Altius Renewable Royalties Corp.

Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

Independent Auditor's Report

To the Shareholders and the Board of Directors of
Altius Renewable Royalties Corp.

Opinion

We have audited the consolidated financial statements of Altius Renewable Royalties Corp. (the "Corporation"), which comprise the consolidated balance sheets as at December 31, 2020 and 2019, and the consolidated statements of loss, comprehensive earnings (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2020. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Interest in Joint Ventures — Fair value determination of investments in renewable energy - Refer to Note 6 to the financial statements

Key Audit Matter Description

The Corporation has investments in renewable energy which are accounted for as financial instruments held at fair value through other comprehensive income. The Corporation's methodology to determine the fair value of the investments at the reporting date is based on complex models and unobservable inputs. The valuation of these investments is subjective and include several assumptions that are required to determine the fair value. The judgments with the highest degree of subjectivity and impact on the fair values are the determination of an appropriate valuation methodology, expected cashflow from royalties, discount rates, power generation capacity and utilization, and timing of anticipated project development milestones.

Given the significant judgments made by management to estimate the fair value of investments in renewable energy, performing audit procedures to evaluate the reasonableness of the estimates and assumptions related to the determination of an appropriate valuation methodology, expected cashflow from royalties, discount rates, power generation capacity and utilization, and timing of anticipated project development milestones required a high degree of auditor judgment and an increased extent of audit effort, including the need to involve fair value specialists.

How the Key Audit Matter Was Addressed in the Audit
Our audit procedures related to the fair value determination of investments in renewable energy included the following, among others:

- Evaluated the reasonableness of management's expected cashflow from royalties, power generation capacity and utilization, and timing of anticipated project development milestones by comparing management's forecasts to:
  - Contractual terms;
  - Historical forecasts;
  - Internal communications to management and the Board of Directors; and
  - Forecasted information included in the Corporation's press releases, as well as analyst and industry reports for the Corporation and third-party information.
- With the assistance of fair value specialists, evaluated the reasonableness of:
  - The valuation methodology and the mathematical accuracy of the calculations.
  - The discount rates by testing the source information underlying the determination of the discount rate and developed a range of independent estimates for the discount rate and compared to the discount rate selected by management.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Paul Fletcher.

/s/ Deloitte LLP

Chartered Professional Accountants
March 25, 2021
St. John's, Newfoundland

CONSOLIDATED BALANCE SHEETS

Expressed in United States Dollars, rounded to the nearest hundred	Note	As at December 31, 2020		As at December 31, 2019	
ASSETS					
Current assets					
Cash and cash equivalents		$	19,200	$	196,100
Accounts receivable and prepaid expenses			279,900		85,500
		$	299,100	$	281,600
Non-current assets					
Renewable royalty interests	8		-		2,472,200
Investments	7		-		10,686,200
Intangible asset	5		-		1,585,700
Investment in joint venture	6		71,234,400		-
		$	71,234,400	$	14,744,100
TOTAL ASSETS		$	71,533,500	$	15,025,700
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities			259,900		57,200
Related party loan	11		164,500		290,700
		$	424,400	$	347,900
Non-current liabilities					
Deferred tax liability	9		840,000		-
		$	840,000	$	-
TOTAL LIABILITIES		$	1,264,400	$	347,900
EQUITY					
Shareholders' equity			70,269,100		14,677,800
		$	70,269,100	$	14,677,800
TOTAL LIABILITIES AND EQUITY		$	71,533,500	$	15,025,700

See accompanying notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF LOSS

Expressed in United States Dollars, rounded to the nearest hundred, except per share amounts	Note		Year ended December 31, 2020		December 31, 2019
Revenue and other income					
Royalty		$	163,200	$	216,000
Management fee			18,000		22,000
Interest			2,400		1,300
		$	183,600	$	239,300
Costs and Expenses					
Share based compensation	10 & 11		2,301,800		-
Salaries and wages			712,700		824,700
Amortization of intangible asset			395,500		483,400
Professional fees			217,600		224,400
Amortization of renewable royalty interests	8		83,300		101,800
Office and administrative			69,200		76,100
Travel and accommodations			26,400		33,200
Foreign exchange loss			800		6,600
		$	3,807,300	$	1,750,200
Loss before the following			(3,623,700)		(1,510,900)
Dilution gain on issuance of equity in joint venture	6		226,600		-
Gain on loss of control of subsidiary	6 & 7		638,100		-
Share of loss in joint ventures	6		(273,500)		-
Loss before income taxes			(3,032,500)		(1,510,900)
Income tax recovery	9		(1,057,100)		-
Net loss		$	(1,975,400)	$	(1,510,900)
Loss per share					
Basic and diluted	10	$	(0.15)	$	(0.49)

See accompanying notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

Expressed in United States Dollars, rounded to the nearest hundred	Note		Year ended December 31, 2020		December 31, 2019
Net loss		$	(1,975,400)	$	(1,510,900)
Other comprehensive earnings					
To not be classifed subsequently to profit or loss					
Unrealized gain on investments					
Gross amount	6	$	5,066,500		-
Tax effect			(1,470,300)		-
Net amount		$	3,596,200	$	-
Share of unrealized gain on investments held in joint venture					
Gross amount	6	$	1,471,000		-
Tax effect			(426,800)		-
Net amount		$	1,044,200	$	-
Total other comprehensive earnings		$	4,640,400	$	-
Total comprehensive earnings (loss)		$	2,665,000	$	(1,510,900)

See accompanying notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

Expressed in United States Dollars, rounded to the nearest hundred	Note	Year ended December 31, 2020	December 31, 2019
Operating activities			
Net loss		$ (1,975,400)	$ (1,510,900)
Adjustments for operating activities			
Share based compensation	10	2,301,800	-
Income tax recovery	9	(1,057,100)	-
(Gain) on loss of control of subsidiary	6	(638,100)	-
(Gain) on dilution of joint venture	6	(226,600)	-
Share of loss of joint venture	6	273,500	-
Amortization of intangible asset		395,400	483,400
Amortization of renewable royalty interests	8	83,300	101,800
		1,132,200	585,200
Changes in non-cash operating working capital			
Decrease (increase) in accounts receivables and prepaid expenses		104,100	(44,700)
(Decrease) increase in accounts payable and accrued liabilities		(64,100)	57,100
Changes in non-cash operating working capital		$ 40,000	$ 12,400
		$ (803,200)	$ (913,300)
Financing activities			
Proceeds on issuance of common shares (net of share issuance of costs of $66,400)	10	50,070,000	16,188,600
Proceeds from related party loan	11	428,300	290,700
		$ 50,498,300	$ 16,479,300
Investing activities			
Investment in TGE	7	(13,686,300)	(10,686,200)
Investment in Apex Clean Energy	7	(35,458,300)	-
Acquisition of GBR (net of cash assumed)	5	-	(4,683,700)
Loss of control of subsidiary	6	(727,400)	-
		$ (49,872,000)	$ (15,369,900)
Net (decrease) increase in cash and cash equivalents		(176,900)	196,100
Cash and cash equivalents, beginning of year		196,100	-
Cash and cash equivalents, end of year		$ 19,200	$ 196,100

See accompanying notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Expressed in United States Dollars, except per share amounts	Note	Common Shares Number	Common Shares Amount	Other Equity Reserves	Accumulated Other Comprehensive	Deficit	Total Shareholders' Equity
Balance, January 1, 2019		25	$ 100	$ -	$ -	$ -	$ 100
Net loss and comprehensive loss				-	-	(1,510,900)	(1,510,900)
Common shares issued	10	4,063,750	16,255,000	-	-	-	16,255,000
Share issuance costs	10	.	(66,400)	-	-	-	(66,400)
Balance, December 31, 2019		4,063,775	$ 16,188,700	$ -	$ -	$ (1,510,900)	$ 14,677,800
Net (loss) and comprehensive earnings January 1 to December 31, 2020		-	-	-	4,640,400	(1,975,400)	2,665,000
Common shares issued	10	12,656,115	50,624,500	-	-	-	50,624,500
Share-based compensation	11	-	-	1,346,500	-	-	1,346,500
Warrants issued	10	-	-	955,300	-	-	955,300
Balance, December 31, 2020		16,719,890	$ 66,813,200	$ 2,301,800	$ 4,640,400	$ (3,486,300)	$ 70,269,100

See accompanying notes to Consolidated Financial Statements

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, which 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 1,500 megawatts (MW) of development stage wind energy projects located in Texas, Nebraska, and Illinois, as well as a producing hydro-electric and solar energy royalty. At December 31, 2020, TSX listed Altius Minerals Corporation ("Altius" or "the Parent") owned 93.5% 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 consolidated financial statements were approved and authorized for issuance by the Board of Directors March 25, 2021.

2. NEW AND SIGNIFICANT ACCOUNTING POLICIES

During the year, the Corporation adopted the following amendments effective January 1, 2020:

Amendments to References to the Conceptual Framework in IFRS Standards

The Corporation has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, and IFRIC 22.

IFRS 3 – Business combinations

An amendment to IFRS 3, Business Combinations, effective for annual periods for on or after January 1, 2020 clarifies the definition of a business and provides guidance in determining whether an acquisition is a business combination or a combination of a group of assets. The amendment emphasizes that the output of a business is to provide goods and services to customers and provides supplementary guidance. There was no material impact on the Corporation's financial statements upon applying this amendment.

IAS 1 – Presentation of financial statements

An amendment to IAS 1, Presentation of Financial Statements, effective for annual periods for on or after January 1, 2020 clarifies the definition of "material" to align the definition used in the Conceptual Framework developed by the IASB and all other accounting standards. Under the amendment, information is defined as "material" if, "omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". There was no material impact on the Corporation's financial statements upon applying this amendment.

The Corporation's significant accounting policies are as follows:

Basis of presentation

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

These consolidated financial statements have been prepared on an historical cost basis except for investments classified at fair value through other comprehensive income. All amounts are expressed in US dollars, unless otherwise stated. Tabular amounts are presented in US dollars, rounded to nearest hundred with the exception of per share amounts.

Going Concern

These consolidated financial statements have been prepared on a going concern basis. The Corporation reported a net loss of $1,975,400 and comprehensive earnings of $2,664,900 for the year ended December 31, 2020 (December 31, 2019 - net and comprehensive loss of $1,510,900. The ability to continue operations in the normal course of business is dependent on several factors, including the Corporation's ability to secure funding.

The Corporation has continued financial support from its Parent and management is exploring all available options to secure funding, including equity financing and strategic partnerships. Parent or outside investment is required to meet existing commitments primarily for continued growth of the business. The ongoing operating expenses and working capital requirements, including corporate development, would be nominal if growth was not anticipated. Ultimately, the Corporation must raise additional funds on favorable terms as well as generate sufficient revenue based on project lead times from development stage investments into royalties. The Corporation has negotiated a strategic relationship with certain funds (the "Apollo Funds") which will have the right to solely fund the next $80 million in approved investment opportunities in GBR in exchange for a 50% ownership in GBR. During the year, certain commitments were funded by the Apollo Funds and the Parent (Note 14). The Corporation has applied judgement in assessing funding to be provided by Apollo Funds and its Parent's (from existing liquidity and cash flow from operations). Subsequent to year end, the Corporation completed its initial public offering and received net cash proceeds of C$94,182,000 after deducting underwriting fees of C$5,918,000. As at December 31, 2020, the Corporation has current assets of $299,100 (December 31, 2019 - $281,600), including cash and cash equivalents of $19,200 (December 31, 2019 - $196,100) and current liabilities of $424,400 (December 31, 2019 - $347,900) including a balance payable to its parent company of $164,500 (December 31, 2019 – $290,700). The Corporation believes it will have adequate liquidity to support its operations and meet its financial obligations for the next twelve months.

The financial statements do not include any additional adjustments to the recoverability and classification of certain recorded asset amounts, classification of certain liabilities and changes to net comprehensive loss that might be necessary if the Corporation was unable to continue as a going concern.

Basis of consolidation

The consolidated financial statements include the financial statements of the Corporation and the entities controlled by the Corporation (its subsidiaries). Control exists when the Corporation has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns.

The Corporation reassesses whether or not it controls an investee at each reporting date if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Corporation has less than a majority of the voting rights of an investee, it is deemed to have power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Corporation considers all relevant facts and circumstances in assessing whether or not the Corporation's voting rights in an investee are sufficient to give it power, including the size of the Corporation's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the Corporation, other vote holders or other parties; rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Corporation has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

The consolidated financial statements include all subsidiaries in the accounts of the Corporation for the periods presented.

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Corporation's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

When the Corporation loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Corporation had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, and when applicable, the cost on initial recognition of an investment in an associate or a joint venture. The Corporation applies a “full-gain recognition” approach in accounting for a loss of control of a former subsidiary. The application of the IFRS 10 full-gain approach would result in recognition of the fair value of investment in joint venture and any gain or loss recorded in the consolidated statement of earnings. As the Corporation’s underlying ownership interest changes as a result of external financings completed by the associate or joint venture with third parties, the Corporation’s investment is adjusted to reflect any dilution effect which is recorded in the consolidated statement of earnings.

Joint arrangements

Investments in joint ventures are accounted for using the equity method (Note 6). Under this method, the Corporation's share of the investment's earnings or losses is included in the statement of earnings and other comprehensive earnings and the carrying amount of the investment is adjusted by a like amount.

Cash and cash equivalents

Cash and cash equivalents consist of amounts on deposit with banks and short-term investments in money market instruments that are readily convertible to cash with maturities of three months or less at the time of purchase.

Income taxes

The Corporation follows the liability method of accounting for income taxes. Under this method, deferred income taxes are recognized based on the expected future tax consequences of unused tax losses, unused tax credits, and differences between the carrying amount of balance sheet items and their corresponding tax basis, using the substantively enacted income tax rates for the years in which the differences are expected to reverse. Deferred income tax assets are recognized to the extent it is probable they will be utilized.

Foreign currency translation

The presentation currency and the functional currency of the Corporation and significant subsidiaries is the US dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each financial statement reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Gains and losses on translation of monetary assets and liabilities are included in the determination of net loss and comprehensive loss for the period.

Earnings (loss) per share

Basic and diluted net earnings per share is calculated using the weighted average number of common shares outstanding for the respective periods. The diluted net earnings per share is calculated using the weighted average number of common shares outstanding for the respective periods after giving effect to dilutive stock options and warrants. For loss periods, the diluted loss per share is calculated using weighted average number of common shares outstanding for the respective periods without giving effect to dilutive stock options and warrants since their inclusion would be anti-dilutive.

Diluted earnings per share is calculated using the treasury stock method, whereby it is assumed that proceeds received on the exercise of in-the-money stock options and warrants are used to repurchase the Corporation's shares at the average market price during the period.

Business combinations and goodwill

Applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition-date fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The determination of the acquisition-date fair values often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of royalty interests and other intangible assets acquired generally require a high degree of judgment, and include estimates of expected production levels, future prices, useful lives and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill in the purchase price allocation. Acquisition related costs are recognized in the statements of loss and comprehensive loss in the year of acquisition.

Goodwill is measured as the excess of the sum of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date fair value of the identifiable assets acquired and the liabilities assumed. Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated goodwill impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Corporation's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit ("CGU") to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in net loss and comprehensive loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Leases

The Corporation accounts for its leases by (i) recognizing 'right-of-use' assets and lease liabilities in the consolidated balance sheet, initially measured at the present value of future lease payments discounted at the incremental borrowing rate; (ii) recognizing depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of earnings; and (iii) separating the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Corporation recognizes a lease expense on a straight-line basis as permitted by IFRS 16.

Segment reporting

The Corporation manages its business under one operating segment consisting of the acquisition and management of renewable energy investments and royalties in North America. The Corporation's principal asset, 89% interest in joint venture is located in Delaware, USA. The Corporation's executive and head office is located in Canada. The reportable segment is consistent with the internal reporting structure of the Corporation which is provided to the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") who fulfill the role of the chief operating decision-maker ("CODM"). The CODM are responsible for assessing performance of the Corporation's operating segment.

Impairment of interest in joint ventures

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

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

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

Investments

Under IFRS 9 – Financial Instruments, on initial recognition, the Corporation may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive earnings. The cumulative gain or loss is not reclassified to the statement of earnings on disposal of the equity investments, instead, it is transferred to retained earnings.

Impairment of renewable royalty interests

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

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

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

Revenue recognition

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

Intangible assets – renewable royalty interests

Royalty interests acquired are recognized separately from goodwill if the asset is separable or arises from contractual or legal rights. These intangible assets are also recognized when acquired individually or with a group of other assets. Royalty interests are initially recorded at their estimated fair value. Intangible assets with a finite life are amortized on a straight-line basis over their useful economic lives of 17-25 years as appropriate with the amortization expense included in the consolidated statements of loss and comprehensive loss. Intangible assets that are not yet ready for use are not amortized until available for use. All intangible assets are reviewed for impairment indicators at each reporting period. The useful lives are reviewed at each reporting period to ensure no adjustments are needed. The Corporation has no identifiable intangible assets for which the expected useful life is indefinite.

Intangible asset – other

Other intangible assets are initially recorded at their estimated fair value based on consideration paid to acquire the asset or recognized separately from goodwill if the asset is separable or arises from contractual or legal rights. These intangible assets have finite lives and are amortized over their useful economic lives on a straight-line basis over four years, the term of the non-competition agreement. The amortization expense is included in the consolidated statements of loss and comprehensive loss. All intangible assets are reviewed for impairment indicators at each reporting period. The useful lives are reviewed at each reporting period to ensure no adjustments are needed.

Share-based compensation

The compensation cost for options granted to employees and directors is determined based on the estimated fair value of those instruments at the time of the grant using the Black-Scholes option pricing model and is amortized over the vesting period with an offset to share-based payment reserve. When options are exercised, the corresponding share-based payment reserve and the proceeds received by the Corporation are credited to share capital. At each reporting date the Corporation revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognized in the consolidated statement of earnings such that the cumulative expense reflects the revised estimate with a corresponding adjustment to reserves.

Warrants

Warrants issued without consideration or for goods and services provided are considered equity and not recorded until exercised by the holder and do not violate the fixed for fixed concept. The Corporation then recognizes the proceeds and issuance of shares. Warrants issued for goods or services received are measured at fair value at the date of issue using the Black-Scholes pricing model, which incorporates certain input assumptions including the warrant price, risk-free interest rate, expected warrant life and expected share price volatility. The fair value is included as a component of equity and is transferred from warrants to common shares on exercise. Warrants exercised for settlement of financial liabilities results in the extinguishment and derecognition of the liability and the issuance of common shares.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires the Corporation to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences.

Estimates and assumptions are continually evaluated and are based on historical experience, current and future economic conditions and other factors, including expectations of events that are believed to be reasonable under the circumstances. In preparing these consolidated financial statements, the significant judgments made by management in applying the Corporation's accounting policies, basis of consolidation and the key sources of estimation uncertainty include but are not limited to the following:

Business combinations

For business combinations, the Corporation must make assumptions and estimates to determine the fair value of consideration paid and the purchase price allocation of the business being acquired. To do so, the Corporation must determine the acquisition-date fair value of the identifiable assets acquired, including intangible assets and liabilities assumed. Among other things, the determination of these fair market values involves the use of discounted cash flow analyses including key judgements such as discount rates and timing of cash flows. Goodwill, if any, is measured as the excess of the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree over the net recognized amount of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date. These assumptions and estimates have an impact on the asset and liability amounts recorded in the consolidated balance sheet on the acquisition date. In addition, the estimated useful lives of the acquired amortizable assets, the identification of intangible assets and the determination of the indefinite or finite useful lives of intangible assets acquired will have an impact on the Corporation's future earnings.

Income taxes

The Corporation has available unused operating losses and temporary timing differences as disclosed in Note 8 to the consolidated financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that all or part of the related tax benefit will be realized.

Investments in joint ventures

The Corporation's joint venture holds renewable royalty interests and investments in renewable royalties. The amortization of renewable royalty interests is recorded straight line over the expected life of the asset. The investments in renewable royalties are recorded at fair value. The estimates used for amortization and fair value affect the related amount of the equity pickup and the assessment of the recoverability of the carrying value of these investments in joint ventures. The Corporation has the ability to jointly control the relevant activities of these joint arrangements and has classified these as joint ventures (Note 6).

Fair value measurements and valuation processes

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

The Corporation's joint venture holds investments in preferred shares (Note 6) that will yield distributions in the form of royalty contracts on renewable energy projects at a future date. The joint venture has the right to receive a gross revenue royalty until the estimated value of such royalties at the time of commercial operations achieve a minimum return threshold on the investment. The number of royalties to be granted is dependent on pricing, timing of permits, and construction timing of commercial operations, technology, size of the project and expected energy rates. These investments are not traded in the active market and the fair value is determined using an income approach methodology and primarily using the discounted cash flow valuation of the expected portfolio of royalties to be granted. The valuations of these private equity investments can be sensitive to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year. Further information on unobservable inputs and related qualitative analysis are provided in Note 12. The Corporation records its share of these fair value changes through other comprehensive earnings.

4. FUTURE ACCOUNTING PRONOUNCEMENTS

The Corporation has not applied the following new and revised IFRS Standards that have been issued but are not yet effective: Amendments to IFRS 3 Reference to the Conceptual Framework Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use; Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract; Annual Improvements to IFRS Standards 2018-2020 Cycle; and Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, and IFRS 16 Leases. The Corporation does not expect that the adoption of the Amendments listed above will have a material impact on the consolidated financial statements in future periods.

5. ACQUISITION OF RENEWABLE ENERGY BUSINESS & INVESTMENT

On February 5, 2019 the Corporation acquired all of the outstanding shares of a private company, Great Bay Renewables, Inc. ("Great Bay") from its shareholders for cash of $5,000,000. The Great Bay acquisition added a paying royalty on the 4.7 MW Clyde River hydroelectric/solar facility located in Vermont and some working capital to the Corporation.

The Corporation has accounted for the purchase of Great Bay in accordance with *IFRS 3 Business Combinations*. The purchase price of the acquisition, before acquisition costs, has been allocated based on the estimated fair value of the net assets acquired from Great Bay, including an intangible asset which consists of non-competition agreements

Allocation of net purchase price of Great Bay

The fair value of the net purchase price has been allocated to the estimated fair values of the Great Bay assets and liabilities as at February 5, 2019 in accordance with the purchase method, as follows:

Expressed in United States Dollars, rounded to the nearest hundred		Net total
Assets acquired:		
Cash and cash equivalents	$	316,300
Accounts receivable	$	40,600
Total current assets	$	356,900
Other intangible assets	$	2,069,100
Royalty interest in renewables	$	2,574,000
Fair value of net assets	$	5,000,000
Fair value of consideration paid	$	5,000,000
Fair value of net assets	$	5,000,000
Goodwill acquired	$	-

6. INTEREST IN JOINT VENTURES

Expressed in United States Dollars, rounded to the nearest hundred	Note		GBR, LLC
Balance, January 1, 2020		$	-
Equity interest on loss of control of subsidiary			69,810,300
Loss			(273,500)
Other comprehensive earnings - unrealized gains on investments			1,471,000
Dilution gain			226,600
Balance, December 31, 2020		$	71,234,400

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 US$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 Corporation determined that as a result of the governance structure with Apollo it no longer has the ability to control its subsidiary, GBR, and has accounted for the transaction under IFRS 10 Consolidated Financial Statements. The Corporation has derecognized the assets and liabilities of its former subsidiary, GBR, from the consolidated balance sheet, recognized the investment retained in GBR at its fair value of $69,810,300 and a gain on loss of control of its subsidiary of $638,100. The Corporation determined that this investment is a joint venture and will use the equity method to account for this investment under IFRS 11 Joint Arrangements. The Corporation retained a 91% interest in the GBR Joint Venture. By December 31, 2020 the Corporation's interest in GBR was further diluted to 89% as a result of additional funding by Apollo and a dilution gain of $226,600 was recorded in the consolidated statement of loss. 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.

A summary of the adjustments to the assets and liabilities from the Corporation's consolidated balance sheet upon loss of control of GBR are as follows:

Expressed in United States Dollars, rounded to the nearest hundred		
Cash	$	(727,400)
Accounts receivable and prepaid expenses		(48,600)
Renewable royalty interests		(2,388,900)
Intangible asset		(1,190,200)
Investments		(64,897,200)
Accounts payable and accrued liabilities		80,100
Net assets	$	(69,172,200)
Interest in joint venture at fair value		69,810,300
Gain on loss of control of subsidiary	$	638,100

A summary of assets, liability, income, expenses and cash flow of the joint ventures based on financial information that is available is as follows:

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

(1) GBR balances were included in the Corporation's consolidated balances for the year ended December 31, 2019 and up to October 11, 2020

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

Expressed in United States Dollars, rounded to the nearest hundred	Note	As at October 11, 2020	Additions	As at December 31, 2020
Renewable royalty interests				
Neo Geothermal - Thermal		$ 389,000	$ -	$ 389,000
Clyde River - Hydro		2,185,000	-	2,185,000
Balance, end of period	8	$ 2,574,000	$ -	$ 2,574,000
Accumulated amortization				
Neo Geothermal - Thermal		$ 38,500	$ 5,700	$ 44,200
Clyde River - Hydro		146,600	22,000	168,600
Balance, end of period		$ 185,100	$ 27,700	$ 212,800
Net book value		$ 2,388,900	$ (27,700)	$ 2,361,200

(1) GBR balances were included in the Corporation's consolidated balances for the year ended December 31, 2019

Key management compensation

During the year ended December 31, 2020 the GBR LLC paid compensation to key management personnel and directors of $268,700 (December 31, 2019 - $231,400) related to salaries and benefits.

Commitments

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 2021. GBR has applied the exemptions from IFRS 16 in relation to this lease. On January 29, 2021 GBR extended the lease for a three year term, such that the termination date will be March 31, 2024.

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.

For the accounting policies see Note 2; for a summary of the investments and cash flows relating to those investments, see Note 7; for a summary of related party transactions see Note 11; and for the financial instruments and fair value qualitative and quantitative analysis see Note 12.

7. INVESTMENTS

Expressed In United States Dollars, rounded to the nearest hundred	Tri Global Energy	Apex Clean Energy	Total
Balance, January 1, 2019	$ -	$ -	$ -
Additions	10,686,200	-	10,686,200
Disposals	-	-	-
Revaluation	-	-	-
Balance, December 31, 2019	$ 10,686,200	$ -	$ 10,686,200
Additions	13,686,300	35,458,300	49,144,600
Revaluation gains through OCI	5,066,400	-	5,066,400
Loss of control of subsidiary (Note 5)	(29,438,900)	(35,458,300)	(64,897,200)
Balance, December 31, 2020	$ -	$ -	$ -

Tri Global Energy LLC

On February 7, 2019 the Corporation announced its first renewable energy royalty transaction with leading Texas-based wind energy developer Tri Global Energy LLC ("TGE"). GBR will be granted a 3% gross revenue royalty on each individual pipeline project created until a target minimum total royalty valuation is achieved. GBR has committed to investing in tranches a total of $30,000,000 over the next three years as TGE achieves certain advancement milestones. An initial investment of $7,500,000 was made in TGE upon closing and classified as investments. In October 2019, TGE achieved certain milestones, making available to TGE a portion of the second tranche of funding and the Corporation funded $3,000,000. TGE had 12 months to request the remaining $3,500,000 of the second tranche which the Corporation is obligated to fund, per the agreement. This was funded by the Corporation in 2020. During the year ended December 31, 2020 the Corporation funded additional investments in TGE in accordance with the terms of the agreement for a total of $13,500,000 (inclusive of the $3,500,000 noted above) in four additional tranches which were based on milestone achievements. These investments were funded using proceeds from share issuances (Note 10). Included in the balance of this investment is $372,500 of acquisition related costs associated directly with this investment as at December 31, 2020 (December 31, 2019 - $186,200).

On October 28, 2020, the first investment under the arrangement between the Corporation and the Apollo Funds was announced as GBR agreed to an additional $25 million royalty investment in TGE's portfolio of wind and solar energy development project. The additional investment into TGE is an extension of the current $30 million royalty investment that GBR made in TGE in early 2019, bringing the total royalty capital commitment to $55 million. As TGE develops and sells individual projects, GBR receives a gross revenue royalty on each project for the full life of the project. As at December 31, 2020, the total investment in TGE is $31,000,000.

Apex Clean Energy

On March 10, 2020 GBR entered into a $35,000,000 royalty investment agreement with Apex Clean Energy ("Apex"), one of the largest renewable energy developers in the US, to obtain future royalties related to a broad portfolio of wind and solar energy development projects located across North America. GBR will receive gross revenue royalties for wind energy and solar energy projects as projects are sold until a target valuation of the royalty portfolio is achieved. Upon achieving certain milestones related to the vending of projects in Apex's development pipeline, mutual options become exercisable to provide continuing US$10,000,000 tranches of royalty investment. The Corporation funded the investment using its revolving credit facility. There are $466,800 in acquisition related costs included in the value of the investment for the year ended December 31, 2020.

As a result of the deconsolidation of GBR, the Corporation derecognized its renewable energy investments and all other assets and liabilities (Note 6). Effective October 11, 2020, the Corporation accounted 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 going forward. 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.

8. RENEWABLE ROYALTY INTERESTS

Expressed in United States Dollars, rounded to the nearest hundred	Note	As at December 31, 2019	Additions	Dispositions	As at December 31, 2020
Renewable royalty interests					
Neo Geothermal - Thermal		$ 389,000	$ -	$ (389,000)	$ -
Clyde River - Hydro		2,185,000	-	(2,185,000)	-
Balance, end of period	5	$ 2,574,000	$ -	$ (2,574,000)	$ -
Accumulated amortization, depreciation					
Neo Geothermal - Thermal		$ 21,200	$ 17,300	$ (38,500)	$ -
Clyde River - Hydro		80,600	66,000	(146,600)	-
Balance, end of period		$ 101,800	$ 83,300	$ (185,100)	$ -
Net book value		$ 2,472,200	$ (83,300)	$ (2,388,900)	$ -

Expressed in United States Dollars, rounded to the nearest hundred	Note	As at December 31, 2018	Additions	Dispositions	As at December 31, 2019
Renewable royalty interests					
Neo Geothermal - Thermal		$ -	$ 389,000	$ -	$ 389,000
Clyde River - Hydro		-	2,185,000	-	2,185,000
Balance, end of period	5	$ -	$ 2,574,000	$ -	$ 2,574,000
Accumulated amortization					
Neo Geothermal - Thermal		$ -	$ 21,200	$ -	$ 21,200
Clyde River - Hydro		-	80,600	-	80,600
Balance, end of period		$ -	$ 101,800	$ -	$ 101,800
Net book value		$ -	$ 2,472,200	$ -	$ 2,472,200

As a result of the loss of control of GBR, the Corporation derecognized its renewable royalty interests and all other assets and liabilities (Note 6). Effective October 11, 2020, the Corporation accounted 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 going forward. The renewable royalty interests form part of the joint venture and the Corporation's share of accumulated amortization is recorded in the Corporation's earnings.

9. INCOME TAXES

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

Expressed in United States Dollars, rounded to the nearest hundred		December 31, 2020		December 31, 2019
Non capital loss carryforwards	$	545,300	$	-
Carrying value of investments in excess of tax values		(1,385,300)		-
	$	(840,000)	$	-

		December 31, 2020		December 31, 2019
Deferred tax liabilities	$	(1,385,300)	$	-
Deferred tax assets		545,300		-
Total deferred income tax	$	(840,000)	$	-

Deferred tax assets have not been recognized for the following gross net deductible temporary differences.

Expressed in United States Dollars, rounded to the nearest hundred	Year Ended			
		December 31, 2020		December 31, 2019
Non capital losses	$	453,400	$	1,191,300
Financing costs	$	55,300		66,400
Differences on royalty interests and other intangibles		-		361,500
Unrecognized gross net deductible temporary differences	$	508,700	$	1,619,200

A deferred tax asset was not recognized with respect to Canadian non-capital tax losses of $453,400 (December 31, 2019 - $329,500) and US non-capital losses of $nil (December 31, 2019 - $861,810). If not utilized, the Canadian losses expire in 2039 and 2040.

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates of 24% (December 31, 2019 – 26%) to earnings before taxes. The differences are from the following items:

Expressed in United States Dollars, rounded to the nearest hundred	Year Ended			
		December 31, 2020		December 31, 2019
Expected tax expense (recovery)	$	(727,800)	$	(392,800)
Change in recognition of deferred tax assets		(210,400)		392,800
Permanent differences		(118,900)		-
	$	(1,057,100)	$	-

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

Expressed in United States Dollars, rounded to the nearest hundred	Year Ended December 31, 2020	Year Ended December 31, 2019
Current tax	$ -	$ -
Deferred tax	(1,057,100)	-
	$ (1,057,100)	$ -

10. 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

Subsequent to year end, on March 3, 2021 ARR completed its initial public offering of 9,100,000 common shares at a price of C$11.00 per share for total gross proceeds of C$100,100,000 (Note 15).

Year ended December 31, 2020

During the period from January 1 to April 30, 2020 the Corporation issued 10,375,000 shares to its parent, ARC at $4 per common share for total share proceeds of $41,500,000. On April 30, the Corporation issued 4,482,500 warrants to ARC with a strike exercise price of $4 and an expiry date of April 2030 of which 1,388,614 were exercised between May 1 and December 31, 2020 resulting in cash proceeds of $5,000,000 and settlement of an outstanding related party loan of $554,500 (Note 11). Certain warrants, included in the 4,482,500, were issued for services provided by the Parent. These were valued using an option pricing model and $955,300 was recorded as share based compensation during the year ended December 31, 2020.

On April 1, 2020 the Corporation issued 1,000,000 stock options to a director and employees of its former subsidiary with an expiry date of March 2025 and a strike exercise price of $4. The options were valued using an option pricing model and $1,346,500 was recorded as share based compensation during the year ended December 31, 2020 (Note 11). There were no options issued during the 2019 year.

On May 1, 2020 the Corporation issued 892,500 common shares to an outside investor at $4 per common share for a total share proceeds of $3,570,000.

Year ended December 31, 2019

On February 9, 2019, the Corporation issued 3,313,750 common shares at a value of $4 per share for total share issuance proceeds of $13,255,000. Of this, 3,125,000 common shares at a value of $4 per share were purchased and paid by ARC with the balance being purchased by minority shareholders. Share issue costs of $66,400 were recorded against equity.

On October 9, 2019, the Corporation issued 750,000 common shares at a value of $4 per share to ARC for total share issuance of $3,000,000.

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.

	Year ended	
	December 31, 2020	December 31, 2019
Basic and diluted	13,565,214	3,066,700

Share based compensation

The Corporation recognized the following share-based compensation:

Expressed in United States Dollars, rounded to the nearest hundred	Year ended	
	December 31, 2020	December 31, 2019
Stock option expense	$ 1,346,500	$ -
Management services	955,300	-
Total share-based compensation	$ 2,301,800	$ -

The Corporation's number of outstanding and exercisable options and warrants are retrospectively presented to reflect the 4:1 share consolidation which became effective on January 15, 2021.

A summary of the status of the Corporation's stock option plan as of December 31, 2020, and changes during the period then ended, is as follows:

Expressed in United States Dollars, rounded to the nearest hundred	Year ended December 31, 2020	
	Number of Options	Weighted Average Exercise Price
Oustanding, beginning of year	-	$ -
Granted	1,000,000	$ 4.00
Outstanding & exercisable, end of year	1,000,000	$ 4.00

The weighted average remaining contractual life is 4.5 years. The weighted average fair value of stock options granted during the year ended December 31, 2020 was estimated on the dates of grant to be $1.36 using the Black-Scholes option pricing model with the following assumptions:

Expected life (years)	5.00
Risk-free interest rate (%)	1.25
Expected Volatility (%)	36.38
Expected dividend yield (%)	-

A summary of the status of the Corporation's warrants as of December 31, 2020 is as follows:

Espressed in United States Dollars, rounded to the nearest hundred	Year ended December 31, 2020 Number of Warrants
Oustanding, beginning of year	-
Granted	4,482,449
Exercised	(1,388,614)
Outstanding & exercisable, end of year	3,093,835

The warrants were issued to the Parent on April 30, 2020 with an exercise price of $4 and an expiry date of April 30, 2030. Included in the warrants granted were 736,400 for management services. The weighted average fair value of warrants issued for management services during the year ended December 31, 2020 was estimated on the dates of grant to be $1.28 using the Black-Scholes option pricing model with the following assumptions:

Expected life (years)	5.00
Risk-free interest rate (%)	0.31
Expected Volatility (%)	36.76
Expected dividend yield (%)	-

11. RELATED PARTY TRANSACTIONS

GBR Services Agreement

GBR LLC and Altius Minerals entered into the GBR Services Agreement on October 11, 2020 pursuant to which Altius Minerals agreed to provide GBR with certain back office services including bookkeeping, accounting, treasury services as well as other services previously provided to GBR. Under the terms of the GBR Services Agreement, all bookkeeping, accounting and financial reporting services will be provided by Altius Minerals to GBR through 2020, with services provided into 2021 to be limited solely to finalizing 2020 accounting and financial reporting. Altius Minerals will also invoice GBR for certain direct costs that it incurs on GBR's behalf. The GBR Services Agreement will terminate on the date Altius Minerals has no continuing obligation to perform any services under the GBR Services Agreement as a result of such services' expiration or termination. During the year ended December 31, 2020, Altius Minerals Corporation billed the GBR joint venture $26,700 (December 31, 2019 - $nil) for finance and administrative services.

Altius Minerals Services Agreement

The Corporation and Altius Minerals Corporation ("Altius Minerals") entered into a services agreement dated January 15, 2021 pursuant to which Altius Minerals will provide office space, management, and administrative services, including the services of certain executives to the Corporation for a monthly fee of C$50,000 plus applicable taxes beginning on February 1, 2021, which amount was calculated on a cost recovery basis, and will be reviewed and adjusted by agreement of the parties, if necessary, after three months. Following the initial review, the fees will be subject to a yearly review by the independent directors of the Corporation. Altius Minerals is also entitled to be reimbursed for reasonable out-of-pocket costs it incurs directly for the Corporation. Either the Corporation or Altius Minerals may terminate the Altius Minerals Services Agreement on 60 days' written notice to the other and in other prescribed circumstances, including in certain events of insolvency and if there is a violation of the confidentiality and non-use obligations set forth in the agreement. There were no amounts incurred in 2020 and 2019.

GBR-ARR Services Agreement

GBR and the Corporation entered into the GBR-ARR Services Agreement pursuant to which GBR has agreed to provide certain services to the Corporation on an interim basis in connection with this initial public offering and providing post initial public offering support services, including communications with shareholders and stakeholders of the Corporation, review of public disclosure documents, assistance with the preparation of reports to the Board, attendance at Board meetings and such other services reasonably requested by ARR. As consideration for the services, the Corporation shall pay GBR a daily rate ranging from US$800 to US$2,000 for each individual providing services to the Corporation under the GBR-ARR Services Agreement. The GBR-ARR Services Agreement also stipulates the maximum amount of time per employee that may be spent on various services under the GBR-ARR Services Agreement. The GBR-ARR Services Agreement will terminate (i) on the date on which GBR has no continuing obligation to perform any services as a result of each services' expiration or termination and all fees for such services (including out of pocket costs) have been paid in full, (ii) at the election of GBR on the date that is nine months following written notice from GBR to ARR or (iii) in the event of an insolvency event of either party upon written notice of the other party. There were no amounts incurred in 2020 and 2019.

Other

During the year ended December 31, 2020 the Corporation received an advance of $428,300 (December 31, 2019 - $290,700) from its parent. At December 31, 2020, $164,500 remains owing. During the year ended December 31, 2020, $554,500 of this amount was converted to 136,615 common shares at a price of $4 per common share. There was no gain or loss recorded on settlement of the related party loan with shares.

During the year ended December 31, 2020 the Corporation paid compensation to key management personnel and directors of $298,200 (December 31, 2019 - $231,400) related to salaries and benefits and included $1,346,500 (December 31, 2019 - $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.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The following table sets forth the Corporation's financial assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy. The fair value of the other financial instruments of the Corporation approximates the carrying values due to their short term nature.

Expressed in United States Dollars, rounded to the nearest hundred As at December 31, 2020	Level 1	Level 2	Level 3	TOTAL
Investments	-	-	-	-
FINANCIAL ASSETS	$ -	$ -	$ -	$ -
FINANCIAL LIABILITIES	$ -	$ -	$ -	$ -

Expressed in United States Dollars, rounded to the nearest hundred As at December 31, 2019	Level 1	Level 2	Level 3	TOTAL
Investments	-	-	10,686,200	10,686,200
FINANCIAL ASSETS	$ -	$ -	$ 10,686,200	$ 10,686,200
FINANCIAL LIABILITIES	$ -	$ -	$ -	$ -

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. Amounts allocated to level 3 consist of acquisitions during the year.

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	Level 3 Investments
Balance, December 31, 2018	$ -
Additions	10,686,200
Balance, December 31, 2019	$ 10,686,200
Additions	49,144,700
Loss of control of subsidiary (Note 6)	(64,897,300)
Revaluation gains through OCI	5,066,400
Balance, December 31, 2020	$ -

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 7. 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.

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.	The lower the discount rate the higher the value of an individual royalty. The higher the discount rate the lower the value of the individual royalty. A 1% change in discount rates results in a change of $3,100,000 to the valuation of these instruments.
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.	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.

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 highlighted as follows:

Credit risk

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

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

Foreign currency risk

The Corporation has a portion of its cash denominated in Canadian dollars for certain working capital items and corporate costs. The Corporation does not enter into any derivative contracts to reduce this exposure and maintains limited balances in other currencies.

Liquidity risk

The Corporation receives continuing financial support from its Parent to ensure adequate working capital and future cash flows and continues to explore external funding options and believes that it is able to meet current and future obligations. This conclusion could change with a significant change in the operations of the Corporation or as a result of other developments.

Other price risk

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

COVID -19

Certain impacts to public health conditions particular to the coronavirus (COVID-19) outbreak that occurred during the year ended December 31, 2020 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 and royalty and streaming assets could be volatile as financial markets and commodity prices adjust accordingly.

13. CAPITAL MANAGEMENT

The Corporation defines its capital as its total equity attributable to shareholders. The Corporation's objectives when managing capital is to maintain financial liquidity and flexibility to preserve its ability to meet financial obligations and to ensure that sufficient capital and access to capital for potential growth and to pursue additional investment opportunities.

The Corporation monitors and adjusts its capital structure, when necessary, in light of changes to economic conditions, the objectives of its shareholders, the cash requirements of its business and the condition and availability of external funding.

The Corporation does not have any externally imposed restrictions.

14. COMMITMENTS

Tri Global Energy

The Corporation has committed through its interest in joint venture to investing, in tranches, a total of $24,00,000 as TGE achieves certain advancement milestones (Notes 6&7).

Other commitments

ARR and Altius Minerals entered into a services agreement dated January 15, 2021 pursuant to which Altius Minerals will provide office space, management, and administrative services, including the services of the certain executives for a monthly fee of C$50,000 plus applicable taxes beginning on February 1, 2021, which amount was calculated on a cost recovery basis (see Note 11).

15. SUBSEQUENT EVENTS

Initial Public Offering

Subsequent to December 31, 2020, 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"), led by TD Securities Inc. and Scotia Capital Inc., together with a syndicate (collectively, the "Underwriters"). On February 25, 2021, the Corporation filed and obtained a receipt for a final base PREP prospectus and filed a supplemented PREP prospectus.

On March 3, 2021 the Corporation completed the IPO at a price of C$11.00 share (the "Offering Price") for total gross proceeds of C$100,100,000. Following the completion of the IPO, the Corporation's Parent holds 15,638,639 of the ARR Shares or approximately 61% of the issued and outstanding shares (or approximately 58% of the issued and outstanding shares if the over-allotment option is exercised in full). The Corporation granted to the Underwriters an over-allotment option to purchase up to an additional 1,365,000 Shares at the Offering Price for additional gross proceeds of up to $15,015,000 if the option is exercised in full. The over-allotment option can be exercised for a period of 30 days from the closing date of the IPO. The proceeds from the IPO will be used by the Corporation to fund additional renewable energy royalty focused investments to continue to support the growth of its renewable energy royalty business and for general corporate purposes. Following the closing of the IPO the Corporation's shares trade on the TSX under the symbol "ARR". In connection with the IPO, certain directors and officers of the Corporation and Altius entered into lock-up arrangements in respect of their shares of the Corporation for a period of 180 days.

Apex

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.

Stock options

On January 13, 2021 the Corporation approved the issuance of 147,082 stock options to directors with an expiry date of January 2026 and an exercise price to be equal to the offering price on closing of the Corporation's initial public offering.