Altius Renewable Royalties Corp.

Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited)

CONDENSED CONSOLIDATED BALANCE SHEETS

Unaudited, Expressed in United States Dollars, rounded to the nearest thousand	Note	As at September 30, 2023	As at December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		$ 37,777,000	$ 50,092,000
Accounts receivable and prepaid expenses		180,000	191,000
Income tax receivable		236,000	235,000
		$ 38,193,000	$ 50,518,000
Non-current assets			
Interest in joint venture	4	166,049,000	151,095,000
		$ 166,049,000	$ 151,095,000
TOTAL ASSETS		$ 204,242,000	$ 201,613,000
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		328,000	566,000
		$ 328,000	$ 566,000
Non-current liabilities			
Deferred tax liability	5	6,430,000	6,000,000
		$ 6,430,000	$ 6,000,000
TOTAL LIABILITIES		$ 6,758,000	$ 6,566,000
EQUITY			
Shareholders' equity		197,484,000	195,047,000
		$ 197,484,000	$ 195,047,000
TOTAL LIABILITIES AND EQUITY		$ 204,242,000	$ 201,613,000

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF LOSS

Unaudited, Expressed in United States Dollars, rounded to the nearest thousand (except per share amounts)	Note	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Revenue and other income					
Interest		$ 522,000	$ 235,000	$ 1,693,000	$ 409,000
		$ 522,000	$ 235,000	$ 1,693,000	$ 409,000
Costs and Expenses					
General and administrative	6	549,000	496,000	1,599,000	1,484,000
Share based compensation		57,000	79,000	314,000	280,000
Foreign exchange loss (gain)		8,000	8,000	(3,000)	17,000
		$ 614,000	$ 583,000	$ 1,910,000	$ 1,781,000
Loss before the following:		$ (92,000)	$ (348,000)	$ (217,000)	$ (1,372,000)
Share of (loss) earnings in joint venture	4	(796,000)	909,000	(1,051,000)	1,300,000
(Loss) earnings before income taxes		$ (888,000)	$ 561,000	$ (1,268,000)	$ (72,000)
Income tax (recovery) expense	5	(235,000)	248,000	(413,000)	326,000
Net (loss) earnings		$ (653,000)	$ 313,000	$ (855,000)	$ (398,000)
(Loss) earnings per share					
Basic and diluted	7	$ (0.02)	$ 0.01	$ (0.03)	$ (0.02)

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

Unaudited, Expressed in United States Dollars, rounded to the nearest thousand	Note	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Net (loss) earnings		$ (653,000)	$ 313,000	$ (855,000)	$ (398,000)
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	1,677,000	(912,000)	3,855,000	11,353,000
Tax effect		(367,000)	175,000	(843,000)	(3,077,000)
Net amount		$ 1,310,000	$ (737,000)	$ 3,012,000	$ 8,276,000
Total other comprehensive earnings (loss)		$ 1,310,000	$ (737,000)	$ 3,012,000	$ 8,276,000
Total comprehensive earnings (loss)		$ 657,000	$ (424,000)	$ 2,157,000	$ 7,878,000

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 thousand	Note	Nine months ended September 30, 2023	September 30, 2022
Operating activities			
Net (loss) earnings		$ (855,000)	$ (398,000)
Adjustments for operating activities:			
Share based compensation		314,000	280,000
Income tax (recovery) expense	5	(413,000)	326,000
Share of loss (earnings) of joint venture	4	1,051,000	(1,300,000)
		952,000	(694,000)
Changes in non-cash operating working capital:			
Accounts receivables and prepaid expenses		10,000	(400,000)
Accounts payable and accrued liabilities		(272,000)	(123,000)
Changes in non-cash operating working capital		(262,000)	(523,000)
		$ (165,000)	$ (1,615,000)
Investing activities			
Distributions from joint venture	4	–	20,850,000
Investment in joint venture	4	(12,150,000)	(12,000,000)
Income taxes paid		–	(1,641,000)
		$ (12,150,000)	$ 7,209,000
Net (decrease) increase in cash and cash equivalents		(12,315,000)	5,594,000
Cash and cash equivalents, beginning of period		50,092,000	49,304,000
Cash and cash equivalents, end of period		$ 37,777,000	$ 54,898,000

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	Common Shares		Other Equity Reserves	Accumulated Other Comprehensive Income	Deficit	Total Shareholders' Equity
	Number	Amount				
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 September 30, 2022	–	–	–	8,276,000	(398,000)	7,878,000
Share-based compensation	–	–	280,000	–	–	280,000
Balance, September 30, 2022	26,513,889	$ 145,251,000	$ 2,872,000	$ 26,391,000	$ (7,300,000)	$ 167,214,000
Net loss and comprehensive earnings, October 1 to December 31, 2022	–	–	–	1,845,000	(382,000)	1,463,000
Common shares issued under long term incentive plan	4,268,800	28,194,000	–	–	–	28,194,000
Share issuance costs	–	(1,864,000)	–	–	–	(1,864,000)
Share-based compensation	–	–	40,000	–	–	40,000
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 September 30, 2023	–	–	–	3,012,000	(855,000)	2,157,000
Common shares issued under long term incentive plan	4,918	39,000	(73,000)	–	–	(34,000)
Share-based compensation	–	–	314,000	–	–	314,000
Balance, September 30, 2023	30,787,607	$ 171,620,000	$ 3,153,000	$ 31,248,000	$ (8,537,000)	$ 197,484,000

See accompanying notes to the Condensed Consolidated Financial Statements

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 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 September 30, 2023 TSX listed Altius Minerals Corporation ("Altius" or "the Parent") owned 58% (2022 – 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 4200 Bankers Hall West, 888 3rd St. SW Calgary, Alberta, T2P 5C5.

These condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 6, 2023.

2. BASIS OF PREPARATION

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 PRONOUNCMENTS

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.

(Unaudited, 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 $417,000) [1]	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	12,150,000	–	12,150,000
Share of (loss) earnings	(3,669,000)	2,618,000	(1,051,000)
Revaluation of investments[1]	4,236,000	(381,000)	3,855,000
Balance, September 30, 2023	$ 102,881,000	$ 63,168,000	$ 166,049,000

[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% ownership of the Joint Venture as at September 30, 2023 (September 30, 2022 – 50%).

During the nine months ended September 30, 2023 the Corporation invested $12,150,000 into GBR to fund the Hexagon Energy, LLC. investment ("Hexagon"), Hodson Energy LLC ('Hodson") and Bluestar Energy Capital LLC ("Bluestar") tranches detailed below. During the nine months ended September 30, 2022 $12,000,000 was invested to fund the Bluestar and Nova Clean Energy, LLC ("Nova") investments, Hodson, as well as a Tri Global Energy LLC ("TGE") tranche. During the nine months ended September 30, 2023 the Corporation did not receive any distributions from GBR. During the nine months ended September 30, 2022 $20,850,000 was received following the redemption of a renewable energy investment in Apex Clean Energy.

(Unaudited, 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 September 30, 2023			As at December 31, 2022		
	GBR I, LLC	GBR II, LLC	Total	GBR I, LLC	GBR II, LLC	Total
Balance Sheets						
Current assets						
Cash	$ 2,459,000	$ 598,000	**$ 3,057,000**	$ 1,670,000	$ 1,193,000	**$ 2,863,000**
Other current assets	1,971,000	2,646,000	**4,617,000**	541,000	1,417,000	**1,958,000**
Non-current assets						
Investments[1]	$ 115,615,000	$ 148,184,000	**$263,799,000**	$ 80,222,000	$ 148,945,000	**$ 229,167,000**
Investment in associate [1]	2,042,000	–	**2,042,000**	5,970,000	–	**5,970,000**
Royalty interests[1]	58,003,000	–	**58,003,000**	60,644,000	–	**60,644,000**
Other non-current assets	–	–	**-**	42,000	–	**42,000**
Total Assets			**$ 331,518,000**			**$300,644,000**
Current liabilities						
Trade and other payables	$ 2,072,000	$ –	**$ 2,072,000**	$ 1,163,000	$ –	**$ 1,163,000**
Non-current liabilities						
Loan payable (receivable)	$ (25,400,000)	$ 25,400,000	**$ -**	$ (30,000,000)	$ 30,000,000	**$ -**
Total Liabilities			**$ 2,072,000**			**$ 1,163,000**

[1] Refer to below tables for breakdown of investments and royalty interests held in GBR

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

	Three months ended September 30, 2023			Three months ended September 30, 2022		
	GBR I, LLC	GBR II, LLC	Total	GBR I, LLC	GBR II, LLC	Total
Statement of (Loss) Earnings and Comprehensive Earnings (Loss)						
Revenue						
Royalty revenue	$ 738,000	$ 3,130,000	$ 3,868,000	$ 186,000	$ 2,705,000	$ 2,891,000
Interest revenue	15,000	4,000	19,000	–	–	–
Other revenue (expenses)	127,000	(127,000)	–	388,000	(125,000)	263,000
Expenses						
General and administrative expense	$ (801,000)	$ (8,000)	$ (809,000)	$ (612,000)	$ (10,000)	$ (622,000)
Amortization	(440,000)	–	(440,000)	(222,000)	–	(222,000)
Other items impacting net (loss) earnings						
Share of loss in associates	$ (4,231,000)	$ –	$ (4,231,000)	$ (493,000)	$ –	$ (493,000)
Net (loss) earnings	$ (4,592,000)	$ 2,999,000	$ (1,593,000)	$ (753,000)	$ 2,570,000	$ 1,817,000
Other comprehensive earnings (loss), revaluation	$ 4,613,000	$ (1,258,000)	$ 3,355,000	$ 2,373,000	$ (4,197,000)	$ (1,824,000)
Other comprehensive earnings (loss), cash taxes	–	–	–	(626,000)		(626,000)
Total comprehensive earnings (loss)	$ 21,000	$ 1,741,000	$ 1,762,000	$ 994,000	$ (1,627,000)	$ (633,000)
Statement of Cash Flows						
Operating activities	$ 81,000	$ 1,620,000	$ 1,701,000	$ (239,000)	$ 2,053,000	$ 1,814,000
Financing activities	8,050,000	(1,050,000)	7,000,000	15,870,000	(1,870,000)	14,000,000
Investing activities	(6,310,000)	–	(6,310,000)	(14,268,000)	–	(14,268,000)
Net increase in cash and cash equivalents	$ 1,821,000	$ 570,000	$ 2,391,000	$ 1,363,000	$ 183,000	$ 1,546,000
Cash and cash equivalents, beginning of period	638,000	28,000	666,000	995,000	842,000	1,837,000
Cash and cash equivalents, end of period	$ 2,459,000	$ 598,000	$ 3,057,000	$ 2,358,000	$ 1,025,000	$ 3,383,000

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

	Nine months ended September 30, 2023			Nine months ended September 30, 2022		
	GBR I, LLC	GBR II, LLC	Total	GBR I, LLC	GBR II, LLC	Total
Statement of (Loss) Earnings and Comprehensive Earnings						
Revenue						
Royalty revenue	$ 2,168,000	$ 5,635,000	$ 7,803,000	$ 343,000	$ 4,961,000	$ 5,304,000
Interest revenue	25,000	19,000	44,000	–	–	–
Other revenue (expenses)	391,000	(391,000)	–	670,000	(383,000)	287,000
Expenses						
General and administrative expense	$ (2,507,000)	$ (29,000)	$ (2,536,000)	$ (1,722,000)	$ (133,000)	$ (1,855,000)
Amortization	(1,368,000)	–	(1,368,000)	(642,000)	–	(642,000)
Other items impacting net (loss) earnings						
Gain on disposal of geothermal wells	132,000	–	132,000	–	–	–
Share of loss in associates	(6,178,000)	–	(6,178,000)	(493,000)	–	(493,000)
Net (loss) earnings	$ (7,337,000)	$ 5,234,000	$ (2,103,000)	$ (1,844,000)	$ 4,445,000	$ 2,601,000
Other comprehensive earnings (loss) revaluation	8,471,000	(761,000)	7,710,000	6,211,000	16,494,000	22,705,000
Other comprehensive earnings, cash taxes	–	–	–	(832,000)	–	(832,000)
Total comprehensive earnings	$ 1,134,000	$ 4,473,000	$ 5,607,000	$ 3,535,000	$ 20,939,000	$ 24,474,000
Statement of Cash Flows						
Operating activities	$ (392,000)	$ 4,006,000	$ 3,614,000	$ (1,046,000)	$ 3,344,000	$ 2,298,000
Financing activities	28,900,000	(4,600,000)	24,300,000	(14,831,000)	(2,870,000)	(17,701,000)
Investing activities	(27,719,000)	(1,000)	(27,720,000)	(23,902,000)	(2,000)	(23,904,000)
Net increase (decrease) in cash and cash equivalents	$ 789,000	$ (595,000)	$ 194,000	$ (39,779,000)	$ 472,000	$ (39,307,000)
Cash and cash equivalents, beginning of period	1,670,000	1,193,000	2,863,000	42,137,000	553,000	42,690,000
Cash and cash equivalents, end of period	$ 2,459,000	$ 598,000	$ 3,057,000	$ 2,358,000	$ 1,025,000	$ 3,383,000

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

Joint venture Agreement

During the nine months ended September 30, 2023 $24,300,000 was funded into GBR equally by the Corporation and Apollo (September 30, 2022 – $24,000,000). This amount, in addition to $3,450,000 cash on hand at GBR, was used to fund capital calls associated with the Hexagon investment, Hodson investment tranche, and Bluestar and Nova investment tranches 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 September 30, 2023 the total invested in Hexagon is $15,000,000 with incurred acquisition costs of $266,000 for a total investment of $15,266,000.

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 nine months ended September 30, 2023 .

Hodson Energy LLC

During the three and nine months ended September 30, 2023 GBR invested $5,500,000 and $10,500,000 into Hodson and incurred acquisition costs of $60,000 and $138,000 (September 30, 2022 - $14,265,000) for a total invested at September 30, 2023 of $24,910,000 including a warrant balance of $237,000 (December 31, 2022 - $14,000,000, acquisition costs of $272,000 including warrants of $237,000).

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

During the three and nine months ended September 30, 2023 GBR invested $nil and $1,500,000 into Nova (September 30, 2022 - $nil and $5,000,000 with incurred acquisition costs of $107,000). As at September 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, 2022 - $5,000,000 with incurred acquisition costs of $107,000 for a total investment of $5,107,000).

During the three and nine months ended September 30, 2023 GBR invested $750,000 into Bluestar (September 30, 2022 - $nil and $3,000,000). As at September 30, 2023 the total invested into Bluestar is $3,750,000 (December 31, 2022 - $3,000,000).

During the three and nine months ended September 30, 2023 GBR recorded its share of loss of $4,231,000 and $6,178,000 respectively in relation to these investments (September 30, 2022 - $493,000 and $493,000).

Tri Global Energy LLC ("TGE")

As at September 30, 2023 and December 31, 2022 the total invested in TGE is $47,116,000 including acquisition costs of $616,000. During the three months ended September 30, 2023, GBR and TGE finalized the valuation of the Appaloosa Wind royalty, in accordance with the terms of the agreement, and as a result the assigned value of the royalty interest was adjusted downward by $1,018,000. The reduction in value of the Appaloosa royalty interest will be reflected in the calculation on the hurdle rate for the TGE investment resulting in additional royalties received from TGE.

Longroad Energy ("Longroad")

As at September 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 September 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 September 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 (GBR)

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.

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

	TGE	Longroad	Northleaf	Titan	Hodson[1]	Hexagon	Total
Balance, December 31, 2021	$ 58,780,000	$ 35,495,000	$ 53,398,000	$ –	$ –	$ –	$ 147,673,000
Additional investments	1,529,000	–	2,000	46,799,000	14,272,000	–	62,602,000
Reclassification to royalty interests	(4,813,000)	–	–	–	–	–	(4,813,000)
Revaluation gains (losses) 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	$ –	$ 229,166,000
Additional investments	–	–	–	1,000	10,638,000	15,266,000	25,905,000
Reclassification from royalty interest	1,018,000	–	–	–	–	–	1,018,000
Revaluation gains through OCI	5,589,000	(18,000)	(743,000)	–	2,882,000	–	7,710,000
Balance, September 30, 2023	$ 72,557,000	$ 42,771,000	$ 58,613,000	$ 46,800,000	$ 27,792,000	$15,266,000	$263,799,000

[1] *Includes warrants valued at $237,000*

Investment in Associate (GBR)

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	750,000	1,500,000	2,250,000
Share of loss	(1,059,000)	(5,119,000)	(6,178,000)
Balance, September 30, 2023	$ 2,042,000	$ –	$ 2,042,000

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

Royalty Interests (GBR)

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

	As at December 31, 2022	Net additions & reclassifications	Disposals	As at September 30, 2023
Renewable royalty interests				
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	(1,018,000)	–	3,795,000
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	$ (1,018,000)	$ (389,000)	$ 59,917,000
Accumulated amortization				
Jayhawk - Wind	$ (245,000)	$ (200,000)	$ –	$ (445,000)
Young Wind - Wind	–	(497,000)	–	(497,000)
Appaloosa - Wind	–	(117,000)	–	(117,000)
Hansford County - Wind	–	(444,000)	–	(444,000)
Neo Geothermal - Thermal	(90,000)	–	90,000	–
Clyde River - Hydro	(345,000)	(66,000)	–	(411,000)
Balance, end of period	$ (680,000)	$ (1,324,000)	$ 90,000	$ (1,914,000)
Net book value	$ 60,644,000	$ (2,342,000)	$ (299,000)	$ 58,003,000

	As at December 31, 2021	Net additions & reclassifications	Disposals	As at December 31, 2022
Renewable royalty interests				
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
Accumulated amortization				
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

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

Key management compensation (GBR)

During the three months ended September 30, 2023 GBR LLC paid compensation to key management personnel of \$188,000 (September 30, 2022 - \$153,000) related to salaries and benefits. During the nine months ended September 30, 2023 GBR LLC paid compensation to key management personnel and directors of \$1,177,000 (September 30, 2022 - \$458,000) related to salaries and benefits.

Commitments (GBR)

As at September 30, 2023 the following are GBR's commitments and contractual obligations, of which the Corporation's commitments would be at a 50% basis, over the next five calendar years:

	Bluestar & Nova	Hodson	Hexagon	Total
2023	\$ 1,000,000	\$ 1,500,000	\$ 7,500,000	\$ 10,000,000
2024	14,000,000	14,000,000	15,000,000	43,000,000
2025	7,250,000	–	7,500,000	14,750,000
2026	–	–	–	–
2027	–	–	–	–
	\$ 22,250,000	\$ 15,500,000	\$ 30,000,000	\$ 67,750,000

GBR is committed under a consulting and financial advisory 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 and Nova investments, Hodson and Hexagon investments to fund up to an additional \$22,250,000, \$15,500,000, 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).

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

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

See Subsequent Event Note 10 for details regarding the closing of a $246,500,000 credit facility at the Joint Venture.

5. INCOME TAXES

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

	September 30, 2023	December 31, 2022
Non capital loss carryforwards	$ 1,532,000	$ 500,000
Carrying value of investments in excess of tax values	(7,962,000)	(6,500,000)
	$ (6,430,000)	$ (6,000,000)

	September 30, 2023	December 31, 2022
Deferred tax assets	$ 1,532,000	$ 500,000
Deferred tax liabilities	(7,962,000)	(6,500,000)
Total deferred income tax	$ (6,430,000)	$ (6,000,000)

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

	Three months ended		Nine months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Current tax	$ –	$ 262,000	$ –	$ 390,000
Deferred tax	(235,000)	(14,000)	(413,000)	(64,000)
	$ (235,000)	$ 248,000	$ (413,000)	$ 326,000

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

6. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended		Nine months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Office and administrative	$ 148,000	$ 147,000	$ 474,000	$ 490,000
Professional fees	222,000	181,000	604,000	486,000
Management fees	127,000	132,000	382,000	401,000
Director fees	31,000	30,000	91,000	94,000
Travel and accommodations	21,000	6,000	48,000	13,000
	$ 549,000	$ 496,000	$ 1,599,000	$ 1,484,000

7. SHAREHOLDERS EQUITY

Net (loss) earnings 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, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Basic	30,787,285	26,513,889	30,784,240	26,513,889
Diluted	31,302,955	26,999,761	31,270,098	27,035,290

8. RELATED PARTY TRANSACTIONS

Altius Minerals Services Agreement

During the three months ended September 30, 2023, Altius billed the Corporation $127,000 (C$172,000) (September 30, 2022 - $132,000 (C$173,000)) for office space, management, and administrative services. During the nine months ended September 30, 2023, Altius billed the Corporation $382,000 (C$517,000) (September 30, 2022 - $401,000 (C$518,000)) for office space, management, and administrative services. At September 30, 2023 the balance owing to Altius is $nil (December 31, 2022 - $nil).

GBR Services Agreement

During the three months ended September 30, 2023, Altius billed GBR $23,000 (September 30, 2022 - $23,000) for finance and administrative services. During the nine months ended September 30, 2023, Altius billed GBR $68,000 (September 30, 2022 - $68,000) for finance and administrative services. At September 30, 2023 the balance owing to Altius is $8,000 (December 31, 2022 - $nil).

GBR-ARR Services Agreement

During the three months ended September 30, 2023, GBR billed the Corporation $17,000 (September 30, 2022- $14,000) for support services. During the nine months ended September 30, 2023, GBR billed the Corporation $57,000 (September 30, 2022 - $39,000) for support services. At September 30, 2023 the balance owing to GBR is $2,000 (December 31, 2022 - $nil).

Other

During the three months ended September 30, 2023, the Corporation paid salaries and benefits to directors of $29,000 (September 30, 2022 - $28,000) and recognized share-based compensation of $57,000 (September 30, 2022 - $79,000). During the nine months ended September 30, 2023, the Corporation paid salaries and benefits to directors of $86,000 (September 30, 2022 - $89,000) and recognized share-based compensation of $314,000 (September 30, 2022 - $280,000).

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 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.

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, using risk adjusted discounted cash flows or hurdle rate of returns, 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, or in certain instances cash, 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 of key inputs on the present value of the expected future economic benefits of the investments. The total value to be received under the Longroad, Northleaf and Titan Solar agreements are also subject to various return thresholds, which has the effect of muting the potential value impact of key inputs. 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.

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 Titan Solar and Hexagon investments have 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 used risk adjusted discount rates and or hurdle rates of return to determine the fair value of the TGE and Hodson investment based on the stage of development. 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.	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. A 1% change in discount rates results in a change of $7,108,000 for the investment in TGE, $206,000 for the investment in Hodson and $7,779,000 for the royalty investments in Northleaf and Longroad.
Timing of commercial operations	For the TGE and Hodson 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.	While the timing of commercial operations may impact the fair market value of a specific royalty, this impact on the investment is muted because of the minimum return threshold concept implicit in the investment. As a result, any delays for an individual royalty will result in a higher number of royalties being granted to the Corporation, which will offset the reduction in investment value from the delay of any individual royalty.
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 $690,000 change in valuation of Northleaf and Longroad.

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.

10. SUBSEQUENT EVENTS

On October 31, 2023, GBR entered into senior secured credit financing agreements with an initial term of 5 years in the aggregate amount of $246,500,000. The financing includes a $123,500,000 initial term facility ("ITF"), a $100,000,000 delayed draw term facility ("Delayed Draw Facility"), and a $23,000,000 letter of credit facility ("L/C"), with the two term facilities qualifying for green loan eligibility. MUFG Bank and Natixis are Coordinating Lead Arrangers, Bookrunners, and Syndication Agents with respect to the facilities. Natixis CIB also serves as Lead Hedge Arranger.

In connection with the financing, GBR entered into a floating-to-fixed interest rate swap to lock in approximately 100% of the interest rate on the ITF for the full term of the debt. In addition, GBR has entered into a floating to fixed interest rate swap to lock in approximately 50% of the initial draw beyond the initial term for the amortization period to reduce refinancing risk. GBR expects the interest rate on the fixed portion of the debt to be approximately 6.4% per annum excluding financing closing costs for the first three years and approximately 6.5% for the last two years of the term of the loan.

Repayments are based on expected interest rates and a 20 year amortization period and are repayable anytime without penalty.

GBR has pledged equity and security in the form of first lien on existing cash generating assets or expected near term cash generating assets of GBR along with a pledge of the equity in the subsidiary holdings in its development investments. The credit financing agreements do not require any security from ARR and ARR has not pledged any security in favour of the agreements.

The initial draw of $123,500,000 of the ITF was used for closing costs and return of capital totaling $108,250,000 to the shareholders of GBR, ARR and Apollo. The borrowing is intended to finance or reimburse investments previously made in Eligible Green Collateral Projects, under the categories of "Renewable Energy Production" and "Green Technologies – Energy Storage Systems", under the Green Loan Principles administered by the International Capital Market Association.