



Altius Renewable Royalties Corp.

Condensed Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

(unaudited)

CONDENSED CONSOLIDATED BALANCE SHEETS

Unaudited, Expressed in United States Dollars, rounded to the nearest hundred	Note	As at	
		March 31, 2021	December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents	\$	73,781,600	\$ 19,200
Accounts receivable and prepaid expenses		512,700	279,900
	\$	74,294,300	\$ 299,100
Non-current assets			
Interest in joint venture	4	76,994,600	71,234,400
	\$	76,994,600	\$ 71,234,400
TOTAL ASSETS	\$	151,288,900	\$ 71,533,500
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		1,367,200	259,900
Related party loan	7	172,400	164,500
	\$	1,539,600	\$ 424,400
Non-current liabilities			
Deferred tax liability	5	2,392,900	840,000
	\$	2,392,900	\$ 840,000
TOTAL LIABILITIES	\$	3,932,500	\$ 1,264,400
EQUITY			
Shareholders' equity	6	147,356,400	70,269,100
	\$	147,356,400	\$ 70,269,100
TOTAL LIABILITIES AND EQUITY	\$	151,288,900	\$ 71,533,500

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF LOSS

Unaudited, Expressed in United States Dollars, rounded to the nearest hundred, except per share amounts	Note	Three months ended	
		March 31, 2021	March 31, 2020
Revenue and other income			
Royalty		\$ -	\$ 45,000
Management fee		-	6,000
Interest		2,500	1,100
		\$ 2,500	\$ 52,100
Costs and Expenses			
Share based compensation		130,500	-
Management services	7	84,000	-
Salaries and director fees		67,200	244,100
Office and administrative		51,200	26,100
Professional fees		18,400	78,400
Amortization of intangible asset	4	-	131,800
Amortization of renewable royalty interests	4	-	27,800
Travel and accommodations		-	14,900
Foreign exchange (gain) loss		(208,700)	1,600
		\$ 142,600	\$ 524,700
Loss before the following		(140,100)	(472,600)
Dilution gain on issuance of equity in joint venture	4	283,000	-
Share of loss in joint ventures	4	(437,400)	-
Loss before income taxes		(294,500)	(472,600)
Income tax recovery	5	(163,600)	-
Net loss		\$ (130,900)	\$ (472,600)
Loss per share			
Basic and diluted	6	\$ (0.01)	\$ (0.08)

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

Unaudited, Expressed in United States Dollars, rounded to the nearest hundred	Note	Three months ended	
		March 31, 2021	March 31, 2020
Net loss	\$	(130,900)	\$ (472,600)
Other comprehensive earnings			
To not be classified subsequently to profit or loss			
Share of unrealized gain on investments held in joint venture			
Gross amount	4 \$	5,914,600	-
Tax effect		(1,716,400)	-
Net amount	\$	4,198,200	\$ -
Total other comprehensive earnings	\$	4,198,200	\$ -
Total comprehensive earnings (loss)	\$	4,067,300	\$ (472,600)
<i>See accompanying notes to the Condensed Consolidated Financial Statements</i>			

CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited, Expressed in United States Dollars, rounded to the nearest hundred	Note	Three months ended	
		March 31, 2021	March 31, 2020
Operating activities			
Net loss		\$ (130,900)	\$ (472,600)
Share based compensation		130,500	-
Income tax recovery	5	(163,600)	-
(Gain) on dilution of joint venture	4	(283,000)	-
Share of loss of joint venture	4	437,400	-
Amortization of intangible asset		-	131,800
Amortization of renewable royalty interests		-	27,800
		121,300	159,600
Changes in non-cash operating working capital			
Decrease (increase) in accounts receivables and prepaid expenses		(232,800)	22,200
(Decrease) increase in accounts payable and accrued liabilities		(15,400)	410,500
Changes in non-cash operating working capital		\$ (248,200)	\$ 432,700
		\$ (257,800)	\$ 119,700
Financing activities			
Proceeds on issuance of common shares (net of share issuance of costs of \$5,231,200)	6	74,012,300	41,500,000
Proceeds from related party loan	7	7,900	178,800
		\$ 74,020,200	\$ 41,678,800
Investing activities			
Investment in TGE		-	(3,500,000)
Investment in Apex Clean Energy		-	(35,457,100)
		\$ -	\$ (38,957,100)
Net increase in cash and cash equivalents		73,762,400	2,841,400
Cash and cash equivalents, beginning of period		19,200	196,100
Cash and cash equivalents, end of period		\$ 73,781,600	\$ 3,037,500

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited, Expressed in United States Dollars, except per share amounts	Note	Common Shares		Other Equity	Accumulated Other	Deficit	Total Shareholders' Equity
		Number	Amount	Reserves	Comprehensive Income		
Balance, December 31, 2019		4,063,775	\$ 16,188,700	\$ -	\$ -	\$ (1,510,900)	\$ 14,677,800
Net (loss) and comprehensive earnings January 1 to March 31, 2020		-	-	-	-	(472,600)	(472,600)
Common shares issued		10,375,000	41,500,000	-	-	-	41,500,000
Balance, March 31, 2020		14,438,775	57,688,700	-	-	(1,983,500)	55,705,200
Net (loss) and comprehensive earnings April 1 to December 31, 2020		-	-	-	4,640,400	(1,502,800)	3,137,600
Common shares issued		2,281,114	9,124,500	-	-	-	9,124,500
Share-based compensation		-	-	1,346,500	-	-	1,346,500
Warrants issued		-	-	955,300	-	-	955,300
Balance, December 31, 2020		16,719,889	\$ 66,813,200	\$ 2,301,800	\$ 4,640,400	\$ (3,486,300)	\$ 70,269,100
Net (loss) and comprehensive earnings January 1 to March 31, 2021		-	\$ -	\$ -	\$ 4,198,200	\$ (130,900)	\$ 4,067,300
Share-based compensation		-	-	130,500	-	-	130,500
Common shares issued	6	9,100,000	79,243,500	-	-	-	79,243,500
Share issuance costs	6	-	(6,354,000)	-	-	-	(6,354,000)
Balance, March 31, 2021		25,819,889	\$ 139,702,700	\$ 2,432,300	\$ 8,838,600	\$ (3,617,200)	\$ 147,356,400

See accompanying notes to Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Altius Renewable Royalties Corp. (“ARR” or the “Corporation”) is a renewable energy royalty company that invests in renewable energy developers and originators, through its joint venture. The investments generate a gross revenue royalty on a renewable energy project upon the sale of such project. The Corporation was created on November 13, 2018 as Blue Sky Renewable Royalties Corp. and subsequently changed its name on February 2, 2019. The Corporation indirectly holds royalty investments related to a portfolio of more than 1,800 megawatts (MW) of development stage and construction stage wind energy projects located in Texas, Nebraska, Indiana, and Illinois, as well as a producing hydro-electric and solar energy royalty. At March 31, 2021, TSX listed Altius Minerals Corporation (“Altius” or “the Parent”) owned 61% of the Corporation.

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

These condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors May 6, 2021.

2. BASIS OF PRESENTATION

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

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND PRONOUNCEMENTS

These condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2020 with the exception of amendments noted below with an initial application date of January 1, 2021. The Corporation has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

4. INTEREST IN JOINT VENTURES

Expressed in United States Dollars, rounded to the nearest hundred	Note	GBR, LLC
Balance, December 31, 2019	\$	-
Equity interest on loss of control of subsidiary		69,810,300
Share of loss in joint venture		(273,500)
Unrealized gains on investments ⁽¹⁾		1,471,000
Dilution gain		226,600
Balance, December 31, 2020	\$	71,234,400
Share of loss in joint venture		(437,400)
Unrealized gains on investments ⁽¹⁾		5,914,600
Dilution gain		283,000
Balance, March 31, 2021	\$	76,994,600

(1) Recognized through other comprehensive earnings

The Corporation accounts for its interest in GBR as a joint venture and equity accounts for 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 any unrealized gains and losses relating to revaluation of those investments are recorded in the Corporation's other comprehensive earnings.

On October 11, 2020, the Corporation, through a newly created subsidiary Altius GBR Holdings, entered into a strategic relationship with certain funds (the "Apollo Funds") managed by affiliates of Apollo Global Management, Inc. ("Apollo") to accelerate the growth of its innovative renewable energy royalty business. Under the agreement structure the Apollo Funds will have the right to solely fund the next \$80 million in approved investment opportunities in GBR in exchange for a 50% ownership in the GBR joint venture formed and domiciled in Delaware, USA, with opportunities thereafter funded equally by the Apollo Funds and the Corporation with an equally shared governance structure. The GBR joint venture owns 100% of GBR, LLC. The capital of the GBR Joint Venture is divided into Class A Units issued to Altius GBR Holdings and Apollo and Class B Units issued to management of GBR. The Class B Units are not voting and carry no approval or consent rights other than certain actions disproportionately affecting the Class B Units. As at March 31, 2021 the Corporation's interest in GBR was diluted to 86% (December 31, 2020 – 89%) as a result of additional funding by Apollo and a dilution gain of \$283,000 was recorded in the consolidated statement of loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

A summary of assets, liability, income, expenses and cash flow of the joint venture based on financial information that is available is as follows, comparative amounts for the 81 day period ended December 31, 2020 reflect the period for which GBR was not consolidated:

Expressed in United States Dollars, rounded to the nearest hundred	GBR LLC.	
	As at March 31, 2021	As at December 31, 2020
Balance Sheets		
Current assets		
Cash	\$ 418,400	\$ 657,700
Other current assets	37,100	59,000
Non-current assets		
Royalty interests	2,333,400	2,361,200
Investment in TGE	43,561,700	38,164,200
Investment in APEX	39,979,200	35,466,800
Other non-current assets	926,500	1,058,400
Current liabilities		
Trade and other payables	\$ 172,700	\$ 197,800
	Three months ended	81 days ended
	March 31, 2021	December 31, 2020
Statement of Loss and Comprehensive Earnings		
Revenue		
Royalty income	\$ 32,300	\$ 49,200
Other revenue	68,400	60,000
Expenses		
General and administrative expense	\$ (449,200)	\$ (257,000)
Amortization	(159,600)	(159,600)
Net Loss	\$ (508,100)	\$ (307,400)
Other comprehensive earnings - unrealized gains on investments	6,870,600	1,653,600
Total comprehensive earnings	6,362,500	1,346,200
Statement of Cash Flows		
Operating activities	\$ (200,000)	\$ (40,600)
Investing activities	3,000,000	7,051,100
Financing activities	(3,039,300)	(7,080,200)
Net increase (decrease) in cash and cash equivalents	\$ (239,300)	\$ (69,700)
Cash and cash equivalents, beginning of period	657,700	727,400
Cash and cash equivalents, end of period	\$ 418,400	\$ 657,700

Joint Venture Agreement

The GBR joint venture received funds totalling \$3,000,000 from Apollo during the quarter ended March 31, 2021. To date, Apollo has invested \$12,930,500 of the \$80,000,000 based on the terms of the agreement.

Tri Global Energy LLC

During the three months ended March 31, 2021, using the proceeds received from Apollo, GBR invested an additional \$3,000,000 plus acquisition costs of \$37,500 based on the terms of the agreement with Tri Global Energy LLC. (December 31, 2020 - \$31,444,200 including acquisition costs of \$444,200). As at March 31, 2021, the total cost of the investment in TGE is \$34,481,700 (includes acquisition costs of \$481,700).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Apex Clean Energy

During the three months ended March 31, 2021, GBR incurred \$1,800 in acquisition costs based on the terms of the agreement with Apex Clean Energy (December 31, 2020 - \$35,466,800 including acquisition costs of \$466,800). As at March 31, 2021, the total cost of the investment in Apex is \$35,468,600 (includes \$468,600 of acquisition costs)

On March 1, 2021 ARR announced the creation of its first royalty in its jointly controlled entity, GBR, under the portfolio based royalty financing with Apex Clean Energy ("Apex"). GBR is entitled to receive a 2.5% royalty on the 190 MW Jayhawk Wind project in Crawford and Bourbon Counties, Kansas.

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

Expressed in United States Dollars, rounded to the nearest hundred	Note	As at December 31, 2020	Additions	As at March 31, 2021
Renewable royalty interests				
Neo Geothermal - Thermal	\$	389,000	\$ -	\$ 389,000
Clyde River - Hydro		2,185,000	-	2,185,000
Balance, end of period	4	\$ 2,574,000	\$ -	\$ 2,574,000
Accumulated amortization				
Neo Geothermal - Thermal	\$	44,200	\$ 5,800	\$ 50,000
Clyde River - Hydro		168,600	22,000	190,600
Balance, end of period	\$	212,800	\$ 27,800	\$ 240,600
Net book value	\$	2,361,200	\$ (27,800)	\$ 2,333,400

Key management compensation

During the three months March 31, 2021 GBR LLC paid compensation to key management personnel and directors of \$87,600 (March 31, 2020 - \$61,300) related to salaries and benefits.

Commitments

On January 29, 2021 GBR committed under a short term lease on office space including operating costs for future minimum lease payments of \$21,495 per annum until the lease expired in March 2024. GBR has applied the exemptions from IFRS 16 in relation to this lease.

GBR has committed to the TGE Investment, in tranches, a total of up to \$21,000,000 that is anticipated to be funded over the next two years as certain milestones are achieved under the TGE Investment.

GBR is committed under a consulting agreement to remit the following payments until royalty funding has been completed or the agreement terminated with respect to TGE and Apex:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

5. INCOME TAXES

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

Expressed in United States Dollars, rounded to the nearest hundred	March 31, 2021	December 31, 2020
Non capital loss carryforwards	\$ 663,900	\$ 545,300.00
Carrying value of investments in excess of tax values	(3,056,800)	(1,385,300)
	\$ (2,392,900)	\$ (840,000)

	March 31, 2021	December 31, 2020
Deferred tax liabilities	\$ (3,056,800)	\$ (1,385,300)
Deferred tax assets	663,900	545,300
Total deferred income tax	\$ (2,392,900)	\$ (840,000)

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

Expressed in United States Dollars, rounded to the nearest hundred	Three months ended	
	March 31, 2021	March 31, 2020
Current tax	\$ -	\$ -
Deferred tax	(163,600)	-
	\$ (163,600)	\$ -

6. SHAREHOLDERS EQUITY

Share capital

The Corporation is authorized to issue an unlimited number of one class of shares, designated as common shares.

On January 15, 2021, the Corporation filed articles of amendment and consolidated its common shares on the basis of one post-consolidation common share for every four pre-consolidation common shares. The consolidation was effected on January 15, 2021. The Corporation's number of issued and outstanding shares are retrospectively presented to reflect the 4:1 share consolidation.

Initial Public Offering

On January 19, 2021 the Corporation filed and obtained a receipt for a preliminary base PREP prospectus with the securities regulatory authorities in each of the provinces and territories of Canada for an initial public offering of 9,100,000 common shares (the "IPO"). On February 25, 2021, ARR filed and obtained a receipt for a final base PREP prospectus and filed a supplemented PREP prospectus.

On March 3, 2021 the Corporation completed its IPO of 9,100,000 common shares at a price of C\$11.00 per share for total gross proceeds of \$79,243,500 (C\$100,100,000). Share issuance costs of \$6,354,000 were recorded for net proceeds to the Corporation of \$72,889,500.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

The Corporation granted the underwriters of the IPO an over-allotment option which is exercisable at the underwriters' sole discretion at anytime, in whole or in part, from time to time, for a period of 30 days after closing of the IPO, to purchase at the IPO price, up to an additional 1,365,000 common shares to cover over-allotments, if any and for market stabilization purposes.

Net earnings (loss) per share

Basic and diluted net earnings (loss) per share were calculated using the weighted average number of common shares for the respective periods. The weighted average number of outstanding common shares used in the net earnings (loss) per share calculations reflect the 4:1 share consolidation of the Corporation's issued common shares which became effective on January 15, 2021.

	Three months ended	
	March 31, 2021	March 31, 2020
Basic and diluted	19,551,001	5,804,160

7. RELATED PARTY TRANSACTIONS

GBR Services Agreement

During the three months ended March 31, 2021, Altius Minerals Corporation billed GBR \$17,500 (March 31, 2020 - \$nil) for finance and administrative services.

Altius Minerals Services Agreement

During the three months ended March 31, 2021, Altius Minerals Corporation billed the Corporation \$79,400 (C\$100,000) (March 31, 2020 - \$nil) for office space, management, and administrative services.

GBR-ARR Services Agreement

During the three months ended March 31, 2021, GBR billed the Corporation \$68,400 (March 31, 2020 - \$nil) for initial public offering and post initial public offering support services. Of this amount, \$63,500 is included in share issuance costs.

Other

During the three months March 31, 2021 the Corporation received an advance of \$7,900 (March 31, 2020 - \$178,800) from its parent. At March 31, 2021, a balance of \$172,400 remains owing (December 31, 2020 - \$164,500).

During the three months ended March 31, 2021 the Corporation paid compensation to key management personnel and directors of \$67,200 (March 31, 2020 - \$99,300) related to salaries and benefits and included \$130,500 (March 31, 2020 - \$nil) in share-based compensation.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Corporation's financial assets and liabilities are measured at fair value on a recurring basis by level within the fair value hierarchy.

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

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

Level 3 – valuation techniques with significant unobservable market inputs.

The Corporation does not have any financial assets and liabilities subject to the fair value hierarchy. The fair value of the Corporation's other financial instruments approximates the carrying values due to their short term nature.

Reconciliation of Level 3 fair value measurements of financial instruments

The following table reconciles the fair value measurements of the Corporation's level 3 financial assets which include renewable energy investments held in a joint venture:

Expressed in Untited States Dollars, rounded to the nearest hundred	TGE		Apex		Level 3	
					Investments	
Balance, December 31, 2019	\$	10,686,200	\$	-	\$	10,686,200
Additions		20,757,900		35,466,800		56,224,700
Revaluation gains through OCI		6,720,100		-		6,720,100
Balance, December 31, 2020	\$	38,164,200	\$	35,466,800	\$	73,631,000
Additions		3,037,500		1,800		3,039,300
Revaluation gains through OCI		2,360,000		4,510,600		6,870,600
Balance, March 31, 2021	\$	43,561,700	\$	39,979,200	\$	83,540,900

For a reconciliation of the fair value measurements of the level 3 financial assets consisting of renewable energy investments that are held in the GBR joint venture, refer to Note 4. Below is a summary of the valuation technique, key inputs, significant unobservable inputs, relationship and sensitivity of these assets.

Valuation technique and key inputs

The Corporation applies an income approach methodology primarily modelled with risk adjusted discounted cash flows to capture the present value of expected future economic benefits to be derived from the ownership of the royalty contracts to be granted in exchange for the investments. The total number and value of royalty contracts to be ultimately awarded is subject to a minimum return threshold, which has the effect of muting the potential value impact of several of the unobservable 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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 gives information about how the fair value of these investments are determined and in particular, the significant unobservable inputs.

Significant unobservable inputs	Relationship and sensitivity of unobservable inputs to fair value	Quantitative impact
Discount rate	The Corporation applies a range of risk adjusted discount rates to the expected project royalties based on the stage of development and an assessment of the likelihood of completion.	<p>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.</p> <p>A 1% change in discount rates results in a change of \$9,300,000 to the valuation of these instruments.</p>
Timing of commercial operations	There are a series of anticipated project development milestones that occur as a project approaches commercial operations. As each project development milestone nears completion or is met, the risk associated with the project reaching commercial operations decreases. The expected timing of the commercial operations date (the date upon which cash flows are expected to commence) will impact the fair value calculation.	<p>As the commercial operations date approach and the time to cashflow shortens, the value will increase based on the time value of money. Impact is dependent on reduction in time and appropriate risk adjusted discount rate. Given the minimum return threshold it is expected that the impact of timing of commercial operations will be muted as delays will result in a higher number of royalties granted and thus a higher value.</p> <p>Nominal impact.</p>

Risk Management

The Corporation's financial assets and financial liabilities are exposed to various risk factors that may affect the fair value presentation or the amount ultimately received or paid on settlement of its assets and liabilities. The Corporation manages these risks through prudent investment and business decisions and, 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 in the December 31, 2020 annual consolidated financial statements except as noted below:

COVID-19

Certain impacts to public health conditions particular to the coronavirus (COVID-19) outbreak did not have a significant negative impact on the operations and profitability of the Corporation. The extent of the impact to the financial performance of the Corporation will depend on future developments, including (i) the duration and spread of the outbreak, (ii) the restrictions and advisories, (iii) the effects on the financial markets, (iv) the effects on the economy overall and (v) the effect on commodity prices, all of which are highly uncertain and cannot be

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

predicted. The impact of COVID-19 on the Corporation's investments and royalty and streaming assets could be volatile as financial markets and commodity prices adjust accordingly.

9. SUBSEQUENT EVENTS

Initial Public Offering Over-Allotment

On April 6, 2021 the Corporation announced that the underwriters partially exercised the over-allotment option granted for 694,000 common shares of the Corporation at the IPO price of C\$11.00 per share for total gross proceeds of C\$7,634,000. The total shares issued and outstanding following the partial exercise of the over-allotment option are 26,513,889 shares.

Gross proceeds raised from the partial exercise of the over-allotment option of \$6,081,500 (C\$7,634,000) less share issuance costs of \$364,900 (C\$458,000) will be added to the proceeds raised from the IPO to be used as investment capital for the purchase of renewable energy royalties primarily in the U.S.

Hoosier Line Wind & Honey Creek Solar

On April 26, 2021, TGE announced the sale of two renewable energy projects, namely the 180 MW Hoosier Line Wind project and the 400 MW Honey Creek Solar project to Leeward Renewable Energy, a portfolio company of Canadian pension fund subsidiary OMERS Infrastructure. The two sales result in creation of a 3% royalty on the wind project and a 1.5% royalty on the solar project within GBR. These sales represent the fourth and fifth project royalties to be created under Great Bay's royalty-based funding support agreement with TGE. The five royalties in aggregate represent approximately 1520 MW of new renewable energy projects.

Appaloosa Run

On May 3, 2021, TGE announced the sale of its 175 MW Appaloosa Run wind project in West Texas to an established buyer. The sale results in creation of a 1.5% royalty within GBR, under its royalty-based portfolio funding agreement with TGE. This sale represents the sixth royalty to be created under the Tri Global Energy agreement with Great Bay Renewables. The six royalties in aggregate represent approximately 1700 MW of solar and wind power.