



**EMX ROYALTY CORPORATION  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)**

**June 30, 2020**

## **NOTICE TO READER**

The accompanying unaudited condensed consolidated interim financial statements of EMX Royalty Corporation for the six months ended June 30, 2020 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

**EMX ROYALTY CORPORATION**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Unaudited - Expressed in Thousands of Canadian Dollars)

<b>ASSETS</b>	<b>June 30, 2020</b>	<b>December 31, 2019</b>
<b>Current</b>		
Cash and cash equivalents	\$ 58,194	\$ 68,994
Restricted cash (Note 3)	3,573	1,760
Investments (Note 4)	9,576	5,494
Loans receivable (Note 6)	881	1,372
Trade and settlement receivables, and other assets (Note 5)	1,737	981
Prepaid expenses	664	309
<b>Total current assets</b>	<b>74,625</b>	<b>78,910</b>
<b>Non-current</b>		
Restricted cash (Note 3)	196	187
Property and equipment (Note 7)	641	644
Strategic investments (Note 4)	9,636	4,613
Royalty and other property interests (Note 9)	19,506	15,034
Reclamation bonds (Note 10)	723	732
Deferred income tax asset	2,034	2,107
<b>Total non-current assets</b>	<b>32,736</b>	<b>23,317</b>
<b>TOTAL ASSETS</b>	<b>\$ 107,361</b>	<b>\$ 102,227</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 1,810	\$ 1,328
Advances from joint venture partners (Note 11)	4,295	2,404
<b>TOTAL LIABILITIES</b>	<b>6,105</b>	<b>3,732</b>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock (Note 12)	130,427	128,776
Reserves	27,334	25,063
Deficit	(56,505)	(55,344)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>101,256</b>	<b>98,495</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 107,361</b>	<b>\$ 102,227</b>

**Nature of operations and going concern (Note 1)**  
**Event subsequent to the reporting date (Note 17)**

**Approved on behalf of the Board of Directors on August 11, 2020**

Signed: *"David M Cole"* Director      Signed: *"Larry Okada"* Director

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

**EMX ROYALTY CORPORATION****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS**

(Unaudited - Expressed in Thousands of Canadian Dollars, Except Per Share Amounts)

	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
<b>REVENUE AND OTHER INCOME (Note 8)</b>	\$ 2,350	\$ 1,074	\$ 3,101	\$ 2,489
<b>COSTS AND EXPENSES</b>				
General and administrative (Note 8)	1,454	1,274	2,657	2,325
Project and royalty generation costs, net (Note 9)	3,044	4,218	4,644	5,304
Depletion, depreciation, and direct royalty taxes	336	228	734	561
Share-based payments (Note 13)	1,448	908	1,526	908
	6,282	6,628	9,561	9,098
<b>Loss from operations</b>	(3,932)	(5,554)	(6,460)	(6,609)
Change in fair value of fair value through profit or loss assets	2,775	320	1,957	306
Gain on sale of marketable securities	-	-	47	-
Foreign exchange gain (loss)	(2,124)	(1,507)	3,295	(3,307)
<b>Loss before income taxes</b>	(3,281)	(6,741)	(1,161)	(9,610)
Deferred income tax recovery	-	-	-	81
<b>Loss for the period</b>	\$ (3,281)	\$ (6,741)	\$ (1,161)	\$ (9,529)
Basic and diluted loss per share	\$ (0.04)	\$ (0.08)	\$ (0.01)	\$ (0.12)
Weighted average no. of shares outstanding - basic and diluted	83,262,479	81,732,695	83,025,973	81,250,282

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

**EMX ROYALTY CORPORATION****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**

(Unaudited - Expressed in Thousands of Canadian Dollars)

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>
<b>Loss for the period</b>	\$ (3,281)	\$ (6,741)	\$ (1,161)	\$ (9,529)
<b>Other comprehensive income (loss)</b>				
Change in fair value of strategic investments	-	16	-	32
Currency translation adjustment	(440)	(220)	525	(472)
<b>Comprehensive loss for the period</b>	\$ (3,721)	\$ (6,945)	\$ (636)	\$ (9,969)

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

**EMX ROYALTY CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited - Expressed in Thousands of Canadian Dollars)

	<b>Six Months Ended</b>	
	<b>June 30, 2020</b>	<b>June 30, 2019</b>
<b>Cash flows from operating activities</b>		
Income (loss) for the period	\$ (1,161)	\$ (9,529)
Items not affecting operating activities:		
Interest income received	(309)	(1,015)
Unrealized foreign exchange effect on cash and cash equivalents	(2,664)	3,901
Items not affecting cash:		
Change in fair value of fair value through profit or loss assets	(1,957)	(306)
Share - based payments	2,286	1,904
Deferred income tax recovery	-	(81)
Depreciation	21	10
Depletion	697	534
Interest income, finance charges, net of settlement gains (losses)	(45)	(85)
Realized (gain) loss on sale of investments	(47)	-
(Gain) loss on sale of royalty and other property interests	88	(289)
Option payments - shares received	(1,798)	(150)
Unrealized foreign exchange (gain) loss	(103)	6
	(4,992)	(5,100)
Changes in non-cash working capital items (Note 16)	(560)	(1,790)
<b>Total cash used in operating activities</b>	<b>(5,552)</b>	<b>(6,890)</b>
<b>Cash flows from investing activities</b>		
Option payments received	139	133
Interest received on cash and cash equivalents	309	991
Acquisition and adjustments to royalty and other property interests	(4,656)	(560)
Purchase of fair value through profit and loss investments, net	(183)	(1,879)
Purchase of fair value through other comprehensive income investments	(5,023)	-
Purchase and sale of property and equipment, net	(18)	(166)
Reclamation bonds	9	19
<b>Total cash used in investing activities</b>	<b>(9,423)</b>	<b>(1,462)</b>
<b>Cash flows from financing activities</b>		
Proceeds from loan repayments	536	-
Proceeds from exercise of options	975	1,593
<b>Total cash provided by financing activities</b>	<b>1,511</b>	<b>1,593</b>
Effect of exchange rate changes on cash and cash equivalents	2,664	(3,901)
<b>Change in cash and cash equivalents</b>	<b>(10,800)</b>	<b>(10,660)</b>
<b>Cash and cash equivalents, beginning</b>	<b>68,994</b>	<b>86,175</b>
<b>Cash and cash equivalents, ending</b>	<b>\$ 58,194</b>	<b>\$ 75,515</b>

Supplemental disclosure with respect to cash flows (Note 16)

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

**EMX ROYALTY CORPORATION**

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Unaudited - Expressed in Thousands of Canadian Dollars, Except Per Share Amounts)

	Number of common shares	Capital stock	Reserves		Deficit	Total
			Share-based payments	Accumulated other comprehensive gain		
<b>Balance as at December 31, 2019</b>	<b>82,554,760</b>	<b>\$ 128,776</b>	<b>\$ 15,943</b>	<b>\$ 9,120</b>	<b>\$ (55,344)</b>	<b>\$ 98,495</b>
Shares issued for exercise of stock options	1,190,200	975	-	-	-	975
Shares issued for royalty and other property interests	52,000	136	-	-	-	136
Share-based payments	-	-	2,286	-	-	2,286
Reclass of reserves for exercise of options	-	540	(540)	-	-	-
Foreign currency translation adjustment	-	-	-	525	-	525
Loss for the period	-	-	-	-	(1,161)	(1,161)
<b>Balance as at June 30, 2020</b>	<b>83,796,960</b>	<b>\$ 130,427</b>	<b>\$ 17,689</b>	<b>\$ 9,645</b>	<b>\$ (56,505)</b>	<b>\$ 101,256</b>

	Number of common shares	Capital stock	Reserves		Deficit	Total
			Share-based payments	Accumulated other comprehensive gain (loss)		
<b>Balance as at December 31, 2018</b>	<b>80,525,055</b>	<b>\$ 125,231</b>	<b>\$ 15,145</b>	<b>\$ 9,653</b>	<b>\$ (41,524)</b>	<b>\$ 108,505</b>
Shares issued for exercise of stock options	1,347,500	1,593	-	-	-	1,593
Share-based payments	239,405	407	1,497	-	-	1,904
Reclass of reserves for exercise of options	-	741	(741)	-	-	-
Foreign currency translation adjustment	-	-	-	(472)	-	(472)
Change in fair value of financial instruments	-	-	-	32	-	32
Loss for the period	-	-	-	-	(9,529)	(9,529)
<b>Balance as at June 30, 2019</b>	<b>82,111,960</b>	<b>\$ 127,972</b>	<b>\$ 15,901</b>	<b>\$ 9,213</b>	<b>\$ (51,053)</b>	<b>\$ 102,033</b>

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

## **EMX ROYALTY CORPORATION**

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

(Unaudited – Expressed in Thousands of Canadian Dollars, Except where indicated)

For the Six Months Ended June 30, 2020

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

EMX Royalty Corporation (the “Company” or “EMX”), together with its subsidiaries operates as a royalty and prospect generator engaged in the exploring for, and generating royalties from, metals and minerals properties. The Company’s royalty and exploration portfolio mainly consists of properties in North America, Turkey, Europe, Haiti, Australia, and New Zealand. The Company’s common shares are listed on the TSX Venture Exchange (“TSX-V”) and the NYSE American under the symbol of “EMX”. The Company’s head office is located at 501 - 543 Granville Street, Vancouver, British Columbia, Canada V6C 1X8.

These condensed consolidated interim financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets, discharge its liabilities and continue in operation for the following twelve months.

Some of the Company’s activities for royalty generation are located in emerging nations and, consequently, may be subject to a higher level of risk compared to other developed countries. Operations, the status of mineral property rights and the recoverability of investments in emerging nations can be affected by changing economic, legal, regulatory and political situations.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

These condensed consolidated interim financial statements of the Company are presented in Canadian dollars unless otherwise noted, which is the functional currency of the parent company and its subsidiaries except as to Bullion Monarch Mining, Inc. (“BULM”), the holder of a royalty income stream whose functional currency is the United States (“US”) dollar.

#### **2. STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Statement of Compliance and Measurement**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss and fair value through other comprehensive income, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the Company’s most recent annual financial statements, except as described below, and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2019.

##### **Reclassification**

Certain comparative figures have been reclassified to conform to the current period presentation.

##### **Critical Accounting Judgments and Significant Estimates and Uncertainties**

The critical judgments and estimates applied in the preparation of the Company’s unaudited condensed interim consolidated financial statements for the six months ended June 30, 2020 are consistent with those applied in the Company’s December 31, 2019 audited consolidated financial statements.



**EMX ROYALTY CORPORATION****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Expressed in Thousands of Canadian Dollars, Except where indicated)

For the Six Months Ended June 30, 2020

**3. RESTRICTED CASH**

At June 30, 2020, the Company classified \$3,769 (December 31, 2019 - \$1,947) as restricted cash. This amount is comprised of \$196 (December 31, 2019 - \$187) held as collateral for its corporate credit cards, and \$3,573 (December 31, 2019 - \$1,760) cash held by wholly-owned subsidiaries of the Company whose full amount is for use and credit to the Company's exploration venture partners in the USA, Sweden, Norway, and Finland pursuant to expenditure requirements for ongoing option agreements. Partner advances expected to be used within the following 12 months are included with current assets.

**4. INVESTMENTS**

At June 30, 2020 and December 31, 2019, the Company had the following investments:

June 30, 2020	Cost	Accumulated unrealized (loss) gain	Foreign Exchange	Fair value
<b>Fair value through profit or loss</b>				
Marketable securities	\$ 5,830	\$ 838	\$ 97	\$ 6,765
Warrants	314	867	-	1,181
Private company investments	2,074	(444)	-	1,630
Total fair value through profit or loss	8,218	1,261	97	9,576
<b>Fair value through other comprehensive income</b>				
Marketable securities	910	(877)	-	33
Private company investments	9,603	-	-	9,603
Total fair value through other comprehensive income (loss)	10,513	(877)	-	9,636
Total investments	\$ 18,731	\$ 384	\$ 97	\$ 19,212

December 31, 2019	Cost	Accumulated unrealized (loss) gain	Fair value
<b>Fair value through profit or loss</b>			
Marketable securities	\$ 3,915	\$ (767)	\$ 3,148
Warrants	314	515	829
Private company investments	1,961	(444)	1,517
Total fair value through profit or loss	6,190	(696)	5,494
<b>Fair value through other comprehensive income</b>			
Marketable securities	910	(877)	33
Private company investments	4,580	-	4,580
Total fair value through other comprehensive income (loss)	5,490	(877)	4,613
Total investments	\$ 11,680	\$ (1,573)	\$ 10,107

During the six months ended June 30, 2020, the Company closed a \$5,024 (US\$3,790) strategic investment in Ensero Holdings, Inc., a privately-held Delaware corporation. Ensero Holdings, Inc. operates through its wholly-owned subsidiary Ensero Solutions, Inc. ("Ensero") formerly known as Alexco Environmental Group. Pursuant to the closing the Company received US\$3,620 in Ensero Preferred Shares (the "Preferred Shares"), representing 65% of Ensero's preferred shares, with a 6% annual dividend, paid in quarterly increments over a six-year term. Starting in year six, the Preferred Shares will be redeemed in eight equal, quarterly payments totaling twice the principal amount (US\$7,240). The Company also received US\$171 in common shares representing a 7.5% equity holding of Ensero. Anti-dilution provisions will apply for the first two years of the agreement. During the six months ended June 30, 2020, the Company received \$62 which represents the a pro-rated quarterly dividend from Ensero.

**EMX ROYALTY CORPORATION****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Expressed in Thousands of Canadian Dollars, Except where indicated)

For the Six Months Ended June 30, 2020

**5. TRADE AND SETTLEMENT RECEIVABLES, AND OTHER ASSETS**

The Company's receivables are related to royalty income receivable, goods and services tax and harmonized sales taxes receivable from government taxation authorities, and recovery of royalty generation costs from project partners.

As at June 30, 2020 and December 31, 2019, the current receivables were as follows:

<b>Category</b>	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Royalty income receivable	\$ 205	\$ 15
Refundable taxes	187	174
Recoverable exploration expenditures and advances	1,005	460
Other	340	332
<b>Total</b>	<b>\$ 1,737</b>	<b>\$ 981</b>

The carrying amounts of the Company's current receivables are denominated in the following currencies:

<b>Currency</b>	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Canadian Dollars	\$ 194	\$ 158
US Dollars	650	453
Swedish Krona	893	370
<b>Total</b>	<b>\$ 1,737</b>	<b>\$ 981</b>

**6. LOANS RECEIVABLE**

On October 16, 2017, the Company issued a note receivable to Revelo Resources Corp. ("RVL"), a related party by way of a common director for the principal amount of \$400. The note was due on December 31, 2017, together with accrued interest at a rate of 1% per month and a bonus of \$20. During the six months ended June 30, 2020, RVL repaid the loan, accumulated interest, and bonus amount for total proceeds of \$536.

On November 25, 2019 the Company entered into a loan agreement with Boreal Metals Corp. ("BMC") whereby the Company loaned \$800 to BMC for one year. BMC will pay an annual effective interest rate of 8.08% with a loan fee equal to 5% of the loan amount (\$40) and is payable on maturity. The Company has the option to elect to receive the loan fee in shares of BMC at not less than the market price of BMC common shares in accordance with TSX-V Policy. BMC is granting security to EMX in connection with the loan consisting of: i) a pledge of the issued and outstanding shares of Iekelvare Minerals AB ("Iekelvare"), a wholly-owned subsidiary of BMC; ii) a guarantee of the loan by Iekelvare; and iii) the obligation to transfer the Gumsberg License (or the issued and outstanding shares of Iekelvare) to the Company if the loan is in default. As at June 30, 2020, the balance of the loan including interest was \$881.

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Revelo Resources Corp.	\$ -	\$ 526
Boreal Metals Corp.	881	846
<b>Total</b>	<b>\$ 881</b>	<b>\$ 1,372</b>

**EMX ROYALTY CORPORATION****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Expressed in Thousands of Canadian Dollars, Except where indicated)

For the Six Months Ended June 30, 2020

**7. PROPERTY AND EQUIPMENT**

During the period ended June 30, 2020 depreciation of \$12 (2019 - \$10) has been included in project and royalty generation costs.

	Computer	Field	Office	Building	Land	Total
<b>Cost</b>						
As at December 31, 2019	\$ 110	\$ 162	\$ 2	\$ 723	\$ 419	\$ 1,416
Additions	-	18	-	-	-	18
Disposals and derecognition	-	(5)	-	-	-	(5)
As at June 30, 2020	110	175	2	723	419	1,429
<b>Accumulated depreciation</b>						
As at December 31, 2019	\$ 110	\$ 80	\$ 2	\$ 580	\$ -	\$ 772
Additions	-	12	-	9	-	21
Disposals and derecognition	-	(5)	-	-	-	(5)
As at June 30, 2020	\$ 110	\$ 87	\$ 2	\$ 589	\$ -	\$ 788
<b>Net book value</b>						
As at December 31, 2019	\$ -	\$ 82	\$ -	\$ 143	\$ 419	\$ 644
As at June 30, 2020	\$ -	\$ 88	\$ -	\$ 134	\$ 419	\$ 641

**8. REVENUE AND GENERAL AND ADMINISTRATIVE EXPENSES**

During the six months ended June 30, 2020 and 2019, the Company had the following sources of revenue, and general and administrative expenses:

Revenue and other income for the three and six months ended	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Royalty revenue	\$ 296	\$ 392	\$ 639	\$ 748
Interest income	54	524	309	991
Option and other property income	1,938	158	2,091	750
Dividend Income	62	-	62	-
	\$ 2,350	\$ 1,074	\$ 3,101	\$ 2,489

General and administrative expenses for the three and six months ended	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Salaries, consultants, and benefits	\$ 783	\$ 370	\$ 1,256	\$ 743
Professional fees	263	374	495	445
Investor relations and shareholder information	124	133	284	361
Transfer agent and filing fees	31	54	87	160
Administrative and office	215	250	482	478
Travel	38	93	53	138
	\$ 1,454	\$ 1,274	\$ 2,657	\$ 2,325

**EMX ROYALTY CORPORATION****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Expressed in Thousands of Canadian Dollars, Except where indicated)

For the Six Months Ended June 30, 2020

**9. ROYALTY AND OTHER PROPERTY INTERESTS**

As at and for the six months ended June 30, 2020:

	Country	December 31, 2019	Additions	Recoveries	Depletion	Cumulative translation adjustments	June 30, 2020
<b>Royalty Interests</b>							
Leeville	USA	\$ 12,728	\$ -	\$ -	\$ (697)	\$ 604	\$ 12,635
Corvus	USA	350	-	-	-	-	350
Millrock	USA	210	-	-	-	-	210
Revelo portfolio	Chile	-	1,685	-	-	-	1,685
Kaukua	Finland	-	261	-	-	-	261
Timok	Serbia	200	-	-	-	-	200
		13,488	1,946	-	(697)	604	15,341
<b>Other Property Interests</b>							
Perry Portfolio	Canada	-	2,991	-	-	-	2,991
Superior West	USA	603	-	(139)	-	-	464
Yerington	USA	206	-	-	-	-	206
Mainspring	USA	66	-	-	-	-	66
Viad	Sweden	421	-	-	-	-	421
Various	Sweden	17	-	-	-	-	17
Alankoy	Turkey	154	(154)	-	-	-	-
Trab	Turkey	79	(79)	-	-	-	-
		1,546	2,758	(139)	-	-	4,165
<b>Total</b>		\$ 15,034	\$ 4,704	\$ (139)	\$ (697)	\$ 604	\$ 19,506

**Royalty Interests**

During the six months ended June 30, 2020 the Company entered into acquisition agreements for certain royalty interests in Chile and the Kaukua deposit in northern Finland.

**Revelo Portfolio Interests**

In March 2020, the Company closed the acquisition of certain NSR royalty interests covering 18 properties from Revelo for \$1,685 (US\$1,162). The royalties cover substantial land positions containing porphyry copper, epithermal precious metals, and IOCG (iron-oxide copper-gold) targets located within key Chilean metallogenic belts.

**Kaukua Royalty Interests**

In March 2020, the Company completed the acquisition of a 2% NSR royalty on various exploration licenses (the "Kaukua Royalty") in Finland from Akkerman Exploration B.V., a private Netherlands Company ("Akkerman"). The Kaukua Royalty was acquired from Akkerman by the Company for \$125 (paid) and the issuance of 52,000 EMX shares valued at \$136, being the market price of shares the time of issuance. The Company NSR royalty applies to all future mineral production from the Kaukua Royalty licenses. Palladium One can purchase 1% of the NSR royalty prior to the delivery of a "bankable feasibility study" for €1 million. The remaining 1% of the NSR royalty is uncapped, and cannot be repurchased.

**Corvus Royalty Interests**

During the year ended December 31, 2019, pursuant to an acquisition agreement with Corvus Gold Inc. ("Corvus"), EMX acquired a portfolio of NSR royalty interests ranging from 1 -3% in Alaska's Goodpaster Mining District.

**EMX ROYALTY CORPORATION**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited – Expressed in Thousands of Canadian Dollars, Except where indicated)

For the Six Months Ended June 30, 2020

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**9. ROYALTY AND OTHER PROPERTY INTERESTS (Continued)*****Millrock Royalty Interests***

During the year ended December 31, 2019, pursuant to a private placement financing and acquisition agreement, the Company acquired certain royalty interests from Millrock Resources Inc ("Millrock") in Alaska's Goodpaster Mining District.

***Carlin Trend Royalties***

The Company holds royalty interests in the Carlin Trend in Nevada which includes the following properties:

Leeville Mine: Located in Eureka County, Nevada, the Company is receiving a continuing 1% gross smelter return royalty ("GSRR").

East Ore Body Mine: Located in Eureka County, Nevada, the property is currently being mined and the Company is receiving a continuing 1% GSRR.

North Pipeline: Located in Lander County, Nevada. Should the property become producing, the Company will receive a production royalty of US\$0.50 per yard of ore processed or 4% of net profit, whichever is greater.

During the six months ended June 30, 2020, \$639 (2019 - \$748) in royalty income was included in revenue and other income. Applied only against the Carlin Trend Royalty Claim Block royalty income was depletion of \$697 (2019 - \$534) and a 5% direct gold tax of \$28 (2019 - \$27).

**Other Property Interests**

During the six months ended June 30, 2020, the Company had the following changes related to other property interests.

**Canada**

In June 2020, the Company acquired a portfolio of over 60 properties in Canada from a Canadian prospector and entrepreneur, Perry English, through his company 1544230 Ontario Inc., for cash consideration of \$2,991. Of the over 60 Perry portfolio properties acquired, 52 projects are optioned to third parties, of which 39 include provisions for NSR royalty interests that range from 0.75% to 2.5%. The Perry portfolio contains staged option payments of more than \$2,500 over the next four years, as well as share-based payments for equity interests in the respective partners.

**USA*****Superior West***

During the six months ended June 30, 2020, the Company received a \$139 (US\$100) annual option payment related to an exploration and option to purchase agreement for the Superior West project with Kennecott Exploration Company.

***Antelope Project***

In March 2020, the Company entered into an option agreement for the Antelope project in Nevada to Hochschild Mining (US) Inc. ("Hochschild"). Pursuant to the agreement, Hochschild has the option to acquire up to a 100% interest in the project by making a cash payment of US\$100 (received), of which US\$80 was for the reimbursement of 2019 holding costs and a US\$20 execution payment, making staged option payments, reimbursing holding costs, and spending US\$1,500 in exploration

## **EMX ROYALTY CORPORATION**

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#### **9. ROYALTY AND OTHER PROPERTY INTERESTS (Continued)**

expenditures over a 5 year option period from the effective date. Upon exercise of the option, EMX will retain a 4% NSR royalty, 2% of which may be purchased by Hochschild under certain conditions. AAR payments of US\$50 will commence on the first anniversary of the exercise of the option, increasing to US\$100 upon the completion of a preliminary economic assessment. Certain milestone payments totalling US\$2,500 will also be due to the Company upon completion of certain requirements.

##### *Erickson Ridge, South Orogrande, and Robber Gulch Projects*

In April 2020, the Company entered into three separate option agreements for the Erickson Ridge, South Orogrande, and Robber Gulch projects in Idaho with Gold Lion Resources (NV) Inc., a subsidiary of Gold Lion Resources Inc. ("Gold Lion"). Each project is covered by a separate agreement. Pursuant to each agreement, Gold Lion can exercise its option to earn 100% interest in a given project by making option payments totaling US\$600 (US\$45 received) to the Company, delivering a total of 600,000 common shares of Gold Lion to the Company (200,000 per agreement received), and completing US\$1,500 in exploration expenditures before the fifth anniversary of the agreements.

Upon Gold Lion's exercise of the option for a project, the Company will retain a 3.5% NSR royalty on the Project, of which Gold Lion may purchase up to 1.0% of the NSR royalty (the first 0.5% for 350 ounces of gold prior to the third anniversary after exercise of the option, then the remaining 0.5% can be purchased at any time thereafter for 1,150 ounces of gold). After exercise of the option, AAR payments are due to the Company starting at US\$30, and increasing US\$10 per year to a maximum of US\$80 per year. All AAR payments for a project cease upon commencement of production from that project.

In addition, Gold Lion will make milestone payments for a given project to the Company consisting of: (a) 300 ounces of gold upon completion of a Preliminary Economic Assessment, (b) 550 ounces of gold upon completion of a Prefeasibility Study, and (c) 650 ounces of gold upon completion of a Feasibility Study. All gold bullion payments to the companies referenced in the agreements can be made as the cash equivalent in USD.

The initial 600,000 common shares received were valued at \$210, or \$0.35 per share and included in revenue and other income for the six months ended June 30, 2020.

##### **Sweden and Norway**

##### *Espedalen, Hosanger, and Sigdal Projects*

In February 2020, the Company entered into an option agreement for the Espedalen, Hosanger, and Sigdal nickel-copper-cobalt projects in Norway with Pursuit Minerals Limited ("PUR" or "Pursuit"). Pursuant to the agreement, Pursuit has the option to acquire up to 100% interest in the projects by making a cash payment of US\$25 (received) and issuing to the Company 20,000,000 common shares (received) of PUR upon execution of the agreement, and spending a minimum of US\$250 on the projects within 12 months from the effective date. Upon exercise of the option, Pursuit will issue up to 20,000,000 additional common shares, capped at 9.9% of the issued and outstanding common shares of PUR with EMX retaining a 3% NSR royalty, 1% of which may be purchased by Pursuit under certain conditions. AAR payments will commence on the second anniversary of the agreement, beginning at US\$25 per project and increasing at US\$5 per year. Upon the second anniversary of the agreement, Pursuit will issue to EMX another tranche of common shares equal in cash value to the 20,000,000 PUR common shares issued to exercise the option. If the option is exercised, Pursuit will commit to another US\$500 in exploration expenditures by the second anniversary, and drill at least 1,000 meters per project per year until the completion of a pre-feasibility study. Milestone payments of US\$500 will be made to EMX upon each of the following milestones: a) completion of a preliminary economic assessment; and b) delivery of a "positive feasibility study". The initial 20,000,000 common shares received were valued at \$175, or \$0.01 per share and included in revenue and other income for the six months ended June 30, 2020.

## **EMX ROYALTY CORPORATION**

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#### **9. ROYALTY AND OTHER PROPERTY INTERESTS (Continued)**

##### *Slättberg and Kuusamo Projects*

In May 2020, the Company amended its option agreement with Sienna Resources Inc. (“Sienna”), originally entered into in December, 2017. The amendment restructured the terms of the option agreement for the Slättberg project in Sweden and added a two year option period for Sienna to acquire the Company’s Kuusamo project in Finland.

##### *Kuusamo Project*

The Company granted Sienna the right to earn a 100% interest in the Kuusamo project in Finland; subject to a 3% NSR royalty to the Company by issuing an additional 500,000 common shares (received) of Sienna to the Company upon execution of the amended agreement, spending a minimum of \$500 on exploration and project advancement over the next two years (\$250 per year), reimbursing the Company for its acquisition costs and expenses related to the Kuusamo project, and issuing 1,500,000 additional common shares to the Company at the end of the two year option period. If Sienna satisfies the conditions of the option agreement and elects to acquire the Project, the Company will receive annual advance royalty (“AAR”) payments of US\$25 commencing on the first anniversary of the option exercise date, with each AAR payment increasing by US\$5 per year until reaching a cap of US\$75 per year. Under certain conditions, 0.5% of the 3% NSR royalty retained by EMX can be repurchased.

The 500,000 common shares received were valued at \$35, or \$0.07 per share and included in revenue and other income for the six months ended June 30, 2020.

##### *Slättberg Project*

In addition to entering an option agreement for the Kuusamo project, the Company and Sienna modified the terms of the Slättberg option agreement extending the original option period to October 31, 2020. As compensation for the extension of the initial option period, Sienna will conduct an additional \$250 in exploration on the Slättberg project before October 31, 2020; and to exercise the option to acquire a 100% interest in the Slättberg project, Sienna will issue to the Company an additional 1,500,000 common shares of Sienna (reduced from the 3,000,000 shares specified in the original agreement). If Sienna satisfies the conditions of the modified option agreement and elects to acquire the Slättberg project, the Company will receive AAR payments of US\$25 commencing on the first anniversary of the option exercise date, with each AAR payment increasing by US\$5 per year until reaching a cap of US\$75 per year. EMX will retain a 3% NSR royalty on the Slättberg project, 0.5% of which may be repurchased under certain conditions.

##### *Tomtebo and Trollberget Projects*

In June 2020, the Company executed an agreement to sell the Tomtebo and Trollberget projects in the Bergslagen mining region of Sweden to District Metals Corp. (“DMX” or “District”). As consideration for the sale, DMX issued to the Company 5,882,830 common shares of DMX and cash consideration of \$35 (received). The agreement provides EMX with a 9.9% equity interest in District, annual advance royalty payments, 2.5% NSR royalty interests in the projects, and other considerations to EMX’s benefit. Further, District will issue additional common shares to EMX to maintain its 9.9% interest at no additional cost to EMX until DMX has raised \$3,000 in equity.

The initial 5,882,830 common shares of DMX received were valued at \$1,353, or \$0.23 per share and were included in revenue and other income for the six months ended June 30, 2020.

**EMX ROYALTY CORPORATION**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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**9. ROYALTY AND OTHER PROPERTY INTERESTS (Continued)****Turkey***Alanköy and Trab-23 Projects*

In February 2020, the Company executed purchase and sale agreements for the sale of EMX subsidiaries that own the Alanköy and Trab-23 exploration projects in Turkey to Kar Mineral Madencilik İnşaat Turizm Sanayi ve Ticaret A.Ş. (“Kar”), a privately owned Turkish Company. Upon closing, EMX received the cash equivalent of 40 ounces of gold for the Alanköy project (US\$63 received) and the cash equivalent of 30 ounces of gold for the Trab-23 project (US\$47 received). EMX will receive an uncapped 2.5% NSR royalty on each project. For the Alanköy project, EMX will receive annual AAR payments of 35 ounces of gold for the first three years of the agreement, 45 ounces of gold in years 4 through 6 of the agreement, and 70 ounces of gold from the 7th anniversary onwards. For the Trab-23 project, EMX will receive AAR payments of 35 ounces of gold through the 4th anniversary of the agreement, and 45 ounces of gold from the 5th anniversary onwards. For each project, EMX will receive a milestone payment of 500 ounces of gold upon receipt of key mine development permits. The gold bullion payments may be made in troy ounces of gold bullion or their cash value equivalent. Additionally, each agreement also contains certain work commitments that include drilling milestones and other project advancement requirements.

*Balya Project*

During the six months ended June 30, 2020, the Company completed the transfer of the Balya royalty property in Turkey from Dedeman Madencilik San. ve Tic. A. Ş. to Esan Eczacıbaşı Endüstriyel Hammaddeler San. ve Tic. A.Ş. (“Esan”) a private Turkish company. The Company retains a 4% NSR royalty on the property that is uncapped and is not subject to a buy back agreement.

**Impairment of Non-Current Assets**

The Company’s policy for accounting for impairment of non-current assets is to use the higher of the estimates of fair value less cost of disposal of these assets or value in use. The Company uses valuation techniques that require significant judgments and assumptions, including those with respect to future production levels, future metal prices and discount rates.

Non-current assets are tested for impairment when events or changes in circumstances suggest that the carrying amount may not be recoverable. The Company continuously reviews the production of gold from the Carlin Trend Royalty Claim Block, expected long term gold prices to be realized, foreign exchange, and interest rates. For the six months ended June 30, 2020 and 2019, these assumptions remained reasonable and no revisions were considered necessary.



**EMX ROYALTY CORPORATION**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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**9. ROYALTY AND OTHER PROPERTY INTERESTS (Continued)****Project and Royalty Generation Costs**

During the six months ended June 30, 2020, the Company incurred the following project and royalty generation costs, which were expensed as incurred:

	Scandinavia	USA	Turkey	Australia and New Zealand	Other	Total
Administration costs	\$ 59	\$ 127	\$ 2	\$ 5	\$ (1)	\$ 192
Drilling, technical, and support costs	36	1,600	61	26	-	1,723
Personnel	736	1,800	36	32	4	2,608
Professional costs	158	202	53	80	13	506
Property costs	479	156	-	-	-	635
Share-based payments	264	755	40	26	11	1,096
Travel	62	56	2	2	-	122
Total Expenditures	1,794	4,696	194	171	27	\$ 6,882
Recoveries from partners	(280)	(1,957)	-	-	(1)	(2,238)
Net Expenditures	\$ 1,514	\$ 2,739	\$ 194	\$ 171	\$ 26	\$ 4,644

During the six months ended June 30, 2019, the Company incurred the following project and royalty generation costs, which were expensed as incurred:

	Scandinavia	USA	Turkey	Australia and New Zealand	Other	Total
Administration costs	\$ 57	\$ 100	\$ 59	\$ 23	\$ -	\$ 239
Drilling, technical, and support costs	668	863	18	1,208	1	2,758
Personnel	624	1,106	67	297	7	2,101
Professional costs	135	96	21	81	5	338
Property costs	475	312	92	69	-	948
Share-based payments	329	576	50	207	16	1,178
Travel	82	80	5	31	1	199
Total Expenditures	2,370	3,133	312	1,916	30	7,761
Recoveries from partners	(1,181)	(1,276)	-	-	-	(2,457)
Net Expenditures	\$ 1,189	\$ 1,857	\$ 312	\$ 1,916	\$ 30	\$ 5,304

**EMX ROYALTY CORPORATION****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**10. RECLAMATION BONDS**

Reclamation bonds are held as security towards future project and royalty generation work and the related future potential cost of reclamation of the Company's land and unproven mineral interests. Once reclamation of the properties is complete, the bonds will be returned to the Company.

	June 30, 2020	December 31, 2019
U.S.A - various properties	\$ 677	\$ 680
Sweden - various properties	44	42
Turkey - various properties	2	10
Total	\$ 723	\$ 732

As at June 30, 2020, the Company has no material reclamation obligations.

**11. ADVANCES FROM JOINT VENTURE PARTNERS**

Advances from joint venture partners relate to unspent funds received pursuant to approved exploration programs by the Company and its joint venture partners. The Company's advances from joint venture partners consist of the following:

	June 30, 2020	December 31, 2019
U.S.A.	\$ 4,264	\$ 2,305
Sweden	31	99
Total	\$ 4,295	\$ 2,404

**12. CAPITAL STOCK****Authorized**

As at June 30, 2020, the authorized share capital of the Company was an unlimited number of common and preferred shares without par value.

**Common Shares**

During the six months ended June 30, 2020 and 2019, the Company:

- Issued 1,190,200 common shares (2019 – 1,347,500) for gross proceeds of \$975 (2019 - \$1,593) pursuant to the exercise of stock options.
- Issued 52,000 common shares (2019 - \$Nil) valued at \$136 pursuant to the Kaukua Royalty acquisition (Note 9).

**Stock Options**

The Company adopted a stock option plan (the "Plan") pursuant to the policies of the TSX-V. The maximum number of shares that may be reserved for issuance under the plan is limited to 10% of the issued common shares of the Company at any time. The vesting terms are determined at the time of the grant, subject to the terms of the plan.

**EMX ROYALTY CORPORATION**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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**12. CAPITAL STOCK** (Continued)

During the six months ended June 30, 2020, the change in stock options outstanding is as follows:

	Number	Weighted Average Exercise Price
Balance as at December 31, 2019	6,714,700	\$ 1.30
Granted	1,611,500	2.60
Exercised	(1,190,200)	0.82
Forfeited	(10,000)	1.70
Balance as at June 30, 2020	7,126,000	1.67
Number of options exercisable as at June 30, 2020	7,111,000	\$ 1.67

The following table summarizes information about the stock options which were outstanding and exercisable at June 30, 2020:

Date Granted	Number of Options	Exercisable	Exercise Price \$	Expiry Date
October 18, 2016	1,037,500	1,037,500	1.30	October 18, 2021
August 28, 2017	1,305,000	1,305,000	1.20	August 28, 2022
July 10, 2018	1,472,000	1,472,000	1.30	July 10, 2023
November 28, 2018	10,000	10,000	1.57	November 28, 2023
December 14, 2018	20,000	20,000	1.42	December 14, 2023
June 6, 2019	1,510,000	1,510,000	1.70	June 6, 2024
September 30, 2019	100,000	100,000	1.77	September 30, 2024
November 18, 2019	60,000	60,000	1.80	November 18, 2024
January 21, 2020	60,000	60,000	2.22	January 21, 2025
April 22, 2020	20,000	20,000	2.50	April 22, 2025
June 10, 2020*	1,531,500	1,516,500	2.62	June 10, 2025
Total	7,126,000	7,111,000		

\* Includes options granted for investor relations services that vest 25% every 4 months from the date of grant.

The weighted average remaining useful life of exercisable stock options is 3.27 years (2019 – 3.30 years).

**Restricted share units**

In 2017, the Company introduced a long-term restricted share unit plan (“RSUs”). The RSUs entitle employees, directors, or officers to common shares of the Company upon vesting based on vesting terms determined by the Company’s Board of Directors at the time of grant. A total of 3,200,000 RSU’s are reserved for issuance under the plan and the number of shares issuable pursuant to all RSUs granted under this plan, together with any other compensation arrangement of the Company that provides for the issuance of shares, shall not exceed ten percent (10%) of the issued and outstanding shares at the grant date

**EMX ROYALTY CORPORATION****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**12. CAPITAL STOCK (Continued)**

The following table summarizes information and changes to the RSU's which were outstanding as at June 30, 2020:

<b>Evaluation Date</b>	<b>December 31, 2019</b>	<b>Granted</b>	<b>Vested</b>	<b>Expired/Cancelled</b>	<b>June 30, 2020</b>
December 31, 2019 *	312,500	-	(156,250)	(156,250)	-
December 31, 2020	312,500	-	-	-	312,500
December 31, 2021	312,500	-	-	-	312,500
November 18, 2022	21,000	-	-	-	21,000
June 10, 2023	-	430,000	-	-	430,000
<b>Total</b>	<b>958,500</b>	<b>430,000</b>	<b>(156,250)</b>	<b>(156,250)</b>	<b>1,076,000</b>

\* Based on the achievement of performance criteria as evaluated by the Compensation Committee. It was ascertained that 156,250 RSU's with an evaluation date of December 31, 2019 had vested based on pre set performance criteria previously established on the grant date. The balance of 156,250 expired unvested.

**Share-based Payments**

During the six months ended June 30, 2020, the Company recorded aggregate share-based payments of \$2,622 (2019 – \$2,086) as they relate to the fair value of stock options and RSU's vested during the period, the fair value of incentive stock grants, and the fair value of share based compensation settled in cash. Share-based payments for the six months ended June 30, 2020 and 2019 are allocated to expense accounts as follow:

<b>For the six months ended June 30, 2020</b>	<b>General and</b>		<b>Total</b>
	<b>Administrative Expenses</b>	<b>Project and Royalty Generation Costs</b>	
Stock options vested	\$ 1,197	\$ 948	\$ 2,145
RSU's vested	271	-	271
RSU's settled with cash	58	148	206
	<b>\$ 1,526</b>	<b>\$ 1,096</b>	<b>\$ 2,622</b>

<b>For the six months ended June 30, 2019</b>	<b>General and</b>		<b>Total</b>
	<b>Administrative Expenses</b>	<b>Project and Royalty Generation Costs</b>	
Stock options vested	\$ 653	\$ 844	\$ 1,497
share based compensation	179	228	407
Share based compensation settled in cash	76	106	182
	<b>\$ 908</b>	<b>\$ 1,178</b>	<b>\$ 2,086</b>

The weighted average fair value of the stock options granted during the six months ended June 30, 2020 was \$1.34 per stock option (2019 - \$0.96). The fair value of stock options granted was estimated using the Black-Scholes option pricing model with weighted average assumptions as follows:

	<b>Six months ended</b>	
	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Risk free interest rate	0.42%	1.33%
Expected life (years)	5	5
Expected volatility	61.70%	67.9%
Dividend yield	0%	0%

**Warrants**

There were no warrants outstanding as June 30, 2020 and December 31, 2019.

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**13. RELATED PARTY TRANSACTIONS**

The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

For the six months ended June 30, 2020	Share-based		Total
	Salary and fees	Payments	
Management	\$ 430	\$ 615	\$ 1,045
Outside directors *	99	460	559
Seabord Services Corp.**	179	-	179
<b>Total</b>	<b>\$ 708</b>	<b>\$ 1,075</b>	<b>\$ 1,783</b>

For the six months ended June 30, 2019	Share-based		Total
	Salary and fees	Payments	
Management	\$ 346	\$ 508	\$ 854
Outside directors *	76	282	358
Seabord Services Corp.**	222	-	222
<b>Total</b>	<b>\$ 644</b>	<b>\$ 790</b>	<b>\$ 1,434</b>

\* Starting June 2020 the directors fees paid to the Company's non-Executive Chairman have been replaced by monthly consulting fees of US\$20,800.

\*\* Seabord Services Corp. ("Seabord") is a management services company controlled by the Chairman of the Board of Directors of the Company. Seabord provides a Chief Financial Officer, accounting and administration staff, and office space to the Company. The Chief Financial Officer is an employee of Seabord and is not paid directly by the Company.

Included in accounts payable and accrued liabilities at June 30, 2020 is \$6 (December 31, 2019 - \$36) owed to key management personnel and other related parties.

By way of a common director, included in Loans receivable (Note 6) for the year ended December 31, 2019 are certain balances owing from a related party.

**14. SEGMENTED INFORMATION**

The Company operates within the resource industry. As at June 30, 2020 and December 31, 2019, the Company had equipment, exploration and evaluation assets, and royalty interests located geographically as follows:

PROPERTY AND EQUIPMENT	June 30, 2020	December 31, 2019
Sweden	\$ 65	\$ 54
U.S.A	576	590
<b>Total</b>	<b>\$ 641</b>	<b>\$ 644</b>

  

ROYALTY AND OTHER PROPERTY INTERESTS	June 30, 2020	December 31, 2019
Canada	\$ 2,991	\$ -
U.S.A	13,931	14,163
Sweden	438	438
Turkey	-	233
Finland	261	-
Chile	1,685	-
Serbia	200	200
<b>Total</b>	<b>\$ 19,506</b>	<b>\$ 15,034</b>

The Company's deferred income tax assets, royalty income, and depletion are located in the U.S.A. for the six month periods ended June 30, 2020 and 2019.

## EMX ROYALTY CORPORATION

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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#### 15. RISK AND CAPITAL MANAGEMENT: FINANCIAL INSTRUMENTS

The Company considers items included in shareholders' equity as capital. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

As at June 30, 2020, the Company had working capital of \$68,520 (December 31, 2019 - \$75,178). The Company has continuing royalty income that will vary depending on royalty ounces received, the price of gold, and foreign exchange rates on US royalty payments. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through public and/or private placements, sell assets, or return capital to shareholders.

#### Fair Value

The Company characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The three levels of the fair value hierarchy are as follows:

- Level 1: inputs represent quoted prices in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: inputs other than quoted prices that are observable, either directly or indirectly. Level 2 valuations are based on inputs, including quoted forward prices for commodities, market interest rates, and volatility factors, which can be observed or corroborated in the market place.
- Level 3: inputs that are less observable, unavoidable or where the observable data does not support the majority of the instruments' fair value.

As at June 30, 2020, there were no changes in the levels in comparison to December 31, 2019. Financial instruments measured at fair value on the statement of financial position are summarized in levels of the fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Investments	\$ 6,765	\$ 1,371	\$ 259	\$ 8,395
Warrants	-	1,181	-	1,181
Strategic Investments	33	9,603	-	9,636
Total	\$ 6,798	\$ 12,155	\$ 259	\$ 19,212

The carrying value of receivables, accounts payable and accrued liabilities, advances from joint venture partners, and loans receivable approximate their fair value because of the short-term nature of these instruments.

The Company holds warrants exercisable into common shares of public companies. The warrants do not trade on an exchange and are restricted in their transfer. The fair value of the warrants was determined using the Black-Scholes pricing model using observable market information and thereby classified within Level 2 of the fair value hierarchy.

Included in Strategic Investments is \$9,603 related to the Company's 19.9% interest in Rawhide Acquisition Holding, LLC ("Rawhide") and the Company's 7.5% equity interest in Ensero (Note 4). The Company's investments in Rawhide and Ensero do not have quoted market prices in an active market and the Company has assessed a fair value of the investment based on concurrent third party investments at the time of acquisition.

The Company's holds an investment in IG Copper LLC ("IGC"), a private entity which does not have a quoted market price in an active market and the Company has assessed a fair value of the investment based on IGC's unobservable net assets. As a result, the fair value is classified within Level 3 of the fair value hierarchy.

The process of estimating the fair value of IGC is based on inherent measurement uncertainties and is based on techniques and assumptions that emphasize both qualitative and quantitative information. There is no reasonable quantitative basis to estimate the potential effect of changing the assumptions to reasonably possible alternative assumptions on the estimated fair value of the investment.

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**15. RISK AND CAPITAL MANAGEMENT: FINANCIAL INSTRUMENTS (Continued)**

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, liquidity risk and currency risk.

**Credit Risk**

The Company is exposed to credit risk by holding cash and cash equivalents and receivables. This risk is minimized by holding a significant portion of the funds in Canadian banks. The Company's exposure with respect to its receivables is primarily related to royalty streams, recovery of project and royalty generation costs, and the sale of assets.

**Interest Rate Risk**

The Company is exposed to interest rate risk because of fluctuating interest rates. Management believes the interest rate risk is low given interest rates on promissory notes is fixed and the current low global interest rate environment. Fluctuation in market rates is not expected to have a significant impact on the Company's operations due to the short term to maturity and no penalty cashable feature of its cash equivalents.

**Market Risk**

The Company is exposed to market risk because of the fluctuating values of its publicly traded marketable securities and other company investments. The Company has no control over these fluctuations and does not hedge its investments. Based on the June 30, 2020 portfolio values, a 10% increase or decrease in effective market values would increase or decrease net shareholders' equity by approximately \$1,900.

**Liquidity Risk**

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure the Company's expenditures will not exceed available resources.

**Commodity Risk**

The Company's royalty revenues are derived from a royalty interest and are based on the extraction and sale of precious and base minerals and metals. Factors beyond the control of the Company may affect the marketability of metals discovered. Metal prices have historically fluctuated widely. Consequently, the economic viability of the Company's royalty interests cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices.

**Currency Risk**

Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. The Company operates in Canada, Turkey, Sweden, Australia, Norway, Finland, Chile, and the U.S.A. The Company funds cash calls to its subsidiary companies outside of Canada in US dollars and a portion of its expenditures are also incurred in local currencies.

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**15. RISK AND CAPITAL MANAGEMENT: FINANCIAL INSTRUMENTS (Continued)**

The exposure of the Company's cash and cash equivalents, restricted cash, trade receivables, accounts payable and accrued liabilities, and advances from joint venture partners to foreign exchange risk as at June 30, 2020 is as follows:

Accounts	US dollars	
Cash and cash equivalents	\$	39,399
Restricted cash		2,741
Trade receivables		311
Accounts payable and accrued liabilities		(682)
Advances from joint venture partners		(3,126)
Net exposure	\$	38,643
Canadian dollar equivalent	\$	52,715

The balances noted above reflect the US dollar balances held within the parent company and any wholly owned subsidiaries. Balances denominated in another currency other than the functional currency held in foreign operations are considered immaterial. Based on the above net exposure as at June 30, 2020, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar would result in an increase/decrease of approximately \$5,271 in the Company's pre-tax profit or loss. million in the Company's pre-tax profit or loss.

**16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

	June 30, 2020		December 31, 2019	
Cash	\$	56,421	\$	68,994
Short-term deposits		1,969		187
Total	\$	58,390	\$	69,181

The short-term deposits are used as collateral for the Company's credit cards and to earn interest. Short term deposits are highly liquid investments that are readily convertible to known amounts of cash.

Changes in non-cash working capital:

	Six months ended			
	June 30, 2020		June 30, 2019	
Accounts receivable	\$	(756)	\$	3,446
Prepaid expenses		(355)		(132)
Accounts payable and accrued liabilities		482		(5,035)
Advances from joint venture partners		69		(69)
	\$	(560)	\$	(1,790)

The significant non-cash investing and financing transactions during the six months ended June 30, 2020 and 2019 included:

- Recorded the issuance of \$136 (2019 - \$Nil) through share capital for the issuance of 52,500 common shares for the acquisition of a royalty interest (Note 9);
- Recorded a loss through accumulated other comprehensive income of \$Nil (2019 - \$32) related to the fair value adjustments on FVTPL investments;
- Reclass of \$540 (2019 - \$741) from reserves to share capital for options exercised;
- Adjusted non-current assets and liabilities for \$525 (2019 - \$472) related to cumulative translation adjustments ("CTA"), of which \$604 (2019 - Loss of \$549) relates to CTA gain on royalty interest, \$73 (2019 - gain of \$86) relates to a CTA loss on deferred tax assets, and \$6 (2019 - \$9) relates to CTA loss in the net assets of a subsidiary with a functional currency different from the presentation currency.



**EMX ROYALTY CORPORATION**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Expressed in Thousands of Canadian Dollars, Except where indicated)

For the Six Months Ended June 30, 2020

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**17. EVENT SUBSEQUENT TO THE REPORTING DATE**

Pursuant to an agreement entered into in March of 2019, subsequent to the six months ended June 30, 2020, Playfair Mining Ltd. ("Playfair") exercised the option to acquire 100% interest in both the Røstvangen and Vakkerlien projects in Norway. To exercise the option, Playfair issued an additional 3,000,000 common shares to the Company and the Company transferred 100% control of the projects to Playfair, subject to a 3% NSR royalty on the properties. Playfair has the option to buy back up to 1% of the NSR for \$3,000 within five years.