RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2021

TABLE OF CONTENTS

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

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements (the "Financial Statements") of the Company for the year ended December 31, 2021 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.

This MD&A is prepared as of May 2, 2022.

1.2 OVERVIEW

Description of Business

RE Royalties Ltd., formerly Baetis Ventures 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 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 many 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 LAUNCH OF $10 MILLION MARKETED OFFERING

On April 25, 2022, subsequent to the Company's year-end, the Company announced the launch of a best efforts marketed public offering of units, of up to 12,200,000 Units (the "Units") for gross proceeds of up to $10 Million (the "Offering"). Each Unit will be priced at $0.82 and consist of one (1) common share in the capital of the Company (each a "Common Share" and collectively, the "Common Shares"), and one (1) common share purchase warrant (each a "Warrant" and collectively, the "Warrants"). Each Warrant will be exercisable into one (1) Common Share in the capital of the Company (each a "Warrant Share" and collectively, the "Warrant Shares") at an exercise price of $1.10 per Warrant Share for a period of twenty-four (24) months following the closing of the Offering.

The Offering will be led by Integral Wealth Securities Limited and Canaccord Genuity Corp. (the "Agents").

In connection with the Offering, the Company intends to enter into an agency agreement with the Agents (the "Agency Agreement"). The Agency Agreement will provide that the Company will grant the Agents an option, exercisable in whole or in part at any time until the date that is 30 days after the closing of the Offering, to market for sale up to an additional 15% of the number of Units sold pursuant to the Offering on the same terms as the Units sold under the Offering (the "Over-Allotment Option").

The Offering is expected to be 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 (the "Base Shelf Prospectus") dated June 21, 2021. The Prospectus Supplement is expected to be filed with the securities commissions and other similar regulatory authorities in each of the provinces of Canada, except Quebec.

The Company intends to use the net proceeds from the Offering to finance or re-finance renewable and sustainable energy projects, energy storage and energy efficiency solutions that are intended to reduce or offset greenhouse gas emissions and assist in mitigating the impact of climate change.

The closing of the Offering is expected to occur on or about May 25, 2022, or such other date as may be mutually agreed to by the Company and the Agents, subject to satisfaction of customary closing conditions, including, but not limited, the receipt of all necessary approvals, including the conditional approval of the TSX Venture Exchange Inc. (the "TSXV") and other necessary regulatory approvals.

The Base Shelf Prospectus as well as the Prospectus Supplement in connection with the Offering can be found on SEDAR at www.sedar.com.

The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from the registration requirements.

See section 1.2.4 *Financing* of this MD&A for the placement of Green Bonds during the year ended December 31, 2021.

1.2.2 RENEWABLE ENERGY ROYALTY INVESTMENTS

For detailed description of each royalty investment transaction completed prior to January 1, 2021, refer to the Company's Annual Information Form ("AIF") as publicly filed on SEDAR at www.sedar.com. This MD&A includes only changes and events during the Company's fiscal year 2021 and subsequently in 2022 to and as of the date this MD&A.

As of the date of this MD&A, the Company owned a portfolio of 104 royalties on various solar, wind, hydro, battery storage, and renewable natural gas projects operating or in development in Canada, Europe and the United States; a summary of which portfolio 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 after the Current Year								
OCEP	Wisconsin, USA	1	2035	Fixed[c] $235,520 per year	Renewable Natural Gas	Operational	2 MW (equiv.)	$ 5.89[c]
NOMAD	Vermont, USA	6	2027	3.5%	Battery storage	Development	3.5 MW	$ 7.17[c]
Completed during the Current Year								
Switch Power 1	Ontario, Canada	4	2031-2033	5% - 3%	Battery storage	Operational	2 MW	$ 2.31
Switch Power 2 & 3	Ontario, Canada	10	2033-2035	5% - 3%	Battery storage	Development	19 MW	$ 5.07
Teichos Energy	Pennsylvania, USA	1	15 Years	1% – 2%	Solar	Development	20 MW	$ 3.00
FuseForward Solutions	British Columbia, Canada	1	2031	Fixed $284,000 per year	Energy Efficiency	Operational	Not applicable	$ 3.00
Completed before the Current Year								
Aeolis Wind	British Columbia, Canada	1	2035	1.00%	Wind	Operational	102 MW	$ 1.24
Jade Power[a]	Romania	5	2035	1.05%	Solar, Wind, Hydro	Operational	34 MW	$ 3.80
OntarioCo[a]	Ontario, Canada	59	2040	2.00%	Solar	Operational	18 MW	$ 5.00
Fresh Air Energy	Ontario, Canada	4	2033	1.00%	Solar	Operational	40 MW	$ 1.87
Scotian Windfields[a]	Nova Scotia, Canada	12	2036	8.00%	Wind	Operational	40 MW	$ 4.64
Total		**104**						**$ 43.00[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), Scotian Windfields ($3.3 million), and Jade Power ($3.8 million). 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 $31 million.

(c) Based on exchange rate of 1 US$: 1.28 C$.

Royalty-Based Investment Transactions Completed After January 1, 2022 and Before the Date Hereof

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

On March 1, 2022, the Company announced that it had entered into a mezzanine financing agreement with Outagamie Clean Energy Partners ("OCEP"), a Renewable Natural Gas ("RNG") developer to finance the construction of a biogas to RNG upgrading project located in Wisconsin (the "OCEP Project").

The Company has provided a USD $4.6 million secured loan (the "OCEP Loan") with a three year term. The OCEP Loan has an interest rate of 13.5% per annum. The OCEP Loan will be interest only for the first 2 years and amortized over the final year. The Company will also receive a fixed annual royalty payment (the "Fixed Royalty") of 4% of invested capital for 10 years upon repayment of the OCEP Loan.

The OCEP Loan was advanced through and the Fixed Royalty was granted to a co-investment vehicle structured as a limited liability company ("OCEP Invest LLC"), in which the Company holds an equity interest of approximately 97%, whereas the Company's economic interest in the OCEP Invest LLC entitles it to receive 100% of the payments on account of the OCEP Loan (including interest thereon at 13.5% per annum) as well as the Fixed Royalty.

The financing 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. 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.

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.

B. 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 year 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 during the term of the NOMAD Loan.

Royalty-Based Investment Transactions Completed During the Year Ended December 31, 2021

C. 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.

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 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 CO2 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 Development Projects are expected to be operational between the summer of 2022

and the summer of 2023. 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 that are expected to be operational in the summer of 2022. The EP Loan has a term of 24 months and will bear interest on drawn funds at a rate of 8.6% per annum.

<u>Switch Royalty Agreement</u>

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.

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

On October 8, 2021, the Company announced that it acquired a sliding scale gross revenue royalty on the 27 MW_{DC} (20 MW_{AC}) 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.

E. 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.

Repayment of Loans advanced Prior to January 1, 2021

F. Jade Power Loan Repayment

In January 2021, the Company received $1,750,000 in the final repayment of the $3.8 million loan receivable from Jade Power. Since January 1, 2021 and as of the date of this MD&A, there was no change in the terms of the royalty interests held by the Company in Jade Power's solar, wind, and hydro projects.

G. OntarioCo Loan Repayment

During the year ended December 31, 2021, the Company received the full and final repayment of its $5.0 million loan receivable from OntarioCo. The Company continues to maintain its gross revenue royalties on OntarioCo's operational solar projects.

H. Scotian Windfields Loan Repayment

In September 2021, the Company received an early and full repayment by Scotian Windfields Inc. of its $3.3 million secured term loan, which was first advanced in February of 2020. The Company continues to maintain its gross revenue royalties on Scotian Windfields' 12 operational wind projects.

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.

1.2.3 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. After the current year, the remaining royalties on the Alpin Sun portfolio expired and have been removed from the portfolio reporting below.

Client	Location	Projects/ Royalties	Energy Type	Clean Generation Capacity (MW_{AC})	Annual Clean Energy (MWh)	Annual GHG Offset (tCO_2e),[1]	Annual Homes Powered[1]
Operational							
Aeolis Wind	BC, Canada	1	Wind	102	193,000	2,490	17,870
OntarioCo	ON, Canada	59	Solar	18	25,566	1,023	2,841
Fresh Air Energy	ON, Canada	4	Solar	40	59,413	2,377	6,601
Scotian Windfields	NS, Canada	12	Wind	40	131,700	79,020	12,064
Jade Power	Romania	5	Solar, Wind, Hydro	34	70,377	28,220	42,939
Switch Power	ON, Canada	4	Battery	2	88	79[2]	10
Operational Subtotal		***85***		***236***	***480,144***	***113,209***	***82,325***
Development Stage							
Switch Power	ON, Canada	10	Battery	19	770	693**Error! Bookmark not defined.**	86
Teichos Energy	PA, USA	1	Solar	20	42,799	35,493	4,261
FuseForward	BC, Canada	1	Efficiency	N/A[3]			
OCEP	WI, USA	1	RNG	2[4]	18,170	17,989[5]	1,000[6]
NOMAD	VT, USA	6	Storage	4	1,551	660	228[6]
Development Subtotal		***19***		***44***	***63,317***	***54,860***	***5,578***

PORTFOLIO TOTAL		**104**		**280**	**543,463**	**168,069**	**87,903**

Equivalents[1]:

87,903	**36,310**	**51,861**	**2,779,065**
homes powered with clean energy	passenger vehicles	tonnes of waste recycled instead of landfilled	trees planted

[1] Sources per RE Royalties 2020 Annual Information Form.
[2] SDTC Environmental Benefits Report 2021 (specific to project type)
[3] Smart infrastructure business expected to generate benefits but not yet quantifiable.
[4] Gas production capacity equivalent (based on annual energy)
[5] Project-specific carbon intensity pathway
[6] US Energy Information Agency

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, 2021, 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 six (6) team members, of which one (1) is female (17%)

Charitable Activity

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

Subsequent to the Company's 2021 fiscal year, in April 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 Annual MD&A, within the following categories:

- *Local Public Opposition*
- *Negative Public or Community Response*

- *Health, Safety and Environmental Risks*

1.2.4 FINANCING

An aggregated amount of gross proceeds of $20.4 million were raised in the Company's First Ranking Senior Secured 5-year green bonds ("Green Bonds") offering during 2020 and 2021 to finance or re-finance renewable energy projects and/or technologies that can assist in mitigating the impact of climate change. The Green Bonds are senior secured obligations of the Company that are secured against the Company's portfolio of royalty and loan investments and each Green Bond has a principal amount of $1,000 and bears interest at a rate of 6% per annum, payable quarterly. The Company has prepared a Green Bond Framework that is aligned with the International Capital Market Association Green Bond Principles (2018). The framework is available on the Company's Green Bond website at https://www.reroyalties.com/green-bonds.

The table below summarizes all Green Bond issuances as of the date of this MD&A.

Series	Closing Date	Maturity Date	Number of Green Bonds	Canadian Dollar-Denominated	U.S. Dollar-Denominated
Series 1 Green Bonds					
Tranche 1	October 2, 2020	October 2, 2025	5,452	$ 5,452,000	–
Tranche 2	October 29, 2020	October 29, 2025	2,066	2,066,000	–
Tranche 3	December 15, 2020	December 15, 2025	2,284	2,284,000	–
Tranche 4	March 1, 2021	March 1, 2026	364	364,000	–
			10,166	$ 10,166,000	–
Series 2 Green Bonds					
CAD Green Bonds	December 30, 2021	December 30, 2026	5,166	$ 5,166,000	–
USD Green Bonds	December 30, 2021	December 30, 2026	4,000	–	US$ 4,000,000
			9,166	$ 5,166,000	US$ 4,000,000
Total				$ 15,332,000	US$ 4,000,000

The Green Bonds were issued under an indenture dated August 10, 2020 (the "Indenture") between the Company and Western Pacific Trust Company, as trustee (the "Trustee"). The following is an overview of certain principal provisions of the Indenture. Pursuant to the Indenture, an unlimited amount of debt securities (the "Debt Securities") may be authorized, issued and certified. The first series of Debt Securities to be certified and delivered pursuant to the Indenture consisted of the Green Bonds, which were issued in one or more closings. For full particulars of the Issuer's obligations under the Indenture and the rights of the Bondholders under the Indenture, refer to the full copy of the Indenture, which is available under Company's profile on SEDAR at www.sedar.com.

The Company is subject to certain debt covenants under the Indenture, as further discussed herein under section 1.7 *Capital Resources.*

A. Green Bonds – Series 1

On March 1, 2021, the Company announced the closing of the fourth and final tranche of its Series 1-Green Bond offering and issued 364 Green Bonds for aggregate gross proceeds of $364,000. This final tranche brings the total aggregate gross proceeds of the Green Bond offering to $10.2 million.

In connection with the closing of the final tranche, the Company paid a cash fee of $8,040 and a corporate finance fee of $6,520. The Company also issued 17,472 warrants; each warrant will entitle the holder to acquire one common share of the Company at an exercise price equal to $1.25 for a period of 24 months from the closing date.

The aggregated amount of gross proceeds of $10.2 million were raised in four tranches in the Company's inaugural Series 1-Green Bond offering, which is summarized above.

Green Bonds – Series 2

On December 30, 2021, the Company announced the closing of its brokered "best efforts" private placement of Series 2-Green Bonds (the "Series 2-Green Bonds"), maturing on December 30, 2026 for aggregate gross proceeds of $10.3 million.

In the Series 2-Green Bonds private placement, the Company has issued 5,166 Green Bonds with a principal amount of $1,000 Canadian dollars per Green Bond for aggregate gross proceeds of $5,166,000 Canadian dollars ("CAD Green Bonds"). The Company has also issued 4,000 Green Bonds with a principal amount of $1,000 United States dollars per Green Bond for aggregate gross proceeds of $4,000,000 United States dollars ("USD Green Bonds"), or approximately $5.1 million Canadian dollar equivalent. Each Green Bond bears interest at a rate of 6% per annum, payable quarterly and is secured against the Company's portfolio of royalty and loan investments.

In connection with the closing of the Series 2-2021 Green Bonds, the Company paid a cash fee of $309,960 for the CAD Green Bonds and USD$240,000 for the USD Green Bonds.

Net proceeds from the Green Bonds will be utilized to finance or re-finance renewable and sustainable energy projects that will reduce or offset greenhouse gas emissions and assist in mitigating the impact of climate change.

1.2.5 DISTRIBUTION TO SHAREHOLDERS

Since the first quarter of 2019, the Company has regularly been paying quarterly cash distribution of $0.01 per share to its shareholders for an aggregate amount of $4.3 million to the date of this MD&A.

For the quarter ended	Declaration date	Record date	Payment date	Amount per share	Amount Total
March 31, 2022	March 31, 2022	April 20, 2022	May 11, 2022	$ 0.01	$ 332,899
December 31, 2021	January 9, 2022	February 2, 2022	February 23, 2022	0.01	332,899
September 30, 2021	October 28, 2021	November 17, 2021	December 8, 2021	0.01	332,899
June 30, 2021	July 14, 2021	August 4, 2021	August 25, 2021	0.01	332,899
March 31, 2021	April 7, 2021	April 28, 2021	May 19, 2021	0.01	332,899
December 31, 2020	January 6, 2021	January 27, 2021	February 17, 2021	0.01	332,899
September 30, 2020	October 7, 2020	October 28, 2020	November 18, 2020	0.01	327,363
June 30, 2020	July 10, 2020	July 29, 2020	August 19, 2020	0.01	326,714
March 31, 2020	April 8, 2020	April 29, 2020	May 20, 2020	0.01	321,714
December 31, 2019	January 8, 2020	January 29, 2020	February 19, 2020	0.01	321,714

For the quarter ended	Declaration date	Record date	Payment date	Amount per share	Amount Total
September 30, 2019	September 27, 2019	October 16, 2019	November 6, 2019	0.01	321,714
June 30, 2019	June 25, 2019	July 17, 2019	August 7, 2019	0.01	321,714
March 31, 2019[(i)]	March 15, 2019	April 3, 2019	May 1, 2019	0.01	321,714
Total				**$ 0.13**	**$ 4,260,041**

(i) The distribution for the quarter ended March 31, 2019 was designated by the Company to be a return of capital for the purpose of the Income Tax Act (Canada) and any similar provincial or territorial legislation.

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.

[The remainder of this page is intentionally left blank]

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 2021		**FY 2020**		**FY 2019**
Total assets	$	35,195,000	$	27,611,000	$	18,140,000
Total non-current financial liabilities	$	20,588,000	$	10,514,000	$	–
Total current financial liabilities	$	201,000	$	89,000	$	547,000
Royalty revenue	$	784,000	$	751,000	$	368,000
Finance income		911,000		1,189,000		1,012,000
Income from royalty buyout		–		431,000		–
Gain on derecognition of financial asset		129,000		–		–
Other revenue		100,000		–		–
Total revenue and income	$	1,924,000	$	2,371,000	$	1,380,000
Cash distribution per share	$	0.04	$	0.04	$	0.03
Net loss	$	2,130,000	$	447,000	$	412,000
Basic and diluted loss per share	$	0.06	$	0.01	$	0.01

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 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 also grew in FY 2020, but it 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 the year.

In FY 2020, the Company recorded an aggregate amount of $431,000 in gain on buyback of certain royalty interests by the royalty grantors. In FY 2021, the Company recorded a gain of $129,000 upon repayment of the loan received from 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. A detailed analysis of the loss for FY 2021 is provided in this MD&A under 1.5 *Results of Operations*.

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.

The Company recorded a net loss of $412,000 in FY 2019, as the Company deployed most of its capital available at the time on royalty-based investments in the second quarter of the year, but the new investments did not have a full year impact on the Company's revenue.

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, except for the weighted average number of shares.

	Fiscal Quarter Ending							
	Dec 31, 2021	**Sep 30, 2021**	**Jun 30, 2021**	**Mar 31, 2021**	**Dec 31, 2020**	**Sep 30, 2020**	**Jun 30, 2020**	**Mar 31, 2020**
Revenue and income								
Royalty revenue	$ 181	$ 190	$ 221	$ 192	$ 170	$ 187	$ 214	$ 133
Royalty buyout	–	–	–	–	–	451	47	–
Finance income	279	190	196	247	277	270	331	311
Gain on derecognition of financial asset		129	–	–	–	–	–	–
Other revenue	100	–	–	–	–	–	–	–
Total revenue and income	$ 560	$ 509	$ 417	$ 439	$ 447	$ 909	$ 592	$ 444
Net (loss) income	$ (166)	$ (442)	$ (767)	$ (755)	$ (882)	$ 387	$ (4)	$ 53
Net (loss) income per share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.02)	$ (0.03)	$ 0.01	$ (0.00)	$ 0.00

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.

At December 31, 2021, the Company had total current assets of approximately $21 million, which amount mainly included cash and cash equivalents and the aggregate amount of secured loans (receivable) with near-term maturity (12 months or less from the reporting date); of which amount approximately $13 million was utilized for investments in OCEP and NOMAD after December 31, 2021 and before the date hereof, while the remaining amount (approximately $8 million) of this capital will be available to the Company for extending new loans and acquisition of additional royalty interests in near-term.

Revenue and Income

The Company's royalty revenue have increased or stayed stable on an annual basis.

The Company earns royalty revenue from several renewable power generation sources and 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 average balance of the aggregate amount of outstanding loans receivable by the Company. In FY 2021, there was a decreasing trend in finance income as the Company received loan repayments from various clients.
Expenses	The Company's operating expenses are mostly incurred evenly through a fiscal year. However, the timing of certain expenses are 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 2020	By the end of this quarter, the Company had deployed substantially all of its available capital, which included the proceeds from the 2020-Convertible Notes issued in this quarter and the Company recorded a net income of $53,000 in this quarter.
June 2020	Following the deployment of its available capital as mentioned above, the Company's focus during the quarter ended June 30, 2020 and the following quarters was to source additional capital through the Green Bond offering to finance or re-finance renewable energy projects, energy storage and energy efficiency solutions that led to higher overall expenses, including marketing and certain consulting expenses in these fiscal quarters. During the quarter ended on June 30, 2020, the Company recorded a net loss of $4,000, mainly due to the timing of certain expenditures incurred during the quarter in relation to the Company's audited financial statements and other annual reports and in relation to the Green Bond offering.
September 2020	The Company recorded a net income of $387,000 mainly due to the buyout of the Belltown royalty.
December 2020	In the fourth fiscal quarter of 2020, the Company recorded a net loss of $882,000, mainly due to the following: a) the Company recorded its share of loss of RER US 1 LLC (an associate of the Company) under the equity method of accounting in the amount of $539,000, mainly due to impairment loss with respect the affiliate. b) the Green Bond offering in FY 2020 led to higher overall expenses, including marketing and certain consulting expenses as well as finance expenses, but the offering had no impact on the Company's revenue for the quarter because the deployment of the proceeds from the offering did not commence during the quarter. c) A partial prepayment of the Jade Power Loan had an impact on the Company's finance income in this quarter.

March 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	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 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	During the third quarter of 2021, the Company closed the First Acquisition 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	During the fourth quarter of 2021, the Company closed four additional transactions and further advanced several potential royalty financing opportunities, of which two transactions were completed after the end of this quarter and before the date hereof, while other potential transactions were still 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. Refer to the section 1.10 *Fourth Quarter* of this MD&A for an analysis of the fourth quarter results.

1.5 RESULTS OF OPERATIONS

The Company recorded a net loss of $2,130,000 for year ended December 31, 2021 ("Current Year" or "FY 2021"), compared to a net loss of $447,000 for the year ended December 31, 2020 ("Prior Year" or "FY 2020").

The net loss recorded in the Current Year was mainly due to the timing difference between the sourcing of capital and deployment thereof (interest cost vs interest income), and also the timing of recognition of equity-settled share based payments. At December 31, 2021, approximately 60% of the Company's total assets were held in cash ($21.1 million, including restricted cash as disclosed in the Financial Statements), representing proceeds from the Green Bond offering and repayment of loans receivable from Jade Power, OntarioCo. and Scotian Windfields. While the Company continued reviewing several potential royalty financing opportunities for deployment of its capital and had completed several transactions subsequent to year-end and up to the date of this MD&A, the royalty-based investments in FY 2021 were completed mainly during the last quarter of the year and, therefore, did not have a full year effect on the Company's revenue and income. Whereas, for FY 2021, the Company recorded finance expenses of $1,026,000 (FY 2020: $366,000) and share-based payment expenses of $853,000 (FY 2020: $10,000) that have resulted in a significant increase in total expenses for the year, compared to the prior year.

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

REVENUE AND INCOME

	Note	Year ended December 31, 2021	2020	Change ($)	Change (%)
Royalty revenue	(1)	$ 784,296	$ 750,792	$ 33,504	4%
Finance income	(2)	911,378	1,189,394	(278,016)	(23%)
Gain from royalty buyout	(3)	–	431,015	(431,015)	(100%)
Gain on derecognition of financial asset	(4)	129,417	–	129,417	N/A
Other revenue	(5)	100,000	–	100,000	N/A
		$ 1,925,091	$ 2,371,201	$ (446,110)	(19%)
Gain on revaluation of financial asset at FVTPL	(6)	$ 10,104	$ 156,199	$ (146,095)	(94%)

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

(1) The increase in total royalty revenue in the Current Year was mainly attributable to a full year of royalty revenue earned on the Scotian Windfields' royalty, compared to only 11 months of royalty revenue for the Prior Year due to the timing of its acquisition by the Company in the Prior Year. The royalty-based investments completed in the Current Year did not have a significant impact on the Company's royalty revenue for the year due to the timing of investment later in the year and some of the underlying investee projects under construction and development.

(2) The decrease in finance income for the Current Year, compared to the Prior Year, was due to the repayment of loans during the year. Income earned on new loans advanced during the course of the Current Year only partially offset the effect of the loan repayments.

(3) During the Prior Year, the Company recognized gains on the buyout of royalty interests by the grantors of the Rippey Royalty for $405,000 (US$310,500) and one of the hydro projects (no longer operational) in the Jade Power Royalty Portfolio for $46,758. There was no such gain recorded in the Current 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 Current Year represents advisory services provided by the Company's personnel in the normal course.

(6) The fluctuation in loss on revaluation of Aeolis Loan is mainly a result of changes in risk-free interest rates used in discounting future cash flows.

OPERATING EXPENSES

	Note	Year ended December 31, 2021	2020	Change ($)	Change (%)
Wages and benefits	(1)	$ 624,622	$ 532,977	$ 91,645	17%
Administration	(2)	336,849	307,432	29,417	10%
Marketing and stakeholder communication	(3)	282,889	259,493	23,396	9%
Audit and audit related	(4)	189,229	112,519	76,710	68%
Consulting – Financing	(5)	131,881	159,047	(27,166)	(17%)
Consulting – Other	(6)	103,358	197,807	(94,449)	(48%)
Regulatory and transfer agency	(7)	64,306	45,503	18,803	41%
Office lease and information technology	(8)	59,948	76,500	(16,552)	(22%)
Donations	(9)	51,000	75,000	(24,000)	(32%)
Legal	(10)	29,867	23,512	6,355	27%
Cost recovery	(11)	–	(16,974)	16,974	(100%)
Total		$ 1,873,949	$ 1,772,816	$ 101,133	6%

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

(1) Wages and benefits increased in the Current Year as the Company added an additional member to its team to support the Company's due diligence activities and business development.

(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, including the filing of the Company's short-form base-shelf prospectus (the "Prospectus").

(3) Higher marketing expenses in the Current Year were due to the Company's outreach in relation to the Green Bond offering and other financing initiatives.

(4) Audit and audit related services increased in the Current Year with the growth of the Company's business and due to additional regulatory requirements associated with the Prospectus.

(5) Consulting (financing) expenses related to certain consulting engagements with third-party consultants to assist in the Company's financing activities.

(6) Other consulting expenses were higher in the Prior Year due to certain due diligence costs relating to an acquisition target that was not completed.

(7) Higher regulatory expenses in the Current Year were due to the filing of the Prospectus.

(8) 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.

(9) Refer to 1.2.2 Disclosure of Environmental and Social Data for donations by the Company;

(10) Higher legal expenses in the Current Quarter and the Current Year were due to costs associated with the filing of the Prospectus.

(11) Cost recoveries related to the Company's management of the activities of an affiliate, RER US 1 LLC.

FINANCE EXPENSES

	Note	Year ended December 31, 2021	Year ended December 31, 2020	Change ($)	Change (%)
Finance expenses relating to:					
Green Bonds		$ 815,209	$ 155,581	$ 659,628	424%
Convertible notes		205,520	210,600	(5,080)	(2%)
Office Lease		4,830	–	4,830	N/A
Total		$ 1,025,559	$ 366,181	$ 659,378	180%

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 a period.

OTHER NON-CASH EXPENSES AND FOREIGN EXCHANGE DIFFERENCES

	Note	Year ended December 31, 2021	Year ended December 31, 2020	Change ($)	Change (%)
Depletion and Amortization	(1)	$ 304,712	$ 285,067	$ 19,645	7%
Foreign exchange loss (gain)	(2)	7,999	(14,247)	22,246	(156%)
Share of loss of an associate	(3)	–	554,394	(554,394)	(100%)
Equity-settled share-based payments	(4)	853,000	9,842	843,158	8567%
Total		$ 1,165,711	$ 835,056	$ 330,655	40%

The changes in the Company's non-cash expenses as presented above are summarized below:

(1) Depletion, which is recorded on a straight-line basis, remained consistent with the prior period as there was no significant change in the Company's royalty interests during the Current Year.

(2) Foreign exchange loss (gain) relates mainly to USD-denominated cash balance held by the Company and changes in the exchange rates.

(3) During the Prior Year, the Company recognized a share of loss of its associate, RER US 1 LLC, mainly due to impairment losses with respect to two development stage solar energy power projects of the associate.

(4) Shared-based payment expense recorded in the current quarter 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.

1.6 LIQUIDITY

At December 31, 2021, the Company had a cash and cash equivalents balance of $20,101,585 (December 31, 2020 – $11,704,000) and working capital of $20,927,470 (December 31, 2020 – $19,219,000), which mainly comprised of cash and cash equivalents, including restricted cash, as well as the aggregate amount of secured loans receivable with near-term maturity (12 months or less from the reporting date). At December 31, 2021 and December 31, 2020, the Company' cash and cash equivalents balances included restricted cash of $9,629,646 and $9,082,059, respectively.

During the FY 2021, the Company generated $0.1 million in cash from its operating activities, compared to $0.9 million in 2020. This change was mainly due to changes in working capital and the timing of realization of finance income, in particular, as a result of repayment of the Jade Power Loan in 2020.

Cash flows from the Company's investing activities fluctuate primarily with the net effect of cash used in royalty-based investments and cash provided by repayment of loans and/or any buyback of royalty interests by the grantors. In FY 2021, the aggregate amount of loan repayments received was more than the aggregate amount of cash used in new royalty-based investments. Cash provided by investing activities in FY 2021 was $0.6 million, compared to cash used in investing activities of $2.7 million in FY 2020, mainly due to the royalty-based financing provided to Scotian Windfields.

Cash flows from the Company's financing activities in FY 2021 and FY 2020 represented mainly the net effect of cash provided by issuance of debt securities and cash used in debt servicing and distributions to the Company's shareholders. Cash provided by financing activities in FY 2020 was higher, compared to cash provided by financing activities FY 2021, mainly due to issuance of convertible notes, exercise of share purchase warrants and lower interest payments due to the timing of the Green Bond offerings. The net proceeds from the issuance of Green Bonds in FY 2021 were $9.6 million (FY 2020: $9.1 million).

At December 31, 2021, the Company's financial liabilities and related contractual cash flows were comprised of the following:

			Contractual Cash Flows(i)		
	Carrying Amount	Total	Less than 12 months	Between 1 - 3 years	Between 4 - 5 years
Green Bonds(ii)	$ 18,702,484	$ 25,789,090	$ 1,223,304	$ 2,446,608	$ 22,119,178
Convertible notes	1,813,642	2,062,370	–	2,062,370	–
Lease liability	86,716	102,638	21,271	49,187	32,180
Trade payables and accrued liabilities	186,064	186,064	186,064	–	–
	$ 20,788,906	$ 28,140,162	$ 1,430,639	$ 4,558,165	$ 22,151,358

(i) The amounts are gross and undiscounted, and include contractual interest payments.

(ii) Contractual cash flows relating to the US Dollar-denominated Green Bonds are converted into the reporting currency based on the exchange rate as of the reporting date.

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 is 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") as determined pursuant to the Indenture by dividing its quarterly earnings, before certain items such as interest, taxes, depreciation, amortization, and extraordinary items, by total interest expenses for a fiscal quarter.

As of December 31, 2021, the Company was in compliance with all debt covenants.

During the third quarter of FY 2021, while the Company was in the process of closing several royalty based investment transactions, the Debt Coverage Ratio was not achieved, but there was no event of default as the breach was cured in the subsequent (fourth) quarter as a result of an increase in the Company's income following the closing of various royalty based investment transactions and a decrease in expenses following a voluntary and temporary discontinuation of the Company's executive compensation and certain other discretionary expenses.

The Company has no material capital lease obligations, other than the office lease, 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,**			
	2021	2020	Change ($)	Change (%)
Short-term employment benefits (i)	$ 343,000	$ 405,000	-$ 62,000	(15%)
Share-based compensation	662,000	–	662,000	N/A
Total	$ 1,005,000	$ 405,000	$ 600,000	148%

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

During the fourth quarter of the Current Year, the decrease in short-term employment benefits was due to a voluntary and temporary discontinuation of executive salaries and directors' fees as discussed herein in section 1.7 *Capital Resources.*

In February 2021, the Company granted 1,070,000 stock options to its directors and officers that led to an increase in share-based compensation of KMP in the Current Year.

1.10 FOURTH QUARTER

The Company recorded a net loss of $166,000 in the fourth quarter of FY 2021, compared to a net loss recorded in the fourth quarter of FY 2020 of $882,000, which included $539,000 representing the Company's share of loss of its affiliate, RER US 1 LLC.; no such loss was recorded during FY 2021.

During the fourth quarter of its FY 2021, the Company's operating expenses reduced following a voluntary and temporary discontinuation of its executive compensation and certain other discretionary expenses to cure a breach of certain debt covenant as discussed herein in section 1.7 "*Capital Resources*".

See section 1.4 *"Summary of Quarterly Results"* for discussion about seasonality in the Company's revenue. Except as highlighted above, expenses for the quarter ended December 31, 2021 followed similar trends as discussed in section 1.5 "*Results of Operations"* of this MD&A.

The following table compares the Company's revenue, income, and expenses for the fourth quarter of the Current Year and the Prior Year:

	For the quarter ended December 31,			
	2021	2020	Change ($)	Change (%)
Revenue and Income				
Royalty revenue	$ 181,149	$ 149,119	$ 32,030	21%
Finance income	278,546	276,919	1,627	1%
Other revenue	100,000	–	100,000	N/A
Total	$ 559,695	$ 426,038	$ 133,657	31%
Operating Expenses				
Wages and benefits	$ 115,759	$ 135,431	$ (19,672)	(15%)
Administration	63,129	80,319	(17,190)	(21%)
Marketing and stakeholder communication	54,068	74,012	(19,944)	(27%)
Audit and audit related	22,464	–	22,464	–
Consulting – Financing	32,678	40,972	(8,294)	(20%)
Consulting – Other	5,000	68,380	(63,380)	(93%)
Regulatory and transfer agency	2,819	7,582	(4,763)	(63%)
Office lease and information technology	12,401	18,900	(6,499)	(34%)
Donations	–	25,000	(25,000)	(100%)
Legal	6,819	23,512	(16,693)	(71%)
Cost recovery	–	(3,509)	3,509	(100%)
Total	$ 315,137	$ 470,599	$ (155,462)	(33%)

	For the quarter ended December 31,			
	2021	2020	Change ($)	Change (%)
Other non-Cash Items				
Depletion and Amortization	$ 81,516	$ 71,834	$ 9,682	13%
Foreign exchange loss	6,985	26,324	(19,339)	(73%)
Share of loss of an associate	–	539,094	(539,094)	(100%)
Equity-settled share-based payments	75,000	414	74,586	18016%
Total	$ 163,501	$ 637,666	$ (474,165)	(74%)

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	33,289,927
Share-purchase options	2,645,000
Share-purchase warrants	442,105
Restricted Share Units and Deferred Share Units	62,012
Shares to be issued upon conversion of convertible notes (principal sum)	1,637,176

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, 2021 as publicly filed on SEDAR at www.sedar.com.