



**Condensed Interim Consolidated Financial Statements**  
**For the three and six months ended June 30, 2023 and 2022**  
(Expressed in United States Dollars)

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

**SAILFISH ROYALTY CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
*(Expressed in United States Dollars)*  
*(Unaudited)*

Page | 1

<b>ASSETS</b>	<b>Notes</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
<b>CURRENT</b>			
Cash		\$ 1,320,343	\$ 1,609,521
Accounts receivable		19,244	11,674
Due from related parties	10	-	1,879,553
Prepaid expenses and other assets	10	88,935	55,287
Silver receivable	7	3,618,422	-
Loan receivable	6	1,188,792	3,380,269
		<b>\$ 6,235,736</b>	<b>\$ 6,936,304</b>
<b>NON-CURRENT</b>			
Royalty and stream interests	5	\$ 34,639,935	\$ 34,875,632
Right of use assets		2,058	14,081
Exploration and evaluation assets	4	680,844	641,197
Silver receivable	7	2,441,911	-
<b>Total assets</b>		<b>\$ 44,000,484</b>	<b>\$ 42,467,214</b>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities		\$ 159,516	\$ 236,261
Dividends payable	9, 14	889,323	887,377
Convertible debentures interest payable	8	41,562	-
Lease liabilities		2,474	16,599
Due to related parties	10	-	45,683
		<b>\$ 1,092,875</b>	<b>\$ 1,185,920</b>
<b>NON-CURRENT</b>			
Convertible debentures	8	3,907,359	-
<b>Total liabilities</b>		<b>\$ 5,000,234</b>	<b>\$ 1,185,920</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	\$ 41,511,622	\$ 41,099,052
Contributed surplus		6,965,530	6,903,676
Accumulated other comprehensive income		111,107	42,145
Deficit		(9,588,009)	(6,763,579)
		<b>\$ 39,000,250</b>	<b>\$ 41,281,294</b>
<b>Total shareholders' equity and liabilities</b>		<b>\$ 44,000,484</b>	<b>\$ 42,467,214</b>

Events after the reporting period (Note 14)

Approved on behalf of the Board of Directors:

“Paolo Lostritto”  
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 Director

“Walter Reich”  
 \_\_\_\_\_  
 Director

**SAILFISH ROYALTY CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME**  
*(Expressed in United States Dollars)*  
*(Unaudited)*

Page | 2

	Notes	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
<b>Revenues</b>					
Sales	5, 13	\$ 529,648	\$ 646,859	\$ 1,206,126	\$ 1,369,424
<b>Total revenue</b>		<b>\$ 529,648</b>	<b>\$ 646,859</b>	<b>\$ 1,206,126</b>	<b>\$ 1,369,424</b>
<b>Cost of sales</b>					
Cost of sales, excluding depletion	13	(132,549)	(162,099)	(302,083)	(357,223)
Depletion	5, 13	(104,751)	(135,003)	(245,515)	(299,184)
<b>Gross profit</b>		<b>\$ 292,348</b>	<b>\$ 349,757</b>	<b>\$ 658,528</b>	<b>\$ 713,017</b>
<b>Operating and administrative expenses (income)</b>					
Director fees	10	\$ 17,875	\$ 15,000	\$ 98,500	\$ 30,000
Senior management	10	102,186	90,158	574,477	171,333
Share-based compensation	9,10	98,080	536,353	281,166	613,869
Consulting fees		73,200	47,922	113,232	101,792
Investor relations		8,990	18,791	17,900	37,783
General office and regulatory fees	10	82,256	86,178	150,659	165,475
Depreciation		6,086	6,403	12,132	12,858
Exploration fees		43,939	127,618	229,709	431,304
Travel and marketing		9,982	19,904	29,144	39,202
Professional fees		334,897	53,157	387,540	94,687
Foreign exchange		272	10,808	2,159	21,491
		\$ 777,763	\$ 1,012,292	\$ 1,896,618	\$ 1,719,794
<b>Net operating loss</b>		<b>\$ (485,415)</b>	<b>\$ (662,535)</b>	<b>\$ (1,238,090)</b>	<b>\$ (1,006,777)</b>
<b>Other income (expense)</b>					
Fair value adjustment on loan receivable	6	4,909	(222,390)	156,359	322,576
Fair value adjustment on silver receivable	7	60,333	-	60,333	-
Gain on silver sales	6	19,957	-	8,990	-
Interest expense	8	(44,730)	(908)	(44,730)	(2,027)
Interest income		6,783	-	9,141	-
Dividend income		3,487	-	3,765	3,848
		\$ 50,739	\$ (223,298)	\$ 193,858	\$ 324,397
<b>Net loss for the period</b>		<b>\$ (434,676)</b>	<b>\$ (885,833)</b>	<b>\$ (1,044,232)</b>	<b>\$ (682,380)</b>
<b>Other comprehensive income (loss) for the period</b>					
Items that may be reclassified subsequently to net income					
Exchange gains (losses) on translation		\$ 28,719	\$ (4,354)	\$ 68,962	\$ 9,305
<b>Other comprehensive gain (loss) for the period</b>		<b>\$ 28,719</b>	<b>\$ (4,354)</b>	<b>\$ 68,962</b>	<b>\$ 9,305</b>
<b>Net loss and comprehensive loss for the period</b>		<b>\$ (405,957)</b>	<b>\$ (890,187)</b>	<b>\$ (975,270)</b>	<b>\$ (673,075)</b>
<b>Basic (loss) income per share</b>		<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of shares outstanding</b>					
Basic		71,191,337	72,369,929	71,112,985	72,548,226

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

**SAILFISH ROYALTY CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(Expressed in United States Dollars)*  
*(Unaudited)*

Page | 3

<b>Cash provided by (used for):</b>	<b>Notes</b>	<b>For the six months ended June 30, 2023</b>	<b>For the six months ended June 30, 2022</b>
<b>OPERATING ACTIVITIES</b>			
Net loss for the period	\$	(1,044,232)	\$ (682,380)
Fair value adjustment on loan receivable	6	(156,359)	(322,576)
Fair value adjustment on silver receivable		(60,333)	-
Gain on silver sales	6	(8,990)	-
Interest income		(9,141)	-
Interest expense	8	44,730	601
Depreciation		12,132	12,858
Unrealized foreign exchange loss		27,942	6,095
Depletion (including depletion in ending inventory)	5, 13	245,515	299,184
Share-based compensation	9,10	281,166	613,869
Changes in working capital			
Accounts receivable		(2,172)	(1,509)
Prepaid expenses and other assets		(42,135)	(93,109)
Accounts payable and accrued liabilities		(76,745)	(225,849)
Due to related parties	10	(45,683)	(5,543)
		<b>\$ (834,305)</b>	<b>\$ (398,359)</b>
<b>INVESTING ACTIVITIES</b>			
Due from related parties	10	\$ 1,879,553	\$ (396,907)
Gain on silver sales	6	8,990	-
Silver receivable	7	(6,000,000)	-
Loan receivable payments received	6	2,347,836	2,293,899
Interest received		3,743	-
		<b>\$ (1,759,878)</b>	<b>\$ 1,896,992</b>
<b>FINANCING ACTIVITIES</b>			
Interest paid		\$ -	\$ (601)
Principal payments on lease liabilities		(14,192)	(13,763)
Stock options exercised - proceeds received	9	220,000	119,621
Purchase of treasury shares	9	(221,267)	(1,175,399)
Transaction cost on shares bought back	9	(1,284)	(4,316)
Convertible debentures issued	8	4,100,000	-
Dividends paid	9	(1,778,252)	(1,817,830)
		<b>\$ 2,305,005</b>	<b>\$ (2,892,288)</b>
<b>Net decrease in cash</b>		<b>\$ (289,178)</b>	<b>\$ (1,393,655)</b>
Cash - beginning of period		1,609,521	3,680,478
<b>Cash - end of period</b>		<b>\$ 1,320,343</b>	<b>\$ 2,286,823</b>

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

**SAILFISH ROYALTY CORP.**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

*(Expressed in United States Dollars)*

*(Unaudited)*

	Notes	Number of shares	Amount	Contributed surplus	Accumulated other comprehensive income	Retained earnings (deficit)	Total
<b>Balance at December 31, 2021</b>		<b>72,732,629</b>	<b>\$ 42,570,232</b>	<b>\$ 6,469,044</b>	<b>\$ 12,359</b>	<b>\$ (1,969,251)</b>	<b>\$ 47,082,384</b>
Shares bought back on-market but not yet cancelled	9	(111,900)	(106,372)	-	-	-	(106,372)
Shares bought back on-market and cancelled	9	(941,200)	(1,069,027)	-	-	-	(1,069,027)
Less: transaction cost on shares bought back		-	(4,316)	-	-	-	(4,316)
Stock options exercised		204,200	399,966	(280,345)	-	-	119,621
Share-based compensation	9,10	-	-	613,869	-	-	613,869
Cumulative translation adjustment		-	-	-	9,305	-	9,305
Net loss		-	-	-	-	(682,380)	(682,380)
Dividends declared	9	-	-	-	-	(1,804,731)	(1,804,731)
<b>Balance at June 30, 2022</b>		<b>71,883,729</b>	<b>\$ 41,790,483</b>	<b>\$ 6,802,568</b>	<b>\$ 21,664</b>	<b>\$ (4,456,362)</b>	<b>\$ 44,158,353</b>
<b>Balance at December 31, 2022</b>		<b>70,967,629</b>	<b>\$ 41,099,052</b>	<b>\$ 6,903,676</b>	<b>\$ 42,145</b>	<b>\$ (6,763,579)</b>	<b>\$ 41,281,294</b>
Shares bought back on-market but not yet cancelled	9	(198,000)	(122,473)	-	-	-	(122,473)
Shares bought back on-market and cancelled	9	(124,200)	(98,794)	-	-	-	(98,794)
Less: transaction cost on shares bought back		-	(1,284)	-	-	-	(1,284)
Stock options exercised		302,368	635,121	(415,121)	-	-	220,000
Share-based compensation	9,10	-	-	281,166	-	-	281,166
Convertible debentures issued	8	-	-	195,809	-	-	195,809
Cumulative translation adjustment		-	-	-	68,962	-	68,962
Net loss		-	-	-	-	(1,044,232)	(1,044,232)
Dividends declared	9	-	-	-	-	(1,780,198)	(1,780,198)
<b>Balance at June 30, 2023</b>		<b>70,947,797</b>	<b>\$ 41,511,622</b>	<b>\$ 6,965,530</b>	<b>\$ 111,107</b>	<b>\$ (9,588,009)</b>	<b>\$ 39,000,250</b>

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

**SAILFISH ROYALTY CORP.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six months ended June 30, 2023 and 2022**  
*(Expressed in United States Dollars)*  
*(Unaudited)*

**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 Company’s condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim statements, including IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”).

The accounting policies followed in these condensed interim consolidated financial statements are consistent with those applied in the Company’s annual consolidated financial statements for the year ended December 31, 2022.

These condensed interim consolidated financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2022 which have been prepared according to IFRS as issued by the IASB. The Board of Directors authorized for publication the condensed interim consolidated financial statements on August 24, 2023.

(b) Basis of measurement

These condensed interim 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 June 30, 2023, 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.

**SAILFISH ROYALTY CORP.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six months ended June 30, 2023 and 2022**  
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**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:

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

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:



**SAILFISH ROYALTY CORP.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six months ended June 30, 2023 and 2022**  
*(Expressed in United States Dollars)*  
*(Unaudited)*

**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 and silver receivable are 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 interest expense 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, convertible debentures 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.

**3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENT**

The preparation of these condensed interim 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 June 30, 2023 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.

**SAILFISH ROYALTY CORP.**  
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**For the six months ended June 30, 2023 and 2022**  
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*(Unaudited)*

**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 six months ended June 30, 2023, 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 and Silver Receivable**

The carrying value of the loan receivable and silver receivable represent management's best estimate of the fair value of the arrangement. The fair value incorporates estimates of forward gold and silver prices and discount rates. Refer to Note 6 and 7 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 \$680,844 at June 30, 2023 (December 31, 2022: \$641,197), after a translation adjustment increase of \$39,647.

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 10(b) (iii)). 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").

**SAILFISH ROYALTY CORP.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six months ended June 30, 2023 and 2022**  
*(Expressed in United States Dollars)*  
*(Unaudited)*

**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.

**5. ROYALTY AND STREAM INTERESTS**

As of and for the period ended June 30, 2023:

Royalty and stream interests	COST				ACCUMULATED DEPLETION					Carrying amount
	Opening	Additions (Disposals)	Translation effect	Ending	Opening	Depletion	Depletion in Ending Inventory Impairment		Ending	
San Albino Gold (i)	\$ 4,371,291	\$ -	\$ -	\$ 4,371,291	\$ 907,541	\$ 245,515	\$ -	\$ -	\$ 1,153,056	\$ 3,218,235
El Compas (ii)	1,030,097	-	-	1,030,097	803,529	-	-	-	803,529	226,568
La Cigarra (iii)	201,989	-	-	201,989	-	-	-	-	-	201,989
Spring Valley (iv)	30,983,325	-	9,818	30,993,143	-	-	-	-	-	30,993,143
<b>Total</b>	<b>\$ 36,586,702</b>	<b>\$ -</b>	<b>\$ 9,818</b>	<b>\$ 36,596,520</b>	<b>\$ 1,711,070</b>	<b>\$ 245,515</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,956,585</b>	<b>\$ 34,639,935</b>

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

Royalty and stream interests	COST				ACCUMULATED DEPLETION					Carrying amount
	Opening	Additions (Disposals)	Translation effect	Ending	Opening	Depletion	Depletion in Ending Inventory Impairment		Ending	
San Albino Gold (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
Spring Valley (iv)	30,983,612	-	(287)	30,983,325	-	-	-	-	-	30,983,325
<b>Total</b>	<b>\$ 36,586,989</b>	<b>\$ -</b>	<b>\$ (287)</b>	<b>\$ 36,586,702</b>	<b>\$ 1,133,779</b>	<b>\$ 577,291</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,711,070</b>	<b>\$ 34,875,632</b>

*The Company owns the following royalties and stream interests:*

(i) San Albino Gold Stream (3%)

The Company holds a gold 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 gold stream agreement provide the Company with the right to purchase 4% of all gold produced from the San Albino gold mine within a specified area of interest for a purchase price equal to 25% of the gold 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.

**SAILFISH ROYALTY CORP.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six months ended June 30, 2023 and 2022**  
*(Expressed in United States Dollars)*  
*(Unaudited)*

**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.

(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) 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 the 3% NSR sliding scale royalty are as follows:

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

*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. As at June 30, 2023 and December 31, 2022 there were no indications of impairments on any of the above assets.

**SAILFISH ROYALTY CORP.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six months ended June 30, 2023 and 2022**  
*(Expressed in United States Dollars)*  
*(Unaudited)*

**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.

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. During the six months ended June 30, 2023, the Company received and sold 68,240 ounces of silver resulting in a gain of \$8,990.

<b>Loan Receivable</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Beginning of period/year	\$ 3,380,269	\$ 7,305,634
Additions	-	-
Fair value adjustments to loan receivable	156,359	541,428
Loan payments received	(2,347,836)	(4,466,793)
<b>End of period/year</b>	<b>\$ 1,188,792</b>	<b>\$ 3,380,269</b>
Current portion of loan receivable	\$ 1,188,792	\$ 3,380,269
Long term portion of loan receivable	\$ -	\$ -

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 \$1,948.

**7. SILVER RECEIVABLE**

On May 24, 2023, the Company entered into a silver purchase agreement ("Silver Purchase Agreement") with Mako, whereby the Company paid \$6 million to acquire 13,500 ounces per month of refined silver for a 24-month term ("Payable Silver"). The Company also holds the exclusive right and option to purchase all additional refined 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 right and option is exercisable after 12 months of the 24-month term of the Silver Purchase Agreement for \$1 million. Mako will provide the Payable Silver to Sailfish on the last business day of each calendar month.

Upon the occurrence of an event of default under the Silver Purchase Agreement, default interest shall accrue daily on the undelivered amount of Payable Silver from and including the date delivery was due to and excluding the date Sailfish receives the disputed Payable Silver to which it is entitled and shall be payable monthly in arrears. The default interest rate is the US prime rate plus 4% per annum.

**SAILFISH ROYALTY CORP.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six months ended June 30, 2023 and 2022**  
*(Expressed in United States Dollars)*  
*(Unaudited)*

Page | 13

**7. SILVER RECEIVABLE (Cont'd)**

<b>Silver Receivable</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Beginning of period/year	\$ -	\$ -
Additions	6,000,000	-
Fair value adjustments to silver receivable	60,333	-
Silver payments received	-	-
<b>End of period/year</b>	<b>\$ 6,060,333</b>	<b>\$ -</b>
Current portion of loan receivable	\$ 3,618,422	
Long term portion of loan receivable	\$ 2,441,911	\$ -

The Silver Purchase Agreement is measured at FVTPL as the silver ounces receivable are exposed to changes in silver price. The following assumptions and inputs were used in a discounted cash-flow model to calculate the fair value adjustment to the silver ounces receivable: 32% discount rate, average long term forward silver price per ounce of \$23.775. As at June 30, 2023, 27,000 ounces of refined silver is outstanding and receivable from Mako resulting in accrued interest of \$3,157.

**8. CONVERTIBLE DEBENTURES**

On May 24, 2023, the Company closed an offering of unsecured Convertible Debentures for gross proceeds of \$4.1 million (each a "Convertible Debenture"). The terms of the Convertible Debentures include:

- Each Convertible Debenture bears interest at 10% per annum, from the date of issuance, payable semi-annually in arrears.
- The Convertible Debentures mature on the date that is 60-months from the date of issuance (the "Maturity Date").
- The Convertible Debentures are convertible, at the option of the holder, into common shares of the Company at a conversion price of C\$1.35 per Share (the "Conversion Price"), at any time prior to the Maturity Date, subject to adjustment.
- If at any time prior to the Maturity Date, the closing price of the Company's common shares is greater than C\$1.60 per share for a period of twenty consecutive trading days on TSX-V, the outstanding principal amount may be converted, at the option of the Company, into common shares at the Conversion Price upon providing thirty days written notice to the applicable holder.
- On the Maturity Date, the holders may elect to be repaid the principal amount in cash or common shares at the Conversion Price, and in the absence of any such election, in common shares.
- Accrued interest will be paid, at the election of the Company, either: (i) in cash; or (ii) subject to the approval of the TSX-V, through the issuance of common shares at a price per common share equal to the greater of: (A) the twenty day average closing price of the common shares on the TSX-V immediately before the date the common shares are issued in satisfaction of accrued interest; and (B) the closing price of the common shares on the TSX-V on the date immediately before the date the common shares are issued in satisfaction of accrued interest.

The offering has been accounted for as a compound financial instrument with a debt host and equity conversion feature. On initial recognition, the fair value of the liability component was determined to be \$3,904,191 and the equity component was measured as the residual amount of \$195,809.

<b>Convertible Debenture</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Beginning of period/year	\$ -	\$ -
Debentures issued	4,100,000	-
Residual value in contributed surplus	(195,809)	-
Accretion	3,168	-
<b>End of period/year</b>	<b>\$ 3,907,359</b>	<b>\$ -</b>

**SAILFISH ROYALTY CORP.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six months ended June 30, 2023 and 2022**  
*(Expressed in United States Dollars)*  
*(Unaudited)*

**9. SHARE CAPITAL AND CONTRIBUTED SURPLUS**

- (a) Authorized – Unlimited number of common shares with no par value.
- (b) Issued share capital is as follows:

	<b>Number of shares</b>	<b>Value</b>
<b>December 31, 2021, issued and outstanding</b>	<b>72,732,629</b>	<b>\$ 42,570,232</b>
Shares bought back on-market but not yet cancelled (i)	(22,500)	(16,893)
Shares bought back on-market and cancelled (ii)	(1,946,700)	(1,846,288)
Less: transaction cost on shares bought back	-	(7,965)
Stock options exercised	204,200	399,966
<b>December 31, 2022, issued and outstanding</b>	<b>70,967,629</b>	<b>\$ 41,099,052</b>
Shares bought back on-market but not yet cancelled (iii)	(198,000)	(122,473)
Shares bought back on-market and cancelled (iv)	(124,200)	(98,794)
Less: transaction cost on shares bought back	-	(1,284)
Stock options exercised	302,368	635,121
<b>June 30, 2023, issued and outstanding</b>	<b>70,947,797</b>	<b>\$ 41,511,622</b>

- i. 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.
- ii. 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.
- iii. During the six months ended June 30, 2023, Sailfish purchased 198,000 common shares on-market, which have not yet been cancelled. The shares were acquired at an average price of \$0.6225 (C\$0.8204) per share, with prices ranging from \$0.6062 (C\$0.8000) to \$0.6307 (C\$0.8300). The total cost of \$122,473, plus \$782 of after-tax transaction costs, was deducted from shareholders' equity.
- iv. During the year six months ended June 30, 2023, Sailfish purchased 124,200 common shares on-market, which have been cancelled. The shares were acquired at an average price of \$0.7995 (C\$1.0849) per share, with prices ranging from \$0.7749 (C\$1.0547) to \$0.8443 (C\$1.1380). The total cost of \$98,794, plus \$502 of after-tax transaction costs, was deducted from shareholders' equity.

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. See Note 14.



**SAILFISH ROYALTY CORP.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six months ended June 30, 2023 and 2022**  
*(Expressed in United States Dollars)*  
*(Unaudited)*

**9. SHARE CAPITAL AND CONTRIBUTED SURPLUS (Cont'd)**

(c) Stock options

As at June 30, 2023, 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
988,730	988,730	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
1,200,000	1,200,000	C\$	1.25	October 28, 2025
500,000	375,000	C\$	1.14	March 15, 2026
1,075,000	750,000	C\$	1.28	May 31, 2027
700,000	233,333	C\$	1.14	March 13, 2028
<b>5,030,730</b>	<b>4,114,063</b>			

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

	Number of Options	Weighted Average Exercise Price C\$
<b>Outstanding December 31, 2021</b>	<b>5,110,327</b>	<b>1.09</b>
Granted (i)	1,425,000	1.28
Exercised during the year	(204,200)	0.75
Expired during the year	(100,000)	1.40
<b>Outstanding December 31, 2022</b>	<b>6,231,127</b>	<b>1.14</b>
Granted (ii)	700,000	1.14
Cancelled/expired during the period (iii)	(1,598,029)	1.15
Exercised during the period	(302,368)	1.00
<b>Outstanding June 30, 2023</b>	<b>5,030,730</b>	<b>1.18</b>

- (i) 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.
- (ii) On March 13, 2023, the Company granted 700,000 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 – 84.71%, expected dividend yield – 6.02%, risk free interest rate – 2.900%, and share price - C\$1.14. The weighted average grant-date fair value of the stock options granted during the year is \$0.53.
- (iii) During the six months ended June 30, 2023, the Company cancelled 1,473,029 stock options with an average exercise price of C\$1.14 per common share and 125,000 stock options expired with an average exercise price of C\$1.21.

**SAILFISH ROYALTY CORP.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six months ended June 30, 2023 and 2022**  
*(Expressed in United States Dollars)*  
*(Unaudited)*

**9. SHARE CAPITAL AND CONTRIBUTED SURPLUS (Cont'd)**

(d) Dividends

During the six months ended June 30, 2023, the Company declared dividends of \$1,780,198 (June 30, 2022 - \$1,804,731). During the six months ended June 30, 2023, the Company paid dividends of \$1,778,252 (June 30, 2022 - \$1,817,830) and \$889,323 (December 31, 2022 - \$887,377) is included in dividends payable at June 30, 2023.

**10. 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 six months ended June 30, 2023 and 2022 the compensation was as follows:

- (i) During the six months ended June 30, 2023, the Company incurred director fees of \$98,500 (June 30, 2022 - \$30,000) which included a one-time payment of \$50,000 and special committee fees of \$10,000 (June 30, 2022 - \$nil).
- (ii) During the six months ended June 30, 2023, the Company incurred senior management fees of \$574,477 (June 30, 2022 - \$171,333), which included bonus payments of \$370,000. During the six months ended June 30, 2023, the Company incurred share-based compensation to key management of \$273,589 (June 30, 2022 - \$605,537).

(b) Related party transactions

- (i) At June 30, 2023 and December 31, 2022, due from related parties was comprised of the following balances:

	<b>2023</b>	<b>2022</b>
Due from Marlin Gold Mining USA Ltd.	\$ -	\$ 1,878,834
Due from a company related by a common officer	-	719
<b>Total due from related parties</b>	<b>\$ -</b>	<b>\$ 1,879,553</b>

- (ii) During the six months ended June 30, 2023, the Company incurred rent of \$9,600 which is included in general office and regulatory fees (June 30, 2022 - \$9,000) to a company related to one of the directors for office space for which there is no long-term commitment.
- (iii) During the six months ended June 30, 2023, the Company received proceeds from or provided advances or made payments on behalf of Marlin Gold Mining USA Ltd ("MGM USA"), a company related by common shareholders of \$1,898,834 (June 30, 2022 - (\$396,884)) in conjunction with the Proposed Transaction (Note 4), of which \$nil (December 31, 2022 - \$1,878,834) is included in due from related parties at June 30, 2023. On March 1, 2023, the Company terminated the Proposed Transaction and requested repayment of all amounts owing from MGM USA. On May 24, 2023, \$1,898,834 was received from MGM USA.
- (iv) During the six months ended June 30, 2023, 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 \$373,797 (June 30, 2022 - \$423,488), of which \$nil (December 31, 2022 - \$45,683) is included in due to related parties and \$35,874 (December 31, 2022 - \$nil) is included in prepaids at June 30, 2023.

**SAILFISH ROYALTY CORP.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six months ended June 30, 2023 and 2022**  
*(Expressed in United States Dollars)*  
*(Unaudited)*

**10. RELATED PARTIES (Cont'd)**

(c) Related party transactions (continued)

(v) At June 30, 2023 and December 31, 2022, due to related parties was comprised of the following balances:

	2023	2022
Nicoz Resources S.A.	-	45,683
<b>Total due to related parties</b>	<b>\$ -</b>	<b>\$ 45,683</b>

(c) Investing activities

The Company entered into a Loan Receivable agreement with Mako during 2021 and a Silver Purchase Agreement on May 24, 2023. See Notes 6 and 7.

**11. 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:

<b>Financial Instrument</b>	<b>Category</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Cash	Amortized cost	\$ 1,320,343	\$ 1,609,521
Accounts receivable	Amortized cost	19,244	11,674
Due from related parties	Amortized cost	-	1,879,553
Silver receivable	FVTPL	6,060,333	-
Loan receivable	FVTPL	1,188,792	3,380,269
Accounts payable and accrued liabilities	Amortized cost	(159,516)	(236,261)
Dividends payable	Amortized cost	(889,323)	(887,377)
Lease liabilities	Amortized cost	(2,474)	(16,599)
Due to related parties	Amortized cost	-	(45,683)
Convertible debentures	Amortized cost	(3,907,359)	-
Convertible debentures interest payable	Amortized cost	(41,562)	-

**11. MANAGEMENT OF FINANCIAL RISK (Cont'd)**

(b) Fair Value of Financial Instruments (continued)

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 and silver receivable which are 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 silver and 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 silver 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, convertible debentures interest payable, lease liabilities and due to related parties amounts of \$1,092,875 (\$1,185,920 – December 31, 2022) are due within 12 months.

(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.

**SAILFISH ROYALTY CORP.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six months ended June 30, 2023 and 2022**  
*(Expressed in United States Dollars)*  
*(Unaudited)*

**11. MANAGEMENT OF FINANCIAL RISK (Cont'd)**

(e) Market Risk (continued)

(i) Foreign Currency Risk (continued)

At June 30, 2023 and December 31, 2022, the Company's exposure to foreign currency risk is as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Cash (C)	\$ 95,521	\$ 94,370
Cash (MXN)	2,993	16,528
Accounts payable and accrued liabilities (C)	136,066	136,559
Accounts payable and accrued liabilities (GBP)	-	9,641
Due from related parties (C)	-	719
Lease liabilities (C)	2,474	16,599

Had the Canadian Dollar, British Pound and Mexican Peso foreign exchange rate strengthened against the United States dollar by 10%, with all other variables remaining constant, the change in net income would have been insignificant. A weakening of 10% 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 June 30, 2023 the Company has minimal 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.

**12. 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.

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 six months ended June 30, 2023.

**SAILFISH ROYALTY CORP.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six months ended June 30, 2023 and 2022**  
*(Expressed in United States Dollars)*  
*(Unaudited)*

**13. SEGMENT INFORMATION**

As at June 30, 2023 and June 30, 2022 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 six months ended June 30, 2023:

	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
<b>Royalties and stream interests</b>									
<b>San Albino</b>	<b>Gold</b>	\$ 1,206,126	\$ -	\$ 302,083	\$ 245,515	\$ -	\$ -	\$ -	\$ 658,528
Nicaragua									
<b>El Compas</b>	<b>Various</b>	-	-	-	-	-	-	-	-
Mexico									
<b>TZ Royalty</b>	<b>Gold</b>	-	-	-	-	-	-	-	-
Brazil									
<b>Other</b>	<b>Various</b>	-	-	-	-	-	-	-	-
Various									
<b>Exploration and evaluation assets</b>									
<b>Gavilanes</b>	<b>Silver</b>	-	-	-	-	-	-	229,709	(229,709)
Mexico									
<b>Total segments</b>		<b>\$ 1,206,126</b>	<b>\$ -</b>	<b>\$ 302,083</b>	<b>\$ 245,515</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 229,709</b>	<b>\$ 428,819</b>
<b>Corporate</b>									
Other expense		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,473,051)
<b>Total corporate</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,473,051)</b>
<b>Total consolidated</b>									<b>\$ (1,044,232)</b>

For the six months ended June 30, 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
<b>Royalties and stream interests</b>									
<b>San Albino</b>	<b>Gold</b>	\$ 1,369,424	\$ -	\$ 357,223	\$ 299,184	\$ -	\$ -	\$ -	\$ 713,017
Nicaragua									
<b>El Compas</b>	<b>Various</b>	-	-	-	-	-	-	-	-
Mexico									
<b>TZ Royalty</b>	<b>Gold</b>	-	-	-	-	-	-	-	-
Brazil									
<b>Other</b>	<b>Various</b>	-	-	-	-	-	-	-	-
Various									
<b>Exploration and evaluation assets</b>									
<b>Gavilanes</b>	<b>Silver</b>	-	-	-	-	-	-	431,304	(431,304)
Mexico									
<b>Total segments</b>		<b>\$ 1,369,424</b>	<b>\$ -</b>	<b>\$ 357,223</b>	<b>\$ 299,184</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 431,304</b>	<b>\$ 281,713</b>
<b>Corporate</b>									
Other income (expense)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (964,093)
<b>Total corporate</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (964,093)</b>
<b>Total consolidated</b>									<b>\$ (682,380)</b>

**SAILFISH ROYALTY CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****For the six months ended June 30, 2023 and 2022***(Expressed in United States Dollars)**(Unaudited)*

Page | 21

**13. SEGMENT INFORMATION (Cont'd)**

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

	June 30, 2023	December 31, 2022
USA	\$ 30,993,143	\$ 30,983,325
Nicaragua	5,660,146	3,463,750
Mexico	1,109,401	1,069,754
Corporate & other	2,058	14,081
<b>Total</b>	<b>\$ 37,764,748</b>	<b>\$ 35,530,910</b>

**14. EVENTS AFTER THE REPORTING PERIOD**

Subsequent to June 30, 2023, the Company paid a dividend of \$0.0125 per common share (total dividend payment of \$889,323).

Subsequent to June 30, 2023, Sailfish cancelled 198,000 common shares.

Subsequent to June 30, 2023, Sailfish purchased 88,300 common shares on-market which have not been cancelled.

Subsequent to June 30, 2023, the Company received 34,272 ounces of silver pertaining to loan receivable payments.

Subsequent to June 30, 2023, the Company announced its intention to make a normal course issuer bid to repurchase for cancellation, up to 3,547,390 shares in its own capital stock during the period commencing July 18, 2023 to July 17, 2024.