



Altius Renewable Royalties Corp.

Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited)

CONDENSED CONSOLIDATED BALANCE SHEETS

Unaudited, Expressed in United States Dollars, rounded to the nearest hundred	Note	As at	
		September 30, 2022	December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents	\$	54,898,500	\$ 49,304,200
Accounts receivable and prepaid expenses		521,600	121,600
	\$	55,420,100	\$ 49,425,800
Non-current assets			
Interest in joint venture	4	119,526,600	116,139,600
	\$	119,526,600	\$ 116,139,600
TOTAL ASSETS	\$	174,946,700	\$ 165,565,400
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		388,300	511,400
Income tax payable		151,500	1,852,000
	\$	539,800	\$ 2,363,400
Non-current liabilities			
Deferred tax liability	5	7,192,700	4,146,100
	\$	7,192,700	\$ 4,146,100
TOTAL LIABILITIES	\$	7,732,500	\$ 6,509,500
EQUITY			
Shareholders' equity		167,214,200	159,055,900
	\$	167,214,200	\$ 159,055,900
TOTAL LIABILITIES AND EQUITY	\$	174,946,700	\$ 165,565,400

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

Unaudited, Expressed in United States Dollars, rounded to the nearest hundred, except per share amounts	Note	Three months ended		Nine months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenue and other income					
Interest		\$ 234,700	\$ 35,300	\$ 409,400	\$ 54,500
		\$ 234,700	\$ 35,300	\$ 409,400	\$ 54,500
Costs and Expenses					
Office and administrative		\$ 146,900	\$ 149,000	\$ 489,700	\$ 365,100
Professional fees		181,000	83,300	485,900	186,200
Management fees	7	131,700	138,000	400,800	376,600
Share based compensation	7	79,300	59,100	280,400	230,700
Director fees		29,900	62,200	94,100	197,400
Travel and accommodations		5,300	-	13,500	-
Foreign exchange (gain) loss		8,200	19,500	17,000	(240,800)
		\$ 582,300	\$ 511,100	\$ 1,781,400	\$ 1,113,200
Loss before the following		(347,600)	(475,800)	(1,372,000)	(1,058,700)
Dilution gain on issuance of equity in joint venture	4	-	163,500	-	462,500
Share of earnings (loss) in joint venture	4	908,500	(354,800)	1,300,200	(1,296,700)
Earnings (loss) before income taxes		560,900	(667,100)	(71,800)	(1,892,900)
Income tax expense	5	247,900	743,400	326,200	330,900
Net earnings (loss)		\$ 313,000	\$ (1,410,500)	\$ (398,000)	\$ (2,223,800)
Earnings (loss) per share					
Basic and diluted	6	\$ 0.01	\$ (0.05)	\$ (0.02)	\$ (0.09)

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

Unaudited, Expressed in United States Dollars, rounded to the nearest hundred	Note	Three months ended		Nine months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Net earnings (loss)		\$ 313,000	\$ (1,410,500)	\$ (398,000)	\$ (2,223,800)
Other comprehensive earnings (loss) To not be classified subsequently to profit or loss					
Share of revaluation of investments held in joint venture					
Gross amount	4	(911,800)	2,180,100	11,352,700	11,195,700
Tax effect		175,500	(632,700)	(3,076,800)	(3,249,000)
Net amount		\$ (736,300)	\$ 1,547,400	\$ 8,275,900	\$ 7,946,700
Total other comprehensive earnings (loss)		\$ (736,300)	\$ 1,547,400	\$ 8,275,900	\$ 7,946,700
Total comprehensive earnings (loss)		\$ (423,300)	\$ 136,900	\$ 7,877,900	\$ 5,722,900

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited, Expressed in United States Dollars, rounded to the nearest hundred	Note	Nine months ended	
		September 30, 2022	September 30, 2021
Operating activities			
Net earnings (loss)		\$ (398,000)	\$ (2,223,800)
Adjustments for operating activities:			
Share based compensation	7	280,400	212,600
Income tax expense	5	326,200	330,900
Gain on dilution of joint venture	4	-	(462,500)
Share of (earnings) loss of joint venture	4	(1,300,200)	1,296,700
		(693,600)	1,377,700
Changes in non-cash operating working capital:			
Increase in accounts receivables and prepaid expenses		(400,000)	57,700
Decrease in accounts payable and accrued liabilities		(123,200)	(183,800)
Changes in non-cash operating working capital		(523,200)	(126,100)
		\$ (1,614,800)	\$ (972,200)
Financing activities			
Proceeds on issuance of common shares		-	85,325,000
Share issuance costs		-	(6,629,100)
Repayment to related party loan	7	-	(164,500)
		\$ -	\$ 78,531,400
Investing activities			
Distributions from joint venture	4	20,850,000	-
Investment in joint venture	4	(12,000,000)	(22,680,500)
Income taxes paid		(1,640,900)	-
		\$ 7,209,100	\$ (22,680,500)
Net increase in cash and cash equivalents		5,594,300	54,878,700
Cash and cash equivalents, beginning of period		49,304,200	19,200
Cash and cash equivalents, end of period		\$ 54,898,500	\$ 54,897,900

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited, Expressed in United States Dollars, except per share amounts	Note	Common Shares		Other Equity	Accumulated Other	Deficit	Total Shareholders' Equity
		Number	Amount	Reserves	Comprehensive Income		
Balance, December 31, 2020		16,719,889	\$ 66,813,200	\$ 2,301,800	\$ 4,640,400	\$ (3,486,300)	\$ 70,269,100
Net (loss) and comprehensive earnings, January 1 to September 30, 2021		-	-	-	7,946,700	(2,223,800)	5,722,900
Common shares issued		9,794,000	85,325,000	-	-	-	85,325,000
Share issuance costs		-	(6,887,200)	-	-	-	(6,887,200)
Share-based compensation		-	-	212,600	-	-	212,600
Balance, September 30, 2021		26,513,889	\$ 145,251,000	\$ 2,514,400	\$ 12,587,100	\$ (5,710,100)	\$ 154,642,400
Net (loss) and comprehensive earnings, October 1 to December 31, 2021		-	-	-	5,527,700	(1,191,800)	4,335,900
Share-based compensation		-	-	77,600	-	-	77,600
Balance, December 31, 2021		26,513,889	\$ 145,251,000	\$ 2,592,000	\$ 18,114,800	\$ (6,901,900)	\$ 159,055,900
Net (loss) and comprehensive earnings, January 1 to September 30, 2022		-	-	-	8,275,900	(398,000)	7,877,900
Share-based compensation	7	-	-	280,400	-	-	280,400
Balance, September 30, 2022		26,513,889	\$ 145,251,000	\$ 2,872,400	\$ 26,390,700	\$ (7,299,900)	\$ 167,214,200

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 hundred, except per share amounts)

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. The Corporation was created on November 13, 2018 as Blue Sky Renewable Royalties Corp. and subsequently changed its name on February 2, 2019.

Currently, ARR indirectly holds interests in a portfolio of 665 MW of operational wind, solar, and hydro-electric projects located in Texas, Kansas and Vermont as well as royalty interests related to a portfolio of approximately 6.4 GW of development stage wind and solar energy projects located across the United States including Texas, Indiana, Pennsylvania, Virginia, Wyoming, Nebraska and Illinois and 975 MW of wind project in 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 September 30, 2022, TSX listed Altius Minerals Corporation (“Altius” or “the Parent”) owned 59% of the Corporation.

ARR is incorporated and domiciled in Canada. The head office of the Corporation is located at 2nd Floor, 38 Duffy Place, St. John’s, Newfoundland and Labrador A1B 4M5. Its registered office is located at 4300 Bankers Hall West, 888 – 3rd Street S.W., Calgary, Alberta, T2P 5C5.

These condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 7, 2022.

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 a 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 hundred, unless otherwise stated. Tabular amounts are presented in United States dollars, rounded to the nearest hundred 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, 2021. 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, 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

4. INTEREST IN JOINT VENTURE

Expressed in United States Dollars, rounded to the nearest hundred	GBR I, LLC	GBR II, LLC	GBR Joint Venture
Balance, December 31, 2020	71,234,400	-	71,234,400
Investment in joint venture	450,000	27,430,500	27,880,500
Share of (loss) earnings	(1,630,100)	96,200	(1,533,900)
Revaluation of investments ⁽¹⁾	18,096,100	-	18,096,100
Dilution gain	462,500	-	462,500
Balance, December 31, 2021	\$ 88,612,900	\$ 27,526,700	\$ 116,139,600
Investment in joint venture	11,000,000	1,000,000	12,000,000
Distribution from joint venture	(20,850,000)	-	(20,850,000)
Share of earnings (loss)	(922,100)	2,222,300	1,300,200
Revaluation of investments (net of tax of \$415,900) ⁽¹⁾	2,689,700	8,247,100	10,936,800
Balance, September 30, 2022	\$ 80,530,500	\$ 38,996,100	\$ 119,526,600

(1) 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% proportionate ownership of the Joint Venture as at and for the nine months ended September 30, 2022 (September 30, 2021 – 50%). During the three and nine months ended September 30, 2022, the Corporation did not record any dilution gains and for the comparable periods in 2021 the Corporation recorded dilution gains of \$163,500 and \$462,500 respectively in the consolidated statement of earnings (loss).

During the nine months ended September 30, 2022, the Corporation invested \$12,000,000 into the Joint Venture, primarily to fund investments. (September 30, 2021 - \$22,680,500). The Corporation received distributions of \$20,850,000 during the nine months ended September 30, 2022 (September 30, 2021 - \$nil) relating to cash proceeds received by the Joint Venture 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 hundred, 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.

Expressed in United States Dollars, rounded to the nearest hundred	As at September 30, 2022			As at December 31, 2021		
	GBR I, LLC	GBR II, LLC	Total	GBR I, LLC	GBR II, LLC	Total
Balance Sheets						
Current assets						
Cash	\$ 2,358,800	\$ 1,025,300	\$ 3,384,100	\$ 42,137,100	\$ 553,200	\$ 42,690,300
Other current assets	466,900	1,278,500	1,745,400	45,800	169,600	215,400
Non-current assets						
Investments ⁽¹⁾	\$ 75,973,500	\$ 105,389,800	\$ 181,363,300	\$ 58,780,000	\$ 88,893,600	\$ 147,673,600
Investment in associate ⁽¹⁾	7,613,500	-	7,613,500	-	-	-
Royalty interests ⁽¹⁾	42,950,100	-	42,950,100	38,398,400	-	38,398,400
Other non-current assets	169,300	-	169,300	550,400	-	550,400
Total Assets			\$ 237,225,700			\$ 229,528,100
Current liabilities						
Trade and other payables	\$ 933,300	\$ 9,500	\$ 942,800	\$ 17,700	\$ 1,300	\$ 19,000
Non-current liabilities						
Loan payable (receivable)	\$(30,000,000)	\$ 30,000,000	\$ -	\$ (34,869,500)	\$ 34,869,500	\$ -
Total Liabilities			\$ 942,800			\$ 19,000

(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 hundred, except per share amounts)

	Nine months ended September 30, 2022			Nine months ended September 30, 2021		
	GBR I, LLC	GBR II, LLC	Total	GBR I, LLC	GBR II, LLC	Total
Statement of Loss and Comprehensive Earnings						
Revenue						
Royalty revenue	\$ 343,100	\$ 4,960,800	\$ 5,303,900	\$ 130,100	\$ -	\$ 130,100
Other revenue (expenses)	670,300	(383,100)	287,200	90,500	-	90,500
Expenses						
General and administrative expense	\$ (1,722,000)	\$ (133,200)	\$ (1,855,200)	\$ (1,563,300)	\$ -	\$ (1,563,300)
Amortization	(642,300)	-	(642,300)	(464,300)	-	(464,300)
Share of loss in associates	(493,300)	-	(493,300)	-	-	-
Net earnings (loss)	\$ (1,844,200)	\$ 4,444,500	\$ 2,600,300	\$ (1,807,000)	\$ -	\$ (1,807,000)
Other comprehensive earnings, revaluation	6,211,400	16,494,100	22,705,500	14,852,400	-	14,852,400
Other comprehensive earnings, cash taxes	(831,800)	-	(831,800)	-	-	-
Total comprehensive earnings	\$ 3,555,400	\$ 20,938,600	\$ 24,474,000	\$ 13,045,400	\$ -	\$ 13,045,400
Statement of Cash Flows						
Operating activities	\$ (1,045,900)	\$ 3,343,800	\$ 2,297,900	\$ (183,400)	\$ -	\$ (183,400)
Investing activities	(23,901,900)	(2,100)	(23,904,000)	(113,596,800)	-	(113,596,800)
Financing activities	(14,830,500)	(2,869,500)	(17,700,000)	115,122,800	-	115,122,800
Net increase (decrease) in cash and cash equivalents	\$ (39,778,300)	\$ 472,200	\$ (39,306,100)	\$ 1,342,600	\$ -	\$ 1,342,600
Cash and cash equivalents, beginning of period	42,137,100	553,100	42,690,200	657,700	-	657,700
Cash and cash equivalents, end of period	\$ 2,358,800	\$ 1,025,300	\$ 3,384,100	\$ 2,000,300	\$ -	\$ 2,000,300
Three months Ended September 30, 2022						
	GBR I, LLC	GBR II, LLC	Total	GBR I, LLC	GBR II, LLC	Total
Statement of Loss and Comprehensive Earnings						
Revenue						
Royalty revenue	\$ 186,000	\$ 2,705,400	\$ 2,891,400	\$ 35,000	\$ -	\$ 35,000
Other revenue (expenses)	388,400	(124,900)	263,500	11,000	-	11,000
Expenses						
General and administrative expense	\$ (612,300)	\$ (10,700)	\$ (623,000)	\$ (603,300)	\$ -	\$ (603,300)
Amortization	(221,500)	-	(221,500)	(154,800)	-	(154,800)
Share of loss in associates	(493,300)	-	(493,300)	-	-	-
Net earnings (loss)	\$ (752,700)	\$ 2,569,800	\$ 1,817,100	\$ (712,100)	\$ -	\$ (712,100)
Other comprehensive earnings, revaluation	2,373,000	(4,196,500)	(1,823,500)	4,360,200	-	4,360,200
Other comprehensive earnings, cash taxes	(625,800)	-	(625,800)	-	-	-
Total comprehensive earnings (loss)	\$ 994,500	\$ (1,626,700)	\$ (632,200)	\$ 3,648,100	\$ -	\$ 3,648,100
Statement of Cash Flows						
Operating activities	\$ (239,000)	\$ 2,052,700	\$ 1,813,700	\$ 451,700	\$ -	\$ 451,700
Investing activities	(14,267,800)	(100)	(14,267,900)	(110,561,300)	-	(110,561,300)
Financing activities	15,869,500	(1,869,500)	14,000,000	111,622,800	-	111,622,800
Net increase in cash and cash equivalents	\$ 1,362,700	\$ 183,100	\$ 1,545,800	\$ 1,513,200	\$ -	\$ 1,513,200
Cash and cash equivalents, beginning of period	996,100	842,200	1,838,300	487,100	-	487,100
Cash and cash equivalents, end of period	\$ 2,358,800	\$ 1,025,300	\$ 3,384,100	\$ 2,000,300	\$ -	\$ 2,000,300

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 hundred, except per share amounts)

Joint venture Agreement – GBR

During the nine months ended September 30, 2022, \$24,000,000 was funded equally from the Corporation and Apollo (September 30, 2021 - \$22,680,500 from the Corporation and \$92,750,000 from Apollo). This amount was used to fund the investments into Hodson Energy, LLC (“Hodson”), Bluestar Energy Capital LLC (“Bluestar”) and Nova Clean Energy LLC (“Nova”), a TGE investment tranche as well as working capital for GBR.

Hodson Energy LLC

On July 29, 2022 the Corporation entered into a transaction with U.S. renewable energy developer, Hodson, to gain future royalties related to Hodson’s portfolio of solar plus battery storage development projects. GBR will receive a 3% gross revenue royalty on all projects developed and vended by Hodson until a minimum total return threshold is achieved. The targeted IRR threshold is consistent with the upper part of GBR’s previously disclosed 8-12% base hurdle rate range before factoring potential longer-term option value realizations.

The \$40,000,000 royalty investment into Hodson will be invested in tranches over approximately the next three years as Hodson achieves certain project advancement milestones, with an initial investment upon closing of \$14,000,000. Approximately \$9,800,000 of the original investment was used to retire an existing development loan facility and to acquire new projects. Following the loan retirement Hodson will carry no debt on its balance sheet and will require GBR’s consent before additional debt obligations are entered into.

GBR has the option to receive a portion of cash proceeds from project sales in lieu of royalties and any cash GBR receives under this option counting towards the target return. GBR also has the option to invest an additional \$20,000,000 as royalty financing in the future. As part of the transaction, GBR also received warrants to purchase a minority interest in the common equity of Hodson. The fair value of the warrants of \$236,900 is recorded on the consolidated balance sheet as of September 30, 2022 using a Black Scholes option pricing model.

During the three and nine months ended September 30, 2022, GBR invested \$14,265,900 into Hodson including acquisition costs of \$265,900 (September 30, 2021 - \$nil and \$nil). As at September 30, 2022, the total invested in Hodson is \$14,265,900 including acquisition costs of \$265,900 (December 31, 2021 - \$nil).

Bluestar Energy Capital LLC & Nova Clean Energy, LLC

On May 4, 2022 the Corporation announced that GBR has executed agreements to invest a total of \$32,500,000 into a new global renewables development platform, Bluestar Energy Capital LLC recently founded and majority-owned by Declan Flanagan, former CEO of Orsted Onshore and Lincoln Clean Energy.

GBR will invest the majority of the total \$32,500,000 commitment into Nova Clean Energy LLC the North American renewables development subsidiary of Bluestar and in exchange will receive royalties on 1.5 GW of renewable energy projects commercialized by Nova as well as a minority equity interest in Nova. GBR is also investing alongside S2G Ventures for a minority equity ownership in Bluestar, with Declan Flanagan remaining the majority shareholder of Bluestar. GBR’s investments in Bluestar and Nova are classified as investments in associates under IAS 28 and accounted for using the equity method.

During the nine months ended September 30, 2022, GBR invested \$5,106,800 including acquisition costs of \$106,800 in Nova and \$3,000,000 into Bluestar. As at September 30, 2022 the total invested in Bluestar is \$5,106,800 including acquisition costs of \$106,800 and Nova is \$3,000,000 (December 31, 2021 - \$nil & \$nil). GBR recorded its share of loss in associates of \$493,300 during the three and nine months ended September 30, 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Tri Global Energy LLC (“TGE”)

On September 29, 2022 TGE announced that it had been acquired by Enbridge Inc. (“Enbridge”). Following the acquisition GBR will continue to receive royalty contracts from projects in TGE’s development pipeline at the time of the acquisition (“GBR TGE Portfolio”) until it hits its threshold return on the \$46,500,000 it has invested in TGE, with no further funding commitment by GBR. After GBR receives sufficient royalty contracts for it to achieve its threshold return, GBR will have the option to acquire royalty contracts on remaining projects from the GBR TGE Portfolio following each project’s achievement of commercial operations based upon an agreed methodology that utilizes a similar return profile for project royalties created prior to the threshold return being achieved. The GBR TGE Portfolio consists of over 5.5 GW of renewable energy projects including 175 MW in construction (See Appendix A for a detailed list of the projects). In addition, GBR has been granted certain protections with respect to the achievement of the threshold return.

During the nine months ended September 30, 2022, GBR invested \$1,529,200 including acquisition costs of \$29,200 relating to its agreement with TGE (September 30, 2021 – \$4,546,900 including acquisition costs of \$46,900).

During the nine months ended September 30, 2022, the Appaloosa Wind Project royalty (“Appaloosa”) was assigned to GBR through the agreement with TGE. The fair value of \$4,813,000 was determined using a discounted cash flow model and was reclassified from investments to royalty interests.

As at September 30, 2022, the total invested in TGE is \$47,116,000 including acquisition costs of \$616,000 (December 31, 2021 - \$45,586,800 including acquisition costs of \$586,800).

Longroad Energy (“Longroad”)

As at September 30, 2022 the total invested in Longroad is \$35,495,200 including acquisition costs of \$495,200 (December 31, 2021 - \$35,492,200 including acquisition costs of \$495,200).

Northleaf Capital Partners (“Northleaf”)

During the nine months ended September 30, 2022, GBR incurred an additional \$2,100 in acquisition costs related to Northleaf (September 30, 2021 - \$nil). As at September 30, 2022 the total invested in Northleaf is \$53,400,500 including acquisition costs of \$900,500 (December 31, 2021 - \$53,398,400 including acquisition costs of \$898,400).

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 8.

Expressed in United States Dollars, rounded to the nearest hundred	TGE	Apex	Longroad	Northleaf	Hodson	Hodson Warrants	Total
Balance, December 31, 2020	\$ 38,164,200	\$ 35,466,800	\$ -	\$ -	\$ -	\$ -	73,631,000
Additional investments	14,142,700	20,170,500	35,495,200	53,398,400	-	-	123,206,800
Reclassification to royalty interests	-	(36,148,400)	-	-	-	-	(36,148,400)
Revaluation gains through OCI	6,473,100	22,180,000	-	-	-	-	28,653,100
Redemption	-	(41,668,900)	-	-	-	-	(41,668,900)
Balance, December 31, 2021	\$ 58,780,000	\$ -	\$ 35,495,200	\$ 53,398,400	\$ -	\$ -	\$ 147,673,600
Additional investments	1,529,200	-	-	2,100	14,029,000	236,900	15,797,200
Reclassification to royalty interest	(4,813,000)	-	-	-	-	-	(4,813,000)
Revaluation gains through OCI	6,211,400	-	9,934,500	6,559,600	-	-	22,705,500
Balance, September 30, 2022	\$ 61,707,600	\$ -	\$ 45,429,700	\$ 59,960,100	\$ 14,029,000	\$ 236,900	\$ 181,363,300

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Investment in Associate

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

Expressed in United States Dollars, rounded to the nearest hundred	Bluestar		Nova		Total
Balance, December 31, 2021	\$	-	\$	-	-
Additional investments		3,000,000		5,106,800	8,106,800
Share of loss		(128,300)		(365,000)	(493,300)
Balance, September 30, 2022	\$	2,871,700	\$	4,741,800	\$ 7,613,500

Royalty Interests

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

Expressed in United States Dollars, rounded to the nearest hundred	As at December 31, 2021		Additions	As at September 30, 2022	
Renewable royalty interests					
Jayhawk - Wind	\$	8,011,000	\$ -	\$	8,011,000
El Sauz - Wind		8,262,300	-		8,262,300
Appaloosa - Wind		-	4,813,000		4,813,000
Undisclosed - Wind		19,875,000	-		19,875,000
Neo Geothermal - Thermal		389,000	-		389,000
Clyde River - Hydro		2,185,000	-		2,185,000
Balance, end of period	\$	38,722,300	\$ 4,813,000	\$	43,535,300
Accumulated amortization					
Jayhawk - Wind	\$	-	\$ (178,000)	\$	(178,000)
Neo Geothermal - Thermal		(67,300)	(17,300)		(84,600)
Clyde River - Hydro		(256,600)	(66,000)		(322,600)
Balance, end of period	\$	(323,900)	\$ (261,300)	\$	(585,200)
Net book value	\$	38,398,400	\$ 4,551,700	\$	42,950,100

Expressed in United States Dollars, rounded to the nearest hundred	As at December 31, 2020		Additions	As at December 31, 2021	
Renewable royalty interests					
Jayhawk - Wind	\$	-	\$ 8,011,000	\$	8,011,000
El Sauz - Wind		-	8,262,300		8,262,300
Undisclosed - Wind		-	19,875,000		19,875,000
Neo Geothermal - Thermal		389,000	-		389,000
Clyde River - Hydro		2,185,000	-		2,185,000
Balance, end of period	\$	2,574,000	\$ 36,148,300	\$	38,722,300
Accumulated amortization					
Neo Geothermal - Thermal	\$	(44,200)	\$ (23,100)	\$	(67,300)
Clyde River - Hydro		(168,600)	(88,000)		(256,600)
Balance, end of period	\$	(212,800)	\$ (111,100)	\$	(323,900)
Net book value	\$	2,361,200	\$ 36,037,200	\$	38,398,400

Key management compensation

During the three months ended September 30, 2022 GBR LLC paid compensation to key management personnel and directors of \$91,900 (September 30, 2021 - \$87,600) related to salaries and benefits. During the nine months ended September 30, 2022 GBR LLC paid compensation to key management personnel and directors of \$275,800 (September 30, 2021 - \$262,700) related to salaries and benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Commitments

As at September 30, 2022, the following are the Corporation's commitments and contractual obligations over the next five calendar years:

	Mgmt services agreement	Bluestar & Nova ⁽¹⁾	Hodson ⁽¹⁾	Total
2022	\$ 131,600	\$ -	\$ -	\$ 131,600
2023	-	12,000,000	10,500,000	22,500,000
2024	-	12,500,000	8,300,000	20,800,000
2025	-	-	7,200,000	7,200,000
2026	-	-	-	-
	\$ 131,600	\$ 24,500,000	\$ 26,000,000	\$ 50,631,600

(1) GBR commitments are presented at a 100% basis

GBR is committed under a consulting agreement to remit 1.5% in transaction fees to an advisor on the first \$20,000,000 funded to Hodson and 1% thereafter.

GBR has committed under the Bluestar, Nova and Hodson investments to fund up to an additional \$24,500,000 and \$26,000,000, 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 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 Corporation anticipates it will meet its obligations with its current cash float and any royalty income it will ultimately receive from the investments made by GBR. The Corporation anticipates it will meet its obligations under the Bluestar/Nova and Hodson agreements with its available cash and support from Apollo Funds pursuant to the Joint Venture.

See Note 7 for a summary of related party transactions; see Note 8 for financial instruments and fair value qualitative and quantitative analysis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

5. INCOME TAXES

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

Expressed in United States Dollars, rounded to the nearest hundred	September 30, 2022	December 31, 2021
Carrying value of investments in excess of tax values	(7,192,700)	(4,146,100)
	\$ (7,192,700)	\$ (4,146,100)
	September 30, 2022	December 31, 2021
Deferred tax liabilities	\$ (7,192,700)	\$ (4,146,100)
Deferred tax assets	-	-
Total deferred income tax	\$ (7,192,700)	\$ (4,146,100)

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

Expressed in United States Dollars, rounded to the nearest hundred	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Current tax	\$ 261,600	\$ -	\$ 390,200	\$ -
Deferred tax	(13,700)	743,400	(64,000)	330,900
	\$ 247,900	\$ 743,400	\$ 326,200	\$ 330,900

During the nine months ended September 30, 2022, consistent with the classification of the receipt of the funds from the Joint Venture in the statement of cash flows, the Corporation recorded cash taxes of \$1,640,900.

6. 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		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Basic	26,513,889	26,513,889	26,513,889	24,203,178
Diluted	26,999,761	26,951,851	27,035,290	27,035,290

7. RELATED PARTY TRANSACTIONS

Altius Minerals Services Agreement

During the three months ended September 30, 2022, Altius billed the Corporation \$131,700 (C\$172,500) (September 30, 2021 - \$138,000 (C\$172,500)) for office space, management, and administrative services. During the nine months ended September 30, 2022, Altius billed the Corporation \$400,800 (C\$517,500) (September 30, 2021 - \$376,600 (C\$460,000)) for office space, management, and administrative services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

GBR Services Agreement

During the three months ended September 30, 2022, Altius billed GBR \$22,500 (September 30, 2021 - \$nil) for finance and administrative services. During the nine months ended September 30, 2022, Altius billed GBR \$67,500 (September 30, 2021 - \$17,500) for finance and administrative services.

GBR-ARR Services Agreement

During the three months ended September 30, 2022, GBR billed the Corporation \$13,600 (September 30, 2021- \$11,100) for support services. During the nine months ended September 30, 2022, GBR billed the Corporation \$37,300 (September 30, 2021 - \$90,500) for support services.

Other

During the three months ended September 30, 2022, the Corporation paid compensation to key management personnel and directors of \$28,100 (September 30, 2021 - \$58,700) and recognized share-based compensation expense of \$79,300 (September 30, 2021 - \$59,100). During the nine months ended September 30, 2022, the Corporation paid compensation to key management personnel and directors of \$88,900 (September 30, 2021 - \$186,300) and recognized share-based compensation expense of \$280,400 (September 30, 2021 - \$230,700; \$18,100 settled in cash).

During the three and nine months ended September 30, 2022, the Corporation did not pay or receive any advances to or from its parent (three and nine months ended September 30, 2021 – payments of \$164,500 and \$164,500). As at September 30, 2022, there are no amounts owing to the parent (December 31, 2021 - \$nil).

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.

8. 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 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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 a 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 and Northleaf) and the royalty contracts that have been or will be granted in exchange for the TGE and Hodson investment. The total number and value of royalty contracts to be ultimately awarded under the TGE and Hodson investment agreement 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 and Northleaf Agreements is also subject to various return thresholds. 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 CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars, rounded to the nearest hundred, 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 investment has been excluded as it is 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% change in discount rates results in a change of \$5,778,000 for the investment in TGE and \$7,835,700 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.
		Nominal impact.
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.	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. A 10% increase in power prices results in a \$2,292,000 change in valuation of Northleaf and Longroad.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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 Corporation's approach to the financial instrument risks identified in the notes to annual consolidated financial statements for the year ended December 31, 2021.