RE ROYALTIES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2022 AND 2021

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders and the Board of Directors of
RE Royalties Ltd.

Opinion

We have audited the consolidated financial statements of RE Royalties Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") .

Basis for Opinion

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

Key Audit Matters

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key Audit Matter Description

The Company holds investments in secured loans measured at amortized cost basis ("financial assets"). Upon initial recognition, financial assets are measured at fair value plus, transaction costs that are directly attributable to its acquisition. In determining the fair value of the financial assets upon initial recognition, the Company makes estimates and assumptions related to discount rates and future cash flows. In order to determine the initial cost of the Company's royalty interests, the Company subtracts the fair value of the financial assets from the aggregate amount of cash advanced, and the residual value is the ascribed value of the royalty interests.

Auditing the accounting treatment upon initial recognition of the financial assets and royalty interests and the discount rates used to estimate the fair value of the financial assets required a high degree of auditor judgment and an increased extent of audit effort, including the involvement of financial instrument and fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the accounting treatment upon initial recognition of the financial assets and royalty interests and the discount rates used to estimate the fair value of the financial assets included the following, among others:

- With the assistance of financial instrument specialists, evaluated the accounting treatment upon recognition of the financial assets and royalty interests by:
    - Assessing the information in the transaction agreements to identify and understand all relevant terms.
    - Evaluating management's determination of the accounting treatment by analyzing specific facts and circumstances against relevant accounting guidance.

- Where appropriate, with the assistance of fair value specialists, evaluated the reasonableness of the discount rates by testing the source information underlying the determination of the discount rate and developed a range of independent estimates for the discount rates and compared to the discount rates selected by management.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor’s report is Tim Holwill.

/s/ Deloitte LLP

Chartered Professional Accountants
Vancouver, British Columbia
May 1, 2023

RE Royalties Ltd.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	December 31, 2022	December 31, 2021
ASSETS			
Non-current assets			
Secured loans and royalty interests	4	$ 23,688,278	$ 13,889,390
Deferred transaction costs	5	64,443	92,679
Deferred financing costs	20(c)	125,296	–
Equity accounted investment	6	1	1
Right of use asset	8	64,897	84,375
		23,942,915	14,066,445
Current assets			
Secured loans and royalty interests	4	10,281,060	274,204
Amounts receivable and prepaid expenses	7	805,904	752,717
Cash and cash equivalents, including restricted cash	3	7,580,132	20,101,585
		18,667,096	21,128,506
TOTAL ASSETS		$ 42,610,011	$ 35,194,951
EQUITY			
Share capital	12	$ 30,282,447	$ 23,159,638
Reserves	12	2,242,181	1,731,760
Accumulated deficit		(12,739,891)	(10,485,353)
Equity attributable to owners of the Company		19,784,737	14,406,045
Non-controlling interests	15	603,253	–
Total equity		20,387,990	14,406,045
LIABILITIES			
Non-current liabilities			
Green bonds	10	19,442,949	18,702,484
Convertible notes	11	–	1,813,642
Deferred income tax liability	18	129,000	–
Lease liability	8	52,609	71,744
		19,624,558	20,587,870
Current liabilities			
Lease liability	8	19,098	14,972
Cash-settled share-based payment liability	13	49,010	–
Convertible notes	11	2,045,468	–
Income tax payable	18	82,000	–
Trade payables and accrued liabilities	9	401,887	186,064
		2,597,463	201,036
Total liabilities		22,222,021	20,788,906
TOTAL EQUITY AND LIABILITIES		$ 42,610,011	$ 35,194,951

Events after the reporting period (note 20)

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

These financial statements are approved for issuance by the Company's Board of Directors on May 1, 2023 and are signed on the Company's behalf by the following:

/s/ Bernard Tan *——* */s/ Rene Carrier*

Bernard Tan
Director

Rene Carrier
Director

RE Royalties Ltd.

Consolidated Statements of Comprehensive Loss

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

	Note	Year ended December 31, 2022	2021
Revenue and income			
Royalty revenue		$ 839,808	$ 784,296
Finance income		3,369,074	911,378
Gain on royalty buyback		27,705	–
Gain on derecognition of financial asset		–	129,417
Other revenue		–	100,000
		4,236,587	1,925,091
Amortization and depletion			
Depletion of royalty interest	4	344,814	291,731
		(344,814)	(291,731)
Gross profit		3,891,773	1,633,360
Share of income of OCEP Invest LLC	6	507,865	–
Gain on revaluation of financial asset at FVTPL	4	13,812	10,104
Gross profit, changes in fair value of financial assets, and share of income of OCEP Invest LLC.		4,413,450	1,643,464
Expenses			
Wages and benefits		757,925	624,622
Administration		420,972	336,849
Marketing and stakeholder communication		341,472	282,889
Audit and audit related		294,357	189,229
Consulting – financing		77,860	131,881
Consulting – other		139,653	103,358
Regulatory and transfer agency		147,763	64,306
Donations		50,000	51,000
Office lease and information technology		55,357	59,948
Legal		125,572	29,867
Equity-settled share-based payment	12	40,000	853,000
Cash-settled share-based payment	13	49,010	–
Amortization of right-of-use asset	8	19,478	12,981
		(2,519,419)	(2,739,930)
Other items			
Finance expenses	14	1,868,297	1,025,559
Loss upon derecognition of investment in joint venture	6	348,792	–
Impairment loss on secured loans receivable	4(h)	473,000	–
Foreign exchange (gain) loss		(573,242)	7,999
		(2,116,847)	(1,033,558)
Net loss before income tax		$ (222,816)	$ (2,130,024)
Income tax expense			
Current income tax expense	18(a)	82,000	–
Deferred income tax expense	18(a)	129,000	–
		(211,000)	–
Net loss after income tax		$ (433,816)	$ (2,130,024)
Other comprehensive income			
Items that may be subsequently reclassified to net income			
Foreign exchange translation difference		412,559	–
Reclassification of Foreign exchange translation difference		(100,475)	–
Total other comprehensive income		312,084	–
Total comprehensive loss		$ (121,732)	$ (2,130,024)
Net loss after income tax attributable to:			
Owners of the Company		(726,188)	(2,130,024)
Non-controlling interests	15	292,372	–
		(433,816)	(2,130,024)
Total comprehensive loss attributable to:			
Owners of the Company		(430,767)	(2,130,024)
Non-controlling interests	15	309,035	–
		(121,732)	(2,130,024)
Basic and diluted loss per share attributable to shareholders of the Company	17	$ (0.02)	$ (0.06)
Weighted average number of common shares outstanding	17	38,653,484	33,289,927

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

RE Royalties Ltd.

Consolidated Statements of Changes in Equity

(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 (note 15)**	**Total equity**
Balance at January 1, 2021		33,289,927	$23,159,638	$ 499,973	$ 229,802	$ 87,000	$ 54,874	$ (7,023,733)	$ 17,007,554	$ –	$ 17,007,554
Net loss		–	–	–	–	–	–	(2,130,024)	(2,130,024)	–	(2,130,024)
Other comprehensive loss		–	–	–	–	–	–	–	–	–	–
Total comprehensive loss		–	–	–	–	–	–	(2,130,024)	(2,130,024)	–	(2,130,024)
Equity-settled share-based payments	12	–	–	853,000	–	–	–	–	853,000	–	853,000
Distribution to shareholders	12(d)	–	–	–	–	–	–	(1,331,596)	(1,331,596)	–	(1,331,596)
Agent warrants issued pursuant to the Green Bond offering		–	–	–	7,111	–	–	–	7,111	–	7,111
Balance at December 31, 2021		33,289,927	$23,159,638	$ 1,352,973	$ 236,913	$ 87,000	$ 54,874	$ (10,485,353)	$ 14,406,045	$ –	$ 14,406,045
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 (loss)		–	–	–	–	–	–	(726,188)	(726,188)	292,372	(433,816)
Other comprehensive income		–	–	–	–	–	295,421	–	295,421	16,663	312,084
Total comprehensive loss		–	–	–	–	–	295,421	(726,188)	(430,767)	309,035	(121,732)
Equity-settled share-based payments	12	–	–	40,000	–	–	–	–	40,000	–	40,000
Distribution to shareholders	12(d)	–	–	–	–	–	–	(1,528,350)	(1,528,350)	–	(1,528,350)
Common shares issued pursuant to the Public Offering	12(a)	9,837,680	7,122,809	–	–	–	–	–	7,122,809	–	7,122,809
Agent warrants issued pursuant to the Public Offering	12(b)	–	–	–	175,000	–	–	–	175,000	–	175,000
Change of control of OCEP Invest LLC	15	–	–	–	–	–	–	–	–	299,300	299,300
Distribution to non-controlling interests	4(l)	–	–	–	–	–	–	–	–	(15,738)	(15,738)
Contributions from non-controlling interest in FP Puerto Rico Invest, LLC	4(n)	–	–	–	–	–	–	–	–	10,656	10,656
Balance at December 31, 2022		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

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

RE Royalties Ltd.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Note	Year ended December 31, 2022	2021
Operating activities			
Net loss		$ (433,816)	$ (2,130,024)
Adjustments for:			
Depletion of royalty interests		344,814	291,731
Finance income for the period, in excess of interest received		(1,856,290)	–
Interest received in excess of finance income for the period		–	283,993
(Gain) loss on revaluation of financial asset at FVTPL		(13,812)	(10,104)
Gain on royalty buyback		(27,705)	–
Depreciation of right-of-use asset		19,478	12,981
Finance expenses		1,868,297	1,025,559
Deferred transaction costs expensed		32,416	–
Equity-settled share-based payments		40,000	853,000
Cash-settled share-based payment		49,010	–
Share of income of OCEP Invest LLC		(507,865)	–
Loss upon derecognition of investment in joint venture		348,792	–
Impairment loss on secured loans receivable	4(h)	473,000	–
Deferred income tax expense		129,000	–
Unrealized exchange (gain) loss		(572,654)	6,000
Changes in working capital items:			
Amounts receivable and prepaid expenses		(53,187)	(285,016)
Income tax payable		82,000	–
Trade payables and accrued liabilities		220,085	95,194
Cash provided by operating activities		141,563	143,314
Investing activities			
Acquisition of royalty interests and secured loans	4	(12,639,950)	(9,060,395)
Proceeds from repayment of secured loans	4	–	9,665,058
Proceeds from royalty buyback	4(b)	585,926	–
Investment in joint venture	6	(5,709,569)	–
Proceeds from repayment of secured loan at FVTPL		106,730	104,224
Cash distribution from joint venture	6	264,356	–
Deferred transaction costs, net of recoveries	5	(4,180)	(92,679)
Cash (used in) provided by investing activities		(17,396,687)	616,208
Financing activities			
Net proceeds from the Public Offering	12(a)	7,297,809	–
Net proceeds from the Green Bonds offering	10	–	9,607,982
Cash distribution to shareholders	12(d)	(1,528,350)	(1,331,596)
Distributions to non-controlling interests – OCEP	4(l)	(15,738)	–
Contributions from non-controlling interests – Delta	4(n)	10,656	–
Payments of interest on borrowings		(1,234,173)	(607,372)
Deferred financing costs		(125,296)	–
Payment of principal on lease	8	(14,909)	(10,640)
Payment of interest on lease	8	(6,362)	(4,830)
Other finance expenses		(20,771)	(10,212)
Cash provided by financing activities		4,362,866	7,643,332
(Decrease) increase in cash and cash equivalents		(12,892,258)	8,402,854
Effects of exchange rate fluctuations on cash held		370,805	(6,000)
Cash and cash equivalents, opening balance		20,101,585	11,704,731
Cash and cash equivalents, closing balance		$ 7,580,132	$ 20,101,585

Supplemental cash flow information (note 3)

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

(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 consolidated 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 year ended December 31, 2022 and 2021. RE Royalties Ltd. is the ultimate legal parent entity in the Group.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Financial Statements are described below. These policies have been consistently applied for all years presented, unless otherwise stated.

(a) Statement of compliance

These Financial Statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), effective for the Company's reporting year ended December 31, 2022.

(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(a)) which is recorded at fair value. These Financial Statements have been prepared using the accrual basis of accounting.

These Financial Statements include the financial statements of the Company and its subsidiaries, as listed below:

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 (i)	Acquisition of royalties in renewable projects	100.00%
FP OCEP Invest LLC (note 4(i))	Delaware, USA (i)	Holds OCEP Loan	96.68%
FP Puerto Rico Invest, LLC (note 4(n))	Delaware, USA (i)	Holds Delta Loan	98.00%

(i) Incorporated or formed during the current reporting period.

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.

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.

(c) Significant accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. The impact of such estimates are pervasive throughout the Financial Statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Changes in subjective inputs and assumptions can materially affect accounting estimates.

Specific areas where significant estimates or judgements exist are:

<u>Estimates:</u>
- Valuation of secured loans and royalty interest (note 4);
- Depletion of royalty interests (note 4);
- Fair value of the loan to Aeolis Wind Power Corporation (note 4(a));
- Determination of the allowance for credit losses relating to the loan receivable from FuseForward (note 4(h));
- Fair value estimates of the liability portion of convertible note (note 11); and
- Inputs into the Black-Scholes model for options and warrants (note 12);

<u>Judgements:</u>
- Assessment of evidence as to whether a financial asset may be impaired.

(d) Foreign currency

The functional currency is the currency of the primary economic environment in which an entity operates. The functional and presentation currency of the Company and its wholly-owned subsidiary, RER Canada, is the Canadian Dollar. The functional currency of RER US, FP OCEP Invest, LLC. and FP Puerto Rico Invest, LLC, is the US dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Gains and losses arising on translation are included in profit or loss for the year.

To translate the Company's interest in RER US to the presentation currency, all assets and liabilities are translated using the exchange rate as of the reporting date and all income and expenses are translated using the average exchange rates during the period. All resulting exchange differences are recognized in other comprehensive income (loss).

(e) Financial instruments

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

All financial assets that are not classified at amortised cost or fair value through other comprehensive income ("FVTOCI") are measured at fair value through profit or loss ("FVTPL") with net gains and losses on subsequent revaluation and income and expenses, including any transaction cost, associated with such assets recognised in profit or loss. All derivative financial assets and hybrid financial instruments with embedded derivatives are classified at FVTPL.

For a financial asset to be measured at amortized cost, it must meet the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition, financial assets at amortized cost are measured at fair value plus, transaction costs that are directly attributable to its acquisition. Subsequently, these financial assets are measured at amortised cost, using the effective interest method, and net of any impairment loss. Interest income, foreign exchange gains and losses, impairment losses, and gain or losses on derecognition are recognised in profit or loss.

The Company's financial assets are classified in these Financial Statements as follows:

Financial Assets	Note	Classification
Secured loan – Aeolis Wind Power Corporation	4	FVTPL
Secured loans – other	4	Amortized cost
Cash and cash equivalents and restricted cash	3	Amortized cost

The Company has no financial assets which are classified as at FVTOCI.

The Company classifies its non-derivative financial liabilities at amortized cost that are recognized initially at fair value net of any directly attributable transaction costs.

When a compound financial instrument is issued, its initial carrying amount is allocated to its equity and liability components, the equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the fair value of the liability component.

Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Company's financial liabilities are classified in these Financial Statements as follows:

Financial Liabilities	Note	Classification
Lease liability	8	Amortized cost
Trade payables and accrued liabilities	9	Amortized cost
Green bonds	10	Amortized cost
Convertible notes	11	Amortized cost

The Company has no derivative financial liabilities.

Impairment of financial assets:

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments at amortized cost. ECLs reflect the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a debt instrument depending on the credit deterioration from inception. The ECL recorded reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognized in two stages, which are as follows:

- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, an amount equal to twelve months ECLs is recorded. This is computed using a probability of default occurring over the next twelve months.

- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance using a probability of default occurring over the remaining life of the financial instrument is calculated. The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company assesses whether there has been a significant increase in credit risk since initial recognition of a financial instrument at each reporting date. The Company assesses whether there has been a significant increase in credit risk on an instrument-by-instrument basis. Increases or decreases in the allowance for credit losses are recognized in the consolidated statement of comprehensive income (loss).

Forward-Looking Information

In the measurement of the ECL for each stage and the assessment of significant increases in credit risk, the Company considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions using probability-weighted forward-looking scenarios. The Company considers both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. Judgment is applied in determining the probabilities for each scenario.

In these Financial Statements, except for the ECL relating to FuseForward (note4(h)), the Company has not recognized any ECL.

(f) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

(g) Income (loss) per share

The Company presents basic and diluted income (loss) per share information for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of common shares. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

(h) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: a) goodwill not deductible for tax purposes; b) the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and c) differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(i) Revenue

The Company's revenue recognized in these Financial Statements comprised of revenue earned from contracts with customers under and related to its royalty interests. With the exception of the NOMAD royalty (note 4(i)), performance obligation is considered to be met and revenue is recognized when each unit of power is generated and delivered to its customer by the operator of the underlying asset through an interconnection or directly to a client.

Under the NOMAD royalty agreement, performance obligation is considered to be met and revenue is recognized when NOMAD realizes proceeds from the sale of certain manufactured units.

Revenue is measured at the fair value of the consideration received or receivable when management can reliably estimate the amount, pursuant to the terms of the royalty agreement. Differences between estimates and actual amounts are adjusted and recorded in the period that the actual amounts are known.

(j) Royalty interests

Royalty interests are recorded at cost and capitalized as tangible assets. They are subsequently measured at cost less accumulated depletion and accumulated impairment losses, if any. Project evaluation costs that are not related to a specific agreement are expensed in the period incurred.

Producing royalty interests (note 4) are depleted over their contractual lives on a straight-line basis for all the projects except for NOMAD.

As per the terms of the royalty agreement with NOMAD, the royalty amount is payable to the Company on revenues generated by the sale of units by NOMAD. Accordingly, the royalty interest for NOMAD is depleted using the Units of Production method.

(k) Share-based payment transactions

The Company operates an equity-settled share-based option plan for its directors, officers, employees and service providers. The fair value of share purchase options granted is recognized as an expense with a corresponding increase in the equity-settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by a direct employee.

The fair value is measured at grant date for each tranche, which is expensed on a straight line basis over the vesting period, with a corresponding increase in equity. The fair value of share purchase options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted and forfeiture rates as appropriate. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(l) Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that these assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

(m) Investments in associates

Investments over which the Company exercises significant influence but does not control or jointly control are associates. Investments in associates are accounted for using the equity method, except when classified as held for sale.

On acquisition, an equity method investment is initially recognized at cost. The carrying amount of equity method investments includes goodwill identified on acquisition, net of any accumulated impairment losses. The carrying amount is adjusted by the Company's share of post-acquisition income or loss; depreciation, amortization or impairment of the fair value adjustments made on the underlying statement of financial position at the date of acquisition; dividends; cash contributions; and the Company's share of post-acquisition movements in other comprehensive income.

The Company's investment in RER US 1 LLC (note 6(a)) is classified as investment in an associate.

(n) Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets. For these leases, the Company recognizes the lease payments as an expense in loss on a straight-line basis over the term of the lease.

The Company recognizes a lease liability and a right-of-use asset ("ROU Asset") at the lease commencement date.

The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following: a) fixed payments, including in-substance fixed payments, less any lease incentives receivable; b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; c) amounts expected to be payable by the Group under residual value guarantees; d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and e) payments of penalties for terminating the lease, if the Group expects to exercise an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

The ROU Asset is initially measured at cost, which comprises the following: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs incurred by the Group; and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

(Expressed in Canadian Dollars, unless otherwise stated)

The ROU Asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. It is depreciated from the commencement date to the earlier of the end of its useful life or the end of the lease term using either the straight-line or units-of-production method depending on which method more accurately reflects the expected pattern of consumption of the future economic benefits.

Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(o) Operating segments

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Company's investment in OCEP Invest LLC (note 6(b)) was classified as a joint venture and was accounted for using the equity method prior to the Change of Control (note 4(l)).

(p) 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:

	Year ended December 31, 2022	2021
Europe		
Royalty revenue	$ 107,092	$ 102,657
Finance income	–	–
Gain on royalty buyback	27,705	–
Gain on derecognition of financial asset	–	–
Other revenue	–	–
	$ 134,797	$ 102,657
North America		
Royalty revenue	$ 732,716	$ 681,639
Finance income	3,369,074	911,378
Gain on royalty buyback	–	–
Gain on derecognition of financial asset	–	129,417
Other revenue	–	100,000
	$ 4,101,790	$ 1,822,434
Total	$ 4,236,587	$ 1,925,091

At December 31, 2022 and December 31, 2021, except for the royalty interest in renewable assets in Romania (note 4(b)) as of December 31, 2021, all of the Company's non-financial assets were held in North America.

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

	December 31, 2022	December 31, 2021
Canada	$ 3,322,314	$ 3,505,820
United States	897,953	1
Mexico	88,450	–
Romania	–	589,819
Total	$ 4,308,717	$ 4,095,640

3 . CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED CASH

	Note	December 31, 2022	December 31, 2021
Components of cash and cash equivalents:			
Cash held in business accounts			
Denominated in Canadian Dollars		$ 2,075,316	$ 12,428,398
Denominated in US Dollars		5,504,816	7,673,187
Total		$ 7,580,132	$ 20,101,585
Cash and cash equivalents subject to restrictions on use by the Company:			
Cash held as collateral against a letter of credit	4(g)	$ 2,981,880	$ 2,781,020
Net proceeds from the Green Bonds pending deployment (i)	10	–	6,848,626
Total		$ 2,981,880	$ 9,629,646

(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.

	Year ended December 31, 2022	Year ended December 31, 2021
Interest received		
Interest received on secured loans classified in operating activities	$ 1,358,473	$ 1,221,499
Interest on cash and cash equivalents and restricted cash classified in operating activities	151,570	104,384
Total	$ 1,510,043	$ 1,325,883

	Note	Year ended December 31, 2022	Year ended December 31, 2021
Non-cash financing activities			
Agent and other warrants issued pursuant to the Green Bonds offering	10	$ –	$ 7,111

(Expressed in Canadian Dollars, unless otherwise stated)

A reconciliation of liabilities arising from financing activities is as follows:

Year ended December 31, 2022		Liabilities		
	Note	Green Bonds	Convertible Notes	Lease Liability
Balance as at January 1, 2022		$ 18,702,484	$ 1,813,642	$ 86,716
Changes from financing cash flows				
Repayment of lease liability	8	–	–	(21,271)
Total changes from financing cash flows		–	–	(21,271)
Other changes				
Foreign exchange translation difference – USD Green Bonds	10	365,200	–	–
Accrued interest and amortization of financing costs		375,265	231,826	6,262
Total liability-related other changes		740,465	231,826	6,262
Balance as at December 31, 2022		$ 19,442,949	$ 2,045,468	$ 71,707

Year ended December 31, 2021		Liabilities		
	Note	Green Bonds	Convertible Notes	Lease Liability
Balance as at January 1, 2021		$ 8,906,325	$ 1,608,122	$ –
Changes from financing cash flows				
Proceeds from issuance of Green Bonds, net	10	9,607,982	–	–
Repayment of lease liability	8	–	–	(15,470)
Total changes from financing cash flows		9,607,982	–	(15,470)
Other changes				
Issuance of agent warrants – Green Bond offering		(7,111)	–	–
New lease		–	–	97,356
Amortization of financing costs		195,288	205,520	4,830
Total liability-related other changes		188,177	205,520	102,186
Balance as at December 31, 2021		$ 18,702,484	$ 1,813,642	$ 86,716

(Expressed in Canadian Dollars, unless otherwise stated)

4 . SECURED LOANS AND ROYALTY INTERESTS

	Note	December 31, 2022	December 31, 2021
Secured Loans – Amortized Cost			
Switch Power	4(f)	$ 8,046,786	$ 5,824,772
Teichos Energy	4(g)	496,626	171,264
FuseForward Solutions	4(h)	3,163,206	3,022,877
OCEP	4(l)	6,716,750	–
NOMAD	4(i)	6,619,391	–
ReVolve Power	4(j)	1,594,787	–
Switch Solar	4(k)	1,346,844	–
Revolve Cancun Projects	4(m)	628,961	–
Delta	4(n)	564,147	–
		29,177,498	9,018,913
Allowance for lifetime expected losses due to significant increase in credit risk	4(h)	(473,000)	–
		28,704,498	9,018,913
Secured Loans – FVTPL			
Aeolis Wind Power Corporation	4(a)	956,123	1,049,041
Royalty Interests			
Jade Power Trust	4(b)	–	589,819
Northland Power Inc.	4(c)	1,407,170	1,538,070
OntarioCo	4(d)	259,741	276,737
Scotian Windfields	4(e)	1,318,871	1,414,787
Switch Power	4(f)	320,924	276,226
Teichos Energy	4(g)	1	1
NOMAD	4(i)	897,952	–
ReVolve Power	4(j)	70,846	–
Switch Solar	4(k)	15,608	–
Revolve Cancun Projects	4(m)	17,604	–
		4,308,717	4,095,640
Total		$ 33,969,338	$ 14,163,594
Non-current portion		$ 23,688,278	$ 13,889,390
Current portion		10,281,060	274,204
Total		$ 33,969,338	$ 14,163,594

Secured Loans measured at amortized cost are presented net of their allowance for expected credit losses within the consolidated statements of financial position.

Lifetime expected credit losses	Note	Year ended December 31, 2022	2021
Beginning balance		$ –	$ –
Increase in the loss allowance as a result of revaluations	4(h)	473,000	–
Ending balance		$ 473,000	$ –

(Expressed in Canadian Dollars, unless otherwise stated)

Loan Commitments

In May 2022, the Company entered into a purchase agreement for a royalty interest on a construction stage wind power project located in Alberta for an estimated consideration of approximately $1.0 million, payable on the later of January 2, 2023 or the date the project is commissioned to operate on a commercial basis. If the project has not reached commercial operations by June 1, 2023, the Company will no longer be obligated to make a payment for the purchase consideration.

In 2022, the Company entered into an agreement with ReVolve Renewable Power Corp., to provide a $1.86 million secured loan and provided a partial cash advance of $0.63 million during the current year. At December 31, 2022, the Company had committed to provide the remaining amount of $1.23 million, of which the full amount was advanced to Revolve in the first half of 2023.

In October 2022, a newly formed entity, FP Puerto Rico Invest LLC ("PR Invest"), entered into a financing agreement (the "Delta Loan Agreement") with Delta Energy Partners, a provider of energy efficiency solutions to customers in Puerto Rico, to support the procurement and installation of energy efficiency equipment. Pursuant to the Delta Loan Agreement, PR Invest will provide a US$4.0 million secured loan (the “Delta Loan”) with a term of five years. PR Invest is governed by a shareholders' agreement (the "FP Invest SA") which specifies that the Company owns 98.0% equity/ownership interest in the entity; the remaining equity contribution was provided by certain private parties.

The PR Invest advanced only the first tranche of loan amounting to US$400,000 in 2022 and the Company contributed approximately US$392,000 ($522,000) ("RER's Delta Contribution") to PR Invest. Similarly, the Company has a commitment to advance the remaining US$3.53 million ($4.7 million) in 2023, of which US$0.59 million ($0.79 million) has been advanced subsequent to the year end.

At December 31, 2022, overall the Company had total commitments to advance loans for an aggregate amount of $6.93 million, subject to certain conditions precedent.

The continuity schedules for secured loans for the year ended December 31, 2022 and 2021 are as follows:

Secured Loans	Switch Power	Teichos Energy	FuseForward Solutions	OCEP	NOMAD	ReVolve	Switch Solar	ReVolve 2	Delta	
Note	4(f)	4(g)	4(h)	4(l)	4(i)	4(j)	4(k)	4(m)	4(n)	Total
For the year ended December 31, 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	611,937	532,760	17,464,825
Transaction costs	–	–	–	–	–	31,943	20,475	–	–	52,418
Accretion and accrued interest	804,133	305,244	494,369	630,205	795,109	106,986	42,377	17,024	22,057	3,217,504
Cash payments received	(41,414)	–	(354,040)	(220,256)	(680,038)	(46,987)	–	–	–	(1,342,735)
Foreign currency revaluation adjustment	–	20,118	–	302,740	434,385	–	–	–	9,330	766,573
Balance at December 31, 2022	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
Expected credit losses	–	–	(473,000)	–	–	–	–	–	–	(473,000)
Balance at December 31, 2022	$ 8,046,786	$ 496,626	$ 2,690,206	$ 6,716,750	$ 6,619,391	$ 1,594,787	$ 1,346,844	$ 628,961	$ 564,147	$ 28,704,498

	Switch Power	Teichos Energy	FuseForward Solutions	Jade Power Trust	OntarioCo	Scotian Windfields	
Note	4(f)	4(g)	4(h)	4(b)	4(d)	4(e)	Total
For the year ended December 31, 2021							
Balance at January 1, 2021	$ –	$ –	$ –	$ 1,749,603	$ 5,283,659	$ 3,156,323	$ 10,189,585
Fair value at initial recognition	5,584,710	100,033	3,000,000	–	–	–	$ 8,684,743
Transaction costs	88,001	5,635	–	–	–	–	$ 93,636
Accretion and accrued interest	152,061	64,501	22,877	–	342,368	225,187	$ 806,994
Gain on derecognition of financial asset	–	–	–	–	–	129,417	$ 129,417
Cash payments received	–	–	–	(1,749,603)	(5,626,027)	(3,510,927)	$ (10,886,557)
Foreign currency revaluation adjustment	–	1,095	–	–	–	–	$ 1,095
Balance at December 31, 2021	$ 5,824,772	$ 171,264	$ 3,022,877	$ –	$ –	$ –	$ 9,018,913

(Expressed in Canadian Dollars, unless otherwise stated)

The continuity schedules for royalty interests for the year ended December 31, 2022 and 2021 are as follows:

Royalty Interests		Cost				Depletion				
	Note	Beginning Balance	Additions	Disposal	Ending Balance	Beginning Balance	Charge for the year	Disposal	Ending Balance	Carrying Amount
Year ended December 31, 2022										
Jade Power Trust	4(b)	$ 800,444	$ –	$ (800,444)	$ –	$210,625	$ 31,598	(242,223)	$ –	$ –
Northland Power Inc.	4(c)	1,871,864	–	–	1,871,864	333,794	130,900	–	464,694	1,407,170
OntarioCo	4(d)	316,559	–	–	316,559	39,822	16,996	–	56,818	259,741
Scotian Windfields	4(e)	1,598,626	–	–	1,598,626	183,839	95,916	–	279,755	1,318,871
Switch Power	4(f)	282,015	76,680	–	358,695	5,789	31,982	–	37,771	320,924
Teichos Energy	4(g)	1	–	–	1	–	–	–	–	1
NOMAD	4(i)	–	932,665	–	932,665	–	34,713	–	34,713	897,952
ReVolve Power	4(j)	–	73,155	–	73,155	–	2,309	–	2,309	70,846
Switch Solar	4(k)	–	16,008	–	16,008	–	400	–	400	15,608
Revolve Cancun Projects	4(m)	–	17,604	–	17,604	–	–	–	–	17,604
Total		$4,869,509	$1,116,112	$ (800,444)	$5,185,177	$773,869	$ 344,814	$ (242,223)	$876,460	$4,308,717
Year ended December 31, 2021										
Jade Power Trust	4(b)	$ 800,444	$ –	$ –	$ 800,444	$168,495	$ 42,130	$ –	$210,625	$ 589,819
Northland Power Inc.	4(c)	1,871,864	–	–	1,871,864	202,894	130,900	–	333,794	1,538,070
OntarioCo	4(d)	316,559	–	–	316,559	22,826	16,996	–	39,822	276,737
Scotian Windfields	4(e)	1,598,626	–	–	1,598,626	87,923	95,916	–	183,839	1,414,787
Switch Power	4(f)	–	282,015	–	282,015	–	5,789	–	5,789	276,226
Teichos Energy	4(g)	1	–	–	1	–	–	–	–	1
Total		$4,587,494	$ 282,015		$4,869,509	$482,138	$ 291,731	$ –	$773,869	$4,095,640

(a) Aeolis Wind Power Corporation

In March 2016, the Company entered into a secured non-revolving term loan with Aeolis Wind Power Corporation ("Aeolis"), whereby the Company loaned Aeolis $1,239,000 (the "Aeolis Loan") subject to fixed royalty payments of $100,000 per annum, to be increased annually by an amount equal to 50% of the British Columbia Consumers Price Index. The term of the Aeolis Loan expires on July 31, 2035.

Aeolis is the owner of a gross revenue royalty interest in the Bear Mountain Wind Limited Partnership ("BMWLP"). BMWLP is an indirect wholly owned subsidiary of AltaGas Ltd. and owns the 102 MW Bear Mountain Wind Park near Dawson Creek, British Columbia. The wind park is fully connected to the BC power grid and the power from the project is sold to BC Hydro under a 25-year contract. The payments to the Company under the Aeolis Loan are paid from Aeolis' gross revenue royalty interest received from BMWLP. Aeolis has also assigned its full royalty interest to the Company as security for the Aeolis Loan and BMWLP has executed an irrevocable direction to pay the royalty into an escrow account that the Company will control in the event of default.

The Aeolis Loan is classified as a financial asset at FVTPL (note 2). Fair value was determined by discounting future cash flows using annual discount rates (in the range of 7.75% - 9.07%) applicable to the term of each cash flow and average annual inflation rate of 3.5%.

(b) Jade Power Trust

In January 2017, the Company provided Jade Power Trust ("Jade Power") a three-year, non-revolving secured loan (the "Jade Power Loan") and received a twenty-year gross revenue royalty (the "Jade Power Royalty") on certain of Jade Power's renewable energy generation assets. Jade Power is a Canadian publicly listed trust and an independent power producer that owns and operates facilities that produce electricity from renewable energy sources in eastern Europe.

In June 2020, the Jade Power Loan and the Jade Power Royalty were modified (the "2020-Modification") as further described herein.

The Jade Power Loan was a three year, $3.8 million loan, with semi-annual interest payments at 5% per annum and a full principal repayment at maturity. Jade Power had an option to extend the Jade Power Loan for a fourth year with semi-annual interest payments at 7% per annum; this option was exercised by Jade Power effective January 2020. Pursuant to the 2020-Modification, certain legal expenses and fees in the amount of $346,758 were capitalized as part of the Jade Power Loan and Jade Power made aggregate prepayments of $2,500,000 against the principal sum prior to the maturity of the Jade Power Loan . The Jade Power Loan was fully repaid in January 2021.

The Jade Power Royalty was originally an annual royalty of 1.14% of the gross revenue (including power balancing adjustments) earned by Jade Power on its portfolio (the "Jade Power Royalty Portfolio") of renewable energy projects. Pursuant to the 2020-Modification, the Jade Power Royalty rate was reduced from 1.14% to 1.05%, whereas the definition of gross revenue was revised to exclude any power balancing adjustments.

In November 2022, the Jade Power Royalty was bought back by Jade Power, and the Company recognized a gain upon derecognition of the Jade Power Royalty.

(c) Northland Power Inc.

In June 2019, the Company acquired a portfolio of gross revenue royalties on four separate operational solar parks (“Ontario Solar Projects”) in Ontario, Canada from Fresh Air Energy Inc. for $1,871,864. The Ontario Solar Projects are owned and operated by Northland Power Inc. and have a generation capacity of 40 MW and have been in operation since 2013.

(d) OntarioCo

In May 2019, the Company entered into a secured loan ("2019-Loan") and royalty transaction with a private group of companies in Ontario (“OntarioCo”) on 49 roof-top solar projects (“Roof-Top Solar Project Portfolio”) with a combined generation capacity of 15.7 MW. All projects in the Roof-Top Solar Project Portfolio are qualified under the Ontario Feed-in-Tariff program. Pursuant to the transaction with OntarioCo, the Company provided a $5,000,000 interest-bearing loan at 5% per annum to OntarioCo for one-year, in exchange for a 1.12% gross revenue royalty on the Roof-Top Solar Project Portfolio. The duration of the royalty ranges between 18 to 19 years, mirroring the remaining life of the portfolio under the Feed-in-Tariff program.

In May 2020, the Company refinanced the 2019-Loan and the new loan (“2020-Loan”) is a $5 million loan for a term of one year at an interest rate of 10 percent. As part of the transaction, the Company also acquired gross revenue royalties (2%) on a Second Portfolio for approximately 20 years. In addition, the royalty rate on its original portfolio of 49 projects has also been increased to 2%. The initial fair value of the 2020-Loan was determined using an annual discount rate of 12%.

In May 2021, the Company received from OntarioCo $2,000,000 against the principal sum on the 2020-Loan and $500,000 in interest accrued thereon. The remaining principal sum of $3,000,000 owing to the Company was refinanced with interest rate and other terms of the loan remained unchanged and was repaid in two installments of $1,000,000 and $2,000,000 along with accrued interest, on August 15, 2021 and November 15, 2021 respectively.

(e) Scotian Windfields

On February 6, 2020, the Company acquired a portfolio of 12 gross revenue royalties on 12 operational wind energy generation projects in Nova Scotia, Canada (“Nova Scotia Wind Projects”) from Scotian Windfields Inc. (“Scotian Windfields”) for $1.34 million. The Company also provided an interest-bearing senior secured loan ("SW Loan") to Scotian Windfields of $3.3 million dollars with a term of 3 years.

The Nova Scotia Wind Projects were developed from 2013 to 2017 and have been operating for between 3 and 6 years. The Nova Scotia Wind Projects have a generating capacity of 39.7 megawatts (MW), and have 20-year power purchase agreements with fixed electricity purchase prices from Nova Scotia Power Incorporated.

In September 2021, the Company received an early and full repayment of its secured loan to Scotian Windfields and recognized a gain representing the difference between the proceeds from repayment of the secured loan and its carrying amount upon derecognition of the financial asset (the SW Loan). The Company continues to maintain its gross revenue royalties on Scotian Windfields' 12 operational wind projects.

(f) Switch Power

Over a three month period to November 2021, the Company entered into three loan agreements (“Switch Loan Agreements”) and a royalty agreement (“Switch Royalty Agreement”) with Switch Power Ontario Battery Operations Corp. (“Switch OpCo”), a wholly owned subsidiary of Switch Power Corporation (“Switch Power”), to provide funding to Switch OpCo for the acquisition of a portfolio (the “Switch Portfolio”) of four operational and ten development stage "behind the meter" battery energy storage systems (“BESS”) located in Ontario with a total capacity of 20.8 MW / 44.3 MWh.

The energy storage projects acquired by Switch OpCo are located adjacent to certain existing buildings owned by large industrial sites, financial institutions, large property managers or REITs (collectively referred to as the “Hosts”) to supply power to the Hosts during periods of peak demand, thereby reducing their overall electricity costs (“Cost Savings”), particularly on account of the Global Adjustment Charge, a premium applicable at peak times to large power consumers under the Independent Electricity System Operator’s Global Adjustment program.

The Switch Loans are summarized as follows:

1) On September 8, 2021, the Company announced that it entered into the first loan agreement with Switch OpCo for a $2.3 million loan (the “First Acquisition Loan”) to finance the acquisition by Switch OpCo of a portfolio of four operational BESS projects (the “Operating Projects”) that have an aggregate capacity of 2 MW / 4.4 MWh and utilize battery technologies from Tesla and Sungrow. The First Acquisition Loan has a term of 24 months and will bear interest at a rate of 10% per annum.

2) On October 5, 2021, the Company announced that it entered into a second loan agreement with Switch OpCo for $786,750 (the “Second Acquisition Loan”) to finance the purchase of a portfolio of ten BESS development projects (the “Development Projects”) which have a planned aggregate capacity of 18.9 MW / 39.8 MWh. At the time of acquisition by Switch OpCo, nine of the ten Development Projects had executed energy savings agreements ("ESA") with Hosts and had substantially completed permits and interconnection agreements. The Second Acquisition Loan has a term of 23 months and will bear interest at a rate of 10% per annum.

3) On November 8, 2021, the Company announced that it entered into an equipment procurement loan agreement with Switch OpCo for $4.3 Million (the “EP Loan”), of which amount, $2.8 million was provided upon closing, and the remaining $1.5 million was provided after the end of the reporting period in March 2022. The EP Loan was provided for Switch OpCo to procure BESS, with an aggregate capacity of 3.5 MW / 8.5 MWh, for the first five (of the ten) Development Projects. The EP Loan has a term of 24 months and will bear interest on drawn funds at a rate of 8.6% per annum.

Pursuant to the Switch Royalty Agreement, the Company will receive royalty payments at a sliding scale of 3% to 5%, depending on aggregate operating capacity, on all gross revenues received by all 14 projects comprising the Switch Portfolio, for the life of respective ESAs, which typically have initial terms of 10–12-years with options to extend. Under the sliding scale royalty, the Operating Projects are subject to a 5% royalty until the Development Projects reach commercial operation. As additional projects reach commercial operation, the royalty rate will decrease.

The Company recorded the Switch Loans at their fair value, plus transaction costs, and a residual value of $282,015 derived by subtracting the fair value of the Switch Loans from the aggregate amount of cash advances under to the Switch Loans was allocated to the Switch Power royalty.

(g) Teichos Energy

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 owns 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 reaches 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 will have an initial term of 6 months and bear an interest rate of 10% per annum, compounded annually, and payable at the end of the term.

The Company will have first-ranking security interest including a lien over Jackson Center Project assets, and a pledge of all equity capital in the Jackson Center Project.

The Teichos Loan term can be extended for two additional 6-month increments, for a total extension of up to 12 months. If the Teichos Loan term is extended, the Jackson Center Royalty will increase accordingly. In April 2022, Teichos Energy provided notice to the Company that it will extend the Teichos Loan by an additional six months. Accordingly, the Jackson Center Royalty has increased from 1% to 1.5% of gross revenues. 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 will increase the interest rate from 10% per annum compounded annually to 15% per annum compounded annually.

The Jackson Center Royalty was recorded at a nominal value of $1 in these Financial Statements.

(h) FuseForward Solutions

In December 2021, the Company entered into an agreement to provide financing to FuseForward Solutions Group Ltd. ("FuseForward"), a Vancouver based technology company that provides smart infrastructure and digital transformation solutions to utilities, real estate, health care and government industries. FuseForward's smart infrastructure solutions allow their clients to improve operational efficiencies and reduce energy consumption, waste, and water use.

The Company provided a $2 million secured loan with a three-year term and an 8% interest rate and concurrently acquired a royalty for $1 million from FuseForward with a fixed annual royalty payment of $284,000 for 10 years (collectively, the "FuseForward Facility").

Upon initial recognition, the FuseForward Facility was accounted for as a single debt instrument and was recorded at amortized cost.

At December 31, 2022 the Company recognized an allowance for expected credit loss of $473,000 (December 31, 2021: $nil) relating to the FuseForward Solutions, based on the lifetime expected credit loss, as there has been a significant increase in credit since origination of the loan facility, primarily due to delinquency in certain payments for more than 90 days past their due dates. The Company determined the ECL by assigning a market-based probability of default to each contractual cash flow and discounted the cash flows using the FuseForward Solutions original effective interest rate of 16.4%

(i) Nomad

In April 2022, the Company entered into an agreement (the "NOMAD Agreement") with Nomad Transportable Power Systems Inc. ("NOMAD"), a company co-founded by KORE Power Inc., a US-based battery manufacturer, and Northern Reliability Inc., an experienced energy systems integrator. Pursuant to the NOMAD Agreement, the Company provided a five-year USD $5.6 million ($7.1 million) senior secured working capital loan (the "NOMAD Loan") to enable NOMAD to manufacture Units. The NOMAD Loan has an interest rate of 12% per annum, interest-only for the term, with a bullet repayment after 5 years. The Company also received a gross revenue royalty of 3.5% on the sale of NOMAD's units manufactured using the NOMAD Loan proceeds.

The Company recorded the NOMAD Loan at its fair value, with the residual value recorded as royalty interest.

(j) ReVolve Renewable Power

On June 15, 2022, the Company closed an agreement with ReVolve Renewable Power Corp. (TSXV: REVV) ("ReVolve"), a North American renewable energy developer with 3.3 GW of wind, solar, and battery projects under development in the USA and Mexico, to provide a $1.6 million secured loan (the "ReVolve Loan") to support ReVolve's acquisition of a portfolio of six operational roof top solar generation projects in Mexico (the "ReVolve Projects") with a combined generating capacity of 2.4 MW.

The ReVolve Loan has a term of 24 months and bear interest at the rate of 10% per annum, compounded monthly, and payable quarterly. The Company received a structuring fee of 1.5% on the ReVolve Loan value at closing, and an additional fee of 1.5% on the ReVolve Loan value at the end of term. The Company will also receive a gross revenue royalty of 5% on four of the ReVolve Projects and 1% on two of the ReVolve Projects for the remaining life of the power purchase agreements ("PPA").

The Company recorded the ReVolve Loan at its fair value, with the residual value recorded as royalty interest.

(k) Switch Solar

In August 2022, the Company entered into a loan agreement with Switch Power Ontario Solar Operating Corporation ("Switch Solar Corp"), a wholly-owned subsidiary of Alberta-based independent power producer Switch Power Corporation, for $1.3 Million (the "Switch Solar Loan"). The Loan will finance the acquisition of an operational rooftop solar generation project located in Vaughan, Ontario (the "Switch Solar Project").

The Switch Solar Loan had an initial term of 6 months at a 10% interest rate per annum, compounded monthly, with the option for Switch Solar to extend the Loan by an additional 6 months. The Company has first-ranking security interest over the Switch Solar Project, including a lien over its assets, and a pledge of shares in Switch Solar Corp. The Company will also receive a gross revenue royalty of 1.0% on the Switch Solar Project for the remainder of the contract term, or approximately 12.5 years, (the "Switch Solar Royalty"). If the Switch Solar Loan term is extended, the Switch Solar Royalty will increase to 2.0%.

(Expressed in Canadian Dollars, unless otherwise stated)

In January 2023, Switch Solar Corp. provided notice to the Company that it will extend the Switch Solar Loan by an additional 6 months. Accordingly, the Royalty has increased to 2% of gross revenues.

The Company recorded the Switch Solar Loan at its fair value, with the residual value recorded as royalty interest.

(l) Outagamie Clean Energy Partners (OCEP)

In March 2022, a newly formed co-investment vehicle, FP OCEP Invest LLC ("OCEP Invest LLC"), entered into a mezzanine financing agreement (the "OCEP Loan Agreement") with Outagamie Clean Energy Partners, a Renewable Natural Gas ("RNG") developer to finance the construction of a biogas to RNG upgrading project located in Wisconsin, United States. Pursuant to the OCEP Loan Agreement, OCEP Invest LLC provided a US$4.6 million ($5.8 million) secured loan (the "OCEP Loan" or the "Initial Cash Advance") for three years. During the first two years of its term, the OCEP Loan will accrue and pay interest only at 15% per annum. During the third year of the term of the OCEP Loan, the amount of Initial Cash Advance will be repaid in four equal installments, along with interest at 15% per annum. Thereafter, a fixed annual royalty payment (the "Fixed Royalty") equal to 10% of the Initial Cash Advance will be payable for 10 years.

OCEP Invest LLC is governed by a shareholders' agreement (the "Shareholders' Agreement"). Under the original Shareholders' Agreement, decisions about the relevant activities of OCEP Invest LLC required the unanimous consent of all members. For the purposes of these Financial Statements, OCEP Invest LLC was initially classified as a joint venture ("OCEP JV"), and was accounted for using the equity method. In August 2022, the shareholders' agreement for FP OCEP Invest LLC was modified with mutual consent of its members, thereby the Company received certain rights that gave it the current ability to direct the relevant activities of OCEP Invest LLC, resulting in the Company gaining control over the latter (the "Change of Control").

To provide funds for the OCEP Loan, the Company contributed approximately US$4.5 million ($5.7 million) ("RER's Contribution") to OCEP Invest LLC for a 96.68% equity/ownership interest in the entity; the remaining equity contribution was provided by certain private parties. The Shareholders' Agreement sets out, among other things, the Company's economic interest as well as that of the non-controlling interests, as summarized below:

Term of the OCEP Loan	The Company's share of cash flows from the OCEP Loan
First two years of the OCEP Loan's term	During the first two years of the term, while the OCEP Loan is interest only, the Company will receive quarterly distributions equivalent to 13.5% per annum on RER's Contribution. The remaining amount of interest payments on the OCEP Loan will be attributable to the non-controlling interests.
Third year of the OCEP Loan's term	During the third year of the term, while the OCEP Loan amortizes, the Company will receive quarterly distributions for an aggregate amount equal to RER's Contribution, plus 13.5% per annum on outstanding balance thereof. The remaining amount of repayment of the Initial Cash Advance, as well as the remaining amount of interest, will be attributable to the non-controlling interests.
Thereafter, for 10 years	After the OCEP Loan is fully repaid in the third year of its term, the Company will receive its share of the Fixed Royalty payments of approximately US$180,000 ($225,000) annually at the rate of 4% per annum on RER's Contribution as originally provided. The remaining amount of the Fixed Royalty will be attributable to the non-controlling interests.

Upon the Change of Control, the Company remeasured its previously held interest in OCEP JV, and recognized a loss of $348,792. The Company recognized the total OCEP Loan at its fair value, and the non-controlling interest was recognized at its proportionate share. Upon derecognition the Company reclassified accumulated foreign exchange translation differences of $100,475 relating to its investment in OCEP JV from other comprehensive income to net income.

(Expressed in Canadian Dollars, unless otherwise stated)

(m) ReVolve Renewable Power – Cancun Projects

In September 2022, the Company entered into an agreement with ReVolve Renewable Power Corp., to provide a $1.86 million secured loan ("ReVolve Cancun Loan") to support the purchase of battery and inverter equipment for three energy storage projects (the "Cancun Projects") currently under development in Punta Cancun, Mexico.

A partial cash advance amounting to $629,541 was made for the ReVolve Cancun Loan in October 2022, with the remaining advanced subsequent to year end. The ReVolve Cancun Loan has a term of two years, and bears an interest at 12% per annum, payable quarterly. The loan is subject to a 2% structuring fee on the total loan value. The Company also received a gross revenue royalty of 5% the Cancun Projects. In the first quarter of 2023, the ReVolve Cancun Loan was fully drawn down.

The Company recorded the ReVolve Cancun Loan at its fair value, with the residual value recorded as royalty interest.

(n) Delta

In October 2022, a newly formed entity, FP Puerto Rico Invest LLC ("PR Invest"), entered into a financing agreement (the "Delta Loan Agreement") with Delta Energy Partners, a provider of energy efficiency solutions to customers in Puerto Rico, to support the procurement and installation of energy efficiency equipment in Puerto Rico. PR Invest is governed by a shareholders' agreement (the "FP Invest SA"). Pursuant to the Delta Loan Agreement, PR Invest provided a US$4.0 million secured loan (the "Delta Loan") with a term of five years. PR Invest advanced only the first tranche of loan amounting to US$400,000 in 2022. During the first two years of its term, the Delta Loan will accrue and pay interest only at 13.5% per annum. Beginning with the third year of the term of the Delta Loan, the amount of loan will be repaid in equal installments, along with interest at 13.5% per annum until maturity. Thereafter, a fixed annual royalty payment (the "Delta Royalty"), equal to 10% p.a. of the Delta Loan amount, will be payable for a 10 year term, amounting to a total of US$4.0 million over the term of the Delta Royalty.

To provide funds for the first tranche of the Delta Loan, the Company contributed approximately US$392,000 ($522,000) ("RER's Delta Contribution") to PR Invest for 98.0% equity/ownership interest in the entity; the remaining equity contribution was provided by certain private parties. The FP Invest SA sets out, among other things, the Company's economic interest as well as that of the non-controlling interests, as summarized below:

Term of the Delta Loan	The Company's share of cash flows from the Delta Loan
First two years of the Delta Loan's term	During the first two years of the term, while the Delta Loan is interest only, the Company will receive quarterly distributions equivalent to 12.15% per annum on RER's Delta Contribution. The remaining amount of interest payments on the Delta Loan will be attributable to the non-controlling interests.
Third year of the Delta Loan's term	Beginning with the third year of the term, while the Delta Loan amortizes, the Company will receive quarterly distributions for an aggregate amount equal to RER's Delta Contribution, plus 12.15% per annum on outstanding balance thereof. The remaining amount of repayment of the loan, as well as the remaining amount of interest, will be attributable to the non-controlling interests.
Thereafter, for 10 years	After 30 months from closing of the Delta Loan, the Company will receive its share of the Delta Royalty payments of approximately US$39,200 quarterly that is 40% of RER's Contribution of 98% as originally provided. The remaining amount of the Delta Royalty will be attributable to the non-controlling interests.

(Expressed in Canadian Dollars, unless otherwise stated)

5 . DEFERRED TRANSACTION COSTS

The Company incurs legal and due diligence costs relating to potential royalty financing opportunities and records such costs as deferred transaction costs, to be transferred to royalty interests and secured loans, as applicable, upon completion of each transaction.

6 . EQUITY ACCOUNTED INVESTMENT

Year ended December 31, 2022	Note	RER US 1 LLC 6(a)	OCEP Invest LLC 6(b)	Total
Beginning balance		$ 1	$ –	$ 1
Investment during the period		–	5,709,569	5,709,569
Share of income for the period		–	507,865	507,865
Cash distributions received		–	(264,356)	(264,356)
Foreign exchange translation difference		–	100,475	100,475
Derecognition upon change of control	4(i)	–	(6,053,553)	(6,053,553)
Ending balance		$ 1	$ –	$ 1

(a) RER US 1 LLC ("RER US")

During the year ended December 31, 2022, there was no change in the Company's interest in RER US.

(b) OCEP Invest LLC

Prior to the Change of Control (note 4(l)), OCEP Invest LLC was classified as a joint venture and was accounted for under the equity method of accounting.

7 . AMOUNTS RECEIVABLE AND PREPAID EXPENSES

	Note	December 31, 2022	December 31, 2021
Accrued revenue		$ 166,593	$ 367,643
Prepaid expenses		55,707	41,626
Green Bonds interest reserve account		579,960	304,980
Other amounts receivable		3,644	38,468
Total		$ 805,904	$ 752,717

8 . RIGHT-OF-USE ASSET AND LEASE LIABILITY

Effective May 1, 2021, the Company recognized $97,356 in right-of use asset and a corresponding lease liability with respect to a lease ("Office Lease") for an office space with a 5 year term. The incremental borrowing rate applied to measure lease liabilities was 8% per annum.

(Expressed in Canadian Dollars, unless otherwise stated)

Right-of-use asset	Year ended December 31, 2022	2021
Beginning balance	$ 84,375	$ –
Addition during the year	–	97,356
Depreciation expense during the year (included in office lease expenses)	(19,478)	(12,981)
Ending balance	$ 64,897	$ 84,375

Lease liability	Year ended December 31, 2022	2021
Beginning balance	$ 86,716	$ –
Addition during the year	–	97,356
Interest expense (included in finance expenses)	6,262	4,830
Lease payments during the year	(21,271)	(15,470)
Ending balance	$ 71,707	$ 86,716
Long-term portion	$ 52,609	$ 71,744
Short-term portion	19,098	14,972
Ending balance	$ 71,707	$ 86,716

9. TRADE PAYABLES AND ACCRUED LIABILITIES

	December 31, 2022	December 31, 2021
Accounts payable	$ 366,719	$ 161,846
Accrued liabilities	35,168	24,218
	$ 401,887	$ 186,064

10. GREEN BONDS

5-Year – 6% – Senior Secured Green Bonds	Year ended December 31, 2022	Year ended December 31, 2021
Beginning balance	$ 18,702,484	$ 8,906,325
Gross proceeds	–	10,586,400
Cash commission and finder's fees	–	(627,904)
	–	9,958,496
Other financing costs		
Legal and professional fees	(9,595)	(350,514)
Fair value of warrants issued (note 12(b))	–	(7,111)
	(9,595)	(357,625)
Amortization of financing costs	384,860	195,288
Foreign exchange translation difference	365,200	–
Ending balance	$ 19,442,949	$ 18,702,484

In August 2020, the Company announced the inaugural 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.

Gross Proceeds from Issuance of Green Bonds		Total		Year ended	Year ended
		Canadian	US	December 31,	December 31,
Issuance Date	Maturity Date	Dollars	Dollars	2022	2021
Series 1					
October 2, 2020	October 2, 2025	5,452,000		–	–
October 29, 2020	October 29, 2025	2,066,000		–	–
December 15, 2020	December 15, 2025	2,284,000		–	–
March 1, 2021	March 1, 2026	$ 364,000	US$ –	$ –	$ 364,000
		10,166,000	–	–	364,000
Series 2					
December 30, 2021	December 30, 2026	5,166,000	–	–	5,166,000
December 30, 2021	December 30, 2026	–	4,000,000	–	5,056,400
		5,166,000	4,000,000	–	10,222,400
		$ 15,332,000	US$4,000,000	$ –	$ 10,586,400

Between October 2, 2020 and March 1, 2021, the Company issued 10,166 Green Bonds in four tranches pursuant to the Series 1 Green Bond offering, under available exemptions from the prospectus requirement, including the offering memorandum exemption.

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.

11 . CONVERTIBLE NOTES

(a) 2020 Unsecured Convertible Notes

	Year ended December 31, 2022	Year ended December 31, 2021
Beginning balance	$ 1,813,642	$ 1,608,122
Accrued interest, accretion, and amortization	231,826	205,520
Ending balance	$ 2,045,468	$ 1,813,642

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.

(Expressed in Canadian Dollars, unless otherwise stated)

12 . SHARE CAPITAL

(a) Authorized 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.

Pursuant to the marketed public offering (the "Public Offering") of its units ("Units") closed on June 15, 2022, the Company issued 9,837,680 Units for an aggregate gross proceeds of $8,066,898. Each Unit was priced at $0.82 and consists of one common share in the capital of the Company, and one common share purchase warrant exercisable into one common share in the capital of the Company at an exercise price of $1.10 per warrant for a period of 24 months following the closing of the Public Offering.

In connection with the Public Offering, the Company paid a cash commission equal to $556,957 and also issued compensation warrants to the underwriters entitling them to purchase an aggregate of 776,250 common shares of the Company at a price of $0.82 per share for a period of two years following closing.

The gross proceeds from the Public Offering was allocated to shares and warrants using the residual value method, whereby the aggregate gross proceeds is first allocated to share capital to the extent of the fair value of the common shares issued, which fair value is determined with reference to their market value. Any excess of the gross proceeds over the fair value of the common shares is allocated to the warrants and is recorded as share warrants reserve. There was no residual value assigned to the warrants because the fair value of the common shares at the timing of the closing was greater than the offering price of the Units.

(b) Reserves

Equity-settled share-based payments reserve

The Company's stock option compensation plan (the "Option Plan") allows it to grant options exercisable to acquire up to a total of 10% of the issued and outstanding shares of the Company at any one time, subject to regulatory terms and approval, to its directors, officers, employees, consultants, and service providers. The exercise price of each option may be set equal to or greater than the closing market price of the Common Shares of the Company on the day prior to the date of the grant of the option, less any allowable discounts. Awards typically vest in several tranches ranging from 6 months to 18 months. Options can have a maximum term of ten years and terminate 60 days following the termination of the optionee's employment, or 180 days following the optionee's death or disability.

Continuity of share purchase options	Year ended December 31, 2022			Year ended December 31, 2021		
	Number of Options		Weighted average exercise price	Number of Options		Weighted average exercise price
Outstanding Options – beginning balance	2,645,000	$	1.10	1,195,000	$	0.82
Granted(i)	–	$	–	1,450,000	$	1.32
Expired	(1,060,000)	$	(0.80)	–	$	–
Outstanding Options – ending balance	1,585,000	$	1.29	2,645,000	$	1.10
Options Exercisable – ending balance	1,585,000	$	1.29	2,161,675	$	1.05

(i) Weighted average fair value of the options granted in the prior period was determined to be $0.62 per option, using the Black-Scholes pricing model and based on the following assumptions: risk-free interest rate of 0.51%; expected volatility of 72%; underlying market price of $1.35 per share; time to expiry of 4.48 years; and dividend yield of 2.96%.

(Expressed in Canadian Dollars, unless otherwise stated)

Remaining contractual life of share purchase options

	December 31, 2022		December 31, 2021	
Exercise price	Number of Options	Weighted average remaining contractual life	Number of Options	Weighted average remaining contractual life
$ 0.80	–	–	1,060,000	0.82
$ 1.00	135,000	0.95	135,000	1.95
$ 1.32	1,450,000	2.61	1,450,000	3.61
	1,585,000	2.47	2,645,000	2.41

(c) *Share purchase warrant reserve*

The continuity of the Company's share purchase warrants for the year ended December 31, 2022 is as follows:

Expiry date		Exercise price	January 1, 2022	Warrants issued	Warrants exercised	Warrants expired	December 31, 2022
October 2, 2022	$	1.33	245,955	–	–	(245,955)	–
October 29, 2022	$	1.44	86,083	–	–	(86,083)	–
December 15, 2022	$	1.48	92,595	–	–	(92,595)	–
March 1, 2023	$	1.25	17,472	–	–	–	17,472
June 15, 2024 (i)	$	1.10	–	9,837,680	–	–	9,837,680
June 15, 2024 (ii)	$	0.82	–	776,250	–	–	776,250
			442,105	10,613,930	–	(424,633)	10,631,402

(i) These warrants were issued pursuant to the Public Offering and were accounted for using the residual value method (note 12(a)).

(ii) These represent the warrants issued to the underwriters for the Public offering (note 12(a)), and their fair value as of the date of issuance was $0.225 per warrant, which fair value was determined using the Black-Scholes Option Valuation model and the following assumptions: risk-free interest rate of 3.25%; expected volatility of 53%; exercise price of $0.82; underlying market price of $0.85 per share; and time to expiry of 2 years.

The continuity of the Company's share purchase warrants for the year ended December 31, 2021 is as follows:

Expiry date		Exercise price	January 1, 2021	Warrants issued	Warrants exercised	Warrants expired	December 31, 2021
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 (i)	$	1.25	–	17,472	–	–	17,472
			424,633	17,472	–	–	442,105

(i) The warrants issued pursuant to the Green Bonds offering (note 10). Fair value of these warrants were determined using the Black-Scholes Option Valuation model and the following assumptions: risk-free interest rate of 0.25%; expected volatility of 54%; exercise price of $1.25; underlying market price of $1.30 per share; and time to expiry of 2 years.

(Expressed in Canadian Dollars, unless otherwise stated)

(d) Distribution to shareholders

The Company declared the following cash distributions to its shareholders:

Declaration date	Record date	Payment date	Amount Per share	Amount Total
Year ended December 31, 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
October 12, 2022	November 2, 2022	November 23, 2022	0.01	431,276
		Total	$ 0.04	$ 1,528,350
Year ended December 31, 2021				
January 6, 2021	January 27, 2021	February 17, 2021	$ 0.01	$ 332,899
April 7, 2021	April 28, 2021	May 19, 2021	0.01	332,899
July 14, 2021	August 4, 2021	August 25, 2021	0.01	332,899
October 28, 2021	November 17, 2021	December 8, 2021	0.01	332,899
		Total	$ 0.04	$ 1,331,596

See Note 20(a) for the cash distribution declared after the end of the current reporting period.

13 . CASH-SETTLED SHARE-BASED PAYMENT

The Company has a Deferred Share Units ("DSU") plan approved by its shareholders that allows the Board, at its discretion, to award DSUs to non-executive directors for services rendered to the Company, provided the aggregate number of DSUs outstanding shall not exceed equivalent of 1,000,000 underlying common shares from time to time. DSUs are payable when the non-executive director ceases to be a director.

The Company's Restricted Share Units ("RSU") plan, as approved by its shareholders, allows the Board to grant employees, executive directors and consultants RSUs from time to time, provided the aggregate number of RSUs outstanding shall not exceed equivalent of 1,000,000 underlying common shares. The RSUs are granted conditionally and entitle the recipient to receive one common share (or the cash equivalent) upon attainment of a time-based vesting period, which period is typically one year from the date of grant.

DSUs and RSUs may be settled in Common Shares issued from treasury, in Common Shares purchased by the Company in the open market, in cash, or any combination thereof, at the discretion of the Company. The Company has classified the DSUs and the RSUs issued during the current period as cash-settled share-based payment as it intends to settle these instruments in cash.

The fair value of DSUs and RSUs is determined with reference to market price of the Company's common shares.

Continuity of DSUs and RSUs:	Year ended December 31, 2022		Year ended December 31, 2021	
	DSUs	RSUs	DSUs	RSUs
Outstanding at the beginning of the period	–	–	–	–
Granted during the period(i)	24,501	38,011	–	–
Outstanding at the end of the period	24,501	38,011	–	–
Units Exercisable – ending balance	24,501	–	–	–

(i) The grant date fair value for these DSUs and RSUs was $1.00 per unit.

(Expressed in Canadian Dollars, unless otherwise stated)

14 . FINANCE EXPENSES

	Year ended December 31, 2022	2021
Finance expenses relating to the Green Bonds (note 10)		
Interest expense	$ 1,234,172	$ 609,709
Amortization of capitalized finance costs and other expenses	396,036	205,500
	1,630,208	815,209
Finance expenses relating to the 2020-Convertible Note (note 11)		
Interest expense	186,087	140,532
Accretion and amortization of capitalized finance costs	45,739	64,988
	231,826	205,520
Interest on lease liability (note (8))	6,263	4,830
Total	$ 1,868,297	$ 1,025,559

15 . NON-CONTROLLING INTERESTS

(a) Non-controlling interests in FP OCEP Invest, LLC

The amount of non-controlling interests included in these Financial Statements relates to FP OCEP Invest LLC, and was initially recognized in August 2022 following the Change of Control (note 4(i)).

Continuity of Non-Controlling Interests	Note	Year ended December 31, 2022	2021
Beginning balance		$ –	$ –
Initial recognition upon change of control	4(l)	299,300	–
Net income		282,209	–
Other comprehensive income		16,475	–
Distributions to non-controlling interests		(15,738)	–
Ending balance		$ 582,246	$ –

Information relating to FP OCEP Invest LLC	December 31, 2022		December 31, 2021	
	Total	NCI's share	Total	NCI's share
Non-current assets	6,475,669	550,936	–	–
Current assets	241,081	31,310	–	–
Non-current liabilities	–	–	–	–
Current liabilities	–	–	–	–
Net assets	6,716,750	582,246	–	–
Finance income	630,205	282,209	–	–
Net income	630,205	282,209	–	–
Total other comprehensive income	932,945	298,684	–	–

(Expressed in Canadian Dollars, unless otherwise stated)

(b) Non-controlling interests in FP Puerto Rico Invest, LLC

Continuity of Non-Controlling Interests		Year ended December 31,	
	Note	2022	2021
Beginning balance		$ –	$ –
Initial recognition	4(n)	10,656	–
Net income		10,163	–
Other comprehensive income		188	–
Ending balance		$ 21,007	$ –

Information relating to FP Puerto Rico Invest LLC	December 31, 2022		December 31, 2021	
	Total	NCI's share	Total	NCI's share
Non-current assets	552,316	19,611	–	–
Current assets	50,769	5,927	–	–
Non-current liabilities	–	–	–	–
Current liabilities	(38,938)	(4,531)	–	–
Net assets	564,147	21,007	–	–
Finance income	22,057	10,163	–	–
Net income	22,057	10,163	–	–
Total other comprehensive income	31,387	10,351	–	–

16 . RELATED PARTY TRANSACTIONS

Transactions relating to the Company's interest in an associate and joint venture are disclosed in Note 6. Intra-group balances and transactions are eliminated in these Financial Statements (note 2(b)).

Key management personnel ("KMP") are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company.

Transactions with KMP were as follows:

	Year ended December 31,	
Remuneration for services rendered	2022	2021
Short-term employment benefits (i)	$ 401,000	$ 343,000
Equity-settled share-based compensation	40,000	662,000
Cash-settled share-based compensation	49,010	–
Total	$ 490,010	$ 1,005,000

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

17 . BASIC AND DILUTED LOSS 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 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 years ended December 31, 2022 and 2021, the share purchase options, DSUs, RSUs, and warrants as well as the convertible notes were excluded from the calculation of diluted income (loss) per share as they were antidilutive.

(Expressed in Canadian Dollars, unless otherwise stated)

18 . INCOME TAXES

(a) Provision for current and deferred tax

The following current and deferred income tax expenses originated from RE Royalties (USA) Inc. (note2(b)):

	Year ended December 31, 2022	2021
Current income tax expense	$ 82,000	$ –
Deferred income tax expense	129,000	–
Total income tax expense	$ 211,000	$ –

(b) Reconciliation of effective tax rate

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized.

	Year ended December 31, 2022	2021
Net loss before income tax	$ 222,816	$ 2,130,024
Total income tax expense	211,000	–
Net loss after income tax	$ 433,816	$ 2,130,024
Income tax recovery using the Company's tax rate	$ (60,000)	$ (575,000)
Non-deductible expenses and other	(454,000)	487,000
Difference in tax rate	6,000	–
Change in unrecognized temporary differences	719,000	88,000
Total	$ 211,000	$ –
Statutory tax rate	27%	27%
Effective tax rate	Nil	Nil
Deferred Income Tax Assets (Liabilities)		
Deferred income tax assets with respect to tax losses	$ 1,067,000	$ 931,000
Deferred income tax liabilities with respect to secured loans, royalty interests, and Green Bonds	(1,196,000)	(931,000)
Net deferred tax asset (liability)	$ (129,000)	$ –

	At December 31, 2022	2021
Unused non-capital loss carry forwards	$ 6,487,000	$ 4,342,000

As at December 31, 2022, the Company had the following tax losses and other temporary differences for which no deferred tax asset was recognized:

Expiry	Tax Losses	Other
Within 1 year	$ –	$ –
1 to 5 years	–	1,593,000
After 5 years	1,366,000	3,394,000
No expiry date	–	420,000
Total	$ 1,366,000	$ 5,407,000

(Expressed in Canadian Dollars, unless otherwise stated)

19 . 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 table below presents the Company's financial assets measured at amortized cost, the stages they are in for ECL measurement and the balance of the ECL as at December 31, 2022. The gross carrying value of the financial asset best represents the maximum exposure to credit risk at the reporting date:

	Note	ECL Stage	Gross Carrying Value	Allowance for Credit Loss	Net Carrying Value
FuseForward Solutions	4(h)	2	$ 3,163,206	$ (473,000)	$ 2,690,206

(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 are comprised of the following:

December 31, 2022		Contractual Cash Flows(i)			
	Carrying Amount	Total	Less than 12 months	Between 1 - 3 years	Between 4 - 5 years
Green Bonds(ii)	$ 19,442,949	$ 25,018,291	$ 1,245,216	$ 12,184,369	$ 11,588,706
Convertible notes	2,045,468	2,062,370	2,062,370	–	–
Lease liability (note 8)	71,707	81,366	23,998	50,773	6,595
Income tax payable	82,000	82,000	82,000	–	–
Trade payables and accrued liabilities	401,887	401,887	401,887	–	–
Total	$ 22,044,011	$ 27,645,914	$ 3,815,471	$ 12,235,142	$ 11,595,301

(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.

(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 cash is summarized as follows:

		December 31, 2022		December 31, 2021	
	Note	US Dollars	Canadian Dollars	US Dollars	Canadian Dollars
Cash	3	$ 4,061,396	$ 5,504,816	$ 6,070,079	$ 7,673,187
Secured Loans	4	10,621,893	14,396,914	135,483	171,264
		14,683,289	19,901,730	6,205,562	7,844,451
Green Bonds	10	(4,000,000)	(5,421,600)	(4,000,000)	(5,056,400)
Net exposure		$ 10,683,289	$ 14,480,130	$ 2,205,562	$ 2,788,051

<u>Sensitivity</u>		
Decrease in net loss with a 10% increase in the value of the U.S. dollar relative to the Canadian dollar	$ 1,448,000	$ 279,000

(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 variable 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. 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 (note 4).

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.

At the end of the reporting period, the fair value measurement of the Aeolis Loan (note 4(a)) 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 (note 4(a)) 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 of 25 basis points in discount rates will result in a decrease of approximately $12,000 in the fair value of the Aeolis Loan. 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 $3,000.
There were no transfers between the levels of the fair value hierarchy during the reporting period.

(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) debt, comprising the 2020-Convertible Notes and the Green Bonds.

At the end of the current reporting period, the Company was required to maintain a debt to equity ratio of 1:1 and 3:1 under certain covenants in the 2020-Convertible Notes agreement (note (11)) and the Green Bonds indenture (note (10)), respectively.

The Green Bond indenture also requires the Company to maintain, subject to a cure period, a minimum debt coverage ratio ("Debt Coverage Ratio") as determined pursuant to the Indenture by dividing its quarterly earnings, before certain items such as interest, taxes, depreciation, amortization, and extraordinary items, by total interest expenses for a fiscal quarter.

As of December 31 2022, the Company was in compliance with all debt covenants.

(Expressed in Canadian Dollars, unless otherwise stated)

20 . 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
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
		Total	$	0.02	$	862,552

(b) Teichos Loan 2

In February 2023, the Company announce that it has acquired a gross revenue royalty on the 27 MWDC (20 MWAC) Jackson Center Solar Project Phase 2 (“Jackson Center 2” or the “Project”), located in Mercer County, Pennsylvania, under development by Teichos Energy LLC (“Teichos”). Once operational, Jackson Center will generate an estimated 42,800 MWh per year of clean energy.

The Company has entered into a secured loan agreement (the “Loan”) with Teichos whereby the Company will provide a USD $1.8 million letter of credit (“LC”) on behalf of Teichos to meet their security requirement with PJM Interconnection (“PJM”).

The Loan will have an initial 6-month term and bear an interest rate of 13% per annum, compounded annually, and payable at the end of the term. The Loan can be extended for two additional 6-month terms. The Company will have first-ranking security interest over the Project including a lien over Project assets, and a pledge of ownership in the Project.

The Company will receive a 1% gross revenue royalty on the Project (the “Royalty”) for a period of 15 years once the Project reaches commercial operation. If the Loan term is extended, the Royalty will increase to 1.5% (6-month extension) or 2% (12-month extension).

(c) Green bonds

During the first quarter of 2023, the Company closed of 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 tranches. 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 for aggregate gross proceeds of $16,423,000 and 1,242 United States dollar denominated Green Bonds 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.

As of December 31, 2022, the Company had incurred certain legal, regulatory, and other costs in the amount of $125,296 in relation to the Series-3 Green Bond financing that was recorded as deferred financing costs in these Financial Statements.

(d) Repayment of 2020-Convertible Notes

In January 2023, the Company redeemed the 2020-Convertible Notes (note 11).