



RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2024

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TABLE OF CONTENTS

1.1	Date and basis of presentation	4
1.2	Overview	5
1.2.1	Highlights.....	6
1.2.2	Renewable Energy Royalty Investments.....	7
1.2.3	Disclosure of Environmental and Social Data.....	12
1.2.4	Distribution to shareholders	16
1.3	Selected annual information.....	17
1.4	Summary of quarterly results	17
1.5	Results of operations	21
1.5.1	Non-GAAP financial measures	24
1.6	Liquidity	24
1.7	Capital resources	25
1.8	Off-balance sheet arrangements	26
1.9	Transactions with related parties	26
1.10	Fourth quarter	27
1.11	Proposed transactions.....	27
1.12	Critical accounting estimates	27
1.13	Changes in accounting policies including initial adoption	27
1.14	Financial instruments and other instruments.....	27
1.15	Additional disclosure for venture issuers without significant revenue	27
1.16	Disclosure of outstanding share data.....	28
1.17	Internal controls over financial reporting and disclosure controls	28
1.18	Risk factors.....	28

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THREE MONTHS ENDED MARCH 31, 2024

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.

RE ROYALTIES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THREE MONTHS ENDED MARCH 31, 2024

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, 2024 (the "Financial Statements") and the audited consolidated financial statements of the Company for the year ended December 31, 2023 and related MD&A (the "Annual MD&A") as publicly filed on SEDAR+ at www.sedarplus.ca.

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

This MD&A is prepared as of May 28, 2024.

1.2 OVERVIEW

Description of Business

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

The Company was incorporated on November 2, 2016, under the laws of the Province of British Columbia, Canada. The address of the Company's corporate office is 14th Floor, 1040 West Georgia Street, Vancouver, BC, V6E 4H1.

The Company provides short-term loans and acquires revenue-based royalties from renewable energy and clean technology companies, providing a non-dilutive royalty financing solution to privately held and publicly traded 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 underserved segment in the renewable energy capital markets that lies between traditional debt and equity financing. For small to medium-sized renewable energy companies ("SMREs"), revenue-based royalty financing has many advantages with respect to flexibility, cost and contractual terms.

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

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

- Acquiring long-term renewable energy generation royalty streams backed by power purchase agreements or other revenue programs from credit worthy customers 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 and interest income;
- 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.

RE ROYALTIES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THREE MONTHS ENDED MARCH 31, 2024

1.2.1 HIGHLIGHTS

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

The following are the highlights of various transactions completed and key corporate events that took place during the fiscal year ended December 31, 2023 and up to the date of this MD&A, with further detailed discussions and analysis, including their impact on the Company's financial results, provided herein under respective sections.

Quarter ended	Transactions and events
Since March 2024 up to the date of this MD&A	On April 19, 2024, the Company announced the publication of its 2024 Green Bond Framework, assessed as Dark Green by S&P Global Ratings ("S&P"), a leading provider of second party opinions on green financings, under the Shades of Green analytical approach, and 2023 Green Bond Report.
March 31, 2024 (2024/Q1)	On March 27, 2024, the Company announced an early repayment of a US\$5.6 million 5-year loan from Nomad Transportable Power Systems, and provision of a \$415,000 secured loan and royalty agreement to Revolve Renewable Power Corp. for the construction of a new 450kW rooftop solar project. On February 14, 2024, the Company completed the previously announced \$4 million loan and royalty agreement with Revolve Acquisition Corp. On January 29, 2024, the Company announced it had entered into a \$1.7 million loan and royalty agreement with Clean Communities Corp. to support the construction of a 4MW solar project in Cardston, Alberta.
December 31, 2023 (2023/Q4)	On October 4, 2023, the Company announced it had entered into a \$4 million loan and royalty agreement with Revolve Acquisition Corp., a wholly owned subsidiary of Revolve Renewable Power Corp., to finance the acquisition of WindRiver Power Corporation, which includes a minority ownership in two operational run-of-river hydro projects in British Columbia, and a majority ownership in an operational wind project in Alberta with a combined gross capacity of 23 MW.
September 30, 2023 (2023/Q3)	On August 8, 2023, the Company announced that it had entered into a US\$3.2 million loan agreement, a royalty acquisition agreement and a warrants agreement with Cleanlight.
June 30, 2023 (2023/Q2)	On May 25, 2023, the Company announced that it had acquired a royalty on 100MW of output from a wind project located in Alberta, Canada for \$940,000. On May 10, 2023, Teichos Energy repaid the US\$4 million loans provided by the Company, and also bought back the royalty interests in the Jackson Center Solar Projects.
March 31, 2023 (2023/Q1)	During the quarter ended March 31, 2023, the Company completed a marketed public offering and a non-brokered private placement offering of its Green Bonds and raised gross proceeds of \$16.42 million Canadian dollars and \$1.24 million United States dollars. On February 6, 2023, the Company announced the acquisition of an additional gross revenue royalty on the 27MW Jackson Center Solar Project Phase 2 for US\$1.8 million.

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THREE MONTHS ENDED MARCH 31, 2024

1.2.2 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") as publicly filed on SEDAR+ at www.sedarplus.ca. This MD&A only includes changes and events during the current year to the date this MD&A.

As of the date hereof, the Company owned a portfolio of 115 royalties on various solar, wind, battery storage, energy efficiency and renewable natural gas projects operating or in development in Canada, the United States, Mexico and Chile. A summary of the Company's portfolio of royalty interests is as follows:

Client	Location	# of Royalties	Expected Expiration/ Term	Royalty as % of Revenue	Energy Type	Status	Generating/ Storage Capacity	Original Investment (C\$ million)
Completed subsequent to fiscal 2023 and to the date hereof								
Revolve (Rooftop Solar)	Mexico	1	15 years	5%	Solar	Construction	0.45 MW	\$0.42
Revolve WindRiver	AB, BC Canada	3	11 to 35 years	0.5 - 1%	Wind Hydro	Operational	23 MW	\$ 4.00
Clean Communities	AB, Canada	1	20 years	5%	Solar	Construction	4 MW	\$ 1.70
Completed in fiscal 2023 to the date hereof								
Cleanlight ^{(d) (f)}	Chile	1	10 years	5%	Solar Battery	Operational	1.7 MW	\$ 4.32 ^(c)
AlbertaCo	AB, Canada	1	11 Years	\$0.40/ MWh	Wind	Operational	100 MW	\$ 0.94
Completed before fiscal 2023								
Delta Energy Partners ^(d)	PR, USA	1	2035	Fixed ^(c) \$206,976 per year	Solar	Construction	Not applicable	\$ 5.29 ^(c)
Revolve (Cancun)	Mexico	3	2033	5%	Battery Storage	Construction	1.9 MW	\$ 1.90
Switch Power (Solar) ^(e)	ON, Canada	1	2035	1%	Solar	Operational	0.38 MW	\$ 1.30
Revolve (Solar 1)	Mexico	6	2030-2033	Up to 5%	Solar	Operational	2.4 MW	\$ 1.60
NOMAD ^(a)	VT, USA	6	2027	3.5%	Battery storage	Operational	3.5 MW	\$ 7.53 ^(c)
OCEP	WI, USA	1	2035	Fixed ^(c) \$242,880 per year	Renewable Natural Gas	Operational	2 MW (equiv.)	\$ 5.97 ^(c)
Switch Power 1 ^(e)	ON, Canada	4	2031-2033	5% - 3%	Battery storage	Operational	2 MW	\$ 2.31
Switch Power 2 & 3 ^(e)	ON, Canada	9	2033-2035	5% - 3%	Battery storage	Partially operational	19 MW	\$ 5.07
FuseForward Solutions	BC, Canada	1	2031	Fixed \$284,000 per year	Energy Efficiency	Operational	Not applicable	\$ 3.00
Aeolis Wind	BC, Canada	1	2035	1%	Wind	Operational	102 MW	\$ 1.24
OntarioCo ^(a)	ON, Canada	59	2040	2%	Solar	Operational	18 MW	\$ 5.00
Northland Power Inc.	ON, Canada	4	2033	1%	Solar	Operational	40 MW	\$ 1.87
Scotian Windfields ^(a)	NS, Canada	12	2036	8%	Wind	Operational	40 MW	\$ 4.64
Total		115						\$ 58.10^(b)

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THREE MONTHS ENDED MARCH 31, 2024

- (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 NOMAD (US\$5.6 million). The royalties associated with these investments remain in place.
- (b) As of the date of this MD&A, the total amount of investments listed above, net of repayments in (a) above, was approximately \$42.27 million.
- (c) Based on exchange rate of 1 US\$: 1.35 C\$.
- (d) As of the date hereof, the Company had certain loan commitments (the "Aggregate Funding Commitments") totaling \$4.76 million, as summarized below:
 - (i) a loan commitment under the Delta Loan agreement to provide cash advances, subject to certain conditions precedent, for an aggregate amount of US\$2.82 million (\$3.81 million).
 - (ii) a loan commitment under the Cleanlight Loan agreement to provide cash advances, subject to certain conditions precedent, for an aggregate amount of US\$0.7 million (\$0.95 million).
- (e) The maturity dates of Switch Power Loan 1, 2 and 3 as well as the Switch Power (Solar) loan were extended to November 30, 2023. In December 2023, the Company issued the demand notices for all loans at an increased interest rate of 16% p.a.
- (f) In April 2024, the Company advanced a further US\$ 800,000 under the Cleanlight Loan agreement. The remaining US\$ 700,000 of the Cleanlight Loan will be advanced subject to certain project related milestones.

Provision for expected credit loss of FuseForward Loan and Royalty

In Q3 2023, the Company served a notice of default to FuseForward for continued delinquency of outstanding payments and delays in FuseForward's efforts to recapitalize its business. Due to a deterioration in overall market conditions, it became evident that various recapitalization initiatives by FuseForward were not likely to materialize in the foreseeable future. The Company has commenced steps to enforce its claim as a senior secured creditor of FuseForward to recover the amounts owed. As a result of FuseForward's negative current working capital position, there is uncertainty surrounding its ability to continue as a going concern and ability to repay the amounts owing to the Company.

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

Provision for expected credit loss of Switch Power and Switch Solar Loans

In Q4 2023, the original term for the Switch Power and Switch Solar Loan Agreements expired during third and fourth quarters of 2023, and these loans were extended to November 30, 2023. In December 2023, the Company sent a default notice relating to all loans under the Switch Power and Switch Solar Loan Agreements, as the aggregate principal sum and interest accrued thereon remained unpaid on the extended maturity date. The default persisted as of the date hereof, and the Company had initially assessed the Switch loans for expected credit losses as of December 31, 2023. Accordingly, the Company recorded a provision for expected credit losses of \$1,017,221 and \$210,275, respectively. The Company updated its assessment as at March 31, 2024, and recorded an additional loss of \$296,270 on the Switch Power loans.

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

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

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THREE MONTHS ENDED MARCH 31, 2024

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

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

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THREE MONTHS ENDED MARCH 31, 2024

Royalty-Based Investment Transactions in fiscal 2024 to the date hereof

A. Revolve – Distributed Generation Project – Mexico

In March 2024, the Company entered into a new \$415,000 secured loan (the "Revolve DG Loan") with an existing client, Revolve Renewable Power Corp. ("Revolve"), to enable their continued expansion into the Mexican distributed generation market. The Revolve DG Loan will be used to fund construction of a new 450kW rooftop solar project (the "Project"), which will be installed on the site of a food manufacturing business (the "Customer") in Central Mexico. The Project will receive revenue from a 15-year Power Purchase Agreement ("PPA") between Revolve and the Customer.

The Revolve DG Loan has a term of two years, is secured against the assets of the Project, bears interest at 12% per annum, payable quarterly, and Revolve paid a 1% closing fee on the total Loan value. A gross revenue royalty of 5% will apply to all revenues received by Revolve from the Project for the 15-year term of the PPA.

This loan represents RE Royalties' fourth transaction with Revolve, with the Company previously providing Revolve with a \$1.6 Million loan to support its acquisition of an operational rooftop solar portfolio in Mexico, a \$1.9 Million loan to support the procurement of battery energy storage systems for three energy storage projects in Mexico, and a \$4.0 Million loan to support the acquisition of an interest in two operational run-of-river hydro projects and an operational wind project in Western Canada (see further discussion below).

B. Clean Communities Corp. – Solar Energy Project – Alberta, Canada

In January 2024, the Company announced that it had entered into an agreement with Clean Communities Corporation ("CCC"), an Alberta-based Indigenous-led clean energy company, to provide a \$1.7 Million secured loan (the "CCC Loan") to support the construction of a 4MW solar project ("Sunrise Solar") in Cardston, Alberta.

Sunrise Solar will receive revenue from a power purchase agreement with a boutique energy provider in Alberta for the initial five years of operations. Following the first five years, the project will sell the energy and environmental attributes generated into the deregulated Alberta electricity market at prevailing merchant prices.

The CCC Loan has a 60-month term and an interest rate of 13% per annum, compounded monthly. The Company received a structuring fee of 1.5% on the Loan value at closing and will receive a gross revenue royalty of 5.0% on Sunrise Solar for 20 years after reaching commercial operations. The transaction will utilize a cash-sweep structure allowing the Company to sweep all cash generated by Sunrise Solar, net of operating expenses to pay the royalty, interest, and principal on a quarterly basis while the CCC Loan is outstanding.

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

In October 2023, the Company announced it had entered into an agreement with Revolve Acquisition Corp. (the "AcquisitionCo"), a wholly owned subsidiary of Revolve Renewable Power Corp. ("Revolve"), to provide a \$4.0 million secured loan (the "WindRiver Loan"), subject to certain conditions precedent prior to advancing funds. Revolve is a North American renewable energy developer with 3.1 GW of wind, solar, and battery projects under development in the USA and Mexico.

Subsequent to December 31, 2023, Revolve satisfied all remaining conditions and funds for the WindRiver Loan were advanced on February 13, 2024.

The WindRiver Loan supported AcquisitionCo's acquisition of WindRiver Power Corporation ("WindRiver") a Canadian based owner, operator and developer of wind and hydro projects. WindRiver has a minority ownership (21%) in two operational run-of-river hydro projects in British Columbia, and a majority ownership (51%) in an operational wind project in Alberta with a combined gross capacity of 23 MW (the

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THREE MONTHS ENDED MARCH 31, 2024

“Operational Projects”). WindRiver also has majority ownership (70% to 87.5%) in two development-stage hydro projects in British Columbia with a combined gross capacity of 90 MW.

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

The WindRiver Loan has a term of 36 months and bears interest at 12% per annum, compounded monthly, and payable semi-annually. The Company received a structuring fee of 1.0% on the Loan value at closing, and will receive a gross revenue royalty of 0.5% on the Operating Projects during the term of the Loan, growing to 1.0% upon repayment of the Loan for the remaining life of the PPAs.

Opportunities under Evaluation

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

- Construction financing for a portfolio of solar projects in South Asia.
- Financing for a portfolio of rooftop solar projects in East Asia.
- Equipment financing for a renewable natural gas project in Missouri, United States.
- Acquisition of a portfolio of renewable energy royalties in the southern United States.
- Interconnection financing for a solar project in northeastern United States.

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

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THREE MONTHS ENDED MARCH 31, 2024

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 estimated total positive environmental impact generated (or expected) by the projects in the Company's royalty portfolio (not pro-rated) as of the date of this MD&A, including clean power capacity, average annual generation, and average annual carbon emissions reduction for the associated projects. Environmental impacts projected are ex-ante estimates from the time of investment.

Client	Location	Projects	Energy Type	Clean Power Capacity (MW _{AC})	Annual Clean Generation (MWh)	Annual GHG Offset (tCO _{2e})	Annual Homes Powered
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	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
OCEP*	WI, USA	1	RNG	2.1	18,170	17,989	2,794
Revolve	Canada, Mexico	12	Solar, Hydro, Wind, Battery	26	72,849	12,561	10,486
AlbertaCo	AB, Canada	1	Wind	145	498,600	294,174	73,867
Cleanlight	Chile	1	Solar	1.7	2,370	1,903	1,531
Operational Subtotal		101		381	1,002,291	419,625	133,143
Development Stage							
Switch Power	ON, Canada	4	Battery	15	602	542	73
NOMAD	VT, USA	6	Battery	28	11,397	4,852	1,675
Delta	Puerto Rico	1	Solar	0.5	949	565	188
Clean Communities	AB, Canada	1	Solar	3	6,310	3,723	935
Revolve	Mexico	1	Solar	0.4	754	400	369
Development Subtotal		13		47	20,012	10,082	3,240
PORTFOLIO TOTAL		114**		428	1,022,303	429,707	136,383

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

** FuseForward impact data not available and is excluded from the total.

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THREE MONTHS ENDED MARCH 31, 2024

Emission Reduction Equivalents

92,836	132,593	7,105,311
Passenger Vehicles	Tonnes of waste recycled	Trees planted

Methodology

Annual Energy

The estimated annual energy produced is determined ex-ante (prior to investment) by reviewing project-specific technical studies, designs and/or operating forecasts specific to a given project. In the case of projects with operating history, an annual average may be used, but is still an ex-ante estimate of future performance that is not guaranteed.

Greenhouse Gas Avoided Emissions

For projects in development, the data is based on the planned installed capacity and resource assessment or operational forecast for the project. For electricity generation projects, the GHG offset is calculated based on the estimated annual energy delivered by the project or products in a year, multiplied by the GHG intensity of the electricity grid where the project is based (less any emissions generated if applicable), leveraging grid carbon intensities from individual regions (individual Canadian provinces and US states) and national government databases or the IFI GHG Harmonized Dataset for national grids. Energy storage projects follow a similar approach but also consider the GHG intensity of the electricity source required to charge the batteries (for example off-peak periods with lower carbon emissions intensity) when determining the net avoided GHG emissions for energy delivered to the grid (or facility). For projects or products that are not grid-connected, the calculation is based on the GHG emissions intensity of the project versus the energy source being displaced (such as diesel generators). In the case of renewable fuels, the avoided emissions data is sourced from a lifecycle carbon intensity pathway for the fuel and its use where available, relative to the benchmark fuel (such as diesel, natural gas or gasoline). Additional demonstrative equivalencies are based on available data for residential electricity consumption by region (homes powered) and the US EPA GHG Equivalencies dataset (for equivalent trees planted, vehicle kilometres traveled, or waste recycled).

Environmental Data Sources:

Annual GHG Emissions Offset

The Company uses the following emission intensity data sources to estimate annual GHG emissions offset depending on region:

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

Homes Powered

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

- Canada: Statistics Canada. Table 25-10-0060-01 Household energy consumption, Canada and provinces
<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=2510006001>
- US: US Energy Information Agency Average Residential Monthly Bills
https://www.eia.gov/electricity/sales_revenue_price/pdf/table5_a.pdf
- Mexico: Gobierno de Mexico Balance Nacional de Energia 2021
<https://www.gob.mx/cms/uploads/attachment/file/805509/BNE-2021.pdf>
- Puerto Rico: NREL Puerto Rico Energy Efficiency Scenario Analysis Tool
<https://www.nrel.gov/state-local-tribal/preesat.html>
- Chile: C. Agostini et al 2015. "Elasticities Of Residential Electricity Demand In Chile," ILADES-UAH Working Papers
<https://EconPapers.repec.org/RePEc:ila:ilades:inv312>

Emission Reduction Equivalents

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THREE MONTHS ENDED MARCH 31, 2024

Environmental Risks

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

- *General Risks Involved in the Operations of a Power Generation Facility*
- *Natural Disasters and Other Catastrophic Events*
- *Environmental Laws and Regulations*
- *Changes in Supply of Water, Levels of Winds, Irradiation and Other Natural Variables*
- *Health, Safety and Environmental Risks*

B. Social Summary

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

Gender Diversity

Board of Directors: The Company has one (1) female board member of 7 (14%)

Team: The Company has nine (9) team members, of which three (3) are female (33%)

Charitable Activity

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

In Q4 2023 and Q1 2024, the Company donated \$5,000 and \$25,000 respectively to the Holy Trinity Romanian Orthodox Parish Society to help fund the construction of an annex, which will provide safe space, meals and accommodation to individuals and families facing hardship in the local community.

In Q4 2023, the Company donated \$35,000 to the Rick Hansen Foundation School Program ("RHFSP"). For 35 years, the Rick Hansen Foundation has worked to raise awareness, change attitudes, and remove barriers for people with disabilities through its initiatives and program. The RHFSP provides lessons and activities for kindergarten through to Grade 12 students focusing on disability, accessibility, and inclusion. Educators have expressed a need for more comprehensive training in inclusion and accessibility as it is not currently part of traditional teacher training and the Company's donation will be directed towards educator training and in-person ambassador presentations in British Columbia.

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

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

RE ROYALTIES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THREE MONTHS ENDED MARCH 31, 2024

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), as publicly filed on SEDAR+ at www.sedarplus.ca, within the following categories:

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

RE ROYALTIES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THREE MONTHS ENDED MARCH 31, 2024

1.2.4 DISTRIBUTION TO SHAREHOLDERS

As of the date hereof, and since the first quarter of 2019, the Company has made regular quarterly cash distributions of \$0.01 per share to its shareholders, as summarized below:

Declaration date	Record date	Payment date	Amount	
			Per share (\$)	Total (\$)
For Q1 2024				
April 10, 2024	May 1, 2024	May 22, 2024	0.01	\$ 432,620
Total for 2024				\$ 432,620
Fiscal Year 2023				
January 11, 2024	January 31, 2024	February 21, 2024	0.01	\$ 432,620
October 11, 2023	November 1, 2023	November 22, 2023	0.01	431,276
July 12, 2023	August 2, 2023	August 23, 2023	0.01	431,276
April 12, 2023	May 3, 2023	May 24, 2023	0.01	431,276
Total for 2023⁽¹⁾				\$ 1,725,104

(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.

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THREE MONTHS ENDED MARCH 31, 2024

1.3 SELECTED ANNUAL INFORMATION

Not required.

1.4 SUMMARY OF QUARTERLY RESULTS

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

	Fiscal Quarter Ending							
	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022
Royalty revenue	\$ 209	\$ 218	\$ 237	\$ 223	\$ 142	\$ 259	\$ 196	\$ 214
Finance income	2,428	2,413	1,676	1,651	1,682	1,311	1,009	665
Gain on royalty buyback	-	-	-	1,564	-	27	-	-
Gain on derecognition of financial asset	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenue and income	2,637	2,631	1,913	3,438	1,824	1,597	1,205	879
Share of income of OCEP Invest LLC	-	-	-	-	-	-	98	309
Net (loss) income after tax	659	(722)	(2,769)	1,123	558	(579)	\$ 470	\$ 225
Net (loss) income attributable to the Company's shareholders	358	(1,135)	(3,031)	877	166	(803)	401	225
Net (loss) income per share	\$ 0.01	\$ (0.03)	\$ (0.07)	\$ 0.02	\$ 0.00	\$ (0.01)	\$ 0.01	\$ 0.01

Trends with respect to the Company's Financial Results

General

Since its inception in 2016, the Company has been pursuing its growth strategy as reflected in the increasing trends in its total assets and revenue. The timing difference between sourcing of capital and its deployment is inherent in the Company's business. The Company's operating results follow a similar trend whereby the Company would incur various expenses (salaries, consulting, etc.) with respect to asset evaluation and due diligence activities for several months leading up to the completion of a new investment transaction and before any revenue or income from such investment can be recorded.

Revenue and Income

The Company's royalty revenue has increased as compared to the prior year quarter and remained stable as compared to the prior quarter.

The Company earns royalty revenue from several sustainable energy generation sources and through energy efficiency projects, which exhibit seasonal behaviors individually but tend to counterbalance each other in a well-diversified portfolio. For instance, wind power generation is stronger in winter than in summer. The opposite is true for solar power generation. Similarly, within a given renewable power generation source, geographical diversification across the Northern and Southern Hemispheres reduces overall seasonality. Currently, the majority of the Company's royalty interests are held in renewable assets located in the Northern Hemisphere.

The fluctuations in finance income are directly related to changes in the average balance of the aggregate amount of outstanding loans receivable by the Company. The Company's finance income increased, as a result of various secured loans advanced during the course of FY 2022 and FY 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

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THREE MONTHS ENDED MARCH 31, 2024

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.

Certain royalty revenues, in particular with respect to the Company's NOMAD and Cleanlight investments, accrues revenue when NOMAD or Cleanlight realizes proceeds from the sale of its products. Accordingly, the timing of the Company's royalty revenue is affected by the underlying manufacturing and sales activities of NOMAD and Cleanlight.

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 marketing, 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

March 2024 (Q1/2024)

During Q1/2024, the Company closed three additional royalty based investments as discussed herein. In February 2024, the Company received an early repayment of the NOMAD loan. Refer to the following section (*1.5 Results of Operations*) for a detailed analysis of this quarter's results.

December 2023 (Q4/2023)

During Q4/2023, the Company recorded a net loss of \$0.7 million, mainly due to a provision for expected credit loss of \$1.2 million relating to its investment in Switch Power and Switch Solar loans. This loss was offset by an increase in finance income.

Royalty revenue for the current quarter has decreased as compared to the Prior Year Quarter, due to the net effect of reduction in royalty income in FY 2023 from royalty buyout from Jade in December 2022 and the royalty received in Q4 2022 from NOMAD offset against the increase in royalty revenue from new transactions closed by the Company during the course of the Company's fiscal year 2023.

Similar to Q2/2023 and Q3/2023, the Company's expenses increased during the current quarter, mainly due to the increase in finance expenses and the share-based payment expense with respect to the share-based award granted in May 2023 and also due to increase in wages as compared to Q4/2022.

There were no new transactions closed during the quarter.

September 2023 (Q3/2023)

During Q3/2023, the Company recorded a net loss, because of a provision for expected credit loss of \$3,078,279, relating to the Company's investment in FuseForward.

In August 2023, the Company closed the transaction with CleanLight, as described herein. The royalty revenue and the finance income for the current quarter increased as compared to the Prior Year Quarter ended on September 30, 2022 in line with the expansion of the Company's portfolio of investments.

Similar to Q2/2023, the Company's expenses increased during the current quarter, mainly due to the increase in finance expenses and the share-based payment expense with respect to the share-based award granted in May 2023.

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THREE MONTHS ENDED MARCH 31, 2024

June 2023 (Q2/2023)	<p>During Q2/2023, the Company completed the royalty purchase transaction with AlbertaCo. by making a cash advance of \$0.94 million in May 2023.</p> <p>Teichos Energy also repurchased the royalty and repaid the loan in the current quarter. As such, the Company recorded a gain of \$1.5 million for the royalty buyout.</p> <p>Royalty revenue for Q2/2023 was consistent to Q2/2022. However, the decrease in the finance income, as compared to Q1/2023, was mainly on account of the repayment of the Teichos loans in May 2023, and because no additional loan was advanced during this quarter.</p> <p>The Company's expenses increased during this quarter, mainly due to the following:</p> <ul style="list-style-type: none">a) an increase in finance expense as a result of the issuance of Series-3 Green Bonds during the course of the first quarter of 2023; andb) the share-based payment expense with respect to the share-based award granted in May 2023.
March 2023 (Q1/2023)	<p>During Q1/2023, the Company closed the transaction involving the Second Teichos Loan and the Jackson Center 2 Royalty.</p> <p>Royalty revenue decreased during the Q1/2023, compared to the Q4/2022, mainly because the Company did not record any royalty revenue from NOMAD, consistent with underlying manufacturing and sales activities of NOMAD. In Q4/2022, the Company recorded royalty revenue of \$63,523 from the NOMAD. Moreover, the Jade Power Royalty was also bought back by Jade Power in the prior quarter, and accordingly, related royalty revenue was discontinued in the current quarter.</p> <p>Finance income increased in Q1/2023, due to additional loans advanced during the course of fiscal year 2022 as well as in the current quarter.</p> <p>Following the completion of the Series-3 Green Bond offering in Q1/2023, compared to Q1/2022, the Company's total finance expenses increased by approximately \$230,000.</p> <p>There was no change in the expected credit loss relating to the FuseForward facility in Q1/2023.</p>
December 2022 (Q4/2022)	<p>In Q4/2022, the Company closed the Revolve Cancun Loan agreement, for which a partial cash advance was provided by the Company in October 2022.</p> <p>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.</p> <p>The Company's royalty revenue increased in Q4/2022 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.</p> <p>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.</p> <p>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.</p>
September 2022	<p>During the quarter ended September 30, 2022, the Company completed both the Switch Solar Loan agreement and the Revolve Cancun Loan agreement, for which a partial cash advance was provided by the Company in October 2022.</p>

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THREE MONTHS ENDED MARCH 31, 2024

(Q3/2022) 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 Q3/2022. 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.

June 2022 (Q2/2022) During Q2/2022 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.

RE ROYALTIES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THREE MONTHS ENDED MARCH 31, 2024

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 \$659,000 for the three months ended March 31, 2024 ("Current Quarter"), compared to a net income of \$558,000 recorded for the three months ended March 31, 2023 ("Prior Year Quarter"). During the Current Quarter, net income attributable to shareholders of the Company was \$358,000, compared to a net income of \$166,000 attributable to shareholders of the Company for the Prior Year Quarter.

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

REVENUE AND INCOME

	Note	Three months ended March 31,		Change (\$)	Change (%)
		2024	2023		
Royalty revenue	(1)	\$ 208,833	\$ 141,786	\$ 67,047	47%
Finance income	(2)	2,427,908	1,682,431	745,477	44%
Revenue and income		\$ 2,636,741	\$ 1,824,217	\$ 812,524	45%
Loss on revaluation of derivative financial asset	(3)	\$ (2,405)	\$ -	\$ (2,405)	-
Gain on revaluation of financial asset at FVTPL	(4)	\$ 2,784	\$ 36,641	\$ (33,857)	92%

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

- (1) Royalty revenue for the Current Quarter increased as compared to the Prior Year Quarter, due to new transactions closed by the Company during the course of the Company's fiscal year 2023.
- (2) The increase in finance income during the Current Quarter was mainly attributable to the gain on early repayment of NOMAD loan and the expansion of the Company's investment portfolio and resulting finance income from additional loans advanced (see "1.2.4 Renewable Energy Royalty Investments").
- (3) The loss on revaluation of derivative financial asset represents a mark-to-market adjustment relating to Cleanlight Warrants.
- (4) The gain on revaluation of Aeolis Loan during the Current Quarter, mainly resulted from changes in risk-free interest rates used for discounting future cash flows.

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THREE MONTHS ENDED MARCH 31, 2024

OPERATING EXPENSES

	Note	Three months ended March 31,		Change (\$)	Change (%)
		2024	2023		
Wages and benefits	(1)	\$ 270,146	\$ 254,964	\$ 15,182	6%
Administration	(2)	105,567	99,656	5,911	6%
Marketing and stakeholder communication	(3)	120,546	86,014	34,532	40%
Audit and audit related	(4)	62,691	5,172	57,519	1112%
Consulting – Financing	(5)	16,789	16,990	(201)	(1%)
Consulting – Other	(6)	77,044	13,671	63,373	464%
Regulatory and transfer agency	(7)	26,016	14,881	11,135	75%
Office lease and information technology	(8)	11,341	16,157	(4,816)	(30%)
Legal	(9)	5,232	10,708	(5,476)	(51%)
Donation	(10)	25,000	-	25,000	N/A
Total		\$ 720,372	\$ 518,213	\$ 202,159	39%

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

- (1) The wages and benefits in the Current Quarter have remained consistent with the Prior Year Quarter.
- (2) The administration expenses have also remained consistent as compared to the Prior Year Quarter.
- (3) Marketing expenses increased during the Current Quarter due to an increase in marketing and public relation initiatives undertaken by the Company.
- (4) Audit and audit related expenses in the Current Quarter have increased due to increase in the audit fee for FY 2023 and the timing of work of related activities.
- (5) Consulting (financing) expenses in the Current Quarter have been consistent as compared to the Prior Year Quarter.
- (6) The increase in other consulting expenses in the Current Quarter as compared to the Prior Year Quarter is consistent with the increase in the Company's overall portfolio of loans and royalties.
- (7) Regulatory expenses vary with the timing of the Company's compliance requirements with respect to its capital structure.
- (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.
- (9) The legal expenses were slightly higher in the Prior Year Quarter due to normal course legal consultation with respect to one of the Company's US subsidiaries.
- (10) Refer to section 1.2.5 *Disclosure of Environmental and Social Data* for details of the Company's charitable activities.

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THREE MONTHS ENDED MARCH 31, 2024

FINANCE EXPENSES

	<u>Three months ended March 31,</u>		Change (\$)	Change (%)
	2024	2023		
Finance expenses relating to:				
Green Bonds	\$ 903,494	\$ 665,978	\$ 237,516	36%
Convertible notes	-	16,932	(16,932)	(100%)
Office Lease	978	1,367	(389)	(28%)
Total	\$ 904,472	\$ 684,277	\$ 220,195	32%

Finance expenses, including amortization of transaction costs, relating to the Green Bonds fluctuated due to the increase in amount and 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 issuance of the Series-3 Green Bonds in Q1 2023.

There were no finance expenses relating to the convertible notes during the Current Quarter due to the repayment of the convertible notes in January 2023.

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

	<u>Three months ended March 31,</u>		Change (\$)	Change (%)
	2024	2023		
Depletion and Amortization	\$ 103,485	\$ 76,127	\$ 27,358	36%
Foreign exchange (gain) loss	(222,702)	778	(223,480)	(28725%)
Equity-settled share-based payment	47,942	-	47,942	N/A
Cash-settled share-based payment	(1,764)	(4,072)	2,308	(57%)
Total	\$ (73,039)	\$ 72,833	\$ (145,872)	(200%)

Depletion, which is recorded on a straight-line basis, has increased in the Current Quarter as compared to the Prior Year Quarter due to new royalty transactions closed in fiscal year 2023.

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

The equity-settled share-based payment expense for the Current Quarter represents amortization of the fair value of the share-based awards granted by the Company in May 2023. The cash-settled share-based payment expense in the Current Quarter and the Prior Year Quarter represents the change in the fair value of the underlying DSUs issued in 2022.

CURRENT AND DEFERRED INCOME TAX

	<u>Three months ended March 31,</u>		Change (\$)	Change (%)
	2024	2023		
Current income tax expense	\$ 77,002	\$ 68,584	\$ 8,418	12%
Deferred income tax expense	53,000	(41,000)	94,000	(229%)
Total	\$ 130,002	\$ 27,584	\$ 102,418	371%

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THREE MONTHS ENDED MARCH 31, 2024

The total income tax expense during the Current Quarter as well as the Prior Year Quarter related to 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,	
	2024	2023
Net income after income tax, as presented in the Financial Statements	\$ 659,044	\$ 557,951
Adjustments:		
Finance expenses	904,471	684,277
Income tax expense	130,002	27,584
Depletion of royalty interests	98,615	71,257
Amortization of right-of-use asset	4,870	4,870
EBITDA	\$ 1,797,002	\$ 1,345,939

1.6 LIQUIDITY

At March 31, 2024, the Company had a cash and cash equivalents balance of \$14.6 million (December 31, 2023 – \$14.4 million), of which, cash balance subject to various restrictions as described in the Financial Statements is \$6.0 million (December 31, 2023 – \$12.1 million). At March 31, 2024, the Company had working capital of \$36.2 million (December 31, 2023 – \$33.6 million).

At March 31, 2024, the Company had an aggregate funding commitment of approximately \$4.76 million under the Delta Loan agreement and the Cleanlight Loan agreement (1.2.2 *Renewable Energy Royalty Investments*).

	Three months ended March 31,	
	2024	2023
Cash generated by (used in) operating activities	\$ 693,000	\$ (1,118,000)
Cash provided by (used in) investing activities	443,000	(2,068,000)
Cash (used in) provided by financing activities	(1,200,000)	13,481,000
Total	\$ (64,000)	\$ 10,295,000

During the Current Quarter, the Company generated \$0.69 million cash in its operating activities, compared to \$1.12 million cash used in the Prior Year Quarter.

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THREE MONTHS ENDED MARCH 31, 2024

During the Current Quarter, the Company provided \$0.44 million cash in investing activities, mainly with respect to the amount received from the repayment of loan by NOMAD, partially offset by the new royalty-based investments and loans completed during the Current Quarter. During the Prior Year Quarter, the Company used \$2.07 million cash in investing activities, mainly in new royalty-based investments.

The Company's financing activities during Current Quarter used \$1.20 million cash, mainly due to cash distributions (\$0.43 million) to the Company's shareholders and interest payments (\$0.71 million) on Green Bonds. Interest payments relating to Green Bonds were higher in the Current Quarter due to issuance of Series-3 Green Bonds during the course of Q1 2023.

During the Prior Year Quarter, the Company's financing activities 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.

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

As of March 31, 2024	Carrying Amount	Contractual Cash Flows (i)			
		Total	Less than 12 months	Between 1 - 3 years	Between 4 - 5 years
Green Bonds (note 7) (ii)	\$ 36,573,182	\$ 47,815,911	\$ 2,871,737	\$ 25,473,471	\$ 19,470,703
Lease liability	47,488	51,269	25,486	25,783	-
Trade payables and accrued liabilities	372,322	372,322	372,322	-	-
	\$ 36,992,992	\$ 48,239,502	\$ 3,269,545	\$ 25,499,254	\$ 19,470,703

- (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.

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 and interest income 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 3:1 as per the Green Bond indenture (the "Indenture"), which also requires the Company to maintain, subject to a cure period, a minimum debt coverage ratio ("Debt Coverage Ratio"), which is determined pursuant to the Indenture by dividing its quarterly

RE ROYALTIES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THREE MONTHS ENDED MARCH 31, 2024

earnings, before certain items such as interest, taxes, depreciation, amortization, and extraordinary items, by total interest expenses for a fiscal quarter.

At March 31, 2024, the Company was in compliance with all debt covenants.

At March 31, 2024, 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,			
	2024	2023	Change (\$)	Change (%)
Short-term employment benefits (i)	\$ 124,398	\$ 118,906	\$ 5,492	5%
Equity-settled share-based compensation – options	5,122	–	5,122	N/A
Cash-settled share-based compensation	(1,764)	(4,072)	2,308	(57%)
Total	\$ 127,756	\$ 114,834	\$ 12,922	11%

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

The directors' fees and the compensation for its chief operating officer included in short-term employment benefits have remained consistent in the Current Quarter as compared to the Prior Year Quarter.

The equity-settled share-based payment expense for the Current Quarter represents amortization of the fair value of the share-based awards granted by the Company in May 2023.

RE ROYALTIES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THREE MONTHS ENDED MARCH 31, 2024

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 in 2022. No new cash-settled DSUs or RSUs were granted during the Current Quarter. The RSUs were settled in January 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.

RE ROYALTIES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THREE MONTHS ENDED MARCH 31, 2024

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	43,261,981
Share-purchase options	2,030,000
Share-purchase warrants	11,438,296
Deferred Share Units	180,501
Restricted Share Units	314,000

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) as publicly filed on SEDAR+ at www.sedarplus.ca.