# RE ROYALTIES LTD.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2024 AND 2023

*(Expressed in Canadian Dollars)*

*(Unaudited)*

## NOTICE TO READER

In accordance with National Instrument 51-102 subsection 4.3 (3), management of the Company advises that the Company's auditors have not performed a review of these interim financial statements.

## RE Royalties Ltd.

**Condensed Consolidated Interim Statements of Financial Position**

(Unaudited – Expressed in Canadian Dollars)

| | Note | September 30, 2024 | December 31, 2023 |
|---|---|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Secured loans and royalty interests | 4 | $ 18,128,118 | $ 19,655,224 |
| Deferred transaction costs | | 59,362 | 46,540 |
| Equity accounted investment | | 1 | 1 |
| Derivative financial asset | 5 | 84,977 | 104,356 |
| Right-of-use asset | | 30,810 | 45,418 |
| | | 18,303,268 | 19,851,539 |
| Current assets | | | |
| Secured loans and royalty interests | 4 | 18,605,250 | 17,738,595 |
| Amounts receivable and prepaid expenses | 6 | 570,568 | 493,241 |
| Interest reserve | 7 | 1,436,921 | 1,431,996 |
| Income taxes recoverable | | 16,359 | 22,743 |
| Cash and cash equivalents, including restricted cash | 3 | 18,442,078 | 14,439,932 |
| | | 39,071,176 | 34,126,507 |
| TOTAL ASSETS | | $ 57,374,444 | $ 53,978,046 |
| EQUITY | | | |
| Share capital | 8 | $ 30,364,415 | $ 30,364,415 |
| Reserves | 8(b) | 2,874,015 | 2,558,934 |
| Accumulated deficit | | (19,931,121) | (17,588,627) |
| Equity attributable to owners of the Company | | 13,307,309 | 15,334,722 |
| Non-controlling interests | | 2,441,829 | 1,752,062 |
| Total equity | | 15,749,138 | 17,086,784 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Green bonds | 7 | 40,889,379 | 36,230,500 |
| Deferred income tax liability | | 296,734 | 103,734 |
| Lease liability | | 8,954 | 30,683 |
| | | 41,195,067 | 36,364,917 |
| Current liabilities | | | |
| Lease liability | | 27,476 | 21,926 |
| Cash-settled share-based payment liability | | 9,622 | 12,318 |
| Income tax payable | | 15,130 | – |
| Trade payables | | 378,011 | 492,101 |
| | | 430,239 | 526,345 |
| Total liabilities | | 41,625,306 | 36,891,262 |
| TOTAL EQUITY AND LIABILITIES | | $ 57,374,444 | $ 53,978,046 |

Events after the reporting period (note 12)

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

These condensed consolidated interim financial statements are approved for issuance by the Audit and Risk Committee of the Company's Board of Directors on November 25, 2024 and are signed on the Company's behalf by the following:

*/s/ Bernard Tan*

Bernard Tan
Director

*/s/ Rene Carrier*

Rene Carrier
Director

## RE Royalties Ltd.

**Condensed Consolidated Interim Statements of Comprehensive Income (Loss)**

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

| | Note | Three months ended September 30, 2024 | Three months ended September 30, 2023 | Nine months ended September 30, 2024 | Nine months ended September 30, 2023 |
|---|---|---|---|---|---|
| Revenue and income | | | | | |
| Royalty revenue | | $ 313,855 | $ 236,579 | $ 776,877 | $ 601,048 |
| Finance income | | 1,378,196 | 1,676,283 | 5,379,775 | 5,009,703 |
| Gain on royalty buyout | | – | – | – | 1,563,783 |
| | | 1,692,051 | 1,912,862 | 6,156,652 | 7,174,534 |
| Depletion of royalty interests | 4 | (138,667) | (98,032) | (341,266) | (253,990) |
| Gross profit | | 1,553,384 | 1,814,830 | 5,815,386 | 6,920,544 |
| (Loss) gain on revaluation of derivative financial asset | 5 | (11,300) | 1,387 | (19,379) | 1,387 |
| Gain (loss) on revaluation of financial asset at FVTPL | | 45,121 | (11,475) | 52,896 | 21,796 |
| Gross profit, changes in fair value of financial assets | | 1,587,205 | 1,804,742 | 5,848,903 | 6,943,727 |
| Expenses | | | | | |
| Salaries and benefits | | 287,665 | 253,541 | 870,754 | 769,708 |
| Administration | | 89,063 | 68,388 | 296,032 | 290,415 |
| Marketing and stakeholder communication | | 104,493 | 124,338 | 367,095 | 329,624 |
| Audit and audit related | | – | 55,921 | 349,107 | 251,422 |
| Consulting – financing | | 16,789 | 16,990 | 50,367 | 50,970 |
| Consulting – other | | 40,193 | 27,812 | 153,653 | 78,353 |
| Regulatory and transfer agency | | 19,488 | 11,140 | 69,990 | 61,900 |
| Office lease and information technology | | 13,458 | 13,679 | 37,858 | 45,300 |
| Legal | | 23,963 | 10,733 | 96,634 | 35,275 |
| Donation | | – | – | 50,000 | 35,000 |
| Equity-settled share-based payment | 8(b) | 25,640 | 113,173 | 115,564 | 318,018 |
| Cash-settled share-based payment | 8(b) | (564) | (5,758) | (2,696) | (7,233) |
| Amortization of right-of-use asset | | 4,870 | 4,870 | 14,609 | 14,609 |
| | | (625,058) | (694,827) | (2,468,967) | (2,273,361) |
| Other items | | | | | |
| Finance expenses | | 967,313 | 923,534 | 2,777,630 | 2,514,594 |
| Provision for expected credit loss | 4 | – | 3,078,279 | 617,671 | 3,078,279 |
| Foreign exchange loss (gain) | | 68,091 | (261,733) | (240,887) | (37,581) |
| | | (1,035,404) | (3,740,080) | (3,154,414) | (5,555,292) |
| Net income (loss) before income tax | | $ (73,257) | $ (2,630,165) | $ 225,522 | $ (884,926) |
| Income tax expense | | | | | |
| Current income tax expense | | 71,666 | 91,307 | 225,870 | 227,966 |
| Deferred income tax expense (recovery) | | 50,000 | 48,000 | 193,000 | (24,000) |
| | | (121,666) | (139,307) | (418,870) | (203,966) |
| Net loss after income tax | | $ (194,923) | $ (2,769,472) | $ (193,348) | $ (1,088,892) |
| Other comprehensive income (loss) | | | | | |
| Items that may be subsequently reclassified to net income | | | | | |
| Foreign exchange translation difference | | (145,798) | 239,461 | 202,154 | 39,340 |
| Total other comprehensive income (loss) | | (145,798) | 239,461 | 202,154 | 39,340 |
| Total comprehensive income (loss) | | $ (340,721) | $ (2,530,011) | $ 8,806 | $ (1,049,552) |
| Net loss after income tax attributable to: | | | | | |
| Owners of the Company | | (444,404) | (3,031,066) | (1,044,634) | (1,988,209) |
| Non-controlling interests | | 249,481 | 261,594 | 851,286 | 899,317 |
| | | (194,923) | (2,769,472) | (193,348) | (1,088,892) |
| Total comprehensive income (loss) attributable to: | | | | | |
| Owners of the Company | | (562,542) | (2,827,602) | (875,117) | (1,958,757) |
| Non-controlling interests | | 221,821 | 297,591 | 883,923 | 909,205 |
| | | (340,721) | (2,530,011) | 8,806 | (1,049,552) |
| Basic and diluted loss per share attributable to shareholders of the Company | 10 | $ (0.01) | $ (0.07) | $ (0.02) | $ (0.05) |
| Weighted average number of common shares outstanding | 10 | 43,417,981 | 43,283,607 | 43,417,981 | 43,214,274 |

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

## RE Royalties Ltd.

**Condensed Consolidated Interim Statements of Changes in Equity**

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

| | | Share capital | | Reserves | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Note** | **Number of shares** | **Amount** | **Equity-settled share-based payments** | **Share purchase warrants** | **Other reserve** | **Foreign currency translation reserve** | **Accumulated deficit** | **Total equity attributable to shareholders of the Company** | **Non-controlling interests** | **Total equity** |
| Balance at January 1, 2023 | | 43,127,607 | $30,282,447 | $ 1,392,973 | $ 411,913 | $ 87,000 | $ 350,295 | $ (12,739,891) | $ 19,784,737 | $ 603,253 | $ 20,387,990 |
| Net loss | | – | – | – | – | – | – | (1,988,209) | (1,988,209) | 899,317 | (1,088,892) |
| Other comprehensive income | | – | – | – | – | – | 29,452 | – | 29,452 | 9,888 | 39,340 |
| Total comprehensive loss | | – | – | – | – | – | 29,452 | (1,988,209) | (1,958,757) | 909,205 | (1,049,552) |
| Distribution to shareholders | 8(c) | – | – | – | – | – | – | (1,293,828) | (1,293,828) | – | (1,293,828) |
| Warrants issued pursuant to Series-3 Public Offering | 8(b) | – | – | – | 75,000 | – | – | – | 75,000 | – | 75,000 |
| Warrants issued pursuant to Series-3 Private Placement | 8(b) | – | – | – | 114,000 | – | – | – | 114,000 | – | 114,000 |
| Equity-settled share-based payments | 8(b) | – | – | 318,018 | – | – | – | – | 318,018 | – | 318,018 |
| Distribution to non-controlling interests - OCEP | | – | – | – | – | – | – | – | – | (91,671) | (91,671) |
| Distribution to non-controlling interests - Delta | | – | – | – | – | – | – | – | – | (9,956) | (9,956) |
| Contributions from non-controlling interest in FP Puerto Rico Invest, LLC | | – | – | – | – | – | – | – | – | 21,022 | 21,022 |
| **Balance at September 30, 2023** | | 43,127,607 | 30,282,447 | 1,710,991 | 600,913 | 87,000 | 379,747 | (16,021,928) | 17,039,170 | 1,431,853 | 18,471,023 |
| Balance at January 1, 2024 | | 43,261,981 | $30,364,415 | $ 1,707,126 | $ 600,913 | $ 87,000 | $ 163,895 | $ (17,588,627) | $ 15,334,722 | $ 1,752,062 | $ 17,086,784 |
| Net income (loss) | | – | – | – | – | – | – | (1,044,634) | (1,044,634) | 851,286 | (193,348) |
| Other comprehensive income | | – | – | – | – | – | 169,517 | – | 169,517 | 32,637 | 202,154 |
| Total comprehensive loss | | – | – | – | – | – | 169,517 | (1,044,634) | (875,117) | 883,923 | 8,806 |
| Distribution to shareholders | 8(c) | – | – | – | – | – | – | (1,297,860) | (1,297,860) | – | (1,297,860) |
| Equity-settled share-based payments | 8(b) | – | – | 115,564 | – | – | – | – | 115,564 | – | 115,564 |
| Warrants issued pursuant to Series-4 Private Placement | 8(b) | – | – | – | 30,000 | – | – | – | 30,000 | – | 30,000 |
| Distribution to non-controlling interests - OCEP | | – | – | – | – | – | – | – | – | (172,261) | (172,261) |
| Distribution to non-controlling interests - Delta | | – | – | – | – | – | – | – | – | (21,895) | (21,895) |
| **Balance at September 30, 2024** | | 43,261,981 | $30,364,415 | $ 1,822,690 | $ 630,913 | $ 87,000 | $ 333,412 | $ (19,931,121) | $ 13,307,309 | $ 2,441,829 | $ 15,749,138 |

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

## RE Royalties Ltd.

**Condensed Consolidated Interim Statements of Cash Flows**

(Unaudited – Expressed in Canadian Dollars)

| | Note | Nine months ended September 30, 2024 | 2023 |
|---|---|---|---|
| **Operating activities** | | | |
| Net loss | | $ (193,348) | $ (1,088,892) |
| Adjustments for: | | | |
| Depletion of royalty interests | | 341,266 | 253,990 |
| Finance income for the period, in excess of interest received | | (2,129,879) | (2,080,769) |
| Gain on royalty buyout | | – | (1,563,783) |
| (Gain) loss on revaluation of financial asset at FVTPL | | (52,896) | (21,796) |
| (Loss) gain on revaluation of derivative financial asset | | 19,379 | (1,387) |
| Depreciation of right-of-use asset | | 14,609 | 14,609 |
| Provision for expected credit loss | | 617,671 | 3,078,279 |
| Finance expenses | | 2,777,630 | 2,514,594 |
| Equity-settled share-based payments | | 115,564 | 318,018 |
| Cash-settled share-based payment | | (2,696) | (7,233) |
| Deferred income tax expense | | 193,000 | (24,000) |
| Unrealized exchange gain | | (196,789) | (48,493) |
| Changes in working capital items: | | | |
| Amounts receivable and prepaid expenses | | (77,327) | (1,095,753) |
| Income taxes recoverable | | 6,384 | (47,656) |
| Income tax payable | | 15,130 | (43,332) |
| Trade payables and accrued liabilities | | (114,090) | (38,876) |
| **Cash generated by operating activities** | | 1,333,608 | 117,520 |
| **Investing activities** | | | |
| Acquisition of royalty interests and secured loans, net of repayments | 4 | (7,150,191) | (5,368,715) |
| Acquisition cost attributable to CleanLight warrants | | – | (117,820) |
| Proceeds from royalty buyout | | – | 1,563,783 |
| Proceeds from repayment of secured loan | | 9,377,657 | 326,868 |
| Deferred transaction costs, net of recoveries | | (12,822) | (8,576) |
| **Cash provided by (used in) investing activities** | | 2,214,644 | (3,604,460) |
| **Financing activities** | | | |
| Net proceeds from the Green Bonds offering | 7 | 3,962,441 | 16,546,094 |
| Repayment of convertible notes – principal sum | | – | (1,637,176) |
| Repayment of convertible notes – accrued interest | | – | (425,225) |
| Cash distribution to shareholders | 8(c) | (1,297,860) | (1,293,828) |
| Distributions to non-controlling interests – OCEP | | (172,261) | (91,671) |
| Distributions to non-controlling interests – Delta | | (21,895) | (9,956) |
| Contributions from non-controlling interest in FP Puerto Rico Invest, LLC | | – | 21,022 |
| Payments of interest on Green Bonds | | (2,189,715) | (1,973,983) |
| Settlement of Restricted Share Units in cash | | – | (31,394) |
| Lease payments | | (18,792) | (17,900) |
| **Cash provided by financing activities** | | 261,918 | 11,085,983 |
| **Increase in cash and cash equivalents** | | 3,810,170 | 7,599,043 |
| Effects of exchange rate fluctuations on cash held | | 191,976 | 48,493 |
| Cash and cash equivalents, opening balance | | 14,439,932 | 7,580,132 |
| **Cash and cash equivalents, closing balance** | | $ 18,442,078 | $ 15,227,668 |

**Supplemental cash flow information (note 3)**

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

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

## 1 . NATURE OF OPERATIONS

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

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

These condensed consolidated interim financial statements (the "Financial Statements") are comprised of RER and its subsidiaries (note 2(b)) (together referred to as the "Company" or the "Group") and are prepared for the three and nine months ended September 30, 2024 and 2023. RE Royalties Ltd. is the ultimate legal parent entity in the Company.

## 2 . MATERIAL ACCOUNTING POLICY INFORMATION

*(a) Statement of compliance*

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

These Financial Statements should be read in conjunction with the Company's consolidated financial statements as at and for the year ended December 31, 2023. Accounting policies applied herein are the same as those applied in the Company's annual financial statements.

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

*(b) Basis of presentation and consolidation*

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

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

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

In September 2024, RE Royalties (Canada) Ltd. was dissolved, and all its assets and liabilities were assigned to the Company.

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

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

*(c) Significant accounting estimates and judgements*

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

Specific areas where significant estimates or judgements exist are:

<u>Estimates:</u>
- Valuation of secured loans and royalty interest
- Determination of the allowance for credit losses relating to the loan receivable from Switch loans;

Except for the foregoing, there was no change in the use of estimates and judgments during the current period as compared to those described in Note 2 in the Company's consolidated financial statements for the year ended December 31, 2023.

*(d) Operating segments*

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

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

| | Nine months ended September 30, 2024 | Nine months ended September 30, 2023 |
|---|---|---|
| North America | | |
| Royalty revenue | $ 653,094 | $ 566,174 |
| Finance income | 4,957,868 | 4,950,440 |
| Gain on royalty buyout | – | 1,563,783 |
| | $ 5,610,962 | $ 7,080,397 |
| South America | | |
| Royalty revenue | $ 123,783 | $ 34,874 |
| Finance income | 421,907 | 59,263 |
| | $ 545,690 | $ 94,137 |
| Total | $ 6,156,652 | $ 7,174,534 |

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

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| North America | | |
| Canada | $ 4,043,940 | $ 3,930,067 |
| United States | 863,307 | 897,952 |
| Mexico | 144,210 | 129,782 |
| South America | | |
| Chile | 296,104 | 195,369 |
| Total | $ 5,347,561 | $ 5,153,170 |

## 3 . CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED CASH

| | Note | September 30, 2024 | December 31, 2023 |
|---|---|---|---|
| Components of cash and cash equivalents and restricted cash: | | | |
| Cash held in business accounts | | | |
| Denominated in Canadian Dollars | | $ 4,529,380 | $ 4,352,967 |
| Denominated in US Dollars | | 13,912,705 | 10,086,965 |
| Total | | $ 18,442,078 | $ 14,439,932 |
| Cash and cash equivalents and restricted cash subject to restrictions on use by the Company: | | | |
| Net proceeds from the Green Bonds pending deployment (i) | 7 | $ 18,302,910 | $ 12,113,003 |

(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.

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

## 4 . SECURED LOANS AND ROYALTY INTERESTS

| | Note | September 30, 2024 | December 31, 2023 |
|---|---|---|---|
| **Secured Loans – Amortized Cost** | | | |
| Switch Power | 4(a) and 12(d) | $ 9,620,221 | $ 9,003,347 |
| FuseForward Solutions | | 3,551,279 | 3,551,279 |
| OCEP | | 5,762,863 | 7,171,415 |
| NOMAD | | – | 6,625,486 |
| Revolve | 12(b) | 1,669,939 | 1,634,897 |
| Switch Solar | 4(b) and 12(d) | 1,503,493 | 1,442,200 |
| Revolve Cancun | 12(b) | 1,537,743 | 1,892,724 |
| Delta | | 3,268,390 | 2,842,863 |
| CleanLight | | 3,080,462 | 1,927,580 |
| Clean Communities | 4(c) | 1,629,046 | – |
| Revolve Windriver | 4(d) | 3,880,816 | – |
| Revolve Rooftop Solar | 4(e) | 409,440 | – |
| | | 35,913,692 | 36,091,791 |
| Allowance for lifetime expected losses due to credit impairment (stage 3 ECL) | | (5,396,446) | (4,778,775) |
| Total secured loans at amortized cost, net of net of allowance(s) for expected credit losses | | 30,517,246 | 31,313,016 |
| | | | |
| **Secured Loans – FVTPL** | | | |
| Aeolis Wind Power Corporation | 11(e) | 868,560 | 927,633 |
| | | | |
| **Royalty Interests** | | | |
| Northland Power Inc. | | 1,178,096 | 1,276,271 |
| OntarioCo | | 229,998 | 242,745 |
| Scotian Windfields | | 1,151,018 | 1,222,955 |
| Switch Power | | 262,826 | 287,725 |
| NOMAD | | 863,307 | 897,952 |
| Revolve | | 58,751 | 63,938 |
| Switch Solar | | 13,507 | 14,408 |
| Revolve Cancun | | 60,503 | 65,844 |
| AlbertaCo | | 825,545 | 885,963 |
| CleanLight | | 296,104 | 195,369 |
| Clean Communities | 4(c) | 133,362 | – |
| Revolve Windriver | 4(d) | 249,588 | – |
| Revolve Rooftop Solar | 4(e) | 24,956 | – |
| | | 5,347,561 | 5,153,170 |
| | | | |
| Total | | $ 36,733,367 | $ 37,393,819 |
| | | | |
| Non-current portion | | $ 18,128,118 | $ 19,655,224 |
| Current portion | | 18,605,249 | 17,738,595 |
| Total | | $ 36,733,367 | $ 37,393,819 |

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

At September 30, 2024, the Company has a loan commitment under the Delta Loan agreement to provide cash advances, subject to certain conditions precedent, for an aggregate amount of US$2.82 million ($3.81 million).

| **Lifetime expected credit losses** | Note | Nine months ended September 30, 2024 | Nine months ended September 30, 2023 |
|---|---|---|---|
| Beginning balance | | $ 4,778,775 | $ 473,000 |
| Increase in the loss allowance as a result of revaluations | | 617,671 | 3,078,279 |
| Ending balance | | $ 5,396,446 | $ 3,551,279 |

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

| **Secured Loans - Amortized Cost** | Switch Power (i) | FuseForward Solutions | OCEP | NOMAD (iii) | Revolve | Switch Solar (i) | Revolve Cancun | Delta | CleanLight | Clean Communities | Revolve Windriver | Revolve Rooftop Solar | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Note | 4(a) | | | | | 4(b) | | | | 4(c) | 4(d) | 4(e) | |
| **For the nine months ended September 30, 2024** | | | | | | | | | | | | | |
| Balance at January 1, 2024 | $ 9,003,347 | $ 3,551,279 | $ 7,171,415 | $ 6,625,486 | $ 1,634,897 | $ 1,442,200 | $ 1,892,724 | $ 2,842,863 | $ 1,927,580 | $ – | $ – | $ – | $ 36,091,791 |
| Fair value at initial recognition | – | – | – | – | – | – | | – | 959,092 | 1,517,217 | 3,675,880 | 385,894 | 6,538,083 |
| Transaction costs | – | – | – | – | – | – | | | 3,532 | 25,032 | 40,912 | 5,268 | 74,744 |
| Accretion and accrued interest | 719,874 | – | 1,330,558 | 871,686 | 157,684 | 105,293 | 199,915 | 554,444 | 379,708 | 86,797 | 353,609 | 32,701 | 4,792,269 |
| Cash payments received | (103,000) | – | (2,891,483) | (7,602,283) | (122,642) | (44,000) | (554,896) | (185,551) | (220,215) | – | (189,585) | (14,423) | (11,928,078) |
| Foreign currency revaluation adjustment | – | – | 152,373 | 105,111 | – | – | – | 56,634 | 30,765 | – | – | – | 344,883 |
| Gross Carrying amount at September 30, 20 | 9,620,221 | 3,551,279 | 5,762,863 | – | 1,669,939 | 1,503,493 | 1,537,743 | 3,268,390 | 3,080,462 | 1,629,046 | 3,880,816 | 409,440 | 35,913,692 |
| Expected lifetime credit losses (ii) | (1,634,892) | (3,551,279) | – | – | – | (210,275) | – | – | – | – | – | – | (5,396,446) |
| Net Carrying amount at September 30, 2024 | $ 7,985,329 | $ – | $ 5,762,863 | $ – | $ 1,669,939 | $ 1,293,218 | $ 1,537,743 | $ 3,268,390 | $ 3,080,462 | $ 1,629,046 | $ 3,880,816 | $ 409,440 | $ 30,517,246 |

(i) The maturity dates of these loans were extended by approximately three months in August 2023 at interest rate of 12% for the extension period. In December 2023, the Company issued the demand notices for all loans at an increased interest rate of 16% p.a.

(ii) Represents stage 3 ECL allowance relating to the amounts receivable from FuseForward, Switch Power and Switch Solar .

(iii) Includes gain of $709,886 on early repayment of loan by NOMAD.

| | Switch Power | Teichos Energy | FuseForward Solutions | OCEP | NOMAD | Revolve | Switch Solar | Revolve Cancun | Delta | Teichos Energy 2 | CleanLight | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Note | 4(a) | | | | | | 4(b) | | | | 4(d) | |
| **For the nine months ended September 30, 2023** | | | | | | | | | | | | |
| Balance at January 1, 2023 | $ 8,046,786 | $ 496,626 | $ 3,163,206 | $ 6,716,750 | $ 6,619,391 | $ 1,594,787 | $ 1,346,844 | $ 628,961 | $ 564,147 | $ – | $ – | $ 29,177,498 |
| Fair value at initial recognition | – | – | – | – | – | – | – | 1,157,298 | 1,051,122 | 107,479 | 1,832,175 | 4,148,074 |
| Transaction costs | – | – | – | – | – | – | – | 23,544 | | – | – | 23,544 |
| Accretion and accrued interest | 698,378 | 142,350 | 388,073 | 1,328,127 | 803,926 | 149,992 | 106,707 | 185,702 | 276,908 | 86,165 | 59,263 | 4,225,591 |
| Additional finance income | – | – | – | – | – | – | – | – | 220,671 | – | – | 220,671 |
| Cash payments received | (21,930) | (638,936) | – | (704,772) | (685,899) | (121,002) | (17,131) | (113,584) | (84,351) | (194,657) | – | (2,582,262) |
| Foreign currency revaluation adjustment | – | (40) | – | 13,684 | 13,147 | – | – | – | 10,633 | 1,013 | 39,288 | 77,725 |
| Gross Carrying amount at September 30, 20 | 8,723,234 | – | 3,551,279 | 7,353,789 | 6,750,565 | 1,623,777 | 1,436,420 | 1,881,921 | 2,039,130 | – | 1,930,726 | 35,290,841 |
| Expected lifetime credit losses | – | – | (3,551,279) | – | – | – | – | – | – | – | – | (3,551,279) |
| Net Carrying amount at September 30, 2023 | $ 8,723,234 | $ – | $ – | $ 7,353,789 | $ 6,750,565 | $ 1,623,777 | $ 1,436,420 | $ 1,881,921 | $ 2,039,130 | $ – | $ 1,930,726 | $ 31,739,562 |

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

The continuity schedules for royalty interests are as follows:

| **Royalty Interests** | Cost | | | Depletion | | | |
|---|---|---|---|---|---|---|---|
| | Beginning Balance | Additions/ (disposal) | Ending Balance | Beginning Balance | Charge for the period | Ending Balance | Carrying Amount |
| **Nine months ended September 30, 2024** | | | | | | | |
| Northland Power Inc. | 1,871,864 | – | 1,871,864 | 595,593 | 98,175 | 693,768 | 1,178,096 |
| OntarioCo | 316,559 | – | 316,559 | 73,814 | 12,747 | 86,561 | 229,998 |
| Scotian Windfields | 1,598,626 | – | 1,598,626 | 375,671 | 71,937 | 447,608 | 1,151,018 |
| Switch Power | 358,695 | – | 358,695 | 70,970 | 24,900 | 95,869 | 262,826 |
| NOMAD | 932,665 | – | 932,665 | 34,713 | 34,644 | 69,358 | 863,307 |
| Revolve | 73,155 | – | 73,155 | 9,217 | 5,186 | 14,404 | 58,751 |
| Switch Solar | 16,008 | – | 16,008 | 1,600 | 900 | 2,501 | 13,507 |
| Revolve Cancun | 70,600 | – | 70,600 | 4,756 | 5,341 | 10,097 | 60,503 |
| AlbertaCo | 939,669 | – | 939,669 | 53,706 | 60,419 | 114,124 | 825,545 |
| CleanLight | 204,432 | 124,108 | 328,540 | 9,063 | 23,373 | 32,436 | 296,104 |
| Clean Communities | – | 133,362 | 133,362 | – | – | – | 133,362 |
| Revolve Windriver | – | 253,232 | 253,232 | – | 3,644 | 3,644 | 249,588 |
| Revolve Colima | – | 24,956 | 24,956 | – | – | – | 24,956 |
| Total | $6,382,273 | $ 535,658 | $6,917,931 | $1,229,103 | $ 341,266 | $ 1,570,370 | $5,347,561 |
| **Nine months ended September 30, 2023** | | | | | | | |
| Northland Power Inc. | 1,871,864 | – | 1,871,864 | 464,694 | 98,175 | 562,868 | 1,308,996 |
| OntarioCo | 316,559 | – | 316,559 | 56,818 | 12,747 | 69,565 | 246,994 |
| Scotian Windfields | 1,598,626 | – | 1,598,626 | 279,755 | 71,937 | 351,692 | 1,246,934 |
| Switch Power | 358,695 | – | 358,695 | 37,771 | 24,899 | 62,670 | 296,025 |
| Teichos Energy | 1 | (1) | – | – | – | – | – |
| NOMAD | 932,665 | – | 932,665 | 34,713 | – | 34,713 | 897,952 |
| Revolve | 73,155 | – | 73,155 | 2,309 | 5,167 | 7,476 | 65,679 |
| Switch Solar | 16,008 | – | 16,008 | 400 | 900 | 1,300 | 14,708 |
| Revolve Cancun | 17,604 | 52,996 | 70,600 | – | 2,963 | 2,963 | 67,637 |
| AlbertaCo | – | 939,669 | 939,669 | – | 33,566 | 33,566 | 906,103 |
| CleanLight | – | 204,432 | 204,432 | – | 3,636 | 3,636 | 200,796 |
| Total | $5,185,177 | $1,197,096 | $6,382,273 | $ 876,460 | $ 253,990 | $ 1,130,449 | $5,251,824 |

*(a) 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 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.

The Switch loans are secured by, among other things, a pledge of the shares of Switch OpCo in favor of the Company and a general security agreement providing the Company with a security interest over all present and after-acquired personal property (collectively referred herein as the "Switch Collateral").

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.

At initial recognition, the Company recorded the Switch Loans at their fair value, plus transaction costs, and a residual value 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.

The original terms for the Switch Loan Agreements expired during third and fourth quarters of 2023, when the respective loans were extended to November 30, 2023. In December 2023, the Company sent a default notice relating to all loans under the Switch Loan Agreements, as the aggregate principal sum and interest accrued thereon remained unpaid on the extended maturity date. The default persisted as of the date when these financial statements were authorized for issuance and the loan was credit impaired. Accordingly, the Company has assessed the Switch loans for expected credit losses under Stage-3 of ECL.

*(b) 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 financed 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%.

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.

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

The original term for the Switch Solar Loan expired during the third quarter of 2023, when the loan's term was extended to November 30, 2023. In December 2023, the Company sent a default notice as the principal sum and interest accrued thereon remained unpaid on the extended maturity date. As of the date these financial statements were authorized for issuance, the default persisted. Accordingly, the Company has assessed the Switch Solar loan for expected credit losses. In its assessment, the Company has considered the value of the underlying collateral and concluded that the value of the collateral exceeded the carrying amount of the loan.

*(c) Clean Communities*

In January 2024, the Company announced that it had entered into a loan agreement (the "Clean Communities Loan Agreement") and a royalty agreement (the "Cardston Royalty Agreement") with Clean Communities Corporation ("Clean Communities"), an Alberta-based Indigenous-led cleantech company, to support the construction of a 4MW solar project ("Sunrise Solar Project") currently under development in Cardston, Alberta.

As per the agreement, the Company advanced a $1.7 Million secured loan (the "Clean Communities Loan") having a 60-month term and an interest rate of 13% per annum, compounded monthly. The Company received a structuring fee of 1.5% on the Clean Communities Loan value at closing. The Company received a gross revenue royalty of 5.0% on the Project for 20 years after reaching commercial operations (the "Clean Communities Royalty"). The transaction deploys a cash-sweep structure allowing the Company to sweep all cash generated by the Project net of operating expenses to pay the royalty, interest, and principal on a quarterly basis while the Clean Communities Loan is outstanding.

At initial recognition, the Company recorded the Clean Communities Loan at fair value, plus transaction costs, and a residual value of $133,362 derived by subtracting the fair value of the Clean Communities Loan from the aggregate amount of cash advanced under the Clean Communites Loan Agreement was allocated to the Clean Communities Royalty.

*(d) Revolve Windriver*

In February 2024, the Company provided a $4.0 million secured loan (the "Windriver Loan") to support Revolve's acquisition of Windriver Power Corporation ("Windriver"), a Canadian based owner, operator and developer of wind and hydro projects in the Provinces of British Columbia and Alberta.

The Windriver Loan has a term of 36 months and bears interest at the rate of 12% per annum, compounded monthly, and payable semi-annually. The Company also received a structuring fee of 1.0% on the Windriver Loan value at closing, and a gross revenue royalty of 0.5% on the acquired operating projects during the term of the Loan, growing to a gross revenue royalty of 1.0% upon repayment of the Loan for the remaining life of the power purchase agreements (the "Windriver Royalty").

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

At initial recognition, the Company recorded the Windriver Loan at fair value, plus transaction costs, and a residual value of $253,232 derived by subtracting the fair value of the Windriver Loan from the aggregate amount of cash advanced under the WindriverLoan Agreement was allocated to the Windriver Royalty.

*(e) Revolve Rooftop Solar*

The Company has entered into the fourth loan with existing client Revolve and advanced $415,000 (the "Revolve Rooftop Solar Loan") to fund construction of a new 450kW rooftop solar project in Central Mexico (the "Revolve Rooftop Solar Project" having a 15-year PPA.

The Revolve Loan has a term of two years and is secured against the assets of the Project, bearing interest at 12% per annum, payable quarterly, and Revolve paid a 1% closing fee on the total Revolve Rooftop Solar Loan value. A gross revenue royalty of 5% will apply to all revenues received by Revolve from the Revolve Rooftop Solar Project over the term of the PPA (the "Revolve Rooftop Solar Royalty").

At initial recognition, the Company recorded the Revolve Rooftop Solar Loan at fair value, plus transaction costs, and a residual value of $24,956 derived by subtracting the fair value of the Revolve Rooftop Solar Loan from the aggregate amount of cash advanced under the Revolve Rooftop Solar Loan was allocated to the Revolve Rooftop Solar Royalty.

## 5. DERIVATIVE FINANCIAL ASSET

| **Continuity of derivative financial asset** | | September 30, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Balance at January 1, 2024 | $ | 104,356 | $ | – |
| Initial recognition | | – | | 117,818 |
| Loss on revaluation of derivative financial asset | | (19,379) | | (13,462) |
| Balance at September 30, 2024 (i) | $ | 84,977 | $ | 104,356 |

(i) On reporting date, the fair value of the CleanLight Warrants was determined using the Black-Scholes Option Valuation model and the following assumptions: risk-free interest rate of 2.7%; expected annual volatility of 50%; exercise price of CLP 670 million ($1,042,000); fair value of the underlying equity interest of $464,000; and time to expiry of 3.83 years.

## 6. AMOUNTS RECEIVABLE AND PREPAID EXPENSES – CURRENT

| | | September 30, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Accrued royalty revenue | $ | 382,473 | $ | 219,633 |
| Prepaid expenses | | 71,353 | | 203,451 |
| Other amounts receivable | | 116,742 | | 70,157 |
| Total | $ | 570,568 | $ | 493,241 |

## 7. GREEN BONDS

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

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

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

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

In connection with the Public Offering, the Company paid cash fees of $495,180 and US$1,190 and issued 330,913 warrants (the "Series-3 Broker Warrants") to the agents. Each Series-3 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.

On August 29, 2024, the Company completed the initial closing of its marketed private placement offering (the "Series-4 Private Placement") of Green Bonds, as originally announced on July 4, 2024. Pursuant to the initial closing, the Company issued 3,804 Canadian dollar denominated Green Bonds, with a principal amount of $1,000 per Green Bond for aggregate gross proceeds of $3,804,000 and 50 United States dollar (US$) denominated Green Bonds, with a principal amount of US$1,000 per Green Bond for aggregate gross proceeds of US$50,000.

In connection with the initial closing, the Company paid the agents a cash fee of $266,280 and US$3,500 and issued to the agents an aggregate of 269,780 warrants (the "Series-4 Broker Warrants"). Each Series-4 Broker Warrant will entitle the holder thereof to acquire one common share of the Company at an exercise price equal to $0.50 for a period of 36 months from the date of the initial closing.

The Company also issued, pursuant to a non-brokered private placement (the "Series-4 Non Brokered Private Placement"), 350 Canadian dollar denominated Green Bonds, with a principal amount of $1,000 per Green Bond for aggregate gross proceeds of $350,000 and 150 United States dollar (US$) denominated Green Bonds, with a principal amount of US$1,000 per Green Bond for aggregate gross proceeds of US$150,000.

In connection with the initial closing of the Series-4 Non Brokered Private Placement, the Company has paid a corporate advisory fee to certain parties consisting of $17,500 and US$10,500 in cash, and issued 28,000 warrants (the "Series-4 warrants"). Each Series-4 warrant will entitle the holder thereof to acquire one common share of the Company at an exercise price equal to $0.50 for a period of 36 months from the date of the Initial Closing.

The Series-4 Private Placement and Series-4 Non Brokered Private Placement (collectively "Series-4 Green Bonds") have a term of five years 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.

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

| **Series-4 Green Bond offering (number of bonds)** | Total | Series-4 Private Placement (Brokered) | Series-3 Private Placement (Non-brokered) |
|---|---|---|---|
| Denominated in Canadian dollars | 4,154 | 3,804 | 350 |
| Denominated in US dollars | 200 | 50 | 150 |
| Total | 4,354 | 3,854 | 500 |
| Number of warrants issued | 297,780 | 269,780 | 28,000 |

| **Senior Secured Green Bonds** | Note | Nine months ended September 30, 2024 | Year ended December 31, 2023 |
|---|---|---|---|
| Beginning balance | | $ 36,230,500 | $ 19,442,949 |
| Net proceeds from Green Bond – Series-3 Public Offering (brokered) | | | |
| Aggregate gross proceeds from issuance of Green Bonds | | – | 7,097,042 |
| Cash commission | | – | (496,793) |
| Net proceeds from Green Bond – Series-4 Private Placement(brokered) | | | |
| Aggregate gross proceeds from issuance of Green Bonds | | 3,873,045 | – |
| Cash commission | | (271,113) | – |
| | | 3,601,932 | 6,600,249 |
| Net proceeds from Green Bond – Series-3 Private Placement (non-brokered) | | | |
| Aggregate gross proceeds from issuance of Green Bonds | | – | 11,003,710 |
| Advisory fees | | – | (769,524) |
| Net proceeds from Green Bond – Series-4 Private Placement (non-brokered) | | | |
| Aggregate gross proceeds from issuance of Green Bonds | | 557,135 | – |
| Advisory fees | | (32,536) | – |
| | | 524,599 | 10,234,186 |
| Financing costs | | | |
| Legal and professional fees | | 156,740 | 413,635 |
| Fair value of compensation warrants (note 8) issued pursuant to: | | | |
| Series-3 Public Offering | | – | 75,000 |
| Series-3 Private Placement | | – | 114,000 |
| Series-4 Private Placement | | 30,000 | – |
| | | (186,740) | (602,635) |
| Amortization of financing costs | | 577,951 | 711,025 |
| Foreign exchange translation difference | | 141,137 | (155,274) |
| Ending balance (i) | | $ 40,889,379 | $ 36,230,500 |

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

| | | |
|---|---|---|
| Carrying amount of the Green Bond liability by series: | | |
| Series-1 6% Green Bonds | 9,953,715 | 9,806,512 |
| Series-2 6% Green Bonds | 10,152,201 | 9,898,496 |
| Series-3 9% Green Bonds | 16,840,713 | 16,525,492 |
| Series-4 9% Green Bonds | 3,942,750 | – |
| Ending balance (i) | $ 40,889,379 | $ 36,230,500 |

(i) Includes USD-denominated Green Bonds for an aggregate principal sum of US$5,442,000 (note 11(c))

## 8 . SHARE CAPITAL AND RESERVES

*(a) Share capital*

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

*(b) Reserves*

*Share-based payment expense*

| | Nine months ended September 30, 2024 | 2023 |
|---|---|---|
| Expense arising from equity-settled share-based payment transactions | | |
| Share purchase options | $ 38,644 | $ 105,021 |
| Deferred Share Units ("DSUs") | – | 104,520 |
| Restricted Share Units ("RSUs") | 76,920 | 108,477 |
| | 115,564 | 318,018 |
| Changes in the fair value of cash-settled share-based awards | (2,696) | (7,233) |
| Total | $ 112,868 | $ 310,785 |

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

| **Continuity of share purchase options:** | Nine months ended September 30, 2024 Number of Options | Weighted average exercise price | Nine months ended September 30, 2023 Number of Options | Weighted average exercise price |
|---|---|---|---|---|
| Outstanding Options – beginning balance | 2,410,000 | $ 1.05 | 1,585,000 | $ 1.29 |
| Granted during the period | – | $ – | 960,000 | $ 0.65 |
| Expired | (380,000) | $ 1.32 | – | $ – |
| Outstanding Options – ending balance | 2,030,000 | $ 1.00 | 2,545,000 | $ 1.05 |
| | | | | |
| Options Exercisable – ending balance | 1,502,000 | $ 1.13 | 1,729,000 | $ 1.24 |

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

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

| **Remaining contractual life of the Company's common share purchase options:** | September 30, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| Exercise price | Number of Options | Weighted average remaining contractual life (years) | Number of Options | Weighted average remaining contractual life (years) |
| $ 1.32 | 1,070,000 | 1.39 | 1,450,000 | 1.61 |
| $0.65 | 960,000 | 1.58 | 960,000 | 2.33 |
| | 2,030,000 | 1.48 | 2,410,000 | 1.90 |

*Deferred share units and restricted share units*

| **Continuity of DSUs and RSUs:** | Nine months ended September 30, 2024 | | Nine months ended September 30, 2023 | |
|---|---|---|---|---|
| | DSUs | RSUs | DSUs | RSUs |
| Outstanding at the beginning of the period | 180,501 | 314,000 | 24,501 | 38,011 |
| Granted during the period | – | – | 156,000 | 471,000 |
| Repaid during the period | – | – | – | (38,011) |
| Outstanding at the end of the period | 180,501 | 314,000 | 180,501 | 471,000 |
| | | | | |
| Units vested – ending balance | 180,501 | – | 180,501 | – |

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

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

*Share purchase warrant reserve*

The continuity of the Company's share purchase warrants for the nine months ended September 30, 2024 is as follows:

| Expiry date | | Exercise price | January 1, 2024 | Warrants issued | Warrants exercised | Warrants expired | September 30, 2024 |
|---|---|---|---|---|---|---|---|
| June 15, 2024 | $ | 1.10 | 9,837,680 | – | – | (9,837,680) | – |
| June 15, 2024 | $ | 0.82 | 776,250 | – | – | (776,250) | – |
| January 30, 2026 (i) | $ | 0.75 | 239,493 | – | – | – | 239,493 |
| February 3, 2026 (i) | $ | 0.75 | 319,853 | – | – | – | 319,853 |
| February 28, 2026 (i) | $ | 0.75 | 91,420 | – | – | – | 91,420 |
| March 1, 2026 (i) | $ | 0.75 | 159,740 | – | – | – | 159,740 |
| March 31, 2026 (i) | $ | 0.75 | 13,860 | – | – | – | 13,860 |
| August 29, 2027 | $ | 0.50 | - | 297,780 | – | – | 297,780 |
| | | | 11,438,296 | 297,780 | – | (10,613,930) | 1,122,146 |

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

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

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

(i) These represent the warrants issued to the underwriters for the Series-3 Public offering and Series -3 Private placement of Series-3 Green Bonds (note 6), and their weighted average fair value as of the date of issuance was $0.2296 per warrant, which fair value was determined using the Black-Scholes Option Valuation model and the following assumptions: weighted average risk-free interest rate of 3.45% ; expected volatility of 55%; exercise price of $0.75; underlying weighted average market price of $0.76 per share; and time to expiry of 3 years.

*(c) Distribution to shareholders*

During the nine months ended September 30, 2024 and 2023, the Company declared the following cash distributions to its shareholders:

| Declaration date | Record date | Payment date | | Amount Per share | | Amount Total |
|---|---|---|---|---|---|---|
| Nine months ended September 30, 2024 | | | | | | |
| January 10, 2024 | January 31, 2024 | February 21, 2024 | $ | 0.01 | $ | 432,620 |
| April 10, 2024 | May 1, 2024 | May 22, 2024 | $ | 0.01 | $ | 432,620 |
| July 10, 2024 | July 31, 2024 | August 21, 2024 | $ | 0.01 | $ | 432,620 |
| | | | | | $ | 1,297,860 |
| Nine months ended September 30, 2023 | | | | | | |
| January 11, 2023 | February 1, 2023 | February 22, 2023 | $ | 0.01 | $ | 431,276 |
| April 12, 2023 | May 3, 2023 | May 24, 2023 | $ | 0.01 | $ | 431,276 |
| July 12, 2023 | August 2, 2023 | August 23, 2023 | $ | 0.01 | $ | 431,276 |
| | | | | | $ | 1,293,828 |

See Note 12(a) for the cash distribution declared after the end of the current reporting period.

## 9 . RELATED PARTY TRANSACTIONS

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

| Remuneration for services rendered | | Three months ended September 30, 2024 | | Three months ended September 30, 2023 | | Nine months ended September 30, 2024 | | Nine months ended September 30, 2023 |
|---|---|---|---|---|---|---|---|---|
| Short-term employment benefits (i) | $ | 114,582 | $ | 118,615 | $ | 366,893 | $ | 357,001 |
| Equity-settled share-based compensation | | 3,900 | | 37,200 | | 6,867 | | 186,800 |
| Cash-settled share-based compensation | | (564) | | (5,758) | | (2,696) | | (7,233) |
| Total | $ | 117,918 | $ | 150,057 | $ | 371,064 | $ | 536,568 |

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

## 10 . 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 and fully-vested equity-settled DSUs (requiring no additional consideration to be exercised) that were outstanding during the period. Diluted income (loss) per share does not adjust income (loss) attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. For the purposes of the calculation of diluted income (loss) per share for the three and nine months ended September 30, 2024 and 2023, the share purchase options, RSUs, and warrants were excluded from the calculation of diluted income (loss) per share as they were anti-dilutive.

## 11 . FINANCIAL RISK MANAGEMENT

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

*(a) Credit Risk*

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

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

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

*(b) Liquidity Risk*

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

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

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

| **As of September 30, 2024** | | Contractual Cash Flows (i) | | | |
|---|---|---|---|---|---|
| | Carrying Amount | Total | Less than 12 months | Between 1 - 3 years | Between 4 - 5 years |
| Green Bonds Principal (note 7) (ii) | $40,889,379 | $ 48,681,193 | $ – | $ 26,153,600 | $ 22,527,593 |
| Green Bonds Interest (note 7) (ii) | – | 10,210,357 | 3,596,066 | 5,302,650 | 1,311,641 |
| Lease liability | 36,430 | 38,576 | 25,585 | 12,991 | – |
| Trade payables and accrued liabilities | 378,011 | 378,011 | 378,011 | – | – |
| | $41,303,820 | $ 59,308,137 | $ 3,999,662 | $ 31,469,241 | $ 23,839,234 |

(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.

*(c) Foreign exchange risk*

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

| | | September 30, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|
| | Note | US Dollars | Canadian Dollars | US Dollars | Canadian Dollars |
| Cash | 3 | 10,285,137 | $ 13,912,705 | 7,614,528 | $ 10,086,965 |
| Secured loans | 4 | 8,953,733 | 12,111,715 | 14,016,263 | 18,567,344 |
| | | 19,238,870 | 26,024,420 | 21,630,791 | 28,654,309 |
| Green Bonds | 7 | (5,442,000) | (7,361,393) | (5,242,000) | (6,944,077) |
| Net exposure, including foreign operations | | 13,796,870 | $ 18,663,027 | 16,388,791 | $ 21,710,232 |
| Less: Cash and Secured loans held in foreign operations | | (9,424,184) | (12,748,094) | (8,317,705) | (11,018,464) |
| Net exposure, excluding foreign operaitons | | $ 4,372,686 | $ 5,914,933 | $ 8,071,086 | $ 10,691,768 |
| | | | | | |
| Exchange rate as of the reporting date (Canadian Dollar per US Dollar) | | | $ 1.3527 | | $ 1.3247 |

The average exchange rate for the nine months ended September 30, 2024 is $1.3603 (September 30, 2023 - $1.3454 ). The average exchange rate for the 12 months ended December 31, 2023 was $1.3495.

| *Sensitivity* | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Exchange loss that would have been recorded in net income/loss with a 1% increase in the value of the U.S. dollar relative to the Canadian dollar | $ 59,000 | $ 107,000 |
| Exchange loss that would have been recorded in other comprehensive income/loss with a 1% increase in the value of the U.S. dollar relative to the Canadian dollar | $ 127,000 | $ 110,000 |

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

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

*(d) Interest rate risk*

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

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

The Company is subject to interest rate fair value risk with respect to the secured loan to Aeolis, which is carried at fair value (note 11(e)). An increase of 25 basis points in discount rates will result in a decrease of approximately $10,000 in the fair value of the secured loan to Aeolis.

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

*(e) Fair Value*

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

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

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

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

Aeolis Loan

The Aeolis Loan is classified as a financial asset at fair value through profit and loss (note 4). At September 30, 2024, the fair value of the Aeolis Loan was determined by discounting future cash flows using annual discount rates in the range of 7.15% - 7.51% (December 31, 2023: 7.57% - 8.56%) applicable to the term of each cash flow and average annual long term inflation rate of 3% (December 31, 2023: 3.5%).

At the end of the reporting period, the fair value measurement of the Aeolis Loan (note 4) has been categorized within level 3 of the fair value hierarchy. The Company has assessed the fair value of the instrument based on a valuation technique using unobservable discounted future cash flows. Significant inputs used in the valuation of the Aeolis Loan that are not observable market data were the credit spread and other elements constituting the discount rates and inflation rates used; these inputs require judgement. An increase in average future annual inflation rate used in valuation of the Aeolis Loan from 3.0% to 3.1% would increase its fair value by approximately $2,000.

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

*CleanLight Warrants*

At the end of the reporting period, the fair value measurement of the CleanLight warrants (note 5) has been categorized within level 3 of the fair value hierarchy. The Company has assessed the fair value of the instrument based on a valuation technique using unobservable discounted future cash flows. Significant inputs used in the valuation of the CleanLight warrants that are not observable market data were the fair value of the underlying equity interest and other elements constituting the volatility used; these inputs require judgement. An increase in volatility used in valuation of the CleanLight warrants from 50% to 60% would increase its fair value by approximately $37,000. A 10% increase in fair value of the underlying equity interest used in valuation of the CleanLight warrants would increase its fair value by approximately $20,000.

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) Green Bonds.

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

As of September 30, 2024 , the Company was in compliance with all debt covenants.

## 12 . EVENTS AFTER END OF THE REPORTING PERIOD

*(a) Declaration and Payment of Dividend*

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

| | | | Amount | |
|---|---|---|---|---|
| Declaration date | Record date | Payment date | Per share | Total |
| October 9, 2024 | October 30, 2024 | November 20, 2024 | $ 0.01 | $ 432,620 |

*(b) Revolve and Revolve (Cancun) loan extension*

In October 2024, the Company extended the maturity of the Revolve and Revolve (Cancun) loans by six months to April 25, 2025 in return of additional royalty interests in respective projects.

*(c) Series 4 Green Bonds - Second Tranche*

On November 13, 2024, the Company completed the second tranche closing of its Series-4 Private Placement of Green Bonds, as originally announced on July 4, 2024. Pursuant to the closing, the Company issued 1,725 Canadian dollar denominated Green Bonds, with a principal amount of $1,000 per Green Bond for aggregate gross proceeds of $1,725,000 and 140 United States dollar (US$) denominated Green Bonds, with a principal amount of US$1,000 per Green Bond for aggregate gross proceeds of US$140,000.

In connection with the second tranche closing, the Company paid the agents a cash fee of $120,750 and US$9,800 and issued to the agents an aggregate of 130,550 warrants (the "Series-4 Broker Warrants"). Each Series-4 Broker Warrant will entitle the holder thereof to acquire one common share of the Company at an exercise price equal to $0.50 for a period of 36 months from the date of the second tranche closing.

*(d) Settlement of Switch Power and Switch Power (Solar) loans*

On November 18, 2024, the Company announced the settlement of Switch Power and the Switch Power (Solar) outstanding loans, respectively, with Switch Power Battery Operating company ("SPOBOC") and with Switch Power Solar Operating Company ("SPOSOC"). Under the terms of the settlement, the Company retained the shares of SPOBOC and SPOSOC in full and final satisfaction of the outstanding debt. Effective November 1, 2024, SPOBOC and SPOSOC became wholly owned subsidiaries of the Company. As a result, the Company will operate the underlying assets in SPOBOC and SPOSOC.

*(e) Loan and Royalty Agreement - Abraxas*

On November 18, 2024, the Company entered into an agreement with Abraxas Power Maldinvest Ltd., a UAE-incorporated wholly-owned subsidiary of Abraxas Power Corp. ("Abraxas"), to provide up to a $10 Million secured loan (the "Abraxus Loan") to support the construction of solar projects in the Maldives.

The Loan will have an 18-month term and an interest rate of 13% per annum on advanced funds, compounded monthly. The Company will receive a fee of $200,000 at closing to cover legal and due diligence expenses. The Company will receive a gross revenue royalty of 2.0% on the Projects for the term of the power purchase agreement. The Loan will have multiple tranches. The first tranche of $1.4 million closed on November 18, 2024.