RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2023

TABLE OF CONTENTS

1.1	Date and basis of presentation	4
1.2	Overview	5
1.2.1	Marketed Public Offering and Private Placement of Series 3 secured Green Bonds	6
1.2.2	Repayment of convertible notes	6
1.2.3	Renewable Energy Royalty Investments	7
1.2.4	Disclosure of Environmental and Social Data	10
1.2.5	Distribution to shareholders	12
1.2.6	Grant Of Share-Based Awards	13
1.3	Selected annual information	14
1.4	Summary of quarterly results	14
1.5	Results of operations	17
1.5.1	Non-GAAP financial measures	20
1.6	Liquidity	21
1.7	Capital resources	22
1.8	Off-balance sheet arrangements	22
1.9	Transactions with related parties	22
1.10	Fourth quarter	23
1.11	Proposed transactions	23
1.12	Critical accounting estimates	23
1.13	Changes in accounting policies including initial adoption	23
1.14	Financial instruments and other instruments	23
1.15	Additional disclosure for venture issuers without significant revenue	23
1.16	Disclosure of outstanding share data	24
1.17	Internal controls over financial reporting and disclosure controls	24
1.18	Risk factors	24

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 months ended March 31, 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.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 for which further explanation including their calculations are provided herein under section *1.5.1*.

This MD&A is prepared as of May 26, 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 (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 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.

1.2.2 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.

1.2.3 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 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 110 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								
AlbertaCo [(d)]	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)] $210,112 per year	Energy Efficiency	Construction	Not applicable	$5.29[(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	$ 7.53[(c)]
OCEP	WI, USA	1	2035	Fixed[(c)] $246,560 per year	Renewable Natural Gas	Operational	2 MW (equiv.)	$ 5.97[(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
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
Northland Power Inc.	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		**110**						**$ 47.66[(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 $39.36 million.

(c) Based on exchange rate of 1 US$: 1.35 C$.

(d) At March 31, 2023, the Company had certain loan and royalty purchase commitments (the "Aggregate Funding Commitments") totaling $5.1 million, as summarized below:

(i) a binding royalty purchase agreement for approximately $1.0 million relating to the AlbertaCo, which agreement was closed subsequent to March 31, 2023 in May 2023, as further discussed herein/below.

(ii) a loan commitment under the Delta Loan agreement to provide cash advances, subject to certain conditions precedent, for an aggregate amount of US$3.0 million ($4.1 million).

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	$ 977,000
May 2023	Teichos Energy	PA, USA	1	1%	Solar	Development	20 MW	581,000

* These proceeds have been converted to CAD based on an exchange rate of 1 US$: 1.35 C$.

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

A. 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.

B. 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 ($1.55 million).

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.

1.2.4 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*	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
AlbertaCo	AB, Canada	1	Wind	145	498,600	294,174	73,867
Operational Subtotal		***95***		***355***	**930,916**	**407,202**	**123,008**
Development Stage							
Switch Power	ON, Canada	5	Battery	15	627	564	76
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		***15***		***21***	**2,994**	**1,657**	**703**
PORTFOLIO TOTAL		**110**		**376**	**933,910**	**408,859**	**123,711**

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]

88,332	126,160	6,760,590
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.

[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

[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.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.

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*

1.2.5 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 quarter and the fiscal year 2022 have been 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**

(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.

1.2.6 GRANT OF SHARE-BASED AWARDS

On May 2, 2023, the Company announced that it has 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 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 2, 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 years of the Company and are expressed in thousands of Canadian dollars.

	Fiscal Quarter Ending							
	Mar 31, 2023	**Dec 31, 2022**	**Sep 30, 2022**	**Jun 30, 2022**	**Mar 31, 2022**	**Dec 31, 2021**	**Sep 30, 2021**	**Jun 30, 2021**
Royalty revenue	$ 142	$ 259	$ 196	$ 214	$ 170	$ 181	$ 190	$ 221
Finance income	1,682	1,311	1,009	665	384	279	190	196
Gain on royalty buyback	–	27	–	–	–	–	–	–
Gain on derecognition of financial asset	–	–	–	–	–	–	129	–
Other revenue	–	–	–	–	–	100	–	–
Total revenue and income	1,824	1,597	1,205	879	554	560	509	417
Share of income of OCEP Invest LLC	–	–	98	309	101	–	–	–
Net income (loss) after tax	558	(579)	$ 470	$ 225	(550)	(166)	(442)	(767)
Net income (loss) attributable to the Company's shareholders	166	(803)	$ 401	$ 225	(550)	(166)	(442)	(767)
Net income (loss) per share	$ 0.00	$ (0.01)	$ 0.01	$ 0.01	$ (0.02)	$ (0.01)	$ (0.01)	$ (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 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 Company's royalty interests are held in renewable assets located in the Northern Hemisphere only.

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. 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 and it continues in Q1 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
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.
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	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.
(Q1/2023)	The Company's royalty revenue decreased during the first quarter of 2023 mainly because the Company did not record any royalty revenue from the NOMAD, consistent with underlying manufacturing and sales activities of NOMAD. However, the Company had recorded royalty revenue of $63,523 from the NOMAD in the prior quarter (Q4/2022). 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, 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. 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 income of $558,000 for the three months ended March 31, 2023 ("Current Quarter"), compared to a net loss of $550,000 recorded for the three months ended March 31, 2022 ("Prior Year Quarter"). Of the Current Quarter's net income, $166,000 was attributable to shareholders of the Company, compared to a net loss of $550,000 attributable to shareholders of the Company for the Prior Year Quarter.

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.

REVENUE AND INCOME

		Three months ended March 31,			
	Note	2023	2022	Change ($)	Change (%)
Royalty revenue	(1)	$ 141,786	$ 170,134	$ (28,348)	(17%)
Finance income	(2)	1,682,431	384,143	1,298,288	338%
Revenue and income		$ 1,824,217	$ 554,277	$ 1,269,940	229%
Share of income of OCEP Invest LLC	(3)	–	101,280	(101,280)	(100%)
Gain (loss) on revaluation of financial asset at FVTPL	(4)	$ 36,641	$ (40,326)	$ 76,967	(191%)

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

(1) Royalty revenue for the Current Quarter has decreased as compared to the Prior Year Quarter, mainly due to buyback of royalty interest by Jade Power in November 2022.

(2) The increase in finance income during the Current Quarter 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 Quarter, with full year effect on the revenue for fiscal year 2022, as discussed herein (see "*1.2 Overview*").

(3) 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 Year Quarter. 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.

(4) The gain on revaluation of Aeolis Loan during the Current Quarter 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

		Three months ended March 31,			
	Note	2023	2022	Change ($)	Change (%)
Wages and benefits	(1)	$ 254,964	$ 181,676	$ 73,288	40%
Administration	(2)	99,656	111,689	(12,033)	(11%)
Marketing and stakeholder communication	(3)	86,014	83,934	2,080	2%
Audit and audit related	(4)	5,172	44,940	(39,768)	(88%)
Consulting – Financing	(5)	16,990	29,882	(12,892)	(43%)
Consulting – Other	(6)	13,671	12,600	1,071	9%
Regulatory and transfer agency	(7)	14,881	64,738	(49,857)	(77%)
Office lease and information technology	(8)	16,157	15,329	828	5%
Legal	(9)	10,708	2,791	7,917	284%
Total		$ 518,213	$ 547,579	$ (29,366)	(5%)

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

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

(2) After the Company hired additional full-time resources by the Company, as mentioned in (1) above, its utilization of certain services from outside sources was reduced, and its administration expenses decreased accordingly.

(3) Marketing expenses relate to the marketing and public relation initiatives undertaken by the Company and were consistent as compared to the Prior Year Quarter.

(4) Audit and audit related expenses decreased in the Current Quarter as compared to the Prior Year Quarter due to the timing of work of related services.

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

(6) Other consulting expenses were consistent in the Current Quarter as compared to the Prior Year Quarter.

(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 Prior Year Quarter.

(8) Office lease and information technology expenses relate to the Company's corporate office. Office lease expenses for the Current Quarter 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 Quarter have been consistent with the Prior Year Quarter.

(9) The legal expenses are higher in the Current Quarter due to certain legal expenses incurred in respect of RE Royalties USA Inc.

FINANCE EXPENSES

	Three months ended March 31,			
	2023	2022	Change ($)	Change (%)
Finance expenses relating to:				
Green Bonds	$ 665,978	$ 396,998	$ 268,980	68%
Convertible notes	16,932	55,669	(38,737)	(70%)
Office Lease	1,367	1,669	(302)	(18%)
Total	$ 684,277	$ 454,336	$ 229,941	51%

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 Quarter was mainly due to the Series-3 Green Bond financing completed during the quarter.

Finance expenses, including amortization of transaction costs, relating to the convertible notes decreased as the convertible notes were repaid in January 2023 and consequently interest for only one month was charged in the Current Quarter as compared to the Prior Year Quarter.

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

		Three months ended March 31,			
	Note	2023	2022	Change ($)	Change (%)
Depletion and Amortization	(1)	$ 76,127	$ 83,439	$ (7,312)	(9%)
Foreign exchange loss	(2)	778	10,370	(9,592)	(92%)
Equity-settled share-based payment	(3)	–	40,000	(40,000)	(100%)
Cash-settled share-based payment	(4)	(4,072)	29,235	(33,307)	(114%)
Total		$ 72,833	$ 163,044	$ (90,211)	(55%)

The expenses presented above are summarized below:

(1) Depletion, which is recorded on a straight-line basis, decreased in the Current Quarter, compared to the Prior Year Quarter, mainly due to decrease in the royalty interest for Jade which was bought back in November 2022.

(2) Foreign exchange difference recorded in the Current Quarter represents the net effect of translation of the Company US-Dollar denominated assets and liabilities.

(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 Prior Year Quarter, as the options were fully vested in the first quarter of fiscal year 2022.

(4) Cash-settled share-based compensation during the Prior Year Quarter 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 DSUs or RSUs were granted during the Current Quarter.

CURRENT AND DEFERRED INCOME TAX

	Three months ended March 31,			
	2023	2022	Change ($)	Change (%)
Current income tax expense	$ 68,584	$ –	$ 68,584	N/A
Deferred income tax recovery	(41,000)	–	(41,000)	N/A
Total	$ 27,584	$ –	$ 27,584	N/A

The current and deferred income tax expenses during the Current Quarter 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 March 31,	
	2023	2022
Net income (loss) after income tax, as presented in the Financial Statements	**$ 557,951**	**$ (549,728)**
Adjustments:		
Finance expenses	684,277	454,336
Income tax expense	27,584	–
Depletion of royalty interest	71,257	78,570
Amortization of right-of-use asset	4,870	4,869
EBITDA	**1,345,939**	**(11,953)**

1.6 LIQUIDITY

At March 31, 2023, the Company had a cash and cash equivalents balance of $17,861,000, which cash balance is subject to various restrictions as described in the Financial Statements (December 31, 2022 – $7,580,000). At March 31, 2023, the Company had working capital of $30,420,000 (December 31, 2022 – $16,069,000). See section *1.2.3 Renewable Energy Royalty Investments* for details of the Aggregate Funding Commitments of approximately $5.1 million.

	Three months ended March 31, 2023	2022
Cash used in operating activities	$ (1,118,000)	$ (434,000)
Cash used in investing activities	(2,068,000)	(7,169,000)
Cash provided by (used in) financing activities	13,481,000	(650,000)
Total	$ 10,295,000	$ (8,253,000)

During the Current Quarter, the Company used $1.12 million cash in its operating activities, compared to $0.43 million cash used by operating activities in the Prior Year Quarter.

During the current quarter, the Company used $2.07 million cash in investing activities, mainly with respect to the new royalty-based investments and loans completed during the Current Quarter. During the Prior Year Quarter, the Company used $7.17 million cash in investing activities, mainly with respect to the new royalty-based investments and loans completed, directly and indirectly through an entity which was subject to joint control in the quarter.

The Company's financing activities during current quarter provided $13.48 million cash, mainly from the net proceeds ($16.55 million) from the Public Unit Offering, partially offset by cash distributions ($0.4 million) to the Company's shareholders, repayment of convertible notes ($2.06 million) and interest payments ($0.5 million) on Green Bonds. Interest payments relating to Green Bonds were higher in the Current Quarter due to issuance of additional Green Bonds in the Current Quarter.

During the Prior Year Quarter, the Company used $0.65 million cash in its financing activities, mainly for cash distributions and interest payments.

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

As of March 31, 2023		Contractual Cash Flows (i)			
	Carrying Amount	Total	Less than 12 months	Between 1 - 3 years	Between 4 - 5 years
Green Bonds (ii)	$ 35,808,365	$ 50,683,203	$ 2,880,586	$ 15,655,687	$ 32,146,930
Lease liability	67,272	75,565	24,296	51,071	198
Income tax payable	82,172	82,172	82,172	–	–
Trade payables and accrued liabilities	266,469	266,469	266,469	–	–
	$ 36,224,278	$ 51,107,409	$ 3,253,523	$ 15,706,758	$ 32,147,128

(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 March 31, 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 March 31, 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 March 31,						
		2023		2022		Change ($)	Change (%)
Short-term employment benefits (i)	$	118,906	$	105,000	$	13,906	13%
Equity-settled share-based compensation – options		–		40,000		(40,000)	(100%)
Cash-settled share-based compensation		(4,072)		29,235		(33,307)	(114%)
Total	$	114,834	$	174,235	$	(59,401)	(34%)

(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.

There was no equity-settled share-based payment expense recorded in the Current Quarter, as all share purchase options of the Company were fully vested at the beginning of the quarter, and there were new options granted during the quarter.

Cash-settled share-based compensation during the Prior Year Quarter 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 DSUs or RSUs were granted during the Current Quarter.

Refer to section "*1.2.6 Grant of Share-Based Awards*" for share-based awards granted to the Directors and Officers of the Company after the end of the Current Quarter in May 2023.

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.sedar.com.