



Altius Renewable Royalties Corp.

Condensed Consolidated Financial Statements

For the three months and nine months ended September 30, 2021 and 2020

(unaudited)

CONDENSED CONSOLIDATED BALANCE SHEETS

Unaudited, Expressed in United States Dollars, rounded to the nearest hundred	Note	As at	
		September 30, 2021	December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents	\$	54,897,900	\$ 19,200
Accounts receivable and prepaid expenses		222,300	279,900
	\$	55,120,200	\$ 299,100
Non-current assets			
Interest in joint ventures	4	104,276,400	71,234,400
	\$	104,276,400	\$ 71,234,400
TOTAL ASSETS	\$	159,396,600	\$ 71,533,500
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		334,200	259,900
Related party loan	7	-	164,500
	\$	334,200	\$ 424,400
Non-current liabilities			
Deferred tax liability	5	4,420,000	840,000
	\$	4,420,000	\$ 840,000
TOTAL LIABILITIES	\$	4,754,200	\$ 1,264,400
EQUITY			
Shareholders' equity	6	154,642,400	70,269,100
	\$	154,642,400	\$ 70,269,100
TOTAL LIABILITIES AND EQUITY	\$	159,396,600	\$ 71,533,500

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF LOSS

	Note	Three months ended		Nine months ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Unaudited, Expressed in United States Dollars, rounded to the nearest hundred, except per share amounts					
Revenue and other income					
Royalty revenue		\$ -	33,400	-	159,900
Management fee		-	6,000	-	18,000
Interest		35,300	800	54,500	2,300
		\$ 35,300	\$ 40,200	\$ 54,500	\$ 180,200
Costs and Expenses					
Management services	7	\$ 138,000	\$ -	\$ 376,600	\$ -
Office and administrative		149,000	21,300	363,100	66,600
Share based compensation		59,100	-	230,700	2,301,800
Salaries and director fees		62,200	226,200	197,400	694,000
Professional fees		83,300	88,100	186,200	165,300
Amortization of intangible asset	4	-	131,800	-	395,500
Amortization of renewable royalty interests	4	-	27,800	-	83,300
Travel and accommodations		-	300	-	26,400
Foreign exchange (gain) loss		19,500	800	(240,800)	700
		\$ 511,100	\$ 496,300	\$ 1,113,200	\$ 3,733,600
Loss before the following		(475,800)	(456,100)	(1,058,700)	(3,553,400)
Dilution gain on issuance of equity in joint venture	4	163,500	-	462,500	-
Share of loss in joint ventures	4	(354,800)	-	(1,296,700)	-
Loss before income taxes		(667,100)	(456,100)	(1,892,900)	(3,553,400)
Income tax expense (recovery)	5	743,400	(106,400)	330,900	(673,900)
Net loss		\$ (1,410,500)	\$ (349,700)	\$ (2,223,800)	\$ (2,879,500)
Loss per share					
Basic and diluted	6	\$ (0.05)	\$ (0.02)	\$ (0.09)	\$ (0.23)

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

Unaudited, Expressed in United States Dollars, rounded to the nearest hundred	Note	Three months ended		Nine months ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Net loss		\$ (1,410,500)	\$ (349,700)	\$ (2,223,800)	\$ (2,879,500)
Other comprehensive earnings					
To not be classified subsequently to profit or loss					
Unrealized gain on investments					
Gross amount		-	400,300	-	5,066,500
Tax effect		-	(116,200)	-	(1,470,300)
Net amount		\$ -	\$ 284,100	\$ -	\$ 3,596,200
Share of revaluation of investments held in joint venture					
Gross amount	4	2,180,100	-	11,195,700	-
Tax effect		(632,700)	-	(3,249,000)	-
Net amount		\$ 1,547,400	\$ -	\$ 7,946,700	\$ -
Total other comprehensive earnings		\$ 1,547,400	\$ 284,100	\$ 7,946,700	\$ 3,596,200
Total comprehensive earnings (loss)		\$ 136,900	\$ (65,600)	\$ 5,722,900	\$ 716,700

See accompanying notes to the Condensed Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited, Expressed in United States Dollars, rounded to the nearest hundred	Note	Nine months ended	
		September 30, 2021	September 30, 2020
Operating activities			
Net loss		\$ (2,223,800)	\$ (2,879,500)
Sharebased compensation		212,600	2,301,800
Incometax recovery	5	330,900	(673,900)
(Gain) on dilution of joint venture	4	(462,500)	-
Share of loss of joint venture	4	1,296,700	-
Amortization of intangible asset		-	395,500
Amortization of renewable royalty interests		-	83,300
		1,377,700	2,106,700
Changes in non-cash operating working capital			
Decrease in accounts receivables and prepaid expenses		57,700	40,200
Increase (decrease) in accounts payable and accrued liabilities		(183,800)	15,100
Changes in non-cash operating working capital		\$ (126,100)	\$ 55,300
		\$ (972,200)	\$ (717,500)
Financing activities			
Proceeds on issuance of common shares (net of share issuance costs of \$6,629,100)	6	78,695,900	50,070,000
Proceeds from Paycheck Protection Program (PPP) loan		-	92,300
(Repayment) proceeds from related party loan	4	(164,500)	323,700
		\$ 78,531,400	\$ 50,486,000
Investing activities			
Investment in joint venture- GBR II	4	(22,680,500)	-
Investment in TGE		-	(11,666,300)
Investment in Apex Clean Energy		-	(35,458,300)
		\$ (22,680,500)	\$ (47,124,600)
Net increase in cash and cash equivalents		54,878,700	2,643,900
Cash and cash equivalents, beginning of period		19,200	196,100
Cash and cash equivalents, end of period		\$ 54,897,900	\$ 2,840,000

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited, Expressed in United States Dollars, except per share amounts	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 September 30, 2020		-	-	-	3,596,200	(2,879,500)	716,700
Share-based compensation		-	-	1,346,500	-	-	1,346,500
Warrants issued		-	-	955,300	-	-	955,300
Common shares issued		12,656,114	50,624,500	-	-	-	50,624,500
Balance, September 30, 2020		16,719,889	\$ 66,813,200	\$ 2,301,800	\$ 3,596,200	\$ (4,390,400)	\$ 68,320,800
Net (loss) and comprehensive earnings October 1 to December 31, 2020		-	-	-	1,044,200	904,100	1,948,300
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 September 30, 2021		-	-	-	7,946,700	(2,223,800)	5,722,900
Share-based compensation		-	-	212,600	-	-	212,600
Common shares issued	6	9,794,000	85,325,000	-	-	-	85,325,000
Share issuance costs	6	-	(6,887,200)	-	-	-	(6,887,200)
Balance, September 30, 2021		26,513,889	\$ 145,251,000	\$ 2,514,400	\$ 12,587,100	\$ (5,710,100)	\$ 154,642,400

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 whose investments result in the creation of gross revenue royalties related to development through operating stage wind, solar and other types of renewable energy projects.

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

Currently, ARR indirectly holds royalty interests in a portfolio of 470 MW of operational wind, hydro-electric, and solar energy projects located in Texas and Vermont, a 195 MW royalty interest on a wind project that is under construction in Kansas as well as royalty interests related to a portfolio of 2,845 MW of development stage wind energy projects located in Texas, Indiana and Illinois. As at September 30, 2021, TSX listed Altius Minerals Corporation (“Altius” or “the Parent”) owned 59% of the Corporation.

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

These condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors November 8, 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.

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. 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		Investment in GBR
Balance, December 31, 2019	\$	-
Equity interest on loss of control of subsidiary		69,810,300
Share of loss		(273,500)
Revaluation of investments ⁽¹⁾		1,471,000
Dilution gain		226,600
Balance, December 31, 2020	\$	71,234,400
Investment in joint venture		22,680,500
Share of loss		(1,296,700)
Revaluation of investments ⁽¹⁾		11,195,700
Dilution gain		462,500
Balance, September 30, 2021	\$	104,276,400

(1) Recognized through 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 had the right to solely fund the next \$80,000,000 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. During the three months ended September 30, 2021, as a result of additional investment by Apollo Funds, the Corporation’s interest in the GBR joint venture was diluted to 50%.

On July 30, 2021, a new legal entity, Great Bay Renewables II, LLC. was formed. This new entity is jointly controlled by the Corporation and Apollo and is subject to the same governance structure and investment mandate as the original GBR entity. There are two joint venture entities, GBR, LLC and GBR II, LLC, collectively referred to herein as GBR and or the GBR joint venture, and each own respectively 100% of the limited liability corporations. 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 non-voting and carry no approval or consent rights other than certain actions disproportionately affecting the Class B Units.

The Corporation accounts for its interests 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 revaluation of those investments are recorded in the Corporation’s other comprehensive earnings.

As at September 30, 2021 the Corporation’s interest in GBR was 50% (December 31, 2020 – 89%) as a result of additional funding by Apollo. During the three and nine months ended September 30, 2021, dilution gains of \$163,500 and \$462,500 respectively were recorded in the consolidated statement of loss. During the three and nine months ended September 30, 2021, the Corporation invested \$22,680,500 into the GBR joint venture to maintain its 50% ownership. These funds were used to invest in renewable royalty investments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Below is summary of assets, liability, income, expenses and cash flow of the joint ventures, on a 100% basis. The financial information as at and for the three and nine months ended September 30, 2021 with comparative amounts for the 81 day period ended December 31, 2020 reflect the period for which GBR was not consolidated. Prior to the 81 day period ended December 31, 2020 comparative information was consolidated in the financial results of the Corporation.

Expressed in United States Dollars, rounded to the nearest hundred	GBR Joint Venture		
	As at September 30, 2021	As at December 31, 2020	
Balance Sheets			
Current assets			
Cash	\$ 2,000,300	\$ 657,700	
Other current assets	80,200	59,000	
Non-current assets			
Royalty interests	10,288,900	2,361,200	
Investment in TGE	48,676,200	38,164,200	
Investment in APEX	56,501,100	35,466,800	
Investment in Longroad	35,495,100	-	
Investment in Northleaf	53,396,800	-	
Other non-current assets	677,400	1,058,400	
Current liabilities			
Trade and other payables	\$ 886,900	\$ 197,800	
	Three months ended September 30, 2021	Nine months ended September 30, 2021	81 days ended December 31, 2020
Statement of Loss and Comprehensive Earnings			
Revenue			
Royalty income	\$ 35,000	\$ 130,100	\$ 49,200
Other revenue	11,000	90,500	60,000
Expenses			
General and administrative expense	\$ (603,300)	\$ (1,563,300)	\$ (257,000)
Amortization	(154,800)	(464,300)	(159,600)
Net loss	\$ (712,100)	\$ (1,807,000)	\$ (307,400)
Other comprehensive earnings - revaluation of investments	4,360,200	14,852,400	1,653,600
Total comprehensive earnings	3,648,100	13,045,400	1,346,200
Statement of Cash Flows			
Operating activities	\$ 451,700	\$ (183,400)	\$ (40,600)
Investing activities	(110,561,300)	(113,596,800)	7,051,100
Financing activities	111,622,800	115,122,800	(7,080,200)
Net increase (decrease) in cash and cash equivalents	\$ 1,513,200	\$ 1,342,600	\$ (69,700)
Cash and cash equivalents, beginning of period	487,100	657,700	727,400
Cash and cash equivalents, end of period	\$ 2,000,300	\$ 2,000,300	\$ 657,700

Joint Venture Agreement – GBR

The GBR joint venture received funds totalling \$89,250,000 and \$92,750,000 from Apollo during the three and nine months ended September 30, 2021. The GBR joint venture received \$22,680,500 from the Corporation for the three and nine months ended September 30, 2021. Amounts received were used to fund investments below as well as general and administrative expenses within GBR.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Tri Global Energy LLC

During the nine months ended September 30, 2021, GBR invested an additional \$4,500,000 plus acquisition costs of \$46,900 based on the terms of the agreement with Tri Global Energy LLC. (“TGE”) (December 31, 2020 - \$31,444,200 including acquisition costs of \$444,200). As at September 30, 2021, the total cost of the investment in TGE is \$35,991,000 (includes acquisition costs of \$491,000).

Apex Clean Energy

During the nine months ended September 30, 2021, GBR invested an additional \$20,000,000 plus acquisition costs of \$158,000 based on the terms of the agreement with Apex Clean Energy (“Apex”) (December 31, 2020 - \$35,466,800 including acquisition costs of \$466,800). As at September 30, 2021, the total cost of the investment in Apex is \$55,624,800 (includes acquisition costs of \$624,800).

During the period, the Jayhawk royalty was assigned to GBR. The fair value of the assigned royalty interest of \$8,011,000, which was determined using a discounted cash flow model.

Longroad Energy

On August 3, 2021 the Corporation announced that GBR had closed a \$35,000,000 royalty investment with Longroad Energy (“Longroad”) related to Longroad’s 250 MW Prospero 2 solar project located in Andrews County, Texas. Longroad is a top-tier developer, owner and operator of renewable energy projects, having developed over 60 renewable energy projects totaling over 6 GWs across North America. Apollo Funds and ARR agreed to fund the Longroad investment in GBR II, of which \$23,900,000 was funded by Apollo and the balance of \$11,100,000 was funded by ARR.

Northleaf Capital Partners

On September 30, 2021 the Corporation announced that GBR had closed a \$52,500,000 royalty investment with Northleaf Capital Partners (“Northleaf”) related to three operating-stage wind and solar renewable energy projects located in Texas. The newly acquired revenue-based royalty portfolio includes: (1) the 150 MW Old Settler wind project, (2) the 50 MW Cotton Plains wind project, and (3) the 15 MW Phantom Solar project. The output from Cotton Plains and Phantom Solar is sold at a fixed price under long-term contracts with the US Department of Defense through January 2045, while the output from Old Settler will be sold into the ERCOT market. The three projects have been in commercial operation since 2017. Apollo Funds and ARR funded the investment in GBR II, of which \$40,919,500 was funded by Apollo and the balance of \$11,580,500 was funded by ARR.

A summary of renewable energy investments that are held in the GBR joint venture is as follows. Additional information on level 3 investments can be found in Note 8.

Expressed in United States Dollars, rounded to the nearest hundred	TGE	Apex	Longroad	Northleaf	Total
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	4,546,900	20,158,000	35,495,100	53,396,800	113,596,800
Reclassification to royalty interest	-	(8,011,000)	-	-	(8,011,000)
Revaluation gains through OCI	5,965,100	8,887,300	-	-	14,852,400
Balance, September 30, 2021	\$ 48,676,200	\$ 56,501,100	\$ 35,495,100	\$ 53,396,800	\$ 194,069,200

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Expressed in United States Dollars, rounded to the nearest hundred	As at December 31, 2020		Additions		As at September 30, 2021	
Renewable royalty interests						
Jayhawk - Wind	\$	-	\$	8,011,000	\$	8,011,000
Neo Geothermal - Thermal		389,000		-		389,000
Clyde River - Hydro		2,185,000		-		2,185,000
Balance, end of period	\$	2,574,000	\$	8,011,000	\$	10,585,000
Accumulated amortization						
Jayhawk - Wind	\$	-	\$	-	\$	-
Neo Geothermal - Thermal		44,200		17,400		61,600
Clyde River - Hydro		168,600		65,900		234,500
Balance, end of period	\$	212,800	\$	83,300	\$	296,100
Net book value	\$	2,361,200	\$	7,927,700	\$	10,288,900

Key management compensation

During the three months ended September 30, 2021 GBR LLC paid compensation to key management personnel and directors of \$87,600 (September 30, 2020 - \$61,300) related to salaries and benefits. During the nine months ended September 30, 2021, GBR LLC paid compensation to key management personnel and directors \$262,700 (September 30, 2020 - \$183,800) 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 \$21,500 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 under the TGE Investment agreement, to fund up to an additional \$19,500,000 over the next two years as certain milestones are achieved by TGE.

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 current investments held in the joint venture:

- \$150,000 on each date that GBR 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

5. INCOME TAXES

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

Expressed in United States Dollars, rounded to the nearest hundred	September 30, 2021		December 31, 2020	
Non capital loss carryforwards	\$	776,100	\$	545,300
Carrying value of investments in excess of tax values		(5,196,100)		(1,385,300)
	\$	(4,420,000)	\$	(840,000)

	September 30, 2021		December 31, 2020	
Deferred tax liabilities	\$	(5,196,100)	\$	(1,385,300)
Deferred tax assets		776,100		545,300
Total deferred incometax	\$	(4,420,000)	\$	(840,000)

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

Expressed in United States Dollars, rounded to the nearest hundred	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Current tax	\$ -	\$ -	\$ -	\$ -
Deferred tax	743,400	(106,400)	330,900	(673,900)
	\$ 743,400	\$ (106,400)	\$ 330,900	\$ (673,900)

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 and Over-Allotment

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.

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.

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 \$6,081,500 (C\$7,634,000) less share issuance costs of \$533,200. The total shares issued and outstanding following the partial exercise of the over-allotment option are 26,513,889 shares.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Net loss per share

Basic and diluted net loss per share were calculated using the weighted average number of common shares for the respective periods. The weighted average number of outstanding common shares used in the net 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		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Basic and diluted	26,513,889	16,646,520	24,203,178	12,502,099

7. RELATED PARTY TRANSACTIONS

Altius Minerals Services Agreement

During the three months ended September 30, 2021, Altius billed the Corporation \$138,000 (C\$172,500) (September 30, 2020 - \$nil) for office space, management, and administrative services. During the nine months ended September 30, 2021, Altius billed the Corporation \$376,600 (C\$460,000) (September 30, 2020 - \$nil) for office space, management, and administrative services. At September 30, 2021, the balance owing to Altius is \$nil.

GBR-ARR Services Agreement

During the three months ended September 30, 2021, GBR billed the Corporation \$11,000 (September 30, 2020 - \$nil) for support services. During the nine months ended September 30, 2021, GBR billed the Corporation \$90,500 (September 30, 2020 - \$nil) for initial public offering and post initial public offering support services. Of this amount, \$63,500 is included in share issuance costs. At September 30, 2021, the balance owing to GBR is \$nil.

GBR Services Agreement

During the three months ended September 30, 2021, no costs were billed from Altius to GBR (September 30, 2020 - \$nil) for finance and administrative services. During the nine months ended September 30, 2021, Altius billed GBR \$17,500 (September 30, 2020 - \$nil) for finance and administrative services. At September 30, 2021, the balance owed from GBR is \$nil.

Other

During the three months ended September 30, 2021, no advance was received by the Corporation from its parent (September 30, 2020 - \$nil). During the nine months ended September 30, 2021, the Corporation repaid a loan from parent of \$164,500 (September 30, 2020 - received loan from parent of \$323,700). As at September 30, 2021, there are no amounts owing to the parent (December 31, 2020 - \$164,500).

During the three months ended September 30, 2021, the Corporation paid salaries and benefits to key management personnel and directors of \$58,700 (September 30, 2020 - \$79,700) and recognized share-based compensation of \$41,000 (September 30, 2020 - \$nil). During the nine months ended September 30, 2021, the Corporation paid salaries and benefits to key management personnel and directors of \$186,300 (September 30, 2020 - \$259,000) and recognized share-based compensation of \$212,600 (September 30, 2020 - \$1,346,500).

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

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Level 3 – valuation techniques with significant unobservable market inputs.

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

Reconciliation of Level 3 fair value measurements of financial instruments

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

Valuation technique and key inputs

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

Significant unobservable inputs

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

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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 \$12,877,000 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 predicted. The impact of COVID-19 on the Corporation's investments could be volatile as financial markets and commodity prices adjust accordingly. The impact of COVID-19 was minimal during the quarter ended September 30, 2021.