the consolidated financial statements represents the Company's exposure to credit risk.

The Company limits its exposure to credit risk on liquid financial assets through investing its cash and cash equivalents with high-credit quality financial institutions and by closely monitoring its accounts receivable and loan receivable.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting cash flows from operations, anticipated investing and financing activities and through the management of its capital structure. Accounts payable and accrued liabilities, dividends payable, lease liabilities (current portion) and due to related parties amounts of $1,185,920 are due within 12 months.

10. MANAGEMENT OF FINANCIAL RISK (Cont'd)

(e) Market Risk

(i) Foreign Currency Risk

Foreign exchange risk is the risk arising from changes in foreign currency fluctuations. The Company's operations and royalty and stream agreements are conducted primarily in US dollars. As a result, the Company is not significantly exposed to fluctuation in exchange rates and foreign currency risk.

At December 31, 2022 and December 31, 2021, the Company's exposure to foreign currency risk is as follows:

	December 31, 2022	December 31, 2021
Cash (C)	$ 94,370	$ 165,999
Cash (MXN)	16,528	22,812
Accounts payable and accrued liabilities (C)	136,559	360,548
Accounts payable and accrued liabilities (GBP)	9,641	-
Due from related parties (C)	719	719
Lease liabilities (C)	16,599	46,278

Had the Canadian Dollar, British Pound and Mexican Peso foreign exchange rate strengthened against the United States dollar by 1%, with all other variables remaining constant, the change in net income would have been insignificant. A weakening of 1% in the Canadian Dollar, British Pound and Mexican Peso against the United States dollar, with all other variables held constant, would have had an equal but opposite effect.

(ii) Interest Rate Risk

The interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2022 the Company has no exposure to interest rate risk.

(iii) Commodity price risk

Commodity price risk is the risk that the fair value of financial assets and financial liabilities or expected future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States Dollars, as outlined above.

11. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support its royalty and streaming agreements. The Company considers its capital under management to consist of cash and cash equivalents, royalty and stream interests, receivables, share capital, contributed surplus and due to/from related parties. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

The Company's objectives of capital management are intended to ensure the entity's ability to support the Company's normal operating requirements on an ongoing basis, continue its obligations under the royalty and streaming agreements, and support any expansionary plans.

To effectively manage the Company's capital requirements, it may finance its royalty and streaming agreements through cash flows from operations or additionally, the Company may issue new equity or debt.

(Expressed in United States Dollars)

11. CAPITAL MANAGEMENT (Cont'd)

The Board of Directors 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 year ended December 31, 2022.

12. SEGMENT INFORMATION

As at December 31, 2022 and December 31, 2021 the Company has two business segments, the acquiring of royalty and streaming agreements and exploration and evaluation assets. The royalty and stream interests presented in Note 5 and the exploration and evaluation assets presented in Note 4 reflect the way in which the Company monitors its business performance. The table below summarizes the components of the Company's business where separate financial information is available and is evaluated on a regular basis.

For the year ended December 31, 2022:

	Product	Sales	Royalty revenue	Cost of sales, excluding depletion	Depletion	Royalty and stream interests impairment	Gain on disposal of assets	Exploration fees	Income (loss) before taxes
Royalties and stream interests									
San Albino Nicaragua	Gold	$ 2,646,301	$ -	$ 685,356	$ 577,291	$ -	$ -	$ -	$ 1,383,654
El Compas Mexico	Various	-	-	-	-	-	-	-	-
TZ Royalty Brazil	Gold	-	-	-	-	-	-	-	-
Other Various	Various	-	-	-	-	-	-	-	-
Exploration and evaluation assets									
Gavilanes Mexico	Silver	-	-	-	-	-	-	659,827	(659,827)
Total segments		**$ 2,646,301**	**$ -**	**$ 685,356**	**$ 577,291**	**$ -**	**$ -**	**$ 659,827**	**$ 723,827**
Corporate									
Other expense		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,929,326)
Total corporate		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (1,929,326)**
Total consolidated									**$ (1,205,499)**

(Expressed in United States Dollars)

12. SEGMENT INFORMATION (Cont'd)

For the year ended December 31, 2021:

	Product	Sales	Royalty revenue	Cost of sales, excluding depletion	Depletion	Royalty and stream interests impairment	Gain on disposal of assets	Exploration fees	Income (loss) before taxes
Royalties and stream interests									
San Albino Nicaragua	Gold	$ 1,454,786	$ -	$ 364,398	$ 318,089	$ -	$ -	$ -	$ 772,299
El Compas Mexico	Various	-	20,497	-	11,819	577,093	-	-	(568,415)
TZ Royalty Brazil	Gold	-	-	-	-	-	6,727,564	-	6,727,564
Other Various	Various	-	-	-	-	-	-	-	-
Exploration and evaluation assets									
Gavilanes Mexico	Silver	-	-	-	-	-	-	742,188	(742,188)
Total segments		**$ 1,454,786**	**$ 20,497**	**$ 364,398**	**$ 329,908**	**$ 577,093**	**$ 6,727,564**	**$ 742,188**	**$ 6,189,260**
Corporate									
Other expense		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (2,920,387)
Total corporate		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (2,920,387)**
Total consolidated									**$ 3,268,873**

The Company's non-current assets by geographical region is as follows:

	December 31, 2022	December 31, 2021
USA	$ 30,983,325	$ 30,983,612
Nicaragua	3,463,750	4,041,041
Mexico	1,069,754	1,056,736
Corporate & other	14,081	3,039,147
Total	**$ 35,530,910**	**$ 39,120,536**

13. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Net (loss) income before income taxes	$ (1,205,499)	$ 3,268,873
Expected tax recovery at 21.0% (2020 – 21.0%)	(253,155)	686,463
Effect of change and difference in tax rates/jurisdictions	316,865	(938,792)
Income tax benefits not recognized	(90,137)	228,526
Other	26,427	23,803
Income tax expense	**$ -**	**$ -**

The Company is resident for tax purposes in the British Virgin Islands, which does not have an income tax. The Company's 100% held subsidiary, TGC Holdings Ltd., is resident for tax purposes in the United States, which has a 21% income tax rate. Management has chosen the United States statutory rate as the applicable income tax rate for financial statement disclosure purposes.

(Expressed in United States Dollars)

13. INCOME TAXES (Cont'd)

A reconciliation of temporary timing differences between the income tax basis and accounting cost result in the Company's potential deferred income tax assets and liabilities. Significant components of the Company's deferred income tax assets (liabilities) at December 31, 2022 and 2021 are as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Non-capital loss carry forwards	$ 6,485,158	$ 6,914,384
	6,485,158	6,914,384
Estimated corporate income tax rate	21.00%	21.00%
Deferred income assets (liabilities)	1,361,883	1,452,021
Deferred income assets not recognized	(1,361,883)	(1,452,021)
Total deferred income tax assets (liabilities)	**$** -	**$** -

The Company has available non-capital tax losses of approximately $6,483,158 (2021 - $6,914,384), of which $1,057,688 expire at varying dates up to 2042. These losses are available for use in the United States and Canada. The potential benefit of the losses has been reduced to Nil in the consolidated financial statements by management's determination that it is not probable that they will be utilized prior to expiry.

14. EVENTS AFTER THE REPORTING PERIOD

On March 1, 2023, the Company executed a binding letter of intent with Mako in respect of acquiring a 24-month silver stream (the "Silver Stream") for $6 million in cash and an option to purchase subsequent silver produced from the San Albino mine or from concessions currently owned by Mako and processed through Mako's San Albino processing facility until production is no longer economically viable at the mutual agreement of Sailfish and Mako. Such option is exercisable after 12 of the 24 month term of the Silver Stream has passed for an additional $1 million.

In conjunction with the Silver Stream acquisition, the Company announced a non-brokered private placement (the "Offering") of unsecured convertible debentures (each a "Convertible Debenture") at a price of $1,000 per Convertible Debenture for gross proceeds of $4.0 million. Each Convertible Debenture will bear interest at 10% per annum, from the date of issuance, payable semi annually in arrears. The Convertible Debentures will mature on the date that is 24-months from the date of issuance of the Convertible Debenture (the "Maturity Date"). The Convertible Debentures are convertible, at the option of the holder, into common shares of the Company (each a "Share") at a conversion price of C$1.35 per Share (the "Conversion Price"), at any time prior to the Maturity Date, subject to adjustment. The Company may prepay, in cash, any or all of the Convertible Debentures at any time prior to the Maturity Date for an amount equal to the principal amount of the Convertible Debentures then outstanding plus any accrued but unpaid Interest. On the Maturity Date the holders may elect to be repaid the principal amount and all accrued and unpaid interest in cash or Shares at the Conversion Price subject to TSX-V approval, and in the absence of any such election, in Shares.

On March 1, 2023, the Company terminated the Proposed Transaction (Note 4).

On March 14, 2023, the Company declared a dividend of $0.0125 per common share which was paid on April 17, 2023 (total dividend payment of $890,875).

On March 2, 2023, the Company reached an agreement with Mako whereby the remaining seven payments of the loan receivable will be made in physical silver at the prevailing market rate. As of April 21, 2023, the Company has received 34,606 ounces of silver pertaining to loan receivable payments.

14. EVENTS AFTER THE REPORTING PERIOD (Cont'd)

Subsequent to December 31, 2022, the Company cancelled 1,473,029 stock options with an average exercise price of $1.14 per common share and granted 700,000 stock options to certain directors, officers and consultants of the Company with an exercise price of $1.14 and shall expire on March 13, 2028.

Subsequent to December 31, 2022, Sailfish purchased 124,200 common shares on-market which have not been cancelled. The Company may purchase an additional 2,692,586 common shares under the current normal course issuer bid.