



Altius Renewable Royalties Corp.

Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(Unaudited)

## CONDENSED CONSOLIDATED BALANCE SHEETS

Unaudited, Expressed in United States Dollars, rounded to the nearest hundred	Note	As at	
		June 30, 2022	December 31, 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$	61,907,200	\$ 49,304,200
Accounts receivable and prepaid expenses		583,600	121,600
	\$	62,490,800	\$ 49,425,800
<b>Non-current assets</b>			
Interest in joint venture	4	112,842,800	116,139,600
	\$	112,842,800	\$ 116,139,600
<b>TOTAL ASSETS</b>	\$	<b>175,333,600</b>	<b>\$ 165,565,400</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		190,600	511,400
Incometax payable		128,700	1,852,000
	\$	319,300	\$ 2,363,400
<b>Non-current liabilities</b>			
Deferred tax liability	5	7,456,200	4,146,100
	\$	7,456,200	\$ 4,146,100
<b>TOTAL LIABILITIES</b>	\$	<b>7,775,500</b>	<b>\$ 6,509,500</b>
<b>EQUITY</b>			
Shareholders' equity		167,558,100	159,055,900
	\$	167,558,100	\$ 159,055,900
<b>TOTAL LIABILITIES AND EQUITY</b>	\$	<b>175,333,600</b>	<b>\$ 165,565,400</b>

*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		Six months ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<b>Revenue and other income</b>					
Interest		\$ 133,900	\$ 16,600	\$ 174,700	\$ 19,100
		\$ 133,900	\$ 16,600	\$ 174,700	\$ 19,100
<b>Costs and Expenses</b>					
Office and administrative		\$ 179,000	\$ 162,900	\$ 342,800	\$ 214,100
Share based compensation	7	171,200	41,000	201,000	171,600
Professional fees		169,400	80,000	295,300	103,000
Management fees	7	140,500	159,200	278,800	238,500
Director fees		31,700	68,000	64,200	135,200
Travel and accommodations		3,700	-	8,200	-
Foreign exchange (gain) loss		16,200	(51,600)	8,800	(260,400)
		\$ 711,700	\$ 459,500	\$ 1,199,100	\$ 602,000
Loss before the following		(577,800)	(442,900)	(1,024,400)	(582,900)
Dilution gain on issuance of equity in joint venture	4	-	16,100	-	299,100
Share of earnings (loss) in joint venture	4	225,400	(504,600)	391,700	(942,000)
Loss before income taxes		(352,400)	(931,400)	(632,700)	(1,225,800)
Income tax expense (recovery)	5	116,100	(248,900)	78,300	(412,500)
<b>Net loss</b>		\$ (468,500)	\$ (682,500)	\$ (711,000)	\$ (813,300)
<b>Loss per share</b>					
Basic and diluted		\$ (0.02)	\$ (0.03)	\$ (0.03)	\$ (0.04)

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		Six months ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<b>Net loss</b>		\$ (468,500)	\$ (682,500)	\$ (711,000)	\$ (813,300)
<b>Other comprehensive earnings</b>					
<b>To not be classified subsequently to profit or loss</b>					
Share of revaluation of investments held in joint venture					
Gross amount	4	11,728,000	3,101,000	12,264,500	9,015,600
Tax effect		(3,213,500)	(899,900)	(3,252,300)	(2,616,300)
Net amount		\$ 8,514,500	\$ 2,201,100	\$ 9,012,200	\$ 6,399,300
Total other comprehensive earnings		\$ 8,514,500	\$ 2,201,100	\$ 9,012,200	\$ 6,399,300
<b>Total comprehensive earnings</b>		\$ 8,046,000	\$ 1,518,600	\$ 8,301,200	\$ 5,586,000

See accompanying notes to the Condensed Consolidated Financial Statements

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited, Expressed in United States Dollars, rounded to the nearest hundred	Note	Six months ended	
		June 30, 2022	June 30, 2021
<b>Operating activities</b>			
Net loss		\$ (711,000)	\$ (813,300)
Adjustments for operating activities:			
Share based compensation	7	201,000	171,600
Income tax expense (recovery)	5	78,300	(412,500)
Gain on dilution of joint venture	4	-	(299,100)
Income taxes paid		(1,640,900)	-
Share of (earnings) loss of joint venture	4	(391,700)	942,000
		(1,753,300)	402,000
Changes in non-cash operating working capital:			
Increase in accounts receivables and prepaid expenses		(462,000)	(65,700)
Decrease in accounts payable and accrued liabilities		(320,700)	(159,400)
Changes in non-cash operating working capital		(782,700)	(225,100)
		\$ (3,247,000)	\$ (636,400)
<b>Financing activities</b>			
Proceeds on issuance of common shares		-	85,325,000
Share issuance costs		-	(6,544,100)
Repayment to related party loan	7	-	(164,500)
		\$ -	\$ 78,616,400
<b>Investing activity</b>			
Distributions from joint venture	4	20,850,000	-
Investment in joint venture	4	(5,000,000)	-
		\$ 15,850,000	\$ -
Net increase in cash and cash equivalents		12,603,000	77,980,000
Cash and cash equivalents, beginning of period		49,304,200	19,200
<b>Cash and cash equivalents, end of period</b>		\$ 61,907,200	\$ 77,999,200

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'
		Number	Amount	Reserves	Comprehensive Income		Equity
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 June 30, 2021		-	-	-	6,399,300	(813,300)	5,586,000
Common shares issued		9,794,000	85,325,000	-	-	-	85,325,000
Share issuance costs		-	(6,887,200)	-	-	-	(6,887,200)
Share-based compensation		-	-	171,600	-	-	171,600
Balance, June 30, 2021		26,513,889	\$ 145,251,000	\$ 2,473,400	\$ 11,039,700	\$ (4,299,600)	\$ 154,464,500
Net (loss) and comprehensive earnings, July 1 to December 31, 2021		-	-	-	7,075,100	(2,602,300)	4,472,800
Share-based compensation		-	-	118,600	-	-	118,600
Balance, December 31, 2021		26,513,889	\$ 145,251,000	\$ 2,592,000	\$ 18,114,800	\$ (6,901,900)	\$ 159,055,900
Net (loss) and comprehensive earnings, January 1 to June 30, 2022		-	-	-	9,012,200	(711,000)	8,301,200
Share-based compensation	7	-	-	201,000	-	-	201,000
Balance, June 30, 2022		26,513,889	\$ 145,251,000	\$ 2,793,000	\$ 27,127,000	\$ (7,612,900)	\$ 167,558,100

See accompanying notes to the Condensed Consolidated Financial Statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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### 1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Altius Renewable Royalties Corp. (“ARR” or “the Corporation”) is a renewable energy royalty company whose investments result in the creation of gross revenue royalties and royalty like payments related to development through operating stage wind, solar and other types of renewable energy projects. The Corporation was created on November 13, 2018 as Blue Sky Renewable Royalties Corp. and subsequently changed its name on February 2, 2019.

Currently, ARR indirectly holds interests in a portfolio of 665 MW of operational wind, solar, and hydro-electric projects located in Texas, Kansas and Vermont as well as royalty interests related to a portfolio of 2,845 MW of development stage wind energy projects located in Texas, Indiana and Illinois. In addition the Corporation holds investments in renewable project developers that entitle it to additional royalty interest grants upon project sales to third parties. As at June 30, 2022, TSX listed Altius Minerals Corporation (“Altius” or “the Parent”) owned 59% of the Corporation.

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

These condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on August 4, 2022.

### 2. BASIS OF PRESENTATION

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

### 3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND PRONOUNCEMENTS

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 4. INTEREST IN JOINT VENTURE

Expressed in United States Dollars, rounded to the nearest hundred	GBR I, LLC	GBR II, LLC	GBR Joint Venture
Balance, December 31, 2020	71,234,400	-	71,234,400
Investment in joint venture	450,000	27,430,500	27,880,500
Share of (loss) earnings	(1,630,100)	96,200	(1,533,900)
Revaluation of investments <sup>(1)</sup>	18,096,100	-	18,096,100
Dilution gain	462,500	-	462,500
<b>Balance, December 31, 2021</b>	<b>\$ 88,612,900</b>	<b>\$ 27,526,700</b>	<b>\$ 116,139,600</b>
Investment in joint venture	4,000,000	1,000,000	5,000,000
Distribution from joint venture	(20,850,000)	-	(20,850,000)
Share of earnings (loss)	(545,700)	937,400	391,700
Revaluation of investments (net of tax of \$103,000) <sup>(1)</sup>	1,816,200	10,345,300	12,161,500
<b>Balance, June 30, 2022</b>	<b>\$ 73,033,400</b>	<b>\$ 39,809,400</b>	<b>\$ 112,842,800</b>

(1) Recognized through other comprehensive earnings

The Corporation, with certain funds (the “Apollo Funds”) managed by affiliates of Apollo Global Management, Inc. (“Apollo”) holds interests in two joint venture entities, Great Bay Renewables Holdings, LLC (“GBR I”) and Great Bay Renewables Holdings II, LLC. (“GBR II”), collectively referred to herein as “GBR” or the joint venture. The Corporation’s share of earnings (loss) and other comprehensive earnings is reflective of its 50% proportionate ownership of the joint venture as at and for the six months ended June 30, 2022 (June 30, 2021 – 86%). During the three and six months ended June 30, 2022, the Corporation did not record any dilution gains and for the comparable periods in 2021 the Corporation recorded dilution gains of \$16,100 and \$299,100 respectively in the consolidated statement of loss. During the six months ended June 30, 2022, the Corporation invested \$5,000,000 into the joint venture, primarily to fund investments. (June 30, 2021 - \$nil). The Corporation received distributions of \$20,850,000 during the six months ended June 30, 2022 (June 30, 2021 - \$nil) relating to cash proceeds received by the joint venture following the redemption of a renewable energy investment in Apex Clean Energy.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Below is a summary of the joint venture's assets, liabilities, income, expenses and cash flow, presented on a 100% basis.

Expressed in United States Dollars, rounded to the nearest hundred	As at June 30, 2022			As at December 31, 2021		
	GBR I, LLC	GBR II, LLC	Total	GBR I, LLC	GBR II, LLC	Total
<b>Balance Sheets</b>						
<b>Current assets</b>						
Cash	\$ 996,100	\$ 842,200	\$ 1,838,300	\$ 42,137,100	\$ 553,200	\$ 42,690,300
Other current assets	280,600	753,800	1,034,400	45,800	169,600	215,400
<b>Non-current assets</b>						
Royalty interests	\$ 43,044,600	\$ -	\$ 43,044,600	\$ 38,398,400	\$ -	\$ 38,398,400
Investment in TGE	59,332,700	-	59,332,700	58,780,000	-	58,780,000
Investment in Longroad	-	46,365,600	46,365,600	-	35,495,200	35,495,200
Investment in Northleaf	-	63,220,600	63,220,600	-	53,398,400	53,398,400
Investment in Bluestar	5,106,800	-	5,106,800	-	-	-
Investment in Nova	3,000,000	-	3,000,000	-	-	-
Other non-current assets	296,300	-	296,300	550,400	-	550,400
<b>Current liabilities</b>						
Trade and other payables	\$ 322,100	\$ 1,900	\$ 324,000	\$ 17,700	\$ 1,300	\$ 19,000
<b>Non-current liabilities</b>						
Loan payable (receivable)	\$ (31,869,500)	\$ 31,869,500	\$ -	\$ (34,869,500)	\$ 34,869,500	\$ -

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	Six months ended June 30, 2022			Six Months Ended June 30, 2021		
	GBR I, LLC	GBR II, LLC	Total	GBR I, LLC	GBR II, LLC	Total
<b>Statement of Loss and Comprehensive Earnings</b>						
<b>Revenue</b>						
Royalty revenue	\$ 157,100	\$ 2,255,400	\$ 2,412,500	\$ 95,100	\$ -	\$ 95,100
Other revenue(expenses)	281,900	(258,200)	23,700	79,500	-	79,500
<b>Expenses</b>						
General and administrative expense	\$ (1,109,700)	\$ (122,500)	\$ (1,232,200)	\$ (962,500)	\$ -	\$ (962,500)
Amortization	(420,800)	-	(420,800)	(309,500)	-	(309,500)
<b>Net earnings (loss)</b>	<b>\$ (1,091,500)</b>	<b>\$ 1,874,700</b>	<b>\$ 783,200</b>	<b>\$ (1,097,400)</b>	<b>\$ -</b>	<b>\$ (1,097,400)</b>
Other comprehensive earnings, revaluation	3,838,400	20,690,600	24,529,000	10,492,200	-	10,492,200
Other comprehensive earnings, cash taxes	(206,000)	-	(206,000)	-	-	-
<b>Total comprehensive earnings</b>	<b>\$ 2,540,900</b>	<b>\$ 22,565,300</b>	<b>\$ 25,106,200</b>	<b>\$ 9,394,800</b>	<b>\$ -</b>	<b>\$ 9,394,800</b>
<b>Statement of Cash Flows</b>						
Operating activities	\$ (806,900)	\$ 1,291,100	\$ 484,200	\$ (635,000)	\$ -	\$ (635,000)
Investing activities	(9,634,100)	(2,000)	(9,636,100)	(3,035,600)	-	(3,035,600)
Financing activities	(30,700,000)	(1,000,000)	(31,700,000)	3,500,000	-	3,500,000
Net increase (decrease) in cash and cash equivalents	\$ (41,141,000)	\$ 289,100	\$ (40,851,900)	\$ (170,600)	\$ -	\$ (170,600)
Cash and cash equivalents, beginning of period	42,137,100	553,100	42,690,200	657,700	-	657,700
<b>Cash and cash equivalents, end of period</b>	<b>\$ 996,100</b>	<b>\$ 842,200</b>	<b>\$ 1,838,300</b>	<b>\$ 487,100</b>	<b>\$ -</b>	<b>\$ 487,100</b>
<b>Three months ended June 30, 2022</b>						
	<b>GBR I, LLC</b>	<b>GBR II, LLC</b>	<b>Total</b>	<b>GBR I, LLC</b>	<b>GBR II, LLC</b>	<b>Total</b>
<b>Statement of Loss and Comprehensive Earnings</b>						
<b>Revenue</b>						
Royalty revenue	\$ 104,600	\$ 1,091,500	\$ 1,196,100	\$ 62,800	\$ -	\$ 62,800
Other revenue(expenses)	\$ 143,800	\$ (126,300)	\$ 17,500	\$ 11,100	\$ -	\$ 11,100
<b>Expenses</b>						
General and administrative expense	\$ (524,500)	\$ (16,900)	\$ (541,400)	\$ (513,300)	\$ -	\$ (513,300)
Amortization	\$ (221,500)	\$ -	\$ (221,500)	\$ (149,900)	\$ -	\$ (149,900)
<b>Net earnings (loss)</b>	<b>\$ (497,600)</b>	<b>\$ 948,300</b>	<b>\$ 450,700</b>	<b>\$ (589,300)</b>	<b>\$ -</b>	<b>\$ (589,300)</b>
Other comprehensive earnings, revaluation	2,765,500	20,690,600	23,456,100	3,621,600	-	3,621,600
<b>Total comprehensive earnings</b>	<b>\$ 2,267,900</b>	<b>\$ 21,638,900</b>	<b>\$ 23,906,800</b>	<b>\$ 3,032,300</b>	<b>\$ -</b>	<b>\$ 3,032,300</b>
<b>Statement of Cash Flows</b>						
Operating activities	\$ (382,300)	\$ 692,500	\$ 310,200	\$ (434,600)	\$ -	\$ (434,600)
Investing activities	\$ (9,626,400)	\$ (300)	\$ (9,626,700)	\$ 3,800	\$ -	\$ 3,800
Financing activities	10,500,000	(500,000)	10,000,000	500,000	-	500,000
Net increase in cash and cash equivalents	\$ 491,300	\$ 192,200	\$ 683,500	\$ 69,200	\$ -	\$ 69,200
Cash and cash equivalents, beginning of period	504,800	650,000	1,154,800	417,900	-	417,900
<b>Cash and cash equivalents, end of period</b>	<b>\$ 996,100</b>	<b>\$ 842,200</b>	<b>\$ 1,838,300</b>	<b>\$ 487,100</b>	<b>\$ -</b>	<b>\$ 487,100</b>

The remainder of Note 4 disclosures present the joint venture on a 100% basis.

### *Joint venture Agreement – GBR*

During the six months ended June 30, 2022, \$10,000,000 was funded equally from the Corporation and Apollo (June 30, 2021 - \$3,500,000 from Apollo). This amount was used to fund the investments into Bluestar Energy Capital LLC (“Bluestar”) and Nova Clean Energy LLC (“Nova”), a TGE investment tranche as well as working capital for GBR.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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### *Bluestar Energy Capital LLC & Nova Clean Energy, LLC*

On May 4, 2022 the Corporation announced that GBR has executed agreements to invest a total of \$32,500,000 into a new global renewables development platform, Bluestar Energy Capital LLC, recently founded and majority-owned by Declan Flanagan, former CEO of Orsted Onshore and Lincoln Clean Energy. GBR will invest the majority of the total \$32,500,000 commitment into Nova Clean Energy, LLC the North American renewables development subsidiary of Bluestar and in exchange will receive royalties on 1.5 GW of renewable energy projects commercialized by Nova as well as a minority equity interest in Nova. GBR is also investing alongside another institutional investor for a minority equity ownership in Bluestar, with Declan Flanagan remaining the majority shareholder of Bluestar.

During the six months ended June 30, 2022, GBR invested \$5,106,800 including acquisition costs of \$106,800 in Nova and \$3,000,000 into Bluestar. As at June 30, 2022 the total invested in Bluestar is \$5,106,800 including acquisition costs of \$106,800 and Nova is \$3,000,000 (December 31, 2021 - \$nil & \$nil).

### *Tri Global Energy LLC (“TGE”)*

During the six months ended June 30, 2022, GBR invested \$1,527,300 including acquisition costs of \$27,300 relating to its agreement with TGE (June 30, 2021 – \$3,031,900 including acquisition costs of \$31,900).

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

As at June 30, 2022, the total invested in TGE is \$47,114,100 including acquisition costs of \$614,100 (December 31, 2021 - \$45,586,800 including acquisition costs of \$586,800).

### *Longroad Energy (“Longroad”)*

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

### *Northleaf Capital Partners (“Northleaf”)*

During the six months ended June 30, 2022, GBR incurred an additional \$2,000 in acquisition costs related to Northleaf (June 30, 2021 - \$nil). As at June 30, 2022 the total invested in Northleaf is \$53,400,400 including acquisition costs of \$900,400 (December 31, 2021 - \$53,398,400 including acquisition costs of \$898,400).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

A summary of renewable energy investments that are classified as financial assets held in GBR is as follows. Additional information including fair value hierarchy can be found in Note 8.

Expressed in United States Dollars, rounded to the nearest hundred	TGE	Apex	Longroad	Northleaf	Total
Balance, December 31, 2020	\$ 38,164,200	\$ 35,466,800	\$ -	\$ -	73,631,000
Additional investments	14,142,700	20,170,500	35,495,200	53,398,400	123,206,800
Reclassification to royalty interests	-	(36,148,400)	-	-	(36,148,400)
Revaluation gains through OCI	6,473,100	22,180,000	-	-	28,653,100
Redemption	-	(4,166,800)	-	-	(4,166,800)
Balance, December 31, 2021	\$ 58,780,000	\$ -	\$ 35,495,200	\$ 53,398,400	\$ 147,673,600
Additional investments	1,527,300	-	-	2,000	1,529,300
Reclassification to royalty interest	(4,813,000)	-	-	-	(4,813,000)
Revaluation gains through OCI	3,838,400	-	10,870,400	9,820,200	24,529,000
Balance, June 30, 2022	\$ 59,332,700	\$ -	\$ 46,365,600	\$ 63,220,600	\$ 168,918,900

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

Expressed in United States Dollars, rounded to the nearest hundred	As at December 31, 2021	Additions	As at June 30, 2022
<b>Renewable royalty interests</b>			
Jayhawk - Wind	\$ 8,011,000	\$ -	\$ 8,011,000
El Sauz - Wind	8,262,300	-	8,262,300
Appaloosa - Wind	-	4,813,000	4,813,000
Undisclosed	19,875,000	-	19,875,000
Neo Geothermal - Thermal	389,000	-	389,000
ClydeRiver - Hydro	2,185,000	-	2,185,000
<b>Balance, end of period</b>	\$ 38,722,300	\$ 4,813,000	\$ 43,535,300
<b>Accumulated amortization</b>			
Jayhawk - Wind	\$ -	\$ (111,200)	\$ (111,200)
Neo Geothermal - Thermal	(67,300)	(11,600)	(78,900)
ClydeRiver - Hydro	(256,600)	(44,000)	(300,600)
<b>Balance, end of period</b>	\$ (323,900)	\$ (166,800)	\$ (490,700)
<b>Net book value</b>	\$ 38,398,400	\$ 4,646,200	\$ 43,044,600
<b>Renewable royalty interests</b>			
Jayhawk - Wind	\$ -	\$ 8,011,000	\$ 8,011,000
El Sauz - Wind	-	8,262,300	8,262,300
Undisclosed	-	19,875,000	19,875,000
Neo Geothermal - Thermal	389,000	-	389,000
ClydeRiver - Hydro	2,185,000	-	2,185,000
<b>Balance, end of period</b>	\$ 2,574,000	\$ 36,148,300	\$ 38,722,300
<b>Accumulated amortization</b>			
Neo Geothermal - Thermal	\$ (44,200)	\$ (23,100)	\$ (67,300)
ClydeRiver - Hydro	(168,600)	(88,000)	(256,600)
<b>Balance, end of period</b>	\$ (212,800)	\$ (111,100)	\$ (323,900)
<b>Net book value</b>	\$ 2,361,200	\$ 36,037,200	\$ 38,398,400

### Key management compensation

During the three months ended June 30, 2022 GBR LLC paid compensation to key management personnel and directors of \$91,900 (June 30, 2021 - \$87,600) related to salaries and benefits. During the six months ended June 30, 2022 GBR LLC paid compensation to key management personnel and directors of \$183,800 (June 30, 2021 - \$175,200) related to salaries and benefits.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

### Commitments

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

	Mgmt services agreement	TGE <sup>(1)</sup>	Bluestar & Nova <sup>(1)</sup>	Hodson <sup>(1)</sup>	Total
2022	\$ 438,200	\$ 8,500,000	\$ -	\$ 14,200,000	\$ 23,138,200
2023	-	-	24,500,000	10,500,000	35,000,000
2024	-	-	-	8,300,000	8,300,000
2025	-	-	-	7,000,000	7,000,000
2026	-	-	-	-	-
	\$ 438,200	\$ 8,500,000	\$ 24,500,000	\$ 40,000,000	\$ 73,438,200

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

The Corporation has committed to the TGE Investment, in tranches, a total of up to \$8,500,000 that is anticipated to be funded over the next twelve months as certain milestones are achieved. Since the Corporation's timeline for the investments pursuant to the TGE Agreement is milestone based, the investment amounts may vary year to year and the amounts included in the above table are estimates. GBR is committed under a consulting agreement to remit 1% in transaction fees to an advisor on \$3,500,000 of the remaining TGE commitment. GBR is committed under a consulting agreement to remit 1.5% in transaction fees to an advisor on the first \$20,000,000 funded to Hodson (note 9) and 1% thereafter.

GBR has committed under the Bluestar and Nova investments to fund up to an additional \$24,500,000. The commitments are associated with the expectation of future capital calls and the timing and amounts are at the discretion of the board or manager of each company.

On January 29, 2021 GBR committed under a short term lease on office space including operating costs for future minimum lease payments of \$31,200 per annum until the lease expires in March 2024. GBR has applied the exemptions from IFRS 16 in relation to this lease and has therefore not recorded a right-of-use asset and lease liability.

The Corporation anticipates it will meet its obligations with its current cash float and any royalty income it will ultimately receive from the investments made by GBR. The Corporation anticipates it will meet its obligations under the TGE, Bluestar/Nova and Hodson Agreements with its available cash and support from Apollo Funds pursuant to the Joint venture.

See Note 7 for a summary of related party transactions; see Note 8 for financial instruments and fair value qualitative and quantitative analysis; see Note 9 for subsequent events.

## 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	June 30, 2022	December 31, 2021
Carrying value of investments in excess of tax values	(7,456,200)	(4,146,100)
	\$ (7,456,200)	\$ (4,146,100)

  

	June 30, 2022	December 31, 2021
Deferred tax liabilities	\$ (7,456,200)	\$ (4,146,100)
Deferred tax assets	-	-
Total deferred incometax	\$ (7,456,200)	\$ (4,146,100)

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

Expressed in United States Dollars, rounded to the nearest hundred	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Current tax	\$ 128,700	\$ -	\$ 128,700	\$ -
Deferred tax	(12,600)	(248,900)	(50,400)	(412,500)
	\$ 116,100	\$ (248,900)	\$ 78,300	\$ (412,500)

### 6. SHAREHOLDERS EQUITY

#### *Net loss per share*

Basic and diluted net loss per share were calculated using the weighted average number of common shares for the respective periods.

	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Basic and diluted	26,513,889	26,468,131	26,513,889	23,028,674

### 7. RELATED PARTY TRANSACTIONS

#### *Altius Minerals Services Agreement*

During the three months ended June 30, 2022, Altius billed the Corporation \$140,500 (C\$172,500) (June 30, 2021 - \$159,200 (C\$187,500)) for office space, management, and administrative services. During the six months ended June 30, 2022, Altius billed the Corporation \$278,800 (C\$345,000) (June 30, 2021 - \$238,500 (C\$287,500)) for office space, management, and administrative services.

#### *GBR Services Agreement*

During the three months ended June 30, 2022, Altius billed GBR \$22,500 (June 30, 2021 - \$nil) for finance and administrative services. During the six months ended June 30, 2022, Altius billed GBR \$45,000 (June 30, 2021 - \$17,500) for finance and administrative services.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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### *GBR-ARR Services Agreement*

During the three months ended June 30, 2022, GBR billed the Corporation \$18,700 (June 30, 2021 - \$11,100) for support services. During the six months ended June 30, 2022, GBR billed the Corporation \$24,900 (June 30, 2021 - \$79,500) for support services.

### *Other*

During the three months ended June 30, 2022, the Corporation paid compensation to key management personnel and directors of \$29,900 (June 30, 2021 - \$60,300) and recognized share-based compensation expense of \$171,200 (June 30, 2021 - \$41,000). During the six months ended June 30, 2022, the Corporation paid compensation to key management personnel and directors of \$60,800 (June 30, 2021 - \$127,600) and recognized share-based compensation expense of \$201,000 (June 30, 2021 - \$171,600).

During the three and six months ended June 30, 2022, the Corporation did not pay or receive any advances to or from its parent (three and six months ended June 30, 2021 – receipts of \$nil and \$7,900). As at June 30, 2022, there are no amounts owing to the parent (December 31, 2021 - \$nil).

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

## 8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

Level 3 – valuation techniques with significant unobservable market inputs.

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

### *Reconciliation of Level 3 fair value measurements of financial instruments*

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

### *Valuation technique and key inputs*

The Corporation applies an income approach methodology primarily modelled with risk adjusted discounted cash flows to capture the present value of expected future economic benefits to be derived from the ownership of the investments (Longroad and Northleaf) and the royalty contracts that have been or will be granted in exchange for the TGE investment. The total number and value of royalty contracts to be ultimately awarded under the TGE investment agreement is subject to a minimum return threshold, which has the effect of muting the potential value impact of several of the unobservable inputs. The total cash distributions to be received under the Longroad and Northleaf Agreements is also subject to various return thresholds. If an income approach is not possible or the investment is recent, the Corporation utilizes cost as a proxy for fair value. The Corporation works with valuation specialists to establish valuation methodologies and techniques for Level 3 assets including the valuation approach, assumptions

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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.

Significant unobservable inputs	Relationship and sensitivity of unobservable inputs to fair value	Quantitative impact
Discount rate	The Corporation applies a range of risk adjusted discount rates to the expected project royalties based on the stage of development and an assessment of the likelihood of completion of the TGE investment.	The lower the discount rate the higher the value of an individual royalty. The higher the discount rate the lower the value of the individual royalty.
	For the Northleaf and Longroad royalty investments, ARR determines a discount rate based on the expected weighted average cost of capital (WACC) of the Corporation using a capital asset pricing model.	A 1% change in discount rates results in a change of \$5,172,000 for the investment in TGE and \$8,867,400 for the royalty investments in Northleaf and Longroad.
Timing of commercial operations	For the TGE investment, there are a series of anticipated project development milestones that occur as a project approaches commercial operations. As each project development milestone nears completion or is met, the risk associated with the project reaching commercial operations decreases. The expected timing of the commercial operations date (the date upon which cash flows are expected to commence) will impact the fair value calculation.	As the commercial operations date approach and the time to cashflow shortens, the value will increase based on the time value of money. Impact is dependent on reduction in time and appropriate risk adjusted discount rate. 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.
		Nominal impact.
Power prices	The Corporation uses available forecast data of market power prices in order to calculate expected royalty revenue over the life of each project subject to merchant power prices. The forecasted power prices have a direct impact on forecasted annual revenue for the Corporation's Northleaf and Longroad royalty investments.	The Northleaf and Longroad agreements are structured such that royalty rates will often vary over the life of a specific project so that the Corporation's targeted IRR threshold is met. These mechanisms effectively mute the long-term impact of merchant power prices on the valuations. Several of the Corporation's royalties are also contracted under long-term PPAs and are not exposed to market power prices. A 10% change in power prices results in a \$3,459,000 change in valuation of Northleaf and Longroad.

### *Risk Management*

The Corporation's financial assets and financial liabilities are exposed to various risk factors that may affect the fair value presentation or the amount ultimately received or paid on settlement of its assets and liabilities. The Corporation manages these risks through prudent investment and business decisions and does not currently utilize derivative financial instruments for trading or speculative purposes.

There has been no change in the Corporation's approach to the financial instrument risks identified in the notes to annual consolidated financial statements for the year ended December 31, 2021.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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### 9. SUBSEQUENT EVENT

On July 29, 2022, the Corporation announced that GBR has entered into a transaction with U.S. renewable energy developer, Hodson Energy, LLC (“Hodson”), to gain future royalties related to Hodson’s portfolio of solar plus battery storage development projects.

New York-based Hodson is committing its entire 1.8 GW portfolio of solar plus storage projects located primarily in the Mid-Atlantic region of the U.S. and any additional projects added in the future to this new royalty investment structure with GBR. GBR will receive a royalty on all projects developed and vended by Hodson until a minimum total return threshold is achieved. The targeted IRR threshold is consistent with the upper part of GBR’s previously disclosed 8-12% base hurdle rate range before factoring for potential longer-term option value realizations.

The \$40,000,000 royalty investment into Hodson will be invested in tranches over approximately the next three years as Hodson achieves certain project advancement milestones, with an initial investment upon closing of \$14,000,000. Approximately \$9,800,000 of the original investment will be used to retire an existing development loan facility and acquire new projects. The Corporation funded its 50% (\$7,000,000) of the initial investment into Hodson upon closing.

As individual pipeline projects are developed, GBR will receive a 3% gross revenue royalty on each project. This will continue until a target minimum total royalty portfolio valuation threshold is achieved. Once created, individual royalties will apply during the full life of the respective projects. In addition to royalties, GBR has the option to receive a portion of the proceeds from project sales. Any cash GBR elects to receive under this option would count toward the target return. GBR also has the option to invest an additional \$20,000,000 as royalty financing in the future.

As part of the transaction, GBR also received warrants to purchase a minority interest in the common equity of Hodson.