Altius Minerals Corporation

Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

Independent Auditor's Report

To the Shareholders and the Board of Directors of
Altius Minerals Corporation

Opinion

We have audited the consolidated financial statements of Altius Minerals Corporation (the "Corporation"), which comprise the consolidated balance sheets as at December 31, 2023 and 2022, and the consolidated statements of earnings, comprehensive earnings(loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (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, 2023 and 2022, 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 consolidated financial statements for the year ended December 31, 2023. This matter was addressed in the context of our audit of the consolidated 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 Venture — Fair value determination of renewable royalty interests and investments in renewable royalties - Refer to Note 2, 3, 5 and 17 to the financial statements

Key Audit Matter Description

The Corporation's joint venture has renewable royalty interests and holds investments in renewable royalties, 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 timing of cashflow from royalties, discount rates, power purchase agreement prices and merchant power pricing, and timing of commercial operations.

Given the significant judgments made by management to estimate the fair value of the renewable royalty interests and investments in renewable royalties, performing audit procedures to evaluate the reasonableness of the estimates and assumptions related to the determination of an appropriate valuation methodology, expected timing of cashflow from royalties, discount rates, power purchase agreement prices and merchant power pricing, and timing of commercial operations 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 the renewable royalty interests and investments in renewable royalties included the following, among others:

- Evaluated the reasonableness of management's expected timing of cashflow from royalties, power purchase agreement prices and merchant power pricing, and timing of commercial operations, as applicable, 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 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 Jacklyn Mercer.

/s/ Deloitte LLP

Chartered Professional Accountants
St. John's, Newfoundland and Labrador
March 11, 2024

CONSOLIDATED BALANCE SHEETS

In Thousands of Canadian Dollars	Note	As at December 31, 2023	As at December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		$ 130,422	$ 82,385
Accounts receivable and prepaid expenses		6,935	10,937
Income tax receivable		2,074	4,048
Loan receivable	7	5,303	6,773
		$ 144,734	$ 104,143
Non-current assets			
Royalty and streaming interests	8	206,209	228,321
Investments	7	221,745	218,210
Interests in joint ventures	5	174,873	209,247
Exploration and evaluation assets	4	8,011	9,416
Deferred tax assets	9	7,907	6,773
Investment in associates	6	1,579	1,613
Loan receivable	7	6,628	–
Derivative - cash flow swap	10	1,339	2,148
Property and equipment		513	713
		$ 628,804	$ 676,441
TOTAL ASSETS		$ 773,538	$ 780,584
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		4,155	5,642
Current portion of long-term debt	10	8,000	8,000
Income tax payable		734	6,046
		$ 12,889	$ 19,688
Non-current liabilities			
Long-term debt	10	104,173	112,873
Other liability		418	801
Deferred tax liabilities	9	43,520	38,413
		$ 148,111	$ 152,087
TOTAL LIABILITIES		$ 161,000	$ 171,775
EQUITY			
Shareholders' equity		488,727	486,193
Non-controlling interest		123,811	122,616
		$ 612,538	$ 608,809
TOTAL LIABILITIES AND EQUITY		$ 773,538	$ 780,584

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF EARNINGS

In Thousands of Canadian Dollars, except per share amounts	Note	Year ended December 31, 2023	December 31, 2022
Revenue and other income	11	$ 68,957	$ 102,047
Costs and Expenses			
General and administrative	11	11,489	10,511
Cost of sales - copper stream		5,098	5,646
Share-based compensation	13	3,968	3,408
Generative exploration		1,048	201
Exploration and evaluation assets abandoned or impaired	4	602	84
Mineral rights and leases		227	227
Amortization and depletion		15,982	24,292
Earnings before the following:		$ 30,543	$ 57,678
(Loss) earnings from joint ventures	5	(1,826)	1,835
Realized gain (loss) on disposal of derivatives		349	(716)
Gain on disposal of mineral property	4	594	2,166
Impairment of royalty interest	8	(6,338)	–
Interest on long-term debt		(9,276)	(7,019)
Foreign exchange gain (loss)		980	(1,699)
Unrealized gain (loss) on fair value adjustment of derivatives		325	(382)
Share of loss in associate	6	(34)	(7)
Earnings before income taxes		$ 15,317	$ 51,856
Income taxes (current and deferred)	9	5,195	12,374
Net earnings		$ 10,122	$ 39,482
Net earnings attributable to:			
Common shareholders		9,537	37,489
Non-controlling interest		585	1,993
		$ 10,122	$ 39,482
Net earnings per share			
Basic	12	0.20	0.82
Diluted	12	0.20	0.80

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

In Thousands of Canadian Dollars	Note	Year ended December 31, 2023	December 31, 2022
Net earnings		$ 10,122	$ 39,482
Other comprehensive earnings (loss)			
To be reclassified subsequently to profit or loss			
Foreign currency translation adjustment			
Gross amount		(5,607)	14,430
Net amount		$ (5,607)	$ 14,430
Net unrealized (loss) gain on fair value adjustment of cash flow swap			
Gross amount		(716)	2,217
Tax effect		191	(431)
Net amount		$ (525)	$ 1,786
Revaluation of cash flow swap held in joint venture			
Gross amount	5	(5,275)	–
Tax effect		1,168	–
Net amount		$ (4,107)	$ –
To not be reclassified subsequently to profit or loss			
Net unrealized gain (loss) on investments			
Gross amount	7	14,958	(12,469)
Tax effect		(1,219)	1,431
Net amount		$ 13,739	$ (11,038)
Revaluation of investments held in joint venture			
Gross amount	5	24,278	14,641
Tax effect		(5,489)	(2,123)
Net amount		$ 18,789	$ 12,518
Realized (loss) gain on investments	7	(747)	1,105
Tax effect		–	–
Net amount		$ (747)	$ 1,105
Other comprehensive earnings		$ 21,542	$ 18,801
Total comprehensive earnings		$ 31,664	$ 58,283
Total comprehensive earnings attributable to:			
Common shareholders		24,924	50,908
Non-controlling interest		6,740	7,375
		$ 31,664	$ 58,283

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

In Thousands of Canadian Dollars	Note	Year ended December 31, 2023	Year ended December 31, 2022
Operating activities			
Net earnings		$ 10,122	$ 39,482
Adjustments for operating activities	14	23,523	33,026
		$ 33,645	$ 72,508
Changes in non-cash operating working capital	14	2,861	1,752
		$ 36,506	$ 74,260
Financing activities			
Repayment of long-term debt	10	(8,000)	(8,000)
Proceeds from long-term debt	10	–	10,000
Lease payments		(168)	(168)
Net proceeds from equity issuance of subsidiary	16	–	15,219
Cash settled stock options and RSUs	13	(1,900)	(3,703)
Payments to non-controlling interest	16	(2,030)	(2,775)
Preferred securities distributions	12	–	(3,346)
Repurchase of common shares	12	(12,528)	(4,835)
Dividends paid		(14,300)	(13,143)
		$ (38,926)	$ (10,751)
Investing activities			
Proceeds from sale of investments	7	1,157	3,416
Cash received from joint ventures	5	75,730	28,302
Return of capital	7	8,950	–
Proceeds from sale of mineral properties	4	161	–
Generative exploration		(1,048)	(201)
Exploration and evaluation assets, net of recoveries		(396)	(777)
Cash taxes paid		–	(2,113)
Investment in joint venture	5	(21,222)	(58,583)
Loan receivable	7	(5,283)	(6,422)
Purchase of non-controlling interest units	16	(1,357)	–
Acquisition of royalty interests	8	–	(1,529)
Acquisition of investments	7	(1,609)	(47,814)
Acquisition of property and equipment		(9)	(29)
		$ 55,074	$ (85,750)
Net increase (decrease) in cash and cash equivalents		52,654	(22,241)
Effect of foreign exchange on cash and cash equivalents		(4,617)	4,605
Cash and cash equivalents, beginning of year		82,385	100,021
Cash and cash equivalents, end of year		$ 130,422	$ 82,385

Supplemental cash flow information (Note 14)

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In Thousands of Canadian Dollars		Common Shares		Preferred Securities		Other Equity Reserves (Note 12)	Accumulated Other Comprehensive Earnings	Retained Earnings	Total Shareholders' Equity	Non-controlling interest	Total Equity
	Note	Number	Amount	Number	Amount						
Balance, December 31, 2021		41,185,595	$ 260,793	10,000,000	$ 57,061	$ 26,015	$ 76,971	$ 12,646	$ 433,486	$ 95,493	$ 528,979
Net earnings and comprehensive earnings, January 1 to December 31, 2022		–	–	–	–	–	13,419	37,489	50,908	7,375	58,283
Payments to non-controlling interest		–	–	–	–	–	–	–	–	(2,775)	(2,775)
Transactions with non-controlling interests		–	–	–	–	–	–	(7,269)	(7,269)	22,523	15,254
Shares repurchased and cancelled		(268,000)	(1,886)	–	–	–	–	(2,949)	(4,835)	–	(4,835)
Preferred securities distributions		–	–	–	–	(1,150)	–	(1,410)	(2,560)	–	(2,560)
Preferred securities redemption		–	87,061	(10,000,000)	(57,061)	–	–	–	30,000	–	30,000
Warrants exercised		6,670,000	12,012	–	–	(12,012)	–	–	–	–	–
Dividends paid to common shareholders		–	–	–	–	–	–	(13,854)	(13,854)	–	(13,854)
Shares issued under dividend reinvestment plan		34,125	711	–	–	–	–	–	711	–	711
Share-based compensation		–	–	–	–	3,408	–	–	3,408	–	3,408
Cash settled RSUs and stock options		–	–	–	–	(3,703)	–	–	(3,703)	–	(3,703)
Shares issued under long-term incentive plan		3,238	6	–	–	(105)	–	–	(99)	–	(99)
Balance, December 31, 2022		47,624,958	358,697	–	–	12,453	90,390	24,653	486,193	122,616	608,809
Net earnings and comprehensive earnings, January 1 to December 31, 2023		–	–	–	–	–	15,387	9,537	24,924	6,740	31,664
Payments to non-controlling interest	16	–	–	–	–	–	–	–	–	(3,387)	(3,387)
Transactions with non-controlling interests		–	–	–	–	–	–	2,232	2,232	(2,158)	74
Shares repurchased and cancelled	12	(611,800)	(4,613)	–	–	–	–	(7,915)	(12,528)	–	(12,528)
Dividends paid to common shareholders		–	–	–	–	–	–	(15,191)	(15,191)	–	(15,191)
Shares issued under dividend reinvestment plan		43,081	891	–	–	–	–	–	891	–	891
Share-based compensation		–	–	–	–	3,968	–	–	3,968	–	3,968
Cash settled RSUs and stock options		–	–	–	–	(1,900)	–	–	(1,900)	–	(1,900)
Shares issued under long-term incentive plan		24,498	314	–	–	(176)	–	–	138	–	138
Balance, December 31, 2023		47,080,737	$ 355,289	$ –	$ –	$ 14,345	$ 105,777	$ 13,316	$ 488,727	$ 123,811	$ 612,538

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Altius Minerals Corporation ("Altius" or the "Corporation") manages its business under three operating segments, consisting of (i) the acquisition and management of producing and development stage mineral royalty and streaming interests ("Mineral Royalties"), (ii) the acquisition and early stage exploration of mineral resource properties with a goal of vending the properties to third parties in exchange for early stage royalties and minority equity or project interests ("Project Generation") and (iii) its majority interest holding in publicly traded Altius Renewable Royalties Corp. (TSX: ARR) ("ARR"), which is focused on the acquisition and management of renewable energy investments and royalties ("Renewable Royalties").

The Corporation's diversified mineral royalties and streams generate revenue from 11 operating mines located in Canada (9) and Brazil (2) that produce copper, nickel, cobalt, lithium, potash, and iron ore. It also holds indirect royalty interests in two construction stage lithium mines. The Corporation further holds a diversified portfolio of pre-production stage royalties and junior equity positions that it mainly originates through mineral exploration initiatives within its Project Generation business division. The Corporation holds a 58% interest in ARR, which through a jointly controlled entity, Great Bay Renewables LLC ("GBR"), holds royalties related to renewable energy generation projects located primarily in the United States. Certain funds managed by affiliates of Apollo Global Management, Inc. (the "Apollo Funds") represent the other party to the joint venture.

Altius is a publicly traded company, 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 4200 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 on March 11, 2024.

2. MATERIAL ACCOUNTING POLICIES

The Corporation's material accounting policies are as follows:

Basis of Presentation

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

These consolidated financial statements have been prepared on an historical cost basis, except for derivative assets and liabilities, and financial assets classified at fair value through profit or loss or investments which are measured at fair value through other comprehensive income. All amounts are expressed in Canadian dollars, unless otherwise stated. Tabular amounts are presented in thousands of Canadian dollars with the exception of per share amounts.

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 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. The following are considered significant subsidiaries:

Altius Resources Inc. (“ARI”)	100%	Exploration company
Altius Royalty Corporation (“ARC”)	100%	Royalty company
Altius Renewable Royalties Corp. (“ARR”)	58%	Royalty company
Potash Royalty Limited Partnership (“PRLP”)	91.718%	Royalty partnership
Genesee Royalty Limited Partnership (“GRLP”)	97.304%	Royalty partnership

Non-controlling interests in the net assets of subsidiaries that are not 100% owned by the Corporation are identified separately from the Corporation’s equity. Each non-controlling interest consists of that non-controlling interest’s portion of net assets, earnings, and other comprehensive earnings (loss).

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 because of external financings, the Corporation's investment is adjusted to reflect any dilution effect which is recorded in the consolidated statement of earnings.

Investments in associates and investments in joint ventures are accounted for using the equity method (Note 5 & 6). Under this method, the Corporation's share of the investment's earnings or losses is included in the consolidated statement of earnings and the consolidated statement of 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.

Investments

Investments in associates over which the Corporation exercises significant influence are accounted for using the equity method. Investments in joint ventures, which the Corporation jointly controls, are accounted for using the equity method. Investments over which the Corporation cannot exert significant influence or cannot jointly control are recorded initially at cost and adjustments to reflect changes in the fair value or gains/losses on disposition are recorded in other comprehensive earnings (loss) in subsequent periods. The cumulative gain or loss is not reclassified to the consolidated statement of earnings on disposal of the equity investments, instead it is transferred within another component of equity.

Hedge accounting

The Corporation has a cash flow hedge which is used to manage exposure to fluctuations in interest rates. The effective portion of the change in fair value of the hedging item is recorded in other comprehensive earnings. If the change in fair value of the hedging item is not completely offset by the change in fair value of the hedged item, the ineffective portion of the hedging relationship is recorded in net earnings. Amounts accumulated in other comprehensive earnings are reclassified to net earnings when the hedged item is recognized in net earnings. The Corporation ensures that the hedge accounting relationships are aligned with the Corporation's risk management objectives and strategy and applies a more qualitative and forward-looking approach to assessing hedge effectiveness.

Exploration and evaluation assets

The Corporation defers costs for mineral properties and exploration costs when the Corporation has in its possession the legal right to explore for mineral deposits on a given property. General prospecting and exploration costs incurred prior to the staking of specific mineral claims are expensed immediately. Exploration and evaluation assets include the direct costs of acquiring, maintaining, exploring and developing properties, an allocation of geologists' and prospectors' salaries based on time spent, and other costs directly related to specific properties. Mineral properties acquired for share consideration are recorded at the fair value of the mineral properties received.

Any proceeds received related to the vending of exploration and evaluation assets are recorded first as a reduction of the specific exploration and evaluation assets to which the proceeds relate until the carrying amount of the mineral property reaches zero. Any differences are then recorded as a gain or loss on the consolidated statement of earnings.

Management reviews the carrying values of exploration and evaluation assets' costs on a quarterly basis. A decision to abandon, reduce or expand activity on a specific project is based upon many factors including general and specific assessments of mineral reserves, anticipated future mineral prices, anticipated costs of developing and operating a producing mine, the expiration date of mineral property leases, and the general likelihood that the Corporation will continue exploration on the project. The Corporation does not set a pre-determined holding period for properties with unproven reserves, however, properties which have not demonstrated suitable prospects at the conclusion of each phase of an exploration program are re-evaluated to determine if further exploration is warranted and if there is an indication of impairment.

If a mineral property is abandoned or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against earnings in the year of abandonment or determination of impairment. The amounts recorded as exploration and evaluation assets represent unamortized costs to date and do not necessarily reflect present or future values.

The accumulated costs of exploration and evaluation assets that are developed to the stage of technical feasibility and commercial viability will be amortized to operations on a units-of-production basis over the life of the economically recoverable reserves.

Decommissioning and restoration provision

The Corporation recognizes a provision for decommissioning and restoration costs associated with long-lived assets which includes the abandonment of exploration and evaluation assets and costs required to return the property to its original condition.

The Corporation recognizes the fair value of the provision in the period in which it is incurred and records a corresponding increase in the carrying value of the related long-lived asset. Fair value is estimated using the present value of the estimated future cash outflows to abandon the asset at the Corporation's risk-free interest rate. The provision is subsequently adjusted for the passage of time and is recognized as an accretion expense in the consolidated statement of earnings. The provision is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows. The increase in the carrying value of the asset is amortized on the same basis as exploration and evaluation assets.

Property and equipment

Property and equipment are initially recorded at cost and is amortized over its estimated useful life. Amortization is recognized using the straight-line method with the following useful lives:

Computer equipment	2 Years
Geological equipment	3 Years
Office equipment	3 Years
Office lease	7 Years
Leasehold improvements	7 Years

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.

Impairment of royalty, streaming and interest in joint ventures

At each reporting date the carrying amounts of the Corporation's royalties, streaming interests and 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 and an 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.

Revenue recognition

Mineral royalty income is recognized when the underlying commodity is extracted, 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. Stream revenue from customers is recognized when the Corporation becomes entitled to payment upon satisfying its performance obligation by delivering the commodity, at which point control over the commodity transfers to the customer. Interest and investment income is recognized on an accrual basis. Other revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods and services.

Renewable royalty and investment income is recognized when either the underlying renewable asset generates energy, or receives payment for generated energy and other revenue streams of the asset subject to the royalty, the amount can be reliably measured, it is probable that the economic benefits associated with the transaction will flow to the Corporation and the costs incurred or to be incurred in respect of the transaction can be reliably measured.

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 realized.

Foreign currency translation

The presentation currency and the functional currency of the Corporation is the Canadian 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 earnings for the period.

The Corporation's subsidiaries with non-Canadian dollar functional currencies are translated using the rate in effect at the balance sheet date for assets and liabilities, and the average exchange rates during the period for revenue and expenses. The resulting translation adjustment is recorded as a separate component of accumulated other comprehensive earnings.

Share-based payments

The compensation cost for options granted to employees, directors and non-employees is determined based on the estimated fair value of the stock options 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.

The Corporation also has a deferred share unit ("DSU") plan, a restricted share unit ("RSU") plan and a performance share unit ("PSU") plan, all of which are accounted for as equity instruments. Each unit awarded under the plans represents a unit with an underlying value equal to the value of one common share of the Corporation. The units awarded vest over a specified service period in accordance with the plan and can be equity or cash settled at the discretion of the Corporation., The units expected to be settled through the issuance of shares are recorded as share-based compensation through the share-based payments reserve and are expensed over the vesting period. For those units expected to be settled in cash, the Corporation records the estimated liability at each reporting date and the amount is expensed over the vesting period.

Earnings per share

Basic and diluted net earnings per share is calculated using the weighted average number of common shares 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. For loss periods, the diluted net loss per share is calculated using weighted average number of common shares outstanding for the respective periods without giving effect to dilutive stock options 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.

Intangible assets – royalty interest in mineral properties

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 over their useful economic lives on a straight-line or units of production basis, as appropriate with the amortization expense included in the statement of earnings. 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 assets – streaming interest

Streaming interests are initially recorded at their estimated fair value based on consideration paid to acquire the asset. These intangible assets have finite lives and are amortized and depleted over their useful economic lives on a units of production basis. The amortization and depletion expense are included in the consolidated statement of earnings. 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.

Segment reporting

The Corporation manages its business under three operating segments consisting of:

- the acquisition and management of producing and development stage mineral royalty and streaming interests (“Mineral Royalties”);
- the acquisition and management of renewable energy investments and royalties (“Renewable Royalties”); and

- the acquisition and early-stage exploration of mineral resource properties with a goal of vending the properties to third parties in exchange for early-stage royalties and minority equity or project interests ("Project Generation").

The business segments are evaluated with the goal of being financially self-sustaining and profitable over the full commodity cycle. All assets are allocated between the segments and all revenues and expenses are allocated to each segment based on the specific nature of the revenue or expense. The reportable segments are 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 CEO and CFO are responsible for assessing performance of the Corporation's operating segments and for making resource allocation decisions. Intersegment transactions are not significant and are eliminated on consolidation.

New standards and interpretations

In February 2021, the IASB issued amendments to IAS 1, Presentation of Financial Statements, and IFRS Practice Statement 2. The amendments to IAS 1 require an entity to disclose its material accounting policies instead of its significant accounting policies. The amendments include clarification on how an entity can determine material accounting policies by applying the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023. The Corporation adopted the amendments effective January 1, 2023, with no material impact to the consolidated financial statements for 2023.

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:

Income taxes

The Corporation has available unused operating losses and temporary timing differences as disclosed in Note 9 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.

Share-based compensation

The fair value of certain share-based compensation units require judgment in the determination of fair value using assumptions on expected volatility, expected lives and other factors that could affect the value reported as an expense and as an obligation.

Investments in joint ventures

The Labrador Nickel Royalty Limited Partnership ("LNRLP") joint venture holds a royalty interest in a production stage mineral property. The production stage royalty interest is recorded initially at its cost and is being amortized using the units of production basis over the expected life of the mineral property, which is determined using available estimates of proven and probable reserves. Determination of proven and probable reserves by the operators associated with the royalty interests impact the measurement of the respective assets. These estimates affect amortization of the royalty and the related amount of the equity pickup and the assessment of the recoverability of the carrying value of the investment in joint ventures.

The GBR 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 estimates used for amortization affect the related amount of the equity pickup in the statement of earnings and the assessment of the recoverability of the carrying value of these investments in joint venture. The investments in renewable royalties are recorded and remeasured at fair value. The estimates used for fair value measurements affect the related amount of the equity pickup in the statement of other comprehensive earnings and the assessment of the recoverability of the carrying value of these investments in joint ventures.

The LRC LP I joint venture holds a royalty interest in a production stage mineral property as well as royalty interests in two development stage mineral properties. The royalty interests are initially recorded at cost. The production stage royalty interest is being amortized using the units of production basis over the expected life of the mineral property, which is determined using available estimates of proven and probable reserves. Determination of proven and probable reserves by the operators associated with the royalty interests impact the measurement of the respective assets. These estimates affect amortization of the royalty and the related amount of the equity pickup and the assessment of the recoverability of the carrying value of the investment in joint ventures.

The Corporation determined it has the ability to jointly control the relevant activities of these joint arrangements and has classified these investments as joint ventures.

Royalty and streaming interests

The Corporation holds royalty interests in production stage mineral properties. The production stage royalty interests are recorded using the fair value assigned to the assets and are being amortized using the units of production basis over the expected life of the mineral property, which is determined using available estimates of proven and probable reserves. Determination of proven and probable reserves by the operators associated with the royalty interests impact the measurement of the respective assets. These estimates affect amortization and the assessment of the recoverability of the carrying value of the royalty interest in mineral properties.

The Corporation holds a streaming interest in a production stage mineral property. The streaming interest is recorded at the fair value assigned to the asset and is being amortized and depleted using the units of production basis over the expected life of the related mineral property, which is determined using available estimates of proven and probable reserves. Determination of proven and probable reserves by the operators associated with the streaming interest impact the measurement of the streaming interest. These estimates affect amortization and depletion and the assessment of the recoverability of the carrying value of the streaming interest.

Fair value measurements and valuation processes

Certain of the Corporation's assets and liabilities are measured at fair value and at each reporting date the Corporation determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Corporation uses market-observable data, or Level 1 inputs, to the extent 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 GBR joint venture holds investments in certain preferred shares (Note 5) that will (i) have the right to receive distributions based on a percentage of the gross revenues of the renewable assets associated with each investment /or (ii) yield distributions in the form of cash or royalty contracts on renewable energy projects at a future date. The joint venture also has the right to be granted gross revenue royalties on a portfolio of renewable energy projects or cash proceeds from the sale of renewable energy projects from the portfolio until the estimated value of the cash and such royalties at the time of commercial operations achieve a minimum return threshold on the investment. The number of royalties to be granted is dependent on pricing, timing of permits, and construction timing of commercial operations, technology, size of the project, cash distributed, and expected energy rates.

These investments are not traded in the active market and the fair value is determined using an income approach methodology primarily using risk adjusted discounted cash flows or hurdle rate of returns to capture the present value of expected future economic benefits to be derived from the ownership of the investments or the royalty contracts to be granted in exchange. The valuations of these private equity investments can be sensitive to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year. Further information on unobservable inputs and related qualitative analysis are provided in Note 17. The Corporation records its share of fair value changes in these investments through other comprehensive earnings.

(Tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

4. EXPLORATION AND EVALUATION ASSETS

Project	As at December 31, 2022	Additions/ Reclassifications, net of recoveries	Abandoned or impaired	Sold	As at December 31, 2023
Labrador					
Platinum Group Elements	582	7	(589)	–	–
Iron Ore	1,910	14	–	–	1,924
Nickel	298	210	–	–	508
Copper	–	16	–	–	16
Other	2	(1)	–	(1)	–
Newfoundland					
Gold	169	2	(11)	–	160
Other	77	15	–	–	92
Alberta, British Columbia & Saskatchewan					
Coal	4,350	–	–	–	4,350
Potash	500	–	–	–	500
United States - Base metals	780	10	–	(790)	–
United States - Gold	408	(304)	–	(54)	50
Australia - Zinc, Silver	5	1	–	–	6
Security Deposits	335	72	(2)	–	405
Total	$ 9,416	$ 42	$ (602)	$ (845)	$ 8,011

Project	As at December 31, 2021	Additions/ Reclassifications, net of recoveries	Abandoned or impaired	Sold	As at December 31, 2022
Labrador					
Platinum Group Elements	539	43	–	–	582
Iron Ore	1,909	1	–	–	1,910
Nickel	–	298	–	–	298
Other	164	6	(14)	(154)	2
Newfoundland					
Gold	57	127	(1)	(14)	169
Other	64	14	–	(1)	77
Alberta, British Columbia & Saskatchewan					
Coal	4,350	–	–	–	4,350
Potash	500	–	–	–	500
United States - Base metals	752	28	–	–	780
United States - Gold	–	408	–	–	408
Spain - Cobalt	213	–	–	(213)	–
Australia - Zinc, Silver	82	(23)	(54)	–	5
Security Deposits	475	(125)	(15)	–	335
Total	$ 9,105	$ 777	$ (84)	$ (382)	$ 9,416

(Tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

The Corporation sold exploration and evaluation assets having a carrying value of $845,000 for non-cash proceeds of $1,278,000 (Note 7) and cash proceeds of $161,000 and recognized a gain on disposal of mineral property of $594,000 during the year ended December 31, 2023.

The Corporation sold exploration and evaluation assets having a carrying value of $382,000 for non-cash proceeds of $2,549,000 (Note 7) and recognized a gain on disposal of mineral property of $2,166,000 during the year ended December 31, 2022.

Mineral property expenditures

The Corporation has obtained various mineral rights licenses by staking claims and paying refundable security deposits. Certain expenditures are required on an annual basis, from the date of license issuance, in order to maintain the licenses in good standing and for refund of security deposits. On or before the anniversary date of license issuance, and if the required expenditures are not met, the Corporation has the option of reducing claims on a property, posting a refundable security bond for the deficient amount or elect to allow title of the license be cancelled. The Corporation is required to spend $716,000 by December 31, 2024, of which $560,000 is required spending by partners, in order to maintain its existing licenses in good standing.

5. INTERESTS IN JOINT VENTURES

	LNRLP	GBR	LRC LP I	Total
Balance, December 31, 2021	$ 5,043	$ 147,461	$ —	$ 152,504
Earnings	1,187	648	–	1,835
Investment in joint venture	–	58,583	–	58,583
Distributions received	(1,656)	(26,646)	–	(28,302)
Other comprehensive earnings - revaluation of investments	–	14,641	–	14,641
Other comprehensive earnings - foreign currency translation adjustment	–	9,986	–	9,986
Balance, December 31, 2022	$ 4,574	$ 204,673	$ —	$ 209,247
Reclassification from investments	–	–	4,131	4,131
Earnings (loss)	354	(2,348)	168	(1,826)
Investment in joint venture	–	21,222	–	21,222
Distributions received	(680)	(74,985)	(65)	(75,730)
Other comprehensive earnings - revaluation of investments	–	24,278	–	24,278
Other comprehensive earnings - foreign currency translation adjustment	–	(1,174)	–	(1,174)
Other comprehensive earnings (loss) - revaluation of cash flow swap	–	(5,275)	–	(5,275)
Balance, December 31, 2023	$ 4,248	$ 166,391	$ 4,234	$ 174,873

LNRLP

The Corporation holds a 10% interest in the Labrador Nickel Royalty Limited Partnership ("LNRLP"), a limited partnership that holds a 3% net value royalty ("NVR") on all metals produced from the Voisey's Bay nickel-copper-cobalt mine located in Labrador, Canada. LNRLP's sole business is the receipt and distribution of proceeds from the royalty on the mine.

GBR

The Corporation, indirectly through ARR and with certain funds (the "Apollo Funds") managed by affiliates of Apollo Global Management, Inc. ("Apollo") holds interests in two joint venture entities, both with a 50% ownership interest in 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 (loss) is reflective of its 50% ownership of the Joint Venture as at December 31, 2023 (December 31, 2022 – 50%). See Note 17 for additional analysis and disclosures relating to fair value qualitative and quantitative analysis relating to the investments held in the GBR joint venture.

During the year ended December 31, 2023 US$15,950,000 (CAD$21,222,000) was funded into GBR by ARR. These amounts were used to fund ARR's 50% of renewable royalty investments into Hodson Energy, LLC ("Hodson") and Hexagon Energy, LLC. ("Hexagon"). During the year ended December 31, 2023 the Corporation received a distribution from GBR of US$54,125,000 (CAD$74,985,000) after the closing of GBR's credit facility. On February 29, 2024 GBR entered into a US$30,000,000 royalty investment with Apex Clean Energy related to Apex's 195 MWac Angelo Solar project in Texas which is anticipated to achieve commercial operations in May 2024 of which ARR funded its 50%.

During the year ended December 31, 2022, US$43,850,000 (CAD$58,583,000) was funded into GBR for ARR's 50% contribution of renewable royalty investments into Titan Solar ("Titan"), Hodson, Bluestar Energy Capital LLC ("Bluestar) and Nova Clean Energy LLC ("Nova"), a wind project in Hansford County, Texas, a Tri Global Energy LLC ("TGE") investment tranche as well as working capital. During the year ended December 31, 2022 ARR received a distribution from GBR of US$20,850,000 (CAD$26,646,000) following the redemption of a renewable energy investment in Apex Clean Energy.

LRC LP I

The Corporation holds a 10% interest in the LRC LP I, a limited partnership that holds a 1% royalty over Grota do Cirilo lithium project in Brazil which commenced commercial production in April 2023, a 1% royalty on the construction stage Tres Quebradas lithium project and a net 0.45% royalty on the construction stage Mariana Lithium project, both located in Argentina.

The Corporation reclassified its interest in LRC LP I from investments to interests in joint venture upon commencement of commercial production at Grota do Cirilo.

(Tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

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

	LNRLP [1]		GBR [2]		LRC LP I [1]	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Balance Sheets						
Cash and cash equivalents	$ –	$ –	$ 6,904	$ 3,878	$ –	$ –
Other current assets	–	–	3,019	2,652	–	–
Non-current assets						
Royalty interests	4,248	4,574	76,319	82,149	4,234	–
Investment in associates	–	–	2,821	8,086	–	–
Renewable royalty investments	–	–	398,129	310,430	–	–
Other non-current assets	–	–	–	57	–	–
Current liabilities	–	–	3,155	1,575	–	–
Non-current liabilities	–	–	154,753	–	–	–
Statement of Earnings						
Royalty income	$ 733	$ 1,877	$ 14,133	$ 9,582	$ 177	$ –
Other revenue	–	–	131	4	–	–
Royalty tax	(146)	(375)	–	–	–	–
General and administrative	(24)	(24)	(5,599)	(4,274)	(6)	–
Interest	–	–	(2,288)	–	–	–
Amortization	(209)	(291)	(2,406)	(1,129)	(3)	–
Gain on sale of royalty interest	–	–	178	–	–	–
Share of loss in associates	–	–	(8,844)	(2,888)	–	–
Net earnings (loss)	354	1,187	(4,695)	1,295	168	–
Statement of Other Comprehensive Earnings						
Revaluation of investments	–	–	48,556	29,282	–	–
Fair value adjustment of cash flow swap	–	–	(10,550)	–	–	–

[1] Figures presented are the Corporation's portion of 10%; 100% basis IFRS financial statements not available

[2] The two GBR entities are combined in the above disclosures on a 100% basis

(Tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

6. INVESTMENTS IN ASSOCIATES

		Adia Resources Inc.
Balance, December 31, 2021	$	1,620
Share of loss in associates		(7)
Balance, December 31, 2022	$	1,613
Share of loss in associates		(34)
Balance, December 31, 2023	$	1,579
Percentage ownership:		
At December 31, 2022 and December 31, 2023		49.7 %

The Corporation's share of loss in associates was derived from the most recent set of available financial statements of the investment on a 100% basis.

	Adia Resources Inc.	
	December 31, 2023	December 31, 2022
Balance Sheets		
Cash and cash equivalents	$ 32	$ 55
Other current assets	–	3
Non-current assets[1]	3,378	3,344
Current liabilities	168	232
Non-current liabilities	–	–
Statement of Loss		
Revenue	2	2
Expenses	69	(16)
Net loss and comprehensive loss	(67)	(14)

[1] *Non-current assets of $3,378 related to exploration and evaluation project (Lynx)*

(Tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

7. INVESTMENTS

	Mining and other investments	Share purchase warrants	Total
Balance, December 31, 2021	$ 179,881	$ 3,844	$ 183,725
Additions	47,814	32	47,846
Reclassification	(398)	398	–
Receipt for interest in mineral property	2,549	–	2,549
Disposals	(2,313)	(746)	(3,059)
Revaluation	(12,469)	(382)	(12,851)
Balance, December 31, 2022	$ 215,064	$ 3,146	$ 218,210
Additions	1,609	863	2,472
Return of capital	(8,950)	–	(8,950)
Reclassification	893	(893)	–
Receipt for interest in mineral property	1,278	–	1,278
Reclassification to investment in joint venture	(4,131)	–	(4,131)
Disposals	(1,903)	(514)	(2,417)
Revaluation	14,958	325	15,283
Balance, December 31, 2023	$ 218,818	$ 2,927	$ 221,745

As at December 31, 2023 investments include an investment in Labrador Iron Ore Royalty Corporation ("LIORC") of $119,300,000 (December 31, 2022 - $125,582,000) consisting of 3,739,800 (December 31, 2022 – 3,739,800) common shares. Investments also include $40,529,000 relating to the Corporation's indirect ownership of an interest in Lithium Royalty Corporation ("LRC") (December 31, 2022 - $21,004,000). During the year ended December 31, 2023 the Corporation received $8,950,000 from LRC as a return of capital distribution to the pre-IPO shareholders of LRC.

The Corporation disposed of investments having a carrying value of $1,903,000 for gross cash proceeds of $1,157,000 and non-cash proceeds of $863,000 and recognized a loss on disposal of $747,000 through other comprehensive earnings during the year ended December 31, 2023. The Corporation disposed of investments having a carrying value of $2,313,000 for gross cash proceeds of $3,416,000 and recognized a gain on disposal of $1,105,000 through other comprehensive earnings during the year ended December 31, 2022.

During the year ended December 31, 2023 the Corporation invested in an unsecured convertible debenture of US$4,000,000 (CAD$5,283,000) in Adventus Mining Corporation ("Adventus") with a maturity date of December 31, 2024. The loan receivable can be converted at any time after December 31, 2023, at the Corporation's option, into a 0.63% net smelter return royalty on the Curipamba - El Domo project. The Corporation holds common shares in Adventus as well as a 2% net smelter royalty in the project (Note 8).

On June 7, 2022 the Corporation funded a US$10,000,000 (CAD$12,573,000) investment in the form of common shares in Invert Inc. ("Invert"), a carbon streaming and investment company making investments in carbon credit projects and building a platform to place the credits to corporate and individual participants to reach their decarbonization objectives. During the year ended December 31, 2022 the Corporation also invested in a secured convertible loan receivable of US$5,000,000 (CAD$6,422,000) in Invert which followed the original equity investment of US$500,000 (CAD$639,000) funded in 2021. In 2023 the Corporation agreed to extend the term of the secured convertible loan for one year, with minor improvements to the conversion feature.

(Tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

8. ROYALTY AND STREAMING INTERESTS

	As at December 31, 2022	Additions	Impairment	As at December 31, 2023
Royalty interests				
Rocanville - Potash	$ 73,595	$ –	$ –	$ 73,595
Esterhazy - Potash	33,659	–	–	33,659
Cory - Potash	19,427	–	–	19,427
Allan - Potash	6,367	–	–	6,367
Patience Lake - Potash	3,903	–	–	3,903
Vanscoy - Potash	5,238	–	–	5,238
Other potash	7,000	–	–	7,000
Coal & natural gas	8,000	–	–	8,000
Genesee - Coal	34,438	–	–	34,438
Gunnison - Copper	10,300	–	–	10,300
Pickett Mountain	8,875	–	(6,338)	2,537
Curipamba - Copper, gold, zinc	13,475	–	–	13,475
Other	250	–	–	250
Streaming interest				
Chapada - Copper	77,634	–	–	77,634
Balance, end of year	$ 302,161	$ –	$ (6,338)	$ 295,823
Accumulated amortization, depletion				
Rocanville - Potash	$ 8,242	$ 1,279	$ –	$ 9,521
Esterhazy - Potash	1,574	331	–	1,905
Cory - Potash	1,043	244	–	1,287
Allan - Potash	1,513	301	–	1,814
Patience Lake - Potash	137	25	–	162
Vanscoy - Potash	123	12	–	135
Other potash	30	9	–	39
Coal & natural gas	3,469	400	–	3,869
Genesee - Coal	25,625	8,702	–	34,327
Streaming interest				
Chapada - Copper	32,084	4,471	–	36,555
Balance, end of year	$ 73,840	$ 15,774	$ –	$ 89,614
Net book value	$ 228,321	$ 15,774	$ 6,338	$ 206,209

(Tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

At December 31, 2023 the Corporation recorded an impairment loss of $6,338,000 on its Pickett Mountain exploration stage royalty interest. The adjustment to its recoverable amount of $2,537,000 was based on the expected cash flows from the royalty interest, after a rezoning permit rejection made the expectation of cash flows from the mineral property highly unlikely. The remaining carrying value at December 31, 2023 represents the Corporation's timber rights on the Pickett Mountain property which are not impacted by the rezoning permit.

	As at December 31, 2021	Additions	As at December 31, 2022
Royalty interests			
Rocanville - Potash	$ 73,595	$ –	$ 73,595
Esterhazy - Potash	33,659	–	33,659
Cory - Potash	19,427	–	19,427
Allan - Potash	6,367	–	6,367
Patience Lake - Potash	3,903	–	3,903
Vanscoy - Potash	5,238		5,238
Other potash	7,000	–	7,000
Coal & natural gas	8,000	–	8,000
Genesee - Coal	34,438	–	34,438
777 Mine - Copper & zinc	47,356	–	47,356
Gunnison - Copper	10,300	–	10,300
Pickett Mountain	7,606	1,269	8,875
Curipamba - Copper, gold, zinc	13,465	10	13,475
Other	–	250	250
Streaming interest			
Chapada - Copper	77,634	–	77,634
Balance, end of year	$ 347,988	$ 1,529	$ 349,517
Accumulated amortization, depletion			
Rocanville - Potash	$ 6,871	$ 1,371	$ 8,242
Esterhazy - Potash	1,249	325	1,574
Cory - Potash	772	271	1,043
Allan - Potash	1,200	313	1,513
Patience Lake - Potash	104	33	137
Vanscoy - Potash	99	24	123
Other potash	25	5	30
Coal & natural gas	3,069	400	3,469
Genesee - Coal	10,796	14,829	25,625
777 Mine - Copper & zinc	44,830	2,526	47,356
Streaming interest			
Chapada - Copper	28,096	3,988	32,084
Balance, end of year	$ 97,111	$ 24,085	$ 121,196
Net book value	$ 250,877	$ 22,556	$ 228,321

(Tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

9. INCOME TAXES

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

	December 31, 2023	December 31, 2022
Temporary differences related to exploration and evaluation assets, property and other	$ (1,896)	$ (1,717)
Non capital and net capital loss carryforwards	5,504	4,240
Carrying value of investments in excess of tax values	(25,059)	(18,541)
Deferred and deductible share-based compensation and other costs	2,179	2,445
Share and debt issue costs	(169)	(324)
Carrying values in excess of tax values relating to royalty and streaming interests in mineral properties	(16,172)	(17,743)
	$ (35,613)	$ (31,640)

	December 31, 2023	December 31, 2022
Deferred tax liabilities	$ (43,520)	$ (38,413)
Deferred tax assets	7,907	6,773
Total deferred income tax	$ (35,613)	$ (31,640)

Deferred tax assets have not been recognized with respect to unrealized Canadian capital losses on investments of $8,728,000 (December 31, 2022 - $8,402,000) which do not expire.

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates of 30% (December 31, 2022– 30%) to earnings before taxes. The differences are from the following items:

	Year ended	
	December 31, 2023	December 31, 2022
Expected tax (recovery) expense	$ 4,595	$ 15,573
Non-deductible / (non-taxable) items	324	(1,818)
Adjustments in relation to earnings from associates and joint ventures	–	(367)
Changes in unrecognized deferred tax assets	(227)	260
Differences in statutory rates on earnings of subsidiaries	503	(1,274)
	$ 5,195	$ 12,374

(Tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

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

	Year ended December 31, 2023	December 31, 2022
Current tax	$ 6,320	$ 9,439
Deferred tax	(1,125)	2,935
	$ 5,195	$ 12,374

10. DEBT

At amortized cost	December 31, 2023	December 31, 2022
Long-term debt	$ 112,173	$ 120,873
Current	8,000	8,000
Non-current	104,173	112,873
	$ 112,173	$ 120,873

The term credit facility matures in August 2025 and has required quarterly principal repayments of $2,000,000, with additional repayments being permitted at any time with no penalty. The revolving facility is payable in full by August 2025 and any unused portion of the revolving facility is available for qualifying royalty acquisitions, streaming acquisitions, and other qualifying investments. Both facilities bear interest at variable rates based on the total net debt ratio.

The Corporation has a floating-to-fixed interest rate swap with a maturity date of August 10, 2025 to lock in the interest rate on the term credit facility on an amortized basis. The amount of the floating-to-fixed interest rate swap will reduce in tandem with the quarterly scheduled principal repayments on the term debt. As of December 31, 2023, the balance outstanding on the swap was $32,000,000 (December 31, 2022 - $40,000,000). The Corporation expects the interest rate on the fixed portion of the debt to be approximately 4.34% per annum during the full term of the loan, with the revolving facility fluctuating in accordance with market interest rates. The Corporation has applied hedge accounting to this relationship whereby the change in fair value of the effective portion of the hedging derivative is recognized in accumulated other comprehensive earnings. Settlement of both the fixed and variable portions of the interest rate swap occurs on a quarterly basis. The full amount of the hedge was determined to be effective as at December 31, 2023. The Corporation has classified this financial instrument as a cash flow hedge and the fair value of the hedging instrument is recorded as an asset of $1,339,000 (December 31, 2022 – $2,148,000) on the consolidated balance sheet.

The Corporation is amortizing costs attributable to securing the amended credit facilities of $1,782,000 over the life of the facilities using an effective interest rate of 5.73%. During the year ended December 31, 2023 $452,000 (December 31, 2022 - $533,000) of the costs were recognized as interest expense on long term debt in the consolidated statement of earnings.

(Tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

During the year ended December 31, 2023 the Corporation repaid $8,000,000 on its term facility (December 31, 2022 - $8,000,000). In the prior year the Corporation completed a drawdown on its revolving facility of $10,000,000 to acquire investments.

As at December 31, 2023 the Corporation was in compliance with all debt covenants and has approximately $94,000,000 of additional liquidity on its revolving facility.

The following principal repayments for the credit facilities are required over the next two calendar years.

	Term	Revolver	Total
2024	$ 8,000	$ –	$ 8,000
2025	24,000	80,725	104,725
	$ 32,000	$ 80,725	$ 112,725
	Less: unamortized debt costs		552
			$ 112,173

11. REVENUE AND GENERAL & ADMINISTRATIVE EXPENSES

Revenue and other income	Year ended December 31, 2023	Year ended December 31, 2022
Royalty	$ 33,657	$ 64,996
Copper stream*	17,248	19,116
Interest and investment	17,806	17,846
Other	246	89
Total revenue and other income	$ 68,957	$ 102,047

**Revenue from contracts with customers*

General and administrative expenses	Year ended December 31, 2023	Year ended December 31, 2022
Salaries and benefits	$ 5,291	$ 5,426
Professional and consulting fees	2,779	2,416
Office and administrative	2,352	2,213
Sustainability initiatives	537	–
Travel and accommodations	530	456
Total general and administrative	$ 11,489	$ 10,511

(Tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

12. SHARE CAPITAL

Unlimited number of Common voting shares
Unlimited number of First Preferred shares
Unlimited number of Second Preferred shares

The First and Second Preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. The Corporation has not issued any First or Second Preferred shares.

Normal Course Issuer Bid

The Corporation renewed its Normal Course Issuer Bid ("NCIB") effective August 22, 2023 and it will, unless further renewed, end no later than August 21, 2024. The Corporation may purchase at market prices up to 1,996,856 common shares representing approximately 4.21% of its 47,430,043 shares outstanding as of August 18, 2023. The Corporation repurchased and cancelled 611,800 common shares at a cost of $12,528,000 during the year ended December 31, 2023 (December 31, 2022 - 268,000 common shares at a cost of $4,835,000).

Net earnings per share

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

	Year ended	
	December 31, 2023	December 31, 2022
Weighted average number of shares:		
Basic	47,484,628	45,855,383
Diluted	48,347,049	47,151,148

Other equity reserves

Other equity reserves consist of share-based payment reserves of $2,866,000 and contributed surplus of $11,479,000 for a total of $14,345,000. Share-based payment reserve amounts are in respect of stock options, deferred share units ("DSUs"), restricted share units ("RSUs") and performance share units ("PSUs").

Preferred securities

On April 14, 2022 Fairfax Financial Holdings Limited, through certain of its affiliates (collectively, "Fairfax"), exercised 6,670,000 common share purchase warrants (the "Warrants") at an exercise price of $15.00 per common share in the capital of the Corporation (each, a “Common Share”) for gross proceeds of $100,000,000. In accordance with the terms of the Warrants and the preferred security indenture dated April 26, 2017 between the Corporation and TSX Trust Company governing the Corporation’s 5% subordinate preferred securities (the “Preferred Securities”), Fairfax elected to pay the exercise price of the Warrants by surrendering its $100,000,000 Preferred Securities to Altius for cancellation, in full satisfaction of the exercise price payable in respect of the Warrants. As part of the redemption of the Preferred Securities, the Corporation made cash payments of $2,086,000 which fully satisfied Altius' interest and certain other obligations under the Indenture. Total cash distributions paid during the year ended December 31, 2022 were $3,346,000. The Corporation reversed the deferred tax liability of $30,000,000, through equity, associated with the Preferred Securities on the redemption of these instruments.

(Tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

13. SHARE-BASED COMPENSATION

The Corporation recognized the following share-based compensation:

	December 31, 2023	December 31, 2022
Stock option expense	$ 540	$ 573
Deferred share unit expense	1,107	1,101
Restricted share unit expense	1,312	1,155
Performance share unit expense	1,009	579
Total share-based compensation	$ 3,968	$ 3,408

A summary of the status of the Corporation’s stock option plan as of December 31, 2023, and changes during the period then ended, is as follows:

	December 31, 2023		December 31, 2022	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	894,308	12.50	1,079,770	11.77
Granted	59,154	22.12	56,399	19.62
Exercised	(80,073)	13.91	(241,861)	10.91
Outstanding, end of year	873,389	13.02	894,308	12.50
Exercisable, end of year	625,105	12.10	526,714	12.08

During the year ended December 31, 2023 the Corporation cash settled 80,073 stock options for $695,000 (December 31, 2022 – cash settled 231,861 stock options for $2,372,000) and equity settled nil stock options (December 31, 2022 – equity settled 10,000 stock options (issued 3,238 common shares)).

(Tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

The weighted average remaining contractual life of the stock options is 1.7 years. The weighted average fair value of stock options granted during the year ended December 31, 2023 was estimated on the dates of grant to be $7.62 (December 31, 2022 - $6.43) using the Black-Scholes option pricing model with the following assumptions:

	December 31, 2023	December 31, 2022
Expected life (years)	5.00	5.00
Risk-free interest rate (%)	3.66	2.62
Expected Volatility (%)	37.76	36.63
Expected dividend yield (%)	1.35	1.40

A summary of the status of the Corporation's RSUs, DSUs and PSUs as of December 31, 2023 is as follows:

	Number of RSUs	Number of DSUs	Number of PSUs
Outstanding, December 31, 2021	143,041	366,062	46,991
Granted	80,373	41,581	41,141
Settled	(71,629)	–	–
Outstanding, December 31, 2022	151,785	407,643	88,132
Exercisable, December 31, 2022	–	383,338	–
Granted	73,658	38,975	41,267
Settled	(80,720)	–	–
Outstanding, December 31, 2023	144,723	446,618	129,399
Exercisable, December 31, 2023	–	432,286	50,106

During the year ended December 31, 2023 the Corporation cash settled 28,693 RSUs for $1,205,000 (December 31, 2022 – cash settled 71,628 RSUs for $1,331,000) and equity settled 52,027 RSUs (24,498 common shares) (December 31, 2022 - nil).

(Tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

14. SUPPLEMENTAL CASH FLOW INFORMATION

	Year ended December 31, 2023	Year ended December 31, 2022
Adjustments for operating activities:		
Generative exploration	$ 1,048	$ 201
Exploration and evaluation assets abandoned or impaired	602	84
Share-based compensation	3,968	3,408
Foreign exchange (gain) loss	(1,152)	3,167
Amortization and depletion	15,982	24,292
Impairment of royalty interest	6,338	–
Interest on long-term debt	9,276	7,019
Interest paid	(8,592)	(6,552)
Realized (gain) loss on disposal of derivatives	(349)	716
Unrealized (gain) loss on fair value adjustment of derivatives	(325)	382
Loss (earnings) from joint ventures	1,826	(1,835)
Gain on disposal of mineral property	(594)	(2,166)
Share of loss in associates	34	7
Income taxes (current and deferred)	5,195	12,374
Income taxes paid	(9,734)	(8,071)
	$ 23,523	$ 33,026
Changes in non-cash operating working capital:		
Accounts receivable and prepaid expenses	4,001	1,295
Accounts payable and accrued liabilities	(1,140)	457
	$ 2,861	$ 1,752
Cash and cash equivalents consist of:		
Deposits with banks	130,422	82,385
	$ 130,422	$ 82,385

(Tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

15. RELATED PARTY TRANSACTIONS

These transactions are in the normal course of operations and are measured at fair value, which is the amount of consideration established and based on the prevailing market rates.

	Year ended December 31, 2023	Year ended December 31, 2022
Key management personnel and directors		
Salaries and benefits	$ 3,104	$ 3,185
Share-based compensation	3,504	2,992
Total	$ 6,608	$ 6,177

	Year ended December 31, 2023	Year ended December 31, 2022
General and administrative expenses billed (to) from		
Associates	$ (48)	$ (48)
Joint venture	(29)	42
Total	$ (77)	$ (6)

16. NON-CONTROLLING INTERESTS

The following table sets forth the Corporation's cash transactions relating to its non-controlling interests:

Year ended December 31, 2023	ARR	CRLP [1]	GRLP [1]	PRLP [1]	Total
Receipts	$ –	$ –	$ –	$ –	$ –
Distributions	–	–	309	1,721	2,030

Year ended December 31, 2022	ARR	CRLP	GRLP	PRLP	Total
Receipts	$ 15,219	$ –	$ –	$ –	$ 15,219
Distributions	–	2	341	2,432	2,775

[1] *Coal Royalty Limited Partnership ("CRLP"), Genesee Royalty Limited Partnership ("GRLP") and Potash Royalty Limited Partnership ("PRLP")*

Bought Deal of Altius Renewable Royalties Corp.

On December 8, 2022 Altius Renewable Royalties Corp. ("ARR"), a subsidiary of the Corporation, completed a bought deal public offering of 3,900,000 common shares at a price of $9.00 per share for total gross proceeds of $35,100,000, $20,688,000 of which was invested by the Corporation. On December 15, 2022 ARR announced that the underwriters partially exercised an over-allotment option granted for 368,800 common shares of the Corporation at $9.00 per share for total gross proceeds of $3,319,000. Total share issuance costs of $2,512,000 were recorded against the bought deal offering and over-allotment.

(Tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

After the equity issuance and exercise of the over-allotment option the Corporation held 17,937,339 or approximately 58% of the issued and outstanding ARR shares.

Purchase of PRLP Units

On December 4, 2023 the Corporation acquired 409,796 units or 0.405% of PRLP from the non-controlling interest holder for $1,357,000 thereby increasing the Corporation's ownership in PRLP to 91.718%.

17. 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 value due to their short-term nature. Financial assets in level 2 consist of share purchase warrants and lithium investments and those in level 3 consist of private company investments (Note 7). Lithium investments were included in level 3 at December 31, 2022.

As at December 31, 2023		Level 1		Level 2		Level 3		TOTAL
Investments		163,579		43,456		14,710		221,745
Derivative - cash flow swap		–		1,339		–		1,339
Financial assets	$	163,579	$	44,795	$	14,710	$	223,084
Derivative - cash flow swap		–		–		–		–
Other liability		418		–		–		418
Financial liabilities	$	418	$	–	$	–	$	418

As at December 31, 2022		Level 1		Level 2		Level 3		TOTAL
Investments		175,881		3,146		39,183		218,210
Derivative - cash flow swap		–		2,148		–		2,148
Financial assets	$	175,881	$	5,294	$	39,183	$	220,358
Other liability		801		–		–		801
Financial liabilities	$	801	$	–	$	–	$	801

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.

(Tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

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 private company investments.

		Level 3 Investments
Balance, December 31, 2021	$	16,568
Additions		16,457
Disposals		(98)
Revaluation losses through OCI		6,256
Balance, December 31, 2022	$	39,183
Additions		790
Revaluation gains through OCI		55,928
Reclass to Level 2		(81,191)
Balance, December 31, 2023	$	14,710

Valuation technique and key inputs

The Corporation uses an income approach methodology for valuation of these instruments and or uses the value ascribed to external financings completed by its level 3 investments to determine the fair value. If an income approach is not possible, 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 may use estimates related to timing of revenues and cash flows, discounts rates and anticipated project development all of which are key inputs into a valuation model. Alternatively, the Corporation evaluates the pricing methodology used in any external financings by its level 3 investments as a key input for valuation.

Relationship and sensitivity of unobservable inputs to fair value

There are underlying sensitivities to these inputs and they may impact the fair value calculations. Specifically, using external financings as an input to the valuation model has the following impacts: the higher the price of the external financing, the higher the valuation of the level 3 investment, the lower the price of the external financing, the lower the valuation of the level 3 investment. A 1% change in financing prices results in a change in valuation of $125,000 of these instruments.

(Tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

The following table reconciles the fair value measurements of the level 3 financial assets, that are held in the GBR joint venture, consisting of renewable energy investments (Note 5).

	Level 3 Renewable energy investments						
	TGE [2]	Longroad [2]	Northleaf [2]	Titan [2]	Hodson [2]	Hexagon [2]	Total
Balance, December 31, 2021	$ 77,925	$ 47,056	$ 70,790	$ –	$ –	$ –	$ 195,771
Additions	2,027	–	3	62,041	18,920	–	82,991
Reclassification to royalty interest	(6,381)	–	–	–	–	–	(6,381)
Revaluation gains (losses) through OCI [1]	13,859	9,670	7,896	–	–	–	31,425
Balance, December 31, 2022	$ 87,430	$ 56,726	$ 78,689	$ 62,041	$ 18,920	$ –	$ 303,806
Additions	–	–	–	1	14,103	30,313	44,417
Reclassification from royalty interest	1,350	–	–	–	–	–	1,350
Revaluation gains through OCI [1]	17,050	9,055	(118)	9,374	4,921	8,274	48,556
Balance, December 31, 2023	$ 105,830	$ 65,781	$ 78,571	$ 71,416	$ 37,944	$ 38,587	$ 398,129

[1] The Corporation has recorded its 50% share of revaluation gains through OCI

[2] These amounts reflect the investments held in the joint venture on a 100% basis, converted at December 31, 2023 spot rate

Valuation technique and key inputs

The Corporation applies an income approach methodology, using risk adjusted discounted cash flows or hurdle rate of returns, to capture the present value of expected future economic benefits to be derived from the ownership of the investments (Longroad Energy (“Longroad”), Northleaf Capital Partners (“Northleaf”) and Titan and the royalty contracts to be granted in exchange for the TGE, Hodson and Hexagon investments. The total number and value of royalty contracts, or in certain instances cash, to be ultimately awarded under the TGE, Hodson and Hexagon investment agreements is subject to a minimum return threshold, which has the effect of muting the potential value of key inputs on the present value of the expected future economic benefits of the investments. The total value to be received under the Longroad, Northleaf and Titan Solar agreements are also subject to various return thresholds, which has the effect of muting the potential value impact of key inputs. If an income approach is not possible or the investment is recent, the Corporation utilizes cost as a proxy for fair value. The Corporation works with valuation specialists to establish valuation methodologies and techniques for Level 3 assets including the valuation approach, assumptions using publicly available and internally available information, updates for changes to inputs to the model and reconciling any changes in the fair value of the assets for each reporting date within its financial models.

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 provides 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 used risk adjusted discount rates and or hurdle rates of return to determine the fair value of the TGE, Hexagon and Hodson investment based on the stage of development. For the Northleaf, Longroad and Titan 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.	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 $10,379,000 for the investment in TGE, $365,000 for the investment in Hodson, $134,000 for the investment in Hexagon and and $17,627,000 for the royalty investments in Northleaf, Longroad and Titan.
Timing of commercial operations	For the TGE, Hodson and Hexagon investments, 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.	While the timing of commercial operations may impact the fair market value of a specific royalty, this impact on the investment is muted because of the minimum return threshold concept implicit in the investments. As a result, any delays for an individual royalty will result in a higher number of royalties being granted to the Corporation, which will offset the reduction in investment value from the delay of any individual royalty.
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, Longroad and Titan royalty investments.	The Northleaf, Longroad and Titan 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. Given the minimum return threshold on the TGE investment, it is expected that the impact of power prices will be muted as any declines will result in a higher number of royalties granted and thus a higher value. A 10% increase in power prices results in a $3,326,000 change in valuation of Northleaf, Longroad and Titan.

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. Hedge accounting is applied only when appropriate documentation and effectiveness criteria are met.

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, short-term investments and receivables. The Corporation closely monitors its financial assets, including the receivables from royalty operators who are responsible for remitting royalty income. The operators are established and reputable companies in the mining and mineral sector and as such management does not believe we have a significant concentration of credit risk.

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

Certain royalty and streaming revenues are exposed to foreign currency fluctuations, which are denominated and paid in US dollars. The Corporation does not enter into any derivative contracts to reduce this exposure since the receivable is short-term in nature and the expected receivable amount cannot be predicted reliably. As at December 31, 2023 a 10% change in the US dollar to Canadian dollar exchange rate could affect net earnings by approximately $835,000 in relation to the year end receivable.

The Corporation has a portion of its debt and cash denominated in US dollars. The Corporation does not enter into any derivative contracts to reduce this exposure and has the ability to offset debt with certain US dollar revenues. As at December 31, 2023 a 10% change in the US dollar to Canadian dollar exchange rate could affect net earnings by approximately $4,977,000 in relation to the year end foreign currency debt and foreign currency cash.

Liquidity risk

The Corporation believes that on a long-term basis its revenue generating assets and net working capital position will enable it to meet current and future obligations at the current level of activity. 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 mining and other investments is exposed to fluctuations in the quoted market price depending on a number of factors, including general market conditions, company-specific operating performance and the market value of the commodities that the companies may focus on. The Corporation does not utilize any derivative contracts to reduce this exposure. Royalty interests are exposed to fluctuations in commodity prices as well as fluctuations in foreign currency, specifically the US dollar. The Corporation may be unable to sell its entire interest in an investment without having an adverse effect on the fair value of the security due to low trading volumes on some investments. The Corporation does not enter into any derivative contracts to reduce this exposure.

The Corporation has mining and other investments that are marked to fair market value at each reporting period, with a corresponding adjustment to other comprehensive earnings for increases in value and for other temporary declines in value. As at December 31, 2023 the Corporation's mining and other investments sensitivity to a +/- 20% movement in quoted market prices would affect comprehensive earnings by $37,697,000 net of applicable taxes.

Interest rate risk

The Corporation has debt and is therefore exposed to interest rate risk on liabilities. The Corporation manages this risk by monitoring debt balances, entering into hedging transactions and making discretionary payments. The Corporation has a floating to fixed interest rate swap to manage the interest rate risk of its debt balance (term facility). The Corporation's cash and cash equivalents may fluctuate in value depending on the market interest rates and the time to maturity of the instruments. The Corporation manages this risk by limiting the maximum term to maturity on invested funds or holding the investments to maturity.

As at December 31, 2023, a +/- 1% change in the effective interest rates in respect of cash and cash equivalents would affect net earnings by $913,000 net of applicable taxes. As at December 31, 2023, a +/- 1% change in the effective interest rates in respect of the revolving portion of the debt ($80,725,000) would affect net earnings by $565,000 net of applicable taxes.

18. CAPITAL MANAGEMENT

The Corporation's primary objective when managing capital is to maximize returns for its shareholders by growing its asset base, both organically through strategic investments in exploration and evaluation assets and through accretive acquisitions of high quality royalties, streams and other similar interests, while ensuring capital protection. The Corporation defines capital as long-term debt, total equity and the undrawn revolving credit facility. Capital is managed by the Corporation's management and governed by the Board of Directors. The Corporation manages its capital by paying dividends and distributions to shareholders, reinvesting in the business for growth and capital appreciation, repurchasing its common shares under its normal course issuer bid and amending its credit facilities to provide additional access to capital.

The Corporation is subject to external capital requirements on long-term debt and is in compliance with all covenant requirements as at December 31, 2023 and this continues to be assessed on a quarterly basis.

19. COMMITMENTS

Office lease

The Corporation is committed under leases on office space including operating costs for future minimum lease payments of $168,000 per annum until the lease expires in August 2026.

Other commitments

The Corporation has committed to pay, on the anniversary date of November 1, a limited royalty to McChip Resources Inc. of $500,000 per year for the next four years based on a minimum production and grade threshold at the Rocanville mine. During the year ended December 31, 2023 the threshold was achieved, and the Corporation paid $500,000 (December 31, 2022 - $500,000) on the anniversary date.

20. SEGMENTED INFORMATION

The Corporation manages its business under three operating segments consisting of Mineral Royalties, Renewable Royalties and Project Generation. Key measures used by the CODM in assessing performance and in making resource allocation decisions are earnings before interest, tax, depreciation and amortization and other income (expenses) (''adjusted EBITDA'') and earnings before income taxes. Both measures enable the determination of cash return on the equity deployed and overall profitability for each segment. The Corporation's proportionate revenue and expenses from LNRLP and LRC LP 1 are included in the Mineral Royalties segment on a gross revenue and expense basis and adjusted to earnings in joint ventures (under the equity method) in the adjustment column of the table. Revenue and expenses from the GBR joint venture are included in the Renewable Royalties segment on a proportionate revenue and expense basis and adjusted to earnings in joint ventures (under the equity method) in the adjustment column of the table.

(Tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

Reportable Segments, Year Ended December 31, 2023	Mineral Royalties	Renewable Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
Revenue and other income	$ 63,139	$ 10,734	$ 3,126	$ 76,999	$ (8,042)	$ 68,957
Costs and Expenses						
General and administrative	6,930	4,952	2,582	14,464	(2,975)	11,489
Cost of sales - copper stream	5,098	–	–	5,098	–	5,098
Generative exploration	–	–	1,048	1,048	–	1,048
Mineral rights and leases	–	–	227	227	–	227
Adjusted EBITDA	$ 51,111	$ 5,782	$ (731)	$ 56,162	$ (5,067)	$ 51,095
Share-based compensation	$ (2,253)	$ (464)	$ (1,251)	$ (3,968)	$ –	$ (3,968)
Realized gain on disposition of derivatives	–	–	349	349	–	349
Amortization and depletion	(16,194)	(1,115)	–	(17,309)	1,327	(15,982)
Impairment of royalty interest	(6,338)	–	–	(6,338)	–	(6,338)
Loss from joint ventures	–	–	–	–	(1,826)	(1,826)
Gain on disposal of mineral property	–	–	594	594	–	594
Foreign exchange gain	892	40	48	980	–	980
Unrealized gain on fair value adjustment of derivative	–	–	325	325	–	325
Exploration and evaluation assets abandoned or impaired	–	–	(602)	(602)	–	(602)
Share of loss in associates	–	(4,422)	(34)	(4,456)	4,422	(34)
Interest on long-term debt	(9,276)	(1,144)	–	(10,420)	1,144	(9,276)
Earnings (loss) before income taxes	$ 17,942	$ (1,323)	$ (1,302)	$ 15,317	$ –	$ 15,317
Income taxes (current and deferred)						5,195
Net earnings						$ 10,122
Supplementary information						
Total assets	$ 419,083	$ 285,012	$ 69,443	$ 773,538	$ –	$ 773,538
Cash flow from (used)						
Operating activities	31,411	5,782	58	37,251	(745)	36,506
Financing activities	(38,573)	–	(353)	(38,926)	–	(38,926)
Investing activities	2,301	53,763	(1,735)	54,329	745	55,074
Total cash flow (used) from	$ (4,861)	$ 59,545	$ (2,030)	$ 52,654	$ –	$ 52,654

(Tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

Reportable Segments, Year Ended December 31, 2022	Mineral Royalties	Renewable Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
Revenue and other income	$ 97,644	$ 5,827	$ 5,248	$ 108,719	$ (6,672)	$ 102,047
Costs and Expenses						
General and administrative	6,618	3,968	2,405	12,991	(2,480)	10,511
Cost of sales - copper stream	5,646	–	–	5,646	–	5,646
Generative exploration	–	–	201	201	–	201
Mineral rights and leases	–	–	227	227	–	227
Adjusted EBITDA	$ 85,380	$ 1,859	$ 2,415	$ 89,654	$ (4,192)	$ 85,462
Share-based compensation	$ (1,953)	$ (416)	$ (1,039)	$ (3,408)	$ –	$ (3,408)
Realized loss on disposition of derivatives	–	–	(716)	(716)	–	(716)
Amortization and depletion	(24,677)	(528)	–	(25,205)	913	(24,292)
Earnings from joint ventures	–	–	–	–	1,835	1,835
Gain on disposal of mineral property	–	–	2,166	2,166	–	2,166
Foreign exchange (loss) gain	(2,021)	(27)	349	(1,699)	–	(1,699)
Unrealized loss on fair value adjustment of derivatives	–	–	(382)	(382)	–	(382)
Exploration and evaluation assets abandoned or impaired	–	–	(84)	(84)	–	(84)
Share of loss in associates	–	(1,444)	(7)	(1,451)	1,444	(7)
Interest on long-term debt	(7,019)	–	–	(7,019)	–	(7,019)
Earnings (loss) before income taxes	$ 49,710	$ (556)	$ 2,702	$ 51,856	$ –	$ 51,856
Income taxes (current and deferred)						12,374
Net earnings						$ 39,482
Supplementary information						
Total assets	$ 433,765	$ 272,786	$ 74,033	$ 780,584	$ –	$ 780,584
Cash flow from (used)						
Operating activities	73,063	1,859	992	75,914	(1,654)	74,260
Financing activities	(46,658)	35,907	–	(10,751)	–	(10,751)
Investing activities	(50,382)	(34,050)	(2,972)	(87,404)	1,654	(85,750)
Total cash flow (used) from	$ (23,977)	$ 3,716	$ (1,980)	$ (22,241)	$ –	$ (22,241)