

Gold Royalty Corp. Issues Letter To Elemental Royalties Shareholders And Enters Into Commitment Letter With Bank Of Montreal And CIBC

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Elemental shareholders who have questions or need assistance tendering their shares can contact Laurel Hill Advisory Group at 1-877-452-7184 or by e-mail at assistance@laurelhill.com.

VANCOUVER, March 30, 2022 - [Gold Royalty Corp.](#) (NYSE American: GROY) ("Gold Royalty" or the "Company") today issued a letter to [Elemental Royalties Corp.](#) ("Elemental") shareholders reinforcing that a combination with Gold Royalty is the best option available to them.

The letter, which can be found here (<https://www.goldroyalty.com/Letter-to-Shareholders.pdf>), emphasizes Gold Royalty's belief that the combined company would be well-positioned to grow in a highly competitive royalty landscape, while Elemental on a standalone basis has limited growth prospects. In particular:

- The results of Elemental's "strategic review" have been underwhelming. Elemental's only recent acquisition is a gold stream on the Ming Copper Mine, a relatively small scale and high-cost operation that has a history of failing to meet expected project milestones.
- Elemental is raising capital at a lower price than Gold Royalty's offer. Elemental recently announced a financing at C\$1.51 per share - significantly below the unaffected C\$1.78 value of Gold Royalty's offer at announcement, which Elemental's Board had characterized as undervalued at the time.
- Elemental's high-cost debt remains an issue. Elemental is spending US\$2.5 million per year to service a US\$25 million credit facility with an interest rate of approximately 10%. This hinders Elemental's strategic flexibility and ability to return cash flow to shareholders.

The letter goes on to detail the benefits of combining with Gold Royalty, including:

- Creation of a sector leading portfolio, with over 200 royalties across cash flowing, development, and exploration assets focused within Tier 1 jurisdictions.
- An industry-leading revenue growth profile. According to current analyst consensus estimates, the revenue profile of the combined business would be approximately US\$18 million in 2023 and could reach approximately US\$40 million by 2027.
- Significantly enhanced trading liquidity. Gold Royalty averaged approximately US\$3.2 million of daily trading liquidity over the six months ended December 17, 2021. Elemental averaged approximately US\$62,000 over the same period.
- A sustainable dividend. Gold Royalty's dividend is supported by its standalone asset base (with or without Elemental).
- A strong balance sheet to pursue future growth. Gold Royalty boasts a strong balance sheet and a relatively low cost of capital, which provides the financial firepower to continue to grow through accretive transactions.

David Garofalo, Chairman and CEO of Gold Royalty, said: "Elemental's failure to engage with us in meaningful negotiations has led us to bring our offer directly to shareholders. It is easy to see that the combination of our two companies is significantly more attractive than Elemental as a standalone company. Let's continue our sector-leading growth trajectory as a stronger combined business."

Commitment Letter to increase Credit Facility to up to US\$40 million

Gold Royalty also announces that, in connection with its offer for Elemental, it has entered into a commitment letter with the Bank of Montreal and CIBC to upsize the Company's existing secured revolving credit facility from US\$10 million to US\$25 million (the "Upsized Facility"). The Upsized Facility will be available to be used towards refinancing Elemental's existing indebtedness and will continue to provide an accordion feature allowing for an additional US\$15 million subject to the satisfaction of certain conditions.

The Upsized Facility has a maturity date of March 31, 2025. Amounts drawn on the Upsized Facility will bear interest at the same rate as the Company's current credit facility, determined by reference to the US dollar Base Rate plus a margin of 3.00% per annum or term SOFR Rate plus a margin of 4.00% per annum, as applicable. The Upsized Facility is subject to definitive documentation and other customary conditions, including completion of the Elemental acquisition and receipt of a customary payout letter from Elemental's existing lender.

"This Upsized Facility will allow us to replace Elemental's existing high-interest debt with significantly lower cost indebtedness from two major Canadian banks. This access to capital displays one of the many benefits of our offer for Elemental shareholders," said Mr. Garofalo. "With Gold Royalty's relatively low cost of capital, our combined company will enjoy the benefits of a balance sheet that is flexible enough to pursue accretive transactions and return capital to shareholders."

About Gold Royalty Corp.

[Gold Royalty Corp.](#) is a gold-focused royalty company offering creative financing solutions to the metals and mining industry. Its mission is to acquire royalties, streams and similar interests at varying stages of the mine life cycle to build a balanced portfolio offering near, medium and longer-term attractive returns for its investors. Gold Royalty's diversified portfolio currently consists primarily of net smelter return royalties on gold properties located in the Americas.

Additional Information

The Offer and Circular of Gold Royalty dated January 11, 2022 and related offer documents (the "Offer Documents") have been mailed to Elemental shareholders in connection with its offer to acquire all of the outstanding common shares of Elemental described therein (the "Offer"). The Offer Documents have been filed with the Canadian and United States securities regulators and are available on Gold Royalty's website at <https://www.goldroyalty.com/elemental-offer/>, under Elemental's SEDAR profile at www.sedar.com, and in the United States under Gold Royalty's profile on EDGAR at www.sec.gov.

Gold Royalty encourages securityholders of Elemental to read the full details of the Offer set forth in the Offer Documents which contains the full terms and conditions of the Offer and other important information, including detailed instructions on how Elemental shareholders can tender their Elemental Shares to the Offer. For assistance in depositing Elemental Shares to the Offer, Elemental shareholders should contact the Information Agent, Laurel Hill Advisory Group, who can be contacted at 1-877-452-7184 toll-free in North America or at 1-416-304-0211 outside of North America or by e-mail at assistance@laurelhill.com.

No Offer or Solicitation

This news release is for informational purposes only and does not constitute an offer to buy or sell, or a solicitation of an offer to sell or buy, any securities. The Offer is being made solely by, and subject to the terms and conditions set out in the Offer Documents.

Notice to U.S. Shareholders

Gold Royalty has filed with the U.S. Securities and Exchange Commission (the "SEC") a Registration Statement on Form F-4 (the "Registration Statement"), which contains a prospectus relating to the offer to acquire the securities of Elemental, under the U.S. Securities Act of 1933, as amended. **SHAREHOLDERS OF ELEMENTAL AND OTHER INTERESTED PARTIES ARE URGED TO READ SUCH REGISTRATION STATEMENT AND ANY AND ALL OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC IN CONNECTION WITH THE OFFER AS THOSE DOCUMENTS BECOME AVAILABLE, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT GOLD ROYALTY, ELEMENTAL, AND THE OFFER.** Materials filed with the SEC will be available electronically without charge at the SEC's website at www.sec.gov under Gold Royalty's profile and the materials will be posted on Gold Royalty's website at www.goldroyalty.com.

Gold Royalty is a foreign private issuer and is permitted to prepare the offer to purchase and take-over bid circular and related documents in accordance with Canadian disclosure requirements, which are different from those of the United States. Gold Royalty prepares its financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and they may not be directly comparable to financial statements of United States companies.

Shareholders of Elemental should be aware that owning Gold Royalty shares may subject them to tax consequences both in the United States and in Canada. The Offer Documents may not describe these tax consequences fully. Elemental shareholders should read any tax discussion in the Offer Documents, and holders of Elemental shares are urged to consult their tax advisors.

An Elemental shareholder's ability to enforce civil liabilities under the United States federal securities laws may be affected adversely because Gold Royalty is incorporated in Canada, some or all of Gold Royalty's officers and directors and some or all of the experts named in the Offer Documents reside outside of the United States, and a substantial portion of Gold Royalty's assets and of the assets of such persons are located outside the United States. Elemental shareholders in the United States may not be able to sue Gold Royalty or its officers or directors in a non-U.S. court for violation of United States federal securities laws. It may be difficult to compel such parties to subject themselves to the jurisdiction of a court in the United States or to enforce a judgment obtained from a court of the United States.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES REGULATOR HAS OR WILL HAVE APPROVED OR DISAPPROVED THE GOLD ROYALTY SHARES OFFERED IN THE OFFER DOCUMENTS, OR HAS OR WILL HAVE DETERMINED IF ANY OFFER DOCUMENTS ARE TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

In accordance with applicable law, rules and regulations of the United States, Canada or its provinces or territories, including Rule 14e-5 under the U.S. Securities Exchange Act of 1934, as amended, Gold Royalty or its affiliates and any advisor, broker or other person acting as agent for, or on behalf of, or in concert with Gold Royalty or its affiliates, directly or indirectly, may bid for, make purchases of, or make arrangements to, purchase Elemental shares or certain related securities outside the Offer, including purchases in the open market at prevailing prices or in private transactions at negotiated prices. Such bids, purchases or arrangements to purchase may be made during the period of the Offer and through the expiration of the Offer. Any such purchases must comply with applicable laws, rules and regulations. To the extent information about such purchases or arrangements to purchase is made public in Canada, such information will be disclosed by means of a press release or other means reasonably calculated to inform shareholders in the United States of such information.

Cautionary Statement on Forward-Looking Information

Certain of the information contained herein constitutes 'forward-looking information' and 'forward-looking statements' within the meaning of applicable Canadian and U.S. securities laws ("forward-looking statements") and involve known and unknown risks, uncertainties and other factors that may cause Gold Royalty's actual results, performance and achievements to be materially different from the results, performance or achievements expressed or implied therein. The words "believe", "expect", "will", "propose" and derivatives thereof and other expressions which are predictions of or indicate future events, trends or prospects and which do not relate to historical matters, identify the above mentioned and other forward-looking statements. Such forward-looking statements, the satisfaction of the conditions of the Offer; the anticipated timing, benefits and effects of the completion of the Offer and expectations regarding the combined portfolios of the companies, future revenue and cash-flow generation, potential dividend growth and expectations regarding the projects underlying royalties, involve risks, uncertainties and other factors which may cause the actual results to be materially different from those expressed or implied by such forward-looking statements. Such factors include, among others, the ability to obtain necessary approvals, and to meet the other conditions under the Offer, the ability to realize the benefits under the proposed transaction, material adverse effects on the business, properties and assets of the parties; the impact of general economic and market conditions; any inability of the operators of the properties underlying the parties' royalty and other interests to execute proposed plans for such properties, risks related to such operators or the exploration, development and mining operations of the properties underlying the parties' royalty and other interests; impacts of macroeconomic developments; and the impact of and the responses of relevant governments to the COVID-19 pandemic and the effectiveness of such responses and the other important risks and uncertainties set out in the Offer Documents, Gold Royalty's Annual Report on Form 20-F for the year ended September 30, 2021 and its other public filings available on SEDAR at www.sedar.com and EDGAR at www.sec.gov. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

SOURCE [Gold Royalty Corp.](http://www.goldroyaltycorp.com)

Contact

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