



Altius Renewable Royalties Corp.

Condensed Consolidated Financial Statements

Three and six months ended June 30, 2023 and 2022

(Unaudited)

## CONDENSED CONSOLIDATED BALANCE SHEETS

Expressed in United States Dollars, rounded to the nearest thousand	Note	As at	
		June 30, 2023	December 31, 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$	41,112,000	\$ 50,092,000
Accounts receivable and prepaid expenses		254,000	191,000
Income tax receivable		235,000	235,000
	\$	41,601,000	\$ 50,518,000
<b>Non-current assets</b>			
Interest in joint venture	4	161,668,000	151,095,000
	\$	161,668,000	\$ 151,095,000
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>203,269,000</b>	<b>\$ 201,613,000</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		167,000	566,000
	\$	167,000	\$ 566,000
<b>Non-current liabilities</b>			
Deferred tax liability	5	6,298,000	6,000,000
	\$	6,298,000	\$ 6,000,000
<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b>6,465,000</b>	<b>\$ 6,566,000</b>
<b>EQUITY</b>			
Shareholders' equity		196,804,000	195,047,000
	\$	196,804,000	\$ 195,047,000
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$</b>	<b>203,269,000</b>	<b>\$ 201,613,000</b>

*See accompanying notes to the Condensed Consolidated Financial Statements*

## CONDENSED CONSOLIDATED STATEMENTS OF LOSS

Expressed in United States Dollars, rounded to the nearest thousand, except per share amounts	Note	Three months ended		Six months ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>Revenue and other income</b>					
Interest		\$ 613,000	\$ 134,000	\$ 1,171,000	\$ 175,000
		\$ 613,000	\$ 134,000	\$ 1,171,000	\$ 175,000
<b>Costs and Expenses</b>					
General and administrative	6	\$ 530,000	\$ 525,000	\$ 1,050,000	\$ 990,000
Share based compensation		124,000	171,000	257,000	201,000
Foreign exchange (gain) loss		(12,000)	16,000	(11,000)	9,000
		\$ 642,000	\$ 712,000	\$ 1,296,000	\$ 1,200,000
Loss before the following		(29,000)	(578,000)	(125,000)	(1,025,000)
Share of (loss) earnings in joint venture	4	(163,000)	225,000	(255,000)	392,000
Loss before income taxes		(192,000)	(353,000)	(380,000)	(633,000)
Income tax (recovery) expense	5	(96,000)	116,000	(178,000)	78,000
Net loss		\$ (96,000)	\$ (469,000)	\$ (202,000)	\$ (711,000)
<b>Loss per share</b>					
Basic and diluted	7	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.03)

See accompanying notes to the Condensed Consolidated Financial Statements

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

Expressed in United States Dollars, rounded to the nearest thousand	Note	Three months ended		Six months ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net loss		\$ (96,000)	\$ (469,000)	\$ (202,000)	\$ (711,000)
Other comprehensive earnings					
To not be classified subsequently to profit or loss					
Share of revaluation of investments held in joint venture					
Gross amount	4	1,374,000	11,728,000	2,178,000	12,264,000
Tax effect		(301,000)	(3,213,000)	(476,000)	(3,252,000)
Net amount		\$ 1,073,000	\$ 8,515,000	\$ 1,702,000	\$ 9,012,000
Total other comprehensive earnings		\$ 1,073,000	\$ 8,515,000	\$ 1,702,000	\$ 9,012,000
Total comprehensive earnings		\$ 977,000	\$ 8,046,000	\$ 1,500,000	\$ 8,301,000

*See accompanying notes to the Condensed Consolidated Financial Statements*

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Expressed in United States Dollars, rounded to the nearest thousand	Note	Six months ended	
		June 30, 2023	June 30, 2022
<b>Operating activities</b>			
Net loss		\$ (202,000)	\$ (711,000)
Adjustments for operating activities:			
Share based compensation		257,000	201,000
Income tax recovery	5	(178,000)	78,000
Share of loss (earnings) of joint venture	4	255,000	(392,000)
		334,000	(113,000)
Changes in non-cash operating working capital:			
Accounts receivables and prepaid expenses		(63,000)	(462,000)
Accounts payable and accrued liabilities		(399,000)	(320,000)
Changes in non-cash operating working capital		(462,000)	(782,000)
		\$ (330,000)	\$ (1,606,000)
<b>Investing activities</b>			
Distributions from joint venture	4	-	20,850,000
Investment in joint venture	4	(8,650,000)	(5,000,000)
Income taxes paid		-	(1,641,000)
		\$ (8,650,000)	\$ 14,209,000
Net (decrease) increase in cash and cash equivalents		(8,980,000)	12,603,000
Cash and cash equivalents, beginning of period		50,092,000	49,304,000
Cash and cash equivalents, end of period		\$ 41,112,000	\$ 61,907,000

*See accompanying notes to the Condensed Consolidated Financial Statements*

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Expressed in United States Dollars, except per share amounts	Note	Common Shares		Other Equity	Accumulated Other	Deficit	Total Shareholders'
		Number	Amount	Reserves	Comprehensive Income		
Balance, December 31, 2021		26,513,889	\$ 145,251,000	\$ 2,592,000	\$ 18,115,000	(6,902,000)	\$ 159,056,000
Net (loss) and comprehensive earnings, January 1 to June 30, 2022		-	-	-	9,012,000	(711,000)	8,301,000
Share-based compensation		-	-	201,000	-	-	201,000
Balance, June 30, 2022		26,513,889	\$ 145,251,000	\$ 2,793,000	\$ 27,127,000	\$ (7,613,000)	\$ 167,558,000
Net (loss) and comprehensive earnings, July 1 to December 31, 2022		-	-	-	1,109,000	(69,000)	1,040,000
Common shares issued		4,268,800	28,194,000	-	-	-	28,194,000
Share issuance costs		-	(1,864,000)	-	-	-	(1,864,000)
Share-based compensation		-	-	119,000	-	-	119,000
Balance, December 31, 2022		30,782,689	\$ 171,581,000	\$ 2,912,000	\$ 28,236,000	\$ (7,682,000)	\$ 195,047,000
Net (loss) and comprehensive earnings, January 1 to June 30, 2023		-	-	-	1,702,000	(202,000)	1,500,000
Share-based compensation		-	-	257,000	-	-	257,000
Balance, June 30, 2023		30,782,689	\$ 171,581,000	\$ 3,169,000	\$ 29,938,000	\$ (7,884,000)	\$ 196,804,000

See accompanying notes to the Condensed Consolidated Financial Statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars, rounded to the nearest thousand, except per share amounts)

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### 1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Altius Renewable Royalties Corp. (“ARR” or “the Corporation”) is a renewable energy royalty company whose investments result in the creation of gross revenue royalties and royalty like payments related to development through operating stage wind, solar and other types of renewable energy projects.

Currently, ARR indirectly holds interests in a portfolio of 2,068 MW of operational wind, solar, and hydro-electric projects located in Texas, Kansas, California and Vermont as well as royalty interests related to a portfolio of approximately 5.5 GW of development stage wind and solar energy projects located across the United States including Texas, Indiana, Pennsylvania, Virginia, Wyoming, Nebraska, Colorado, and Illinois and 300 MW of wind projects under construction. In addition the Corporation holds investments in renewable project developers that entitle it to additional royalty interest grants upon project sales to third parties.

As at June 30, 2023 TSX listed Altius Minerals Corporation (“Altius” or “the Parent”) owned 58% of the Corporation.

ARR is incorporated and domiciled in Canada. The head office of the Corporation is located at 2<sup>nd</sup> Floor, 38 Duffy Place, St. John’s, Newfoundland and Labrador A1B 4M5. Its registered office is located at 4200 Bankers Hall West, 888 3<sup>rd</sup> St. SW Calgary, Alberta, T2P 5C5.

These condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on August 1, 2023.

### 2. BASIS OF PRESENTATION

These condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 Interim Financial Reporting (IAS 34) as issued by the International Accounting Standards Board (IASB). These condensed consolidated financial statements have been prepared on an historical cost basis, except for financial assets classified at fair value through other comprehensive income. All amounts are expressed in United States dollars, rounded to the nearest thousand, unless otherwise stated. Tabular amounts are presented in United States dollars, rounded to the nearest thousand with the exception of per share amounts.

### 3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND PRONOUNCEMENTS

These condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2022. The Corporation has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2022.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars, rounded to the nearest thousand, except per share amounts)

### 4. INTEREST IN JOINT VENTURE

	GBR I, LLC	GBR II, LLC	GBR Joint Venture
Balance, December 31, 2021	88,613,000	27,526,000	116,139,000
Investment in joint venture	20,000,000	23,850,000	43,850,000
Distribution from joint venture	(20,850,000)	-	(20,850,000)
Share of (loss) earnings	(2,409,000)	2,930,000	521,000
Revaluation of investments (net of tax of \$417,100) <sup>(1)</sup>	4,810,000	6,625,000	11,435,000
Balance, December 31, 2022	\$ 90,164,000	\$ 60,931,000	\$ 151,095,000
Investment in joint venture	8,650,000	-	8,650,000
Share of (loss) earnings	(1,372,000)	1,117,000	(255,000)
Revaluation of investments <sup>(1)</sup>	1,929,000	249,000	2,178,000
Balance, June 30, 2023	\$ 99,371,000	\$ 62,297,000	\$ 161,668,000

<sup>(1)</sup> Recognized through other comprehensive earnings

The Corporation, with certain funds (the “Apollo Funds”) managed by affiliates of Apollo Global Management, Inc. (“Apollo”) holds interests in two joint venture entities, Great Bay Renewables Holdings, LLC (“GBR I”) and Great Bay Renewables Holdings II, LLC (“GBR II”), collectively referred to herein as “GBR” or the Joint Venture. The Corporation’s share of earnings (loss) and other comprehensive earnings (loss) is reflective of its 50% ownership of the Joint Venture as at June 30, 2023 (June 30, 2022 – 50%).

During the six months ended June 30, 2023 the Corporation invested \$8,650,000 to fund the Hexagon Energy, LLC. Investment (“Hexagon”) and Hodson Energy LLC (“Hodson”) tranche detailed below and during the six months ended June 30, 2022 the Corporation invested \$5,000,000 to fund the Bluestar Energy Capital LLC (“Bluestar”) & Nova Clean Energy, LLC (“Nova”) investments as well as a Tri Global Energy LLC (“TGE”) tranche. During the six months ended June 30, 2023 the Corporation did not receive any distributions from GBR. During the six months ended June 30, 2022 \$20,850,000 was received following the redemption of a renewable energy investment in Apex Clean Energy.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars, rounded to the nearest thousand, except per share amounts)

Below is a summary of the Joint Venture's assets, liabilities, income, expense and cash flow, presented on a 100% basis.

	As at June 30, 2023			As at December 31, 2022		
	GBR I, LLC	GBR II, LLC	Total	GBR I, LLC	GBR II, LLC	Total
<b>Balance Sheets</b>						
<b>Current assets</b>						
Cash	\$ 638,000	\$ 28,000	\$ 666,000	\$ 1,670,000	\$ 1,193,000	\$ 2,863,000
Other current assets	826,000	1,266,000	2,092,000	541,000	1,417,000	1,958,000
<b>Non-current assets</b>						
Investments <sup>(1)</sup>	\$ 104,421,000	\$ 149,444,000	\$ 253,865,000	\$ 80,222,000	\$ 148,945,000	\$ 229,167,000
Investment in associate <sup>(1)</sup>	5,523,000	-	5,523,000	5,970,000	-	5,970,000
Royalty interests <sup>(1)</sup>	59,461,000	-	59,461,000	60,644,000	-	60,644,000
Other non-current assets	-	-	-	42,000	-	42,000
<b>Total Assets</b>			<b>\$ 321,607,000</b>			<b>\$ 300,646,000</b>
<b>Current liabilities</b>						
Trade and other payables	\$ 941,000	\$ -	\$ 941,000	\$ 1,163,000	\$ -	\$ 1,163,000
<b>Non-current liabilities</b>						
Loan payable (receivable)	\$ (26,450,000)	\$ 26,450,000	\$ -	\$(30,000,000)	\$ 30,000,000	\$ -
<b>Total Liabilities</b>			<b>\$ 941,000</b>			<b>\$ 1,163,000</b>

(1) Refer to below tables for breakdown of investments and royalty interests held in GBR

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars, rounded to the nearest thousand, except per share amounts)

	Three months ended June 30, 2023			Three months ended June 30, 2022		
	GBR I, LLC	GBR II, LLC	Total	GBR I, LLC	GBR II, LLC	Total
<b>Statement of (Loss) Earnings and Comprehensive Earnings</b>						
<b>Revenue</b>						
Royalty revenue	\$ 679,000	\$ 1,281,000	\$ 1,960,000	\$ 105,000	\$ 1,091,000	\$ 1,196,000
Interest income	5,000	5,000	10,000	-	-	-
Other revenue (expense)	130,000	(130,000)	-	144,000	(126,000)	18,000
<b>Expenses</b>						
General and administrative expense	\$ (793,000)	\$ (5,000)	\$ (798,000)	\$ (525,000)	\$ (17,000)	\$ (542,000)
Amortization	(443,000)	-	(443,000)	(222,000)	-	(222,000)
<b>Other items impacting net earnings (loss)</b>						
Share of loss in associates	\$ (1,055,000)	\$ -	\$ (1,055,000)	\$ -	\$ -	\$ -
<b>Net (loss) earnings</b>	<b>\$ (1,477,000)</b>	<b>\$ 1,151,000</b>	<b>\$ (326,000)</b>	<b>\$ (498,000)</b>	<b>\$ 948,000</b>	<b>\$ 450,000</b>
Other comprehensive earnings, revaluation	\$ 2,059,000	\$ 688,000	\$ 2,747,000	\$ 2,766,000	\$ 20,690,000	\$ 23,456,000
<b>Total comprehensive earnings</b>	<b>\$ 582,000</b>	<b>\$ 1,839,000</b>	<b>\$ 2,421,000</b>	<b>\$ 2,268,000</b>	<b>\$ 21,638,000</b>	<b>\$ 23,906,000</b>
<b>Statement of Cash Flows</b>						
Operating activities	\$ 271,000	\$ 680,000	\$ 951,000	\$ (382,000)	\$ 692,000	\$ 310,000
Financing activities	16,150,000	(1,150,000)	15,000,000	10,500,000	(500,000)	10,000,000
Investing activities	(16,765,000)	-	(16,765,000)	(9,627,000)	-	(9,627,000)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>\$ (344,000)</b>	<b>\$ (470,000)</b>	<b>\$ (814,000)</b>	<b>\$ 491,000</b>	<b>\$ 192,000</b>	<b>\$ 683,000</b>
Cash and cash equivalents, beginning of period	982,000	498,000	1,480,000	505,000	650,000	1,155,000
<b>Cash and cash equivalents, end of period</b>	<b>\$ 638,000</b>	<b>\$ 28,000</b>	<b>\$ 666,000</b>	<b>\$ 996,000</b>	<b>\$ 842,000</b>	<b>\$ 1,838,000</b>
<b>Six months ended June 30, 2023</b>						
<b>Statement of (Loss) Earnings and Comprehensive Earnings</b>						
<b>Revenue</b>						
Royalty revenue	\$ 1,430,000	\$ 2,505,000	\$ 3,935,000	\$ 157,000	\$ 2,255,000	\$ 2,412,000
Interest income	10,000	15,000	25,000	-	-	-
Other revenue (expense)	264,000	(264,000)	-	282,000	(258,000)	24,000
<b>Expenses</b>						
General and administrative expense	\$ (1,706,000)	\$ (21,000)	\$ (1,727,000)	\$ (1,110,000)	\$ (123,000)	\$ (1,233,000)
Amortization	(928,000)	-	(928,000)	(420,000)	-	(420,000)
<b>Other items impacting net earnings (loss)</b>						
Gain on disposal of geothermal wells	\$ 132,000	\$ -	\$ 132,000	\$ -	\$ -	\$ -
Share of loss in associates <sup>(1)</sup>	(1,947,000)	-	(1,947,000)	-	-	-
<b>Net (loss) earnings</b>	<b>\$ (2,745,000)</b>	<b>\$ 2,235,000</b>	<b>\$ (510,000)</b>	<b>\$ (1,091,000)</b>	<b>\$ 1,874,000</b>	<b>\$ 783,000</b>
Other comprehensive earnings, revaluation	\$ 3,858,000	\$ 497,000	\$ 4,355,000	\$ 3,838,000	\$ 20,691,000	\$ 24,529,000
Other comprehensive earnings, cash taxes	-	-	-	(206,000)	-	(206,000)
<b>Total comprehensive earnings</b>	<b>\$ 1,113,000</b>	<b>\$ 2,732,000</b>	<b>\$ 3,845,000</b>	<b>\$ 2,541,000</b>	<b>\$ 22,565,000</b>	<b>\$ 25,106,000</b>
<b>Statement of Cash Flows</b>						
Operating activities	\$ (474,000)	\$ 2,386,000	\$ 1,912,000	\$ (807,000)	\$ 1,291,000	\$ 484,000
Financing activities	20,850,000	(3,550,000)	17,300,000	(30,700,000)	(1,000,000)	(31,700,000)
Investing activities	(21,408,000)	(1,000)	(21,409,000)	(9,634,000)	(2,000)	(9,636,000)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>\$ (1,032,000)</b>	<b>\$ (1,165,000)</b>	<b>\$ (2,197,000)</b>	<b>\$ (41,141,000)</b>	<b>\$ 289,000</b>	<b>\$ (40,852,000)</b>
Cash and cash equivalents, beginning of period	1,670,000	1,193,000	2,863,000	42,137,000	553,000	42,690,000
<b>Cash and cash equivalents, end of period</b>	<b>\$ 638,000</b>	<b>\$ 28,000</b>	<b>\$ 666,000</b>	<b>\$ 996,000</b>	<b>\$ 842,000</b>	<b>\$ 1,838,000</b>

The remainder of Note 4 disclosures present the Joint Venture on a 100% basis.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars, rounded to the nearest thousand, except per share amounts)

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### *Joint venture Agreement – GBR*

During the six months ended June 30, 2023 \$17,300,000 was funded into GBR equally by the Corporation and Apollo (June 30, 2022 – \$10,000,000). This amount, in addition to \$4,200,000 cash on hand at GBR, was used to fund capital calls associated with the Hexagon investment, Hodson investment tranche and Nova investment tranche noted below.

### *Hexagon Energy, LLC.*

On June 21, 2023 the Corporation announced that GBR has executed agreements to invest a total of \$45,000,000 into Hexagon's portfolio of solar, solar plus battery storage and standalone battery storage development projects. Hexagon, based in Charlottesville, Virginia, committed its portfolio of 43 development projects totaling 5.3 GWac located across 12 states and four regional transmission organizations as well as any additional projects added to its portfolio in the future to this new royalty investment structure with GBR. GBR will receive a royalty on all projects developed and vended by Hexagon until a minimum target return threshold is achieved. As individual pipeline projects are developed, GBR will receive a 2.5% gross revenue royalty on each solar and solar plus storage project and a 1.0% gross revenue royalty on each standalone storage project until the target minimum total return threshold is achieved.

The total \$45,000,000 investment in Hexagon will be completed in tranches over approximately the next three years as Hexagon achieves certain project advancement milestones, with an initial investment upon closing of \$15,000,000.

As at June 30, 2023 the total invested in Hexagon is \$15,000,000 with incurred acquisition costs of \$265,000 for a total investment of \$15,265,000.

### *Sale of Geothermal wells*

On January 6, 2023 GBR sold the assets of NEO Geothermal for proceeds of \$435,000. The assets, consisting of a geothermal wellfield located under a building in Portsmouth, New Hampshire, were sold to the building owner. Closing costs of \$4,000 were incurred and a gain on sale of \$132,000 was recognized on GBR's income statement for the six months ended June 30, 2023.

### *Hodson Energy LLC*

During the three and six months ended June 30, 2023 GBR invested \$nil and \$5,000,000 into Hodson and incurred acquisition costs of \$77,000 (June 30, 2022 - \$nil) for a total investment balance at June 30, 2023 of \$19,112,000 and a warrant balance of \$237,000 (December 31, 2022 - \$14,000,000, acquisition costs of \$272,000 and warrant balance of \$237,000)

### *Bluestar Energy Capital LLC ("Bluestar") & Nova Clean Energy, LLC ("Nova")*

During the three and six months ended June 30, 2023 GBR invested \$1,500,000 and \$1,500,000 into Nova (June 30, 2022 - \$3,000,000 with incurred acquisition costs of \$106,800). As at June 30, 2023 the total invested into Nova is \$6,500,000 with incurred acquisition costs of \$107,000 for a total investment of \$6,607,000 (December 31, 2023 - \$5,000,000 with incurred acquisition costs of \$107,000 for a total investment of \$5,107,000).

As at June 30, 2023 the total invested into Bluestar is \$3,000,000 (December 31, 2022 - \$3,000,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars, rounded to the nearest thousand, except per share amounts)

During the three and six months ended June 30, 2023 GBR recorded its share of loss of \$1,055,000 and \$1,947,000 respectively in relation to these investments (June 30, 2023 - \$nil).

### *Tri Global Energy LLC ("TGE")*

As at June 30, 2023 and December 31, 2022 the total invested in TGE is \$47,116,000 including acquisition costs of \$616,000.

### *Longroad Energy ("Longroad")*

As at June 30, 2023 and December 31, 2022 the total invested in Longroad's Prospero 2 project is \$35,495,000 including acquisition costs of \$495,000.

### *Titan Solar ("Titan")*

As at June 30, 2023 the total invested in Longroad's Titan Solar project is \$46,800,000 including acquisition costs of \$800,000 (December 31, 2022 - \$46,799,000).

### *Northleaf Capital Partners ("Northleaf")*

As at June 30, 2023 and December 31, 2022 the total invested in Northleaf is \$53,401,000 including acquisition costs of \$901,000.

### *Level 3 Financial Assets*

A summary of renewable energy investments that are classified as financial assets held in GBR is as follows. Additional information including fair value hierarchy can be found in Note 9.

	TGE	Longroad	Northleaf	Titan	Hodson <sup>(1)</sup>	Hexagon	Total
Balance, December 31, 2021	\$ 58,780,000	\$ 35,495,000	\$ 53,398,000	\$ -	\$ -	\$ -	\$ 147,674,000
Additional investments	1,529,000	-	2,000	46,799,000	14,272,000	-	62,602,000
Reclassification to royalty interest	(4,813,000)	-	-	-	-	-	(4,813,000)
Revaluation gains through OCI	10,454,000	7,294,000	5,956,000	-	-	-	23,704,000
Balance, December 31, 2022	\$ 65,950,000	\$ 42,789,000	\$ 59,356,000	\$ 46,799,000	\$ 14,272,000	\$ -	\$ 229,167,000
Additional investments	-	-	-	1,000	5,077,000	15,265,000	20,343,000
Revaluation gains (losses) through OCI	3,858,000	(53,000)	550,000	-	-	-	4,355,000
Balance, June 30, 2023	\$ 69,808,000	\$ 42,736,000	\$ 59,906,000	\$ 46,800,000	\$ 19,349,000	\$ 15,265,000	\$ 253,865,000

(1) Includes warrants valued at \$237,000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars, rounded to the nearest thousand, except per share amounts)

### *Investments in Associate*

A summary of renewable energy investments that are classified as investments in associate held in GBR is as follows.

	Bluestar		Nova		Total
Balance, December 31, 2021	\$	-	\$	-	\$ -
Additional investments		3,000,000		5,107,000	8,107,000
Share of loss		(649,000)		(1,488,000)	(2,137,000)
Balance, December 31, 2022	\$	2,351,000	\$	3,619,000	\$ 5,970,000
Additional investments		-		1,500,000	1,500,000
Share of loss		(579,000)		(1,368,000)	(1,947,000)
Balance, June 30, 2023	\$	1,772,000	\$	3,751,000	\$ 5,523,000

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars, rounded to the nearest thousand, except per share amounts)

### Royalty Interests

A summary of royalty interests held in GBR is as follows:

	As at December 31, 2022		Additions		Disposals		As at June 30, 2023	
<b>Renewable royalty interests</b>								
Jayhawk - Wind	\$	8,011,000	\$	-	\$	-	\$	8,011,000
El Sauz - Wind		8,262,000		-		-		8,262,000
Young Wind - Wind		19,875,000		-		-		19,875,000
Appaloosa - Wind		4,813,000		-		-		4,813,000
Hansford County - Wind		17,789,000		-		-		17,789,000
Neo Geothermal - Thermal		389,000		-		(389,000)		-
Clyde River - Hydro		2,185,000		-		-		2,185,000
Balance, end of period	\$	61,324,000	\$	-	\$	(389,000)	\$	60,935,000
<b>Accumulated amortization</b>								
Jayhawk - Wind	\$	(245,000)	\$	(134,000)	\$	-	\$	(379,000)
Hansford County - Wind		-		(296,000)		-		(296,000)
Appaloosa - Wind		-		(80,000)		-		(80,000)
Young Wind - Wind		-		(330,000)		-		(330,000)
Neo Geothermal - Thermal		(90,000)		-		90,000		-
Clyde River - Hydro		(345,000)		(44,000)		-		(389,000)
Balance, end of period	\$	(680,000)	\$	(884,000)	\$	90,000	\$	(1,474,000)
Net book value	\$	60,644,000	\$	(884,000)	\$	(299,000)	\$	59,461,000
<b>As at December 31, 2021</b>								
<b>Renewable royalty interests</b>								
Jayhawk - Wind	\$	8,011,000	\$	-	\$	-	\$	8,011,000
El Sauz - Wind		8,262,000		-		-		8,262,000
Young Wind - Wind		19,875,000		-		-		19,875,000
Appaloosa - Wind		-		4,813,000		-		4,813,000
Hansford County - Wind		-		17,789,000		-		17,789,000
Neo Geothermal - Thermal		389,000		-		-		389,000
Clyde River - Hydro		2,185,000		-		-		2,185,000
Balance, end of period	\$	38,722,000	\$	22,602,000	\$	-	\$	61,324,000
<b>Accumulated amortization</b>								
Jayhawk - Wind	\$	-	\$	(245,000)	\$	-	\$	(245,000)
Neo Geothermal - Thermal		(67,000)		(23,000)		-		(90,000)
Clyde River - Hydro		(257,000)		(88,000)		-		(345,000)
Balance, end of period	\$	(324,000)	\$	(356,000)	\$	-	\$	(680,000)
Net book value	\$	38,398,000	\$	22,246,000	\$	-	\$	60,644,000

### Key management compensation

During the three months ended June 30, 2023 GBR LLC paid compensation to key management personnel of \$188,000 (June 30, 2022 - \$153,000) related to salaries and benefits. During the six months ended June 30, 2023 GBR LLC paid compensation to key management personnel of \$989,000 (June 30, 2022 - \$306,000) related to salaries and benefits.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars, rounded to the nearest thousand, except per share amounts)

### Commitments

As at June 30, 2023 the following are GBR's commitments and contractual obligations over the next five calendar years:

	Bluestar & Nova	Hodson	Hexagon	Total
2023	\$ 1,000,000	\$ 14,000,000	\$ 7,500,000	\$ 22,500,000
2024	22,000,000	7,000,000	15,000,000	44,000,000
2025	-	-	7,500,000	7,500,000
2026	-	-	-	-
2027	-	-	-	-
	\$ 23,000,000	\$ 21,000,000	\$ 30,000,000	\$ 74,000,000

GBR is committed under a consulting agreement to remit the following payments on the Hodson and Hexagon investments, until royalty funding has been completed or the agreement has been terminated:

- \$150,000 on each date that the Joint Venture signs definitive documentation in connection with a royalty investment
- 1.5% of the first \$20,000,000 in funded value; plus
- 1% of funded value greater than \$20,000,000 but less than \$50,000,000; less
- The aggregate amount of the above payments.

GBR has committed under the Bluestar/Nova investments, Hodson and Hexagon investments to fund up to an additional \$23,000,000, \$21,000,000, and \$30,000,000 respectively. The commitments are associated with the expectation of future capital calls and the timing and amounts are at the discretion of the board or manager of each company. In addition, Hodson and Hexagon must achieve certain milestones for future funding to be requested.

On January 29, 2021 GBR committed under a short term lease on office space including operating costs for future minimum lease payments of \$31,200 per annum until the lease expires in March 2024. GBR has applied the exemptions from IFRS 16 in relation to this lease and has therefore not recorded a right-of-use asset and lease liability.

The final value of royalties assigned to GBR under the Apex agreement was to be determined six months following the commercial operation date of the associated project. Apex and the Joint Venture agreed to a true-up mechanism to be used in the future in the event that the current estimates for the final value of the royalties used in determining the redemption payment differ from the actual final values determined. The true-up mechanism is based on the same valuation methodology that would have been used if the redemption did not occur. Based on the final valuation of each royalty, Apex may owe a cash payment to the Joint Venture, or vice versa. As of the date of these financial statements, the amount is not determinable, and no amount is reflected herein (Note 4).

See Note 8 for a summary of related party transactions; see Note 9 for financial instruments and fair value qualitative and quantitative analysis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars, rounded to the nearest thousand, except per share amounts)

### 5. INCOME TAXES

Significant components of the deferred tax assets and liabilities are as follows:

	June 30, 2023		December 31, 2022	
Non capital loss carryforwards	\$	952,000	\$	500,000
Carrying value of investments in excess of tax values		(7,250,000)		(6,500,000)
	\$	(6,298,000)	\$	(6,000,000)

  

	June 30, 2023		December 31, 2022	
Deferred tax assets		952,000		500,000
Deferred tax liabilities		(7,250,000)		(6,500,000)
Total deferred income tax	\$	(6,298,000)	\$	(6,000,000)

Components of income tax expense (recovery) are as follows:

	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Current tax	\$	-	\$	-
Deferred tax		(96,000)		(178,000)
	\$	(96,000)	\$	(178,000)

### 6. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Professional fees	\$	186,000	\$	382,000
Office and administrative		179,000		326,000
Management fees		128,000		255,000
Director fees		30,000		60,000
Travel and accommodations		7,000		27,000
	\$	530,000	\$	1,050,000



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars, rounded to the nearest thousand, except per share amounts)

### 7. SHAREHOLDERS EQUITY

#### *Net loss per share*

Basic and diluted net loss per share were calculated using the weighted average number of common shares for the respective periods.

	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Basic	30,782,689	26,513,889	30,782,689	26,513,889
Diluted	31,283,859	27,015,591	31,260,824	27,061,483

### 8. RELATED PARTY TRANSACTIONS

#### *Altius Minerals Services Agreement*

During the three months ended June 30, 2023 Altius billed the Corporation \$128,000 (C\$173,000) (June 30, 2022 - \$141,000 (C\$173,000)) for office space, management, and administrative services. During the six months ended June 30, 2023 Altius billed the Corporation \$255,000 (C\$345,000) (June 30, 2022 - \$279,000 (C\$345,000)) for office space, management, and administrative services. At June 30, 2023 the balance owing to Altius is \$nil.

#### *GBR Services Agreement*

During the three months ended June 30, 2023 Altius billed GBR \$23,000 (June 30, 2022 - \$23,000) for finance and administrative services. During the six months ended June 30, 2023 Altius billed GBR \$45,000 (June 30, 2022 - \$45,000) for finance and administrative services. At June 30, 2023 the balance owing to Altius is \$nil.

#### *GBR-ARR Services Agreement*

During the three months ended June 30, 2023 GBR billed the Corporation \$18,000 (June 30, 2022 - \$19,000) for support services. During the six months ended June 30, 2023 GBR billed the Corporation \$40,000 (June 30, 2022 - \$25,000) for support services. At June 30, 2023 the balance owing to GBR is \$nil.

#### *Other*

During the three months ended June 30, 2023 the Corporation paid salaries and benefits to directors of \$29,000 (June 30, 2022 - \$30,000) and recognized share-based compensation of \$124,000 (June 30, 2022 - \$171,000). During the six months ended June 30, 2023 the Corporation paid salaries and benefits to directors of \$57,000 (June 30, 2022 - \$61,000) and recognized share-based compensation of \$257,000 (June 30, 2022 - \$201,000).

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

### 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Corporation's financial assets and liabilities are measured at fair value on a recurring basis by level within the fair value hierarchy. Level I – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars, rounded to the nearest thousand, except per share amounts)

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Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; inputs other than quoted prices used in a valuation model that are observable for that instrument; inputs that are derived principally from or corroborated by observable market data by correlation or other means; and estimates of expected volatility, expected life and expected risk-free rate of return, and;

Level 3 – valuation techniques with significant unobservable market inputs.

The Corporation does not have any financial assets and liabilities subject to the fair value hierarchy. The fair value of the Corporation's other financial instruments approximates the carrying values due to their short-term nature. The below note summarizes the financial instruments held in the Corporation's joint venture.

### *Reconciliation of Level 3 fair value measurements of financial instruments*

Refer to Note 4 for a reconciliation of the fair value measurements of the Corporation's level 3 financial assets which included renewable energy investments that are held in its joint venture. Below is a summary of the valuation technique, key inputs, significant unobservable inputs, relationship and sensitivity of these assets.

### *Valuation technique and key inputs*

The Corporation applies an income approach methodology primarily modelled with risk adjusted discounted cash flows to capture the present value of expected future economic benefits to be derived from the ownership of the investments (Longroad, Northleaf and Titan Solar) and the royalty contracts to be granted in exchange for the TGE, Hodson and Hexagon investments. The total number and value of royalty contracts to be ultimately awarded under the TGE, Hodson and Hexagon investment agreements is subject to a minimum return threshold, which has the effect of muting the potential value impact of several of the unobservable inputs. The total cash distributions to be received under the Longroad, Northleaf and Titan Solar agreements are also subject to various return thresholds ensuring a target rate of return. If an income approach is not possible or the investment is recent, the Corporation utilizes cost as a proxy for fair value. The Corporation works with valuation specialists to establish valuation methodologies and techniques for Level 3 assets including the valuation approach, assumptions using publicly available and internally available information, updates for changes to inputs to the model and reconciling any changes in the fair value of the assets for each reporting date within its financial models.

### *Significant unobservable inputs*

The Corporation uses publicly available information for power purchase agreement prices and merchant power pricing, as well as estimates related to timing of revenues and cash flows, discounts rates and timing of commercial operations all of which are key inputs into the valuation model.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars, rounded to the nearest thousand, except per share amounts)

### *Relationship and sensitivity of unobservable inputs to fair value*

The following table provides information about how the fair value of these investments, are determined and in particular, the significant unobservable inputs. The recently acquired Hodson, Titan Solar and Hexagon investments has been excluded as they are currently measured at cost approximating fair value.

Significant unobservable inputs	Relationship and sensitivity of unobservable inputs to fair value	Quantitative impact
Discount rate	The Corporation applies a range of risk adjusted discount rates to the expected project royalties based on the stage of development and an assessment of the likelihood of completion of the TGE investment.	The lower the discount rate the higher the value of an individual royalty. The higher the discount rate the lower the value of the individual royalty.
	For the Northleaf and Longroad royalty investments, ARR determines a discount rate based on the expected weighted average cost of capital (WACC) of the Corporation using a capital asset pricing model.	A 1% increase in discount rates results in a change of \$7,212,000 for the investment in TGE and \$7,768,000 for the royalty investments in Northleaf and Longroad.
Timing of commercial operations	For the TGE investment, there are a series of anticipated project development milestones that occur as a project approaches commercial operations. As each project development milestone nears completion or is met, the risk associated with the project reaching commercial operations decreases. The expected timing of the commercial operations date (the date upon which cash flows are expected to commence) will impact the fair value calculation.	As the commercial operations date approach and the time to cashflow shortens, the value will increase based on the time value of money. Impact is dependent on reduction in time and appropriate risk adjusted discount rate. While the timing of commercial operations may affect near term expected realized revenues, the impact on the fair market value of the investment is muted because of the minimum return threshold concept implicit in the contract. As a result, as any delays will result in a higher number of royalties being granted to the Corporation, which will offset any reduction in value.
Power prices	The Corporation uses available forecast data of market power prices in order to calculate expected royalty revenue over the life of each project subject to merchant power prices. The forecasted power prices have a direct impact on forecasted annual revenue for the Corporation's Northleaf and Longroad royalty investments.	<p>The Northleaf and Longroad agreements are structured such that royalty rates will often vary over the life of a specific project so that the Corporation's targeted IRR threshold is met. These mechanisms effectively mute the long-term impact of merchant power prices on the valuations. Several of the Corporation's royalties are also contracted under long-term PPAs and are not exposed to market power prices. Given the minimum return threshold on the TGE investment, it is expected that the impact of power prices will be muted as delays will result in a higher number of royalties granted and thus a higher value.</p> <p>A 10% increase in power prices results in a \$1,061,000 change in valuation of Northleaf and Longroad.</p>

### *Risk Management*

The Corporation's financial assets and financial liabilities are exposed to various risk factors that may affect the fair value presentation or the amount ultimately received or paid on settlement of its assets and liabilities. The Corporation manages these risks through prudent investment and business decisions and does not currently utilize derivative financial instruments for trading or speculative purposes.

There has been no change in the Corporations approach to the financial instrument risks identified in the notes to annual consolidated financial statements for the year ended December 31, 2022.