RE ROYALTIES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2023 AND 2022

(Expressed in Canadian Dollars)

(Unaudited)

RE Royalties Ltd.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited – Expressed in Canadian Dollars)

	Note	September 30, 2023	December 31, 2022
ASSETS			
Non-current assets			
Secured loans and royalty interests	4	$ 22,433,622	$ 23,688,278
Deferred transaction costs		43,390	64,443
Deferred financing costs		–	125,296
Equity accounted investment		1	1
Derivative financial asset	5	119,205	–
Right of use asset		50,288	64,897
		22,646,506	23,942,915
Current assets			
Secured loans and royalty interests	4	15,425,583	10,281,060
Amounts receivable and prepaid expenses	6	1,911,664	805,904
Income taxes recoverable		47,656	–
Cash and cash equivalents, including restricted cash	3	15,227,668	7,580,132
		32,612,571	18,667,096
TOTAL ASSETS		$ 55,259,077	$ 42,610,011
EQUITY			
Share capital	9	$ 30,282,447	$ 30,282,447
Reserves	9(b)	2,778,651	2,242,181
Accumulated deficit		(16,021,928)	(12,739,891)
Equity attributable to owners of the Company		17,039,170	19,784,737
Non-controlling interests		1,431,853	603,253
Total equity		18,471,023	20,387,990
LIABILITIES			
Non-current liabilities			
Green bonds	7	36,213,365	19,442,949
Deferred income tax liability		105,000	129,000
Lease liability		36,430	52,609
		36,354,795	19,624,558
Current liabilities			
Lease liability		21,198	19,098
Cash-settled share-based payment liability		10,382	49,010
Convertible notes	8	–	2,045,468
Income tax payable		38,668	82,000
Trade payables		363,011	401,887
		433,259	2,597,463
Total liabilities		36,788,054	22,222,021
TOTAL EQUITY AND LIABILITIES		$ 55,259,077	$ 42,610,011

Events after the reporting period (note 13)

The accompanying notes are an integral part of these condensed consolidated interim financial statements

These condensed consolidated interim financial statements are approved for issuance by the Audit and Risk Committee of the Company's Board of Directors on November 21, 2023 and are signed on the Company's behalf by the following:

/s/ Bernard Tan

Bernard Tan
Director

/s/ Rene Carrier

Rene Carrier
Director

RE Royalties Ltd.

Condensed Consolidated Interim Statements of Comprehensive (Loss) Income

(Unaudited – Expressed in Canadian Dollars, except for weighted average number of common shares)

		Three months ended September 30,		Nine months ended September 30,	
	Note	**2023**	**2022**	**2023**	**2022**
Revenue and income					
Royalty revenue		$ 236,579	$ 195,828	$ 601,048	$ 580,535
Finance income		1,676,283	1,009,267	5,009,703	2,058,094
Gain on royalty buyout	4(a)	–	–	1,563,783	–
		1,912,862	1,205,095	7,174,534	2,638,629
Amortization and depletion					
Depletion of royalty interests	4	98,032	79,786	253,990	238,139
		(98,032)	(79,786)	(253,990)	(238,139)
Gross profit		1,814,830	1,125,309	6,920,544	2,400,490
Share of income of OCEP Invest LLC		–	97,892	–	507,865
Gain on revaluation of derivative financial asset	5	1,387	–	1,387	–
Gain (loss) on revaluation of financial asset at FVTPL	4	(11,475)	13,991	21,796	1,805
Gross profit, changes in fair value of financial assets, and share of income of OCEP Invest LLC.		1,804,742	1,237,192	6,943,727	2,910,160
Expenses					
Wages and benefits		253,541	190,894	769,708	554,935
Administration		68,388	87,327	290,415	300,832
Marketing and stakeholder communication		124,338	71,047	329,624	224,239
Audit and audit related		55,921	19,661	251,422	206,162
Consulting – financing		16,990	15,992	50,970	61,867
Consulting – other		27,812	26,247	78,353	55,227
Regulatory and transfer agency		11,140	9,698	61,900	97,510
Office lease and information technology		13,679	12,501	45,300	42,856
Legal		10,733	49,680	35,275	68,189
Donation		–	–	35,000	25,000
Equity-settled share-based payment	9(b)	113,173	–	318,018	40,000
Cash-settled share-based payment	9(b)	(5,758)	3,013	(7,233)	36,694
Amortization of right-of-use asset		4,870	4,870	14,609	14,609
		(694,827)	(490,930)	(2,273,361)	(1,728,120)
Other items					
Finance expenses		923,534	478,458	2,514,594	1,395,029
Loss upon derecognition of investment in joint venture		–	348,792	–	348,792
Provision for expected credit loss	4(c)	3,078,279	–	3,078,279	–
Foreign exchange (gain) loss		(261,733)	(573,125)	(37,581)	(729,478)
		(3,740,080)	(254,125)	(5,555,292)	(1,014,343)
Net (loss) income before income tax		$ (2,630,165)	$ 492,137	$ (884,926)	$ 167,697
Income tax expense					
Current income tax expense		91,307	22,000	227,966	22,000
Deferred income tax expense (recovery)		48,000	–	(24,000)	–
		(139,307)	(22,000)	(203,966)	(22,000)
Net (loss) income after income tax		$ (2,769,472)	$ 470,137	$ (1,088,892)	$ 145,697
Other comprehensive income					
Items that may be subsequently reclassified to net income					
Foreign exchange translation difference		239,461	446,511	39,340	532,726
Reclassification of Foreign exchange translation difference		–	(100,475)	–	(100,475)
Total other comprehensive income		239,461	346,036	39,340	432,251
Total comprehensive (loss) income		$ (2,530,011)	$ 816,173	$ (1,049,552)	$ 577,948
Net (loss) income after income tax attributable to:					
Owners of the Company		(3,031,066)	401,377	(1,988,209)	76,937
Non-controlling interests		261,594	68,760	899,317	68,760
		(2,769,472)	470,137	(1,088,892)	145,697
Total comprehensive (loss) income attributable to:					
Owners of the Company		(2,827,602)	725,865	(1,958,757)	487,640
Non-controlling interests		297,591	90,308	909,205	90,308
		(2,530,011)	816,173	(1,049,552)	577,948
Basic and diluted (loss) income per share attributable to shareholders of the Company	11	$ (0.07)	$ 0.01	$ (0.05)	$ 0.00
Weighted average number of common shares outstanding	11	43,283,607	43,127,607	43,214,274	37,145,721

The accompanying notes are an integral part of these condensed consolidated interim financial statements

RE Royalties Ltd.

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited – Expressed in Canadian Dollars, except for number of shares)

		Share capital		Reserves							
	Note	**Number of shares**	**Amount**	**Equity-settled share-based payments**	**Share purchase warrants**	**Convertible note – conversion option**	**Foreign currency translation reserve**	**Accumulated deficit**	**Total equity attributable to shareholders of the Company**	**Non-controlling interests**	**Total equity**
Balance at January 1, 2022		33,289,927	$23,159,638	$ 1,352,973	$ 236,913	$ 87,000	$ 54,874	$ (10,485,353)	$ 14,406,045	$ –	$ 14,406,045
Net income		–	–	–	–	–	–	76,937	76,937	68,760	145,697
Other comprehensive income		–	–	–	–	–	410,703	–	410,703	21,548	432,251
Total comprehensive income		–	–	–	–	–	410,703	76,937	487,640	90,308	577,948
Equity-settled share-based payments	9(b)	–	–	40,000	–	–	–	–	40,000	–	40,000
Distribution to shareholders	9(c)	–	–	–	–	–	–	(1,097,074)	(1,097,074)	–	(1,097,074)
Common shares issued pursuant to the Public Offering	9(a)	9,837,680	7,122,809	–	–	–	–	–	7,122,809	–	7,122,809
Agent warrants issued pursuant to the Public Offering	9(b)	–	–	–	175,000	–	–	–	175,000	–	175,000
Change of control of OCEP Invest LLC		–	–	–	–	–	–	–	–	299,300	299,300
Balance at September 30, 2022		43,127,607	30,282,447	1,392,973	411,913	87,000	465,577	(11,505,490)	21,134,420	389,608	21,524,028
Balance at January 1, 2023		43,127,607	$30,282,447	$ 1,392,973	$ 411,913	$ 87,000	$ 350,295	$ (12,739,891)	$ 19,784,737	$ 603,253	$ 20,387,990
Net income (loss)		–	–	–	–	–	–	(1,988,209)	(1,988,209)	899,317	(1,088,892)
Other comprehensive income		–	–	–	–	–	29,452	–	29,452	9,888	39,340
Total comprehensive loss		–	–	–	–	–	29,452	(1,988,209)	(1,958,757)	909,205	(1,049,552)
Distribution to shareholders	9(c)	–	–	–	–	–	–	(1,293,828)	(1,293,828)	–	(1,293,828)
Warrants issued pursuant to Series-3 Public Offering	7	–	–	–	75,000	–	–	–	75,000	–	75,000
Warrants issued pursuant to Series-3 Private Placement	7	–	–	–	114,000	–	–	–	114,000	–	114,000
Equity-settled share-based payments	9(b)	–	–	318,018	–	–	–	–	318,018	–	318,018
Distribution to non-controlling interests - OCEP		–	–	–	–	–	–	–	–	(91,671)	(91,671)
Distribution to non-controlling interests - Delta		–	–	–	–	–	–	–	–	(9,956)	(9,956)
Contributions from non-controlling interest in FP Puerto Rico Invest, LLC		–	–	–	–	–	–	–	–	21,022	21,022
Balance at September 30, 2023		43,127,607	$30,282,447	$ 1,710,991	$ 600,913	$ 87,000	$ 379,747	$ (16,021,928)	$ 17,039,170	$ 1,431,853	$ 18,471,023

The accompanying notes are an integral part of these condensed consolidated interim financial statements –

RE Royalties Ltd.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited – Expressed in Canadian Dollars)

	Note	Nine months ended September 30, 2023	2022
Operating activities			
Net (loss) income		$ (1,088,892)	$ 145,697
Adjustments for:			
Depletion of royalty interests		253,990	238,139
Finance income for the period, in excess of interest received		(2,080,769)	(1,503,711)
Gain on royalty buyout		(1,563,783)	–
(Gain) loss on revaluation of financial asset at FVTPL		(21,796)	(1,805)
Gain on revaluation of derivative financial asset		(1,387)	–
Depreciation of right-of-use asset		14,609	14,609
Finance expenses		2,514,594	1,395,029
Equity-settled share-based payments		318,018	40,000
Cash-settled share-based payment		(7,233)	36,694
Share of income of OCEP Invest LLC		–	(507,865)
Provision for expected credit loss		3,078,279	–
Deferred income tax expense		(24,000)	–
Loss upon derecognition of investment in joint venture		–	348,792
Unrealized exchange gain		(48,493)	(644,959)
Changes in working capital items:			
Amounts receivable and prepaid expenses		(1,095,753)	(223,319)
Income taxes recoverable		(47,656)	–
Income tax payable		(43,332)	22,000
Trade payables and accrued liabilities		(38,876)	58,209
Cash provided by (used in) operating activities		117,520	(582,490)
Investing activities			
Acquisition of royalty interests and secured loans	4	(5,368,715)	(11,474,630)
Acquisition cost attributable to CleanLight warrants	4	(117,820)	–
Investment in joint venture		–	(5,709,569)
Proceeds from royalty buyout	4	1,563,783	–
Proceeds from repayment of secured loans		326,868	106,728
Cash distribution from joint venture		–	264,356
Deferred transaction costs, net of recoveries		(8,576)	(29,322)
Cash used in investing activities		(3,604,460)	(16,842,437)
Financing activities			
Net proceeds from the Green Bonds offering	7	16,546,094	–
Repayment of convertible notes – principal sum		(1,637,176)	–
Repayment of convertible notes – accrued interest		(425,225)	–
Net proceeds from Public offering		–	7,297,809
Cash distribution to shareholders	9(c)	(1,293,828)	(1,097,074)
Distributions to non-controlling interests – OCEP		(91,671)	–
Distributions to non-controlling interests – Delta		(9,956)	–
Contributions from non-controlling interest in FP Puerto Rico Invest, LLC		21,022	–
Payments of interest on borrowings		(1,973,983)	(918,256)
Settlement of Restricted Share Units in cash		(31,394)	–
Payment of principal on lease		(14,079)	(10,592)
Payment of interest on lease		(3,821)	(4,878)
Other finance expenses		–	(20,771)
Cash provided by financing activities		11,085,983	5,246,238
Increase (Decrease) in cash and cash equivalents		7,599,043	(12,178,689)
Effects of exchange rate fluctuations on cash held		48,493	421,895
Cash and cash equivalents, opening balance		7,580,132	20,101,585
Cash and cash equivalents, closing balance		$ 15,227,668	$ 8,344,791

Supplemental cash flow information (note 3)

The accompanying notes are an integral part of these condensed consolidated interim financial statements

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

1. NATURE OF OPERATIONS

RE Royalties Ltd. ("RER" or the "Company") is a public company whose common shares are listed on the TSX Venture Exchange ("TSXV"), under the trading symbol "RE". The Company was incorporated on November 2, 2016 under the laws of the Province of British Columbia, Canada. The address of the Company's corporate office is 14th Floor, 1040 West Georgia Street, Vancouver, BC, V6E 4H1.

The Company is primarily engaged in the acquisition of revenue-based royalties from renewable energy generation facilities and other clean energy technologies by providing a non-dilutive royalty financing solution to privately-held and publicly-traded renewable energy generation and development companies and clean energy technology companies.

These condensed consolidated interim financial statements (the "Financial Statements") are comprised of RER and its subsidiaries (note 2(b)) (together referred to as the "Company" or the "Group") and are prepared for the three and nine months ended September 30, 2023 and 2022. RE Royalties Ltd. is the ultimate legal parent entity in the Company.

2. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

These Financial Statements have been prepared on a going concern basis in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). These Financial Statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes.

These Financial Statements should be read in conjunction with the Company's consolidated financial statements as at and for the year ended December 31, 2022. Accounting policies applied herein are the same as those applied in the Company's annual financial statements.

Results for the current reporting period are not necessarily indicative of future results. The Company earns royalty revenue from several renewable power generation sources, which exhibit seasonal behaviors individually but tend to counterbalance each other in a well-diversified portfolio. For instance, wind power generation is stronger in winter than in summer. The opposite is true for solar power generation.

(b) Basis of presentation and consolidation

These Financial Statements have been prepared on a historical cost basis except for the loan to Aeolis Wind Power Corporation (note 4) and the fair valuation of CleanLight warrants (note 5) which is recorded at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

These Financial Statements include the financial statements of the Company and its following subsidiaries:

Entity	Place of business	Entity type	Economic interest
RE Royalties (Canada) Ltd.	British Columbia, Canada	Acquisition of royalties in renewable projects	100.00%
RE Royalties USA Inc.	Delaware, USA	Acquisition of royalties in renewable projects	100.00%
FP OCEP Invest LLC	Delaware, USA	Holds the OCEP Loan	96.68%
FP Puerto Rico Invest, LLC	Delaware, USA	Holds the Delta Loan	98.00%

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns.

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

Intra-group balances and transactions, including any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the Financial Statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

(c) Significant accounting estimates and judgements

In preparing these Financial Statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Specific areas where significant estimates or judgements exist are:

Estimates:
- Fair value of share purchase options subject to certain performance based vesting conditions (note 9(b));
- Inputs into the Black-Scholes model for fair valuation of warrants with respect to the CleanLight transaction (note 5);
- Determination of the allowance for credit losses relating to the loan receivable from FuseForward (note 4(c));

Except for the foregoing, there was no change in the use of estimates and judgments during the current period as compared to those described in Note 2 in the Company's consolidated financial statements for the year ended December 31, 2022.

(d) Operating segments

As the Company operates as a single segment, the Financial Statements should be read as a whole for the results of this single reporting segment.

The following is a breakdown of the Company's revenue and income by geographical areas:

	Nine months ended September 30, 2023	2022
Europe		
Royalty revenue	$ –	$ 75,000
Finance income	–	–
	$ –	$ 75,000
North America		
Royalty revenue	$ 566,174	$ 505,535
Finance income	4,950,440	2,058,094
Gain on royalty buyout	1,563,783	–
	$ 7,080,397	$ 2,563,629
South America		
Royalty revenue	$ 34,874	$ –
Finance income	59,263	–
	$ 94,137	$ –
Total	$ 7,174,534	$ 2,638,629

The geographical break down of the Company's royalty interests is as follows:

	September 30, 2023	December 31, 2022
North America		
Canada	$ 4,019,760	$ 3,322,314
United States	897,952	897,953
Mexico	133,316	88,450
South America		
Chile	$ 200,796	$ –
Total	$ 5,251,824	$ 4,308,717

3. CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED CASH

	Note	September 30, 2023	December 31, 2022
Components of cash and cash equivalents and restricted cash:			
Cash held in business accounts			
Denominated in Canadian Dollars		$ 5,547,810	$ 2,075,316
Denominated in US Dollars		9,679,858	5,504,816
Total		$ 15,227,668	$ 7,580,132
Cash and cash equivalents and restricted cash subject to restrictions on use by the Company:			
Cash held as collateral against a letter of credit		$ –	$ 2,981,880
Net proceeds from the Green Bonds pending deployment (i)	7	14,186,269	–
Total		$ 14,186,269	$ 2,981,880

(i) Net proceeds from the Green Bonds offering to be utilized to finance renewable energy projects and clean energy technology in accordance with the Company's Green Bond Framework.

4. SECURED LOANS AND ROYALTY INTERESTS

	Note	September 30, 2023	December 31, 2022
Secured Loans – Amortized Cost			
Switch Power		$ 8,723,234	$ 8,046,786
Teichos Energy	4(a)	–	496,626
FuseForward Solutions	4(c)	3,551,279	3,163,206
OCEP		7,353,789	6,716,750
NOMAD		6,750,565	6,619,391
Revolve		1,623,777	1,594,787
Switch Solar		1,436,420	1,346,844
Revolve Cancun		1,881,921	628,961
Delta Energy		2,039,130	564,147
CleanLight	4(d)	1,930,726	–
		35,290,841	29,177,498
Allowance for lifetime expected losses due to significant increase in credit risk (stage 2 ECL)		–	(473,000)
Allowance for lifetime expected losses due to credit impairment (stage 3 ECL)	4(c)	(3,551,279)	–
Total secured loans at amortized cost, net of net of allowance(s) for expected credit losses		31,739,562	28,704,498

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

Secured Loans – FVTPL			
Aeolis Wind Power Corporation		867,819	956,123
Royalty Interests			
Northland Power Inc.		1,308,996	1,407,170
OntarioCo		246,994	259,741
Scotian Windfields		1,246,934	1,318,871
Switch Power		296,025	320,924
Teichos Energy	4(a)	–	1
NOMAD		897,952	897,952
Revolve		65,679	70,846
Switch Solar		14,708	15,608
Revolve Cancun		67,637	17,604
AlbertaCo	4(b)	906,103	–
CleanLight	4(d)	200,796	
Total royalty interests		5,251,824	4,308,717
Total		$ 37,859,205	$ 33,969,338
Non-current portion		$ 22,433,622	$ 23,688,278
Current portion		15,425,583	10,281,060
Total		$ 37,859,205	$ 33,969,338

At September 30, 2023, the Company had commitments to provide loans, under various loan agreements, for an aggregate amount of $9.8 million, which amount includes a loan commitment of $4.0 million under a loan agreement entered into between the Company and Revolve in September 2023, as announced by the Company on October 4, 2023.

Lifetime expected credit losses (note 4(c))		Nine months ended September 30,	
	Note	2023	2022
Beginning balance		$ 473,000	$ –
Increase in the loss allowance as a result of revaluations		3,078,279	–
Ending balance	4(c)	$ 3,551,279	$ –

The continuity schedules for secured loans at amortized cost are as follows:

Secured Loans	Switch Power (i)	Teichos Energy	FuseForward Solutions	OCEP	NOMAD	Revolve	Switch Solar (i)	Revolve Cancun	Delta Energy	Teichos Energy 2	CleanLight	Total
Note		4(a)	4(c)							4(a)	4(d)	
For the nine months ended September 30, 2023												
Balance at January 1, 2023	$ 8,046,786	$ 496,626	$ 3,163,206	$ 6,716,750	$ 6,619,391	$ 1,594,787	$ 1,346,844	$ 628,961	$ 564,147	$ –	$ –	29,177,498
Fair value at initial recognition	–	–	–	–	–	–	–	1,157,298	1,051,122	107,479	1,832,175	4,148,074
Transaction costs	–	–	–	–	–	–	–	23,544		–	–	23,544
Accretion and accrued interest	698,378	142,350	388,073	1,328,127	803,926	149,992	106,707	185,702	276,908	86,165	59,263	4,225,591
Additional finance income	–	–	–	–	–	–	–	–	220,671	–	–	220,671
Cash payments received	(21,930)	(638,936)	–	(704,772)	(685,899)	(121,002)	(17,131)	(113,584)	(84,351)	(194,657)	–	(2,582,262)
Foreign currency revaluation adjustment	–	(40)	–	13,684	13,147	–	–	–	10,633	1,013	39,288	77,725
Gross Carrying amount at September 30, 2023	8,723,234	–	3,551,279	7,353,789	6,750,565	1,623,777	1,436,420	1,881,921	2,039,130	–	1,930,726	35,290,841
Expected lifetime credit losses (ii)	–	–	(3,551,279)	–	–	–	–	–	–	–	–	(3,551,279)
Net Carrying amount at September 30, 2023	$ 8,723,234	$ –	$ –	$ 7,353,789	$ 6,750,565	$ 1,623,777	$ 1,436,420	$ 1,881,921	$ 2,039,130	$ –	$ 1,930,726	$ 31,739,562

(i) The maturity dates of these loans were extended by approximately three months in August 2023 at interest rate of 12% for the extension period

(ii) Represents stage 3 ECL allowance relating to the FuseForward loan receivable.

	Switch Power	Teichos Energy	FuseForward Solutions	OCEP	NOMAD	Revolve	Switch Solar	Total
Note		4(a)	4(c)					
For the nine months ended September 30, 2022								
Balance at January 1, 2022	$ 5,824,772	$ 171,264	$ 3,022,877	$ –	$ –	$ –	$ –	$ 9,018,913
Fair value at initial recognition	1,459,295	–	–	6,004,061	6,069,935	1,502,845	1,283,992	16,320,128
Transaction costs	–	–	–	–	–	39,580	20,475	60,055
Accretion and accrued interest	584,288	220,155	369,004	212,405	525,105	56,240	10,275	1,977,472
Cash payments received	(7,252)	–	(242,440)	–	(217,416)	(6,653)	–	(473,761)
Foreign currency revaluation adjustment		28,589	–	432,251	570,800	–	–	1,031,640
Balance at September 30, 2022	$ 7,861,103	$ 420,008	$ 3,149,441	$ 6,648,717	$ 6,948,424	$ 1,592,012	$ 1,314,742	$ 27,934,447

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

The continuity schedules for royalty interests are as follows:

Royalty Interests	Cost			Depletion			
	Beginning Balance	Additions/ (disposal)	Ending Balance	Beginning Balance	Charge for the period	Ending Balance	Carrying Amount
Nine months ended September 30, 2023							
Northland Power Inc.	1,871,864	–	1,871,864	464,694	98,175	562,868	1,308,996
OntarioCo	316,559	–	316,559	56,818	12,747	69,565	246,994
Scotian Windfields	1,598,626	–	1,598,626	279,755	71,937	351,692	1,246,934
Switch Power	358,695	–	358,695	37,771	24,899	62,670	296,025
Teichos Energy (note 4(a))	1	(1)	–	–	–	–	–
NOMAD	932,665	–	932,665	34,713	–	34,713	897,952
Revolve	73,155	–	73,155	2,309	5,167	7,476	65,679
Switch Solar	16,008	–	16,008	400	900	1,300	14,708
Revolve Cancun	17,604	52,996	70,600	–	2,963	2,963	67,637
AlbertaCo	–	939,669	939,669	–	33,566	33,566	906,103
CleanLight	–	204,432	204,432	–	3,636	3,636	200,796
Total	$5,185,177	$1,197,096	$6,382,273	$876,460	$ 253,990	$ 1,130,449	$5,251,824
Nine months ended September 30, 2022							
Jade Power Trust	$ 800,444	$ –	$ 800,444	$210,625	$ 31,598	242,223	$ 558,221
Northland Power Inc.	1,871,864	–	1,871,864	333,794	98,175	431,969	1,439,895
OntarioCo	316,559	–	316,559	39,822	12,747	52,569	263,990
Scotian Windfields	1,598,626	–	1,598,626	183,839	71,937	255,776	1,342,850
Switch Power	282,015	76,680	358,695	5,789	23,682	29,471	329,224
NOMAD	–	932,665	932,665	–	–	–	932,665
Revolve	–	73,155	73,155	–	–	–	73,155
Teichos Energy (note 4(a))	1	–	1	–	–	–	1
Switch Solar	–	16,008	16,008	–	–	–	16,008
Total	$4,869,509	$1,098,508	$5,968,017	$773,869	$ 238,139	$ 1,012,008	$4,956,009

(a) Teichos Energy

Teichos Loan 1

In October 2021, the Company entered into a secured loan agreement (the "Teichos Loan") for US$2,280,000 with Teichos Energy, LLC ("Teichos Energy"), a renewable energy development company with its headquarters in Seattle, Washington. Teichos Energy owned the Jackson Center Solar Project Phase 1 ("Jackson Center Project") located in Mercer County, Pennsylvania. Pursuant to the Teichos Loan, the Company also received a 1% gross revenue royalty (the "Jackson Center Royalty") on the Jackson Center Project for a period of 15 years once the Jackson Center Project reached commercial operation.

Pursuant to the Teichos Loan, the Company provided a cash advance of US$80,000 ($100,033) and a US$2,200,000 letter of credit on behalf of Teichos Energy in relation to certain collateral for the Jackson Center Project's grid connection. The Teichos Loan had an initial term of 6 months with an interest rate of 10% per annum, compounded annually, and payable at the end of the term.

The Teichos Loan term was extended for two additional 6-month increments, as per the agreement, for a total extension of up to 12 months. Accordingly, the Jackson Center Royalty had increased from 1% to 1.5% of gross revenues with the first extension. Further, in October 2022, Teichos Energy extended the Loan term by an additional 6 months leading to an increase in the Jackson Centre Royalty rate from 1.5% to 2%. The final Maturity date of the Teichos loan was April 8, 2023. In April 2023, the Company entered into an Agreement to amend the original Loan and Security Agreement in respect of the Jackson Centre Project, dated October 8, 2021, to extend the Maturity date to May 8, 2023. This extension increased the interest rate from 10% per annum compounded annually to 15% per annum compounded annually.

Teichos Loan 2

In February 2023, the Company entered into another secured loan agreement (the "Teichos Loan 2") for US$1,842,358 with Teichos Energy. Teichos Energy owned the Jackson Center Solar Project Phase 2 ("Jackson Center 2 Project") located in Mercer County, Pennsylvania. Pursuant to the Teichos Loan 2, the Company also received a 1% gross revenue royalty (the "Jackson Center 2 Royalty") on the Jackson Center 2 Project for a period of 15 years once the Jackson Center Project reached commercial operation.

Pursuant to the Teichos Loan 2, the Company provided a cash advance of US$80,000 ($108,152) and a US$1,762,358 letter of credit on behalf of Teichos Energy in relation to certain collateral for the Jackson Center 2 Project's grid connection. The Teichos Loan 2 had an initial term of 6 months, with options to extend the loan by up to 12 months, which options, if exercised, would have led to an increase in the Jackson Center Royalty. The Teichos Loan 2 had an interest rate of 13% per annum, compounded annually, and payable upon maturity. The Jackson Center Royalty was recorded at a nominal value of $1 in these Financial Statements.

Repayment by Teichos Energy

In May 2023, Teichos Energy repaid both, Teichos loan 1 and 2, including the accrued interest. Concurrently, the Company's royalty interest in the Jackson Center Solar Projects were sold for an aggregate sale proceeds of US$1.15 million ($1.56 million).

(b) AlbertaCo

In May 2023, the Company acquired an existing gross revenue royalty interest on 100 MW of output from an operational wind energy project with a total capacity of 145MW (the "AlbertaCo") in Alberta for a total purchase price of $0.94 million. The royalty will be calculated at a rate of $0.40 per MWh of electricity generated. The AlbertaCo has a long term Power Purchase Agreement ("PPA"), expiring December 2034, with a large corporate offtaker.

(c) FuseForward Solutions

During the quarter ended September 30, 2023, the Company concluded that the amounts receivable from FuseForward had become credit-impaired, and therefore, the Company recorded an impairment loss of $3,078,279 under stage-3 ECL. During the quarter, the Company served a notice of default to FuseForward, as the delinquency on payments continued and prolonged due to a significant deterioration of FuseForward's working capital position, which in turn significantly increased the uncertainty surrounding its ability to continue as a going concern. Moreover, during the quarter, it became evident that various recapitalization initiatives of FuseForward were not likely to be materialized in a foreseeable future, as the overall market conditions as well as FuseForward's working capital position significantly deteriorated. Due to the foregoing, the value of the underlying collateral linked to the Company's investment in FuseForward was adversely effected that led to the Company recognizing a 100% allowance against the amounts receivable from FuseForward.

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

(d) CleanLight

In August 2023, the Company concurrently executed three agreements, as described below, with Butler Corporation SpA ("CleanLight"), a Chilean technology company and manufacturer of mobile solar-battery systems including solar lighting towers and solar-hybrid battery generators.

Under a loan agreement with CleanLight (the "CleanLight Loan Agreement"), the Company agreed to provide, in two equal tranches, a US$3.0 million secured loan (the "CleanLight Loan") to provide working capital and to finance CleanLight's expansion into other countries in Latin America. The CleanLight Loan has a two-year term, and bears interest of 12% per annum. Pursuant to the CleanLight Loan Agreement, and concurrently with the execution thereof, the Company provided the first cash advance of US$1.5 million ($1.98 million). The remaining US$1.5 million of the CleanLight Loan will be advanced, subject to certain project related milestones.

Pursuant to a royalty agreement with CleanLight (the "CleanLight Royalty Agreement"), the Company acquired a gross revenue royalty of 5%, for a purchase price of US$200,000 ($264,000), for a period of 10 years (the "CleanLight Royalty") that commences on closing, and the royalty will reduce to 3% after certain revenue milestones are met.

The Company also received an irrevocable right, for a five year period, under a warrants agreement with CleanLight (the "CleanLight Warrants") to purchase up to 7% of CleanLight's common shares at an exercise price of 6,232,066 Chilean Pesos ("CLP").

As the aforementioned three agreements with CleanLight were negotiated and executed concurrently, the aggregate amount of the considerations provided to CleanLight has been allocated to various components of the transactions, upon initial recognition, as follows: a) the Company recorded the CleanLight Loan and the CleanLight Warrants at their respective fair values as of the date of initial recognition, and b) the Company recorded the residual value as CleanLight Royalty interest, as presented below.

Allocation of cash consideration provided to CleanLight:	
Aggregate cash consideration provided to CleanLight, including the purchase price of the CleanLight Royalty	$ 2,154,425
Less: Fair value of the CleanLight Loan	1,832,175
Fair value of the CleanLight Warrants (i)	117,818
	(1,949,993)
Residual value attributable to the CleanLight Royalty	204,432

(i) The fair value of the CleanLight Warrants was determined using the Black-Scholes Option Valuation model and the following assumptions: risk-free interest rate of 3.8%; expected annual volatility of 50%; exercise price of CLP 670 million ($1,037,000); fair value of the underlying equity interest of $462,000; and time to expiry of 5 years.

5. DERIVATIVE FINANCIAL ASSET

Continuity of derivative financial asset	Note	CleanLight Warrants
Balance at January 1, 2022 and 2023		$ –
Initial recognition	4(d)	117,818
Gain on revaluation of derivative financial asset		1,387
Balance at September 30, 2023 (i)		$ 119,205

(i) The fair value of the CleanLight Warrants was determined using the Black-Scholes Option Valuation model and the following assumptions: risk-free interest rate of 4.2%; expected annual volatility of 50%; exercise price of CLP 670 million ($1,068,000); fair value of the underlying equity interest of $475,000; and time to expiry of 5 years.

6 . AMOUNTS RECEIVABLE AND PREPAID EXPENSES – CURRENT

	September 30, 2023	December 31, 2022
Accrued royalty revenue	$ 273,465	$ 166,593
Prepaid expenses	193,062	55,707
Green Bonds interest reserve account (i)	1,437,836	579,960
Other amounts receivable	7,301	3,644
Total	$ 1,911,664	$ 805,904

7 . GREEN BONDS

In August 2020, the Company announced the inaugural public offering (Green Bonds Public Offering) of its 5-year green bonds under available exemptions from the prospectus requirement, including the offering memorandum exemption. Each Green Bond has a principal amount of $1,000 and bears interest at a rate of 6%, per annum, payable quarterly, and are senior secured obligations of the Company that are secured against the Company's portfolio of royalty and loan investments.

On December 30, 2021, the Company closed a brokered private placement of Series 2-Green Bonds, issuing 5,166 Green Bonds denominated in Canadian Dollars and 4,000 Green Bonds denominated in (US$1,000) United States dollars.

During the first quarter of 2023, the Company closed its marketed public offering (the "Public Offering") of Series 3 senior secured green bonds of the Company (the "Series-3 Green Bonds"), as originally announced on December 9, 2022, in two separate closings. The Company also closed its non-brokered private placement offering (the "Series-3 Private Placement") of Green Bonds, as originally announced on January 27, 2023. The Series-3 Green Bonds will have a maturity date of January 30, 2028 and bear interest at a rate of 9% per annum, payable quarterly, and will be senior obligations of the Company secured against the Company's portfolio of royalty and loan investments.

When taken in total aggregate, including each closing of both the Public Offering and Series-3 Private Placement, the Company issued a total of 16,423 Canadian dollar denominated Green Bonds, with principal amount of $1,000 each, for aggregate gross proceeds of $16,423,000 and 1,242 United States dollar denominated Green Bonds, with principal amount of US$1,000 each, for aggregate gross proceeds of US$1,242,000.

In connection with the Public Offering, the Company paid cash fees of $495,180 and US$1,190 and issued 330,913 warrants (the "Broker Warrants") to the agents. Each Broker Warrant will entitle the holder thereof to acquire one common share of the Company at an exercise price equal to $0.75 for a period of 36 months from the date of issuance of the warrants.

In connection with the Series-3 Private Placement, the Company paid corporate advisory fees in cash to certain parties in the amounts of $654,430 and US$85,750, and also issued 493,453 warrants. Each warrant will entitle the holder thereof to acquire one common share of the Company at an exercise price equal to $0.75 for a period of 36 months from the date of issuance of the warrants.

Series-3 Green Bond offering (number of bonds)	Total	Series-3 Public Offering (Brokered)	Series-3 Private Placement (Non-brokered)
Denominated in Canadian dollars	16,423	7,074	9,349
Denominated in US dollars	1,242	17	1,225
Total	17,665	7,091	10,574
Number of warrants issued	824,366	330,913	493,453

Senior Secured Green Bonds	Note	Nine months ended September 30, 2023	Year ended December 31, 2022
Beginning balance		$ 19,442,949	$ 18,702,484
Net proceeds from Green Bond – Series-3 Public Offering (brokered)			
Aggregate gross proceeds from issuance of Green Bonds		7,097,042	–
Cash commission		(496,793)	–
		6,600,249	–
Net proceeds from Green Bond – Series-3 Private Placement (non-brokered)			
Aggregate gross proceeds from issuance of Green Bonds		11,003,710	–
Advisory fees		(769,524)	–
		10,234,186	–
Financing costs			
Legal and professional fees		413,635	9,595
Fair value of compensation warrants (note 9) issued pursuant to:			
Series-3 Public Offering	9(b)	75,000	
Series-3 Private Placement	9(b)	114,000	–
		(602,635)	(9,595)
Amortization of financing costs		519,856	384,860
Foreign exchange translation difference		18,760	365,200
Ending balance (i)		$ 36,213,365	$ 19,442,949
Carrying amount of the Green Bond liability by series:			
Series-1 6% Green Bonds		9,757,086	9,610,422
Series-2 6% Green Bonds		9,983,716	9,832,527
Series-3 9% Green Bonds		16,472,563	–
Ending balance (i)		$ 36,213,365	$ 19,442,949

(i) Includes USD-denominated Green Bonds for an aggregate principal sum of US$5,242,000 (note 12(c))

8. CONVERTIBLE NOTES

In February 2020, the Company issued a series of unsecured convertible notes ("2020-Convertible Notes") to certain arm's-length parties for aggregate gross proceeds of $1.6 million. The 2020-Notes have a term of 36 months and accrue interest at 8% per annum, compounded annually but payable at maturity. The 2020-Convertible Notes shall be convertible, at the holders' sole discretion, into common shares of the Company at a conversion price of $1.00 per share.

In January 2023, the Company repaid the 2020-Convertible Notes, along with interest accrued thereon.

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

9. SHARE CAPITAL AND RESERVES

(a) *Share capital*

The authorized share capital of the Company was comprised of an unlimited number of common shares without par value (the "Common Shares"). All issued shares are fully paid.

(b) *Reserves*

Share-based payment expense

	Nine months ended September 30, 2023	2022
Expense arising from equity-settled share-based payment transactions		
Share purchase options	$ 105,021	$ 40,000
Deferred Share Units ("DSUs")	104,520	–
Restricted Share Units ("RSUs")	108,477	–
	318,018	40,000
Expense arising from cash-settled share-based payment transactions	(7,233)	36,694
Total	$ 310,785	$ 76,694

The equity-settled share-based payment expenses represent amortization of the fair value of the Company's share purchase options over the vesting term of the options.

Continuity of share purchase options:

	Nine months ended September 30, 2023		Nine months ended September 30, 2022	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding Options – beginning balance	1,585,000	$ 1.29	2,645,000	$ 1.10
Granted during the period	960,000	$ 0.65	–	$ –
Expired	–	$ –	(30,000)	$ 0.80
Outstanding Options – ending balance	2,545,000	$ 1.05	2,615,000	$ 1.10
Options Exercisable – ending balance	1,729,000	$ 1.24	2,615,000	$ 1.10

The options granted during the year will vest in tranches over a 12-month period with a term of three years. 528,000 of these stock options are awarded on the basis of meeting certain financial, Environmental, Social and Governance ("ESG") and investment related non-market performance metrics and will vest upon achievement of those metrics.

Remaining contractual life of the Company's common share purchase options:

	September 30, 2023		December 31, 2022	
Exercise price	Number of Options	Weighted average remaining contractual life (years)	Number of Options	Weighted average remaining contractual life (years)
$ 1.00	135,000	0.20	135,000	0.95
$ 1.32	1,450,000	1.86	1,450,000	2.61
$0.65	960,000	2.59	–	–
	2,545,000	2.05	1,585,000	2.47

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

Deferred share units and restricted share units

Continuity of DSUs and RSUs:

	Nine months ended September 30, 2023		Nine months ended September 30, 2022	
	DSUs	RSUs	DSUs	RSUs
Outstanding at the beginning of the period	24,501	38,011	–	–
Granted during the period	156,000	471,000	24,501	38,011
Repaid during the period	–	(38,011)	–	–
Outstanding at the end of the period	180,501	471,000	24,501	38,011
Units vested – ending balance	180,501	–	24,501	–

(i) The grant date fair value for these DSUs and RSUs was $0.67 per unit.

The Company has granted DSUs and RSUs to its directors, officers, employees and consultants during the current period. The DSUs were fully vested on the date of grant. The RSUs will vest in three equal tranches over a period of approximately three years from the grant date.

Share purchase warrant reserve

The continuity of the Company's share purchase warrants for the nine months ended September 30, 2023 is as follows:

Expiry date		Exercise price	January 1, 2023	Warrants issued	Warrants exercised	Warrants expired	September 30, 2023
March 1, 2023	$	1.25	17,472	–	–	(17,472)	–
June 15, 2024	$	1.10	9,837,680	–	–	–	9,837,680
June 15, 2024	$	0.82	776,250	–	–	–	776,250
January 30, 2026 (i)	$	0.75	–	239,493	–	–	239,493
February 3, 2026 (i)	$	0.75	–	319,853	–	–	319,853
February 28, 2026 (i)	$	0.75	–	91,420	–	–	91,420
March 1, 2026 (i)	$	0.75	–	159,740	–	–	159,740
March 31, 2026 (i)	$	0.75	–	13,860	–	–	13,860
			10,631,402	824,366	–	(17,472)	11,438,296

(i) These represent the warrants issued to the underwriters for the Series-3 Public offering and Series -3 Private placement of Series-3 Green Bonds (note 7), and their weighted average fair value as of the date of issuance was $0.2296 per warrant, which fair value was determined using the Black-Scholes Option Valuation model and the following assumptions: weighted average risk-free interest rate of 3.45% ; expected volatility of 55%; exercise price of $0.75; underlying weighted average market price of $0.76 per share; and time to expiry of 3 years.

The continuity of the Company's share purchase warrants for the nine months ended September 30, 2022 is as follows:

Expiry date		Exercise price	January 1, 2022	Warrants issued	Warrants exercised	Warrants expired	September 30, 2022
October 2022	$	1.33	245,955	–	–	–	245,955
October 2022	$	1.44	86,083	–	–	–	86,083
December 2022	$	1.48	92,595	–	–	–	92,595
March 2023	$	1.25	17,472	–	–	–	17,472
June 15, 2024	$	1.10	–	9,837,680	–	–	9,837,680
June 15, 2024	$	0.82	–	776,250	–	–	776,250
			442,105	10,613,930	–	–	11,056,035

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

(c) Distribution to shareholders

During the nine months ended September 30, 2023 and 2022, the Company declared the following cash distributions to its shareholders:

			Amount	
Declaration date	Record date	Payment date	Per share	Total
Nine months ended September 30, 2023				
January 11, 2023	February 1, 2023	February 22, 2023	$ 0.01	$ 431,276
April 12, 2023	May 3, 2023	May 24, 2023	$ 0.01	$ 431,276
July 12, 2023	August 2, 2023	August 23, 2023	$ 0.01	$ 431,276
				$ 1,293,828
Nine months ended September 30, 2022				
January 9, 2022	February 2, 2022	February 23, 2022	$ 0.01	$ 332,899
March 31, 2022	April 20, 2022	May 11, 2022	$ 0.01	$ 332,899
July 13, 2022	August 3, 2022	August 24, 2022	$ 0.01	$ 431,276
				$ 1,097,074

See Note 13(a) for the cash distribution declared after the end of the current reporting period.

10 . RELATED PARTY TRANSACTIONS

Key management personnel ("KMP") are those persons, including its directors and executive officers, that have the authority and responsibility for planning, directing and controlling the activities of the Company. Transactions with KMP were as follows:

Remuneration for services rendered	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Short-term employment benefits (i)	$ 118,615	$ 100,000	$ 357,001	$ 305,000
Equity-settled share-based compensation	37,200	–	186,800	40,000
Cash-settled share-based compensation	(5,758)	3,013	(7,233)	36,694
Total	$ 150,057	$ 103,013	$ 536,568	$ 381,694

(i) Includes executive salaries and directors' fees relating to the Company's key management personnel.

11 . BASIC AND DILUTED (LOSS) INCOME PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The Company presents basic and diluted income (loss) per share data for its common shares, calculated by dividing the income (loss) attributable to common shareholders by the weighted average number of common shares and fully-vested equity-settled DSUs (requiring no additional consideration to be exercised) that were outstanding during the period. Diluted income (loss) per share does not adjust income (loss) attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. For the purposes of the calculation of diluted income (loss) per share for the three and nine months ended September 30, 2023 and 2022, the share purchase options, RSUs, and warrants were excluded from the calculation of diluted income (loss) per share as they were anti-dilutive.

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

12 . FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) *Credit Risk*

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its secured loans (note 4) and other financial assets, including cash and cash equivalents and restricted cash and amounts receivable.

The Company limits the exposure to credit risk for cash and cash equivalents and restricted cash by only investing it with high-credit quality financial institutions in business and saving accounts, which are available on demand by the Company. The Company limits the exposure to credit risk with respect to secured loans through securing the Company's right therein against the underlying renewable energy assets or against the borrowers' ownership interest in the underlying renewable energy assets.

The gross carrying value of the financial asset best represents the maximum exposure to credit risk at the reporting date.

(b) *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient capital in order to meet short to medium term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company's cash is currently invested in business accounts.

The Company's financial liabilities and other liabilities are comprised of the following:

As of September 30, 2023		Contractual Cash Flows (i)			
	Carrying Amount	Total	Less than 12 months	Between 1 - 3 years	Between 4 - 5 years
Green Bonds (note 7) (ii)	$ 36,213,365	$ 49,281,528	$ 2,880,995	$ 15,355,797	$ 31,044,736
Lease liability	57,628	63,467	24,891	38,576	–
Trade payables and accrued liabilities	363,011	363,011	363,011	–	–
	$ 36,634,004	$ 49,708,006	$ 3,268,897	$ 15,394,373	$ 31,044,736

(i) The amounts are gross and undiscounted, and include contractual interest payments.
(ii) Contractual cash flows relating to the US Dollar-denominated Green Bonds are converted into the reporting currency based on the exchange rate as of the reporting date.

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

(c) Foreign exchange risk

The Company is exposed to foreign currency risk in respect of its US Dollar-denominated monetary assets and liabilities as summarized below:

		September 30, 2023		December 31, 2022	
	Note	US Dollars	Canadian Dollars	US Dollars	Canadian Dollars
Cash	3	7,128,550	$ 9,679,858	4,061,396	$ 5,504,816
Secured loans	4	13,310,413	18,074,210	10,621,893	14,396,914
		20,438,963	27,754,068	14,683,289	19,901,730
Green Bonds	7	(5,242,000)	(7,118,112)	(4,000,000)	(5,421,600)
Net exposure, including foreign operations		15,196,963	$ 20,635,956	10,683,289	$ 14,480,130
Less: Cash and Secured loans held in foreign operations		(6,917,239)	(9,392,919)	(5,361,880)	(7,280,897)
Net exposure, excluding foreign operaitons		$ 8,279,724	$ 11,243,037	$ 5,321,409	$ 7,199,233
Exchange rate as of the reporting date (Canadian Dollar per US Dollar)			$ 1.3579		$ 1.3554

The average exchange rate for the three months ended September 30, 2023 is $1.3412 (September 30, 2022 - $1.3061) and the nine months ended September 30, 2023 is $1.3458 (September 30, 2022 - $1.2892). The average exchange rate for the 12 months ended December 31, 2022 was $1.3017.

Sensitivity	September 30, 2023	December 31, 2022
Exchange loss that would have been recorded in net income/loss with a 1% increase in the value of the U.S. dollar relative to the Canadian dollar	$ 112,000	$ 72,000
Exchange loss that would have been recorded in other comprehensive income/loss with a 1% increase in the value of the U.S. dollar relative to the Canadian dollar	$ 94,000	$ 73,000

The Company does not have any hedging arrangement with respect to its net exposure to foreign currency risks.

The exchange differences arising on translation of foreign operations are recognised in other comprehensive difference.

(d) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The Company is subject to interest rate cash flow risk with respect to its investments in cash and cash equivalents and restricted cash. The Company's policy is to invest cash at fixed rates of interest and cash reserves are to be maintained in cash in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates and when cash and cash equivalents mature impact interest income earned.

The Company is subject to interest rate fair value risk with respect to the secured loan to Aeolis, which is carried at fair value (note 12(e)). An increase of 25 basis points in discount rates will result in a decrease of approximately $12,000 in the fair value of the secured loan to Aeolis.

All other investments in financial assets and borrowings through financial liabilities of the Company are subject to fixed interest rates and are carried at amortized cost in these Financial Statements, and are therefore not subject to interest rate risk.

(e) Fair Value

Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same – to estimate the price at which an orderly transaction to sell an asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means.
- Level 3 inputs are unobservable (supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

<u>Aeolis Loan</u>

The Aeolis Loan is classified as a financial asset at fair value through profit and loss (note 4). At September 30, 2023, the fair value of the Aeolis Loan was determined by discounting future cash flows using annual discount rates in the range of 8.50% - 9.38% (December 31, 2022: 7.75% - 9.07%) applicable to the term of each cash flow and average annual inflation rate of 3.5% (December 31, 2022: 3.5%).

At the end of the reporting period, the fair value measurement of the Aeolis Loan (note 4) has been categorized within level 3 of the fair value hierarchy. The Company has assessed the fair value of the instrument based on a valuation technique using unobservable discounted future cash flows. Significant inputs used in the valuation of the Aeolis Loan that are not observable market data were the credit spread and other elements constituting the discount rates and inflation rates used; these inputs require judgement. An increase in average future annual inflation rate used in valuation of the Aeolis Loan from 3.5% to 3.6% would increase its fair value by approximately $3,500.

CleanLight Warrants

At the end of the reporting period, the fair value measurement of the CleanLight warrants (note 5) has been categorized within level 3 of the fair value hierarchy. The Company has assessed the fair value of the instrument based on a valuation technique using unobservable discounted future cash flows. Significant inputs used in the valuation of the CleanLight warrants that are not observable market data were the fair value of the underlying equity interest and other elements constituting the volatility used; these inputs require judgement. An increase in volatility used in valuation of the CleanLight warrants from 50% to 60% would increase its fair value by approximately $40,000. A 10% increase in fair value of the underlying equity interest used in valuation of the CleanLight warrants would increase its fair value by approximately $24,000.

There were no transfers between the levels of the fair value hierarchy during the reporting period.

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

(f) Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of the following: a) equity, comprising share capital, net of reserves and accumulated deficit; and b) Green Bonds.

As per the Green Bond indenture (the "Indenture"), the Company is also required to maintain a minimum debt coverage ratio ("Debt Coverage Ratio") as determined by dividing its earnings, before certain items such as interest, taxes, depreciation, amortization, and extraordinary items, by total interest payments. As per the Indenture, various financial covenants, including Debt Coverage Ratio, are subject to a cure period ("Cure Period"), whereby an event of default will only occur if the Company fails to comply with such covenants by the end of the second fiscal quarter following the occurrence of non-compliance.

As of September 30, 2023 , the Company was in compliance with all debt covenants.

13 . EVENTS AFTER END OF THE REPORTING PERIOD

(a) Declaration and Payment of Dividend

After the end of the reporting period and before these Financial Statements were authorized for issuance, the Board of Directors of the Company had declared the following quarterly cash distributions:

			Amount	
Declaration date	Record date	Payment date	Per share	Total
October 11, 2023	November 1, 2023	November 22, 2023	0.01	431,276