RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023

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Cautionary Note to Investors Concerning Forward-looking Statements

This discussion includes certain statements that may be deemed "forward-looking information" or "forward-looking statements" within the meaning of Canadian and United States securities law. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions of future events or performance (often, but not always, using words or phrases including, but not limited to, "expects", "does not expect", "is expected", "anticipates", "does not anticipate", "plans", "estimates", "believes", "does not believe" or "intends", or stating that certain actions, events or results may, could, would, might or will be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking information". This information represents predictions, and actual events or results may differ materially.

Forward-looking information may relate to the Company's future outlook and anticipated events or results and may include statements regarding the Company's financial results, future financial position, expected growth of cash flows, business strategy, budgets, projected costs, projected capital expenditures, taxes, plans, objectives, industry trends and growth opportunities. Forward-looking information contained in this discussion is based on certain assumptions regarding expected growth, results of operations, performance, industry trends and growth opportunities. In some cases, forward-looking information contained herein are based upon information received from or disseminated by third parties.

While management considers these assumptions to be reasonable, based on information available, they may prove to be incorrect. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to risks associated with general economic conditions; adverse industry events; marketing costs; loss of markets; future legislative and regulatory developments involving the renewable energy industry; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; the renewable energy industry generally; income tax and regulatory matters; the ability of the Company to implement its business strategies including expansion plans; competition; currency and interest rate fluctuations; and the other risks discussed under the heading "Risk Factors" in this MD&A. The foregoing factors are not intended to be exhaustive.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date hereof and the Company and its directors, officers and employees disclaim any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, you should not place undue reliance on forward-looking statements due to the inherent uncertainty therein. All forward-looking information is expressly qualified in its entirety by this cautionary statement. Forward-looking information and other information contained herein concerning management's general expectations concerning the renewable energy industry are based on estimates prepared by management using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which management believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While management is not aware of any misstatements regarding any industry data or comparables presented herein, industry data and comparables are subject to change based on various factors. The Company has not independently verified any of this data from independent third party sources.

Any forward-looking statements contained in this discussion are made as of the date hereof and the Company does not undertake to update or revise them, except as may be required by applicable securities law.

1.1 DATE AND BASIS OF PRESENTATION

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements of RE Royalties Ltd. ("RER" or the "Company") for the three and nine months ended September 30, 2023 (the "Financial Statements") and the audited consolidated financial statements of the Company for the year ended December 31, 2022 and related MD&A (the "Annual MD&A") as publicly filed on SEDAR+ at www.sedarplus.ca.

The Company reports in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The following disclosure and associated Financial Statements are presented in accordance with IFRS. All monetary amounts herein are expressed in Canadian Dollars ("CAD"), unless stated otherwise. Included throughout this MD&A are references to non-GAAP performance measures for which further explanation including their calculations are provided herein under section *1.5.1*.

This MD&A is prepared as of November 21, 2023.

1.2 OVERVIEW

Description of Business

RE Royalties Ltd., is a public company whose common shares are listed on the TSX Venture Exchange ("TSXV"), under the trading symbol "RE". The Company's common shares are also traded under the symbol RROYF on the OTCQX Best Market ("OTCQX"), which is the highest market tier operated by OTC Markets Group Inc.

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 provides short-term loans and acquires revenue-based royalties from renewable energy companies by providing a non-dilutive royalty financing solution to privately held and publicly traded renewable energy companies. The Company's business objectives are to acquire a portfolio of long-term, stable, and diversified renewable energy royalty streams to provide shareholders with capital appreciation and a growing, sustainable, long-term cash distribution.

Management has identified an underserviced segment in the renewable energy capital markets that lies between traditional debt and equity financing. For small to medium-sized renewable energy companies ("SMREs"), a revenue-based royalty financing has many advantages with respect to flexibility, cost and contractual terms.

Traditional royalty-based financing has been used extensively in the North American natural resource, consumer service, industrial manufacturing, healthcare, music and food sectors. Management believes that there is significant demand among SMREs for non-dilutive royalty-based financing solutions due to a lack of innovation in the financing for renewable energy projects.

The Company's long-term objectives will be achieved by:

- Acquiring long-term renewable energy generation royalty streams backed by power purchase agreements or other revenue programs from credit worthy utilities and/or facilities which operate in strong merchant markets with stable power pricing;
- Acquiring renewable energy royalties in high-growth areas of the low carbon energy sector including clean transportation, energy storage, and energy efficiency that are backed by offtake arrangements or customer sales and/or lease contracts from credit worthy counterparties;
- Reinvesting capital to acquire new royalties and to grow royalty income and interest;
- Utilizing debt financing and/or co-investment structures to acquire additional royalties in order to enhance financial returns for shareholders; and
- Maintaining a low operating cost structure.

1.2.1 HIGHLIGHTS

The Company continues to expand on its portfolio of loans and revenue-based royalties from renewable energy projects.

The following are the highlights of various transactions completed and key corporate events that took place during the current fiscal year (to the date of this MD&A), with further detailed discussions and analysis, including their impact on the Company's financial results, provided herein under respective sections.

Quarter ended	Transactions and events
Since September 30, 2023 to the date of this MD&A	On October 11, 2023, the Company announced that its Board of Directors declared a dividend for the third quarter ending September 30, 2023.
September 30, 2023 **(2023/Q3)**	On September 30, 2023, the Company entered into a loan agreement with Revolve Acquisition Corp. to finance the acquisition of WindRiver Power Corporation. On August 8, 2023, the Company announced that it had entered into a loan agreement, a royalty acquisition agreement and a warrants agreement with CleanLight. On July 12, 2023, the Company announced that its Board of Directors declared a dividend for the second quarter ending June 30, 2023.
June 30, 2023 **(2023/Q2)**	On May 25, 2023, the Company announced that it had acquired a royalty on 100MW of output from a wind project located in Alberta, Canada. On May 10, 2023, Teichos Energy repaid the loans provided by the Company, and also bought back the royalty interests in the Jackson Center Solar Projects. On May 1, 2023, the Company granted share-based awards to its directors, officers, employees and consultants. On April 13, 2023, the Company announced that its Board of Directors declared a dividend for the first quarter ended March 31, 2023.
March 31, 2023 **(2023/Q1)**	During the course of the quarter ended March 31, 2023, the Company completed a marketed public offering and a non-brokered private placement offering of its Green Bonds and raised gross proceeds of $16.42 million Canadian dollars and $1.24 million United States dollars. On February 6, 2023, the Company announced the acquisition of an additional gross revenue royalty on the Jackson Center Solar Project Phase 2. On January 10, 2023, the Company announced that its Board of Directors declared a dividend for the fourth quarter ended December 31, 2022.

1.2.2 MARKETED PUBLIC OFFERING AND PRIVATE PLACEMENT OF SERIES 3 SECURED GREEN BONDS

The Company announced a marketed public offering (the "Public Offering") in December 2022 and a non-brokered private placement offering (the "Series-3 Private Placement") of Green Bonds on January 27, 2023, to raise gross proceeds of up to $20,000,000 Canadian dollars (together the Public Offering and Series-3 Private Placement, the "Offering") of Series 3 secured Green Bonds (the "Series-3 Green Bonds"). These bonds are issued under a supplemental trust indenture to the Company's existing green bond trust indenture dated August 10, 2020, as amended, with Western Pacific Trust Company, as trustee. The Series 3 Green Bonds have a term of five years and bear interest at a rate of 9% per annum, payable quarterly, and are senior obligations of the Company and secured against the Company's portfolio of royalty and loan investments.

The Public Offering was conducted in each of the provinces of Canada (other than Quebec) by way of prospectus supplement (the "Prospectus Supplement") to the Company's short form base shelf prospectus dated June 17, 2021.

The Offering was led by Canaccord Genuity Corp. and Integral Wealth Securities Limited as the agents. The Offering is RE Royalties third green bond financing, following its 2020 inaugural Series 1 offering of $10.2 million principal amount of green bonds and 2021 Series 2 offering of $5.2 million and US$4.0 million.

The Company intends to use the net proceeds from the Offering to acquire revenue-based royalties and/or provide loans to privately held and publicly traded renewable energy companies. The Company has prepared and published a Green Bond Framework that is aligned with the International Capital Market Association Green Bond Principles (2018).

During the first quarter of 2023, the Company completed its Offering of Series-3 Green Bonds and issued a total of 16,423 Canadian dollar denominated Green Bonds for aggregate gross proceeds of $16,423,000 and 1,242 United States dollar denominated Green Bonds for aggregate gross proceeds of US$1,242,000.

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

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

1.2.3 REPAYMENT OF CONVERTIBLE NOTES

In February 2020, the Company issued a series of unsecured convertible notes ("2020-Convertible Notes") to certain arm's-length parties for aggregate gross proceeds of $1.6 million. The 2020-Notes had a term of 36 months and accrued interest at 8% per annum, compounded annually but payable at maturity. The 2020-Convertible Notes was 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.

1.2.4 RENEWABLE ENERGY ROYALTY INVESTMENTS

For a detailed description of each royalty investment transaction completed prior to January 1, 2023, refer to the Company's Annual Information Form ("AIF") for the year ended December 31, 2022 as publicly filed on SEDAR+ at http://www.sedarplus.ca. This MD&A only includes changes and events during the current year to the date this MD&A.

As of the date hereof, the Company owned a portfolio of 113 royalties on various solar, wind, battery storage, energy efficiency and renewable natural gas projects operating or in development in Canada, the United States, Mexico and Chile. A summary of the Company's portfolio of royalty interests is as follows:

Client	Location	# of Royalties	Expected Expiration/ Term	Royalty as % of Revenue	Energy Type	Status	Generating/ Storage Capacity	Original Investment (C$ million)
Signed but pending to be closed 2023 to the date hereof								
Revolve WindRiver	AB, BC Canada	3	11 to 35 years	0.5 - 1%	Wind Hydro	Operational	23 MW	$ 4.00
Completed during 2023 to the date hereof								
CleanLight [(d)]	Chile	1	10 years	5%	Solar Battery	Operational	1.7 MW	$ 4.35[(c)]
AlbertaCo	AB, Canada	1	11 Years	$0.40/ MWh	Wind	Operational	100 MW	$ 0.94
Completed during 2022								
Delta Energy Partners[(d)]	PR, USA	1	2035	Fixed[(c)] $206,976 per year	Energy Efficiency	Construction	Not applicable	$5.33[(c)]
Revolve (Cancun)	Mexico	3	2033	5%	Battery Storage	Construction	1.9 MW	$1.9
Switch Power (Solar) [(e)]	ON, Canada	1	2035	1%	Solar	Operational	0.38 MW	$1.3
Revolve (Solar)	Mexico	6	2030-2033	Up to 5%	Solar	Operational	2.4 MW	$1.6
NOMAD	VT, USA	6	2027	3.5%	Battery storage	Operational	3.5 MW	$ 7.58[(c)]
OCEP	WI, USA	1	2035	Fixed[(c)] $242,880 per year	Renewable Natural Gas	Operational	2 MW (equiv.)	$ 6.01[(c)]
Completed before 2022								
Switch Power 1[(e)]	ON, Canada	4	2031-2033	5% - 3%	Battery storage	Operational	2 MW	$ 2.31
Switch Power 2 & 3[(e)]	ON, Canada	9	2033-2035	5% - 3%	Battery storage	Partially operational	19 MW	$ 5.07
FuseForward Solutions	BC, Canada	1	2031	Fixed $284,000 per year	Energy Efficiency	Operational	Not applicable	$ 3.00
Aeolis Wind	BC, Canada	1	2035	1%	Wind	Operational	102 MW	$ 1.24
OntarioCo[(a)]	ON, Canada	59	2040	2%	Solar	Operational	18 MW	$ 5.00
Northland Power Inc.	ON, Canada	4	2033	1%	Solar	Operational	40 MW	$ 1.87
Scotian Windfields[(a)]	NS, Canada	12	2036	8%	Wind	Operational	40 MW	$ 4.64
Total		**113**						**$ 56.14[(b)]**

(a) As of the date of this MD&A, the Company had received full repayment of the loans advanced to a private group ("OntarioCo") ($5.0 million), and Scotian Windfields ($3.3 million). The royalties associated with these investments remain in place.

(b) As of the date of this MD&A, the total amount of investments listed above, net of repayments in (a) above, was approximately $47.84 million.

(c) Based on exchange rate of 1 US$: 1.36 C$.

(d) As of the date hereof, the Company had certain loan commitments (the "Aggregate Funding Commitments") totaling $9.88 million, as summarized below:

  (i) 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 ($3.84 million).

  (ii) 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 ($2.04 million).

  (iii) a loan commitment under the Revolve WindRiver Loan agreement to provide cash advances, subject to certain conditions precedent, for an aggregate amount of $4 million.

(e) The maturity dates of Switch Power Loan 1 and 3 as well as the Switch Power (Solar) loan were extended by approximately three months in August 2023 at interest rate of 12% for the extension period.

Impairment of Fuseforward Loan and Royalty

During the quarter ended September 30, 2023, the Company served a notice of default to Fuseforward for continued delinquency of outstanding payments and delays in Fuseforward's efforts to recapitalize its business. Due to a deterioration in overall market conditions, it became evident that various recapitalization initiatives by FuseForward were not likely to materialize in the foreseeable future. The Company has begun legal proceedings to enforce its claim as a senior secured creditor of Fuseforward to recover the amounts owed. As a result of Fuseforward's negative current working capital position, there is uncertainty surrounding its ability to continue as a going concern and ability to repay the amounts owing to the Company.

The Company concluded that the amounts receivable from FuseForward had become credit-impaired, and the value of the underlying collateral linked to the Company's investment in FuseForward was adversely affected. Due to the uncertainty, the Company has recognized a 100% allowance against the amounts receivable from FuseForward and Company recorded an impairment loss of $3,078,279.

Repayment of the loans from Teichos, and buy back of related royalties

In May 2023, the Company's loans to Teichos Energy were repaid, and the royalty interest in the Jackson Center Solar Projects was bought out as discussed below:

Buyout Date	Grantor	Location	# of Royalties	Royalty as % of Revenue	Energy Type	Status	Generating Capacity	Buyout Proceeds (C$)*
May 2023	Teichos Energy	PA, USA	1	2%	Solar	Development	20 MW	$ 955,000
May 2023	Teichos Energy	PA, USA	1	1%	Solar	Development	20 MW	568,000

* These proceeds have been converted to CAD based on an exchange rate of 1 US$: 1.32 C$.

<u>Royalty-Based Investment Transactions Completed After January 1, 2023 and Before the Date Hereof</u>

A. Revolve WindRiver – Hydro and Wind – Alberta and British Columbia, Canada

In September 2023, the Company entered into an agreement with Revolve Acquisition Corp. (the "AcquisitionCo"), a wholly owned subsidiary of Revolve Renewable Power Corp. ("Revolve"), to provide a $4.0 million secured loan (the "WindRiverLoan"), subject to certain conditions precedent discussed below. Revolve is a North American renewable energy developer with 2.8 GW of wind, solar, and battery projects under development in the USA and Mexico.

The WindRiver Loan will support AcquisitionCo's proposed acquisition of WindRiver Power Corporation ("WindRiver") a Canadian based owner, operator and developer of wind and hydro projects (the "Proposed Acquisition"). WindRiver has a minority ownership (21%) in two operational run-of-river hydro projects in British Columbia, and a majority ownership (51%) in an operational wind project in Alberta with a combined gross capacity of 23 MW (the "Operational Projects"). WindRiver also has majority ownership (70 to 87.5%) in two development-stage hydro projects in British Columbia with a combined gross capacity of 90 MW.

The Operational Projects receive revenue from Power Purchase Agreements ("PPAs") with BC Hydro and the City of Medicine Hat, for the hydro projects and the wind project, respectively. The Operational Projects have PPAs with remaining terms ranging from 32-35 years for the hydro projects and 11 years for the wind project.

The Loan will have a term of 36 months and bear interest at the rate of 12% per annum, compounded monthly, and payable semi-annually. The Company will receive a structuring fee of 1.0% on the Loan value at closing, and a gross revenue royalty of 0.5% on the 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 PPAs.

This Loan represents the Company's third transaction with Revolve, with the Company previously providing Revolve with a $1.6 Million loan to support its acquisition of an operational rooftop solar portfolio in Mexico, and a $1.9 Million loan to support the procurement of battery energy storage systems for three energy storage projects in Mexico.

Completion of the Proposed Acquisition is subject to certain conditions, including the final acceptance by the TSX Venture Exchange, receipt of WindRiver shareholder approval, receipt of a final order (the "Final Order") approving the Arrangement from the Court of King's Bench of Alberta, Judicial Centre of Calgary and other customary closing conditions. As of the date hereof, the following conditions precedent to the Proposed Acquisition were completed:

- On November 7, 2023, Revolve announced that the shareholders of WindRiver approved the Proposed Acquisition.
- On November 10, 2023, Revolve further announced that the Final Order was granted by the Court of King's Bench of Alberta, Judicial Center of Edmonton.
- Revolve also confirmed, in its announcement of November 10, 2023, that it was working to satisfy the remaining conditions for the completion of the Proposed Acquisition, and that it anticipates to close the same on or about November 30, 2023.

B. CleanLight – Solar Battery – Chile, USA

In August 2023, the Company concurrently entered into a loan agreement (the "CleanLight Loan Agreement"), a royalty agreement (the "CleanLight Royalty Agreement") and a warrants agreement (the "CleanLight Warrants Agreement") with Butler Corporation SpA ("CleanLight"), a Chilean technology company and manufacturer of mobile solar-battery systems including solar lighting towers ("Solar Towers"), and solar-hybrid battery generators ("SolBox").

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

The Company also received an irrevocable right, for a five year period, under a warrants agreement with CleanLight (the "CleanLight Warrants") to purchase up to 7% of CleanLight's common shares at an exercise price of 6,232,066 Chilean Pesos ("CLP") ($1,037,000), based on the exchange rate between $ and CLP on the closing date of the CleanLight transaction).

CleanLight was founded in 2019 in response to customer needs in the mining sector for off-grid lighting and communications towers without the cost, emissions, and maintenance challenges of diesel-powered options. CleanLight's Solar Towers are priced competitively to diesel options, passing significant fuel and maintenance cost savings on to the customer in addition to environmental benefits. CleanLight has generated approximately $4 million in annual revenue, with over 550 Solar Towers sold, and has a rental fleet of over 150 units. CleanLight to date has sold over 850 Solbox units to homeowners and businesses through distribution agreements with large box stores in Latin America.

C. AlbertaCo– Wind Energy Project – Alberta, Canada

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

D. Teichos Energy – Solar Interconnection – Pennsylvania, USA

Further to the Company's existing royalty interest in Jackson Center Solar Project Phase 1 ("Jackson Center 1 Project") owned by Teichos Energy, LLC ("Teichos Energy"), in February 2023, the Company acquired a gross revenue royalty on the 27 MWDC (20 MWAC) Jackson Center Solar Project Phase 2 ("Jackson Center 2 Project"), located in Mercer County, Pennsylvania, under development by Teichos Energy.

Consequently, in addition to the existing loan for US$2.28 million (the "First Teichos Loan") provided to Teichos Energy in October 2021, the Company entered into an additional secured loan agreement (the "Second Teichos Loan") with Teichos Energy, whereby the Company provided a USD $1.84 million letter of credit ("LC") on behalf of Teichos Energy to meet their security requirement with PJM Interconnection ("PJM").

The Second Teichos Loan has an initial 6-month term and bears an interest rate of 13% per annum, compounded annually, and payable at the end of the term. The Second Teichos Loan can be extended for two additional 6-month terms. The Company has first-ranking security interest over the Jackson Center 2 Project including a lien over Jackson Center 2 Project assets, and a pledge of ownership in the Jackson Center 2 Project.

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

Repayment of Teichos Loans and sale of Jackson Center royalties

In May 2023, the Company received full repayment of the First Teichos Loan and the Second Teichos Loan from Teichos Energy, including accrued interest thereon. The Company's royalty interest in the Jackson Center Solar Projects was also bought out for US$1.15 million ($1.53 million).

Opportunities under Evaluation

The Company has a robust backlog of potential royalty financing opportunities and is in advanced due diligence on several opportunities. These opportunities include the following:

- Construction financing for a solar project currently under development in Alberta, Canada.
- Construction financing for a portfolio of solar projects in South Asia.
- Equipment financing for a network of electric vehicle chargers in Midwestern United States.
- Equipment financing for a renewable natural gas project in Missouri, United States.

These opportunities under evaluation are still subject to completion of due diligence, definitive documents, conditions precedent for each transaction and approval of the Company's Board of Directors. There is no assurance that any of the opportunities under evaluation will result in a completed transaction.

1.2.5 DISCLOSURE OF ENVIRONMENTAL AND SOCIAL DATA

The Company's vision is to provide capital to an underserved section of the renewable energy market and enable significant GHG emissions reductions. With climate change a pressing issue globally, the Company has become an important source of capital for the low carbon energy transformation. In addition, the Company has a positive impact on the local community in which it operates, through local hiring, charitable programs and other events.

A. Environmental Impact Summary

The following table summarizes the positive environmental impact generated by the projects in the Company's royalty portfolio, including clean energy capacity, average annual generation, and average annual carbon emissions reduction for the associated projects as of the date of this MD&A.

Client	Location	Projects	Energy Type	Clean Generating Capacity (MW_{AC})	Annual Clean Generation (MWh)	Annual GHG Offset (tCO_2e)[1]	Annual Homes Powered[2]
Operational							
Aeolis Wind	BC, Canada	1	Wind	102	193,000	2,393	21,578
OntarioCo	ON, Canada	59	Solar	18	25,566	639	3,099
Northland Power Inc.	ON, Canada	4	Solar	40	59,413	1,485	7,202
Scotian Windfields	NS, Canada	12	Wind	40	131,700	88,239	12,510
Switch Power	ON, Canada	10	Battery, Solar	6	623	242	76
FuseForward*	BC, Canada	1	Efficiency				
OCEP**	WI, USA	1	RNG	2	18,170	17,989	2,794
Revolve	Canada, Mexico	9	Solar, Hydro, Wind	24	72,033	12,128	10,087
AlbertaCo	AB, Canada	1	Wind	145	498,600	294,174	73,867
CleanLight	Chile	1	Solar	2	2,370	1,903	1,531
Operational Subtotal		***99***		**379**	**1,001,475**	**419,192**	**132,744**
Construction Stage							
Switch Power	ON, Canada	4	Battery	15	602	542	73
NOMAD	VT, USA	6	Battery	4	1,551	660	228
Revolve (Cancun)	Mexico	3	Battery	2	816	433	399
Delta*	PR, USA	1	Efficiency				
Construction Subtotal		***14***		***21***	**2,969**	**1,635**	**700**

PORTFOLIO TOTAL		**113**		**400**	**1,004,444**	**420,827**	**133,444**

Notes:

* Energy Efficiency businesses are expected to generate benefits but not yet quantifiable.

** Equivalent energy production capacity based on annual energy produced, presented for consistency against electricity projects.

Emission Reduction Equivalents[3]

90,917	129,853	6,958,479
Passenger Vehicles	Tonnes of waste recycled	Trees planted

Environmental Data Sources:

[1] *Annual GHG Emissions Offset*

The annual GHG offset data presents the estimated GHG avoided as a result of the operation of the project or products in which we have invested. For projects in development, the data is based on the planned installed capacity and resource assessment or operational forecast for the project. The GHG offset is calculated based on the energy delivered (or expected to be delivered) by the project or products in a year, multiplied by the GHG intensity of the electricity grid where the project is based. The Company uses the following emission intensity data sources to perform this calculation depending on region:

- Canada's Official Greenhouse Gas Inventory, Provincial data https://data-donnees.ec.gc.ca/data/substances/monitor/canada-s-official-greenhouse-gas-inventory/
- US EPA Emissions & Generation Resource Integrated Database, Subregion Level 2021 Data (eGRID) https://www.epa.gov/egrid
- International Financial Institutions Technical Working Group on GHG Accounting Default Grid Factors 2021 v3.2 https://unfccc.int/sites/default/files/resource/Harmonized_IFI_Default_Grid_Factors_2021_v3.2_0.xlsx
- Switch Battery Projects: SDTC Environmental Benefits Report 2021 (specific to project)
- OCEP RNG: Project-specific emissions intensity pathway for delivery to California LCFS market.
- Diesel Offgrid (CleanLight): World Resources Institute GHG Protocol Emission Factors https://ghgprotocol.org/sites/default/files/2023-03/Stationary_combustion_tool_%28Version4-1%29.xlsx

[2] *Homes Powered*

The table presents an estimate of the number of homes that could be powered based on the annual energy delivered (or projected to be delivered) by the projects or products, divided by the average annual residential electricity consumption in the project's local region. The Company uses the following datasets on regional energy consumption to perform this calculation:

- Canada: Statistics Canada. Table 25-10-0060-01 Household energy consumption, Canada and provinces https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=2510006001
- US: US Energy Information Agency Average Residential Monthly Bills https://www.eia.gov/electricity/sales_revenue_price/pdf/table5_a.pdf
- Mexico: Gobierno de Mexico Balance Nacional de Energia 2021 https://www.gob.mx/cms/uploads/attachment/file/805509/BNE-2021.pdf
- Puerto Rico: NREL Puerto Rico Energy Efficiency Scenario Analysis Tool https://www.nrel.gov/state-local-tribal/preesat.html
- Chile: Elasticities Of Residential Electricity Demand In Chile, ILADES-UAH Working Papers https://EconPapers.repec.org/RePEc:ila:ilades:inv312.

[3] *Emission Reduction Equivalents*

The emissions reduction equivalents are presented to provide illustrative comparisons to the total GHG emissions projected to be avoided by the projects or products in the portfolio. These numbers are calculated using the US EPA Greenhouse Gas Equivalencies Calculator (https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator) and the total portfolio projected GHG offset.

Environmental Risks

Specific environmental factor risks are discussed in the Risk Factors section of the Company's Annual Information Form (AIF) for the year ended December 31, 2022, as publicly filed on SEDAR+ at www.sedarplus.ca, within the following categories:

- *General Risks Involved in the Operations of a Power Generation Facility*

- *Natural Disasters and Other Catastrophic Events*
- *Environmental Laws and Regulations*
- *Changes in Supply of Water, Levels of Winds, Irradiation and Other Natural Variables*
- *Health, Safety and Environmental Risks*

B. Social Summary

Giving back, in the form of volunteering, donating to charitable causes, or attending community-led charitable events, is an integral part of the culture at RE Royalties. All permanent staff, including senior management, were hired from the local region and local universities.

Gender Diversity

Board of Directors:	The Company has one (1) female board member of 7 (14%)
Team:	The Company has eight (8) team members, of which two (2) are female (25%)

Charitable Activity

We believe in supporting organizations with causes that resonate with our values.

In Q2 2023, the Company donated $35,000 to Zajac Ranch for Children, which is committed to improving the lives of children and young adults with medical conditions and disabilities. Zajac's programs and activities aim to empower campers, boost their confidence and self-esteem, and enhance their social and life skills as they experience the joys of the outdoors and of recreation in a safe, all-inclusive and adaptable camp environment.

In Q4 2022, the Company donated $25,000 to the Vancouver Sun Children's Fund Society Adopt-a-School program, with the mission to relieve poverty among children and youth through funding for food, clothing, and basic necessities, as well as for mentorship, sports, arts, activities, and digital literacy. RE Royalties' donation will help ensure that more of B.C.'s most vulnerable children can start their days warm, well-fed and ready to learn.

In Q2 2022, the Company donated $25,000 to HeadsUpGuys, an online resource that was developed to support men in their fight against depression by providing tips, tools, information about professional services, and stories of success.

Social Risks

Specific social factor risks are discussed in the Risk Factors section of the Company's Annual Information Form (AIF) for the year ended December 31, 2022, as publicly filed on SEDAR+ at www.sedarplus.ca, within the following categories:

- *Local Public Opposition*
- *Negative Public or Community Response*
- *Health, Safety and Environmental Risks*

1.2.6 DISTRIBUTION TO SHAREHOLDERS

As of the date hereof, and since the first quarter of 2019, the Company has made regular quarterly cash distributions of $0.01 per share to its shareholders. The distributions for the current fiscal year (to the date of this MD&A) and the fiscal year 2022 have been summarized below:

			Amount	
Declaration date	**Record date**	**Payment date**	**Per share ($)**	**Total ($)**
YTD 2023				
October 11, 2023	November 1, 2023	November 22, 2023	0.01	$ 431,276
July 12, 2023	August 2, 2023	August 23, 2023	0.01	431,276
April 12, 2023	May 3, 2023	May 24, 2023	0.01	431,276
Total for 2023(1)				**$ 1,293,828**
Fiscal Year 2022				
January 11, 2023	February 1, 2023	February 22, 2023	0.01	$ 431,276
October 12, 2022	November 2, 2022	November 23, 2022	0.01	431,276
July 13, 2022	August 3, 2022	August 24, 2022	0.01	431,276
March 31, 2022	April 20, 2022	May 11, 2022	0.01	332,899
Total for 2022				**$ 1,626,727**

(1) In the Financial Statements, the dividends are recorded based on the date of declaration, as opposed to the fiscal quarter to which dividend pertains.

The Company's decision to pay distributions will be reviewed from time to time by the Board in the context of the Company's earnings, financial condition, and other relevant factors.

1.2.7 GRANT OF SHARE-BASED AWARDS

In May 2023, the Company granted an aggregate of 156,000 deferred share units, ("DSUs") to the directors of the Company and 144,000 restricted share units ("RSUs") to senior management of the Company. The RSUs have a three-year vesting period from the date of grant. In addition, the Company has granted 576,000 stock options to certain directors and officers of the Company. The stock options are exercisable at $0.65 per common share and are for a term of three years. 264,000 of these stock options are awarded on the basis of meeting certain financial, ESG and investment performance metrics and will vest upon achievement of those metrics. The aforementioned share-based awards were granted pursuant to the Company's stock option plan, DSU plan and RSU plan, respectively, as approved by shareholders.

Additionally, on May 1, 2023, the Company also granted the following share-based awards to its employees and consultants, pursuant to respective plans:

- 327,000 RSUs with a three-year vesting period from the date of grant;
- 120,000 stock options, exercisable at $0.65 per common share for a term of three years, and with a one-year vesting period from date of grant;
- 264,000 stock options, exercisable at $0.65 per common share for a term of three years, and with vesting conditions based on certain performance metrics.

1.3 SELECTED ANNUAL INFORMATION

Not required.

1.4 SUMMARY OF QUARTERLY RESULTS

The following information is derived from the Company's accompanying Financial Statements which have been prepared in accordance with IFRS as issued by the IASB effective for the respective reporting periods of the Company and are expressed in thousands of Canadian dollars.

	Fiscal Quarter Ending							
	Sep 30, 2023	**Jun 30, 2023**	**Mar 31, 2023**	**Dec 31, 2022**	**Sep 30, 2022**	**Jun 30, 2022**	**Mar 31, 2022**	**Dec 31, 2021**
Royalty revenue	$ 237	$ 223	$ 142	$ 259	$ 196	$ 214	$ 170	$ 181
Finance income	1,676	1,651	1,682	1,311	1,009	665	384	279
Gain on royalty buyback	–	1,564	–	27	–	–	–	–
Gain on derecognition of financial asset	–	–	–	–	–	–	–	–
Other revenue	–	–	–	–	–	–	–	100
Total revenue and income	1,913	3,438	1,824	1,597	1,205	879	554	560
Share of income of OCEP Invest LLC	–	–	–	–	98	309	101	–
Net (loss) income after tax	(2,769)	1,123	558	(579)	$ 470	$ 225	(550)	(166)
Net (loss) income attributable to the Company's shareholders	(3,031)	877	166	(803)	401	225	(550)	(166)
Net (loss) income per share	$ (0.07)	$ 0.02	$ 0.00	$ (0.01)	$ 0.01	$ 0.01	$ (0.02)	$ (0.01)

Trends with respect to the Company's Financial Results

General	Since its inception in 2016, the Company has been pursuing its growth strategy as reflected in the increasing trends in its total assets and revenue. The timing difference between sourcing of capital and its deployment is inherent in the Company's business. The Company's operating results follow a similar trend whereby the Company would incur various expenses (salaries, consulting, etc.) with respect to asset evaluation and due diligence activities for several months leading up to the completion of a new investment transaction and before any revenue or income from such investment can be recorded.
Revenue and Income	The Company's royalty revenue has increased or remained stable on an annual basis. The Company earns royalty revenue from several sustainable energy generation sources and through energy efficiency projects, which exhibit seasonal behaviors individually but tend to counterbalance each other in a well-diversified portfolio. For instance, wind power generation is stronger in winter than in summer. The opposite is true for solar power generation. Similarly, within a given renewable power generation source, geographical diversification across the Northern and Southern Hemispheres reduces overall seasonality. Currently, the majority of the Company's royalty interests are held in renewable assets located in the Northern Hemisphere. The NOMAD royalty accrues revenue when NOMAD realizes proceeds from the sale of NOMAD's units manufactured using the Loan proceeds advanced by the Company to NOMAD. Accordingly, the timing of the Company's royalty revenue is affected by the underlying manufacturing and sales activities of NOMAD.

	The fluctuations in finance income are directly related to changes in the average balance of the aggregate amount of outstanding loans receivable by the Company. The Company's finance income increased, as a result of various secured loans advanced during the course of the fourth quarter of 2021 and throughout 2022 and it continues till Q3 2023. Additionally, subsequent to the change of control of FP OCEP Invest LLC, the Company consolidated the said entity, and accordingly the Company's finance income included the entire revenue from FP OCEP Invest LLC beginning with Q4 2022, which was previously recorded using the equity method in Q1 2022 and Q2 2022, and partially recorded using the equity method in Q3 2022 prior to the change of control on August 15, 2022.
Operating Expenses	The Company's operating expenses are mostly incurred evenly through a fiscal year. However, the timing of certain expenses is driven by the underlying activities. For instance, the Company's activities and related expenses with respect to its annual audited financial statements and other annual reports, and annual general meeting are higher in the second fiscal quarter. Moreover, certain expenses are incurred to support the Company's financing and investing activities and accordingly fluctuate with the timing of such activities.
Finance Expenses	The Company's finance expenses vary with changes in its outstanding debt capital, mainly Green Bonds, and related borrowing rates.

Analysis of Quarterly Results

Quarter ended	Analysis
December 2021 **(Q4/2021)**	During the fourth quarter of 2021, the Company closed several additional transactions and further advanced additional potential royalty financing opportunities. Accordingly, the Company's net loss decreased in this quarter, mainly due an increase in total revenue and income from the new investments.
March 2022 **(Q1/2022)**	During the quarter ended March 31, 2022, the Company provided an additional advance of $1.5 million to Switch Power and provided approximately US$4.5 million in its contribution with respect to the OCEP Loan. Although the total revenue and income of the Company increased in this quarter as a result of the additional investments completed during the quarter, certain expenses for the quarter increased, including finance expense due to additional Green Bond offering completed in December 2021; the proceeds from which offering were mainly deployed after the end of the quarter.
June 2022 **(Q2/2022)**	During the quarter ended June 30, 2022, as the Company's investment portfolio further expanded with investments in NOMAD and Revolve, its total revenue and income, including its share of income from the OCEP loan, increased by approximately $533,000 and, accordingly, the Company recorded a net income of $225,000 during the quarter.
September 2022 **(Q3/2022)**	During the quarter ended September 30, 2022, the Company closed the transaction with Switch Solar Loan agreement and entered into the Revolve Cancun Loan agreement, for which a partial cash advance was provided by the Company in October 2022. In August 2022, the Shareholders' Agreement relating to 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"). Prior to the Change of Control, OCEP Invest LLC was structured as a joint venture ("OCEP JV"). Upon the Change of Control, the Company derecognized its investment in OCEP

	JV, and recognized total OCEP Loan at its fair value, with a corresponding credit to non-controlling interests. Upon de-recognition of the Company's interest in OCEP JV, the company recognized a loss of $348,792, and reclassified accumulated foreign exchange translation difference of $100,475 relating to its investment in OCEP JV from other comprehensive income to net income. The Company's royalty revenue remained stable during the third quarter. The increase in finance income during this quarter was mainly attributable to finance income relating to the OCEP Loan included in the Financial Statements following the Change of Control.
December 2022 **(Q4/2022)**	During the quarter ended December 31, 2022, the Company closed the Revolve Cancun Loan agreement, for which a partial cash advance was provided by the Company in October 2022. Additionally, in October 2022, a newly formed entity, FP Puerto Rico Invest LLC ("PR Invest"), that is governed by a shareholders' agreement (the "FP Invest SA"). The Company owns a 98.0% equity/ownership interest in the entity and the remaining equity contribution was provided by certain private parties. PR Invest entered into a financing agreement with Delta Energy Partners. Pursuant to the Delta Loan Agreement, PR Invest will provide a US$4.0 million secured loan (the "Delta Loan") with a term of five years. PR Invest advanced only the first tranche of loan amounting to US$400,000 in 2022 and the Company contributed approximately US$392,000 ($522,000), equivalent of its share to PR Invest. Further, the Company's royalty revenue increased during the fourth quarter on account of the royalty amount received from NOMAD. The increase in finance income during this quarter was mainly attributable to finance income relating to the OCEP Loan, recorded for the full quarter following the Change of Control, that happened in the middle of the prior quarter. Accordingly, the finance income recorded in the prior quarter for the OCEP loan was only for half of the quarter and the rest was accounted for using the equity method. At December 31, 2022, the Company recognized an allowance for expected credit loss of $473,000 (December 31, 2021: $nil) relating to the FuseForward Facility. In November 2022, the Jade Power Royalty was bought back by Jade Power, pursuant to the related royalty agreement. The Company recognized a gain upon derecognition of the Jade Power Royalty.
March 2023 **(Q1/2023)**	As discussed herein, during the quarter ended March 31, 2023, the Company closed the transaction involving the Second Teichos Loan and the Jackson Center 2 Royalty. The Company's royalty revenue decreased during the first quarter of 2023, compared to the quarter ending December 31, 2022, mainly because the Company did not record any royalty revenue from NOMAD, consistent with underlying manufacturing and sales activities of NOMAD. In the prior quarter (Q4/2022), the Company recorded royalty revenue of $63,523 from the NOMAD. Moreover, the Jade Power Royalty was bought back by Jade Power in the prior quarter, and accordingly, related royalty revenue was discontinued in the Current Quarter. The finance income increased in this quarter, due to additional loans advanced during the course of fiscal year 2022 as well as in the Current Quarter. Following the completion of the Series-3 Green Bond offering in this quarter, compared to the quarter ended March 31, 2022, the Company's total finance expenses increased by approximately $230,000. There was no change in the expected credit loss relating to the FuseForward facility in Q1 2023.
June 2023 **(Q2/2023)**	During the quarter ended June 30, 2023, the Company completed the royalty purchase transaction with AlbertaCo. by making a cash advance of $0.94 million in May 2023. The royalty from Teichos Energy was also bought back and the loan repaid in the current quarter and the Company recorded a gain of $1.5 million for the same.

	The royalty revenue for the current quarter was consistent as compared to the prior year quarter ended on June 30, 2022. However, the decrease in the finance income, as compared to the quarter ended March 31, 2023, was mainly on account of the repayment of the Teichos loans in May 2023, and because no additional loan was advanced during this quarter. The Company's expenses increased during this quarter, mainly due to the following: a) an increase in finance expense as a result of the issuance of Series-3 Green Bonds during the course of the first quarter of 2023; and b) the share-based payment expense with respect to the share-based award granted in May 2023.
September 2023 **(Q3/2023)**	During this quarter, the Company recorded a net loss, because of an impairment loss of $3,078,279, recorded during the quarter, relating to the Company's investment in FuseForward. During the quarter ended September 30, 2023, the Company closed the transaction with CleanLight. in August 2023, as described herein. The royalty revenue and the finance income for the current quarter have increased as compared to the prior year quarter ended on September 30, 2022 in line with the expansion of the Company's portfolio of investments. Similar to the prior quarter ended June 30, 2023, the Company's expenses increased during the current quarter, mainly due to the increase in finance expenses and the share-based payment expense with respect to the share-based award granted in May 2023. Refer to the following section (*1.5 Results of Operations)* for a detailed analysis of this quarter's results.

1.5 RESULTS OF OPERATIONS

The analysis herein is based on total expenditures, including amounts attributable to non-controlling interests.

The Company recorded a net loss of $2,769,000 for the three months ended September 30, 2023 ("Current Quarter"), compared to a net income of $470,000 recorded for the three months ended September 30, 2022 ("Prior Year Quarter"). Of the Current Quarter's net loss, $3,031,000 was attributable to shareholders of the Company, compared to a net income of $401,000 attributable to shareholders of the Company for the Prior Year Quarter. The Current Quarter loss was a result of the impairment loss relating to the amount receivable from FuseForward, as discussed herein.

The Company recorded a net loss of $1,089,000 for the nine months ended September 30, 2023 ("Current Period"), compared to a net income of $146,000 recorded for the nine months ended September 30, 2022 ("Prior Period"). Of the Current Period's net loss, $1,988,000 was attributable to shareholders of the Company, compared to a net income of $77,000 attributable to shareholders of the Company for the Prior Period.

The analysis herein is based on total expenditures, including amounts attributable to non-controlling interests.

Additional details regarding the Company's operating results are provided below.

Unless stated otherwise, the following discussions and analysis relating to the Current Period also applies to the Current Quarter.

REVENUE AND INCOME

	Note	Three months ended September 30, 2023	Three months ended September 30, 2022	Change ($)	Change (%)
Royalty revenue	(1)	$ 236,579	$ 195,828	$ 40,751	21%
Finance income	(2)	1,676,283	1,009,267	667,016	66%
Gain on royalty buyout	(3)	–	–	–	N/A
Revenue and income		$ 1,912,862	$ 1,205,095	$ 707,767	59%
Share of income of OCEP Invest LLC	(4)	$ –	$ 97,892	$ (97,892)	(100%)
Gain on revaluation of derivative financial asset	(5)	$ 1,387	$ –	$ 1,387	–
(Loss) gain on revaluation of financial asset at FVTPL	(6)	$ (11,475)	$ 13,991	$ (25,466)	(182%)

	Note	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Change ($)	Change (%)
Royalty revenue	(1)	$ 601,048	$ 580,535	$ 20,513	4%
Finance income	(2)	5,009,703	2,058,094	2,951,609	143%
Gain on royalty buyout	(3)	1,563,783	–	1,563,783	N/A
Revenue and income		$ 7,174,534	$ 2,638,629	$ 4,535,905	172%
Share of income of OCEP Invest LLC	(4)	$ –	$ 507,865	$ (507,865)	(100%)
Gain on revaluation of derivative financial asset	(5)	$ 1,387	$ –	$ 1,387	–
Gain on revaluation of financial asset at FVTPL	(6)	$ 21,796	$ 1,805	$ 19,991	(1108%)

The above-mentioned changes in the Company's revenue and income are summarized below:

(1) Overall, royalty revenue for the Current Period was consistent with the Prior Period. Whereas, royalty revenue for the Current Quarter was higher, compared to that for the Prior Quarter, due to the new transactions closed by the Company during the course of the Company's fiscal year 2022 and during the Current Period.

(2) The increase in finance income during the Current Period was mainly attributable to the expansion of the Company's investment portfolio and resulting finance income from additional loans advanced during the course of fiscal year 2022 as well as in the Current Period, with full year effect on the revenue for fiscal year 2022, as discussed herein (see "*1.2 Overview*").

(3) During the Current Period, the Teichos royalty was bought back by Teichos Energy, pursuant to the related royalty agreement, that resulted in a gain amounting to $1,563,783, which was recorded in the second quarter of 2023. There was no such gain in the Prior Period.

(4) The Company's interest in OCEP Invest LLC was originally accounted for using the equity method, and accordingly, the Company recorded its share of income of OCEP Invest LLC in the Prior Period. In August 2022, the shareholder agreement was modified whereby the Company gained control of OCEP Invest LLC, and accordingly now consolidates the finance and royalty income.

(5) The gain on revaluation of derivative financial asset represents a mark-to-market adjustment relating to the CleanLight Warrants.

(6) The loss and the gain on revaluation of Aeolis Loan during the Current Quarter and the Current Period, respectively, mainly resulted from changes in risk-free interest rates used for discounting future cash flows.

OPERATING EXPENSES

	Note	Three months ended September 30, 2023	2022	Change ($)	Change (%)
Wages and benefits	(1)	$ 253,541	$ 190,894	$ 62,647	33%
Administration	(2)	68,388	87,327	(18,939)	(22%)
Marketing and stakeholder communication	(3)	124,338	71,047	53,291	75%
Audit and audit related	(4)	55,921	19,661	36,260	184%
Consulting – Financing	(5)	16,990	15,992	998	6%
Consulting – Other	(6)	27,812	26,247	1,565	6%
Regulatory and transfer agency	(7)	11,140	9,698	1,442	15%
Office lease and information technology	(8)	13,679	12,501	1,178	9%
Legal	(9)	10,733	49,680	(38,947)	(78%)
Donation	(10)	–	–	–	–
Total		$ 582,542	$ 483,047	$ 99,495	21%

	Note	Nine months ended September 30, 2023	2022	Change ($)	Change (%)
Wages and benefits	(1)	$ 769,708	$ 554,935	$ 214,773	39%
Administration	(2)	290,415	300,832	(10,417)	(3%)
Marketing and stakeholder communication	(3)	329,624	224,239	105,385	47%
Audit and audit related	(4)	251,422	206,162	45,260	22%
Consulting – Financing	(5)	50,970	61,867	(10,897)	(18%)
Consulting – Other	(6)	78,353	55,227	23,126	42%
Regulatory and transfer agency	(7)	61,900	97,510	(35,610)	(37%)
Office lease and information technology	(8)	45,300	42,856	2,444	6%
Legal	(9)	35,275	68,189	(32,914)	(48%)
Donation	(10)	35,000	25,000	10,000	40%
Total		$ 1,947,967	$ 1,636,817	$ 311,150	19%

The above-mentioned changes in the Company's operating expenses are summarized below:

(1) The increase in wages and benefits in the Current Period, compared to the Prior Period, was mainly due to an increase in employee wages and hiring of additional resources by the Company to support its growing business.

(2) The administration expenses have remained consistent with the Prior Period. The decrease in the administrative expenses during the Current Quarter

(3) Marketing expenses increased during the Current Period mainly due to expenses incurred with respect to the Company's organizing the Canadian Climate Investor Conference in June 2023. Other marketing expenses have increased due to an increase in marketing and public relation initiatives undertaken by the Company, including the engagement of Water Tower Research effective September 15, 2022.

(4) Audit and audit related expenses in the Current Period have increased due to the timing of certain follow on billing relating to the year end 2022 audit.

(5) Consulting (financing) expenses related to certain consulting engagements to assist in the Company's financing activities were incurred in the Prior Period, of which certain engagements ended in 2022, resulting in a decrease in these expenses in the Current Period. These expenses have been consistent in the Current Quarter as compared to the Prior Year Quarter.

(6) Other consulting expenses increased in the Current Period as compared to the Prior Period, because during the Prior Period other consulting expenses were mainly capitalized as deferred transaction costs with respect to potential royalty-based transaction opportunities, whereas in the Current Period, these expenses were expensed. These expenses have been consistent in the Current Quarter when compared to the Prior Year Quarter.

(7) In March 2022, the Company's common shares commenced trading under the symbol, RROYF on the OTCQX Best Market, which is the highest market tier operated by OTC Markets Group Inc. To further facilitate electronic clearing and settlement of the Company's common shares in the United States, the Company also obtained the Depository Trust & Clearing Corporation (DTCC) eligibility for its common shares in the United States. Accordingly, regulatory expenses were higher in the Prior Year Quarter. These expenses have been consistent in the Current Quarter as compared to the Prior Year Quarter.

(8) Office lease and information technology expenses relate to the Company's corporate office. Office lease expenses for the Current Period in the table above include the depreciation charges relating to the right-of use asset and common area maintenance expenses. The lease expenses in the Current Period have been consistent with the Prior Period.

(9) The legal expenses are lower in the Current Period due to certain legal expenses incurred in respect of preparation of the meeting materials in relation to the special meetings of the Company bondholders held in October 2022 in the Prior Period.

(10) Refer to section *1.2.5 Disclosure of Environmental and Social Data* for details of the Company's charitable activities.

FINANCE EXPENSES

	Three months ended September 30,			
	2023	2022	Change ($)	Change (%)
Finance expenses relating to:				
Green Bonds	$ 922,355	$ 418,028	504,327	121%
Convertible notes	–	58,890	(58,890)	(100%)
Office Lease	1,179	1,540	(361)	(23%)
Total	$ 923,534	$ 478,458	$ 445,076	93%

	Nine months ended September 30,			
	2023	2022	Change ($)	Change (%)
Finance expenses relating to:				
Green Bonds	$ 2,493,841	$ 1,217,285	$ 1,276,556	105%
Convertible notes	16,932	172,936	(156,004)	(90%)
Office Lease	3,821	4,808	(987)	(21%)
Total	$ 2,514,594	$ 1,395,029	$ 1,119,565	80%

Finance expenses, including amortization of transaction costs, relating to the Green Bonds fluctuated due to the timing of the Company's Green Bond offerings.

The increase in the Company's finance expenses relating to the Green Bonds during the Current Period was mainly due to the issuance of the Series-3 Green Bonds.

Finance expenses relating to the convertible notes were lower during the Current Period due to the repayment of the convertible notes in January 2023.

DEPLETION AND AMORTIZATION, FOREIGN EXCHANGE DIFFERENCES, AND SHARE-BASED PAYMENT

	Three months ended September 30,			
	2023	2022	Change ($)	Change (%)
Depletion and Amortization	$ 102,902	$ 84,656	$ 18,246	22%
Foreign exchange gain	(261,733)	(573,125)	311,392	(54%)
Equity-settled share-based payment	113,173	–	113,173	N/A
Cash-settled share-based payment	(5,758)	3,013	(8,771)	(291%)
Total	$ (51,416)	$ (485,456)	$ 434,040	(89%)

	Nine months ended September 30,			
	2023	2022	Change ($)	Change (%)
Depletion and Amortization	$ 268,599	$ 252,748	$ 15,851	6%
Foreign exchange gain	(37,581)	(729,478)	691,897	(95%)
Equity-settled share-based payment	318,018	40,000	278,018	695%
Cash-settled share-based payment	(7,233)	36,694	(43,927)	(120%)
Total	$ 541,803	$ (400,036)	$ 941,839	(235%)

Depletion, which is recorded on a straight-line basis, has remained consistent in the Current Period as compared to the Prior Period. Depletion increased in the Current Quarter as compared to the Prior Year Quarter due to the expansion of the Company's portfolio of investments to date from the end of the Prior Year Quarter.

Foreign exchange gain recorded in the Current Period and the Prior Period represents the net effect of translation of the Company's US-Dollar denominated assets and liabilities, and due to the depreciation of the Canadian Dollar during the Current Period.

The equity-settled share-based payment expense for the Current Period represents amortization of the fair value of the share-based awards granted by the Company in May 2023. The equity-settled share-based payment expense in the Prior Period represents amortization of the fair value of share purchase options granted by the Company in 2021, and to the extent those options vested during the Prior Period.

CURRENT AND DEFERRED INCOME TAX

	Three months ended September 30,			
	2023	2022	Change ($)	Change (%)
Current income tax expense	$ 91,307	$ 22,000	$ 69,307	315%
Deferred income tax expense	48,000	–	48,000	N/A
Total	$ 139,307	$ 22,000	$ 117,307	533%

	Nine months ended September 30,			
	2023	2022	Change ($)	Change (%)
Current income tax expense	$ 227,966	$ 22,000	$ 205,966	936%
Deferred income tax recovery	(24,000)	–	(24,000)	N/A
Total	$ 203,966	$ 22,000	$ 181,966	827%

The current and deferred income tax expenses during the Current Period relate to the income earned by the Company's wholly-owned subsidiary – RE Royalties (USA) Inc. – which owns equity interests in FP OCEP Invest, LLC and FP Puerto Rico Invest, LLC.

1.5.1 NON-GAAP FINANCIAL MEASURES

This MD&A includes Earnings Before Interest, Taxes, Depreciation, and Amortization ("**EBITDA**") as a non-GAAP performance measure that does not have a standardized meaning prescribed by IFRS. This measure may differ from, and may not be comparable to, similar measures used or reported by other issuers. The Company believes that EBITDA is commonly used by certain investors, in conjunction with conventional IFRS measures, to enhance their understanding of the Company's performance. These measures have been derived from the Company's financial statements and applied on a consistent basis. These measures are intended to provide additional information, not to replace IFRS measures, and do not have a standard definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The table below reconciles net earnings (loss) per the financial statements to EBITDA:

	Three months ended September 30,	
	2023	2022
Net (loss) income after income tax, as presented in the Financial Statements	**$ (2,769,472)**	**$ 470,137**
Adjustments:		
Finance expenses	923,534	478,458
Income tax expense	139,307	22,000
Depletion of royalty interests	98,032	79,786
Amortization of right-of-use asset	4,870	4,870
EBITDA	**$ (1,603,729)**	**$ 1,055,251**

	Nine months ended September 30,	
	2023	2022
Net (loss) income after income tax, as presented in the Financial Statements	**$ (1,088,892)**	**$ 145,697**
Adjustments:		
Finance expenses	2,514,594	1,395,029
Income tax expense	203,966	22,000
Depletion of royalty interests	253,990	238,139
Amortization of right-of-use asset	14,609	14,609
EBITDA	**$ 1,898,267**	**$ 1,815,474**

1.6 LIQUIDITY

At September 30, 2023, the Company had a cash and cash equivalents balance of $15,227,000 (December 31, 2022 – $7,580,000), of which, cash balance subject to various restrictions as described in the Financial Statements is $14,186,000 (December 31, 2022 – $2,982,000). At September 30, 2023, the Company had working capital of $32,179,000 (December 31, 2022 – $16,069,000). At September 30, 2023, the Company had an aggregate funding commitment of approximately $9.8 million under the Delta Loan agreement, the CleanLight Loan agreement and the WindRiver Loan agreement (*1.2.4 Renewable Energy Royalty Investments)*.

	Nine months ended September 30,	
	2023	2022
Cash provided by (used in) operating activities	$ 118,000	$ (582,000)
Cash used in investing activities	(3,604,000)	(16,842,000)
Cash provided by financing activities	11,086,000	5,246,000
Total	$ 7,600,000	$ (12,178,000)

During the Current Period, the Company generated $0.12 million cash in its operating activities, compared to $0.58 million cash used by operating activities in the Prior Period.

During the Current Period, the Company used $3.60 million cash in investing activities, mainly with respect to the new royalty-based investments completed during the Current Period, offset by the aggregate amount received from the repayment of loans and royalty buyback by Teichos Energy. During the Prior Period, the Company used $16.84 million cash in new royalty-based investments.

The Company's financing activities during Current Period provided $11.09 million cash, mainly from the net proceeds ($16.55 million) from the Series-3 Green Bonds issuance, partially offset by cash distributions ($1.3 million) to the Company's shareholders, repayment of convertible notes ($2.06 million) and interest payments ($1.97 million) on Green Bonds. Interest payments relating to Green Bonds were higher in the Current Period due to issuance of additional debt by way of Series-3 Green Bonds.

During the Prior Period, the Company's financing activities provided $5.25 million cash, which represents mainly the net effect of the net proceeds ($7.3 million) from the public offering of the Company's common shares completed in June 2022, cash distributions, and interest payments.

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

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

(i) The amounts presented in the table above are gross and undiscounted. These amounts 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.

1.7 CAPITAL RESOURCES

The Company has no lines of credit or other sources of financing which have been arranged but not yet utilized.

Further advancement of the Company's business strategies and operations will require additional funding. The Company intends to pursue additional funding either through one or a combination of the following:

- Issuance of additional equity from treasury;
- Issuance of debt such as green bonds or convertible notes;
- Debt facilities from financial institutions; and/or
- Establishment of co-investment structures or funds, whereby the Company receives a portion of the royalties generated from the co-investment structures or funds.

Although management has a reasonable expectation that it can continue to raise funds, there can be no assurance to that effect.

At September 30, 2023, the Company was in compliance with all debt covenants, including a required debt to equity ratio of 3:1 and a minimum debt coverage ratio.as per the Green Bond indenture (the "Indenture").

At September 30, 2023, except for the Aggregate Funding Commitments, as discussed herein, and the minimum lease payments under the office lease, the Company has no material capital lease obligations, or "Purchase Obligations" defined as any agreements to purchase goods or services that is enforceable and legally binding on the Company that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

1.8 OFF-BALANCE SHEET ARRANGEMENTS

None.

1.9 TRANSACTIONS WITH RELATED PARTIES

This disclosure can be found in the accompanying Financial Statements of the Company, with additional details provided below.

The Company's related party transactions are comprised of remuneration for the Company's key management personnel ("KMP"), including its directors and executive officers that have the authority and responsibility for planning, directing and controlling the activities of the Company.

Transactions with KMP include the following:

- Directors' fees for the Company's non-executive directors, namely: Rene Carrier, Stephen Cheeseman, Gord Fretwell, Paul Larkin, Jill Leversage, and Marchand Snyman;
- Compensation for the Company's executive officers, including salaries and benefits of Bernard Tan, Chief Executive Officer, and Peter Leighton, Chief Operating Officer;
- Share-based payments in the form of share purchase options, granted to the Company's directors and officers, which share-based payments represent amortization of the grant date fair value of the options granted over their vesting term.

Related party transactions	**Three months ended September 30,**			
	2023	2022	Change ($)	Change (%)
Short-term employment benefits (i)	$ 118,615	$ 100,000	$ 18,615	19%
Equity-settled share-based compensation – options	37,200	–	37,200	N/A
Cash-settled share-based compensation	(5,758)	3,013	(8,771)	(291%)
Total	$ 150,057	$ 103,013	$ 47,044	46%

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

Related Party Transactions	**Nine months ended September 30,**			
	2023	2022	Change ($)	Change (%)
Short-term employment benefits (i)	$ 357,001	$ 305,000	$ 52,001	17%
Equity-settled share-based compensation – options	186,800	40,000	146,800	367%
Cash-settled share-based compensation	(7,233)	36,694	(43,927)	(120%)
Total	$ 536,568	$ 381,694	$ 154,874	41%

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

Effective January 1, 2023, the Company increased the directors' fees and the compensation for its chief operating officer, that led to an increase in short-term employment benefits.

The equity-settled share-based payment expense for the Current Period represents amortization of the fair value of the share-based awards granted by the Company in May 2023 (*1.2.7 Grant of Share-Based Awards)*. The equity-settled share-based payment expense in the Prior Period represents amortization of the fair value of share purchase options granted by the Company in 2021, and to the extent those options vested during the Prior Period.

Cash-settled share-based compensation during the Prior Period represents the fair value of the Company's Deferred Share Units (DSU) granted to non-executive directors and Restricted Share Units (RSU) granted to its chief executive officer and chief operating officer during the quarter. No new cash-settled DSUs or RSUs were granted during the Current Period.

1.10 FOURTH QUARTER

Not required.

1.11 PROPOSED TRANSACTIONS

Except as discussed in this MD&A, there are no proposed transactions requiring disclosure under this section.

1.12 CRITICAL ACCOUNTING ESTIMATES

This disclosure can be found in the accompanying Financial Statements of the Company.

1.13 CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

This disclosure can be found in the accompanying Financial Statements of the Company.

1.14 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

This disclosure can be found in the accompanying Financial Statements of the Company.

1.15 ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Not applicable.

1.16 DISCLOSURE OF OUTSTANDING SHARE DATA

The following table details the share capital structure as of the date of this MD&A:

	Number
Common shares	43,127,607
Share-purchase options	2,545,000
Share-purchase warrants	11,438,296
Deferred Share Units	180,501
Restricted Share Units	471,000

1.17 INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS

Internal Controls over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Disclosure Controls and Procedures

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the appropriate time periods and that required information is accumulated and communicated to the Company's management so that decisions can be made about the timely disclosure of that information.

1.18 RISK FACTORS

The required disclosure is provided in the "Risk Factors" section of the Company's Annual Information Form (AIF) for the year ended December 31, 2022 as publicly filed on SEDAR+ at www.sedarplus.ca.