RE ROYALTIES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2023 AND 2022

(Expressed in Canadian Dollars)

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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, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were 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 these matters.

Key Audit Matter Description – Valuation of investments

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.

Key Audit Matter Description – Expected Credit Loss on Secured Loans

The Company recognizes an allowance for expected credit losses ("ECL") for all secured loans at amortized cost. The allowance for ECL is based on an assessment of the probability of default of the underlying loans. ECL allowances are measured at amounts equal to either (i) 12-month ECL; or (ii) lifetime ECL for loans that have experienced significant increases in credit risk since initial recognition or that are impaired.

Auditing the allowance for ECL on secured loans required a high degree of auditor judgment due to the estimations made by management and an increased extent of audit effort, including the involvement of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the allowance for ECL included the following, among others:

- For secured loans
    - Inspected payments made post year-end, if any, and any correspondence between the borrower and the Company, and other supporting documents to evaluate the completeness of the allowance;
    - Confirmed outstanding amounts directly with the borrower to evaluate the existence and valuation of the secured loans to evaluate whether an allowance should be recorded;
    - Evaluated collectability through a review of borrower's financial health, history of payment and performing searches in public databases for contradictory information that may suggest an allowance should be recorded.
- With assistance of fair value specialists, assessed management's key assumptions for selected secured loans by comparing them to industry data issued by independent credit agencies and ensure they are reflective of the credit quality of the secured loans.

Key Audit Matter Description – Expected Credit Loss on Switch Power and Switch Solar

The Company has loan agreements with Switch Power Corporation (the "loans") to provide funding for an acquisition of a portfolio of battery energy storage systems and of an operational rooftop solar generation project. The loans were due November 30, 2023 and the Company did not receive payment on time. As a result, the loans were considered credit impaired and the lifetime ECL was measured based on the collateral fair value using a discounted cash flow model.

While there are several estimates and assumptions that are used to determine the fair value of the collateral used to determine lifetime ECL for the loans, the estimates and assumptions with the highest degree of subjectivity are the revenue projections used and discount rates selected. Auditing these required a high degree of auditor judgment and an increased extent of audit effort, including the involvement of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the revenue projections and discount rates used by management to determine the fair value of the collaterals which were used to measure lifetime ECL for the loans included the following, among others:

- Evaluated the reasonableness of management's forecasted revenue projections by comparing the forecasts to historical results, third party information, internal budgets and underlying contracts and agreements.
- 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 rates and developing a range of independent estimates and comparing those 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 and will 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 Leigh Derksen.

/s/ Deloitte LLP

Chartered Professional Accountants
May 2, 2024
Vancouver, British Columbia

RE Royalties Ltd.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	December 31, 2023	December 31, 2022
ASSETS			
Non-current assets			
Secured loans and royalty interests	4	$ 19,655,224	$ 23,688,278
Deferred transaction costs		46,540	64,443
Deferred financing costs		–	125,296
Equity accounted investment		1	1
Derivative financial asset	5	104,356	–
Right of use asset		45,418	64,897
		19,851,539	23,942,915
Current assets			
Secured loans and royalty interests	4	17,738,595	10,281,060
Amounts receivable and prepaid expenses	8	493,241	225,944
Interest reserve	9	1,431,996	579,960
Income taxes recoverable		22,743	–
Cash and cash equivalents, including restricted cash	3	14,439,932	7,580,132
		34,126,507	18,667,096
TOTAL ASSETS		$ 53,978,046	$ 42,610,011
EQUITY			
Share capital	11	$ 30,364,415	$ 30,282,447
Reserves	12	2,558,934	2,242,181
Accumulated deficit		(17,588,627)	(12,739,891)
Equity attributable to owners of the Company		15,334,722	19,784,737
Non-controlling interests		1,752,062	603,253
Total equity		17,086,784	20,387,990
LIABILITIES			
Non-current liabilities			
Green bonds	9	36,230,500	19,442,949
Deferred income tax liability		103,734	129,000
Lease liability		30,683	52,609
		36,364,917	19,624,558
Current liabilities			
Lease liability		21,926	19,098
Cash-settled share-based payment liability		12,318	49,010
Convertible notes	10	–	2,045,468
Income tax payable		–	82,000
Trade payables		492,101	401,887
		526,345	2,597,463
Total liabilities		36,891,262	22,222,021
TOTAL EQUITY AND LIABILITIES		$ 53,978,046	$ 42,610,011

Events after the reporting period (note 19)

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

These consolidated financial statements are approved for issuance by the Company's Board of Directors on May 2, 2024 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, 2023	2022
Revenue and income			
Royalty revenue		$ 819,388	$ 839,808
Finance income		7,422,413	3,369,074
Gain on royalty buyout	4	1,563,783	27,705
		9,805,584	4,236,587
Depletion of royalty interests	4	(352,644)	(344,814)
Gross profit		9,452,940	3,891,773
Share of income of OCEP Invest LLC		–	507,865
Loss on revaluation of derivative financial asset	5	(13,462)	–
Gain on revaluation of financial asset at FVTPL	4	81,608	13,812
Gross profit, changes in fair value of financial assets, and share of income of OCEP Invest LLC.		9,521,086	4,413,450
Expenses			
Wages and benefits		1,013,185	757,925
Administration		375,212	420,972
Marketing and stakeholder communication		471,768	341,472
Audit and audit related		335,677	294,357
Consulting – financing		67,960	77,860
Consulting – other		149,619	139,653
Regulatory and transfer agency		107,763	147,763
Office lease and information technology		59,088	55,357
Legal		39,680	125,572
Donation		75,000	50,000
Equity-settled share-based payment	11	409,923	40,000
Cash-settled share-based payment	11	(5,296)	49,010
Amortization of right-of-use asset		19,478	19,478
		(3,119,057)	(2,519,419)
Other items			
Finance expenses	13	3,432,665	1,868,297
Loss upon derecognition of investment in joint venture		–	348,792
Provision for expected credit loss	4(g)(e)(j)	4,305,775	473,000
Foreign exchange loss (gain)		234,235	(573,242)
		(7,972,675)	(2,116,847)
Net loss before income tax		$ (1,570,646)	$ (222,816)
Income tax expense			
Current income tax expense		265,522	82,000
Deferred income tax expense (recovery)		(25,266)	129,000
		(240,256)	(211,000)
Net loss after income tax		$ (1,810,902)	$ (433,816)
Other comprehensive (loss) income			
Items that may be subsequently reclassified to net income			
Foreign exchange translation difference		(231,430)	412,559
Reclassification of Foreign exchange translation difference		–	(100,475)
Total other comprehensive (loss) income		(231,430)	312,084
Total comprehensive loss		$ (2,042,332)	$ (121,732)
Net loss after income tax attributable to:			
Owners of the Company		(3,123,632)	(726,188)
Non-controlling interests		1,312,730	292,372
		(1,810,902)	(433,816)
Total comprehensive loss attributable to:			
Owners of the Company		(3,310,032)	(430,767)
Non-controlling interests		1,267,700	309,035
		(2,042,332)	(121,732)
Basic and diluted loss per share attributable to shareholders of the Company	16	$ (0.07)	$ (0.02)
Weighted average number of common shares outstanding	16	43,242,805	38,653,484

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, 2023	2022
Operating activities			
Net loss		$ (1,810,902)	$ (433,816)
Adjustments for:			
Depletion of royalty interests		352,644	344,814
Finance income for the period, in excess of interest received		(3,338,751)	(1,856,290)
Gain on royalty buyout		(1,563,783)	(27,705)
(Gain) loss on revaluation of financial asset at FVTPL		(81,608)	(13,812)
Loss on revaluation of derivative financial asset		13,462	–
Depreciation of right-of-use asset		19,478	19,478
Finance expenses		3,432,665	1,868,297
Deferred transaction costs expensed		–	32,416
Equity-settled share-based payments		409,923	40,000
Cash-settled share-based payment		(5,296)	49,010
Share of income of OCEP Invest LLC		–	(507,865)
Provision for expected credit loss		4,305,775	473,000
Deferred income tax expense		(25,266)	129,000
Loss upon derecognition of investment in joint venture		–	348,792
Unrealized exchange loss (gain)		217,808	(572,654)
Changes in working capital items:			
Amounts receivable and prepaid expenses		(267,297)	(53,187)
Income taxes recoverable		(22,743)	–
Interest reserve account		(852,036)	–
Income tax payable		(82,000)	82,000
Trade payables and accrued liabilities		90,214	220,085
Cash provided by operating activities		792,287	141,563
Investing activities			
Acquisition of royalty interests and secured loans	4	(5,354,638)	(12,639,950)
Acquisition cost attributable to CleanLight warrants	4	(117,820)	–
Investment in joint venture		–	(5,709,569)
Proceeds from royalty buyout	4	1,563,783	585,926
Proceeds from repayment of secured loans		326,868	106,730
Cash distribution from joint venture		–	264,356
Deferred transaction costs, net of recoveries		(8,576)	(4,180)
Cash used in investing activities		(3,590,383)	(17,396,687)
Financing activities			
Net proceeds from the Green Bonds offering	9	16,546,094	–
Repayment of convertible notes – principal sum		(1,637,176)	–
Repayment of convertible notes – accrued interest		(425,225)	–
Net proceeds from Public offering		–	7,297,809
Cash distribution to shareholders	12(d)	(1,725,104)	(1,528,350)
Distributions to non-controlling interests – OCEP	4(k)	(123,358)	(15,738)
Distributions to non-controlling interests – Delta	4(k)	(16,555)	–
Contributions from non-controlling interest in FP Puerto Rico Invest, LLC	4(m)	21,022	10,656
Payments of interest on Green Bonds		(2,692,456)	(1,234,173)
Deferred financing costs		–	(125,296)
Settlement of Restricted Share Units in cash		(45,196)	–
Lease payments		(23,998)	(21,271)
Other finance expenses		(7,349)	(20,771)
Cash provided by financing activities		9,870,699	4,362,866
Increase (Decrease) in cash and cash equivalents		7,072,603	(12,892,258)
Effects of exchange rate fluctuations on cash held		(212,803)	370,805
Cash and cash equivalents, opening balance		7,580,132	20,101,585
Cash and cash equivalents, closing balance		$ 14,439,932	$ 7,580,132

Supplemental cash flow information (note 3)

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	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, 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 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	11	–	–	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	11	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		–	–	–	–	–	–	–	–	299,300	299,300
Distribution to non-controlling interests	14	–	–	–	–	–	–	–	–	(15,738)	(15,738)
Contributions from non-controlling interest in FP Puerto Rico Invest, LLC	14	–	–	–	–	–	–	–	–	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
Balance at January 1, 2023		43,127,607	$30,282,447	$ 1,392,973	$ 411,913	$ 87,000	$ 350,295	$ (12,739,891)	$ 19,784,737	$ 603,253	$ 20,387,990
Net income (loss)		–	–	–	–	–	–	(3,123,632)	(3,123,632)	1,312,730	(1,810,902)
Other comprehensive loss		–	–	–	–	–	(186,400)	–	(186,400)	(45,030)	(231,430)
Total comprehensive loss		–	–	–	–	–	(186,400)	(3,123,632)	(3,310,032)	1,267,700	(2,042,332)
Distribution to shareholders	12(d)	–	–	–	–	–	–	(1,725,104)	(1,725,104)	–	(1,725,104)
Settlement of RSUs through issuance of shares	12(a)	134,374	81,968	(81,968)	–	–	–	–	–	–	–
Settlement of RSUs through cash	12(a)	–	–	(13,802)	–	–	–	–	(13,802)	–	(13,802)
Warrants issued pursuant to Green Bonds Public Offering	12(b)	–	–	–	75,000	–	–	–	75,000	–	75,000
Warrants issued pursuant to Green Bonds Private Placement	12(b)	–	–	–	114,000	–	–	–	114,000	–	114,000
Equity-settled share-based payments	11	–	–	409,923	–	–	–	–	409,923	–	409,923
Distribution to non-controlling interests - OCEP		–	–	–	–	–	–	–	–	(123,358)	(123,358)
Distribution to non-controlling interests - Delta		–	–	–	–	–	–	–	–	(16,555)	(16,555)
Contributions from non-controlling interest in FP Puerto Rico Invest, LLC		–	–	–	–	–	–	–	–	21,022	21,022
Balance at December 31, 2023		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

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" and on the OTCQX under the trading symbol "RROYF". 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, 2023 and 2022. RE Royalties Ltd. is the ultimate legal parent entity in the Group.

2. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

These Financial Statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), effective for the Company's reporting year ended 2023.

(b) Basis of presentation and consolidation

These Financial Statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value.

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 (note 4(k))	Delaware, USA	Holds OCEP Loan	96.68%
FP Puerto Rico Invest, LLC (note 4(m))	Delaware, USA	Holds Delta Loan	98.00%

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

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

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:

Estimates:
- 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 expected credit losses relating to the loan receivable from FuseForward (note 4(g));
- Inputs into the Black-Scholes model for options and warrants (note 11);
- Inputs into the Black-Scholes model for fair valuation of warrants with respect to the CleanLight transaction (note 4(p));
- Fair value of share purchase options subject to certain performance based vesting conditions (notes 11, 12);
- Amount of collateral recoverable from Switch with respect to the computation of expected credit loss (note 4(e)) and (note 4(j));
- Computation of expected credit loss with respect to Switch (note 4(e)) and (note 4(j));

Judgements:
- Assessment of evidence as to whether a financial asset may be impaired, including but not limited to, assessment as to whether there has been a significant increase in the credit risk, and the stage of expected credit loss.

(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 RE Royalties USA Inc., 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 RE Royalties USA Inc. 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
Derivative financial asset	5	FVTPL
Amounts receivable	8	Amortized cost
Interest reserve	9	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
Trade payables		Amortized cost
Green bonds	9	Amortized cost
Convertible notes	10	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, on an instrument-by-instrument basis, whether there has been a significant increase in credit risk since initial recognition of a financial instrument at each reporting date. Increases or decreases in the allowance for credit losses are recognized in the consolidated statement of comprehensive income (loss).

The following is the non-exhaustive list of factors that are considered for evaluating if the credit risk has increased significantly since initial recognition:

(i) existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations

(ii) an actual or expected significant change in the operating results of the borrower, such as actual or expected declining revenues or margins, increasing operating risks, working capital deficiencies, decreasing asset quality, increased balance sheet leverage, liquidity, management problems or changes in the scope of business or organisational structure

(iii) significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring

(iv) any significant change in reductions of financial support from a parent entity or other affiliate

(v) expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument

(vi) significant changes in the expected performance and behaviour of the borrower, such as, an increase in the expected number or extent of delayed contractual payments

(vii) past due information, where the counterparty has failed to make a payment when the payment was contractually due

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. When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

The Company conducted its analysis and quantification of ECL, and determined ECL to be negligible, except for the ECL relating to FuseForward (note4(g)), Switch Power (note4(e)) and Switch Solar (note4(j)).

To compute the loss allowance, Loss given default and Probability of default are used as inputs.

Loss given default is an estimate of the loss arising on default. It is based on the difference between contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

(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(h)) and Cleanlight royalty (4(p)), 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.

Under the Cleanlight royalty agreement, performance obligation is considered to be met and revenue is recognized when gross revenues related to the business or from sale of Cleanlight units are received or accrued.

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 7(a)) is classified as investment in an associate.

(n) 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.

(Expressed in Canadian Dollars, unless otherwise stated)

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

	Year ended December 31, 2023	2022
Europe		
Royalty revenue	$ –	$ 107,092
Gain on royalty buyout	–	27,705
	$ –	$ 134,797
North America		
Royalty revenue	$ 738,339	$ 732,716
Finance income	7,274,502	3,369,074
Gain on royalty buyout	1,563,783	–
	$ 9,576,624	$ 4,101,790
South America		
Royalty revenue	$ 81,049	$ –
Finance income	147,911	–
	$ 228,960	$ –
Total	$ 9,805,584	$ 4,236,587

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

	December 31, 2023	December 31, 2022
North America		
Canada	$ 3,930,067	$ 3,322,314
United States	897,952	897,953
Mexico	129,782	88,450
South America		
Chile	195,369	–
Total	$ 5,153,170	$ 4,308,717

(o) *New accounting standards and interpretations*

Certain amendments to existing standards and interpretations have been published by the IASB. The Company anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the new standard.

Effective January 1, 2023, the Company adopted amendments to IAS 1, *Presentation of Financial Statements*, that replaced the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. The adoption of these amendments did not have a material impact on the Financial Statements.

Effective January 1, 2023, the Company adopted amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* issued in February 2021. The amendments clarify that accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty" and that a change in an accounting estimate that results from new information or new developments, including a change in an input or a measurement technique used to develop an accounting estimate, is not the correction of an error. The adoption of these amendments had no impact on these Financial Statements.

Other amendments and pronouncements that became effective for the period covered by these Financial Statements have not been disclosed as they did not have a material impact on these Financial Statements.

The Company is currently assessing the impact of amendments to, and interpretations of, existing standards that were not effective or early adopted for the period covered by these Financial Statements. These include, IAS 1, *Classification of Debt with Covenants as Current or Non-current* and IFRS 16, *Sale and Leaseback Transactions.*

3. CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED CASH

	Note	December 31, 2023	December 31, 2022
Components of cash and cash equivalents:			
Cash held in business accounts			
Denominated in Canadian Dollars		$ 4,352,967	$ 2,075,316
Denominated in US Dollars		10,086,965	5,504,816
Total		$ 14,439,932	$ 7,580,132
Cash and cash equivalents subject to restrictions on use by the Company:			
Cash held as collateral against a letter of credit	4(f)	$ –	$ 2,981,880
Net proceeds from the Green Bonds pending deployment (i)	9	12,113,003	–
Total		$ 12,113,003	$ 2,981,880

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

	Year ended December 31, 2023	Year ended December 31, 2022
Interest received		
Interest received on secured loans classified in operating activities	$ 3,316,551	$ 1,358,473
Interest on cash and cash equivalents and restricted cash classified in operating activities	767,108	151,570
Total	$ 4,083,659	$ 1,510,043

	Note	Year ended December 31, 2023	Year ended December 31, 2022
Non-cash financing activities			
Agent and other warrants issued pursuant to the Green Bonds offering	9	$ 189,000	$ –

(Expressed in Canadian Dollars, unless otherwise stated)

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

Year ended December 31, 2023		Liabilities		
	Note	Green Bonds	Convertible Notes	Lease Liability
Balance as at January 1, 2023		$ 19,442,949	$ 2,045,468	$ 71,707
Changes from financing cash flows				
Net proceeds from Green Bonds offering	9	16,231,800	–	–
Repayment of convertible notes	10	–	(2,062,370)	–
Repayment of lease liability		–	–	(23,998)
Total changes from financing cash flows		16,231,800	(2,062,370)	(23,998)
Other changes				
Foreign exchange translation difference – USD Green Bonds	9	(155,274)	–	–
Accrued interest and/or amortization of financing costs		711,025	16,902	4,900
Total liability-related other changes		555,751	16,902	4,900
Balance as at December 31, 2023		$ 36,230,500	$ –	$ 52,609

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		–	–	(21,271)
Total changes from financing cash flows		–	–	(21,271)
Other changes				
Foreign exchange translation difference – USD Green Bonds	9	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

(Expressed in Canadian Dollars, unless otherwise stated)

4 . SECURED LOANS AND ROYALTY INTERESTS

	Note	December 31, 2023	December 31, 2022
Secured Loans – Amortized Cost			
Switch Power	4(e)	$ 9,003,347	$ 8,046,786
Teichos Energy	4(f)	–	496,626
FuseForward Solutions	4(g)	3,551,279	3,163,206
OCEP	4(k)	7,171,415	6,716,750
NOMAD	4(h)	6,625,486	6,619,391
ReVolve Power	4(i)	1,634,897	1,594,787
Switch Solar	4(j)	1,442,200	1,346,844
Revolve Cancun	4(l)	1,892,724	628,961
Delta	4(m)	2,842,863	564,147
Cleanlight	4(p)	1,927,580	–
		36,091,791	29,177,498
Allowance for lifetime expected losses due to credit impairment	4(g)(e)(j)	(4,778,775)	(473,000)
		31,313,016	28,704,498
Secured Loans – FVTPL			
Aeolis Wind Power Corporation	4(a)	927,633	956,123
Royalty Interests			
Northland Power Inc.	4(b)	1,276,271	1,407,170
OntarioCo	4(c)	242,745	259,741
Scotian Windfields	4(d)	1,222,955	1,318,871
Switch Power	4(e)	287,725	320,924
Teichos Energy	4(f)	–	1
NOMAD	4(h)	897,952	897,952
ReVolve Power	4(i)	63,938	70,846
Switch Solar	4(j)	14,408	15,608
Revolve Cancun	4(l)	65,844	17,604
AlbertaCo	4(o)	885,963	–
CleanLight	4(p)	195,369	–
		5,153,170	4,308,717
Total		$ 37,393,819	$ 33,969,338
Non-current portion		$ 19,655,224	$ 23,688,278
Current portion		17,738,595	10,281,060
Total		$ 37,393,819	$ 33,969,338

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

(Expressed in Canadian Dollars, unless otherwise stated)

Reconciliation of Lifetime expected credit losses	December 31, 2023	December 31, 2022
Opening balance	$ 473,000	$ –
Add: Additions	4,305,775	473,000
Less: Write offs	–	–
Closing balance	$ 4,778,775	$ 473,000

At December 31, 2023, the Company had commitments to provide loans, under various loan agreements, for an aggregate amount of $11.42 million, which amount includes a loan commitment of $1.7 million under a loan agreement entered into between the Company and Clean Communities Corp., a loan commitment of $4.0 million under a loan agreement entered into between the Company and Revolve in September 2023, as announced by the Company on October 4, 2023, 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 ($3.74 million) and a loan commitment under the CleanLight Loan agreement to provide cash advances, subject to certain conditions precedent, for an aggregate amount of US$1.5 million ($1.98 million).

The continuity schedules for secured loans at Amortized cost for the year ended December 31, 2023 and 2022 are as follows:

Secured Loans - Amortized Cost	Switch Power (i)	Teichos Energy	FuseForward Solutions	OCEP	NOMAD	Revolve	Switch Solar (i)	Revolve Cancun	Delta Energy	Teichos Loan 2	CleanLight	Total
Note	4(e)	4(f)	4(g)	4(k)	4(h)	4(i)	4(j)	4(l)	4(m)	4(n)	4(p)	
For the year ended December 31, 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	978,491	142,350	388,073	1,810,302	1,074,064	201,446	155,024	253,604	400,853	86,165	147,911	5,638,283
Additional finance income	–	–	–	–	–	–	–	–	1,017,022	–	–	1,017,022
Cash payments received	(21,930)	(638,936)	–	(1,184,361)	(914,982)	(161,336)	(59,668)	(170,683)	(140,278)	(194,657)	(46,488)	(3,533,319)
Foreign currency revaluation adjustment	–	(40)	–	(171,276)	(152,987)	–	–	–	(50,003)	1,013	(6,018)	(379,311)
Gross Carrying amount at December 31, 2023	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
Expected lifetime credit losses (ii)	(1,017,221)	–	(3,551,279)	–	–	–	(210,275)	–	–	–	–	(4,778,775)
Net Carrying amount at December 31, 2023	$ 7,986,126	$ –	$ –	$ 7,171,415	$ 6,625,486	$ 1,634,897	$ 1,231,925	$ 1,892,724	$ 2,842,863	$ –	$ 1,927,580	$ 31,313,016

(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 .

	Switch Power	Teichos Energy	FuseForward Solutions	OCEP	NOMAD	Revolve	Switch Solar	Revolve Cancun	Delta	Total
Note		4(f)	4(g)							
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

(Expressed in Canadian Dollars, unless otherwise stated)

The continuity schedules for royalty interests for the year ended December 31, 2023 and 2022 are as follows:

Royalty Interests	Cost			Depletion			
	Beginning Balance	Additions/ (disposal)	Ending Balance	Beginning Balance	Charge for the period	Ending Balance	Carrying Amount
Year ended December 31, 2023							
Northland Power Inc.	1,871,864	–	1,871,864	464,694	130,900	595,593	1,276,271
OntarioCo	316,559	–	316,559	56,818	16,996	73,814	242,745
Scotian Windfields	1,598,626	–	1,598,626	279,755	95,916	375,671	1,222,955
Switch Power	358,695	–	358,695	37,771	33,199	70,970	287,725
Teichos Energy (note 4(f))	1	(1)	–	–	–	–	–
NOMAD	932,665	–	932,665	34,713	–	34,713	897,952
Revolve	73,155	–	73,155	2,309	6,908	9,217	63,938
Switch Solar	16,008	–	16,008	400	1,200	1,600	14,408
Revolve Cancun	17,604	52,996	70,600	–	4,756	4,756	65,844
AlbertaCo	–	939,669	939,669	–	53,706	53,706	885,963
CleanLight	–	204,432	204,432	–	9,063	9,063	195,369
Total	$5,185,177	$1,197,096	$6,382,273	$876,460	$ 352,644	$ 1,229,103	$5,153,170
Year ended December 31, 2022							
Jade Power Trust	$ 800,444	$ (800,444)	$ –	$210,625	$(210,625)	–	$ –
Northland Power Inc.	1,871,864	–	1,871,864	333,794	130,900	464,694	1,407,170
OntarioCo	316,559	–	316,559	39,822	16,996	56,818	259,741
Scotian Windfields	1,598,626	–	1,598,626	183,839	95,916	279,755	1,318,871
Switch Power	282,015	76,680	358,695	5,789	31,982	37,771	320,924
NOMAD	–	932,665	932,665	–	34,713	34,713	897,952
Revolve	–	73,155	73,155	–	2,309	2,309	70,846
Teichos Energy (note 4(f))	1	–	1	–	–	–	1
Switch Solar	–	16,008	16,008	–	400	400	15,608
Revolve Cancun	–	17,604	17,604	–	–	–	17,604
Total	$4,869,509	$ 315,668	$5,185,177	$773,869	$ 102,591	$ 876,460	$4,308,717

(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 7.57% - 8.56%) applicable to the term of each cash flow and average annual inflation rate of 3.5%.

(b) 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.

(c) 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.

(d) 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.

(e) 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 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.

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 as of December 31, 2023 under Stage-3 of ECL.

As part of its assessment of ECL relating to the Switch Loans, the Company has considered various scenarios, and has assigned probabilities to those scenarios, some of which scenarios involved estimating the value of the Switch Collateral:

Scenario 1 : The Company taking control of the shares of Switch OpCo, thereby exercising its step-in rights pursuant to the Switch Collateral. Management has assigned a probability of 75% for the occurrence of this scenario.

To determine the value of the collateral under this scenario, the Company applied a combination of the cost approach for the four remaining development projects and the discounted cash flow method for the nine operating projects. For the discounted cash flow method, the following key assumptions were used: a) a discount rate of 10%; b) the projects' reduce their customer's load for 4.5 of 5 peaks used to determine Global Adjustment charges; c) Global Adjustment pricing remains constant at $432/kW-yr, as per averages provided by third party market consultants; d) terminal value of 30% of gross CAPEX for each project; and e) it takes 6 months for the Company to exercise its step-in rights for Switch OpCo

Scenario 2 : Switch Power or the Company selling Switch OpCo's assets to use the sale proceeds for repaying the Switch Loans. Based on the best available information and high-level discussions with potential buyers, currently various bids fall in proximity of $7.5 million, comprising of $5.8 million for the Operating Projects, and $1.7 million for the Development Projects. The Company has assigned a probability of approximately 5% to this scenario.

Scenario 3 : The Company extends the maturity date for the Switch Loans by one year, thereby allowing Switch Power sufficient time to complete the currently planned equity financing. Under this scenario, the Company will begin to sweep all cash generated by Switch OpCo, including any cash realised from sale of Development Projects, estimated at its carrying cost $1.1 million. The Company has assigned a 10% probability to this scenario.

Scenario 4 : This scenario is a combination of both Scenario 1 and Scenario 3, whereby the Company will exercise its step-in rights if no financing is completed by Switch Power under Scenario 3. Under this scenario, the fair value of the collateral at the time of taking over (assuming 18 months), would be $9.2 million. The Company has assigned a 10% probability to this scenario.

A sensitivity analysis of the assumptions used in the aforementioned discounted cash flow valuation is provided below:

a) An increase of 100 basis points in the discount rate would result in an additional impairment loss of $258,000.

b) if the projects' reduce their customer's load for only 4 out of 5 peaks used to determine Global Adjustment charges, it would result in an additional impairment loss of $683,000.

c) if Global Adjustment pricing is reduced by 10%, it would result in an additional impairment loss of $627,000.

d) if the terminal value of the projects is reduced to 20% of gross CAPEX, it would result in an additional impairment loss of $200,000.

e) if takes 12 months for the Company to exercise its step-in rights for Switch OpCo instead of 6 months, it would result in an additional impairment loss of $89,000.

(f) 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.

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

(g) 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 risk 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% under Stage-2 of ECL.

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

(h) *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 (the "NOMAD 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 NOMAD Royalty.

(i) *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 ReVolve Loan is secured by, among other things, a pledge of the shares of the entity that holds the projects 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 related to the projects (collectively referred herein as the "Revolve Collateral").

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

(j) 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%.

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 as of December 31, 2023. 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.

The Switch loans are secured by, among other things, a pledge of the shares of Switch Solar Corp. 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 Solar Collateral").

Scenario 1 : The Company taking control of the shares of Switch Solar Corp. thereby exercising its step-in rights pursuant to the Switch Solar Collateral. Management has assigned a probability of 35% for the occurrence of this scenario.

To determine the value of the collateral, the Company used the discounted cash flow method, using the following key assumptions: a) a discount rate of 7%; b) remaining operating life of 22 years from December 31, 2023; c) the project generates 440 MWh in 2024, degrading at 0.4% per annum thereafter.

Scenario 2 : Switch Power or the Company selling Switch Solar Corp's assets for using the sale proceeds for repaying the Switch Solar Loan. Based on the best available information and high-level discussions with potential buyers, currently various bids fall in proximity of $1 million. The Company has assigned a probability of 5% to this scenario.

Scenario 3 : The Company extends the maturity date for the Switch Solar Loan by 6 months, thereby allowing Switch Power sufficient time to complete the currently planned equity financing. Under this scenario, the Company will begin to sweep all cash generated by Switch Solar Corp. The Company has assigned a probability of 60% to this scenario.

In the event that Switch is unable to complete its financing, the ownership of SPOSOC would revert to the Company at the end of the extension.

(Expressed in Canadian Dollars, unless otherwise stated)

A sensitivity analysis of the assumptions used in the aforementioned discounted cash flow valuation is provided below

a) An increase of 100 basis points in the discount rate would result in an additional impairment loss of $21,000.

b) If the operating life is reduced by 5 years, it would result in an additional impairment loss of $11,000.

c) If the project generates 10% less energy than expected, it would result in an additional impairment loss of $53,000.

(k) 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.

The security on the OCEP Loan includes second priority lien on the project and on stored natural gas.

(l) 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 in early 2023. 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 ReVolve Cancun Loan is secured by, among other things, a pledge of the shares of the entity that holds the projects 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 related to the projects (collectively referred herein as the "Revolve Cancun Collateral").

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

(m) 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 ("Delta"), a provider of energy efficiency solutions to customers in Puerto Rico, to support the procurement and installation of energy efficiency equipment in Puerto Rico. Pursuant to, and concurrently with, the Delta Loan Agreement, PR Invest also entered into a revenue sharing agreement (the "Delta Revenue Sharing Agreement") with Delta Energy Partners. 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, pursuant to the Delta Revenue Sharing Agreement, 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:

Pursuant to the Delta Loan Agreement, an initial cash advance of US$0.4 million was provided in November 2022, and a second advance of US$0.6 million was provided in the first quarter of 2023 and $0.18 million was advanced in May 2023. As of December 31, 2023, the Company has provided cash advances totaling US$1.18 million to Delta.

(Expressed in Canadian Dollars, unless otherwise stated)

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.

The Delta Loan is secured by, among other things, a pledge of the shares of the entity that holds the projects in favor of the Company and a general security agreement providing the Company with a security interest over the borrower's assets(collectively referred herein as the "Delta Collateral").

The Company regularly assesses the timing of future drawdowns relating to the Delta Loan, and any change in expected timing is accounted as a change in accounting estimate, with any impact on finance income recorded in the current period. During the year ended December 31, 2023, the Company recorded $1,017,021 (December 31, 2022: $0) in finance income as a result of the aforementioned change in accounting estimate.

(n) Teichos Loan 2

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

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

Repayment by Teichos Energy

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

(o) AlbertaCo

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

(Expressed in Canadian Dollars, unless otherwise stated)

(p) CleanLight

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

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

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

The Company also received an irrevocable right, for a five year period, under a warrants agreement with CleanLight (the "CleanLight Warrants") to purchase up to 7% of CleanLight's common shares at an exercise price of 673,063,128 Chilean Pesos ("CLP").

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

The CleanLight Loan is secured by, among other things, a pledge of the shares of CleanLight in favor of the Company, an Intellectual Property pledge and Inventory pledge over CleanLight's industrial and intellectual property and inventory and moveable assets respectively (collectively referred herein as the "CleanLight Collateral").

Allocation of cash consideration provided to CleanLight:

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

(i) At initial recognition, the fair value of the CleanLight Warrants was determined using the Black-Scholes Option Valuation model and the following assumptions: risk-free interest rate of 3.8%; expected annual volatility of 50%; exercise price of CLP 670 million ($1,037,000); fair value of the underlying equity interest of US$350,000 ($462,000); and time to expiry of 5 years.

(Expressed in Canadian Dollars, unless otherwise stated)

5 . DERIVATIVE FINANCIAL ASSET

Continuity of derivative financial asset	Note		CleanLight Warrants
Balance at January 1, 2022 and 2023		$	–
Initial recognition	4(p)		117,818
Gain (loss) on revaluation of derivative financial asset			(13,462)
Balance at December 31, 2023 (i)		$	104,356

(i) On the 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 3.12%; expected annual volatility of 50%; exercise price of CLP 670 million ($1,042,000); fair value of the underlying equity interest of US$350,000 ($464,000) ; and time to expiry of 4.58 years.

6 . 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.

7 . EQUITY ACCOUNTED INVESTMENT

Year ended December 31, 2023	Note		RER US 1 LLC 7(a)		Total
Beginning balance		$	1	$	1
Ending balance		$	1	$	1

Year ended December 31, 2022	Note		RER US 1 LLC 7(a)		OCEP Invest LLC 7(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, 2023, there was no change in the Company's interest in RER US.

(b) OCEP Invest LLC

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

8 . AMOUNTS RECEIVABLE AND PREPAID EXPENSES

	Note		December 31, 2023		December 31, 2022
Accrued revenue		$	219,633	$	166,593
Prepaid expenses					55,707
Other amounts receivable			273,608		3,644
Total		$	493,241	$	225,944

9 . GREEN BONDS

In August 2020, the Company announced the inaugural public offering (Green Bonds Public Offering) of its Series-1 6% Green Bonds under available exemptions from the prospectus requirement, including the offering memorandum exemption. Series-1 Green Bonds mature on various dates in the fourth quarter of 2025 and the first quarter of 2026. 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 6% Green Bonds, issuing 5,166 Green Bonds denominated in Canadian Dollars and 4,000 Green Bonds denominated in (US$1,000) United States dollars. Series-2 Green Bonds will mature in December 2026.

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

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

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

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

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

Senior Secured Green Bonds	Note	Year ended December 31, 2023	Year ended December 31, 2022
Beginning balance		$ 19,442,949	$ 18,702,484
Net proceeds from Green Bond – Series-3 Public Offering (brokered)			
Aggregate gross proceeds from issuance of Green Bonds		7,097,042	–
Cash commission		(496,793)	–
		6,600,249	–
Net proceeds from Green Bond – Series-3 Private Placement (non-brokered)			
Aggregate gross proceeds from issuance of Green Bonds		11,003,710	–
Advisory fees		(769,524)	–
		10,234,186	–
Financing costs			
Legal and professional fees		413,635	9,595
Fair value of compensation warrants (note 11) issued pursuant to:			
Series-3 Public Offering	12(b)	75,000	
Series-3 Private Placement	12(b)	114,000	–
		(602,635)	(9,595)
Amortization of financing costs		711,025	384,860
Foreign exchange translation difference		(155,274)	365,200
Ending balance (i)		$ 36,230,500	$ 19,442,949
Carrying amount of the Green Bond liability by series:			
Series-1 6% Green Bonds		9,806,512	9,610,422
Series-2 6% Green Bonds		9,898,496	9,832,527
Series-3 9% Green Bonds		16,525,492	–
Ending balance (i)		$ 36,230,500	$ 19,442,949

(i) Includes USD-denominated Green Bonds for an aggregate principal sum of US$5,242,000 (note 18(c))

Pursuant to the Green Bonds indenture, the Company is required to maintain, with the Bond Trustee, a deposit equivalent to interest payments for six months. The balance of the interest reserve account is as follows:

	December 31, 2023	December 31, 2022
Interest reserve account	$ 1,431,996	$ 579,960

(Expressed in Canadian Dollars, unless otherwise stated)

10 . CONVERTIBLE NOTES

(a) 2020 Unsecured Convertible Notes

	Year ended December 31, 2023	Year ended December 31, 2022
Beginning balance	$ 2,045,468	$ 1,813,642
Accrued interest, accretion, and amortization	16,902	231,826
Less: Repayment of convertible notes	(2,062,370)	–
Ending balance	$ –	$ 2,045,468

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.

11 . 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.

(Expressed in Canadian Dollars, unless otherwise stated)

12 . RESERVES

	Note	December 31, 2023	December 31, 2022
Share-based payment reserve	12(a)	$ 1,707,126	$ 1,392,973
Share warrants reserve	12(b)	600,913	411,913
Other reserves		87,000	87,000
Foreign currency translation reserve	12(c)	163,895	350,295
Total reserves		$ 2,558,934	$ 2,242,181

(a) Share-based payment reserve

Share-based payment expense

	Year ended 2023	Year ended 2022
Expense arising from equity-settled share-based payment transactions		
Share purchase options	$ 131,839	$ 40,000
Deferred Share Units ("DSUs")	104,520	–
Restricted Share Units ("RSUs")	173,564	–
	409,923	40,000
Expense arising from cash-settled share-based payment transactions	(5,296)	49,010
Total	$ 404,627	$ 89,010

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.

Share purchase options

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, 2023 Number of Options	Year ended December 31, 2023 Weighted average exercise price	Year ended December 31, 2022 Number of Options	Year ended December 31, 2022 Weighted average exercise price
Outstanding Options – beginning balance	1,585,000	$ 1.29	2,645,000	$ 1.10
Granted(i)	960,000	$ 0.65	–	$ –
Expired	(135,000)	$ (1.00)	(1,060,000)	$ (0.80)
Outstanding Options – ending balance	2,410,000	$ 1.05	1,585,000	$ 1.29
Options Exercisable – ending balance	1,738,000	$ 1.21	1,585,000	$ 1.29

(i) Weighted average fair value of the options granted in the current year was determined to be $0.18 per option, using the Black-Scholes pricing model and based on the following assumptions: risk-free interest rate of 3.37%; expected volatility of 50.71%; underlying market price of $0.67 per share; time to expiry of 3 years; and dividend yield of 5.97%.

(Expressed in Canadian Dollars, unless otherwise stated)

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

Remaining contractual life of share purchase options

	December 31, 2023		December 31, 2022	
Exercise price	Number of Options	Weighted average remaining contractual life	Number of Options	Weighted average remaining contractual life
$ 1.32	1,450,000	1.61	1,450,000	2.61
$ 1.00	–	–	135,000	0.95
$0.65	960,000	2.33	–	–
	2,410,000	1.90	1,585,000	2.47

Deferred share units and restricted share units

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 prior year as cash-settled share-based payment as it intended 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, 2023		Year ended December 31, 2022	
	DSUs	RSUs	DSUs	RSUs
Outstanding at the beginning of the year	24,501	38,011	–	–
Granted during the year (i)	156,000	471,000	24,501	38,011
Settlement during the year	–	(195,011)	–	–
Outstanding at the end of the year	180,501	314,000	24,501	38,011
Units vested – ending balance	180,501	157,000	–	–

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

The liability for the cash settled DSUs for the current year is $12,318 (December 31, 2022 - $49,010).

(Expressed in Canadian Dollars, unless otherwise stated)

(b) Share purchase warrant reserve

	Year ended 2023	Year ended 2022
Opening Balance	$ 411,913	$ 236,913
Add: Warrants issued	189,000	175,000
Less: Warrants exercised	–	–
Closing balance	$ 600,913	$ 411,913

The continuity of the Company's share purchase warrants for the year ended December 31, 2023 is as follows:

Expiry date	Exercise price	January 1, 2023	Warrants issued	Warrants exercised	Warrants expired	December 31, 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 9), and their weighted average fair value as of the date of issuance was $0.2296 per warrant, which fair value was determined using the Black-Scholes Option Valuation model and the following assumptions: weighted average risk-free interest rate of 3.45% ; expected volatility of 55%; exercise price of $0.75; underlying weighted average market price of $0.76 per share; and time to expiry of 3 years.

The continuity of the Company's share purchase warrants for the 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 2022	$ 1.33	245,955	–	–	(245,955)	–
October 2022	$ 1.44	86,083	–	–	(86,083)	–
December 2022	$ 1.48	92,595	–	–	(92,595)	–
March 2023	$ 1.25	17,472	–	–	–	17,472
June 15, 2024 (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 11(a)).

(ii) These represent the warrants issued to the underwriters for the Public offering (note 11(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: weighted average risk-free interest rate of 3.25% ; expected volatility of 53%; exercise price of $0.82; underlying weighted average market price of $0.85 per share; and time to expiry of 2 years.

(c) Foreign currency translation reserve

Foreign exchange translation reserve relating to foreign operations	Year ended 2023	Year ended 2022
Opening Balance	$ 350,295	$ 54,874
Foreign exchange gain (loss) arising from foreign operations during the year	(186,400)	295,421
Closing balance	$ 163,895	$ 350,295

(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, 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
October 11, 2023	November 1, 2023	November 22, 2023	0.01		431,276
		Total	$ 0.04	$	1,725,104
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

See Note 19(a) for the cash distribution declared after the end of the current reporting period.

13 . FINANCE EXPENSES

	Year ended December 31, 2023	2022
Finance expenses relating to the Green Bonds (note 9)		
Interest expense	$ 2,692,456	$ 1,234,172
Amortization of capitalized finance costs	711,025	384,860
Other expenses	7,382	11,176
	3,410,863	1,630,208
Finance expenses relating to the 2020-Convertible Note (note 10)		
Interest expense	15,410	186,087
Accretion and amortization of capitalized finance costs	1,492	45,739
	16,902	231,826
Interest on lease liability	4,900	6,263
Total	$ 3,432,665	$ 1,868,297

14 . NON-CONTROLLING INTERESTS

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

Continuity of Non-Controlling Interests	Note	Year ended December 31, 2023	2022
Beginning balance		$ 582,246	$ –
Initial recognition upon change of control	4(k)	–	299,300
Net income		810,766	282,209
Other comprehensive income		(26,212)	16,475
Distributions to non-controlling interests		(123,358)	(15,738)
Ending balance		$ 1,243,442	$ 582,246

(Expressed in Canadian Dollars, unless otherwise stated)

Information relating to FP OCEP Invest LLC	December 31, 2023		December 31, 2022	
	Total	NCI's share	Total	NCI's share
Non-current assets	$ 2,561,459	$ 1,090,439	$ 6,475,669	$ 550,936
Current assets	4,609,956	153,003	241,081	31,310
Non-current liabilities	–	–	–	–
Current liabilities	–	–	–	–
Net assets	$ 7,171,415	$ 1,243,442	$ 6,716,750	$ 582,246
Finance income	$ 1,810,302	$ 810,766	$ 630,205	$ 282,209
Net income	$ 1,810,302	$ 810,766	$ 630,205	$ 282,209
Total other comprehensive income	$ 1,639,026	$ 784,554	$ 932,945	$ 298,684

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

Continuity of Non-Controlling Interests	Note	Year ended December 31, 2023	2022
Beginning balance		$ 21,007	$ –
Initial recognition	4(m)	21,022	10,656
Net income		501,964	10,163
Other comprehensive income		(18,818)	188
Distributions to non-controlling interests		(16,555)	
Ending balance		$ 508,620	$ 21,007

Information relating to FP Puerto Rico Invest LLC	December 31, 2023		December 31, 2022	
	Total	NCI's share	Total	NCI's share
Non-current assets	$ 2,627,595	$ 493,436	$ 552,316	$ 19,611
Current assets	215,268	15,184	50,769	5,927
Non-current liabilities	–	–	–	–
Current liabilities	–	–	(38,938)	(4,531)
Net assets	$ 2,842,863	$ 508,620	$ 564,147	$ 21,007
Finance income	$ 1,417,875	$ 501,964	$ 22,057	$ 10,163
Net income	$ 1,417,875	$ 501,964	$ 22,057	$ 10,163
Total other comprehensive income	$ 1,367,872	$ 483,146	$ 31,387	$ 10,351

15 . RELATED PARTY TRANSACTIONS

Transactions relating to the Company's interest in an associate and joint venture are disclosed in Note 7. 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.

(Expressed in Canadian Dollars, unless otherwise stated)

Transactions with KMP were as follows:

	Year ended December 31,	
Remuneration for services rendered	2023	2022
Short-term employment benefits (i)	$ 474,000	$ 401,000
Equity-settled share-based compensation	25,200	40,000
Cash-settled share-based compensation	(5,296)	49,010
Total	$ 493,904	$ 490,010

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

16 . 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, 2023 and 2022, 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.

17 . INCOME TAXES

(a) Provision for current and deferred tax

The following current and deferred income tax expenses relate to the income earned by the Company's wholly owned subsidiary, RE Royalties (USA) Inc., which owns equity interest in FP OCEP Invest, LLC and FP Puerto Rico Invest, LLC (note2(b)):

	Year ended December 31,	
	2023	2022
Current income tax expense	$ 265,522	$ 82,000
Deferred income tax expense (recovery)	(25,266)	129,000
Total income tax expense	$ 240,256	$ 211,000

(Expressed in Canadian Dollars, unless otherwise stated)

(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, 2023	2022
Net loss before income tax	$ 1,570,646	$ 222,816
Total income tax expense	240,256	211,000
Net loss after income tax	$ 1,810,902	$ 433,816
Income tax recovery using the Company's tax rate	$ (424,000)	$ (60,000)
Non-deductible expenses and other	(352,744)	(454,000)
Difference in tax rate	(9,000)	6,000
Change in unrecognized temporary differences	1,026,000	719,000
Total	$ 240,256	$ 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	$ 1,359,000	$ 1,067,000
Deferred income tax liabilities with respect to secured loans, royalty interests, and Green Bonds	(1,463,000)	(1,196,000)
Net deferred tax asset (liability)	$ (104,000)	$ (129,000)

	At December 31, 2023	2022
Unused non-capital loss carry forwards	$ 11,518,000	$ 6,487,000

As at December 31, 2023, 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	–	2,344,000
After 5 years	4,920,000	2,755,000
No expiry date	–	420,000
Total	$ 4,920,000	$ 5,519,000

18 . 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.

(Expressed in Canadian Dollars, unless otherwise stated)

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 group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing expected credit losses
Performing	The counterparty has a low risk of default and does not have any past due amounts	Stage 1 - 12-month ECL
Doubtful	There has been a significant increase in credit risk	Stage 2 - Lifetime ECL - not credit impaired
In default	There is evidence indicating the asset is credit impaired	Stage 3 - Lifetime ECL - credit impaired
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery	Amount is written off

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, 2023. 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
Secured loans, other than mentioned below (i)	4	1	$ 22,094,965	$ –	$ 22,094,965
Switch Power	4(e)	3	9,003,347	(1,017,221)	7,986,126
Switch Solar	4(j)	3	1,442,200	(210,275)	1,231,925
FuseForward Solutions	4(g)	3	3,551,279	(3,551,279)	–
			13,996,826	(4,778,775)	9,218,051
Total			$ 36,091,791	$ (4,778,775)	$ 31,313,016

(i) Considering a negligible probability of default, as well as collateral available to the Company, no ECL provision has been recorded for the secured loans classified under stage 1.

The movement in allowance for impairment for loans at amortised cost during the year are as follows:

	2023			
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
Balance at January 1, 2023	–	473,000	–	473,000
FuseForward Solutions	–	–	3,078,279	3,078,279
Switch Power	–	–	1,017,221	1,017,221
Switch Solar	–	–	210,275	210,275
Total	-	473,000	4,305,775	4,778,775

(Expressed in Canadian Dollars, unless otherwise stated)

	2022			
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
Balance at January 1, 2022	–	–	–	–
FuseForward Solutions	–	473,000	–	473,000
Switch Power	–	–	–	–
Switch Solar	–	–	–	–
Total	-	473,000	–	473,000

(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, 2023		Contractual Cash Flows(i)			
	Carrying Amount	Total	Less than 12 months	Between 1 - 3 years	Between 4 - 5 years
Green Bonds(ii)	$ 36,230,500	$ 48,343,614	$ 2,868,448	$ 25,642,633	$ 19,832,533
Lease liability	52,609	57,368	25,188	32,180	–
Trade payables and accrued liabilities	492,101	492,101	492,101	–	–
Total	$ 36,775,210	$ 48,893,082	$ 3,385,736	$ 25,674,813	$ 19,832,533

(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 cash is summarized as follows:

		December 31, 2023		December 31, 2022	
	Note	US Dollars	Canadian Dollars	US Dollars	Canadian Dollars
Cash	3	$ 7,614,528	$ 10,086,965	$ 4,061,396	$ 5,504,816
Secured Loans	4	14,016,263	18,567,344	10,621,893	14,396,914
		21,630,791	28,654,309	14,683,289	19,901,730
Green Bonds	9	(5,242,000)	(6,944,077)	(4,000,000)	(5,421,600)
Net exposure		16,388,791	$ 21,710,232	10,683,289	$ 14,480,130
Less: Cash and Secured loans held in foreign operations		(8,317,705)	(11,018,464)	(5,496,261)	(7,280,897)
Net exposure, excluding foreign operations		$ 8,071,086	$ 10,691,768	$ 5,187,028	$ 7,199,233
Exchange rate as of the reporting date (Canadian Dollar per US Dollar)			$ 1.3247		$ 1.3554

The average exchange rate for the year ended December 31, 2023 is $1.3495. The average exchange rate for the 12 months ended December 31, 2022 was $1.3017.

Sensitivity

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	$ 217,000	$ 145,000
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	$ 110,000	$ 73,000

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

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

(d) Interest rate risk

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

The Company is subject to interest rate cash flow risk with respect to its investments in cash and cash equivalents and restricted cash. The Company's policy is to invest cash at 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 $11,000 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).

(Expressed in Canadian Dollars, unless otherwise stated)

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 following table sets forth the Company's financial assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy as at December 31, 2023 and December 31, 2022:

Year ended December 31, 2023

	Total	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
ASSETS				
Secured loans - FVTPL	$ 927,633	$ –	$ –	$ 927,633
Derivative financial asset	$ 104,356	$ –	$ –	$ 104,356
LIABILITIES				
Cash-settled share-based payment liability	$ 12,318	$ 12,318.00	$ –	$ –
Total	$ 1,044,307	$ 12,318.00	$ –	$ 1,031,989

Year ended December 31, 2022

	Total	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
ASSETS				
Secured loans - FVTPL	$ 956,123	$ –	$ –	$ 956,123
Derivative financial asset	$ –	$ –	$ –	$ –
LIABILITIES				
Cash-settled share-based payment liability	$ 49,010	$ 49,010	$ –	$ –
Total	$ 1,005,133	$ 49,010	$ –	$ 956,123

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

(Expressed in Canadian Dollars, unless otherwise stated)

Aeolis Loan

The Aeolis Loan is classified as a financial asset at fair value through profit and loss (note 4). At December 31, 2023, the fair value of the Aeolis Loan was determined by discounting future cash flows using annual discount rates in the range of 7.57% - 8.56% (December 31, 2022: 7.75% - 9.07%) applicable to the term of each cash flow and average annual inflation rate of 3.5% (December 31, 2022: 3.5%).

At the end of the reporting period, the fair value measurement of the Aeolis Loan (note 4) has been categorized within level 3 of the fair value hierarchy. The Company has assessed the fair value of the instrument based on a valuation technique using unobservable discounted future cash flows. Significant inputs used in the valuation of the Aeolis Loan that are not observable market data were the credit spread and other elements constituting the discount rates and inflation rates used; these inputs require judgement. An increase in average future annual inflation rate used in valuation of the Aeolis Loan from 3.5% to 3.6% would increase its fair value by approximately $2,400.

Reconciliation of Level 3 fair value measurements of financial instruments

	Amount
Balance at January 1, 2022	1,049,041
Total gains or losses:	
- in profit or loss	13,812
- in other comprehensive income	
Purchases	-
Issues	-
Cash received during the year	(106,730)
Transfers out of level 3	-
Transfers into level 3	-
Balance at January 1, 2023	956,123
Total gains or losses:	
- in profit or loss	81,608
- in other comprehensive income	
Purchases	-
Issues	-
Cash received during the year	(110,098)
Transfers out of level 3	-
Transfers into level 3	-
Balance at December 31, 2023	927,633

CleanLight Warrants

At the end of the reporting period, the fair value measurement of the CleanLight warrants (note 5) has been categorized within level 3 of the fair value hierarchy. The Company has assessed the fair value of the instrument based on a valuation technique using unobservable discounted future cash flows. Significant inputs used in the valuation of the CleanLight warrants that are not observable market data were the fair value of the underlying equity interest and other elements constituting the volatility used; these inputs require judgement. An increase in volatility used in valuation of the CleanLight warrants from 50% to 60% would increase its fair value by approximately $40,000. A 10% increase in fair value of the underlying equity interest used in valuation of the CleanLight warrants would increase its fair value by approximately $22,000.

(Expressed in Canadian Dollars, unless otherwise stated)

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 Green Bonds.

At the end of the current reporting period, the Company was required to maintain a debt to equity ratio of 3:1 under certain covenants in the Green Bonds indenture (note (9)), 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 2023, the Company was in compliance with all debt covenants.

19 . 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 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
		Total		$ 865,240

(b) Loan and royalty agreement with Clean Communities Corporation

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 will receive a structuring fee of 1.5% on the Clean Communities Loan value at closing. The Company will receive a gross revenue royalty of 5.0% on the Project for 20 years after reaching commercial operations.

The transaction will deploy 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.

(c) Loan and royalty agreement to support Revolve's acquisition of 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 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.

(d) Nomad Loan repayment (note 4(h))

In March 2024, the NOMAD made an early repayment of the five-year US$5.6 million NOMAD Loan including the outstanding interest. The Company will continue to receive a gross revenue royalty of 3.5% on the sale of NOMAD units and an additional gross revenue royalty of 3.5% on sale of 42MWh of NOMAD's Units due to early repayment.

(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 will have a term of two years and will be secured against the assets of the Project, bear interest at 12% per annum, payable quarterly, and Revolve will pay 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.