Altius Renewable Royalties Corp.

Management's Discussion and Analysis of Financial Conditions and Results of Operations

For the year ended December 31, 2023

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Altius Renewable Royalties Corp. (the "Corporation", "ARR" or the "Company") consolidated financial statements for the year ended December 31, 2023 and related notes. This MD&A has been prepared as of March 6, 2024. Tabular amounts are expressed in US dollars and rounded to the nearest thousand, except per share amounts.

Caution Concerning Forward-Looking Statements, Forward-Looking Information

Management's discussion and analysis of financial condition and results of operations contains forward–looking statements. By their nature, these statements involve risks and uncertainties, many of which are beyond the Corporation's control, which could cause actual results to differ materially from those expressed in such forward-looking statements. Readers are cautioned not to place undue reliance on these statements. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Caution Concerning Non-GAAP Financial Measures

Proportionate royalty and other revenue ("proportionate revenue"), adjusted operating cash flow, and adjusted EBITDA do not have any standardized meaning prescribed under IFRS and should not be considered in isolation or as a substitute for measures of performance. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate these measures differently. Detailed definitions and reconciliation to various IFRS measures can be found under 'Non-GAAP Financial Measures'.

Additional information regarding the Corporation, including the Corporation's continuous disclosure materials, is available on the Corporation's website at www.arr.energy or through the SEDAR+ website at www.sedarplus.ca.

Description of Business

Altius Renewable Royalties Corp. is a renewable energy royalty company whose investments result primarily in the creation of gross revenue royalties and royalty-like structures related to development through to operating-stage wind, solar, battery storage and other types of renewable energy projects. The Corporation's operations are primarily managed through its Great Bay Renewables Holdings, LLC and Great Bay Renewables Holdings II, LLC joint ventures, collectively referred to herein as GBR or the Joint Venture, in which it is partnered equally with certain funds (the "Apollo Funds") managed by affiliates of Apollo Global Management, Inc. ("Apollo").

A summary of the Joint Venture's operating and construction stage royalty interests is listed below and further information can be found in Appendix A within this MD&A.

Project	Renewable Energy Source	Royalty Basis	Facility Size (MW)
Clyde River	Hydro	10% of revenue	5
Prospero 2	Solar	Variable % of revenue	250
Phantom	Solar	Variable % of revenue	15
Titan	Solar	Variable % of revenue	70
Old Settler	Wind	Variable % of revenue	150
Cotton Plains	Wind	Variable % of revenue	50
Young Wind	Wind	2.5% of revenue	500
Hansford County Wind Project	Wind	Fixed per MWh	658
Appaloosa	Wind	1.5% of revenue	175
JayHawk	Wind	2.5% of revenue	195
Canyon Wind	Wind	2.4% of revenue	308
Operational			**2,376 MW**
El Sauz	Wind	2.5% of revenue	300
Angelo Solar	Solar	Variable	195
Panther Grove	Wind	3% of revenue	400
Construction			**895 MW**

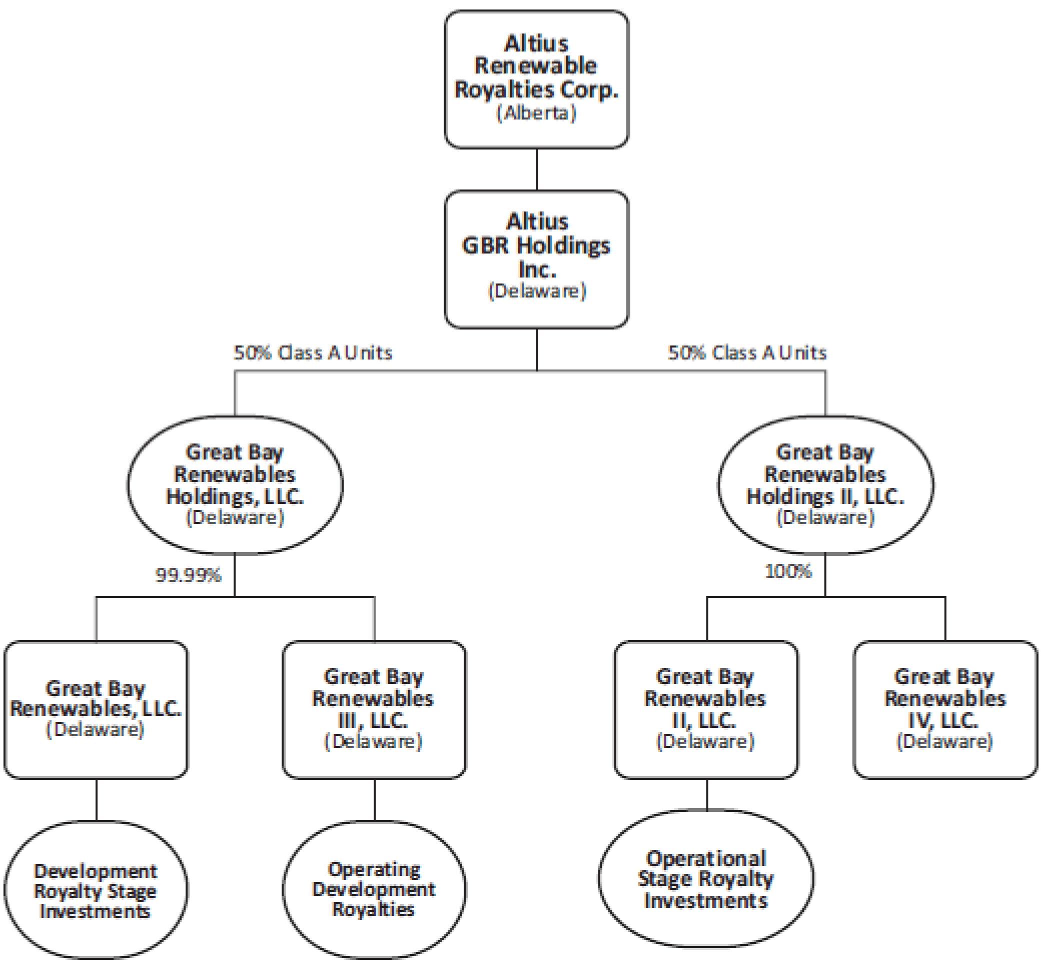
In addition to the operating and construction stage royalties noted above, the Joint Venture also holds:

- Rights to 9 royalties on wind projects representing total expected future production capacity of 1,935 MW (see Appendix B in this MD&A);
- Rights to 11 royalties on solar projects representing total expected future production capacity of 2,966 MW (see Appendix C in this MD&A);
- Royalty entitlements to 1,500 MW of renewable energy projects expected to be developed in North America through its investment in Nova Clean Energy (see "Bluestar Capital LLC & Nova Clean Energy, LLC" in the Corporation's MD&A for the year ended December 31, 2022);

- Entitlements to royalties from a 2,500 MW portfolio of renewable energy projects expected to be developed in North America and any future development projects until a target return is achieved through its investment in Hodson Energy (see "Hodson Energy, LLC." in this MD&A); and
- Entitlements to royalties from a 5,400 MW portfolio of renewable energy projects expected to be developed in North America and any future development projects until a target return is achieved through its investment in Hexagon Energy (see "Hexagon Energy, LLC." in this MD&A).

Organizational Structure

The Corporation equity accounts for its 50% ownership interest in each of Great Bay Renewables Holdings, LLC ("GBR I") and Great Bay Renewables Holdings II, LLC ("GBR II") and reports its share of earnings or loss and its share of other comprehensive earnings or loss. The renewable energy investments form part of the Joint Venture and the Corporation's share of revaluation of those investments is recorded in the Corporation's other comprehensive earnings. The following represents a summarized organizational chart for ARR.



Strategy

ARR's long-term strategy is to gain exposure to renewable energy assets by owning and managing a portfolio of diversified renewable energy royalties. The Corporation's primary approach to growing the business is to provide tailored financing solutions to renewable energy project developers and operators in return for a royalty on a project's gross revenues.

ARR has identified demand for capital investment within the renewable energy sector in return for royalty-based financing. Royalty-based financing has been used extensively in other industries, such as finite natural resource extraction, industrial manufacturing, healthcare and music. Furthermore, the adoption of royalty-based financing has often been a major growth catalyst for certain industries. As a specific comparable, within the mining sector, where adoption of royalty financing has become widespread, it provides an alternative to traditional sources of capital, increases the overall supply of capital and ultimately finances a significant component of project development. Based upon the Corporation's success to date in deploying capital, it believes that royalty-based financing will continue to gain sector adoption and will play an important role within the renewable energy sector.

ARR can invest in any stage of a renewable energy project's life cycle. ARR seeks to optimize the risk adjusted return of its investments depending on the stage at which it invests. For development stage opportunities, the Corporation has typically structured its investments using a portfolio approach, mitigating the development and construction risk of any one specific project, while ensuring the agreements are structured to meet minimum return thresholds. In addition to development stage projects, ARR also makes investments in operating stage projects. Operational investments are typically tailored to meet the specific needs of the project owners, while again maintaining a minimum target return threshold for the Joint Venture. The mix of investments in operating assets and development stage projects provides the Joint Venture with current positive cash flow while building a pipeline of development and construction stage projects for future growth of the Joint Venture.

The Corporation does not operate renewable energy assets or directly develop projects. ARR's business model is focused on passively financing development or operating stage projects in order to grow a portfolio of long-term renewable energy royalties. The Corporation believes that the advantages of this business model include the following:

Focus and Scalability. As the Corporation's management does not handle operational decisions or tasks relating to the development or operation of renewable power projects, they are able to focus their time and resources on carrying out the Corporation's growth strategy of identifying and executing on renewable royalty-based investment opportunities. As such, ARR's business model allows it to gain exposure to and monitor more renewable projects than an operating company of similar size could generally effectively manage.

Exposure to Redevelopment Upside without Project Costs and Overhead. The Corporation believes that its royalty and royalty-like investment model provides exposure to several forms of project upside. ARR may benefit from any life extensions, re-powering, and other project enhancements, without incurring additional associated operating, development, or sustaining costs.

Asset Diversification. The Corporation can invest and create royalty interests in a broad portfolio of renewable power assets across a spectrum of geographic regions and operators, thus reducing its dependency on any one asset, project, location, or counterparty.

Price Exposure. The Corporation's royalty interests hold a mixture of spot market based (or merchant) and contracted electricity price exposures. Market based prices fluctuate with seasons, weather, competing energy fuel prices, available generation and other factors. While merchant prices in the first half of 2023 were lower due to a mild winter and lower competing natural gas prices, prices increased in the third quarter due to warmer summer weather and increased power demand in certain of the markets in which the Corporation has operating stage royalty interests. Longer term contracted market prices for renewable energy have been generally increasing in recent periods owing to growing specific demand for renewable based energy and inflationary and other marginal cost pressures in the broader electrical generation industry. As the royalty interests are typically top-line or revenue-based, the Corporation can benefit from higher prices without meaningful exposure to inflationary cost pressures.

Outlook

The Corporation has now grown the portfolio of renewable energy investments to a level that is cash flow positive. This cash flow profile is expected to continue to grow in 2024 with the commencement of operations of the 308 MW Canyon Wind project, the expected commencement of commercial operations of the 300 MW El Sauz wind project, and the 195 MW Angelo Solar project which was acquired in February 2024. In addition, the 400 MW Panther Grove Wind project that began construction in late 2023, and the progression of its large portfolio of development stage royalty interests will contribute to revenue growth beyond 2024.

On October 31, 2023 GBR entered into senior secured credit financing agreements in the aggregate amount of $246,500,000 with an initial amount drawn of $117,872,000. The credit facilities provide liquidity that enhances GBR's ability to continue to accelerate its growth trajectory in the renewable royalty sector while maintaining a competitive cost of capital. ARR has not pledged any security in favour of the agreements.

Over the past four years, the Corporation has invested $176,000,000 into GBR. This investment, along with the investments made by our joint venture partner, has allowed GBR to close $401,000,000 in investment agreements. The Corporation believes that the royalty financing model for the renewable energy sector has gained initial adoption and will continue to grow as a result of the transition to cleaner energy sources. GBR continues to evaluate new royalty investment opportunities spanning the full spectrum of development to operational stage assets, which are expected to augment its embedded growth profile.

The Inflation Reduction Act in the U.S. provides extensions of the Investment Tax Credit and Production Tax Credit and other incentives for developers and operators of renewable energy projects which is expected to contribute to continued growth of the industry and opportunity for our royalty finance offering. Some of this positive sentiment has been offset by rising interest rates, supply chain constraints, interconnection backlogs and higher general equipment and construction costs. The Corporation will continue to carefully review broader market conditions to ensure that it earns an appropriate risk-adjusted return on its investments and while seizing upon the opportunities that it believes challenges often create.

Non-GAAP Financial Measures

Management uses the following non-GAAP financial measures in this MD&A and other documents: proportionate royalty and other revenue (proportionate revenue), adjusted operating cash flow, and adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA).

Management uses these measures to monitor the financial performance of the Corporation and believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and/or evaluate the results of its underlying business. These measures are intended to provide additional information, not to replace International Financial Reporting Standards (IFRS) measures, and do not have a standard definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. As these measures do not have a standardized meaning, they may not be comparable to similar measures provided by other companies. Further information on the composition and usefulness of each non-GAAP financial measure, including reconciliation to their most directly comparable IFRS measures, is included in the non-GAAP financial measures section starting on page 27.

Annual Operational Highlights

The Corporation's Joint Venture, GBR, reported total royalty revenue for 2023 of $10,441,000, compared to $7,274,000 in 2022, an increase of 44%. The Corporation's proportionate revenue was $7,934,000 compared to $4,420,000 in the prior year, an increase of 80%. The increase in both royalty revenue and proportionate revenue reflect the underlying growth within the GBR royalty portfolio (Non-GAAP Financial Measures Analysis– Joint Venture Analysis) and higher interest rates on the Corporation's cash balances.

GBR's royalty revenue for 2023 compares to guidance of $11,500,000 to $13,500,000 with the shortfall against target range largely due to a delay in receipt of a $1,250,000 escrow release from Titan Solar that is related to the completion of a local transmission upgrade. The upgrade was completed in early 2024 and the escrow release is now expected to occur late Q1 or early Q2 2024.

Credit Facilities

On October 31, 2023, GBR entered into senior secured "green loan" 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"). MUFG Bank and Natixis are Coordinating Lead Arrangers, Bookrunners, and Syndication Agents with respect to the facilities.

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 and approximately 50% of the initial draw beyond (less principal payments made in the first five years) the maturity date through the 20 year 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 initial term of the loan. Including financing costs, the effective interest rate is estimated at approximately 8.25%.

Principal repayments are based on a 20-year amortization period with principal payments shaped to expected royalty cash flows over this period. The financing allows for additional repayments without penalty. Currently unused portions of the financing are available for future qualifying investments with draw amounts based on established sizing criteria.

GBR has pledged equity and security in the form of a first lien on existing cash generating assets or expected near term cash generating assets along with a pledge of the equity in the subsidiary which holds development stage royalties and investments. ARR has not pledged any security in favour of the agreements.

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", as per the Green Loan Principles administered by the International Capital Market Association. As of December 31, 2023 there was approximately $4,738,000 of letters of credit issued on the L/C as required for debt service reserves.

The ITF amount drawn of $117,872,000 was used for payment of closing costs and a return of capital to shareholders totaling $108,250,000 paid equally to ARR and Apollo. The Corporation intends to reinvest this amount back into GBR as future royalty investment opportunities arise.

Investment Growth

During the year ended December 31, 2023 GBR invested a total of $36,203,000 (December 31, 2022 - $88,498,000) into new development stage renewable energy projects noted in the table below. GBR now holds or is entitled to royalties on over 30 renewable energy projects in the United States representing approximately 11 GW of renewable energy production.

Project	Description	Three months ended December 31, 2023		Year ended December 31, 2023	
Hexagon Energy, LLC. ("Hexagon")	Development stage, tranche investment		7,600,000		22,866,000
Hodson Energy, LLC.	Development stage, tranche investment		—		10,638,000
Nova Clean Energy, LLC.	Development stage, investment		—		1,500,000
Bluestar Energy Capital, LLC.	Development stage, investment		448,000		1,198,000
Other			—		1,000
Total Invested, including acquisition costs		$	8,048,000	$	36,203,000

The 308 MW Canyon Wind project reached commercial operations in February 2024 and the 400 MW Panther Grove Wind project began construction late in 2023. These projects stemmed from the Tri-Global Energy ("TGE") portfolio.

Subsequent to December 31, 2023 the Corporation announced that GBR entered into a $30,000,000 royalty investment with Apex Clean Energy (“Apex”) related to Apex’s 195 MWac Angelo Solar project in Tom Green County, Texas (“Angelo”) which is anticipated to achieve commercial operations in May 2024. This investment is funded jointly by ARR and Apollo and has been structured using royalty rates that vary over time and achieve GBR's investment hurdles.

For additional discussion and analysis on the year ended December 31, 2023, refer to Investment Growth - Joint Venture Analysis below.

Selected Annual Information

	Year ended					
	December 31, 2023		December 31, 2022		December 31, 2021	
Revenue per consolidated financial statements	$	2,665,000	$	781,000	$	82,000
Net loss		(1,071,000)		(780,000)		(3,416,000)
Net loss per share - basic and diluted		(0.04)		(0.03)		(0.14)
Total assets		214,989,000		201,613,000		165,565,000
Total liabilities		9,618,000		6,566,000		6,510,000

Non-GAAP financial measures[1]						
Proportionate revenue [1]	$	7,934,000	$	4,420,000	$	417,000
Adjusted EBITDA [1]		3,765,000		830,000		(2,958,000)
Adjusted operating cash flow[1]		2,986,000		163,000		(2,342,000)

[1] *See non-GAAP financial measures section for definition and reconciliation*

Revenue for the current year is higher than than 2022 and 2021 due to increased interest rates on higher average cash balances during the year. Net loss in the current year was positively impacted by revenue growth in the Joint Venture, offset by GBR's share of non cash losses in equity accounted investments. The growth of assets and liabilities primarily reflects the acquisition of renewable royalty investments during the year and value appreciation of existing investments, increasing the Corporation's investment in GBR, which are described in greater detail in the Annual Operational Highlights and Financial Performance and Results of Operations for activities during the year ended December 31, 2023 and 2022.

Growth in proportionate royalty revenue for 2023 relates to full year of revenues from newly acquired operating stage royalties acquired in 2022, the commencement of revenue from Young Wind and Appaloosa, as well as the increase in interest income as noted above. Adjusted EBITDA, which excludes the impact of non-cash share-based compensation, increased year over year as a result of the growth in revenue noted above combined with relatively consistent general and administrative costs year over year. Adjusted operating cash flow increased year over year as a result of the increase in proportionate revenue noted above.

Financial Performance and Results of Operations

The following section of the MD&A covers the financial performance and results of operation of the Corporation using its financial information as prepared under IFRS. The Corporation uses non-GAAP financial measures to assist in reporting its investment in joint venture which is described in the section *"Non-GAAP Financial Measures Analysis–Joint Venture Analysis"*.

Revenue and Other Income

Revenue and other income	Three months ended December 31, 2023	Three months ended December 31, 2022	Variance	Year ended December 31, 2023	Year ended December 31, 2022	Variance
Interest income	$ 972,000	$ 372,000	$ 600,000	$ 2,665,000	$ 781,000	$ 1,884,000

Interest income for the three months and year ended December 31, 2023 is higher than the comparable periods in 2022 due to increased interest rates on higher average cash balances.

Costs and Expenses

Costs and Expenses	Three months ended December 31, 2023	Three months ended December 31, 2022	Variance	Year ended December 31, 2023	Year ended December 31, 2022	Variance
General and administrative expenses						
Professional fees	$ 201,000	$ 113,000	$ 88,000	$ 805,000	$ 599,000	$ 206,000
Office and administrative	133,000	152,000	(19,000)	607,000	642,000	(35,000)
Management fees	127,000	125,000	2,000	509,000	526,000	(17,000)
Director fees	34,000	85,000	(51,000)	125,000	179,000	(54,000)
Travel and accommodations	9,000	13,000	(4,000)	57,000	26,000	31,000
Total general and administrative expenses	504,000	488,000	16,000	2,103,000	1,972,000	131,000
Share-based compensation	30,000	40,000	(10,000)	344,000	320,000	24,000
Foreign exchange gain	(27,000)	(317,000)	290,000	(30,000)	(300,000)	270,000
	$ 507,000	$ 211,000	$ 296,000	$ 2,417,000	$ 1,992,000	$ 425,000

Professional fees for the three months and year ended December 31, 2023 are higher than the comparable prior year periods reflecting an increase in tax and advisory fees due to various corporate development and environmental, social, and corporate governance initiatives undertaken during the current year.

Office and administrative costs during the three months and year ended December 31, 2023 reflect a decrease in insurance premiums, partially offset by higher public company costs.

Management fees relate to the Altius Minerals ("Altius") Management Services Agreement pursuant to which Altius provides management and administrative services and office space, to ARR. These fees are charged in Canadian dollars and are subject to foreign exchange fluctuations, resulting in an increase for the three months ended December 31, 2023 versus the comparable 2022 period and a decrease for the year ended December 31, 2023 compared to 2022 (See Related Party Transactions).

Director fees have decreased for the three months and year ended December 31, 2023 versus the comparable 2022 periods as special board committee fees were not incurred in the current year and partial remuneration in the form of share based compensation was implemented in late 2022.

Travel and accommodations decreased for the three months ended December 31, 2023 but increased overall for the year ended December 31, 2023 due to the increase and timing of corporate development and training initiatives.

Share based compensation decreased during the three months ended December 31, 2023 compared to the prior year period relating to the timing of issuance of annual share-based units to directors. Share based compensation increased for the year ended December 31, 2023 as directors opted to receive a higher weighting of compensation in the form of share based units rather than cash in 2023.

Foreign exchange revaluations reflect the fluctuations of foreign currencies held in bank accounts with these amounts decreasing over both the three months and year ended December 31, 2023 periods as compared to 2022.

Other factors which contributed to the change in the Corporation's earnings are:

	Three months ended			Year ended		
	December 31, 2023	December 31, 2022	Variance	December 31, 2023	December 31, 2022	Variance
Share of (loss) earnings in joint venture	$ (691,000)	$ (779,000)	$ 88,000	$ (1,742,000)	$ 521,000	$ (2,263,000)
Income tax (recovery) expense	$ (10,000)	$ (236,000)	$ 226,000	$ (423,000)	$ 90,000	$ (513,000)
Net (loss)	$ (216,000)	$ (382,000)	$ 166,000	$ (1,071,000)	$ (780,000)	$ (291,000)

The Corporation recorded its share of loss from the Joint Venture of $691,000 and $1,742,000 for the three months and year ended December 31, 2023 compared to its share of loss of $779,000 and share of earnings of $521,000 for the comparable prior year periods. The current quarter and year end results reflect increased revenues at GBR offset by increased amortization of royalty interests, and GBR's share of loss in associates related to the Bluestar and Nova investments. Bluestar and Nova are significantly influenced investments and are accounted for using the equity method at GBR. Bluestar and Nova are currently engaged in early-stage renewable energy development resulting in increased levels of expenses with minimal offsetting revenues thus far. Bluestar's and Nova's policy is to expense all development costs until the project achieves certain milestones, after which costs are capitalized. Please refer to Non-GAAP Financial Measures Analysis–Joint Venture Analysis and Note 4 of the Corporation's Consolidated Financial Statements for additional information.

Income tax (recoveries) expenses reflect any earnings from the Joint Venture as well as any deferred tax changes in the Corporation's underlying investment in GBR. Any tax expense (recovery) relating to the royalty investments held in GBR is recorded in other comprehensive earnings. The Corporation recognizes all deferred tax liabilities and, if applicable, any offsetting deferred tax assets at its subsidiary level. Any deferred tax assets relating to loss carry forwards and other tax pools at the parent level will not be recognized until there is a history of earnings at the parent.

Net loss for the three months and year ended December 31, 2023 was positively impacted by increased interest revenue which was offset by GBR's share of non cash losses in equity investments.

Other Comprehensive Earnings

	Three months ended			Year ended		
Other comprehensive earnings	**December 31, 2023**	**December 31, 2022**	**Variance**	**December 31, 2023**	**December 31, 2022**	**Variance**
Revaluation gains on investments	$ 14,458,000	$ 499,000	$ 13,959,000	$ 18,313,000	$ 11,852,000	$ 6,461,000
Fair value adjustment of cash flow swap	$ (3,979,000)	$ –	$ (3,979,000)	$ (3,979,000)	$ –	$ (3,979,000)
	$ 10,479,000	$ 499,000	$ 9,980,000	$ 14,334,000	$ 11,852,000	$ 2,482,000

During the three months and year ended December 31, 2023 the Corporation recognized its share of revaluation gains on investments held in the Joint Venture of $14,458,000 and $18,313,000 compared to gains in the prior year periods of $499,000 and $11,852,000 respectively. These revaluation gains are recorded in other comprehensive earnings and in the current year periods relate to valuation changes in GBR's investments in TGE, Hodson, Hexagon, Longroad, Northleaf and Titan.

During the three months and year ended December 31, 2023 the Corporation recognized its share of the fair value adjustment of the cash flow swap held in the Joint Venture of $3,979,000. This revaluation loss is recorded in other comprehensive earnings and relates to GBR's floating to fixed interest rate swap entered into in connection with its credit financing.

Liquidity and Cash Flows

The Corporation had available cash of $88,716,000 at December 31, 2023. In addition, GBR had available cash of $5,208,000 at December 31, 2023 which is sufficient to fund short term working capital and operations at the GBR level including the current portion of debt of $828,000. During the fourth quarter, GBR entered into senior secured credit financing agreements in the aggregate amount of $246,500,000. The ITF of $123,500,000 (of which $117,872,000 has been drawn by GBR) was used for closing costs and return of capital totaling $108,250,000 to the Joint Venture partners. Available liquidity of $105,628,000 remains undrawn on the credit facility. ARR has not pledged any security in favour of the agreements.

The Corporation expects to continue to co-fund new investments made by GBR together with its joint venture partner, Apollo. The Corporation's sources of cash flow are from royalty revenue and other income in the Joint Venture, and the issuance of shares.

At December 31, 2023 the Corporation had current assets of $89,477,000 (December 31, 2022 - $50,518,000), including cash and cash equivalents of $88,716,000 (December 31, 2022 - $50,092,000) and current liabilities of $383,000 (December 31, 2022 - $566,000).

	Year ended	
Summary of Cash Flows	**December 31, 2023**	**December 31, 2022**
Operating activities	$ 449,000	$ (1,172,000)
Financing activities	–	26,597,000
Investing activities	38,175,000	(24,637,000)
Net increase in cash and cash equivalents	38,624,000	788,000
Cash and cash equivalents, beginning of year	50,092,000	49,304,000
Cash and cash equivalents, end of year	$ 88,716,000	$ 50,092,000

Operating Activities

Operating cash flows were generated during the year ended December 31, 2023 which exceeded cash flows used in 2022 due to higher interest income for the Corporation.

Financing Activities

There were no equity based financing activities during the current year.

Financing activities during the prior year consisted of a bought deal public offering for total of $28,194,000, less share issuance costs of $1,596,000.

Investing Activities

During the year ended December 31, 2023 the Corporation invested $15,950,000 in the Joint Venture to fund investments into renewable energy projects (December 31, 2022 - $43,850,000). In November 2023 GBR returned capital of $54,125,000 to ARR as part of the credit facility closing (December 31, 2022 - $20,850,000 was returned to ARR related to a redemption event completed by Apex upon a change of control). During the year ended December 31, 2022 the Corporation paid taxes of $1,637,300 related to the Apex redemption event.

Investment Growth - Joint Venture Analysis

The Corporation's 50% Joint Venture, GBR, invested a total of $8,048,000 during the three months ended December 31, 2023 and $36,203,000 during the year ended December 31, 2023, into the following:

Hexagon Energy, LLC.

On June 21, 2023 the Corporation announced that GBR executed agreements to invest a total of $45,000,000 in milestone-based tranches into Hexagon's portfolio of solar, solar plus battery storage and standalone battery storage development projects. Hexagon, based in Charlottesville, Virginia, committed a portfolio of 43 development projects, totaling 5.3 GWac, located across 12 states as well as any additional projects added to its portfolio in the future to the royalty investment structure. 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 vended by Hexagon until a minimum target return threshold is achieved. In addition, GBR has an option to take a portion of the proceeds from the sale of development projects, with a portion of this then credited to achieving the minimum target return threshold. 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 investment into Hexagon is expected to be completed in tranches over approximately the next two years as Hexagon achieves certain project advancement milestones.

During the year ended December 31, 2023 GBR invested $22,500,000 under the Hexagon agreements and incurred acquisition costs of $366,000 for a total recorded investment balance of $22,866,000, of which $7,600,000 was invested during the fourth quarter.

Hodson Energy, LLC ("Hodson")

On July 29, 2022 GBR 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 be granted a 3% gross revenue royalty on all projects developed and vended by Hodson until a minimum total return threshold is achieved. In addition, GBR has an option to take a portion of the proceeds from the sale of development projects, with any proceeds to be credited to achieving the minimum target return threshold. 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 and the potential value of warrants in the common equity of Hodson that it received as part of the transaction.

During the year ended December 31, 2023 GBR invested $10,500,000 into Hodson and incurred acquisition costs of $138,000 for a total investment balance at December 31, 2023 of $24,910,000 including warrants valued at $237,000.

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

On May 4, 2022 the Corporation announced that GBR executed agreements to invest a total of $32,500,000 into a new global renewables development platform, Bluestar. GBR will invest the majority of the commitment into Nova, 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. Nova continues to make good progress in building its greenfield development pipeline as the current portfolio with site control has now grown to over 2 GW of wind, solar and battery storage projects.

During the year ended December 31, 2023 GBR invested $1,500,000 into Nova for a investment balance at December 31, 2023 of $6,607,000.

During the year ended December 31, 2023 GBR invested $1,198,000 into Bluestar for a total investment balance at December 31, 2023 of $4,198,000 of which $448,000 was invested during the fourth quarter.

Tri Global Energy LLC ("TGE")

During the year ended December 31, 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 provisional 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 and will result in additional royalties being received from TGE.

The 400 MW Panther Grove Wind project started construction in late 2023 and the 308 MW Canyon Wind project achieved commercial operations subsequent to the year end.

Sale of Non-core Geothermal wells

On January 6, 2023 GBR sold the assets of NEO Geothermal for cash 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 of $132,000 was recorded on GBR's income statement for the year ended December 31, 2023.

Non-GAAP Financial Measures Analysis– Joint Venture Analysis

This section of the MD&A uses non-GAAP financial measures to evaluate the underlying performance of the Joint Venture. See definitions, reconciliations and additional information for each specific non-GAAP measure on page 27 of this MD&A. Refer to Note 4 of the Corporation's Consolidated Financial Statements for the results and operations of the Joint Venture.

Proportionate Revenue, Adjusted EBITDA and Adjusted operating cash flow

The following table and discussion reflect revenue, adjusted EBITDA and adjusted operating cash flow on a 50% basis as if GBR was proportionately consolidated for both 2023 and 2022 periods.

Proportionate revenue	Three months ended December 31, 2023	Three months ended December 31, 2022	Variance	Year ended December 31, 2023	Year ended December 31, 2022	Variance
Proportionate interest	$ 999,000	$ 374,000	$ 625,000	$ 2,714,000	$ 783,000	$ 1,931,000
Proportionate royalty revenue						
Northleaf investment	510,000	520,000	(10,000)	2,184,000	2,661,000	(477,000)
Titan Solar	289,000	108,000	181,000	1,032,000	108,000	924,000
Prospero 2	139,000	142,000	(3,000)	541,000	482,000	59,000
SPP Wind	182,000	33,000	149,000	741,000	137,000	604,000
ERCOT Wind	155,000	16,000	139,000	602,000	16,000	586,000
Other	41,000	41,000	–	120,000	233,000	(113,000)
Total proportionate revenue (1)	$ 2,315,000	$ 1,234,000	$ 1,081,000	$ 7,934,000	$ 4,420,000	$ 3,514,000
Adjusted EBITDA (1)	$ 1,015,000	$ 56,000	$ 959,000	$ 3,765,000	$ 830,000	$ 2,935,000
Adjusted operating cash flow (1)	$ 1,344,000	$ 629,000	$ 715,000	$ 2,986,000	$ 163,000	$ 2,823,000

(1) *See non-GAAP financial measures section for definition and reconciliation*

Proportionate interest for the three months and year ended December 31, 2023 is higher than the comparable periods in 2022 due to increased interest rates on higher average cash balances.

During the three months and year ended December 31, 2023, the Corporation recognized proportionate royalty revenue of $510,000 and $2,184,000 respectively from the Northleaf investment royalties which consist of Cotton Plains, Old Settler and Phantom. The portfolio was subject to lower merchant pricing during the current year compared to the prior year resulting in a decrease in revenue, particularly from Old Settler wind during the first half of the year, but with merchant pricing materially improving in the second half. GBR's revenues are recognized upon each project's actual receipt of payment from contract and merchant sales, which typically lag the timing of generation.

Titan Solar, acquired late in the fourth quarter of 2022, contributed proportionate royalty revenue of $289,000 and $1,032,000 during the three months and year ended December 31, 2023. During the first half of 2024 GBR expects the release of an escrow associated with the recent completion of a local transmission upgrade related to Titan Solar which will result in royalty revenue of $1,250,000 for GBR. The transmission upgrade is expected to lessen transmission system curtailments in the future.

Prospero 2 project proportionate royalty revenue of $139,000 for the three months ended December 31, 2023 is consistent with the prior year period. Proportionate revenue of $541,000 for the year ended December 31, 2023, was higher than the prior year as a result of increased merchant pricing.

Revenue from the SPP region increased in the current year periods, primarily stemming from the Hansford County wind project, which was acquired in the fourth quarter of 2022 and contributed $159,000 and $684,000 respectively for the three months and year ended December 31, 2023. Revenue from this royalty is based on a fixed dollar amount per megawatt hour of generation with no pricing component.

Revenue from the ERCOT grid includes Young Wind and Appaloosa as both achieved commercial operations late in the fourth quarter of 2022 and contributed $155,000 and $602,000 respectively for the three months and year ended December 31, 2023.

The decrease in other proportionate royalty revenue for the year ended December 31, 2023 relates to the sale of geothermal wells in the first quarter of 2023 and recognition of $125,000 of investment income relating to consent fees under its agreement with TGE in the prior year. The Clyde River hydro project remained consistent for both the quarter and year ended December 31, 2023 as compared to 2022.

Adjusted EBITDA increased to $1,015,000 and $3,765,000 respectively for the three months and year ended December 31, 2023. Factors impacting Adjusted EBITDA are increases to both proportionate revenue which is discussed above as well as general and administrative expenses at the Corporation and the Joint Venture. During the three months and year ended December 31, 2023 expenses recognized by ARR and the Joint Venture were slightly higher than the prior year periods due to increased professional fees at the Corporation and increased salaries and wages at the Joint Venture relating to the growth of the Joint Venture and its increased investing and business development activity.

Adjusted operating cash flow increased to $1,344,000 and $2,986,000 respectively for the three months and year ended December 31, 2023 following the trend of increases to proportionate revenue.

Liquidity and Cash Flow at the Joint Venture

The following table and discussion reflect 100% of cash flows in the Joint Venture.

Summary of Joint Venture Cash Flows	Year ended December 31, 2023	Year ended December 31, 2022
Operating activities	$ 5,073,000	$ 2,670,000
Financing activities	33,039,000	46,000,000
Investing activities	(35,767,000)	(88,498,000)
Net increase in cash and cash equivalents	2,345,000	(39,828,000)
Cash and cash equivalents, beginning of year	2,863,000	42,691,000
Cash and cash equivalents, end of year	$ 5,208,000	$ 2,863,000

Operating Activities

During the year ended December 31, 2023 the Joint Venture generated cash from operations of $5,073,000 reflecting the addition of operating royalties and resulting revenue growth in comparison to 2022 when GBR had fewer royalties in operation.

Financing Activities

During the year ended December 31, 2023 net financing cash inflows of $33,039,000 received relate to $31,900,000 in partner funding into the Joint Venture from ARR and Apollo for the Hexagon acquisition and Hodson investment tranches. GBR also entered into a $246,500,000 senior credit financing receiving an initial draw amount of $117,872,000 less closing costs of $8,512,000 for net proceeds of $109,360,000, $108,250,000 of which was distributed back to the Joint Venture partners. Net financing cash inflows of $46,000,000 in the prior year related to $41,700,000 of funds distributed to the Joint Venture partners after the Apex change of control redemption event in the fourth quarter of 2021, net of the cash inflows of $87,700,000 from the partners for investments in Bluestar, Nova and Hodson.

Investing Activities

Investing cash outflows of $35,767,000 for the year ended December 31, 2023 related to the new investment in Hexagon, investment tranches paid to Hodson and additional investments into Bluestar and Nova, partially offset by the cash proceeds of $435,000 on the disposition of geothermal wells. These agreements are described in the Investment Growth – Joint Venture Analysis section of this MD&A. The amounts in the prior year reflect investments in Bluestar and Nova, Titan Solar, Hansford County Wind, Hodson, tranche payment into the Tri Global Energy, LLC. ("TGE") and legal costs related to the Northleaf Capital Partners ("Northleaf") agreements.

Summary of Quarterly Financial Information of the Corporation

The table below outlines select financial information related to the Corporation's eight most recent quarters. The financial information is extracted from the Corporation's consolidated financial statements and should be read in conjunction with the same.

		December 31, 2023		September 30, 2023		June 30, 2023		March 31, 2023
Revenue per consolidated financial statements	$	972,000	$	522,000	$	613,000	$	558,000
Proportionate revenue [1]		2,315,000		2,467,000		1,598,000		1,554,000
Adjusted EBITDA [1]		1,015,000		1,513,000		669,000		569,000
Adjusted operating cash flow[1]		1,344,000		1,016,000		607,000		19,000
Net loss		(216,000)		(653,000)		(96,000)		(106,000)
Net loss per share - basic and diluted	$	(0.01)	$	(0.02)	$	(0.01)	$	–

		December 31, 2022		September 30, 2022		June 30, 2022		March 31, 2022
Revenue per consolidated financial statements	$	372,000	$	235,000	$	134,000	$	41,000
Proportionate revenue [1]		1,234,000		1,805,000		732,000		649,000
Adjusted EBITDA [1]		56,000		998,000		(63,000)		(161,000)
Adjusted operating cash flow[1]		629,000		898,000		(1,115,000)		(249,000)
Net (loss) earnings		(382,000)		313,000		(469,000)		(242,000)
Net (loss) earnings per share - basic and diluted	$	(0.01)	$	0.01	$	(0.02)	$	(0.01)

[1] *See Non-GAAP financial measures section for definition and reconciliation*

Revenue in the consolidated financial statements includes interest income which has increased over time as a result of rising interest rates and higher cash balances. Proportionate revenue was generated mainly from renewable royalty investments as described in greater details in Non-GAAP financial measures analysis section in this MD&A and is affected by the growing portfolio of operating assets with quarterly fluctuations affected by seasonality. Adjusted EBITDA and adjusted operating cash flow follow the trend of revenue growth. Net earnings (loss) and net earnings (loss) per share are impacted by the preceding factors and are also negatively impacted by the Joint Venture's share of losses in associates, Bluestar and Nova, which are development stage enterprises. See additional discussion in *Financial Performance and Results of Operations – IFRS* and *Non-GAAP Financial Measures Analysis– Joint Venture Analysis* above.

Commitments and Contractual Obligations

As at December 31, 2023, the following are the Corporation's commitments and contractual obligations over the next five calendar years:

	Mgmt services agreement	Bluestar & Nova[1]	Hodson[1]	Hexagon[1][2]	Total
2024	$ 644,000	$ 8,750,000	$ 6,250,000	$ 7,500,000	$ 23,144,000
2025	–	2,150,000	1,500,000	3,750,000	7,400,000
2026	–	–	–	–	–
2027	–	–	–	–	–
2028	–	–	–	–	–
	$ 644,000	$ 10,900,000	$ 7,750,000	$ 11,250,000	$ 30,544,000

[1] GBR commitments are presented at a 50% basis

[2] Annual commitments are estimates based on expected milestone achievements

GBR is committed under a consulting agreement to remit the following payments related to the Hodson and Hexagon investments until royalty funding has been completed or the agreement 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, Hodson and Hexagon investment agreements to fund up to an additional $21,800,000 and $15,500,000 and $22,500,000 respectively. The commitments are conditional upon the meeting of certain operational milestones as set out in the investment agreements.

The Corporation anticipates it will meet its share of joint venture obligations using current cash and any future royalty income distributed from GBR.

The final value of royalties assigned to GBR under the Apex agreement was designed to be determined six months following the commercial operation date of underlying royalty projects. Upon redemption of the royalty investment agreement between Apex and GBR, a true-up mechanism was agreed to be used in the event that the provisional estimates for the value of the royalties used in determining the redemption payment differ from the actual final determined value of received royalties. The true-up mechanism is based on the same valuation methodology that would have been used if the redemption did not occur. Three royalties were created under the Apex agreement prior to the redemption. Although the Apex originated Jayhawk and Young Wind projects have been in operation for more than 6 months and their individual valuations determined in accordance with the agreement, GBR and Apex have agreed to complete one final true-up calculation after the El Sauz project achieves 6 months of operations. Based on the final valuation Apex may owe a cash payment to the Joint Venture, or vice versa. As of the date of this MD&A, the amount is indeterminate, and no amount is reflected herein. The Corporation does not expect the adjustment to be significant.

Off Balance Sheet Arrangements

The Corporation does not have any off balance sheet arrangements.

Related Party Transactions

Altius Minerals Services Agreement

The Corporation and Altius entered into a services agreement dated January 15, 2021 pursuant to which Altius will provide office space, management, and administrative services, including the services of certain executives to the Corporation for a monthly fee of C$50,000 plus applicable taxes beginning on February 1, 2021, which amount was calculated on a cost recovery basis, and will be reviewed and adjusted by agreement of the parties, if necessary. The fees are reviewed annually by the independent directors of the Corporation. Altius is also entitled to be reimbursed for reasonable out-of-pocket costs it incurs directly for the Corporation. Either the Corporation or Altius may terminate the Altius Minerals Services Agreement on 60 days' written notice to the other and in other prescribed circumstances, including in certain events of insolvency and if there is a violation of the confidentiality and non-use obligations set forth in the agreement.

During the year ended December 31, 2023 Altius billed the Corporation $509,000 (C$690,000) (December 31, 2022 - $526,000 (C$690,000)) for office space, management, and administrative services. At December 31, 2023 and 2022 the balance owing to Altius is $nil.

GBR Services Agreement

GBR I, LLC and Altius entered into the GBR Services Agreement on October 11, 2020 pursuant to which Altius agreed to provide GBR with certain back office services including bookkeeping, accounting, treasury services as well as other services as needed to GBR. Altius will also invoice GBR for certain direct costs that it incurs on GBR's behalf.

During the year ended December 31, 2023 Altius billed GBR $90,000 (December 31, 2022 - $90,000) for finance and administrative services. At December 31, 2023 and 2022 the balance owing to Altius is $nil.

GBR-ARR Services Agreement

GBR and the Corporation entered into the GBR-ARR Services Agreement pursuant to which GBR has agreed to provide certain services to the Corporation for support services, including communications with shareholders and stakeholders of the Corporation, review of public disclosure documents, assistance with the preparation of reports to the Board, attendance at Board meetings and such other services reasonably requested by ARR. As consideration for the services, the Corporation shall pay GBR a daily rate ranging from $800 to $2,000 for each individual providing services to the

Corporation under the GBR-ARR Services Agreement. The GBR-ARR Services Agreement also stipulates the maximum amount of time per employee that may be spent on various services under the GBR-ARR Services Agreement.

During the year ended December 31, 2023 GBR billed the Corporation $69,000 (December 31, 2022 - $56,000) for support services. At December 31, 2023 and 2022 the balance owing to GBR is $nil.

Other

During the year ended December 31, 2023 the Corporation paid salaries and benefits to directors of $115,000 (December 31, 2022 - $169,000) and recognized share-based compensation of $344,000 (December 31, 2022 – $320,000).

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.

Material Accounting Policies

The preparation of financial statements in accordance with IFRS requires management to establish accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities and the reported amounts of revenues and expenses during the reporting period. All of the Corporation's material accounting policies are described in Note 2 to the annual consolidated financial statements for the year ended December 31, 2023. The Corporation has not adopted any new accounting policies during the year ended December 31, 2023. Certain of the Corporation's material accounting policies are as follows:

Impairment of interest in joint venture

At each reporting date the carrying amount of the Corporation's interest in joint venture is reviewed to determine whether there is any indication that the asset is impaired. If an impairment indicator exists, the Corporation then must determine its recoverable amount. The recoverable amount is the greater of (i) fair value less costs of disposal and (ii) value in use, determined using the present value of future cash flows expected to be derived from the asset.

In assessing value in use, the estimated future cash flows are discounted to their present value, using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the consolidated statement of loss. If an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in impairment in the consolidated statement of loss.

Investments

On initial recognition, the Corporation may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive earnings. The cumulative gain or loss is not reclassified to the consolidated statement of loss on disposal of the equity investments, instead it is transferred within another component of equity.

Investments in associates over which the Corporation exercises significant influence are accounted for using the equity method. Under this method, the Corporation's share of the associate's earnings or losses is included in the consolidated statement of loss and other comprehensive earnings and the carrying amount of the investment is adjusted by a like amount.

Impairment of renewable royalty interests

At each reporting date the carrying amounts of renewable royalty interests are reviewed to determine whether there is any indication that those assets are impaired. If an impairment indicator exists, the Corporation then must determine its recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use, which is the present value of future cash flows expected to be derived from the asset.

In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the consolidated statements of loss. If an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in impairment in the consolidated statements of loss.

Revenue recognition

Royalty and investment income is recognized when either the underlying renewable asset generates energy, or receives payment for generated energy and other revenue streams of the asset subject to the royalty, the amount can be reliably measured, it is probable that the economic benefits associated with the transaction will flow to the Corporation and the costs incurred or to be incurred in respect of the transaction can be reliably measured. Interest income is recognized on an accrual basis. Management fee revenue for office administration and support is recognized when a customer obtains control of promised services in an amount that reflects the consideration the Corporation expects to receive in exchange for those goods and services. The Corporation determined that royalty income is not in scope of IFRS 15 as it does not meet the criteria for contract with a customer.

Intangible assets – renewable royalty interests

Renewable royalty interests acquired are recognized separately from goodwill if the asset is separable or arises from contractual or legal rights. These intangible assets are also recognized when acquired individually or with a group of other assets. Royalty interests are initially recorded at their estimated fair value. Intangible assets with a finite life are amortized on a straight-line basis over their useful economic lives of 17-30 years as appropriate, upon commencement of commercial operations, with the amortization expense included in the consolidated statements of loss. Intangible assets that are not yet ready for use are not amortized until commencement of commercial operations. All intangible assets are reviewed for impairment indicators at each reporting period. The useful lives are reviewed at each reporting period to ensure no adjustments to amortization basis are needed. The Corporation has no identifiable intangible assets for which the expected useful lives are indefinite.

Critical Accounting Estimates

Areas requiring the use of management estimates include share based compensation including inputs to calculate such as interest rates and volatility, useful lives assessment for amortization and depletion of the renewable royalty interests, deferred income taxes and the consideration that deferred tax assets recorded meet the criteria for recognition, and the assumptions used in the determination of the fair value measurement and valuation process for investments in which there is no publicly traded market including key inputs, significant unobservable inputs and the relationship and sensitivity of those inputs to fair value. Details of the Corporation's critical accounting estimates can be found in Note 3 of the annual consolidated financial statements.

Income taxes

The Corporation has available unused operating losses and temporary timing differences as disclosed in Note 5 to the consolidated financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that all or part of the related tax benefit will be realized.

Investments in joint ventures

The Corporation has the ability to jointly control the relevant activities of these joint arrangements and has classified these investments as a joint venture in (Note 4) of the Consolidated Financial Statements. The Corporation's joint venture holds renewable royalty interests and investments in renewable royalties. The amortization of renewable royalty interests is recorded straight line over the expected life of the asset. The investments in operational stage renewable royalties are recorded at fair value and, considering the longevity of the projects, the Corporation has determined that any investment income is a return on investment and is therefore recorded in earnings. Cash distributions received from the investments in developmental stage renewable royalties are expected primarily to be return on capital, whereas any royalty distributions are expected to be return of capital. The estimates used for amortization and fair value affect the related amount of the equity pickup and the assessment of the recoverability of the carrying value of the investments in joint venture.

Fair value measurements and valuation processes

If certain of the Corporation's assets and liabilities are measured at fair value, at each reporting date the Corporation determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Corporation uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Corporation uses an income approach valuation methodology such as discounted cash flows and net present valuation calculations. When an income approach is not possible or the purchase is recent, the Corporation uses cost as a proxy for fair value.

The Corporation's joint venture holds investments in certain preferred shares (Note 4 of the Consolidated Financial Statements) that will (i) have the right to receive distributions based on a percentage of the gross revenues of the renewable assets associated with each investment /or (ii) yield distributions in the form of cash or royalty contracts on renewable energy projects at a future date. The joint venture also has the right to be granted gross revenue royalties on a portfolio of renewable energy projects or cash proceeds from the sale of renewable energy projects from the portfolio until the estimated value of the cash and such royalties at the time of commercial operations achieve a minimum return threshold on the investment. The number of royalties to be granted is dependent on pricing, timing of permits, and construction timing of commercial operations, technology, size of the project, cash distributed, and expected energy rates.

These investments are not traded in the active market and the fair value is determined using an income approach methodology primarily 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 or the royalty contracts to be granted in exchange. The valuations of these private equity investments can be sensitive to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year. Further information on unobservable inputs and related qualitative analysis are provided in Note 10. The Corporation records its share of fair value changes in these investments through other comprehensive earnings.

During the three months and year ended December 31, 2023 the Corporation recorded revaluation gains on investments held in joint venture of $14,458,000 and $18,313,000 respectively. The Corporation recognized revaluation gains on investments held in joint venture of $499,000 and $11,852,000 for the comparable periods in 2022.

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.

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.

Internal Control over Financial Reporting

Management is responsible for the establishment and maintenance of a system of internal control over financial reporting. This system has been designed to provide reasonable assurance that assets are safeguarded and that the financial reporting is accurate and reliable. The certifying officers have evaluated the effectiveness of the Corporation's internal control over financial reporting as of December 31, 2023 and have concluded that such controls are adequate and effective to ensure accurate and complete financial reporting in public filings. The consolidated financial statements have been prepared by management in accordance with IFRS and in accordance with accounting policies set out in the notes to the consolidated financial statements for the year ended December 31, 2023. There has been no change in the Corporation's internal control over financial reporting during the year ended December 31, 2023, that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Evaluation and Effectiveness of Disclosure Controls and Procedures

The Corporation has established and maintains disclosure controls and procedures over financial reporting. The certifying officers have evaluated the effectiveness of the issuer's disclosure controls and procedures as of December 31, 2023 and have concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in public filings. There are inherent limitations in all control systems and no disclosure controls and procedures can provide complete assurance that no future errors or fraud will occur. An economically feasible control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Risk Factors

An investment in securities of the Corporation involves a significant degree of risk that should be considered prior to making an investment decision. In addition to discussions of key success factors and business issues elsewhere in this MD&A, the investor should consider risk factors. Please refer to the Corporation's Annual Information Form ("AIF") for the year ended December 31, 2023 for a complete listing of risk factors specific to the Corporation.

Financial instrument Risk

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, where the exposure is deemed too high, the Corporation may enter into derivative contracts to reduce this exposure. The Corporation does not utilize derivative financial instruments for trading or speculative purposes. A summary of the major financial instrument risks and the Corporation's approach to the management of these risks are included below.

Credit risk

Credit risk is the risk that a third party might fail to fulfill its performance obligations under the terms of a financial instrument. Credit risk arises from cash and cash equivalents and receivables. The Corporation closely monitors its financial assets, including the receivables from royalty operators who are responsible for remitting royalty income.

The Corporation's cash and cash equivalents are held in fully segregated accounts and include only Canadian and US dollar instruments. The Corporation does not expect any liquidity issues or credit losses on these instruments.

Foreign currency risk

The Corporation has a portion of its cash denominated in Canadian dollars for certain working capital items and corporate costs. The Corporation does not enter into any derivative contracts to reduce this exposure and maintains limited balances in other currencies. Foreign currency gains of $30,000 and $300,000 were recognized for the years ended December 31, 2023 and 2022 respectively.

Liquidity risk

The Corporation has adequate working capital, expected future cash flows from its joint venture and continues to explore external funding options and believes that it is able to meet current and future obligations. This conclusion could change with a significant change in the operations of the Corporation or as a result of other developments. The Corporation's joint venture has adequate working capital and expected future cash flows from its royalties and royalty investments and believes that it is able to meet current and future obligations, specifically with respect to the recent credit financing. This conclusion could change with a significant change at the operations of GBR which would require additional financial support from the Corporation and the other joint venture partner, Apollo.

Other price risk

The value of the Corporation's investments is exposed to fluctuations in price depending on a number of factors, including general market conditions, company-specific operating performance, commodity prices, and the success of the sale of projects. The Corporation does not utilize any derivative contracts to reduce this exposure.

Interest rate risk

The Corporation is indirectly exposed to interest rate risk on debt in the joint venture. This risk is managed by monitoring debt balances, entering into hedging transactions and making discretionary payments. The joint venture has a floating to fixed interest rate swap to manage the interest rate risk of its debt balance.

The Corporation's cash and cash equivalents may fluctuate in value depending on the market interest rates and the time to maturity of the instruments. The Corporation manages this risk by limiting the maximum term to maturity on invested funds or holding the investments to maturity.

Outstanding Share Data

At March 6, 2024, the Corporation had 30,787,607 Common Shares outstanding, 3,093,835 warrants outstanding and 1,114,397 stock options outstanding.

Non-GAAP Financial Measures

Management uses certain Non-GAAP Financial Measures to monitor the financial performance of the Corporation and believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and/or evaluate the results of its underlying business. These measures are intended to provide additional information, not to replace International Financial Reporting Standards (IFRS) measures, and do not have a standard definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. As these measures do not have a standardized meaning, they may not be comparable to similar measures provided by other companies.

The non-GAAP financial measures are reconciled to the most directly comparable IFRS measure in the sections below.

Proportionate revenue

Proportionate revenue is defined by the Corporation as total revenue and other income from the consolidated financial statements plus the Corporation's proportionate share of revenue in the Joint Venture. Proportionate royalty revenue is the proportionate share of total royalty revenue in the Joint Venture. The Corporation's key decision makers use proportionate royalty revenue as a basis to evaluate the business performance. The Joint Venture revenue and general and administrative costs are not reported gross in the consolidated statement of loss since they are generated in a joint venture in accordance with IFRS 11 Joint Arrangements which requires net reporting as an equity pick up. Management uses proportionate revenue to reflect the Corporation's economic interest in its operations prior to the application of equity accounting to help allocate financial resources and provide investors with information that it believes is useful in understanding the scope of its business, irrespective of the accounting treatment. Details of the Joint Venture's operations are disclosed in Note 4 to the Corporation's consolidated financial statements.

The table below reconciles proportionate revenue to revenue in the consolidated financial statements.

Reconciliation to non-GAAP financial measures Proportionate revenue	Three months ended		Year ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
IFRS revenue per consolidated financial statements	$ 972,000	$ 372,000	$ 2,665,000	$ 781,000
Adjust: joint venture revenue[1]	1,343,000	862,000	5,269,000	3,639,000
Proportionate revenue	$ 2,315,000	$ 1,234,000	$ 7,934,000	$ 4,420,000
Joint venture revenue consists of				
Northleaf Investment	$ 1,020,000	$ 1,040,000	$ 4,367,000	$ 5,322,000
Titan	579,000	216,000	2,064,000	216,000
Prospero 2	277,000	284,000	1,081,000	964,000
SPP Wind	363,000	66,000	1,481,000	274,000
ERCOT Wind	311,000	31,000	1,204,000	31,000
Interest	53,000	4,000	97,000	4,000
Other	83,000	83,000	244,000	467,000
GBR revenue, 100% basis	$ 2,686,000	$ 1,724,000	$ 10,538,000	$ 7,278,000
GBR revenue, 50% basis	$ 1,343,000	$ 862,000	$ 5,269,000	$ 3,639,000

[1] *The Corporation's proportionate share of GBR for each reporting period*

Adjusted EBITDA

Adjusted EBITDA is defined by the Corporation as net earnings (loss) before taxes, amortization, interest, non-recurring items, non-cash amounts such as foreign exchange, losses and gains, and share based compensation. The Corporation also adjusts earnings in joint ventures to reflect our proportionate share of EBITDA on those joint ventures which exclude amortization of royalty interests as well as adjusting for any one time items. Adjusted EBITDA is a useful measure of the performance of our business, especially for demonstrating the impact that EBITDA in joint ventures have on the overall business. Management uses adjusted EBITDA to determine the cash generated in a given period that will be available to fund the Corporation's future operations, growth opportunities, shareholder dividends and to service debt obligations as well as to provide a level of comparability to similar entities. Management believes adjusted EBITDA provides useful information to investors in evaluating the Corporation's operating results in the same manner as Management and the Board of Directors.

The table below reconciles net earnings (loss) per the consolidated financial statements to adjusted EBITDA:

Reconciliation to non-GAAP financial measures Adjusted EBITDA	Three months ended December 31, 2023	Three months ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2022
Loss before income taxes	$ (226,000)	$ (618,000)	$ (1,494,000)	$ (690,000)
Addback (deduct):				
Share-based compensation	30,000	40,000	344,000	320,000
Foreign currency (gain)	(27,000)	(317,000)	(30,000)	(300,000)
Loss (earnings) from joint ventures	691,000	779,000	1,742,000	(521,000)
GBR EBITDA (2)	547,000	172,000	3,203,000	2,021,000
Adjusted EBITDA	$ 1,015,000	$ 56,000	$ 3,765,000	$ 830,000
GBR EBITDA (1)				
Net (loss) earnings	(1,382,000)	(1,560,000)	(3,484,000)	1,041,000
Addback (deduct):				
Amortization	434,000	222,000	1,802,000	864,000
Interest on long-term debt	1,680,000	–	1,680,000	–
Share of loss in associates	362,000	1,644,000	6,540,000	2,137,000
Gain on disposal of Geothermal wells	–	–	(132,000)	–
Other adjustments	–	38,000	–	–
GBR Adjusted EBITDA, 100%	$ 1,094,000	$ 344,000	$ 6,406,000	$ 4,042,000
GBR Adjusted EBITDA, 50% (2)	$ 547,000	$ 172,000	$ 3,203,000	$ 2,021,000

(1) Refer to note 4 - Consolidated Financial Statements

(2) The Corporation's proportionate share of GBR for each reporting period

Adjusted operating cash flow

Adjusted operating cash flow is defined as cash provided (used in) in operations in the consolidated financial statements adjusted for the Corporation's proportionate share of cash flows from operations in the Joint Venture. Adjusted operating cash flow is a useful measure of performance of our business and management believes this information can be used by investors to analyze cash flows generated from operations irrespective of accounting treatment. This measure reflects the Corporation's economic interest in its operations prior to the application of equity accounting.

The table below reconciles adjusted operating cash flow to operating cash flow in the consolidated financial statements:

Adjusted operating cash flow	Three months ended December 31, 2023	Three months ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2022
Operating cash flow per consolidated financial statements	$ 614,000	$ 443,000	$ 449,000	$ (1,172,000)
Addback:				
GBR operating cash flow[2]	$ 730,000	$ 186,000	$ 2,537,000	$ 1,335,000
Adjusted operating cash flow	$ 1,344,000	$ 629,000	$ 2,986,000	$ 163,000
GBR operating cash flow[1]				
GBR operating cash flow, 100%	$ 1,459,000	$ 372,000	$ 5,073,000	$ 2,670,000
GBR operating cash flow, 50%	$ 730,000	$ 186,000	$ 2,537,000	$ 1,335,000

(1) Refer to note 4 - Consolidated Financial Statements

(2) The Corporation's proportionate share of GBR for each reporting period

The table below reconciles both non-GAAP financial measures above using the financial statements of both ARR and the GBR Joint Venture (see Note 4 to the Corporation's consolidated financial statements).

Reconciliation to non-GAAP financial measures Proportionate revenue and Adjusted EBITDA	Three months ended December 31, 2023				Three months ended December 31, 2022			
	ARR[1]	GBR[2]	Elimination of Partner's 50%	Total	ARR[1]	GBR[2]	Elimination of Partner's 50%	Total
Revenue								
Interest	$ 972,000	$ 53,000	$ (26,000)	$ 999,000	$ 372,000	$ 4,000	$ (2,000)	$ 374,000
Royalty	–	2,633,000	(1,317,000)	1,316,000	–	1,720,000	(860,000)	860,000
Proportionate revenue	$ 972,000	$ 2,686,000	$ (1,343,000)	$ 2,315,000	$ 372,000	$1,724,000	$ (862,000)	$ 1,234,000
Adjusted EBITDA	$ 468,000	$ 1,094,000	$ (547,000)	$ 1,015,000	$ (116,000)	$ 344,000	$ (172,000)	$ 56,000
Adjusted operating cash flow	$ 614,000	$ 1,459,000	$ (729,000)	$ 1,344,000	$ 443,000	$ 372,000	$ (186,000)	$ 629,000

Reconciliation to non-GAAP financial measures Proportionate revenue and Adjusted EBITDA	Year ended December 31, 2023				Year ended December 31, 2022			
	ARR[1]	GBR[2]	Elimination of Partner's 50%	Total	ARR[1]	GBR[2]	Elimination of Partner's 50%	Total
Revenue								
Interest	$2,665,000	$ 97,000	$ (48,000)	$ 2,714,000	$ 781,000	$ 4,000	$ (2,000)	$ 783,000
Royalty	–	10,441,000	(5,221,000)	5,220,000	–	7,274,000	(3,637,000)	3,637,000
Proportionate revenue	$2,665,000	$ 10,538,000	$ (5,269,000)	$ 7,934,000	$ 781,000	$7,278,000	$ (3,639,000)	$ 4,420,000
Adjusted EBITDA	$ 562,000	$ 6,406,000	$ (3,203,000)	$ 3,765,000	$ (1,191,000)	$4,042,000	$ (2,021,000)	$ 830,000
Adjusted operating cash flow	$ 449,000	$ 5,073,000	$ (2,536,000)	$ 2,986,000	$ (1,172,000)	$2,670,000	$ (1,335,000)	$ 163,000

[1] *As per the Corporation's Consolidated Financial Statements*

[2] *Represents GBR on a 100% basis as per Note 4 of the Corporation's Consolidated Financial Statements*

Appendix A – Summary of Operating and Construction Stage Renewable Energy Royalties

Table 1 - Operating Royalties

Project	Location	Project Seller	Renewable Energy Source	Project Owner/ Developer	Facility Size (MWac)	Grid Connection	Status	Royalty Basis
Hansford County	Texas (USA)	Apex	Wind	Undisclosed	658	SPP	Operational	Fixed(1)
Young Wind	Texas (USA)	Apex	Wind	NextEra Energy Resources	500	ERCOT	Operational	2.5% of revenue
Prospero 2	Andrews County, Texas (USA)	-	Solar	Longroad Energy	250	ERCOT	Operational	Variable(2)
Jayhawk	Crawford and Bourboun County, Kansas (USA)	Apex	Wind	WEC Energy / Invenergy	195	SPP	Operational	2.5% of revenue
Appaloosa	Upton County, Texas (USA)	TGE	Wind	NextEra Energy Resources	175	ERCOT	Operational	1.5% of revenue
Old Settler(3)	Floyd County, Texas (USA)	-	Wind	Northleaf Capital	150	ERCOT	Operational	Variable(2)
Titan Solar	California (USA)	Sunpin	Solar	Longroad Energy	70	CAISO	Operational	Variable(2)
Cotton Plains(3)	Floyd County, Texas (USA)	-	Wind	Northleaf Capital	50	ERCOT	Operational	Variable(2)
Phantom(3)	Bell County, Texas (USA)	-	Solar	Northleaf Capital	15	DND	Operational	Variable(2)
Clyde River	Orleans County, Vermont (USA)	-	Hydro	Gravity Renewables	5	ISO New England	Operational	10% of revenue
Canyon Wind	Texas (USA)	TGE	Wind	NextEra Energy	308	ERCOT	Operational	2.4% of revenue(4)

Table 2 - Royalties Under Construction

Project	Location	Project Seller	Renewable Energy Source	Project Owner/ Developer	Facility Size (MWac)	Grid Connection	Status	Expected COD(5)	Royalty Basis
El Sauz	Willacy County, Texas (USA)	Apex	Wind	JERA Renewables	300	ERCOT	Construction	Q2 2024	2.5% of revenue
Angelo Solar	Tom Green County, Texas (USA)	Apex	Solar	Apex	195	ERCOT	Construction	Q2 2024	Variable(6)
Panther Grove I	Illinois (USA)	TGE	Wind	Copenhagen Infrastructure Partner	400	PJM	Construction	2025/2026	3% of revenue

(1)Fixed Rate per MWh, see Press Release dated 12/20/2022

(2)Royalties with variable rates adjust under certain conditions, guaranteeing a minimum return threshold under certain timelines, after which a lower royalty percentage is applied

(3)While Old Settler Wind Project, Cotton Plains Wind Project, and Phantom Solar Project are three separate projects, GBR's investment was under one agreement, which includes the three projects as a single portfolio

(4)Canyon sliding scale royalty between 2-3%, see ARR press release 06/29/2022

(5)Expected COD based on internal assumptions and not detailed knowledge of construction date

(6)Royalties with variable rates adjust under certain conditions, guaranteeing a minimum return threshold under certain timelines, after which a lower royalty percentage is applied

Appendix B – Summary of Development Wind Properties Under Royalty

Project	Location	Renewable Energy Source	Project Owner/ Developer	Facility Size (MWac)	Grid Connection	Status	Expected COD[1]	Royalty Basis
Blackford Wind	Indiana	Wind	Leeward	200	PJM	Development	2025+	3% of revenue
Vermillion Grove Wind	Illinois	Wind	Enbridge[2]	255	PJM	Development	2025+	3% of revenue
Hoosier Line[3]	Indiana	Wind	Leeward	180	PJM	Development	2025+	3% of revenue
Shannon Wind	Illinois	Wind	Enbridge[2]	150	PJM	Development	2025+	3% of revenue
Sugar Loaf Wind	Nebraska	Wind	Enbridge[2]	150	SPP	Development	2025+	3% of revenue
Wyoming I	Wyoming	Wind	Enbridge[2]	250	WECC	Development	2025+	3% of revenue
Easter	Texas	Wind	Enbridge[2]	300	SPP	Development	2025+	3% of revenue
Cone/Crosby III	Texas	Wind	Enbridge[2]	300	SPP	Development	2026+	3% of revenue
Water Valley Wind	Texas	Wind	Enbridge[2]	150	ERCOT	Development	2026+	3% of revenue

Note: Sum of wind and solar early-stage development projects related to Enbridge acquisition is 15 compared to 17 referenced in the Material Change Report filed Oct 5 2022 (see SEDAR) because of two multi-phase projects

[1] *Expected COD based on internal assumptions and not detailed knowledge of construction date*

[2] *Developer TGE was acquired by Enbridge, see ARR press release on 09/29/2022*

[3] *Project may be converted to solar*

Appendix C – Summary of Development Solar Properties Under Royalty

Project	Location	Renewable Energy Source	Project Owner/ Developer	Facility Size (MWac)	Grid Connection	Status	Expected COD[1]	Royalty Basis
Blackford Solar	Indiana	Solar	Leeward	150	PJM	Development	2025+	1.5% of revenue
Lawrence Solar	Pennsylvania	Solar	Enbridge[2]	175	PJM	Development	2025e+	1.5% of revenue
Honey Creek	Indiana	Solar	Leeward	400[3]	PJM	Development	2025+	1.5% of revenue
Gloucester Solar	Virginia	Solar	Enbridge[2]	150	PJM	Development	2025+	1.5% of revenue
Vermillion Solar	Illinois	Solar	Enbridge[2]	150	PJM	Development	2025+	1.5% of revenue
Cadillac Solar - Deville	Texas	Solar	Enbridge[2]	350	ERCOT	Development	2025+	1.5% of revenue
Cadillac Solar - El Dorado	Texas	Solar	Enbridge[2]	400	ERCOT	Development	2025+	1.5% of revenue
Flatland	Texas	Solar	TBA	180	ERCOT	Development	2025+	1.5% of revenue equiv[4]
3 Early Stage TGE Projects	Western USA	Solar	Enbridge[2]	1011	WECC	Development	TBA	1.5% of revenue

Note: Sum of wind and solar early-stage development projects related to Enbridge acquisition is 15 compared to 17 referenced in the Material Change Report filed Oct 5 2022 (see SEDAR) because of two multi-phase projects

[1] *Expected COD based on internal assumptions and not detailed knowledge of construction date*

[2] *Developer TGE was acquired by Enbridge, see ARR press release on 09/29/2022*

[3] *Facility size may be completed in phases*

[4] *Flatland fixed payments equivalent to 1.5%, see ARR press release 06/29/2022*