RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2022

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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 audited consolidated financial statements of RE Royalties Ltd. ("RER" or the "Company") for the year ended December 31, 2022 (the "Financial Statements") as publicly filed on SEDAR at www.sedar.com.

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 which are denoted with an asterisk and further explanation including their calculations are provided herein under section *1.5* .

This MD&A is prepared as of May 1, 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". Effective March 31, 2022, the Company's common shares commenced trading 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, health-care, 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 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 C$20,000,000 (the "Offering") of Series 3 secured Green Bonds (the "Series-3 Green Bonds"). These bonds will be 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 will have a term of five years and bear interest at a rate of 9% per annum, payable quarterly, and will be senior obligations of the Company secured against the Company's portfolio of royalty and loan investments.

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 Public Offering of Series-3 Green Bonds and the Series-3 Private Placement of Green Bonds to issue a total of 16,423 Canadian dollar denominated Green Bonds for aggregate gross proceeds of $16,423,000 (including 7,074,000 Green Bonds issued pursuant to the Public Offering), and 1,242 United States dollar denominated Green Bonds (including United States dollar denominated 17,000 Green Bonds issued pursuant to the Public Offering) 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.

1.2.2 COMPLETION OF MARKETED UNIT OFFERING

On June 15, 2022, the Company closed a marketed public offering (the "Public Unit Offering"), whereby it issued 9,837,680 Units (the "Units") at $0.82 Unit for aggregate gross proceeds of $8,066,898. Each Unit consisted of one common share in the capital of the Company, and one common share purchase warrant, which is exercisable into one common share in the capital of the Company at an exercise price of $1.10 per share for a period of 24 months following the closing of the Public Unit Offering.

The Public Unit Offering was led by Integral Wealth Securities Limited and Canaccord Genuity Corp as agents. In connection with the Public Unit Offering, the Company paid total cash commission equal to $556,957 and also issued compensation warrants to the underwriters entitling them to purchase total of 776,250 common shares of the Company at a price of $0.82 per share for a period of two years following closing.

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.

Subsequent to the year ended December 31, 2022, 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, 2022, refer to the Company's Annual Information Form ("AIF") for the year ended December 31, 2022 as publicly filed on SEDAR at www.sedar.com. 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 111 royalties on various solar, wind, hydro, battery storage, energy efficiency and renewable natural gas projects operating or in development in Canada, the United States, and Mexico. 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)
Completed during 2023 to the date hereof								
Teichos Energy 2 [(e)]	PA, USA	1	15 Years	1%	Solar	Development	20 MW	$ 2.47[(c)]
Completed during 2022								
Delta Energy Partners	PR, USA	1	2035	Fixed[(c)] $210,112 per year	Energy Efficiency	Construction	Not applicable	$5.25[(c)]
ReVolve (Cancun)	Mexico	3	2033	5%	Battery Storage	Construction	1.9 MW	$1.9
Switch Power (Solar)	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	$ 7.47[(c)]
OCEP	WI, USA	1	2035	Fixed[(c)] $246,560 per year	Renewable Natural Gas	Operational	2 MW (equiv.)	$ 5.92[(c)]
Completed before 2022								
Switch Power 1	ON, Canada	4	2031-2033	5% - 3%	Battery storage	Operational	2 MW	$ 2.31
Switch Power 2 & 3	ON, Canada	10	2033-2035	5% - 3%	Battery storage	Partially operational	19 MW	$ 5.07
Teichos Energy	PA, USA	1	15 Years	2%	Solar	Development	20 MW	$ 3.06[(c)]
FuseForward Solutions	BC, Canada	1	2031	Fixed $284,000 per year	Energy Efficiency	Operational	Not applicable	$ 3.00
Aeolis Wind	BC, Canada	1	2035	1.00%	Wind	Operational	102 MW	$ 1.24
OntarioCo[(a)]	ON, Canada	59	2040	2.00%	Solar	Operational	18 MW	$ 5.00
Fresh Air Energy	ON, Canada	4	2033	1.00%	Solar	Operational	40 MW	$ 1.87
Scotian Windfields[(a)]	NS, Canada	12	2036	8.00%	Wind	Operational	40 MW	$ 4.64
Total		**111**						**$ 52.10[(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. Further details are provided in the following discussions.

(b) As of the date of this MD&A, the total amount of investments listed above, net of repayments in (a) above, was approximately $43.8 million.

(c) Based on exchange rate of 1 US$: 1.34 C$.

(d) In October 2022, Teichos Energy provided a notice to the Company that it will extend the Teichos Loan by an additional 6 months. Accordingly, the Jackson Center Royalty has increased from 1.5% to 2% of gross revenues.

(e) The transaction with Teichos Energy 2 was closed on February 2, 2023, subsequent to the year ended December 31, 2022.

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

A. Teichos Energy – Solar Interconnection – Pennsylvania, USA

In February 2023, the Company announce that it has acquired a gross revenue royalty on the 27 MWDC (20 MWAC) Jackson Center Solar Project Phase 2 ("Jackson Center 2 Project"), located in Mercer County, Pennsylvania, under development by Teichos Energy LLC ("Teichos").

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

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

Royalty-Based Investment Transactions Completed during the Company's Fiscal Year 2022

B. Delta Energy Partners – Energy-as-a-Service Projects – Puerto Rico

In November 2022, through its newly formed investment vehicle, named FP Puerto Rico Invest LLC ("Delta Investment Vehicle"), the Company entered into a loan and royalty agreement with Delta Energy Partners, a provider of Energy-as-a-service (EaaS) solutions to customers, for US$4.0 million (the "Delta Loan") to fund energy efficiency projects in Puerto Rico ("Delta Project"). The Delta Project involves installation and servicing of energy-efficient lighting and environmental system in Puerto Rico, based on contracts with customers with a term of 10 years.

The Delta Loan will be drawn in tranches with a term of 5 years at a 13.50% interest rate per annum, plus a 2% commitment fee on undrawn amounts. Delta Investment Vehicle will also receive a 10-year royalty of 10% per annum (the "Delta Fixed Royalty") on invested capital commencing the 30th month after closing.

The Company will contribute 98% of the total funds required for cash advance pursuant to the Delta Loan in the form of its equity capital contributions to Delta Investment Vehicle; the remaining equity contribution will be provided by certain private parties. The Delta Investment Vehicle is governed by a shareholders' agreement, which sets out, among other things, the Company's economic interest, whereby interest on the Delta Loan to the extent of 12.15% on the Company's contributions to Delta Investment Vehicle as well as 40% of the Delta Fixed Royalty will be attributable to the Company, whereas the remainder of the income of Delta Investment Vehicle will be attributable to the non-controlling interests.

Pursuant to the Delta Loan, 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 after the end of the reporting period in the first quarter of 2023.

C. ReVolve Renewable Power – Energy Storage Projects – Mexico

In September 2022, the Company entered into a second agreement with ReVolve, to provide a $1.86 million secured loan (the "Revolve Cancun Loan") and royalty facility to support the purchase of battery and inverter equipment for three energy storage projects with a combined capacity of 3.2 MWh currently under construction in Punta Cancun, Mexico (the "Cancun Projects").

The Cancun Projects are located at the site of a major hotel chain in Cancun, Mexico. The hotels have entered into Energy Services Agreements ("ESAs") with Revolve wherein Revolve will receive an annual fixed payment in addition to sharing the energy savings delivered by the Project over a 10-year term. Revolve has also entered into an agreement with Quartux Mexico S.A. de C.V. (or "Quartux"), a highly experienced installer and operator of battery storage systems in Mexico, to deliver a turnkey solution for the installation and commissioning of the Projects.

The ReVolve Cancun Loan has a term of two years and bears interest at 12% per annum, payable quarterly. This loan is secured against the assets of the Cancun Projects. In addition to this, the loan is subject to a 2% structuring fee on the total loan value and will be capitalized and added to the overall Loan amount at financial close. A gross revenue royalty of 5% (the "Cancun Royalty") applies to all revenues received from the Cancun Projects for the duration of the ESAs.

In October 2022, the Company provided a partial cash advance to ReVolve against the ReVolve Cancun Loan. In the first quarter of 2023, the ReVolve Cancun Loan was fully drawn down.

D. Outagamie Clean Energy Partners –Renewable Natural Gas Project – Wisconsin, USA

In March 2022, a newly formed co-investment vehicle ("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") 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.

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 approximately 97% equity/ownership interest in the entity; the remaining equity contribution was provided by certain private parties.

OCEP Invest LLC is governed by a shareholders' agreement (the "Shareholders' Agreement"), which sets out, among other things, the Company's economic interest as summarized below:

- During the first two years of its term, the OCEP Loan is interest only, and the Company will receive quarterly distributions equivalent to 13.5% per annum on RER's Contribution.
- During the third year of its term, the OCEP Loan will fully amortize, whereby the Company will receive quarterly distributions for an aggregate amount equivalent to RER's Contribution, plus 13.5% per annum on outstanding balance thereof.
- Following the repayment of the OCEP Loan during the course of the third year, the Company will receive its share, at the rate of 4% per annum on RER's Contribution as originally provided, of the Fixed Royalty payments of approximately US$180,000 ($225,000) annually.

The OCEP Loan will enable OCEP to complete upgrades at an existing anaerobic digester facility located at a dairy farm near Green Bay, Wisconsin. The Project will take biogas produced from animal waste and upgrade this biogas to pipeline quality RNG for injection into the regional natural gas grid, as a replacement for conventional natural gas. The Project is located on an existing dairy farm, offering a constant, reliable source of feedstock.

The OCEP Project will receive revenue from multiple sources, with the primary sources being California Low Carbon Fuel Standard credits and US Environmental Protection Agency Renewable Identification Numbers. The OCEP Project has been producing biogas for 15 years and the OCEP Loan proceeds will be utilized to upgrade this biogas to RNG quality for injection into the natural gas grid.

Construction of the OCEP Project was completed in Q1 of 2023, and the facility is currently producing RNG.

The OCEP Project reduces greenhouse gas emissions by capturing methane that would otherwise escape to the atmosphere and upgrading it for use as a transportation fuel. As methane is a powerful greenhouse gas (25 times the impact of CO_2), the benefit is significant for each unit of gas produced. The OCEP Project is expected to reduce emissions by up to 20,000 metric tonnes of CO_2 equivalent per year.

E. Switch Power Corp – Rooftop Solar Projects – Ontario, Canada

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") with a capacity of 0.38 MW.

Switch Power Corporation manages development, construction and operation of sustainable energy power generation projects in Canada consisting of solar, wind, battery storage and thermal generation energy resources.

The Switch Solar Loan will have 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 will have 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.

F. ReVolve Renewable Power– Roof Top Solar Generation Projects – Mexico

In June 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 MWh.

The ReVolve Projects are roof-mounted behind-the-meter installations, with three Projects located near Mexico City and three Projects in the neighbouring state Guanajuato to the northwest. The Projects receive revenue from Power Purchase Agreements ("PPAs") with commercial customers that support the automotive, medical, and print industries. The ReVolve Projects are all operational and have PPAs with remaining terms ranging from 8-11 years.

The ReVolve Loan will have a term of 24 months and bear interest at the rate of 10% per annum, compounded monthly, and payable quarterly. The Company will receive 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 Projects and 1% on two of the ReVolve Projects for the remaining life of the PPAs.

G. Nomad Transportable Power Systems – Transportable Energy Storage System – Vermont, USA

In April 2022, the Company entered into an 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 energy systems integrator with over 50 years of experience implementing storage projects around the world.

NOMAD is a first mover in the utility, commercial and industrial-scale mobile energy storage sector and was founded in response to demand for a more flexible, transportable battery energy storage system. NOMAD's business objective is to sell mobile energy storage systems ("Mobile Units") and provide energy storage as a service.

The Mobile Units combine a fully-enclosed trailer chassis with high energy density lithium-ion battery cells and a proprietary docking system to deliver a plug-and-play energy storage solution to their customers. The Mobile Units combine the benefits of a fixed-site energy storage system with increased flexibility and the ability to relocate them, enabling a single Mobile Unit to serve multiple locations for seasonal, intermittent (outages), or temporary use (capital deferral), increasing asset utilization versus a fixed asset.

The Company provided a five-year USD $5.6 million senior secured working capital loan (the "NOMAD Loan"). The NOMAD Loan will enable NOMAD to manufacture Mobile Units including the NOMAD Traveler (2 MWh), and NOMAD Voyager (1.2 MWh). The Mobile Units will be sold to utilities, commercial and industrial customers.

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 will also receive a gross revenue royalty of 3.5% on the sale of NOMAD's Mobile Units manufactured using the NOMAD Loan proceeds.

Royalty-Based Investment Transactions Completed during the Company's Fiscal Year 2021

H. Switch Power – Energy Storage Projects – Ontario, Canada

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"), with the objective of providing 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. On April 4, 2023, Switch Power announced that, of the aforementioned ten development stage projects, it had successfully commissioned five BESS in Ontario, with a combined capacity of 3,310 kW/7,874 kWh.

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. Under the Energy Services Agreements ("ESA") with the Hosts, Switch OpCo will share a percentage of the Cost Savings of the Hosts. Additionally, Switch OpCo will potentially generate additional revenue from several other sources including wholesale market participation, demand delivery savings, operating reserve, and resiliency.

It is estimated that the Switch Portfolio will offset nearly 800 tonnes of CO_2 per year, equivalent to taking over 170 gas-powered cars off the road. These energy storage systems will accelerate Ontario's transition to a decentralized, decarbonized, and resilient electricity grid. For customers, they will help reduce their carbon footprint while lowering costs and unlocking new cost savings through electricity use optimization.

Switch Loan Agreements

The three Switch Loan Agreements 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 received executed ESAs 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 will be used by 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.

Switch Royalty Agreement

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 Development Projects reach commercial operation. As additional projects reach commercial operation, the royalty will decrease. The maximum decrease in the royalty rate of 40% will correspond to a 12 times increase in overall capacity of the Switch Portfolio in operation. Accordingly, other factors remaining constant, if the entire Switch Portfolio becomes fully operational, the effect of an overall increase in operating capacity and project revenues on future royalty payments will more than offset the effect of the decrease in applicable royalty rates.

I. Teichos Energy – 27MW Solar Project – Pennsylvania, USA

In October 2021, the Company announced that it acquired a sliding scale gross revenue royalty on the 27 MWdc (20 MWac) Jackson Center Solar Project Phase 1 ("Jackson Center Project") located in Mercer County, Pennsylvania.

Jackson Center Project is owned by Teichos Energy, LLC ("Teichos"), a renewable energy development company headquartered in Seattle, Washington and is an advanced stage solar project that is expected to reach commercial operation in 2023. Once operational, Jackson Center Project will generate 42,799 MWh per year of clean energy.

The Company has entered into a secured loan agreement (the "Teichos Loan") with Teichos whereby the Company provided a US$2.2 million letter of credit on behalf of Teichos, for Teichos to post 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 Company will receive a 1% gross revenue royalty on the Jackson Center Project (the "Jackson Center Royalty") for a period of 15 years once the Jackson Center Project reaches commercial operation. 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 provided notice to the Company that it will extend the Teichos Loan by an additional 6 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 amendment agreement with Teichos to extend the term of the loan agreement by an additional month to extend the Maturity date to May 8, 2023. In accordance with the terms of the amended agreement, the interest rate increased to 15% per annum compounded annually for the period after April 8, 2023.

J. FuseForward Solutions – Smart Solutions – Vancouver, Canada

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 has provided a $2 million secured loan for three years with 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 Financing Facility").

The FuseForward Financing Facility will enable FuseForward to fund its growth into the smart infrastructure sector, enabling FuseForward to expand its product offerings, in particular their Smart Cities and Campus Initiative. This initiative will allow educational institutions and municipalities to use advanced network infrastructure, internet-connected devices, and digital twins to build operational efficiencies and improvements into their sustainability programs, reduce cost by streamlining processes and automation, and improve the management and security of data.

The Company recorded an expected credit loss ("ECL") of $473,000 on the FuseForward Financing Facility, due to a delayed interest and royalty payment. The delayed interest and royalty payments were caused by working capital constraints relating to a new acquisition by Fuseforward, changes in certain contract terms. and seasonality of Fuseforward growth in customer contracts during the year. Fuseforward is currently in the process of securing additional financing to meet its contractual obligations to the Company, and the Company expects a resolution to the delayed payment in the upcoming quarters.

Proposed Royalty Investment Transactions and Potential Royalty Financing Opportunities

The Company has a robust backlog of potential royalty financing opportunities and is in advanced discussions on several opportunities. There can be no assurance that any of the opportunities 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.

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
Fresh Air Energy	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*	Canada	1	Efficiency				
OCEP**	WI, USA	1	RNG	2	18,170	17,989	2,794
Revolve	Mexico	6	Solar	2	3,844	2,041	1,882
Operational Subtotal		***94***		***210***	**432,316**	**113,028**	**49,141**
Development Stage							
Switch Power	ON, Canada	5	Battery	15	627	564	76
Teichos Energy	PA, USA	2	Solar	40	85,598	70,296	8,382
NOMAD	VT, USA	6	Battery	4	1,551	660	228
Revolve	Mexico	3	Battery	2	816	433	399
Delta*	PR, USA	1	Efficiency				
Development Subtotal		***17***		***61***	**88,592**	**71,953**	**9,085**

PORTFOLIO TOTAL	**111**		**271**	**520,908**	**184,981**	**58,226**

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]

39,964	57,079	3,058,712
Passenger Vehicles	Tonnes of waste recycled	Trees planted

Environmental Data Sources:

[1] GHG Emissions Intensity

- 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.

[2] Homes Powered

- 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

[3] Emission Reduction Equivalents

- US EPA Greenhouse Gas Equivalencies Calculator https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

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.sedar.com, 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 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.

In Q3 2021, the Company donated $25,000 to the Richmond Food Bank Society, a not-for-profit organization that provides food assistance, advocacy and related support to individuals in need within the Richmond community. The donation will support the School Meal Program, which provides nutritious meals and snacks to students who attend school hungry at 11 schools in Richmond. Kids and teens need nutritious food to grow, be healthy, and to effectively learn at school, yet too many are attending school on an empty stomach.

In Q2-2021, the Company donated $25,000 to Blind Beginnings, whose mission is to inspire children and youth who are blind or partially sighted through diverse programs, experiences, counseling and peer support, and opportunities to create fulfilling lives. The Company's donation will be used for the "Creating Confidence" and "Youth Leadership & Pre-Employment" programs to empower youth to develop to their full potential.

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.sedar.com,, 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, as summarized below:

			Amount	
Declaration date	**Record date**	**Payment date**	**Per share**	**Total**
For Q1 2023				
April 12, 2023	May 3, 2023	May 24, 2023	0.01	431,276
Total for 2023				**431,276**
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)				**1,626,727**
Fiscal Year 2021				
January 9, 2022	February 2, 2022	February 23, 2022	0.01	332,899
October 28, 2021	November 17, 2021	December 8, 2021	0.01	332,899
July 14, 2021	August 4, 2021	August 25, 2021	0.01	332,899
April 7, 2021	April 28, 2021	May 19, 2021	0.01	332,899
Total for 2021(1)				**1,331,596**

(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.

1.3 SELECTED ANNUAL INFORMATION

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 years ("FY") of the Company and are expressed in Canadian dollars.

		FY 2022		FY 2021		FY 2020
Total assets	$	42,610,000	$	35,195,000	$	27,611,000
Total non-current liabilities	$	19,625,000	$	20,588,000	$	10,514,000
Total current liabilities	$	2,597,000	$	201,000	$	89,000
Royalty revenue	$	840,000	$	784,000	$	751,000
Finance income	$	3,369,000	$	911,000	$	1,189,000
Income from royalty buyout	$	27,000	$	–	$	431,000
Gain on derecognition of financial asset	$	–	$	129,000	$	–
Other revenue	$	–	$	100,000	$	–
Total revenue and income	$	4,236,000	$	1,924,000	$	2,371,000
Cash distribution per share	$	0.04	$	0.04	$	0.04
Net loss for the year	$	434,000	$	2,130,000	$	447,000
Net loss attributable to the Company's shareholders	$	726,000	$	2,130,000	$	447,000
Basic and diluted loss per share	$	0.02	$	0.06	$	0.01

The Company's total assets increased in FY 2022, due to net proceeds of approximately $7.3 million from the Public Unit Offering completed during year. As of December 31, 2022, total current liabilities increased, compared to the prior year, due to reclassification of the 2020-Convertible Notes as a current liability, as the remaining term of the debt was less than one year as of the reporting date.

The Company's total assets increased in FY 2021, mainly due to cash raised through issuance of the Series 2-Green Bonds, which also resulted in an increase in non-current liabilities at December 31, 2021.

The Company's total assets increased in FY 2020 due to cash generated from operating activities and cash raised through exercise of warrants and issuance of debt instruments (Series 1-Green Bonds and 2020-Convertible Note), which also resulted in an increase in non-current liabilities as at December 31, 2020.

The Company's royalty revenue grew over the last three years as the Company's portfolio of royalty interests and secured loans grew. Finance income tripled in FY 2022, compared to the prior year, as the Company deployed over $18 million of its capital, mainly in advancement of term loans. Finance income decreased slightly in FY 2021 because of the net effect of the repayments of various secured loans received during the year and additional secured loans advanced, mainly during the last quarter of 2021.

In FY 2022, the Company recorded an allowance for credit loss relating to the FuseForward Financing Facility, as described herein under section *1.2*.

In FY 2020, the Company recorded an aggregate amount of $431,000 in gain on buyback of certain royalty interests by certain royalty grantors. Similarly, the Company recorded a gain on buyback of royalty from Jade Power.

In FY 2021, the Company recorded a gain of $129,000 upon the early repayment of the loan to Scotian Windfields. Other income of $100,000 recorded in FY 2021 related to advisory services provided by the Company's personnel.

The increase in net loss in FY 2021 was mainly due to share-based payment expenses and finance expenses recorded during the year. However, the net loss has decreased significantly in FY 2022 due to additional finance income in the current year.

In FY 2020, the Company recorded its share of loss ($554,000) of an associate (RER US 1 LLC), mainly due to impairment losses on the associate's development stage solar projects recognized in the fourth quarter of FY 2020.

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 years of the Company and are expressed in thousands of Canadian dollars.

	Fiscal Quarter Ending							
	Dec 31, 2022	**Sep 30, 2022**	**Jun 30, 2022**	**Mar 31, 2022**	**Dec 31, 2021**	**Sep 30, 2021**	**Jun 30, 2021**	**Mar 31, 2021**
Revenue and income								
Royalty revenue	$ 259	$ 196	$ 214	$ 170	$ 181	$ 190	$ 221	$ 192
Finance income	1,311	1,009	665	384	279	190	196	247
Gain on royalty buyback	27	–	–	–	–	–	–	–
Gain on derecognition of financial asset	–	–	–	–	–	129	–	–
Other revenue	–	–	–	–	100	–	–	–
Total revenue and income	$ 1,597	$ 1,205	$ 879	$ 554	$ 560	$ 509	$ 417	$ 439
Share of income of OCEP Invest LLC	–	98	309	101	–	–	–	–
Net (loss) income after tax	$ (579)	$ 470	$ 225	$ (550)	$ (166)	$ (442)	$ (767)	$ (755)
Net (loss) income attributable to the Company's shareholders	$ (803)	$ 401	$ 225	$ (550)	$ (166)	$ (442)	$ (767)	$ (755)
Net (loss) income per share	$ (0.01)	$ 0.01	$ 0.01	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.02)

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 stayed stable on an annual basis. The Company earns royalty revenue from several sustainable energy sources and through energy efficiency, 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 Company's royalty interests are held in renewable assets located in the Northern Hemisphere only. 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. In the Company's fiscal year 2021, there was a decreasing trend in finance income during the first three fiscal quarters, as the Company received loan repayments from various clients. Thereafter, 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. Additionally, subsequent to the change of control of FP OCEP Invest LLC, the Company consolidated the said entity, and accordingly the Company' finance income included the entire revenue from FP OCEP Invest LLC in Q4 2022, which was partially recorded using the equity method in Q3 2022 prior to the change of control on August 15, 2022.
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.

Analysis of Quarterly Results

Quarter ended	Analysis
March 2021 **(Q1/2021)**	During this quarter, there was no significant change in the Company's revenue and income as the Company remained focused on evaluating several assets for potential acquisition to deploy aggregate proceeds from the Green Bonds and the funds received from the repayment of the Jade Power Loan. Net loss of $755,000 recorded in this quarter included: a) non-cash equity-settled shared-based payment expense of $404,000 representing amortization of the fair value of 1,450,000 share purchase options granted by the Company in the current quarter to its directors, officers, employees and certain consultants, and b) finance expenses of $243,000 relating to Green Bonds and Convertibles Notes.
June 2021 **(Q2/2021)**	During and as of the end of the second quarter of 2021, the Company was in advanced discussions on several potential royalty financing opportunities. The Company received a partial repayment of the loan receivable from OntarioCo, that led to a decrease in finance income. The Company filed its base-self short form prospectus in this quarter and incurred additional regulatory expenses and professional fees in this regard. The Company continued recording finance expenses on its debts and share-based payment expenses representing amortization of the fair value of the share purchase options granted in the preceding quarter.
September 2021 **(Q3/2021)**	During the third quarter of 2021, the Company closed the first loan to Switch Power. The Company received a final repayment of the loan receivable from OntarioCo. The Company also received an early repayment of the Scotian Windfields Loan and consequently recorded a gain upon

	derecognition of the financial asset representing debt accretion that would have otherwise been recorded over the remaining term of the loan.
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. To deploy the additional capital raised from the Public Unit Offering in June 2022, the Company further advanced several potential royalty-based investment opportunities that were subject to completion of due diligence to the Company's satisfaction, negotiation of definitive documents, satisfaction of customary conditions precedent for each transaction, and approval by the Company's Board of Directors.
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"), which specifies that 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 (see section 1.2 "*Overview*").

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.

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 $434,000 for the year ended December 31, 2022 ("Current Year"), compared to a net loss of $2,130,000 for the year ended December 31, 2021 ("Prior Year").

The Company recorded a net loss of $579,000 for the three months ended December 31, 2022 ("Current Quarter"), compared to a net loss of $166,000 recorded for the three months ended December 31, 2021 ("Prior Year Quarter").

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

Unless stated otherwise, the following discussions and analysis relating to the Current Year also apply to the Current Quarter.

REVENUE AND INCOME

	Note	Three months ended December 31, 2022	2021	Change ($)	Change (%)
Royalty revenue	(1)	$ 259,273	$ 181,149	$ 78,124	43%
Finance income	(2)	1,310,980	278,546	1,032,434	371%
Gain on royalty buyback	(3)	27,705	–	27,705	N/A
Gain on derecognition of financial asset	(4)	–	–	–	N/A
		$ 1,597,958	$ 459,695	$ 1,138,263	248%
Gain on revaluation of financial asset at FVTPL	(7)	$ 12,007	$ 14,900	$ (2,893)	(19%)

	Note	Year ended December 31, 2022	2021	Change ($)	Change (%)
Royalty revenue	(1)	$ 839,808	$ 784,296	$ 55,512	7%
Finance income	(2)	3,369,074	911,378	2,457,696	270%
Gain on royalty buyback	(3)	27,705	–	27,705	N/A
Gain on derecognition of financial asset	(4)	–	129,417	(129,417)	(100%)
Other revenue	(5)	–	100,000	(100,000)	(100%)
Revenue and income		$ 4,236,587	$ 1,925,091	$ 2,311,496	120%
Share of income of OCEP Invest LLC	(6)	507,865	–	507,865	N/A
Gain on revaluation of financial asset at FVTPL	(7)	$ 13,812	$ 10,104	$ 3,708	37%

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

(1) Royalty revenue for the Current Year has increased as compared to the Prior Year, due mainly to new investments in NOMAD, Revolve and Switch Solar during the Current Year.

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

(3) During the year ended December 31, 2022, the Jade Power Royalty was bought back by Jade Power, pursuant to the related royalty agreement. The Company recognized a gain amounting to $27,705 upon derecognition of the Jade Power Royalty. There was no such gain in the prior year.

(4) In 2021, the Company recognized a gain of $129,000 on derecognition of financial asset upon an early and full repayment of $3.3 million secured term loan receivable from Scotian Windfields Inc. that was first advanced in February of 2020.

(5) Other income recorded in the Prior Year represents advisory services provided by the Company's personnel in the normal course.

(6) The Company's interest in OCEP Invest LLC was originally accounted for using the equity method. 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.

(7) The fluctuation in loss on revaluation of Aeolis Loan is mainly a result of changes in risk-free interest rates used for discounting future cash flows, and the consumer price index (CPI).

OPERATING EXPENSES

	Note	Three months ended December 31, 2022	2021	Change ($)	Change (%)
Wages and benefits	(1)	$ 202,990	$ 115,759	$ 87,231	75%
Administration	(2)	120,140	63,129	57,011	90%
Marketing and stakeholder communication	(3)	117,233	54,068	63,165	117%
Audit and audit related	(4)	88,195	22,464	65,731	293%
Consulting – Financing	(5)	15,993	32,678	(16,685)	(51%)
Consulting – Other	(6)	84,426	5,000	79,426	1589%
Regulatory and transfer agency	(7)	50,253	2,819	47,434	1683%
Donations	(8)	25,000	–	25,000	–
Office lease and information technology	(9)	12,501	12,401	100	1%
Legal	(10)	57,383	6,819	50,564	742%
Total		$ 774,114	$ 315,137	$ 458,977	146%

	Note	Year ended December 31, 2022	2021	Change ($)	Change (%)
Wages and benefits	(1)	$ 757,925	$ 624,622	$ 133,303	21%
Administration	(2)	420,972	336,849	84,123	25%
Marketing and stakeholder communication	(3)	341,472	282,889	58,583	21%
Audit and audit related	(4)	294,357	189,229	105,128	56%
Consulting – Financing	(5)	77,860	131,881	(54,021)	(41%)
Consulting – Other	(6)	139,653	103,358	36,295	35%
Regulatory and transfer agency	(7)	147,763	64,306	83,457	130%
Donations	(8)	50,000	51,000	(1,000)	(2%)
Office lease and information technology	(9)	55,357	59,948	(4,591)	(8%)
Legal	(10)	125,572	29,867	95,705	320%
Total		$ 2,410,931	$ 1,873,949	$ 536,982	29%

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

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

(2) Higher administration expenses during the Current Year were in line with the increase in overall activities of the Company relating to business development and financing initiatives.

(3) Marketing expenses increased as compared to the Prior Year due to an increase in marketing and public relation initiatives undertaken by the Company in the Current Year.

(4) Audit and audit related expenses increased in the Current Year due to an increase in the base audit fees and overall change in the size and complexity of the Company's transactions.

(5) Consulting (financing) expenses related to certain consulting engagements to assist in the Company's financing activities were incurred in the Prior Year, of which certain engagements ended during the Current Year, resulting in a decrease in these expenses.

(6) Other consulting expenses were higher in the Current Year because certain consulting costs were incurred during the year directly relating to the due diligence activities for prospective projects that did not materialize and were written off during the Current Year.

(7) Effective March 31, 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 increased in the Current Year.

(8) Refer to section 1.2.3 *"Disclosure of Environmental and Social Data"* for details of the Company's charitable activities.

(9) Office lease and information technology expenses relate to the Company's corporate office. Effective May 1, 2021, the Company entered into a lease (the "Office Lease") with a 5 year term for its corporate office space. The Company recognized a right-of-use asset and a corresponding lease liability with respect to the Office Lease. Office lease expenses for the Current Year 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 Year have been consistent with the Prior Year.

(10) The legal expenses also increased due to preparation of the meeting materials in relation to the special meetings of the Company bondholders held in October 2022. The increase in legal expenses is also attributable to certain expenses that were previously recorded as deferred transaction costs, but were expensed in the Current Year, as the related transaction did not complete as planned.

FINANCE EXPENSES

	Three months ended December 31,			
	2022	2021	Change ($)	Change (%)
Finance expenses relating to:				
Green Bonds	412,923	208,467	204,456	98%
Convertible notes	58,890	52,216	6,674	13%
Office Lease	1,455	1,750	(295)	(17%)
Total	$ 473,268	$ 262,433	$ 210,835	80%

	Year ended December 31,			
	2022	2021	Change ($)	Change (%)
Finance expenses relating to:				
Green Bonds	$ 1,630,208	$ 815,209	$ 814,999	100%
Convertible notes	231,826	205,520	26,306	13%
Office Lease	6,263	4,830	1,433	30%
Total	$ 1,868,297	$ 1,025,559	$ 842,738	82%

Finance expenses, including amortization of transaction costs, relating to the Green Bond fluctuated due to the timing of the Green Bond offerings and resulting average outstanding balance of the Green Bond liability during the year.

Finance expenses, including amortization of transaction costs, relating to the convertible notes increased due to compounding of interest, which is accrued annually and is payable upon maturity of the convertible notes.

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

	Note	Three months ended December 31, 2022	2021	Change ($)	Change (%)
Depletion and Amortization	(1)	$ 111,544	$ 81,516	$ 30,028	37%
Foreign exchange loss	(2)	156,236	6,985	149,251	2137%
Equity-settled share-based payment	(3)	–	75,000	(75,000)	(100%)
Cash-settled share-based payment	(4)	12,316	–	12,316	N/A
Total		$ 280,096	$ 163,501	$ 116,595	71%

	Note	Year ended December 31, 2022	2021	Change ($)	Change (%)
Depletion and Amortization	(1)	$ 364,292	$ 304,712	$ 59,580	20%
Foreign exchange (gain) loss	(2)	(573,242)	7,999	(581,241)	(7266%)
Equity-settled share-based payment	(3)	40,000	853,000	(813,000)	(95%)
Cash-settled share-based payment	(4)	49,010	–	49,010	N/A
Total		$ (119,940)	$ 1,165,711	$ (1,285,651)	(110%)

The expenses presented above are summarized below:

(1) Depletion, which is recorded on a straight-line basis, increased in the Current Year, compared to the Prior Year, due to additions to royalty interests in 2022.

(2) Foreign exchange gain for the Current Year relates mainly to the Company's U.S. dollar-denominated cash balance, secured loans, and Green Bonds and due to changes in the exchange rates. During the Current Year, the U.S. dollar appreciated in value against CAD, and the Company's total U.S. dollar-denominated assets also increased following the closing of the NOMAD Loan. Accordingly, the Company recorded a foreign exchange gain during the Current Year. The foreign exchange gain with respect to the Company's investment in OCEP Invest LLC was recorded in other comprehensive income. In August 2022, the Company reclassified $100,475, representing accumulated foreign exchange translation differences relating to its interest in OCEP Invest LLC, from other comprehensive income to net income upon change of control.

(3) Equity-settled share-based payment expense represents amortization of the fair value of 1,450,000 share purchase options granted by the Company to its directors, officers, employees and certain consultants in the first quarter of 2021. The equity-settled share-based payment expense was recorded only in the first quarter, as the options were fully vested in the first quarter of the current year.

(4) Cash-settled share-based compensation expense during the Current Year 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 year.

CURRENT AND DEFERRED INCOME TAX

	Year ended December 31, 2022	2021	Change ($)	Change (%)
Current income tax expense	$ 82,000	$ -	$ 82,000	N/A
Deferred income tax expense	129,000	–	129,000	N/A
Total	$ 211,000	$ –	$ 211,000	N/A

The current and deferred income tax expenses during the Current Year originated from 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 do 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:

	Year ended December 31,	
	2022	2021
Net loss after income tax, as presented in the Financial Statements	$ **(433,816)**	$ **(2,130,024)**
Adjustments:		
Finance expenses	1,868,297	1,025,559
Income tax expense	211,000	–
Depletion of royalty interest	344,814	291,731
Amortization of right-of-use asset	19,478	12,981
EBITDA	**2,009,773**	**(799,753)**

1.6 LIQUIDITY

At December 31, 2022, the Company had a cash and cash equivalents balance of $7,476,000 (December 31, 2021 – $20,101,000). At December 31, 2022, the Company' cash and cash equivalents balances included restricted cash of $2,981,000 (December 31, 2021 – $9,630,000). At December 31, 2022, the Company had working capital of $16,689,000 (December 31, 2021 – $20,927,000).

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

During the current year, the Company generated $0.2 million cash in its operating activities, compared to $0.01 million cash generated by operating activities in the prior year.

During the current year, the Company used $17.4 million cash in investing activities, mainly with respect to the new royalty-based investments and loans completed during the year. During the prior year, the Company used $9.2 million cash in investing activities, mainly with respect to the new royalty-based investments and loans completed during the year, and the Company received loan repayments totaling $9.8 million, resulting in net cash generated $0.6 million by investing activities.

The Company's financing activities during current year provided $4.3 million cash, mainly from the net proceeds ($7.3 million) from the Public Unit Offering, partially offset by cash distributions ($1.5 million) to the

Company's shareholders and interest payments ($1.2 million) on Green Bonds. Interest payments relating to Green Bonds were higher in the Current Year due to issuance of additional Green Bonds in December 2021.

During the Prior Year, the Company generated $7.6 million cash in its financing activities, mainly for proceeds from issuance of Green Bonds, partially offset by the cash distributions and interest payments.

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

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

(i) The amounts 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.

The Company was required to maintain a debt to equity ratio of 1:1 as per the convertible note agreements and the Green Bond indenture (the "Indenture"), which also requires the Company to maintain, subject to a cure period, a minimum debt coverage ratio ("Debt Coverage Ratio"), which is 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.

In November 2022, the debt to equity ratio as per the Indenture was modified from 1:1 to 3:1 by way of extraordinary resolutions approved in special meetings of the Company's bondholders.

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

Except for the aggregate commitment to advance loans to certain of the Company's clients and the office lease, as discussed herein, 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	**Year ended December 31,** 2022	2021	Change ($)	Change (%)
Short-term employment benefits (i)	$ 401,000	$ 343,000	$ 58,000	17%
Equity-settled share-based compensation – options	40,000	662,000	(622,000)	(94%)
Cash-settled share-based compensation	49,010	–	49,010	N/A
Total	$ 490,010	$ 1,005,000	$ (514,990)	(51%)

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

During the Current Year, the decrease in the total amount of related party transactions was due to a decrease in equity-settled share-based compensation representing the fair value of share purchase options amortized over the vesting term of the options. During the Prior Year, the Company granted 1,070,000 stock options to its directors and officers that led to a higher amount of share-based compensation of KMP. No options were granted during the Current Year.

Cash-settled share-based compensation during the Current Year 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 year.

1.10 FOURTH QUARTER

See section 1.4 *"Summary of Quarterly Results"* for discussion about seasonality in the Company's revenue. Moreover, refer to section 1.5 "*Results of Operations*" for detailed analysis of the fourth quarter results.

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	1,585,000
Share-purchase warrants	11,455,768
Deferred Share Units	24,501

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.sedar.com.