



Altius Minerals Corporation

Condensed Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

CONDENSED CONSOLIDATED BALANCE SHEETS

| Unaudited, In Thousands of Canadian Dollars | Note | As at | |
|---|------|-------------------|-------------------|
| | | March 31, 2023 | December 31, 2022 |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | \$ 76,835 | \$ 82,385 |
| Accounts receivable and prepaid expenses | | 14,865 | 10,937 |
| Income tax receivable | | 3,805 | 4,048 |
| Loan receivable | | 6,773 | 6,773 |
| | | \$ 102,278 | \$ 104,143 |
| Non-current assets | | | |
| Royalty and streaming interests | 6 | 223,771 | 228,321 |
| Investments | 5 | 267,025 | 218,210 |
| Interests in joint ventures | 4 | 211,507 | 209,247 |
| Exploration and evaluation assets | | 8,458 | 9,416 |
| Deferred tax assets | 7 | 6,014 | 6,773 |
| Investment in associates | | 1,613 | 1,613 |
| Derivative - cash flow swap | 8 | 1,814 | 2,148 |
| Property and equipment | | 660 | 713 |
| | | \$ 720,862 | \$ 676,441 |
| TOTAL ASSETS | | \$ 823,140 | \$ 780,584 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | 3,738 | 5,642 |
| Current portion of long-term debt | 8 | 8,000 | 8,000 |
| Income tax payable | | 1,996 | 6,046 |
| | | \$ 13,734 | \$ 19,688 |
| Non-current liabilities | | | |
| Long-term debt | 8 | 110,879 | 112,873 |
| Other liability | | 813 | 801 |
| Deferred tax liabilities | 7 | 44,053 | 38,413 |
| | | \$ 155,745 | \$ 152,087 |
| TOTAL LIABILITIES | | \$ 169,479 | \$ 171,775 |
| EQUITY | | | |
| Shareholders' equity | | 530,956 | 486,193 |
| Non-controlling interest | | 122,705 | 122,616 |
| | | \$ 653,661 | \$ 608,809 |
| TOTAL LIABILITIES AND EQUITY | | \$ 823,140 | \$ 780,584 |

See accompanying notes to the condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

| Unaudited, In Thousands of Canadian Dollars, except per share amounts | Note | Three months ended | |
|---|------|--------------------|----------------|
| | | March 31, 2023 | March 31, 2022 |
| Revenue and other income | 9 | \$ 22,678 | \$ 27,087 |
| Costs and Expenses | | | |
| General and administrative | 9 | 2,731 | 2,397 |
| Cost of sales - copper stream | | 1,361 | 1,873 |
| Share-based compensation | | 1,092 | 481 |
| Generative exploration | | 403 | 64 |
| Exploration and evaluation assets abandoned or impaired | | 590 | - |
| Amortization and depletion | | 4,603 | 6,594 |
| Earnings before the following: | | \$ 11,898 | \$ 15,678 |
| (Loss) earnings from joint ventures | 4 | (34) | 629 |
| Gain on disposal of mineral property | | 107 | 996 |
| Interest on long-term debt | | (2,329) | (1,453) |
| Foreign exchange gain | | 247 | 539 |
| Unrealized (loss) on fair value adjustment of derivatives | | (213) | (313) |
| Earnings before income taxes | | \$ 9,676 | \$ 16,076 |
| Income taxes (current and deferred) | 7 | 4,173 | 3,541 |
| Net earnings | | \$ 5,503 | \$ 12,535 |
| Net earnings attributable to: | | | |
| Common shareholders | | 5,061 | 12,088 |
| Non-controlling interest | | 442 | 447 |
| | | \$ 5,503 | \$ 12,535 |
| Net earnings per share | | | |
| Basic | 10 | \$ 0.11 | \$ 0.29 |
| Diluted | 10 | \$ 0.10 | \$ 0.28 |

See accompanying notes to the condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

| Unaudited, In Thousands of Canadian Dollars | Note | Three months ended | |
|---|------|--------------------|----------------|
| | | March 31, 2023 | March 31, 2022 |
| Net earnings | | \$ 5,503 | \$ 12,535 |
| Other comprehensive earnings (loss) | | | |
| To be reclassified subsequently to profit or loss | | | |
| Foreign currency translation adjustment | | | |
| Gross amount | | (16) | (3,555) |
| Net amount | | \$ (16) | \$ (3,555) |
| Net unrealized (loss) gain on fair value adjustment of cash flow swap | | | |
| Gross amount | | (268) | 1,159 |
| Tax effect | | 81 | (247) |
| Net amount | | \$ (187) | \$ 912 |
| To not be reclassified subsequently to profit or loss | | | |
| Net unrealized gain on investments | 5 | | |
| Gross amount | | 47,867 | 25,228 |
| Tax effect | | (5,212) | (3,633) |
| Net amount | | \$ 42,655 | \$ 21,595 |
| Revaluation of investments held in joint venture | 4 | | |
| Gross amount | | 1,088 | 669 |
| Tax effect | | (238) | (48) |
| Net amount | | \$ 850 | \$ 621 |
| Realized gain on investments | | - | 216 |
| Tax effect | | - | (9) |
| Net amount | | - | \$ 207 |
| Other comprehensive earnings | | \$ 43,302 | \$ 19,780 |
| Total comprehensive earnings | | \$ 48,805 | \$ 32,315 |
| Total comprehensive earnings attributable to: | | | |
| Common shareholders | | 48,008 | 31,613 |
| Non-controlling interest | | 797 | 702 |
| | | \$ 48,805 | \$ 32,315 |

See accompanying notes to the condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| Unaudited, In Thousands of Canadian Dollars | Note | Three months ended | |
|---|------|--------------------|----------------|
| | | March 31, 2023 | March 31, 2022 |
| Operating activities | | | |
| Net earnings | | \$ 5,503 | \$ 12,535 |
| Adjustments for operating activities | II | 4,219 | 3,554 |
| | | \$ 9,722 | \$ 16,089 |
| Changes in non-cash operating working capital | II | (5,564) | (611) |
| | | \$ 4,158 | \$ 15,478 |
| Financing activities | | | |
| Repayment of long-term debt | 8 | (2,000) | (2,000) |
| Lease payments | | (42) | (42) |
| Cash settled stock options and RSUs | | (695) | (2,031) |
| Payments to non-controlling interest | 13 | (708) | (441) |
| Preferred securities distributions | | - | (1,260) |
| Repurchase of common shares | | - | (165) |
| Dividends paid | | (3,596) | (2,713) |
| | | \$ (7,041) | \$ (8,652) |
| Investing activities | | | |
| Proceeds from sale of investments | | - | 1,495 |
| Cash received from joint ventures | 4 | 339 | 27,069 |
| Generative exploration | | (403) | (64) |
| Exploration and evaluation assets, net of recoveries | | (39) | 65 |
| Investment in joint venture | 4 | (1,534) | - |
| Loan receivable | | - | (6,422) |
| Acquisition of royalty interests | | - | (1,524) |
| Acquisition of investments | 5 | (1,000) | (4,499) |
| | | \$ (2,637) | \$ 16,120 |
| Net (decrease) increase in cash and cash equivalents | | (5,520) | 22,946 |
| Effect of foreign exchange on cash and cash equivalents | | (30) | (1,674) |
| Cash and cash equivalents, beginning of period | | 82,385 | 100,021 |
| Cash and cash equivalents, end of period | | \$ 76,835 | \$ 121,293 |

Supplemental cash flow information (Note 11)

See accompanying notes to the condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| Unaudited, In Thousands of Canadian Dollars | Common Shares | | Preferred Securities | | Other Equity | Accumulated | Retained | Total | Non- | Total Equity |
|---|---------------|------------|----------------------|-----------|-----------------------|------------------------------------|-----------------------|-------------------------|-------------------------|--------------|
| | Number | Amount | Number | Amount | Reserves (Note 10) | Other Comprehensive Earnings | Earnings (Deficit) | Shareholders' Equity | controlling interest | |
| 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 March 31, 2022 | - | - | - | - | - | 19,525 | 12,088 | 31,613 | 702 | 32,315 |
| Payments to non-controlling interest | - | - | - | - | - | - | - | - | (441) | (441) |
| Transactions with non-controlling interests | - | - | - | - | - | - | 1,329 | 1,329 | (1,330) | (1) |
| Shares repurchased and cancelled | (10,000) | (63) | - | - | - | - | (102) | (165) | - | (165) |
| Preferred securities distribution | - | - | - | - | - | - | (1,232) | (1,232) | - | (1,232) |
| Dividends paid to common shareholders | - | - | - | - | - | - | (2,883) | (2,883) | - | (2,883) |
| Shares issued under dividend reinvestment plan | 7,004 | 170 | - | - | - | - | - | 170 | - | 170 |
| Share-based compensation | - | - | - | - | 481 | - | - | 481 | - | 481 |
| Cash settled RSUs | - | - | - | - | (2,031) | - | - | (2,031) | - | (2,031) |
| Shares issued under long-term incentive plan | 3,238 | 6 | - | - | (30) | - | - | (24) | - | (24) |
| Balance, March 31, 2022 | 41,185,837 | 260,906 | 10,000,000 | 57,061 | 24,435 | 96,496 | 21,846 | 460,744 | 94,424 | 555,168 |
| Net earnings and comprehensive earnings (loss), | | | | | | | | | | |
| April 1 to December 31, 2022 | - | - | - | - | - | (6,106) | 25,401 | 19,295 | 6,673 | 25,968 |
| Payments to non-controlling interest | - | - | - | - | - | - | - | - | (2,334) | (2,334) |
| Transactions with non-controlling interests | - | - | - | - | - | - | (8,598) | (8,598) | 23,853 | 15,255 |
| Shares repurchased and cancelled | (258,000) | (1,823) | - | - | - | - | (2,847) | (4,670) | - | (4,670) |
| Preferred securities distribution | - | - | - | - | (1,150) | - | (178) | (1,328) | - | (1,328) |
| 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 | - | - | - | - | - | - | (10,971) | (10,971) | - | (10,971) |
| Shares issued under dividend reinvestment plan | 27,121 | 541 | - | - | - | - | - | 541 | - | 541 |
| Share-based compensation | - | - | - | - | 2,927 | - | - | 2,927 | - | 2,927 |
| Cash settled RSUs and stock options | - | - | - | - | (1,672) | - | - | (1,672) | - | (1,672) |
| Long-term incentive plan | - | - | - | - | (75) | - | - | (75) | - | (75) |
| 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 March 31, 2023 | - | - | - | - | - | 42,947 | 5,061 | 48,008 | 797 | 48,805 |
| Payments to non-controlling interest (Note 13) | - | - | - | - | - | - | - | - | (708) | (708) |
| Dividends paid to common shareholders | - | - | - | - | - | - | (3,810) | (3,810) | - | (3,810) |
| Shares issued under dividend reinvestment plan | 9,613 | 214 | - | - | - | - | - | 214 | - | 214 |
| Share-based compensation | - | - | - | - | 1,092 | - | - | 1,092 | - | 1,092 |
| Cash settled RSUs and stock options | - | - | - | - | (695) | - | - | (695) | - | (695) |
| Long-term incentive plan | - | - | - | - | (46) | - | - | (46) | - | (46) |
| Balance, March 31, 2023 | 47,634,571 | \$ 358,911 | - | \$ - | \$ 12,804 | \$ 133,337 | \$ 25,904 | \$ 530,956 | \$ 122,705 | \$ 653,661 |

See accompanying notes to the consolidated financial statements

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

I. 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 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 12 operating mines located in Canada (10) and Brazil (2) that produce copper, nickel, cobalt, lithium, potash, iron ore and thermal (electrical) coal. It also holds royalty interests in 2 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 4300 Bankers Hall West, 888 – 3rd Street S.W., Calgary, Alberta, T2P 5C5.

These condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 8, 2023.

2. BASIS OF PRESENTATION

These condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 Interim Financial Reporting (IAS 34) as issued by the International Accounting Standards Board (IASB). These condensed consolidated financial statements have been prepared on an historical cost basis, except for derivative assets and liabilities, and financial assets classified at fair value through profit or loss or 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.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

These condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2022. The Corporation has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2022.

4. INTERESTS IN JOINT VENTURES

| In Thousands of Canadian Dollars | LNRLP ⁽¹⁾ | | GBR | | 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 |
| Cash receipts | | (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 |
| Earnings (loss) | | 91 | | (125) | (34) |
| Investment in joint venture | | - | | 1,534 | 1,534 |
| Cash receipts | | (339) | | - | (339) |
| Other comprehensive earnings - revaluation of investments | | - | | 1,088 | 1,088 |
| Other comprehensive earnings - foreign currency translation adjustment | | - | | 11 | 11 |
| Balance, March 31, 2023 | \$ | 4,326 | \$ | 207,181 | \$ 211,507 |

(1) Labrador Nickel Royalty Limited Partnership ("LNRLP")

See Note 14 for fair value qualitative and quantitative analysis relating to the investments held in the GBR joint venture.

5. INVESTMENTS

| In Thousands of Canadian Dollars | 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 to investments in traded securities | | (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 | | 1,000 | | - | 1,000 |
| Receipt for interest in mineral property | | 161 | | - | 161 |
| Revaluation | | 47,867 | | (213) | 47,654 |
| Balance, March 31, 2023 | \$ | 264,092 | \$ | 2,933 | \$ 267,025 |

As at March 31, 2023 investments include an investment in Labrador Iron Ore Royalty Corporation ("LIORC") of \$119,674,000 (December 31, 2022 - \$125,582,000) consisting of 3,739,800 (December 31, 2022 - 3,739,800) common shares. Investments also include \$76,981,000 relating to the Corporation's ownership of Lithium Royalty Corporation ("LRC") (December 31, 2022 - \$21,004,000).

6. ROYALTY AND STREAMING INTERESTS

| In Thousands of Canadian Dollars | As at December 31, 2022 | | Additions | As at March 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 |
| Picket Mountain | | 8,875 | - | | 8,875 |
| Curipamba - Copper, gold, zinc | | 13,475 | - | | 13,475 |
| Other | | 250 | - | | 250 |
| Streaming interest | | | | | |
| Chapada - Copper | | 77,634 | - | | 77,634 |
| Balance, end of period | \$ | 302,161 | \$ - | \$ | 302,161 |
| Accumulated amortization, depletion | | | | | |
| Rocanville - Potash | \$ | 8,242 | 381 | \$ | 8,623 |
| Esterhazy - Potash | | 1,574 | 82 | | 1,656 |
| Cory - Potash | | 1,043 | 45 | | 1,088 |
| Allan - Potash | | 1,513 | 54 | | 1,567 |
| Patience Lake - Potash | | 137 | 8 | | 145 |
| Vanscoy - Potash | | 123 | 3 | | 126 |
| Other potash | | 30 | 3 | | 33 |
| Coal & natural gas | | 3,469 | 100 | | 3,569 |
| Genesee - Coal | | 25,625 | 2,947 | | 28,572 |
| Streaming interest | | | | | |
| Chapada - Copper | | 32,084 | 927 | | 33,011 |
| Balance, end of period | \$ | 73,840 | \$ 4,550 | \$ | 78,390 |
| Net book value | \$ | 228,321 | \$ 4,550 | \$ | 223,771 |

| In Thousands of Canadian Dollars | 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 |
| Picket 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 | \$ |
| Accumulated amortization, depletion | | | | | |
| Rocanville - Potash | \$ | 6,871 | \$ | 1,371 | \$ |
| 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 |
| Gunnison - Copper | | - | | - | - |
| Pickett Mountain | | - | | - | - |
| Curipamba - Copper, gold, zinc | | - | | - | - |
| Other | | - | | - | - |
| Streaming interest | | | | | |
| Chapada - Copper | | 28,096 | | 3,988 | 32,084 |
| Balance, end of year | \$ | 97,111 | \$ | 24,085 | \$ |
| Net book value | \$ | 250,877 | \$ | 22,556 | \$ |

7. INCOME TAXES

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

| In Thousands of Canadian Dollars | March 31, 2023 | December 31, 2022 |
|---|--------------------|--------------------|
| Temporary differences related to exploration and evaluation assets, property and other | \$ (1,431) | \$ (1,717) |
| Non capital and net capital loss carryforwards | 3,832 | 4,240 |
| Carrying value of investments in excess of tax values | (24,138) | (18,541) |
| Deferred and deductible share-based compensation and other costs | 2,136 | 2,445 |
| Share and debt issue costs | (264) | (324) |
| Carrying values in excess of tax values relating to royalty and streaming interests in mineral properties | (18,174) | (17,743) |
| | \$ (38,039) | \$ (31,640) |

| | March 31, 2023 | December 31, 2022 |
|---------------------------|--------------------|--------------------|
| Deferred tax liabilities | \$ (44,053) | \$ (38,413) |
| Deferred tax assets | 6,014 | 6,773 |
| Total deferred income tax | \$ (38,039) | \$ (31,640) |

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

| In Thousands of Canadian Dollars | Three months ended | |
|----------------------------------|--------------------|-----------------|
| | March 31, 2023 | March 31, 2022 |
| Current tax | \$ 3,144 | \$ 2,574 |
| Deferred tax | 1,029 | 967 |
| | \$ 4,173 | \$ 3,541 |

8. DEBT

| In Thousands of Canadian Dollars | At amortized cost | |
|----------------------------------|-------------------|-------------------|
| | March 31, 2023 | December 31, 2022 |
| Long-term debt | \$ 118,879 | \$ 120,873 |
| Current | 8,000 | 8,000 |
| Non-current | 110,879 | 112,873 |
| | \$ 118,879 | \$ 120,873 |

The term credit facility has a four-year term and 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 March 31, 2023, the balance outstanding on the swap was \$38,000,000 (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 March 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 \$1,814,000 (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 three months ended March 31, 2023 \$120,000 (March 31, 2022 - \$140,000) of the costs were recognized as interest expense on long term debt in the consolidated statement of earnings.

During the three months ended March 31, 2023 the Corporation repaid \$2,000,000 on its term facility (March 31, 2022 - \$2,000,000).

As at March 31, 2023 the Corporation was in compliance with all debt covenants and has approximately \$93,000,000 of additional liquidity on its revolving facility.

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

| In Thousands of Canadian Dollars | Term | Revolver | Total |
|----------------------------------|------------------|------------------------------|-------------------|
| 2023 | \$ 6,000 | \$ - | \$ 6,000 |
| 2024 | 8,000 | - | 8,000 |
| 2025 | 24,000 | 81,762 | 105,762 |
| | <u>\$ 38,000</u> | <u>\$ 81,762</u> | <u>\$ 119,762</u> |
| | | Less: unamortized debt costs | 883 |
| | | | <u>\$ 118,879</u> |

9. REVENUE AND GENERAL & ADMINISTRATIVE EXPENSES

| In Thousands of Canadian Dollars | Three months ended | |
|----------------------------------|--------------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Revenue and other income | | |
| Royalty | \$ 12,246 | \$ 16,225 |
| Copper stream* | 4,666 | 6,313 |
| Interest and investment | 5,746 | 4,535 |
| Other | 20 | 14 |
| Total revenue and other income | \$ 22,678 | \$ 27,087 |

*Revenue from contracts with customers

| In Thousands of Canadian Dollars | Three months ended | |
|-------------------------------------|--------------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| General and administrative expenses | | |
| Salaries and benefits | \$ 1,560 | \$ 1,367 |
| Professional and consulting fees | 558 | 478 |
| Office and administrative | 525 | 516 |
| Travel and accommodations | 88 | 36 |
| Total general and administrative | \$ 2,731 | \$ 2,397 |

10. SHARE CAPITAL

Normal Course Issuer Bid

The Corporation renewed its Normal Course Issuer Bid (“NCIB”) effective August 22, 2022 and it will, unless further renewed, end no later than August 21, 2023. The Corporation may purchase at market prices up to 1,698,481 common shares representing approximately 3.56% of its 47,680,588 shares outstanding as of August 10, 2022. The Corporation did not repurchase and cancel any common shares during the three months ended March 31, 2023 (March 31, 2022 – 10,000 common shares at a cost of \$165,000).

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.

| In Thousands of Canadian Dollars | Three months ended | |
|------------------------------------|--------------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Weighted average number of shares: | | |
| Basic | 47,616,297 | 41,180,839 |
| Diluted | 48,527,388 | 43,868,749 |

Other equity reserves

Other equity reserves consist of share-based payment reserves of \$9,938,000 and contributed surplus of \$2,866,000 for a total of \$12,804,000. Share-based payment reserve amounts are in respect of stock options, deferred share units (“DSUs”), restricted share units (“RSUs”) and performance share units (“PSUs”).

II. SUPPLEMENTAL CASH FLOW INFORMATION

| In Thousands of Canadian Dollars | Three months ended | |
|---|--------------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Adjustments for operating activities: | | |
| Generative exploration | \$ 403 | \$ 64 |
| Exploration and evaluation assets abandoned or impaired | 590 | - |
| Share-based compensation | 1,092 | 481 |
| Foreign exchange (gain) | (115) | (775) |
| Amortization and depletion | 4,603 | 6,594 |
| Interest on long-term debt | 2,329 | 1,453 |
| Interest paid | (2,047) | (1,021) |
| Unrealized loss on fair value adjustment of derivatives | 213 | 313 |
| Loss (earnings) from joint ventures | 34 | (629) |
| Gain on disposal of mineral property | (107) | (996) |
| Income taxes (current and deferred) | 4,173 | 3,541 |
| Income taxes (paid) | (6,949) | (5,471) |
| | \$ 4,219 | \$ 3,554 |
| Changes in non-cash operating working capital: | | |
| Accounts receivable and prepaid expenses | (3,928) | (590) |
| Accounts payable and accrued liabilities | (1,636) | (21) |
| | \$ (5,564) | \$ (611) |
| Cash and cash equivalents consist of: | | |
| Deposits with banks | 76,835 | 111,588 |
| Short-term investments | - | 9,705 |
| | \$ 76,835 | \$ 121,293 |

12. 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.

| In Thousands of Canadian Dollars | Three months ended | |
|---|--------------------|-----------------|
| | March 31, 2023 | March 31, 2022 |
| Key management personnel and directors | | |
| Salaries and benefits | \$ 1,515 | \$ 1,462 |
| Share-based compensation | 909 | 322 |
| Total | \$ 2,424 | \$ 1,784 |

| In Thousands of Canadian Dollars | Three months ended | |
|---|--------------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| General and administrative expenses billed (to) from | | |
| Associates | \$ (12) | \$ - |
| Joint venture | 1 | 21 |
| Total | \$ (11) | \$ 21 |

13. NON-CONTROLLING INTERESTS

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

| In Thousands of Canadian Dollars | ARR | CRLP ⁽¹⁾ | GRLP ⁽¹⁾ | PRLP ⁽¹⁾ | Total |
|--|-----|---------------------|---------------------|---------------------|-------|
| Three months ended March 31, 2023 | | | | | |
| Payments | - | - | 102 | 606 | 708 |

| In Thousands of Canadian Dollars | ARR | CRLP ⁽¹⁾ | GRLP ⁽¹⁾ | PRLP ⁽¹⁾ | Total |
|-------------------------------------|-----------|---------------------|---------------------|---------------------|-----------|
| Year ended December 31, 2022 | | | | | |
| Receipts | \$ 15,219 | \$ - | \$ - | \$ - | \$ 15,219 |
| Payments | - | 2 | 341 | 2,432 | 2,775 |

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

14. 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 in level 3 consist of private company investments (Note 5). Lithium investments were included in level 3 at December 31, 2022.

| In Thousands of Canadian Dollars | | | | |
|----------------------------------|------------|-----------|-----------|------------|
| As at March 31, 2023 | Level 1 | Level 2 | Level 3 | TOTAL |
| Investments | 168,678 | 84,124 | 14,223 | 267,025 |
| Derivative - cash flow swap | - | 1,814 | - | 1,814 |
| Financial assets | \$ 168,678 | \$ 85,938 | \$ 14,223 | \$ 268,839 |
| Other liability | 813 | - | - | 813 |
| Financial liabilities | \$ 813 | \$ - | \$ - | \$ 813 |

| In Thousands of Canadian Dollars | | | | |
|----------------------------------|------------|----------|-----------|------------|
| 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.

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.

| In Thousands of Canadian Dollars | |
|----------------------------------|------------------------|
| | Level 3 Investments |
| Balance, December 31, 2021 | \$ 16,568 |
| Additions | 16,457 |
| Disposals | (98) |
| Revaluation gains through OCI | 6,256 |
| Balance, December 31, 2022 | \$ 39,183 |
| Reclass to Level 2 | (81,191) |
| Revaluation gains through OCI | 56,231 |
| Balance, March 31, 2023 | \$ 14,223 |

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 \$121,000 of these instruments.

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 4).

| | Level 3 | | | | | | Total |
|--|------------------------------|-------------------------|--------------------------|----------------------|-----------------------|------------|-------|
| | Renewable energy investments | | | | | | |
| | TGE ⁽²⁾ | Longroad ⁽²⁾ | Northleaf ⁽²⁾ | Titan ⁽²⁾ | Hodson ⁽²⁾ | | |
| Balance, December 31, 2021 | \$ 79,603 | \$ 48,069 | \$ 72,315 | \$ - | \$ - | \$ 199,987 | |
| Additions | 2,071 | - | 3 | 63,378 | 19,327 | 84,779 | |
| Reclassification to royalty interest | (6,518) | - | - | - | - | (6,518) | |
| Revaluation gains through OCI ⁽¹⁾ | 14,157 | 9,878 | 8,066 | - | - | 32,101 | |
| Balance, December 31, 2022 | \$ 89,313 | \$ 57,947 | \$ 80,384 | \$ 63,378 | \$ 19,327 | \$ 310,349 | |
| Additions | - | - | - | 1 | 6,876 | 6,877 | |
| Revaluation gains through OCI ⁽¹⁾ | 2,436 | (219) | (39) | - | - | 2,178 | |
| Balance, March 31, 2023 | \$ 91,749 | \$ 57,728 | \$ 80,345 | \$ 63,379 | \$ 26,203 | \$ 319,404 | |

(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 March 31, 2023 spot rate

Valuation technique and key inputs

The Corporation applies an income approach methodology primarily modelled with risk adjusted discounted cash flows to capture the present value of expected future economic benefits to be derived from the ownership of the investments (Longroad Energy (“Longroad”), Northleaf Capital Partners (“Northleaf”) and Titan Solar (“Titan”) and the royalty contracts that have been or will be granted in exchange for the Tri-Global Energy, LLC. (“TGE”) and Hodson Energy, LLC. (“Hodson”) investments. The total number and value of royalty

contracts to be ultimately awarded under the TGE and Hodson investment agreements is subject to a minimum return threshold, which has the effect of muting the potential value impact of several of the unobservable inputs. The total cash distributions to be received under the Longroad, Northleaf and Titan Solar agreements are also subject to various return thresholds ensuring a target rate of return. 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. The recently acquired Hodson and Titan Solar investments have been excluded as it is currently measured at cost approximating fair value.

| Significant unobservable inputs | Relationship and sensitivity of unobservable inputs to fair value | Quantitative impact |
|---------------------------------|--|---|
| Discount rate | <p>The Corporation applies a range of risk adjusted discount rates to the expected project royalties based on the stage of development and an assessment of the likelihood of completion of the TGE investment.</p> <p>For the Northleaf and Longroad royalty investments, ARR determines a discount rate based on the expected weighted average cost of capital (WACC) of the Corporation using a capital asset pricing model.</p> | <p>The lower the discount rate the higher the value of an individual royalty. The higher the discount rate the lower the value of the individual royalty.</p> <p>A 1% change in discount rates results in a change of \$9,337,000 for the investment in TGE and \$10,243,000 for the royalty investments in Northleaf and Longroad.</p> |
| Timing of commercial operations | <p>For the TGE investment, there are a series of anticipated project development milestones that occur as a project approaches commercial operations. As each project development milestone nears completion or is met, the risk associated with the project reaching commercial operations decreases. The expected timing of the commercial operations date (the date upon which cash flows are expected to commence) will impact the fair value calculation.</p> | <p>As the commercial operations date approach and the time to cashflow shortens, the value will increase based on the time value of money. Impact is dependent on reduction in time and appropriate risk adjusted discount rate. While the timing of commercial operations may affect near term expected realized revenues, the impact on the fair market value of the investment is muted because of the minimum return threshold concept implicit in the contract. As a result, as any delays will result in a higher number of royalties being granted to the Corporation, which will offset any reduction in value.</p> |
| Power prices | <p>The Corporation uses available forecast data of market power prices in order to calculate expected royalty revenue over the life of each project subject to merchant power prices. The forecasted power prices have a direct impact on forecasted annual revenue for the Corporation's Northleaf and Longroad royalty investments.</p> | <p>The Northleaf and Longroad agreements are structured such that royalty rates will often vary over the life of a specific project so that the Corporation's targeted IRR threshold is met. These mechanisms effectively mute the long-term impact of merchant power prices on the valuations. Several of the Corporation's royalties are also contracted under long-term PPAs and are not exposed to market power prices. . Given the minimum return threshold on the TGE investment, it is expected that the impact of power prices will be muted as delays will result in a higher number of royalties granted and thus a higher value.</p> <p>A 10% increase in power prices results in a \$2,165,000 change in valuation of Northleaf and Longroad.</p> |

Risk Management

The Corporation's financial assets and financial liabilities are exposed to various risk factors that may affect the fair value presentation or the amount ultimately received or paid on settlement of its assets and liabilities. The Corporation manages these risks through prudent investment and business decisions and, where the exposure is deemed too high, the Corporation may enter into derivative contracts to reduce this exposure. The Corporation does not utilize derivative financial instruments for trading or speculative purposes. Hedge accounting is applied only when appropriate documentation and effectiveness criteria are met.

15. 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 Chief Operating Decision Maker (“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 is 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.

| In Thousands of Canadian Dollars | Mineral | Renewable | Project | Subtotal | Adjustment for | Total |
|--|------------|------------|------------|------------|----------------|------------|
| Reportable Segments, Three Months Ended March 31, 2023 | Royalties | Royalties | Generation | | Joint Ventures | |
| Revenue and other income | \$ 19,293 | \$ 2,100 | \$ 2,832 | \$ 24,225 | \$ (1,547) | \$ 22,678 |
| Costs and Expenses | | | | | | |
| General and administrative | 1,340 | 1,334 | 731 | 3,405 | (674) | 2,731 |
| Cost of sales - copper stream | 1,361 | - | - | 1,361 | - | 1,361 |
| Generative exploration | - | - | 403 | 403 | - | 403 |
| Adjusted EBITDA | \$ 16,592 | \$ 766 | \$ 1,698 | \$ 19,056 | \$ (873) | \$ 18,183 |
| Share-based compensation | \$ (596) | \$ (183) | \$ (313) | \$ (1,092) | \$ - | \$ (1,092) |
| Amortization and depletion | (4,668) | (239) | - | (4,907) | 304 | (4,603) |
| Loss from joint ventures | - | - | - | - | (34) | (34) |
| Gain on disposal of mineral property | - | - | 107 | 107 | - | 107 |
| Foreign exchange (loss) gain | 141 | (1) | 107 | 247 | - | 247 |
| Unrealized (loss) on fair value adjustment of derivative | - | - | (213) | (213) | - | (213) |
| Exploration and evaluation assets abandoned or impaired | - | - | (590) | (590) | - | (590) |
| Share of loss in associates | - | (603) | - | (603) | 603 | - |
| Interest on long-term debt | (2,329) | - | - | (2,329) | - | (2,329) |
| Earnings (loss) before income taxes | \$ 9,140 | \$ (260) | \$ 796 | \$ 9,676 | \$ - | \$ 9,676 |
| Income taxes (current and deferred) | | | | | | 4,173 |
| Net earnings | | | | | | \$ 5,503 |
| Supplementary information | | | | | | |
| Total assets | \$ 475,905 | \$ 273,298 | \$ 73,937 | \$ 823,140 | \$ - | \$ 823,140 |
| Cash flow from (used) | | | | | | |
| Operating activities | 2,533 | 766 | 1,198 | 4,497 | (339) | 4,158 |
| Financing activities | (6,783) | - | 258 | (7,041) | - | (7,041) |
| Investing activities | - | (1,534) | (1,442) | (2,976) | 339 | (2,637) |
| Total cash flow from (used) | \$ (4,250) | \$ (768) | \$ (502) | \$ (5,520) | \$ - | \$ (5,520) |

| In Thousands of Canadian Dollars | | | | | | |
|--|----------------------|------------------------|-----------------------|------------|----------------------------------|------------|
| Reportable Segments, Three Months Ended March 31, 2022 | Mineral Royalties | Renewable Royalties | Project Generation | Subtotal | Adjustment for Joint Ventures | Total |
| Revenue and other income | \$ 24,722 | \$ 770 | \$ 2,999 | \$ 28,491 | \$ (1,404) | \$ 27,087 |
| Costs and Expenses | | | | | | |
| General and administrative | 1,500 | 853 | 616 | 2,969 | (572) | 2,397 |
| Cost of sales - copper stream | 1,873 | - | - | 1,873 | - | 1,873 |
| Generative exploration | - | - | 64 | 64 | - | 64 |
| Adjusted EBITDA | \$ 21,349 | \$ (83) | \$ 2,319 | \$ 23,585 | \$ (832) | \$ 22,753 |
| Share-based compensation | \$ (288) | \$ (38) | \$ (155) | \$ (481) | \$ - | \$ (481) |
| Amortization and depletion | (6,675) | (122) | - | (6,797) | 203 | (6,594) |
| Earnings from joint ventures | - | - | - | - | 629 | 629 |
| Gain on disposal of mineral property | - | - | 996 | 996 | - | 996 |
| Foreign exchange gain (loss) | 579 | 9 | (49) | 539 | - | 539 |
| Unrealized loss on fair value adjustment of derivative | - | - | (313) | (313) | - | (313) |
| Interest on long-term debt | (1,453) | - | - | (1,453) | - | (1,453) |
| Earnings (loss) before income taxes | \$ 13,512 | \$ (234) | \$ 2,798 | \$ 16,076 | \$ - | \$ 16,076 |
| Income taxes (current and deferred) | | | | | | 3,541 |
| Net earnings | | | | | | \$ 12,535 |
| Supplementary information | | | | | | |
| Total assets | \$ 458,033 | \$ 207,754 | \$ 82,178 | \$ 747,965 | \$ - | \$ 747,965 |
| Cash flow from (used) | | | | | | |
| Operating activities | 16,036 | 1,591 | (1,726) | 15,901 | (423) | 15,478 |
| Financing activities | (8,652) | - | - | (8,652) | - | (8,652) |
| Investing activities | (9,541) | 26,646 | (1,408) | 15,697 | 423 | 16,120 |
| Total cash flow from (used) | \$ (2,157) | \$ 28,237 | \$ (3,134) | \$ 22,946 | \$ - | \$ 22,946 |