



**RE ROYALTIES LTD.**

**CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED  
DECEMBER 31, 2025 AND 2024

*(Expressed in Canadian Dollars)*

# DAVIDSON

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
RE Royalties Ltd.

### Opinion

We have audited the accompanying consolidated financial statements of RE Royalties Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of net loss and comprehensive loss, changes in equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company recorded a net loss of \$8,713,117 for the year ended December 31, 2025, and at December 31, 2025, the Company's shareholders' equity was negative \$5.9 million. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

### *Assessment of Credit Losses and Impairment of Secured Loans and Royalty Interests*

As described in Note 5 to the consolidated financial statements, the carrying amount of the Company's Loans and Royalties was \$22,627,245 as of December 31, 2025. As more fully described in Note 2 to the consolidated financial statements, the Company determines whether there has been a significant increase in the credit risk, and the stage of expected credit loss.

Management assesses whether any indication of impairment exists at the end of each reporting period for each loan and the related royalty interest, including assessing whether there are observable indications that the underlying entity related to each loan has significant increases in credit risks during the period. If such an indication exists, the Company recognizes an allowance for expected credit losses ("ECL") for all secured loans and assesses impairment of the related royalty interest. The allowance of ECL is based on an assessment of the probability of default and loss given default on the underlying loan. ECL allowances are measured at an amount equal to either (i) the 12-month ECL; or (ii) the lifetime ECL for loans that have experienced significant increases in credit risk since initial recognition.

Estimates and assumptions made by management with the highest degree of subjectivity in determining the lifetime ECL include future revenue and operating expense projections, ability for the underlying entity to secure future funding, and timing of future repayments. This in turn led to a high degree of auditor judgement, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of the change in credit risks and ECL to be recognized.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others:

- Evaluating the reasonableness of management's assessment of change in credit risks for significant secured loans.
- Evaluating the reasonableness of management's assessment of indicators of impairment for significant royalty interests.
- Evaluating the reasonableness of management's forecasted revenue and operating expense projections by comparing the forecast to historical results, third party information, discussion with independent parties associated with the loans, and/or underlying contracts and agreements.
- Evaluating collectability through a review of the borrower's financial health.
- Examining the underlying agreements and supporting documents for transactions and understanding relevant terms.
- Evaluating management's determination of the accounting treatment by analyzing specific facts and circumstances against relevant accounting guidance.
- Confirming outstanding amounts and inspecting any payments made post year-end.

### *Assessment of Impairment of Property, Plant, and Equipment ("PP&E Assets") and Intangible Assets ("Intangibles"), held under Switch Power Ontario Battery Operations Corp. ("SPOBOC")*

As described in Note 6 and 7 to the consolidated financial statements, the carrying amount of the Company's PP&E Assets and Intangibles related to SPOBOC were \$2,341,526 and \$nil as of December 31, 2025. As more fully described in Note 2 to the consolidated financial statements, the Company determines whether an impairment indicator is identified, and if so, management tests for impairment. The Company determined there was an indicator of impairment, being the contractual revenue collected was less than previously modelled.

The test for impairment of the PP&E Assets necessitates the determination of the recoverable amount of the combined components of the cash-generating units (“CGUs”). In addition, it necessitates the determination of the stand-alone value of the PP&E Assets. As at December 31, 2025, the revenue generated by the PP&E Assets and Intangibles indicated that the CGU was impaired. The recoverable amount is the higher of value in use and fair value less costs to sell and requires management judgement and estimation on key internal value variable inputs, external market conditions, and use of a valuation expert. The recoverable amount as at December 31, 2025 was less than the carrying value, and as a result, a \$1,746,096 impairment loss was recorded for the year then ended.

The principal considerations for our determination that the assessment of impairment of the PP&E Assets and Intangibles is a key audit matter are potential variances between management’s assumptions and estimations, and the market conditions, could have a material effect in the future on the Company’s financial position and results of operations. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of the impairment test.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others:

- Assessing impairment indicators as at year-end.
- Utilizing auditor’s expert to review and assess the reasonableness of the impairment model and certain key assumptions and estimates included in the model provided by management.
- Utilizing auditor’s expert to review and assess the reasonableness of the valuation methodology and key assumptions and estimates included in the appraisal report provided by management’s expert.

## Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor’s report includes Management’s Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

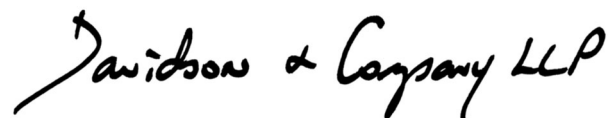
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Glenn Parchomchuk.

A handwritten signature in black ink that reads "Davidson & Caspary LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Vancouver, Canada

April 30, 2026

**RE Royalties Ltd.**  
**Consolidated Statements of Financial Position**  
(Expressed in Canadian Dollars)

	Note	December 31, 2025	December 31, 2024 Restated (note 2(b))
<b>ASSETS</b>			
Non-current assets			
Secured loans and royalty interests	5	\$ 13,577,204	\$ 17,520,819
Property, plant and equipment	6	2,929,866	3,510,629
Intangible assets	7	649,350	2,464,217
Deferred transaction costs	9	131,305	2,993
Derivative financial asset and marketable securities	8	113,334	1
Right-of-use asset		6,462	25,940
		17,407,521	23,524,599
Current assets			
Secured loans and royalty interests	5	9,050,041	10,570,972
Amounts receivable and prepaid expenses	10	909,766	1,699,179
Interest reserve account	11	1,461,185	1,452,012
Income taxes recoverable		55,900	17,396
Cash and cash equivalents, including restricted cash	4	2,745,954	16,547,940
		14,222,846	30,287,499
<b>TOTAL ASSETS</b>		<b>\$ 31,630,367</b>	<b>\$ 53,812,098</b>
<b>EQUITY (DEFICIENCY)</b>			
Share capital	15	\$ 30,455,182	\$ 30,418,381
Reserves	16	2,962,926	3,453,890
Accumulated deficit		(39,282,404)	(28,672,711)
Equity (deficiency) attributable to owners of the Company		(5,864,296)	5,199,560
Non-controlling interests		1,756,525	1,799,501
Total equity (deficiency)		(4,107,771)	6,999,061
<b>LIABILITIES</b>			
Non-current liabilities			
Green bonds	11	23,766,890	34,283,035
Deferred income tax liability	22	-	183,250
Deferred government grants	12	-	570,000
Decommissioning liabilities	13	264,521	294,659
Lease liability		-	3,683
		24,031,411	35,334,627
Current liabilities			
Green bonds	11	10,830,677	9,802,000
Lease liability		6,511	26,999
Cash-settled share-based payment liability		2,740	9,402
Income tax payable	22	-	9,129
Loan payable	14	-	389,492
Distribution payable	16(d)	435,220	-
Government grant payable	12	-	170,350
Trade payables and accrued liabilities		431,579	1,071,038
		11,706,727	11,478,410
<b>Total liabilities</b>		<b>35,738,138</b>	<b>46,813,037</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>\$ 31,630,367</b>	<b>\$ 53,812,098</b>

Nature of operations (note 1)

Events after the reporting period (note 27)

*The accompanying notes are an integral part of these consolidated financial statements*

These consolidated financial statements are approved for issuance by the Company's Board of Directors on April 30, 2026 and are signed on the Company's behalf by the following:

/s/ Bernard Tan

/s/ Rene Carrier

Bernard Tan  
Director

Rene Carrier  
Director

## RE Royalties Ltd.

### Consolidated Statements of Net Loss and Comprehensive Loss

(Expressed in Canadian Dollars, except for weighted average number of common shares)

	Note	Year ended December 31,	
		2025	2024
Revenue and income			
Royalty revenue		\$ 1,013,165	\$ 1,468,085
Finance income		4,335,971	6,849,831
Energy revenue		880,593	269,374
		6,229,729	8,587,290
Cost of sales			
Operating expenses – BESS and solar			
Amortization and depreciation		(649,534)	(104,013)
Other operating expenses		(412,719)	(87,187)
Depletion of royalty interests	5	(467,635)	(699,488)
		(1,529,888)	(890,688)
Gross profit		4,699,841	7,696,602
Loss on revaluation of derivative financial asset/marketable securities	8	(62,778)	(104,355)
Gain on revaluation of other financial asset at FVTPL		62,007	59,436
Gross profit, changes in fair value of financial assets		4,699,070	7,651,683
Expenses			
Salaries and benefits		1,288,165	1,163,448
Administration		439,967	422,469
Marketing and stakeholder communication		367,028	480,165
Audit and audit related		416,209	531,380
Consulting – financing		60,000	67,156
Consulting – other		262,066	189,540
Regulatory and transfer agency		138,086	79,130
Office lease and information technology		103,131	51,146
Legal		93,605	124,153
Donation		75,000	86,000
Equity-settled share-based payments	16(a)	39,446	141,204
Change in fair value of cash-settled share-based payments	16(a)	(3,468)	(2,916)
Depreciation of right-of-use asset		19,478	19,478
		(3,298,713)	(3,352,353)
Other items			
Finance expenses	18	4,421,541	3,879,572
Provision for expected credit loss	5	4,755,101	9,076,781
Impairment of property, plant and equipment – SPOBOC	6	316,000	-
Impairment of intangible asset – SPOBOC	7	1,430,096	-
Impairment of royalty interest		490,312	488,384
Gain on sale of SPOBOC development projects	14	(64,654)	-
Derecognition of government grant payable	12	(170,350)	-
Derecognition of deferred government grant		(570,000)	-
Foreign exchange gain		(484,839)	(244,499)
		(10,123,207)	(13,200,238)
Net loss before income tax		\$ (8,722,850)	\$ (8,900,908)
Income tax recovery (expense)			
Current income tax expense	22	(175,415)	(292,088)
Deferred income tax recovery (expense)	22	185,148	(79,516)
		9,733	(371,604)
Net loss after income tax		\$ (8,713,117)	\$ (9,272,512)
Other comprehensive (loss) income			
Items that may be subsequently reclassified to net income			
Foreign exchange translation difference		(571,324)	971,521
Total other comprehensive (loss) income		(571,324)	971,521
Total comprehensive loss		\$ (9,284,441)	\$ (8,300,991)
Net loss after income tax attributable to:			
Owners of the Company		(8,873,169)	(9,353,604)
Non-controlling interests		160,052	81,092
		(8,713,117)	(9,272,512)
Total comprehensive loss attributable to:			
Owners of the Company		(9,357,640)	(8,574,062)
Non-controlling interests		73,199	273,071
		(9,284,441)	(8,300,991)
Basic and diluted loss per share attributable to shareholders of the Company	21	\$ (0.20)	\$ (0.22)
Weighted average number of common shares outstanding	21	43,387,815	43,270,765

The accompanying notes are an integral part of these consolidated financial statements

**RE Royalties Ltd.**

**Consolidated Statements of Changes in Equity (Deficiency)**

(Expressed in Canadian Dollars, except for number of shares)

	Note	Share capital		Reserves				Accumulated deficit	Total equity (deficiency) attributable to shareholders of the Company	Non-controlling interests	Total equity (deficiency)
		Number of shares	Amount	Equity-settled share-based payments	Share purchase warrants	Other reserve	Foreign currency translation reserve				
Balance at January 1, 2024		43,261,981	\$30,364,415	\$ 1,707,126	\$ 600,913	\$ 87,000	\$ 163,895	\$ (17,588,627)	\$ 15,334,722	\$ 1,752,062	\$ 17,086,784
Net (loss) income for the year		-	-	-	-	-	-	(9,353,604)	(9,353,604)	81,092	(9,272,512)
Other comprehensive income for the year		-	-	-	-	-	779,542	-	779,542	191,979	971,521
Total comprehensive (loss) income for the year		-	-	-	-	-	779,542	(9,353,604)	(8,574,062)	273,071	(8,300,991)
Distribution to shareholders	16(d)	-	-	-	-	-	-	(1,730,480)	(1,730,480)	-	(1,730,480)
Settlement of RSUs through issuance of shares		114,823	53,966	(53,966)	-	-	-	-	-	-	-
Settlement of RSUs through cash		-	-	(19,824)	-	-	-	-	(19,824)	-	(19,824)
Equity-settled share-based payments	16(a)	-	-	141,204	-	-	-	-	141,204	-	141,204
Warrants issued pursuant to Series-4 Private Placement		-	-	-	48,000	-	-	-	48,000	-	48,000
Distribution to non-controlling interests - OCEP		-	-	-	-	-	-	-	-	(203,737)	(203,737)
Distribution to non-controlling interests - Delta		-	-	-	-	-	-	-	-	(21,895)	(21,895)
<b>Balance at December 31, 2024</b>		<b>43,376,804</b>	<b>30,418,381</b>	<b>1,774,540</b>	<b>648,913</b>	<b>87,000</b>	<b>943,437</b>	<b>(28,672,711)</b>	<b>5,199,560</b>	<b>1,799,501</b>	<b>6,999,061</b>
Balance at January 1, 2025		43,376,804	\$30,418,381	\$ 1,774,540	\$ 648,913	\$ 87,000	\$ 943,437	\$ (28,672,711)	\$ 5,199,560	\$ 1,799,501	\$ 6,999,061
Net (loss) income for the year		-	-	-	-	-	-	(8,873,169)	(8,873,169)	160,052	(8,713,117)
Other comprehensive loss for the year		-	-	-	-	-	(484,471)	-	(484,471)	(86,853)	(571,324)
Total comprehensive (loss) income for the year		-	-	-	-	-	(484,471)	(8,873,169)	(9,357,640)	73,199	(9,284,441)
Distribution to shareholders	16(d)	-	-	-	-	-	-	(1,736,524)	(1,736,524)	-	(1,736,524)
Settlement of RSUs through issuance of shares		121,163	30,897	(30,897)	-	-	-	-	-	-	-
Settlement of RSUs through cash		-	-	(9,138)	-	-	-	-	(9,138)	-	(9,138)
Settlement of DSUs through issuance of shares		24,000	5,904	(5,904)	-	-	-	-	-	-	-
Equity-settled share-based payments	16(a)	-	-	39,446	-	-	-	-	39,446	-	39,446
Distribution to non-controlling interests - OCEP		-	-	-	-	-	-	-	-	(116,175)	(116,175)
<b>Balance at December 31, 2025</b>		<b>43,521,967</b>	<b>\$30,455,182</b>	<b>\$ 1,768,047</b>	<b>\$ 648,913</b>	<b>\$ 87,000</b>	<b>\$ 458,966</b>	<b>\$ (39,282,404)</b>	<b>\$ (5,864,296)</b>	<b>\$ 1,756,525</b>	<b>\$ (4,107,771)</b>

The accompanying notes are an integral part of these consolidated financial statements

## RE Royalties Ltd.

### Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Note	Year ended December 31,	
		2025	2024
<b>Operating activities</b>			
Net loss		\$ (8,713,117)	\$ (9,272,512)
Adjustments for:			
Depreciation, depletion, and amortization		1,136,647	822,979
Finance income for the period, in excess of interest received		(791,465)	(2,771,498)
Gain on revaluation of financial asset at FVTPL		(62,007)	(59,436)
Loss on revaluation of derivative financial asset/marketable securities		62,778	104,355
Gain on sale of SPOBOC development projects		(64,654)	-
Derecognition of government grant payable		(170,350)	-
Derecognition of deferred government grant		(570,000)	-
Provision for expected credit loss		4,755,101	8,969,891
Impairment of property, plant and equipment – SPOBOC		316,000	-
Impairment of intangible asset – SPOBOC		1,430,096	-
Impairment of royalty interest		490,312	488,384
Finance expenses		4,283,688	3,872,210
Equity-settled share-based payments		39,446	141,204
Change in fair value of cash-settled share-based payments		(5,883)	(2,916)
Deferred income tax expense		(184,584)	79,516
Unrealized foreign exchange (gain) loss		(370,674)	453,174
Changes in working capital items:			
Amounts receivable and prepaid expenses		(193,385)	(392,253)
Income taxes recoverable		(38,426)	5,347
Interest reserve account		(21,532)	-
Income tax payable		(9,129)	(26,815)
Trade payables and accrued liabilities		(501,274)	92,876
<b>Cash generated by operating activities</b>		<b>817,588</b>	<b>2,504,506</b>
<b>Investing activities</b>			
Acquisition of royalty interests and secured loans, net of repayments	5	(4,812,082)	(11,232,693)
Proceeds from repayment of secured loan		5,664,830	9,377,657
Acquisition of derivative financial asset and marketable securities		(176,111)	-
Deferred transaction costs, net of recoveries		(128,313)	-
<b>Cash provided by (used in) investing activities</b>		<b>548,324</b>	<b>(1,855,036)</b>
<b>Financing activities</b>			
Net proceeds from the Green Bonds offering		-	6,280,738
Repayment of Series 1 Green Bonds		(9,802,000)	-
Cash distribution to shareholders	16(d)	(1,301,304)	(1,730,480)
Distributions to non-controlling interests – OCEP		(116,175)	(203,737)
Distributions to non-controlling interests – Delta		-	(21,895)
Interest on Green Bonds paid		(3,419,391)	(3,043,245)
Share-based payments		(9,917)	(19,824)
Other finance expenses paid		(137,853)	-
Lease payments		(25,585)	(25,189)
<b>Cash (used in) provided by financing activities</b>		<b>(14,812,225)</b>	<b>1,236,368</b>
<b>(Decrease) increase in cash and cash equivalents</b>		<b>(13,446,313)</b>	<b>1,885,838</b>
Effects of exchange rate fluctuations on cash held		(355,673)	222,170
Cash and cash equivalents, opening balance		16,547,940	14,439,932
<b>Cash and cash equivalents, closing balance</b>		<b>\$ 2,745,954</b>	<b>\$ 16,547,940</b>

#### Supplemental cash flow information (note 25)

The accompanying notes are an integral part of these consolidated financial statements

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

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#### 1 . NATURE OF OPERATIONS

RE Royalties Ltd. ("RER" or the "Company") is a public company whose common shares are listed on the TSX Venture Exchange ("TSXV"), under the trading symbol "RE" and on the OTCQX under the trading symbol "RROYF". In September 2025, the Company obtained a listing of its common shares on the Frankfurt Stock Exchange under the trading symbol "Y2V". 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 the 14th Floor, 1040 West Georgia Street, Vancouver, BC, V6E 4H1.

The Company is primarily engaged in the acquisition of revenue-based royalties from renewable energy generation facilities and other clean energy technologies by providing a non-dilutive royalty financing solution to privately-held and publicly-traded renewable energy generation and development companies and clean energy technology companies.

On November 1, 2024, the Company acquired the shares of Switch Power Ontario Battery Operations Corp. ("SPOBOC") and Switch Power Ontario Solar Operations Corp. ("SPOSOC") in full and final settlement of the outstanding debt. Consequently, the Company now owns and operates a portfolio of Battery Energy Storage Systems ("BESS") and rooftop solar projects. SPOBOC's principal activity is energy storage as a service, providing behind-the-meter solutions to industrial and real estate clients to realize global adjustment savings, and to provide grid resiliency and ancillary services through medium- to long-term Energy Service Agreements. SPOSOC's principal activity is primarily solar power generation from rooftop solar systems in Ontario.

These Financial Statements are prepared on the basis that the Company will continue as a going concern which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. During the year ended December 31, 2025, the Company recorded a net loss of \$8,713,117 (for the year ended December 31, 2024: \$9,272,512). At December 31, 2025, the Company's shareholders' equity was negative \$5.9 million, and the Company had working capital of \$2.5 million. There can be no assurances that the Company will be successful in obtaining additional financing when required. If the Company is unable to raise the necessary equity and/or debt capital and generate sufficient revenue and income to address the breach of covenant and the resulting working capital deficit, the Company may, at some point, consider curtailing its operations, or liquidating certain of its assets. As such, there is a material uncertainty that raises substantial doubt about the Company's ability to continue as a going concern.

These consolidated financial statements (the "Financial Statements") are comprised of RER and its subsidiaries (note 2(c)) (together referred to as the "Company" or the "Group") and are prepared for the year ended December 31, 2025 and 2024. RE Royalties Ltd. is the legal parent entity in the Group.

#### 2 . MATERIAL ACCOUNTING POLICY INFORMATION

##### (a) *Statement of compliance*

These Financial Statements have been prepared on a going concern basis in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), effective for the Company's reporting years ended December 31, 2025 and 2024.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

(b) *Restatement of prior year's comparatives*

At November 1, 2024, the Company provisionally completed the purchase price allocation upon acquisition of SPOBOC (note 3(a)) and SPOSOC (note 3(b)). Subsequent to the finalization of the Company's consolidated financial statements for the year ended December 31, 2024, the Company hired an independent appraiser to ascertain the values of equipment to finalize the purchase price allocation as of the acquisition date, and restated its consolidated statement of financial position as at December 31, 2024 to reflect the revised purchase price allocation.

The effects of the restatement on the individual line items within the Company's consolidated statement of financial position as at December 31, 2024:

	Note	Property, plant and equipment	Intangible assets
Cost, as previously reported		\$ 2,455,859	\$ 3,623,000
Reallocation due to revision to purchase price allocation			
SPOBOC	3(a)	1,377,000	(1,377,000)
SPOSOC	3(b)	(273,734)	273,734
As restated, cost		3,559,125	2,519,734
Amortization, as previously reported		24,709	79,304
Revision to amortization and depreciation due to the reallocation above		23,787	(23,787)
		48,496	55,517
As restated, net carrying value as at December 31, 2024		\$ 3,510,629	\$ 2,464,217

(c) *Basis of presentation and consolidation*

These Financial Statements have been prepared on a historical cost basis except for the loan to Aeolis Wind Power Corporation (note 5) and the fair valuation of Clear Blue Technologies warrants (note 5) which is recorded at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

These Financial Statements include the financial statements of the Company and its following subsidiaries:

Entity	Place of business	Entity type	Economic interest
RE Royalties (Canada) Ltd.	British Columbia, Canada	Acquisition of royalties in renewable projects	100.00%
RE Royalties USA Inc.	Delaware, USA	Acquisition of royalties in renewable projects	100.00%
FP OCEP Invest LLC (note 5(d))	Delaware, USA	Holds OCEP Loan	96.68%
FP Puerto Rico Invest, LLC (note 5(e))	Delaware, USA	Holds Delta Loan	98.00%
Switch Power Ontario Battery Operations Corp.	Ontario, Canada	Operates a portfolio of Battery Energy Storage Systems (BESS)	100.00%
Switch Power Ontario Solar Operations Corp.	Ontario, Canada	Solar power generation from rooftop solar Systems	100.00%

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

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Intra-group balances and transactions, including any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the Financial Statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

#### (d) *Significant accounting estimates and judgements*

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue, and expenses. Actual results may differ from these estimates. The impact of such estimates are pervasive throughout the Financial Statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Changes in subjective inputs and assumptions can materially affect accounting estimates.

Specific areas where significant estimates or judgements exist are:

##### Estimates:

- Valuation of secured loans and royalty interest (note 5);
- Estimation of the timing and amounts with respect to loan repayments from OCEP and Clean Communities (note 5);
- Depletion of royalty interests (note 5);
- Fair value of the loan to Aeolis Wind Power Corporation (note 5(a));
- Determination of the allowance for expected credit losses relating to the Secured Loans (note 5);
- Inputs into the Black-Scholes model for options and warrants (note 16);
- Fair value of share purchase options subject to certain performance based vesting conditions (notes 16);
- Estimation of amount with respect to the Deferred government grant and government grant payable (notes 12);
- Fair valuation of assets and liabilities acquired as part of the acquisition of SPOBOC and SPOSOC (note 3).

##### Judgements:

- Assessment of evidence as to whether a financial asset may be impaired, including but not limited to, assessment as to whether there has been a significant increase in the credit risk, and the stage of expected credit loss.
- Judgement with respect to accounting of the acquisition of SPOBOC and SPOSOC as a business combination as opposed to asset acquisition (note 3).

#### (e) *Foreign currency*

The functional currency is the currency of the primary economic environment in which an entity operates. The functional and presentation currency of the Company and its wholly-owned subsidiaries, SPOBOC and SPOSOC, is the Canadian Dollar. The functional currency of RE Royalties USA Inc., FP OCEP Invest, LLC and FP Puerto Rico Invest, LLC, is the US dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Gains and losses arising on translation are included in profit or loss for the year.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

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To translate the Company's interest in RE Royalties USA Inc., FP OCEP Invest, LLC and FP Puerto Rico Invest, LLC to the presentation currency, all assets and liabilities are translated using the exchange rate as of the reporting date and all income and expenses are translated using the average exchange rates during the period. All resulting exchange differences are recognized in net loss and other comprehensive loss.

*(f) Financial instruments*

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

All financial assets that are not classified at amortised cost or fair value through other comprehensive income ("FVTOCI") are measured at fair value through profit or loss ("FVTPL") with net gains and losses on subsequent revaluation and income and expenses, including any transaction cost, associated with such assets recognised in profit or loss. All derivative financial assets and hybrid financial instruments with embedded derivatives are classified at FVTPL.

For a financial asset to be measured at amortized cost, it must meet the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition, financial assets at amortized cost are measured at fair value plus, transaction costs that are directly attributable to its acquisition. Subsequently, these financial assets are measured at amortised cost, using the effective interest method, and net of any impairment loss. Interest income, foreign exchange gains and losses, impairment losses, and gain or losses on derecognition are recognised in profit or loss. Changes in fair value of these financial instruments are recognized in net loss and other comprehensive loss.

The Company's financial assets are classified in these Financial Statements as follows:

Financial Assets	Note	Classification
Secured loan – Aeolis Wind Power Corporation	5	FVTPL
Secured loans – other	5	Amortized cost
Cash and cash equivalents and restricted cash	4	Amortized cost
Derivative financial asset and marketable securities	8	FVTPL
Amounts receivable	10	Amortized cost
Interest reserve	11	Amortized cost

The Company has no financial assets which are classified as at FVTOCI.

The Company classifies its non-derivative financial liabilities at amortized cost that are recognized initially at fair value net of any directly attributable transaction costs.

When a compound financial instrument is issued, its initial carrying amount is allocated to its equity and liability components, the equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the fair value of the liability component.

Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

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The Company's financial liabilities are classified in these Financial Statements as follows:

<u>Financial Liabilities</u>	<u>Note</u>	<u>Classification</u>
Trade payables and accrued liabilities		Amortized cost
Green bonds (including interest payable)	11	Amortized cost
Loan payable	14	Amortized cost

The Company has no significant derivative financial liabilities.

#### Impairment of financial assets:

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments at amortized cost. ECLs reflect the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a debt instrument depending on the credit deterioration from inception. The ECL recorded reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognized in two stages, which are as follows:

- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, an amount equal to twelve months ECLs is recorded. This is computed using a probability of default occurring over the next twelve months.
- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance using a probability of default occurring over the remaining life of the financial instrument is calculated. The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company assesses, on an instrument-by-instrument basis, whether there has been a significant increase in credit risk since initial recognition of a financial instrument at each reporting date. Increases or decreases in the allowance for credit losses are recognized in the consolidated statement of net loss and comprehensive loss.

The following is the non-exhaustive list of factors that are considered for evaluating if the credit risk has increased significantly since initial recognition:

(i) existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations.

(ii) an actual or expected significant change in the operating results of the borrower, such as actual or expected declining revenues or margins, increasing operating risks, working capital deficiencies, decreasing asset quality, increased balance sheet leverage, liquidity, management problems or changes in the scope of business or organisational structure.

(iii) significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring.

(iv) any significant change in reductions of financial support from a parent entity or other affiliate.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

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(v) expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument.

(vi) significant changes in the expected performance and behaviour of the borrower, such as, an increase in the expected number or extent of delayed contractual payments.

(vii) past due information, where the counterparty has failed to make a payment when the payment was contractually due.

#### *Forward-Looking Information*

In the measurement of the ECL for each stage and the assessment of significant increases in credit risk, the Company considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions using probability-weighted forward-looking scenarios. The Company considers both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. Judgment is applied in determining the probabilities for each scenario. When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

The Company conducted its analysis and quantification of ECL, and determined ECL to be negligible, except for the ECL relating to Switch Power, Switch Solar, OCEP, Delta and Cleanlight (note 5).

To compute the loss allowance, Loss given default and Probability of default are used as inputs.

Loss given default is an estimate of the loss arising on default. It is based on the difference between contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

#### *(g) Share capital*

Common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

#### *(h) Income (loss) per share*

The Company presents basic and diluted income (loss) per share information for its common shares, calculated by dividing the net income (loss) attributable to common shareholders of the Company by the weighted average number of common shares. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

#### *(i) Income taxes*

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

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Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: a) goodwill not deductible for tax purposes; b) the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and c) differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### (j) Revenue

##### *Revenue from finance income and royalty interest*

The Company's revenue recognized in these Financial Statements comprised of revenue earned from contracts with customers under and related to its royalty interests. With the exception of the NOMAD royalty and the Cleanlight royalty (note (5)), performance obligation is considered to be met and revenue is recognized when each unit of power is generated and delivered to its customer by the operator of the underlying asset through an interconnection or directly to a client.

Under the NOMAD royalty agreement, performance obligation is considered to be met and revenue is recognized when NOMAD realizes proceeds from the sale of certain manufactured units.

Under the Cleanlight royalty agreement, performance obligation is considered to be met and revenue is recognized when gross revenues related to the business or from sale of Cleanlight units are received or accrued.

Revenue is measured at the fair value of the consideration received or receivable when management can reliably estimate the amount, pursuant to the terms of the royalty agreement. Differences between estimates and actual amounts are adjusted and recorded in the period that the actual amounts are known.

##### *Energy revenue*

The Company evaluates whether the contracts it enters into meet the definition of a contract with a client at the inception of the contract and on an ongoing basis if there is an indication of significant changes in facts and circumstances. Each promise to provide a good or service within a contract is accounted for separately as a performance obligation if it is distinct. The Company's contracts may contain more than one performance obligation. The transaction price, which is the amount of consideration to which the Company expects to be entitled to within each contract, is determined and is allocated to the performance obligation in the contract.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

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The transaction price may include variable consideration based on, for example, future production volumes, variable costs, market prices or indices and escalators. Variable consideration is only included in the transaction price for each performance obligation when it is highly probable that a significant reversal of the cumulative variable revenue will not occur. Variable consideration is assessed at each reporting period to determine whether the constraint is lifted. Revenue is recognized when, or as, the Company satisfies the performance obligations by transferring control of the good or service to the client.

Where available, the Company has elected the practical expedient available under IFRS 15 for measuring progress toward complete satisfaction of performance obligation and for disclosure requirements of remaining performance obligations. This permits the Company to recognize revenue in the amount to which we have the right to invoice such that the Company has a right to the consideration in an amount that corresponds directly with the value to the client for performance completed to date.

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the rendering of services or the sale of goods is recognized when a specific performance obligation is satisfied through the transfer of goods or services to a client. In addition to the above general principle, the Company also applies the following specific revenue recognition policies:

(i) Battery Storage:

Multiple projects governed by energy service agreements to provide battery storage services for periods of 10-20 years. Revenue is earned as a percentage of cost savings provided to the client as well as through providing grid resiliency throughout the contract term for which the Company receives a fee. Revenue is recognized over time as the service is being provided to the client.

(ii) Solar:

The Company operates a solar facility in Ontario and provides energy through a long-term contract with the client. Revenue is recognized over time as the energy is provided to the client.

The Company recognizes unconditional rights to consideration separately as a receivable. Receivables are evaluated at each reporting period to determine whether there is any objective evidence that they are impaired. Deferred revenue is recognized when the Company receives consideration from the client before the performance obligations have been satisfied.

The Company's revenue transactions do not contain significant financing components and payments are typically received within 30 to 60 days of revenue recognition.

(k) *Royalty interests*

Royalty interests are recorded at cost and capitalized as tangible assets. They are subsequently measured at cost less accumulated depletion and accumulated impairment losses, if any. Project evaluation costs that are not related to a specific agreement are expensed in the period incurred.

Producing royalty interests (note 5) are depleted over their contractual lives on a straight-line basis for all the projects except for NOMAD.

As per the terms of the royalty agreement with NOMAD, the royalty amount is payable to the Company on revenues generated by the sale of units by NOMAD. Accordingly, the royalty interest for NOMAD is depleted using the Units of Production method.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

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*(l) Share-based payment transactions*

The Company operates an equity-settled share-based option plan for its directors, officers, employees and service providers. The fair value of share purchase options granted is recognized as an expense with a corresponding increase in the equity-settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by a direct employee.

The fair value is measured at grant date for each tranche, which is expensed on a straight line basis over the vesting period, with a corresponding increase in equity. The fair value of share purchase options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted and forfeiture rates as appropriate. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest. The fair value of RSUs and DSUs is determined with reference to market price of the Company's common shares.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

*(m) Impairment of non-financial assets*

At the end of each reporting period the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that these assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

*(n) Government Grants*

Grants from the government are recognized at their fair value where there is reasonable assurance that the grant will be received, and the Company will meet the attached conditions. When the grant relates to an expense item, the Company recognizes it as a reduction to the related expense over the period necessary to match the grant with the costs that it is intended to compensate. If the grant relates to an asset, it is recognized as a reduction to the carrying value of the asset and amortized into income over the expected useful life of the asset through lower depreciation.

*(o) Property, plant and equipment*

The Company's investment in property, plant and equipment ("PP&E") is initially measured at the cost of each component at the time of construction, purchase or acquisition. A component is a tangible portion of an asset that can be separately identified and depreciated over its own expected useful life and is expected to provide a benefit for a period in excess of one year. Cost includes items such as materials, labour, borrowing costs and other directly attributable costs, including the initial estimate of the cost of decommissioning and restoration. Costs are recognized as PP&E assets if it is probable that future economic benefits will be realized, and the cost of the item can be measured reliably.

The cost of routine repairs and maintenance and the replacement of minor parts is charged to net earnings as incurred.

Subsequent to initial recognition and measurement at cost, all classes of PP&E continue to be measured using the cost model and are reported at cost less accumulated depreciation and impairment losses, if any. An item of PP&E or a component is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition is included in net earnings when the asset is derecognized.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

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The estimate of the useful lives of each component of PP&E is based on current facts and past experience, and takes into consideration existing long-term sales agreements and contracts, current and forecasted demand, and the potential for technological obsolescence. The useful life is used to estimate the rate at which the component of PP&E is depreciated. PP&E assets are subject to depreciation when the asset is considered to be available for use, which is typically upon commencement of commercial operations. Each significant component of an item of PP&E is depreciated to its residual value over its estimated useful life using the straight-line method. Estimated useful lives, residual values and depreciation methods are reviewed at least annually and are subject to revision based on new or additional information. The effect of a change in useful life, residual value or depreciation method is accounted for prospectively.

Estimated useful lives for each asset class and depreciation method, are as follows:

Equipment (including BESS)	10 – 20 years	straight-line method
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(p) *Intangible assets*

Intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses recognized. Acquired intangible assets are measured at fair value at the acquisition date. Amortization of definite life intangible assets is calculated on a straight-line basis over their estimated useful lives as follows:

Energy Services Agreements (“ESAs”) and Feed-in Tariff (“FIT”) Agreements	Term of the agreement (3 – 10 years)	straight-line method
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(q) *Business Combinations*

Business combinations are accounted for using the acquisition method when the acquisitions of companies and/or assets meet the definition of a business under IFRS. The cost of an acquisition is measured at the fair value of the assets given up, equity instruments issued, and liabilities incurred or assumed at the date of acquisition. The acquired identifiable assets and liabilities and any contingent consideration are measured at their fair value at the date of acquisition. The fair value of property, plant and equipment is the estimated amount for which these assets could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Any excess of the purchase price over the fair value of the identifiable assets and liabilities acquired is recognized as goodwill. If the cost of acquisition is less than fair value of the identifiable assets and liabilities, the difference is recorded as a gain in profit or loss. Associated transaction costs are expensed when incurred. The fair value of property, plant and equipment recognized as a result of a business combination is based on market values when available, income approach and depreciated replacement cost when appropriate.

(r) *Decommissioning liabilities*

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of BESS and solar equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the decommissioning liability in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The Company’s estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the decommissioning liability.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

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(s) *Operating segments*

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Company's operating segments are components of the Company's business for which discrete financial information is available and which are reviewed regularly by the Company's management to make decisions about resources to be allocated to the segment and assess its performance.

(t) *New accounting standards and interpretations*

The Company has applied the following accounting standard amendment, effective January 1, 2024, that did not have any impact on the amounts recognized in these Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants — Amendments to IAS 1. New and amended accounting standards that are not applicable to the Company have not been included herein.

The Company is currently assessing the impact of amendments to, and interpretations of, existing standards that were not effective or early adopted for the period covered by these Financial Statements. These include:

In April 2024, the International Accounting Standards Board issued IFRS 18 Presentation and Disclosure in Financial Statements, a new standard that will provide new presentation and disclosure requirements and which will replace IAS 1, Presentation of Financial Statements. IFRS 18 introduces changes to the structure of the statement of income; provides required disclosures in financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements; and provides enhanced principles on aggregation and disaggregation in financial statements. Many other existing principles in IAS 1 have been maintained. IFRS 18 is effective for years beginning on or after January 1, 2027, with earlier application permitted.

The International Accounting Standards Board has issued classification and measurement and disclosure amendments to IFRS 9 and IFRS 7 which clarify the date of recognition and derecognition of some financial assets and liabilities and introduce a new exception for some financial liabilities settled through an electronic payment system. Other changes include a clarification of the requirements when assessing whether a financial asset meets the solely payments of principal and interest criteria and new disclosures for certain instruments with contractual terms that can change cash flows (including instruments where cash flow changes are linked to environmental, social or governance targets). These amendments are effective for years beginning on or after January 1, 2026 with earlier application permitted.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

### 3 . BUSINESS COMBINATIONS

#### (a) Switch Power Ontario Battery Operations Corp. (SPOBOC)

Refer to Note 5(b) for details of the Company's acquisition of SPOBOC pursuant to settlement of debt. The acquisition has been accounted for as a business combination using the acquisition method where the acquired assets and liabilities assumed are recorded at their estimated fair values, which are measured in accordance with the Company's accounting policies. Details of the business combination are as follows:

Consideration (settlement of the Switch Power Loan (note 5(b)))		\$ 3,797,127		
	Note	As previously reported	Adjustments note 3(c)	As revised
Recognised amounts of identifiable net assets:				
Property, plant and equipment – Battery		\$ 1,561,080	\$ 1,377,000	\$ 2,938,080
Intangible assets – contracts with clients		3,177,000	(1,377,000)	1,800,000
Amounts receivable and prepaid expenses		768,759	-	768,759
Trade payables		(473,889)	-	(473,889)
Loan payable		(385,117)	-	(385,117)
Government grant payable	12	(170,350)	-	(170,350)
Deferred government grants	12	(570,000)	-	(570,000)
Decommissioning liabilities	13	(110,356)	-	(110,356)
<b>Net identifiable assets and liabilities</b>		<b>\$ 3,797,127</b>	<b>\$ -</b>	<b>\$ 3,797,127</b>

As at December 31, 2024, SPOBOC had nine contracts with clients with remaining terms ranging from 3.76 years and 9.42 years, with an average remaining term of 7.17 years. For the two month period from November 1, 2024 to December 31, 2024, these Financial Statements include \$257,547 in revenue and \$173,561 in operating expenses from SPOBOC. The Company could not reliably estimate the full year revenue and profit or loss of SPOBOC had the acquisition occurred on January 1, 2024.

#### (b) Switch Power Ontario Solar Operations Corp. (SPOSOC)

Refer to Note 5(c) for details of the Company's acquisition of SPOSOC pursuant to settlement of debt. The acquisition has been accounted for as a business combination using the acquisition method where the acquired assets and liabilities assumed are recorded at their estimated fair values, which are measured in accordance with the Company's accounting policies. Details of the business combination are as follows:

Consideration (settlement of the Switch Solar Loan (note 5(c)))		\$ 1,197,862		
	Note	As previously reported	Adjustments note 3(c)	As revised
Recognised amounts of identifiable net assets:				
Property, plant and equipment – Solar		\$ 894,779	\$ (273,734)	\$ 621,045
Intangible assets – contract with client		446,000	273,734	719,734
Amounts receivable		44,926	-	44,926
Trade payables		(12,172)	-	(12,172)
Decommissioning liabilities	13	(175,671)	-	(175,671)
<b>Net identifiable assets and liabilities</b>		<b>\$ 1,197,862</b>	<b>\$ -</b>	<b>\$ 1,197,862</b>

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

As at December 31, 2024, the contract with client has a remaining term of 10.29 years (April 17, 2035). For the two month period from November 1, 2024 to December 31, 2024, these Financial Statements include \$11,827 in revenue and \$17,639 in operating expenses from SPOSOC. The Company cannot reliably estimate the full year revenue and profit or loss of SPOSOC had the acquisition occurred on January 1, 2024.

(c) *Finalization of purchase price allocation*

In the Company's Consolidated Financial Statements for the year ended December 31, 2024, the fair value estimate of equipment of SPOBOC and SPOSOC was provisionally completed, whereas the fair value estimate of all other assets and liabilities was finalized. Subsequent to the issuance of the Company's consolidated financial statements for the year ended December 31, 2024, the Company hired an independent appraiser to ascertain the value of equipment to finalize the purchase price allocation as of the acquisition date, and restated its consolidated statement of financial position as at December 31, 2024 to reflect the revised purchase price allocation (note 2(b)).

#### 4 . CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED CASH

	Note	December 31, 2025	December 31, 2024
Components of cash and cash equivalents:			
Cash held in business accounts			
Denominated in Canadian Dollars		\$ 2,454,446	\$ 8,042,417
Denominated in US Dollars		291,508	4,617,570
<hr/>			
Cash invested in Treasury Bills – Denominated in US Dollars		–	3,887,953
<b>Total</b>		<b>\$ 2,745,954</b>	<b>\$ 16,547,940</b>
<hr/>			
Cash and cash equivalents, including restricted cash, by currencies			
Denominated in Canadian Dollars		\$ 2,454,446	\$ 8,042,417
Denominated in US Dollars		291,508	8,505,523
		\$ 2,745,954	\$ 16,547,940
<hr/>			
Cash and cash equivalents subject to restrictions on use by the Company:			
Cash held as collateral against a letter of credit	5(i)	\$ 1,575,000	\$ 6,300,000
Net proceeds from the Green Bonds pending deployment (i)	11	1,170,954	10,247,940
<b>Total</b>		<b>\$ 2,745,954</b>	<b>\$ 16,547,940</b>

(i) Net proceeds from the Green Bonds offering to be utilized to finance renewable energy projects and clean energy technology in accordance with the Company's Green Bond Framework.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

#### 5 . SECURED LOANS AND ROYALTY INTERESTS

	Note	December 31, 2025	December 31, 2024
<b>Secured Loans – Amortized Cost</b>			
OCEP	5(d)	\$ 5,731,166	\$ 6,309,922
Revolve CBS Mexico	5(m)	-	1,652,812
Revolve Cancun	5(m)	-	1,539,526
Delta	5(e)	3,515,918	3,684,353
Cleanlight	5(f)	3,328,692	3,369,511
Clean Communities	5(g)	1,556,655	1,701,446
Revolve Windriver	5(m)	-	4,024,324
Revolve Rooftop Solar	5(m)	-	412,214
Abraxas	5(h)	1,338,958	1,026,324
Alpin Sun	5(i)	577,198	154,443
Solar High Yields	5(j)	3,051,820	2,973,617
Clear Blue Technologies	5(k)	358,544	-
Revolve Consolidated	5(m)	2,676,806	-
FuseForward Solutions	5(s)	-	3,551,279
		22,135,757	30,399,771
Allowance for lifetime expected losses due to credit impairment	5	(8,121,136)	(7,738,502)
		14,014,621	22,661,269
<b>Secured Loans – FVTPL</b>			
Aeolis Wind Power Corporation	5(a)	824,115	875,099
<b>Royalty Interests</b>			
Northland Power Inc.	5(n)	1,014,471	1,145,371
OntarioCo	5(o)	208,753	225,749
Scotian Windfields	5(p)	1,031,123	1,127,039
NOMAD	5(q)	-	604,158
Revolve CBS Mexico	5(m)	60,823	69,213
Revolve Cancun	5(m)	63,138	71,603
AlbertaCo	5(r)	724,847	805,405
CleanLight	5(f)	-	-
Clean Communities	5(g)	129,806	133,362
Revolve Windriver	5(m)	240,479	247,766
Revolve Rooftop Solar	5(m)	23,235	24,956
Abraxas	5(h)	33,591	28,345
Solar High Yields	5(j)	117,642	72,456
Clear Blue Technologies	5(k)	1	-
Solaris Energy	5(l)	4,140,600	-
		7,788,509	4,555,423
<b>Total</b>		<b>\$ 22,627,245</b>	<b>\$ 28,091,791</b>
Non-current portion		\$ 13,577,204	\$ 17,520,819
Current portion		9,050,041	10,570,972
<b>Total</b>		<b>\$ 22,627,245</b>	<b>\$ 28,091,791</b>

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

Secured Loans measured at amortized cost are presented net of their allowance for expected credit losses within the consolidated statements of financial position.

Provision for expected credit loss and loss upon derecognition of secured loans	Note	Year ended December 31,	
		2025	2024
Provision for ECL and derecognition loss – secured loans		\$ 4,113,906	\$ 8,946,940
Provision for ECL – amounts receivable	10	641,195	129,841
		\$ 4,755,101	\$ 9,076,781

#### Reconciliation of lifetime expected credit losses (stage-3) and loss upon derecognition relating to secured loans

For the year ended December 31, 2025		Beginning	Credit losses	Write-off	Revaluation	Ending
	Note	balance	for the year	during the year	difference	balance
FuseForward Solutions (i)		\$ 3,551,279	\$ -	\$ (3,551,279)	\$ -	\$ -
OCEP	5(d)	923,348	397,559	-	(44,381)	1,276,526
Delta	5(e)	1,362,654	2,227,683	-	(74,419)	3,515,918
CleanLight	5(f)	1,901,221	1,488,664	-	(61,193)	3,328,692
<b>Total</b>		<b>\$ 7,738,502</b>	<b>\$ 4,113,906</b>	<b>\$ (3,551,279)</b>	<b>\$ (179,993)</b>	<b>\$ 8,121,136</b>

For the year ended December 31, 2024		Beginning	Credit losses	Write-off	Revaluation	Ending
	Note	balance	for the year	during the year	difference	balance
Switch Power		\$ 1,017,221	\$ 4,778,209	\$ (5,795,430)	\$ -	\$ -
FuseForward Solutions		3,551,279	-	-	-	3,551,279
OCEP	5(d)	-	914,072	-	9,276	923,348
Switch Solar		210,275	4,459	(214,734)	-	-
Delta	5(e)	-	1,348,979	-	13,675	1,362,654
CleanLight	5(f)	-	1,901,221	-	-	1,901,221
<b>Total</b>		<b>\$ 4,778,775</b>	<b>\$ 8,946,940</b>	<b>\$ (6,010,164)</b>	<b>\$ 22,951</b>	<b>\$ 7,738,502</b>

The continuity schedules for secured loans at Amortized cost for the years ended December 31, 2025 and 2024 are as follows:

#### Secured Loans - Amortized Cost

##### For the year ended December 31, 2025

	Balance as at	Fair value at	Transaction	Accretion and	Cash payments	Foreign	Derecognition/	Gross Carrying	Expected	Net Carrying
	January 1, 2025	initial	costs	accrued	received	currency	Adjustments	amount at	lifetime credit	amount at
		recognition		interest		adjustment		December 31,	losses - Stage 3	December 31,
								2025		2025
FuseForward Solutions (i)	\$ 3,551,279	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,551,279)	\$ -	\$ -	\$ -
OCEP	6,309,922	-	-	1,332,250	(1,616,613)	(294,393)	-	5,731,166	(1,276,526)	4,454,640
Revolve CBS Mexico	1,652,812	-	-	115,812	(545,624)	-	(1,223,000)	-	-	-
Revolve Cancun	1,539,526	-	-	119,383	(514,530)	-	(1,144,379)	-	-	-
Delta	3,684,353	-	-	-	-	(168,435)	-	3,515,918	(3,515,918)	-
CleanLight	3,369,511	-	-	69,769	-	(110,588)	-	3,328,692	(3,328,692)	-
Clean Communities	1,701,446	-	-	228,771	(373,562)	-	-	1,556,655	-	1,556,655
Revolve Windriver	4,024,324	-	-	230,075	(4,254,399)	-	-	-	-	-
Revolve Rooftop Solar	412,214	-	-	50,491	(47,705)	-	(415,000)	-	-	-
Abraxas	1,026,324	320,966	-	173,932	(182,264)	-	-	1,338,958	-	1,338,958
Solar High Yields	2,973,617	-	-	403,259	(279,870)	-	(45,186)	3,051,820	-	3,051,820
Alpin Sun Sol Aurora	154,443	-	18,388	609,102	(204,735)	-	-	577,198	-	577,198
Clear Blue Technologies	-	323,889	2,992	53,417	(21,754)	-	-	358,544	-	358,544
Revolve Consolidated	-	2,782,379	-	136,864	(242,437)	-	-	2,676,806	-	2,676,806
<b>Total</b>	<b>\$ 30,399,771</b>	<b>\$ 3,427,234</b>	<b>\$ 21,380</b>	<b>\$ 3,523,125</b>	<b>\$ (8,283,493)</b>	<b>\$ (573,416)</b>	<b>\$ (6,378,844)</b>	<b>\$ 22,135,757</b>	<b>\$ (8,121,136)</b>	<b>\$ 14,014,621</b>

(i) At December 31, 2025, for presentation purposes only, the Company derecognized the FuseForward loan, which was credit impaired in the prior years.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

#### For the year ended December 31, 2024

	Balance as at January 1, 2024	Fair value at initial recognition	Transaction costs	Accretion and accrued interest	Cash payments received	Foreign currency revaluation adjustment	Derecognition/ Adjustments	Gross Carrying amount at December 31, 2024	Expected lifetime credit losses - Stage 3	Net Carrying amount at December 31, 2024
Switch Power	\$ 9,003,347	\$ -	\$ -	\$ 801,037	\$ (211,827)	\$ -	\$ (9,592,557)	\$ -	\$ -	
FuseForward Solutions	3,551,279	-	-	-	-	-	-	3,551,279	(3,551,279)	
OCEP	7,171,415	-	-	1,723,651	(3,104,357)	519,213	-	6,309,922	(923,348)	
NOMAD	6,625,486	-	-	871,686	(7,602,283)	105,111	-	-	-	
Revolve	1,634,897	-	-	214,013	(183,629)	-	(12,469)	1,652,812	-	
Switch Solar	1,442,200	-	-	117,616	(147,220)	-	(1,412,596)	-	-	
Revolve Cancun	1,892,724	-	-	229,459	(569,247)	-	(13,410)	1,539,526	-	
Delta	2,842,863	-	-	760,960	(185,551)	266,081	-	3,684,353	(1,362,654)	
Cleanlight	1,927,580	1,031,238	-	568,184	(388,291)	230,800	-	3,369,511	(1,901,221)	
Clean Communities	-	1,517,217	25,032	159,197	-	-	-	1,701,446	-	
Revolve Windriver	-	3,675,880	40,912	497,117	(189,585)	-	-	4,024,324	-	
Revolve Rooftop Solar	-	385,894	5,268	48,333	(27,281)	-	-	412,214	-	
Abraxas	-	993,488	15,362	17,474	-	-	-	1,026,324	-	
Solar High Yields	-	2,927,544	-	46,073	-	-	-	2,973,617	-	
Alpin Sun	-	30,000	64,160	60,283	-	-	-	154,443	-	
<b>Total</b>	<b>\$ 36,091,791</b>	<b>\$ 10,561,261</b>	<b>\$ 150,734</b>	<b>\$ 6,115,083</b>	<b>\$ (12,609,271)</b>	<b>\$ 1,121,205</b>	<b>\$ (11,031,032)</b>	<b>\$ 30,399,771</b>	<b>\$ (7,738,502)</b>	<b>\$ 22,661,269</b>

The continuity schedules for royalty interests for the years ended December 31, 2025 and 2024 are as follows:

Royalty Interests	Cost			Depletion / Impairment					Carrying Amount
	Beginning Balance	Additions/ (disposal)	Ending Balance	Beginning Balance	Depletion for the year	Impairment for the year	Ending Balance		
<b>Year ended December 31, 2025</b>									
Northland Power Inc.	\$ 1,871,864	\$ -	\$ 1,871,864	\$ 726,493	\$ 130,900	\$ -	\$ 857,393	\$ 1,014,471	
OntarioCo	316,559	-	316,559	90,810	16,996	-	107,806	208,753	
Scotian Windfields	1,598,626	-	1,598,626	471,587	95,916	-	567,503	1,031,123	
NOMAD	932,665	-	932,665	328,506	113,847	490,312	932,665	-	
Revolve	85,624	-	85,624	16,411	8,390	-	24,801	60,823	
Revolve Cancun	84,010	-	84,010	12,407	8,465	-	20,872	63,138	
AlbertaCo	939,669	-	939,669	134,265	80,557	-	214,822	724,847	
Clean Communities	133,362	-	133,362	-	3,556	-	3,556	129,806	
Revolve Windriver	253,232	-	253,232	5,466	7,287	-	12,753	240,479	
Revolve Rooftop Solar	24,956	-	24,956	-	1,721	-	1,721	23,235	
Abraxas	28,345	5,246	33,591	-	-	-	-	33,591	
Solar High Yields	72,456	45,186	117,642	-	-	-	-	117,642	
Clear Blue Technologies	-	1	1	-	-	-	-	1	
Solaris Energy	-	4,140,600	4,140,600	-	-	-	-	4,140,600	
<b>Total</b>	<b>\$ 6,341,368</b>	<b>\$ 4,191,033</b>	<b>\$ 10,532,401</b>	<b>\$ 1,785,945</b>	<b>\$ 467,635</b>	<b>\$ 490,312</b>	<b>\$ 2,743,892</b>	<b>\$ 7,788,509</b>	
<b>Year ended December 31, 2024</b>									
Northland Power Inc.	\$ 1,871,864	\$ -	\$ 1,871,864	\$ 595,593	\$ 130,900	\$ -	\$ 726,493	\$ 1,145,371	
OntarioCo	316,559	-	316,559	73,814	16,996	-	90,810	225,749	
Scotian Windfields	1,598,626	-	1,598,626	375,671	95,916	-	471,587	1,127,039	
Switch Power	358,695	-	358,695	70,970	27,667	260,058	358,695	-	
NOMAD	932,665	-	932,665	34,713	293,793	-	328,506	604,159	
Revolve	73,155	12,469	85,624	9,217	7,194	-	16,411	69,213	
Switch Solar	16,008	-	16,008	1,600	1,000	13,408	16,008	-	
Revolve Cancun	70,600	13,410	84,010	4,756	7,651	-	12,407	71,603	
AlbertaCo	939,669	-	939,669	53,706	80,559	-	134,265	805,404	
CleanLight	204,432	51,895	256,327	9,063	32,346	214,918	256,327	-	
Clean Communities	-	133,362	133,362	-	-	-	-	133,362	
Revolve Windriver	-	253,232	253,232	-	5,466	-	5,466	247,766	
Revolve Rooftop Solar	-	24,956	24,956	-	-	-	-	24,956	
Abraxas	-	28,345	28,345	-	-	-	-	28,345	
Solar High Yields	-	72,456	72,456	-	-	-	-	72,456	
<b>Total</b>	<b>\$ 6,382,273</b>	<b>\$ 590,125</b>	<b>\$ 6,972,398</b>	<b>\$ 1,229,103</b>	<b>\$ 699,488</b>	<b>\$ 488,384</b>	<b>\$ 2,416,975</b>	<b>\$ 4,555,423</b>	

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

(a) *Aeolis Wind Power Corporation*

In March 2016, the Company entered into a secured non-revolving term loan with Aeolis Wind Power Corporation ("Aeolis"), whereby the Company loaned Aeolis \$1,239,000 (the "Aeolis Loan") subject to fixed royalty payments of \$100,000 per annum, to be increased annually by an amount equal to 50% of the British Columbia Consumers Price Index. The term of the Aeolis Loan expires on July 31, 2035.

Aeolis is the owner of a gross revenue royalty interest in the Bear Mountain Wind Limited Partnership ("BMWLP"). The payments to the Company under the Aeolis Loan are paid from Aeolis' gross revenue royalty interest received from BMWLP. Aeolis has also assigned its full royalty interest to the Company as security for the Aeolis Loan and BMWLP has executed an irrevocable direction to pay the royalty into an escrow account that the Company will control in the event of default.

The Aeolis Loan is classified as a financial asset at FVTPL (note 2).

(b) *Switch Power*

During the year ended December 31, 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. ("SPOBOC"), a wholly-owned subsidiary of Switch Power Corporation ("Switch Power"), to provide funding to SPOBOC for the acquisition of a portfolio (the "Switch Portfolio") of "behind the meter" battery energy storage systems ("BESS") located in Ontario.

The Switch loans were secured by, among other things, a pledge of the shares of SPOBOC in favor of the Company and a general security agreement providing the Company with a security interest over all present and after-acquired personal property (collectively referred herein as the "SPOBOC Pledge").

Effective November 1, 2024, pursuant to the SPOBOC Pledge, the Company exercised its right whereby it acquired the ownership of the shares of SPOBOC in full and final settlement of the Switch Loans. As a result, SPOBOC became a wholly-owned subsidiary of the Company, and the financial statements of SPOBOC are included in these financial statements since November 1, 2024. On November 1, 2024, the Company derecognised the Switch Loans and the Switch Power Royalty, and as a result, recorded losses as summarised below:

	Switch Loans	Switch Power Royalty
Initial advance	\$ 7,345,838	\$ -
Amount allocated to royalty interest upon initial recognition	(358,695)	358,695
Total accretion and accrued interest, net of cash received / Depletion of royalty interest	2,605,414	(98,637)
	9,592,557	260,058
Fair value of net asset (note 3(a))	(3,797,127)	-
Total loss	5,795,430	260,058
Provision for ECL at January 1, 2024	(1,017,221)	-
Credit losses recorded/ royalty interest written off, during the year ended December 31, 2024	\$ 4,778,209	\$ 260,058

(c) *Switch Solar*

In August 2022, the Company entered into a loan agreement with Switch Power Ontario Solar Operating Corporation ("SPOSOC"), a wholly-owned subsidiary of Alberta-based independent power producer Switch Power Corporation, for \$1.3 Million (the "Switch Solar Loan"). The Loan will finance the acquisition of an operational rooftop solar generation project located in Vaughan, Ontario (the "Switch Solar Project").

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

The Company had first-ranking security interest over the Switch Solar Project, including a lien over its assets, and pledge of shares in SPOSOC (the "SPOSOC Pledge").

Effective November 1, 2024, pursuant to the SPOSOC Pledge, the Company exercised its right whereby it acquired the ownership of the shares of SPOSOC in full and final settlement of the Switch Solar Loan. As a result, SPOSOC became a wholly-owned subsidiary of the Company, and the financial statements of SPOSOC are included in the Financial Statements from November 1, 2024. On November 1, 2024, the Company derecognised the Switch Solar Loan and the Switch Solar Royalty, and as a result, recorded losses as summarised below:

	Switch Solar Loan	Switch Solar Royalty
Initial advance	\$ 1,300,000	\$ -
Amount allocated to royalty interest upon initial recognition	(16,008)	16,008
Total accretion and accrued interest, net of cash received / Depletion of royalty interest	128,604	(2,600)
	1,412,596	13,408
Fair value of net asset (note 3(b))	(1,197,862)	-
Total loss	214,734	13,408
Provision for ECL at January 1, 2024	(210,275)	-
Credit losses recorded/ royalty interest written off, during the year ended December 31, 2024	\$ 4,459	\$ 13,408

(d) *Outagamie Clean Energy Partners (OCEP)*

In March 2022, a newly formed co-investment vehicle, FP OCEP Invest LLC ("OCEP Invest LLC"), entered into a mezzanine financing agreement (the "OCEP Loan Agreement") with Outagamie Clean Energy Partners, a Renewable Natural Gas ("RNG") developer to finance the construction of a biogas to RNG upgrading project located in Wisconsin, United States. Pursuant to the OCEP Loan Agreement, OCEP Invest LLC provided a US\$4,600,000 (\$5,800,000) secured loan (the "OCEP Loan" or the "Initial Cash Advance") for three years. During the first two years of its term, the OCEP Loan will accrue and pay interest only at 15% per annum (19% per annum while an event of default continues). During the third year of the term of the OCEP Loan, the amount of Initial Cash Advance will be repaid in four equal installments, along with interest at 15% per annum. Thereafter, a fixed annual royalty payment (the "Fixed Royalty") equal to 10% of the Initial Cash Advance will be payable for 10 years. The security on the OCEP Loan includes second priority lien on the project and on stored natural gas.

OCEP Invest LLC is governed by a shareholders' agreement (the "Shareholders' Agreement"). Under the original Shareholders' Agreement, decisions about the relevant activities of OCEP Invest LLC required the unanimous consent of all members. For the purposes of these Financial Statements, OCEP Invest LLC was initially classified as a joint venture ("OCEP JV"), and was accounted for using the equity method. In August 2022, the shareholders' agreement for FP 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").

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

To provide funds for the OCEP Loan, the Company contributed approximately US\$4,500,000 (\$5,700,000) ("RER's Contribution") to OCEP Invest LLC for a 96.68% equity/ownership interest in the entity; the remaining equity contribution was provided by certain private parties. The Shareholders' Agreement sets out, among other things, the Company's economic interest as well as that of the non-controlling interests, as summarized below:

Term of the OCEP Loan	The Company's share of cash flows from the OCEP Loan
First two years of the OCEP Loan's term	During the first two years of the term, while the OCEP Loan is interest only, the Company will receive quarterly distributions equivalent to 13.5% (17.1% per annum while an event of default continues) per annum on RER's Contribution. The remaining amount of interest payments on the OCEP Loan will be attributable to the non-controlling interests.
Third year of the OCEP Loan's term	During the third year of the term, while the OCEP Loan amortizes, the Company will receive quarterly distributions for an aggregate amount equal to RER's Contribution, plus 13.5% per annum (17.1% per annum while an event of default continues) on outstanding balance thereof. The remaining amount of repayment of the Initial Cash Advance, as well as the remaining amount of interest, will be attributable to the non-controlling interests.
Thereafter, for 10 years	After the OCEP Loan is fully repaid in the third year of its term, the Company will receive its share of the Fixed Royalty payments of approximately US\$180,000 (\$225,000) annually at the rate of 4% per annum on RER's Contribution as originally provided, and will increase by 0.5% for each month by which the repayment of the OCEP Loan is delayed from its original maturity date. The remaining amount of the Fixed Royalty will be attributable to the non-controlling interests.

#### Expected credit loss on the OCEP Loan

During the year ended December 31, 2025, the Company recorded US\$288,044 (\$397,559) (December 31, 2024: US\$641,904 (\$914,072)) in lifetime stage-3 expected credit loss with respect to the OCEP Loan. Under the term of the OCEP Loan Agreement, the principal sum of US\$4,640,000 (\$6,674,640) was repayable in February 2025, i.e. within a 3 year period from the date of the initial advance. In September 2024, OCEP repaid US\$1,788,799 (\$2,423,107), representing approximately 39% of the principal sum, while the remaining principal sum remained unpaid on the maturity date, and therefore, a default event occurred with respect to the OCEP Loan. During the year ended December 31, 2025, OCEP repaid an additional principal sum of US\$705,146 (\$971,953).

Following the aforementioned default event, the OCEP Loan has been subject to a default interest rate of 19%. Additionally, the annual Fixed Royalty payments, which commence after full repayment of the OCEP Loan, will increase by 0.5% for each month by which the repayment of the OCEP Loan is delayed from its original maturity date.

Pursuant to certain provisions of the OCEP Loan Agreement, following a default event, the OCEP Loan and interest thereon becomes repayable from OCEP's future cash flows (including proceeds from sale of tax credits generated by OCEP), which cash flows have been estimated and discounted using the original effective interest rate (26.1%) pertaining to the OCEP Loan to determine the amount of ECL as recorded in these Financial Statements. Based on the aforesaid cash flow estimates, the OCEP Loan is expected to be fully repaid, along with accrued interest, by June 2027.

The key assumptions and estimates used in determining the ECL amount at December 31, 2025 relating to the OCEP Loan in these Financial Statements are as follows: a) net cash flows from operations based on historical and expected trends in OCEP's operating results; b) sale of tax credits generated by OCEP's operations, continuous grant of these tax credits by the government throughout the life of the repayment; and c) an increase in the quarterly instalments of the Fixed Royalty income by 12%, due to a delay of repayment of the OCEP Loan by 24 months.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

(e) *Delta*

In October 2022, a newly formed entity, FP Puerto Rico Invest LLC ("PR Invest"), entered into a financing agreement (the "Delta Loan Agreement") with Delta Energy Partners ("Delta"), a provider of energy efficiency solutions to customers in Puerto Rico, to support the procurement and installation of energy efficiency equipment in Puerto Rico. Pursuant to, and concurrently with, the Delta Loan Agreement, PR Invest also entered into a revenue sharing agreement (the "Delta Revenue Sharing Agreement") with Delta Energy Partners. PR Invest is governed by a shareholders' agreement (the "FP Invest SA"). Pursuant to the Delta Loan Agreement, PR Invest provided a US\$4,000,000 (\$5,421,600) secured loan (the "Delta Loan") with a term of five years. PR Invest advanced only the first tranche of loan amounting to US\$400,000 (\$542,160) in 2022. During the first two years of its term, the Delta Loan will accrue and pay interest only at 13.5% per annum. Beginning with the third year of the term of the Delta Loan, the amount of loan will be repaid in equal installments, along with interest at 13.5% per annum until maturity. Thereafter, pursuant to the Delta Revenue Sharing Agreement, a fixed annual royalty payment (the "Delta Royalty"), equal to 10% p.a. of the Delta Loan amount, will be payable for a 10 year term, amounting to a total of US\$4,000,000 (\$5,421,600) over the term of the Delta Royalty.

To provide funds for the first tranche of the Delta Loan, the Company contributed approximately US\$392,000 (\$522,000) ("RER's Delta Contribution") to PR Invest for 98.0% equity/ownership interest in the entity; the remaining equity contribution was provided by certain private parties. The FP Invest SA sets out, among other things, the Company's economic interest as well as that of the non-controlling interests, as summarized below:

Pursuant to the Delta Loan Agreement, an initial cash advance of US\$400,000 (\$542,160) was provided in November 2022, and a second advance of US\$600,000 (\$805,320) was provided in the first quarter of 2023 and \$180,000 (\$245,802) was advanced in May 2023. There were no additional advances made in 2024 and 2025.

Term of the Delta Loan	The Company's share of cash flows from the Delta Loan
First two years of the Delta Loan's term	During the first two years of the term, while the Delta Loan is interest only, the Company will receive quarterly distributions equivalent to 12.15% per annum on RER's Delta Contribution. The remaining amount of interest payments on the Delta Loan will be attributable to the non-controlling interests.
Third year of the Delta Loan's term	Beginning with the third year of the term, while the Delta Loan amortizes, the Company will receive quarterly distributions for an aggregate amount equal to RER's Delta Contribution, plus 12.15% per annum on outstanding balance thereof. The remaining amount of repayment of the loan, as well as the remaining amount of interest, will be attributable to the non-controlling interests.
Thereafter, for 10 years	After 30 months from closing of the Delta Loan, the Company will receive its share of the Delta Royalty payments of approximately US\$39,200 quarterly that is 40% of RER's Contribution of 98% as originally provided. The remaining amount of the Delta Royalty will be attributable to the non-controlling interests.

The Delta Loan is secured by, among other things, a pledge of the shares of the entity that holds the projects in favor of the Company and a general security agreement providing the Company with a security interest over the borrower's assets (collectively referred herein as the "Delta Collateral").

#### Expected credit loss on the Delta Loan

During the year ended December 31, 2025, the Company recorded US\$1,614,029 (\$2,227,683) (December 31, 2024: US\$947,317 (\$1,348,979)) in lifetime stage-3 expected credit loss with respect to the Delta Loan, due to ongoing and prolonged default under the Delta Loan Agreement. At December 31, 2025, after the aforementioned credit losses, the carrying amount of the Delta Loan was reduced to \$nil.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

(f) *CleanLight*

In August 2023, the Company concurrently executed three agreements, as described below, with Butler Corporation SpA ("CleanLight"), a Chilean technology company and manufacturer of mobile solar-battery systems including solar lighting towers and solar-hybrid battery generators.

Under a loan agreement with CleanLight (the "CleanLight Loan Agreement"), the Company agreed to provide, in two equal tranches, a US\$3,000,000 (\$3,957,300) secured loan (the "CleanLight Loan") to provide working capital and to finance CleanLight's expansion into other countries in Latin America. The CleanLight Loan has a two-year term, and bears interest of 12% per annum. Pursuant to the CleanLight Loan Agreement, and concurrently with the execution thereof, the Company provided the first cash advance of US\$1,500,000 (\$1,980,000). The remaining US\$1,500,000 (\$1,980,000) of the CleanLight Loan will be advanced, subject to certain project related milestones.

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

The Company also received an irrevocable right, for a five year period, under a warrants agreement with CleanLight (the "CleanLight Warrants") to purchase up to 7% of CleanLight's common shares at an exercise price of 673,063,128 Chilean Pesos ("CLP").

As the aforementioned three agreements with CleanLight were negotiated and executed concurrently, the aggregate amount of the considerations provided to CleanLight has been allocated to various components of the transactions, upon initial recognition, as follows: a) the Company recorded the CleanLight Loan and the CleanLight Warrants at their respective fair values as of the date of initial recognition, and b) the Company recorded the residual value as CleanLight Royalty interest, as presented below.

**Allocation of cash consideration provided to CleanLight:**

Aggregate cash consideration provided to CleanLight, including the purchase price of the CleanLight Royalty	\$ 2,154,425
Less: Fair value of the CleanLight Loan	1,832,175
Fair value of the CleanLight Warrants (i)	117,818
	<u>(1,949,993)</u>

<u>Residual value attributable to the CleanLight Royalty</u>	<u>\$ 204,432</u>
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(i) At initial recognition, the fair value of the CleanLight Warrants was determined using the Black-Scholes Option Valuation model and the following assumptions: risk-free interest rate of 3.8%; expected annual volatility of 50%; exercise price of CLP 670,000,000 (\$1,037,000); fair value of the underlying equity interest of US\$350,000 (\$462,000); and time to expiry of 5 years.

The Company advanced the second tranche of the CleanLight loan in April 2024 amounting to \$800,000 pursuant to which the Company recorded the CleanLight Loan at fair value, and a residual value of US\$38,327 (\$52,818) derived by subtracting the fair value of the CleanLight Loan from the aggregate amount of cash advanced under the CleanLight Loan Agreement was allocated to the CleanLight Royalty.

The CleanLight Loan is secured by, among other things, a pledge of the shares of CleanLight in favor of the Company, an Intellectual Property pledge and Inventory pledge over CleanLight's industrial and intellectual property and inventory and moveable assets respectively (collectively referred herein as the "CleanLight Collateral").

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

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#### Expected credit loss on the CleanLight Loan and royalty receivable, and impairment of CleanLight Royalty interest

At December 31, 2025, the Company recorded \$1,488,664 in lifetime stage-3 expected credit losses with respect to the CleanLight Loan (year ended December 31, 2024: \$1,901,221), due to an ongoing and prolonged default with respect to outstanding quarterly interest and principal repayment under the CleanLight Loan Agreement. At December 31, 2025, after the aforementioned credit losses, the carrying amount of the CleanLight Loan was reduced to \$nil, due to significant deterioration in the probability of realization of the loan's carrying amount, either from CleanLight's operating cash flows or through liquidation of the CleanLight Collateral.

At December 31, 2024, the Company also recorded \$214,918 in impairment of CleanLight Royalty interest. Additionally, the Company recorded \$129,841 in lifetime stage-3 expected credit losses with respect to the accrued royalty receivable from CleanLight.

#### (g) *Clean Communities*

In January 2024, the Company announced that it had entered into a loan agreement (the "Clean Communities Loan Agreement") and a royalty agreement with Clean Communities Corporation ("Clean Communities"), an Alberta-based Indigenous-led cleantech company, to support the construction of a solar project ("Sunrise Solar Project") currently under development in Cardston, Alberta.

As per the agreement, the Company advanced a \$1,700,000 secured loan (the "Clean Communities Loan") having 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 Clean Communities Loan value at closing. The Company received a gross revenue royalty of 5.0% on the Project for 20 years after reaching commercial operations (the "Clean Communities Royalty"). The transaction deploys a cash-sweep structure allowing the Company to sweep all cash generated by the Project net of operating expenses to pay the royalty, interest, and principal on a quarterly basis while the Clean Communities Loan is outstanding.

At initial recognition, the Company recorded the Clean Communities Loan at fair value, plus transaction costs, and a residual value of \$133,362 derived by subtracting the fair value of the Clean Communities Loan from the aggregate amount of cash advanced under the Clean Communities Loan Agreement was allocated to the Clean Communities Royalty.

#### (h) *Abraxas Power*

On November 18, 2024, the Company entered into an agreement with Abraxas Power Maldivest Ltd., a United Arab Emirates-incorporated wholly-owned subsidiary of Abraxas Power Corp. ("Abraxas"), to provide up to a \$10,000,000 secured loan (the "Abraxas Loan") to support the construction of solar projects in the Maldives ("Abraxas Projects").

The Loan will have an 18-month term and an interest rate of 13% per annum on funds advanced. The Company received a fee of \$200,000 at closing to cover legal and due diligence expenses. The Company will also receive a non-refundable standby fee based on the amount of the unutilized and uncanceled portion of the Abraxas Loan at the rate of 4% per annum. The Company will receive a gross revenue royalty of 2.0% on the Abraxas Projects for the term of the power purchase agreement. The Loan will have multiple tranches. Under Tranche 1, Abraxas can draw up to \$1,382,353 in the aggregate, and for Tranche 2, Abraxas can draw up to \$8,617,647 in the aggregate. Under Tranche 1, the first advance of \$1,021,834 was drawn on November 18, 2024, and the second advance of \$326,213 was drawn in October 2025.

Upon initial recognition, the Company recorded the two advances under Tranche 1 of the Abraxas Loan at their fair value, plus transaction costs, and the Abraxas Royalty was recorded at residual value, as determined by subtracting the fair value of the loan from the aggregate amount of cash advances.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

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(i) *Alpin Sun Sol Aurora*

On November 28, 2024, the Company entered into a secured loan agreement (the "Alpin Sun Loan") for \$6,330,000 with Alpin Sun, SA ("Alpin"), a wholly-owned subsidiary of Alpin Sun, to develop a solar project (the "Sol Aurora Project") in Alberta, Canada. The Company provided a cash advance of \$30,000 and a \$6,300,000 letter of credit (the "Original Sol Aurora LoC") on behalf of Alpin to meet their security requirement with the Alberta Electricity System Operator ("AESO"). The Alpin Sun Loan had an initial term of 12 months with an interest rate of 13% per annum. The Sol Aurora Project was subsequently downsized to a project with smaller capacity, and in September 2025, the Original Sol Aurora LoC was returned to the issuing bank and cancelled. The Company arranged for a new letter of credit (the "New LoC") for \$1,575,000 on behalf of Alpin to meet their security requirement with the AESO for the downsized project. The Company and Alpin entered into a supplemental loan agreement for the amount of the new letter of credit, which agreement has an initial term of 12 months and bear interest at 13% per annum.

Subsequent to year end, in January 2026, the New LoC was also returned to the issuing bank and cancelled.

(j) *Solar High Yields*

In November 2024, the Company has entered into a loan agreement with Solar High Yield Projects #1 Ltd. (the "Solar High Yields"), a wholly-owned subsidiary of PowerBank Corporation (formerly known as SolarBank Corporation) and advanced \$3,000,000 (the "Solar High Yields Loan") to fund development and construction of three Battery Energy Storage System projects (the "Solar High Yields Projects") to be located in Ontario, Canada.

The Solar High Yields Loan had an initial term of 12 months and bore interest at the rate of 11% per annum, compounded and payable quarterly. The Company also received a gross revenue royalty of 0.40% for the life of the Solar High Yields Projects (the "Solar High Yields Royalty"). In November 2025, the Solar High Yields Loan was extended for an additional 12-month term, bearing interest at 12% per annum, and the Solar High Yields Royalty was increased to 0.80%, which royalty will reduce to 0.65% if the Solar High Yields Loan is prepaid within the first six months.

Upon initial recognition, the Company recorded the Solar High Yields Loan at its fair value, plus transaction costs, and a residual value of \$72,456, derived by subtracting the fair value of the Solar High Yields Loan from the aggregate amount of cash advanced under the Solar High Yields Loan Agreement, was allocated to the Solar High Yields Royalty. Upon the loan extension, using the same basis of accounting, the Company recognized an additional amount of \$45,186 in royalty interests.

(k) *Clear Blue Technologies*

In April 2025, the Company completed a transaction with Clear Blue Technologies International Inc. ("Clear Blue") for an aggregate transaction price of \$500,000 to extinguish Clear Blue's existing bank loan and to provide working capital to Clear Blue. The transaction was structured into three components: a 1-year term loan (the "Clear Blue Loan") with the principal sum of \$375,000, bearing an interest rate at an 12% per annum; a 15-year royalty of 0.75% on gross consolidated revenues (the "Clear Blue Royalty") (total cumulative royalty payments capped at \$750,000); and 1,388,889 equity units (the "Clear Blue Units") (each comprised of one common share and one common share purchase warrant exercisable at \$0.30 for 24 months).

The Clear Blue Loan is secured by a first ranking senior security over all present and after acquired property of Clear Blue and its subsidiaries, and a second ranking position on Intellectual Property and key-person Life Insurance policy.

At initial recognition, the Company recorded the Clear Blue Units at fair value as of the date of acquisition, and the Clear Blue Loan at fair value, plus transaction costs. The Clear Blue Royalty was recorded at a nominal value of \$1 in these Financial Statements.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

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#### (l) Solaris Energy

In December 2025, the Company entered into a definitive agreement with Solaris Energy Inc. ("Solaris") to invest up to US\$9.0 million to acquire a royalty interest (the "Solaris Royalty Purchase") in two portfolios of distributed generation ("DG") solar projects located throughout the United States.

The Solaris Royalty Purchase price for Portfolio 1 totals US\$4.8 million, of which amount, the Company paid \$4,140,600 (US\$3.0 million) at the time of closing, in December 2025, and an additional \$1,104,000 (US\$800,000) after the end of the reporting period in January 2026. The remaining purchase price for Portfolio 1 will be paid as certain projects reach key development and construction milestones. The royalty rate will be adjusted at each advance to target a pre-agreed minimum return based on a 25-year period. The Royalty will continue past 25 years for the remaining life of the Portfolio 1 projects.

The Royalty Purchase for Portfolio 2 is still subject to the completion of due diligence to the Company's satisfaction and other customary closing conditions.

#### (m) Revolve Power

Several loan and royalty agreements entered into between the Company and Revolve Renewable Power Corp. (CSE: REVV) ("Revolve Power" or "Revolve"), a North American renewable energy developer, are described below:

##### Revolve Mexico Loans and Royalty Interests

The Company provided three secured loans (collectively: the "Revolve Mexico Loans") to Revolve Power relating for its three separate projects in Mexico:

Advance Date	Loan
June 2022	The Company provided a \$1,600,000 secured loan (the "Revolve CBS Mexico Loan"), with a 24-month term and bearing interest at the rate of 10% per annum, to support Revolve's acquisition of a portfolio of operational rooftop solar generation projects in Mexico (the "Revolve CBS Projects"). The Company received \$377,000 against the principal sum of the Revolve Loan in 2025, reducing the remaining principal sum to \$1,223,000.
September 2022	The Company provided a \$1,863,379 secured loan ("Revolve Cancun Loan"), with a 24-month term and bearing interest at the rate of 12% per annum, to support the purchase of battery and inverter equipment for three energy storage projects (the "Cancun Projects") in Punta Cancun, Mexico. The Company received \$342,000 and \$377,000 against the principal sum of the Revolve Cancun Loan in 2024 and 2025, respectively, reducing the remaining principal sum to \$1,144,379.
March 2024	The Company advanced a \$415,000 loan to Revolve Power (the "Revolve Rooftop Solar Loan"), with a 24-month term and bearing interest at the rate of 12% per annum, to fund construction of a new rooftop solar project in Central Mexico.

In June 2024, the Company entered into a modification agreement to extend the maturity date of the Revolve CBS Mexico Loan to October 25, 2024 at 12% per annum. In October 2024, the Company further extended the maturity date for the Revolve CBS Mexico Loan by an additional six-month term to April 25, 2025, and also extended the maturity date for the Revolve (Cancun) Loan to April 25, 2025. In April 2025, the Revolve CBS Mexico Loan and the Revolve Cancun Loan were further extended to July 31, 2025, and the interest rate on both the loans increased to 13% per annum. The Company assessed that the aforementioned loan modifications and extensions were not significant.

The Revolve Mexico Loans were secured by, among other things, pledge of the shares of the respective entities that hold the projects in favor of the Company and a general security agreement providing the Company with a security interest over all present and after-acquired personal property related to the projects.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

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At December 31, 2025, the Company owned the following royalty interests in Revolve Power's Mexican projects:

- 1) A 6% gross revenue royalty on all Revolve CBS Mexico Projects for the life of its power purchase agreements
- 2) A 6% gross revenue royalty on the Revolve Cancun Project
- 3) A 5% gross revenue royalty on the Revolve Rooftop Solar Project for the life of its power purchase agreements

In July 2025, the Company entered into a consolidation and modification agreement (the "Consolidation and Modification Agreement") with Revolve Power to consolidate the Revolve Mexico Loans into a single consolidated loan (the "Revolve Consolidated Loan") for an aggregate principal sum of \$2,782,379. The Revolve Consolidated Loan has a one-year term to July 2026, and bears an interest rate of 13% per annum. During the term of the Revolve Consolidated Loan, \$150,000 is payable on a quarterly basis, in addition to accrued interest, against the principal sum of the loan.

The Consolidation and Modification Agreement also resulted in consolidation of the three existing security agreements with respect to individual Revolve Mexico Loans.

Upon entering into the Consolidation and Modification Agreement, the Company derecognized the existing Revolve Mexico Loans, and recorded a loss of \$13,876 as finance income. The Company recorded the Revolve Consolidated Loan at fair value.

#### Revolve Windriver

In February 2024, the Company provided a \$4,000,000 secured loan (the "Windriver Loan") to support Revolve Power's acquisition of Windriver Power Corporation ("Windriver"), a Canadian based owner, operator and developer of wind and hydro projects in the Provinces of British Columbia and Alberta.

The Windriver Loan had a term of 36 months and bore interest at the rate of 12% per annum, compounded monthly, and payable semi-annually. The Company also received a structuring fee of 1.0% on the Windriver Loan value at closing, and a gross revenue royalty of 0.5% on the acquired operating projects during the term of the Loan, growing to a gross revenue royalty of 1.0% upon repayment of the Loan for the remaining life of the power purchase agreements (the "Windriver Royalty").

The Windriver Loan was secured by, among other things, a pledge of the shares of the wholly-owned subsidiary of Revolve, that acquired Windriver, in favor of the Company, general security over all assets, property and bank accounts (collectively referred herein as the "Windriver Collateral").

At initial recognition, the Company recorded the Windriver Loan at fair value, plus transaction costs, and a residual value of \$253,232 derived by subtracting the fair value of the Windriver Loan from the aggregate amount of cash advanced under the Windriver Loan Agreement was allocated to the Windriver Royalty.

In January 2025, Revolve prepaid the Windriver loan in full.

#### Revolve Letter of Intent

On April 1, 2025, the Company announced that it had entered into a letter of intent ("Revolve LOI") for a secured loan (the "Revolve Wind Project Loan"), with a 24-month term, and bearing interest at 12% per annum, with Revolve Power of up to US\$8,000,000 to support Revolve Power's proposed acquisition (the "Proposed Acquisition") of an operating wind energy project in the United States (the "Revolve Wind Project").

In June 2025, pursuant to the terms of the Revolve Wind Project Loan agreement, the Company deposited \$10,426,200 (US\$8,000,000) (the "Escrowed Funds") into an escrow account, which funds were to be released to Revolve upon its fulfillment of the conditions precedent to the Proposed Acquisition of the Revolve Wind Project. The Company recorded the Escrowed Funds as a deposit, and classified it within secured loans.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

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In September 2025, the Escrowed Funds were reverted to the Company, as the conditions precedent to the Proposed Acquisition remained unfulfilled, and the Company was relieved of any commitment under the Revolve LOI and related agreements. The Company earned interest on the Escrowed Funds at 12% per annum.

(n) *Northland Power Inc.*

In June 2019, the Company acquired a portfolio of gross revenue royalties on operational solar parks ("Ontario Solar Projects") in Ontario, Canada from Fresh Air Energy Inc. for \$1,871,864. The Ontario Solar Projects are owned and operated by Northland Power Inc.

(o) *OntarioCo*

The Company holds 2% gross revenue royalty interest on a portfolio of roof-top solar projects ("Roof-Top Solar Project Portfolio"), owned by a private group of companies in Ontario ("OntarioCo"). All projects in the Roof-Top Solar Project Portfolio are qualified under the Ontario Feed-in-Tariff program.

(p) *Scotian Windfields*

On February 6, 2020, the Company acquired a portfolio of gross revenue royalties on operational wind energy generation projects in Nova Scotia, Canada ("Nova Scotia Wind Projects") from Scotian Windfields Inc. ("Scotian Windfields"), and long term power purchase agreements with fixed electricity purchase prices from Nova Scotia Power Incorporated, for \$1,340,000.

(q) *NOMAD*

In April 2022, the Company entered into an agreement (the "NOMAD Agreement") with Nomad Transportable Power Systems Inc. ("NOMAD"). Pursuant to the NOMAD Agreement, the Company provided a five-year loan, which was prepaid in February 2024. The Company also received a gross revenue royalty (the "NOMAD Royalty") of 3.5% on the sale of NOMAD's units manufactured using the NOMAD Loan proceeds. The Company recorded the NOMAD Loan at its fair value, with the residual value recorded as NOMAD Royalty.

At December 31, 2025, the Company had accrued royalty revenue of \$641,195 on the NOMAD Royalty that pertained to royalty revenue recorded in 2024 and 2025. However, the Company did not receive payments against the royalty receivable from NOMAD. Due to prolonged default on the amount receivable, the Company recorded an expected credit loss of \$641,195 against the royalty receivable from NOMAD. The Company also recorded an impairment loss equivalent to the carrying amount of the NOMAD Royalty.

(r) *AlbertaCo*

In May 2023, the Company acquired an existing gross revenue royalty interest on an operational wind energy project (the "AlbertaCo") in Alberta for a total purchase price of \$940,000. The royalty is calculated at a rate of \$0.40 per MWh of electricity generated. The AlbertaCo has a long term Power Purchase Agreement ("PPA"), expiring December 2034, with a large corporate offtaker.

(s) *FuseForward Solutions*

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.

The Company provided a \$2,000,000 secured loan with a three-year term and an 8% interest rate and concurrently acquired a royalty for \$1,000,000 from FuseForward with a fixed annual royalty payment of \$284,000 for 10 years (collectively, the "FuseForward Facility").

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

Upon initial recognition, the FuseForward Facility was accounted for as a single debt instrument and was recorded at amortized cost.

At December 31, 2022 the Company recognized an allowance for expected credit loss of \$473,000 (December 31, 2021: \$nil) relating to the FuseForward Solutions, based on the lifetime expected credit loss, as there has been a significant increase in credit risk since origination of the loan facility, primarily due to delinquency in certain payments for more than 90 days past their due dates. The Company determined the ECL by assigning a market-based probability of default to each contractual cash flow and discounted the cash flows using the FuseForward Solutions original effective interest rate of 16.4% under Stage-2 of ECL.

In September 2023, the Company concluded that the amounts receivable from FuseForward had become credit-impaired, and therefore, the Company recorded an impairment loss of \$3,078,279 under stage-3 ECL. During the year, the Company served a notice of default to FuseForward, as the delinquency on payments continued and prolonged due to a significant deterioration of FuseForward's working capital position, which in turn significantly increased the uncertainty surrounding its ability to continue as a going concern. Moreover, it became evident that various recapitalization initiatives of FuseForward were not likely to be materialized in a foreseeable future, as the overall market conditions as well as FuseForward's working capital position significantly deteriorated. Due to the foregoing, the value of the underlying collateral linked to the Company's investment in FuseForward was adversely effected and that led to the Company recognizing a 100% allowance against the amounts receivable from FuseForward under Stage-3 of ECL.

At December 31, 2025, the Company derecognized the loan receivable from FuseForward due to prolonged default and substantial impairment of underlying collateral.

## 6 . PROPERTY, PLANT AND EQUIPMENT

### Equipment

	Note	Solar	Battery	Total
<b>Cost</b>				
As at January 1, 2025 – Restated (note 2(b))		\$ 621,045	\$ 2,938,080	\$ 3,559,125
Additions		–	–	–
Balance at December 31, 2025	3	\$ 621,045	\$ 2,938,080	\$ 3,559,125
<b>Accumulated Depreciation and Impairment</b>				
As at January 1, 2025 – Restated (note 2(b))		\$ 4,672	\$ 43,824	\$ 48,496
Impairment		–	316,000	316,000
Depreciation		28,033	236,730	264,763
Balance at December 31, 2025		\$ 32,705	\$ 596,554	\$ 629,259
<b>Carrying value</b>				
As at December 31, 2025		\$ 588,340	\$ 2,341,526	\$ 2,929,866

At December 31, 2025, the Company tested SPOBOC for impairment as a CGU and recognized an impairment loss of \$316,000 with respect to its plant and equipment, and \$1,430,096 for intangible assets (note 7). The impairment was triggered by a shift in the price curve underlying SPOBOC's expectation of its future revenue. For purposes of the impairment testing, the recoverable amount of the SPOBOC CGU is its fair value less costs of disposal, which amount was determined by an independent appraiser engaged by the Company, and using the cost approach. The valuation reflects the amount that would be required currently to replace the service capacity of the asset, adjusted for physical, functional, and economic obsolescence.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

	Note	Solar	Battery	Total
		Restated (note 2(b))		
<b>Cost</b>				
As at January 1, 2024		\$ -	\$ -	\$ -
Additions – SPOBOC	3(a)	-	2,938,080	2,938,080
Additions – SPOSOC	3(b)	621,045	-	621,045
Balance at December 31, 2024		\$ 621,045	\$ 2,938,080	\$ 3,559,125
<b>Accumulated Depreciation</b>				
As at January 1, 2024		\$ -	\$ -	\$ -
Depreciation		4,672	43,824	48,496
Balance at December 31, 2024		\$ 4,672	\$ 43,824	\$ 48,496
<b>Carrying value</b>				
As at December 31, 2024		\$ 616,373	\$ 2,894,256	\$ 3,510,629

## 7 . INTANGIBLE ASSETS

	Note	Solar	Battery	Total
<b>Cost</b>				
As at January 1, 2025 – Restated (note 2(b))	3	\$ 719,734	\$ 1,800,000	\$ 2,519,734
Additions		-	-	-
Balance at December 31, 2025		\$ 719,734	\$ 1,800,000	\$ 2,519,734
<b>Accumulated Amortization and Impairment</b>				
As at January 1, 2025 (Restated-note 2(b))		\$ 10,055	\$ 45,462	\$ 55,517
Impairment	6	-	1,430,096	1,430,096
Amortization		60,329	324,442	384,771
Balance at December 31, 2025		\$ 70,384	\$ 1,800,000	\$ 1,870,384
<b>Carrying value</b>				
As at December 31, 2025		\$ 649,350	\$ -	\$ 649,350

	Note	Solar	Battery	Total
		Restated (note 2(b))		
<b>Cost</b>				
As at January 1, 2024		\$ -	\$ -	\$ -
Additions – SPOBOC	3(a)	-	1,800,000	1,800,000
Additions – SPOSOC	3(b)	719,734	-	719,734
Balance at December 31, 2024		\$ 719,734	\$ 1,800,000	\$ 2,519,734
<b>Accumulated Amortization</b>				
As at January 1, 2024		\$ -	\$ -	\$ -
Amortization		10,055	45,462	55,517
Balance at December 31, 2024		\$ 10,055	\$ 45,462	\$ 55,517
<b>Carrying value</b>				
As at December 31, 2024		\$ 709,679	\$ 1,754,538	\$ 2,464,217

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

#### 8 . DERIVATIVE FINANCIAL ASSET AND MARKETABLE SECURITIES

Continuity of derivative financial asset and marketable securities	Note	Year ended December 31, 2025	Year ended December 31, 2024
Beginning Balance		\$ 1	\$ 104,356
Initial recognition of the Clear Blue Units (i)	5(k)	176,111	-
Loss on revaluation of derivative financial asset		(62,778)	(104,355)
Ending Balance (ii)		\$ 113,334	\$ 1

(i) At initial recognition, the fair value of the Clear Blue shares was determined using the market price of the shares as of the grant date and the fair value of the Clear Blue warrants was determined using the Black-Scholes Option Valuation model and the following assumptions: risk-free interest rate of 2.58%; expected annual volatility of 166%; exercise price of \$0.30; market price of \$0.08; and time to expiry of 2 years.

(ii) At December 31, 2025, the fair value of the Clear Blue shares was determined using the market price of the shares as of the December 31, 2025 and the fair value of the Clear Blue warrants was determined using the Black-Scholes Option Valuation model and the following assumptions: risk-free interest rate of 2.46%; expected annual volatility of 166%; exercise price of \$0.30; market price of \$0.06; and time to expiry of 1.31 years.

#### 9 . DEFERRED TRANSACTION COSTS

The Company incurs legal and due diligence costs relating to potential royalty financing opportunities and records such costs as deferred transaction costs, to be transferred to royalty interests and secured loans, as applicable, upon completion of each transaction. At December 31, 2025, deferred transaction cost relating to potential royalty financing opportunities was \$131,305 (December 31, 2024 : \$2,993).

#### 10 . AMOUNTS RECEIVABLE AND PREPAID EXPENSES

	Note	December 31, 2025	December 31, 2024
Accrued revenue receivable - royalty revenue		\$ 966,101	\$ 748,375
Accrued revenue receivable - energy revenue		180,752	513,213
Prepaid expenses		113,476	171,680
Interconnection deposit relating to a SPOBOC Development Project		-	340,000
Interest and transaction cost recoverable pursuant to Revolve LOI	5(m)	338,835	-
Other amounts receivable		81,638	55,752
		1,680,802	1,829,020
Expected lifetime credit losses - stage 3		(771,036)	(129,841)
Total		\$ 909,766	\$ 1,699,179

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

#### 11 . GREEN BONDS

In August 2020, the Company announced the inaugural offering of its 5-year green bonds ("Green Bonds"), and has issued four series of Green Bonds. The following Green Bonds were outstanding at December 31, 2025:

Series	Interest rate	Maturity	No. of bonds denominated in:	
			CAD	USD
Series-1	6% p.a.	March 2026	364	-
Series-2	6% p.a.	December 2026	5,166	4,000
Series-3	9% p.a.	January 2028	16,423	1,242
Series-4	9% p.a.	August 2029	6,529	340
Total outstanding at December 31, 2025			28,482	5,582

(i) Each Canadian dollar denominated Green Bond has principal amount of \$1,000 per Green Bond, and each US dollar denominated Green Bond has principal amount of US\$1,000 per Green Bond.

(ii) The Green Bonds are senior obligations of the Company, secured against the Company's portfolio of royalty and loan investments, and BESS and solar operating projects.

(iii) Series 1 Green Bonds were issued under a trust indenture (the "Indenture") dated August 10, 2020 with Western Pacific Trust Company, as trustee, and subsequent series of Green Bonds were issued under respective supplements to the Indenture.

Senior Secured Green Bonds	Note	Year ended	Year ended
		December 31, 2025	December 31, 2024
Beginning balance		\$ 44,085,035	\$ 36,230,500
Net proceeds from Green Bond – Series-4 Private Placement (brokered)			
Aggregate gross proceeds from issuance of Green Bonds		-	5,793,135
Cash commission		-	(405,519)
		-	5,387,616
Net proceeds from Green Bond – Series-4 Private Placement (non-brokered)			
Aggregate gross proceeds from issuance of Green Bonds		-	1,207,135
Advisory fees		-	(78,596)
		-	1,128,539
Financing costs			
Legal and professional fees		-	235,417
Fair value of compensation warrants issued pursuant to:			
Series-4 Private Placement	16(b)	-	48,000
		-	(283,417)
Repayment of three tranches of Series-1 Green Bonds (i)		(9,802,000)	-
Amortization of financing costs		876,918	812,696
Foreign exchange translation difference		(562,386)	809,101
Ending balance (ii)		\$ 34,597,567	\$ 44,085,035
Non-current portion		23,766,890	34,283,035
Current portion		10,830,677	9,802,000
Ending balance		\$ 34,597,567	\$ 44,085,035

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

Carrying amount of the Green Bond liability by series:

Series-1 6% Green Bonds	\$ 362,128	\$ 10,003,140
Series-2 6% Green Bonds	10,468,549	10,542,981
Series-3 9% Green Bonds	17,333,303	17,041,441
Series-4 9% Green Bonds	6,433,587	6,497,473
Ending balance (ii)	\$ 34,597,567	\$ 44,085,035

(i) After the end of the reporting period, in March 2026, the fourth and final tranche of Series-1 Green Bonds was repaid.

(ii) Includes USD-denominated Green Bonds for an aggregate principal sum of US\$5,242,000 (\$7,540,617) (note 23(c))

Pursuant to the Green Bonds indenture, the Company is required to maintain, with the Bond Trustee, a deposit equivalent to interest payments for six months. The balance of the interest reserve account is as follows:

	December 31, 2025	December 31, 2024
Interest reserve account	\$ 1,461,185	\$ 1,452,012

## 12 . DEFERRED GOVERNMENT GRANT AND GOVERNMENT GRANT REPAYABLE

### (a) *Deferred government grant*

As of November 1, 2024, the date of acquisition of SPOBOC by the Company (note 3(a)), SPOBOC had received a grant from Natural Resources Canada ("NRCAN") under their Smart Renewables and Electrification Pathways program (the "SREP") for an aggregate amount of \$2,263,344 which was used towards capital expenditures and overheads related to the SPOBOC's BESS projects in Ontario. The grant is subject to claw back on net income from the operating projects to which the grant pertains. At November 1, 2024 as well as December 31, 2024, the Company recognized \$570,000 in deferred government grant based on its expectation of future net income from the operating projects. At December 31, 2025, the Company de-recognized \$570,000 in deferred government grant based on its revised expectation of future net income from the operating projects.

### (b) *Government grant payable*

As of November 1, 2024, the Company also recognized a liability of \$170,350 as government grant payable, representing over-contribution by NRCAN with respect to one of SPOBOC's unfinished project. In November 2025, the Company entered into a termination agreement with NRCAN with respect to the aforementioned unfinished project, thereby, the Company was released from all obligations under the terminated contribution agreement. As a result, the Company derecognized the liability with respect to government grant payable, and recognized \$170,350 in income.

## 13 . DECOMMISSIONING LIABILITIES

Decommissioning liabilities represent the present value of future cash outflows required to dismantle BESS and solar assets and restore the sites per legal and regulatory requirements. The amount recognized as a provision is the best estimate of the expenditures required to settle the provision. At December 31, 2025, the decommissioning liabilities relating to the BESS and Solar assets have been recorded using a discount rate of 3.85% and an inflation factor of 2% (December 31, 2024: discount rate of 3.33% and an inflation factor of 2%). At December 31, 2025, the undiscounted estimated reclamation costs of SPOBOC and SPOSOC were \$127,275 and \$209,755, respectively (December 31, 2024: \$135,166 and \$220,243, respectively). The aggregate carrying amount of the obligation is:

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

	Note	Year ended December 31,	
		2025	2024
Beginning balance		\$ 294,659	\$ -
Initial recognition upon acquisition of:			
SPOBOC (BESS)	3(a)	-	110,356
SPOSOC (Solar)	3(b)	-	175,671
		-	286,027
Accretion and remeasurement		(30,138)	8,632
Ending balance		\$ 264,521	\$ 294,659

#### 14 . LOAN PAYABLE

	Note	Year ended December 31,	
		2025	2024
Beginning balance		\$ 389,492	\$ -
Initial recognition upon acquisition of SPOBOC	3(a)	-	385,117
Interest accrued		15,162	4,375
Derecognition upon sale of SPOBOC Development Projects		(404,654)	-
Ending balance		\$ -	\$ 389,492

Loan payable is an unsecured obligation of the Company, payable to a third-party with an outstanding principal sum of \$340,000, subject to interest at the rate of Canadian Prime Interest Rate, plus 2% per annum.

In August 2025, two of the SPOBOC Development Projects (note 3(a)) were sold to Peak Power, and as part of this sale, the interconnection deposit (note 9) and related loan payable, including any interest accrued thereon, were transferred to Peak Power, and were derecognized in these Financial Statements. The aforementioned sale did not involve any cash consideration. The Company recognized a gain of \$64,654 with respect to the sale of SPOBOC Development Projects, as per the following:

<b>Gain on sale of SPOBOC Development Projects</b>	Note	Amount
Derecognition of loan payable		\$ 404,654
Derecognition of interconnection deposit	10	(340,000)
		\$ 64,654

#### 15 . SHARE CAPITAL

##### (a) Authorized share capital

At December 31, 2025, the authorized share capital of the Company was comprised of an unlimited number of common shares without par value (the "Common Shares") and an unlimited number of preferred shares without par value (December 31, 2024: the authorized share capital of the Company was comprised of an unlimited number of common shares without par value). All issued shares are fully paid. No preferred shares have been issued.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

#### 16 . RESERVES

	Note	December 31, 2025	December 31, 2024
Share-based payment reserve	16(a)	\$ 1,768,047	\$ 1,774,540
Share warrants reserve	16(b)	648,913	648,913
Other reserves		87,000	87,000
Foreign currency translation reserve	16(c)	458,966	943,437
<b>Total reserves</b>		<b>\$ 2,962,926</b>	<b>\$ 3,453,890</b>

(a) *Share-based payment reserve*

#### **Share-based payment expense**

	Year ended December 31,	
	2025	2024
Expense arising from equity-settled share-based payment transactions		
Share purchase options	\$ -	\$ 38,644
Restricted Share Units ("RSUs")	39,446	102,560
	39,446	141,204
Change in fair value of cash-settled share-based payments	(3,468)	(2,916)
<b>Total</b>	<b>\$ 35,978</b>	<b>\$ 138,288</b>

The equity-settled share-based payment expenses represent amortization of the fair value of the Company's share purchase options and RSUs over their respective vesting term.

#### **Share purchase options**

The Company's stock option compensation plan (the "Option Plan") allows it to grant, subject to regulatory terms and approval, to its directors, officers, employees, consultants, and service providers, options exercisable to acquire up to a total of 10% of the issued and outstanding shares of the Company at any one time, provided it does not result in the total shares issuable under all the Company's share-based compensation plans (i.e. including the Company's DSU and RSU plans) exceeding 10% of the total number of issued outstanding shares. The exercise price of each option may be set equal to or greater than the closing market price of the common shares of the Company on the day prior to the date of the grant of the option, less any allowable discounts. Awards typically vest in several tranches ranging from 6 months to 18 months. Options can have a maximum term of ten years and terminate 90 days following the termination of the optionee's employment, or one year following the optionee's death or disability.

#### **Continuity of share purchase options**

	Year ended		Year ended	
	December 31, 2025		December 31, 2024	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding Options - beginning balance	2,030,000	\$ 1.00	2,410,000	\$ 1.05
Granted	-	\$ -	-	\$ -
Expired	-	\$ -	(380,000)	\$ 1.32
<b>Outstanding Options - ending balance</b>	<b>2,030,000</b>	<b>\$ 1.00</b>	<b>2,030,000</b>	<b>\$ 1.00</b>
<b>Options Exercisable - ending balance</b>	<b>2,030,000</b>	<b>\$ 1.00</b>	<b>1,502,000</b>	<b>\$ 1.13</b>

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

Remaining contractual life of share purchase options	December 31, 2025		December 31, 2024	
	Number of Options	Weighted average remaining contractual life	Number of Options	Weighted average remaining contractual life
Exercise price				
\$ 1.32	1,070,000	0.13	1,070,000	1.13
\$0.65	960,000	0.33	960,000	1.33
	2,030,000	0.22	2,030,000	1.22

#### Deferred share units ("DSU") and restricted share units ("RSU")

The Company has a DSU plan approved by its shareholders, which allows the Board, at its discretion, to award DSUs to non-executive directors for services rendered to the Company and provides that non-executive directors may elect to receive up to 100% of their annual compensation in DSUs. The aggregate number of DSUs outstanding pursuant to the DSU plan may not exceed 10% of the issued and outstanding shares from time to time provided the total does not result in the total shares issuable under all the Company's share-based compensation plans (i.e. including the Company's option and RSU plans) exceeding 10% of the total number of issued outstanding shares. DSUs are payable when the non-executive director ceases to be a director including in the event of death.

The Company has an RSU plan approved by its shareholders, which allows the Board, at its discretion, to award RSUs to the Company's employees, directors and eligible consultants for services rendered to the Company. The aggregate number of RSUs outstanding pursuant to the RSU plan may not exceed 10% of the issued and outstanding shares from time to time provided the total does not result in the total shares issuable under all the Company's share-based compensation plans (i.e. including the Company's option and DSU plans) exceeding 10% of the total number of issued outstanding shares. The RSUs are granted conditionally and entitle the recipient to receive one common share (or the cash equivalent) upon attainment of a time-based vesting period, which period is typically one year from the date of grant.

DSUs and RSUs may be settled in Common Shares issued from treasury, in Common Shares purchased by the Company in the open market, in cash, or any combination thereof, at the discretion of the Company.

The fair value of DSUs and RSUs is determined with reference to market price of the Company's common shares.

#### **Continuity of DSUs and RSUs:**

	Year ended December 31, 2025		Year ended December 31, 2024	
	DSUs	RSUs	DSUs	RSUs
Outstanding at the beginning of the year	180,501	157,000	180,501	314,000
Granted during the year (i)	-	-	-	-
Settlement during the year	(27,167)	(157,000)	-	(157,000)
Outstanding at the end of the year	153,334	-	180,501	157,000
Units vested – ending balance	153,334	-	180,501	-
			December 31, 2025	December 31, 2024
Liability for the cash-settled DSUs			\$ 2,740	\$ 9,402

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

(b) *Share purchase warrant reserve*

	Year ended December 31,	
	2025	2024
Opening Balance	\$ 648,913	\$ 600,913
Add: Warrants issued	-	48,000
Less: Warrants exercised	-	-
Closing balance	\$ 648,913	\$ 648,913

The continuity of the Company's share purchase warrants for the year ended December 31, 2025 is as follows:

Expiry date	Exercise price	January 1, 2025	Warrants issued	Warrants exercised	Warrants expired	December 31, 2025
January 30, 2026 (i)	\$ 0.75	239,493	-	-	-	239,493
February 3, 2026 (i)	\$ 0.75	319,853	-	-	-	319,853
February 28, 2026 (i)	\$ 0.75	91,420	-	-	-	91,420
March 1, 2026 (i)	\$ 0.75	159,740	-	-	-	159,740
March 31, 2026 (i)	\$ 0.75	13,860	-	-	-	13,860
August 29, 2027 (ii)	\$ 0.50	297,780	-	-	-	297,780
November 13, 2027 (ii)	\$ 0.50	130,550	-	-	-	130,550
December 10, 2027 (ii)	\$ 0.50	45,500	-	-	-	45,500
		1,298,196	-	-	-	1,298,196

The continuity of the Company's share purchase warrants for the year ended December 31, 2024 is as follows:

Expiry date	Exercise price	January 1, 2024	Warrants issued	Warrants exercised	Warrants expired	December 31, 2024
June 15, 2024	\$ 1.10	9,837,680	-	-	(9,837,680)	-
June 15, 2024	\$ 0.82	776,250	-	-	(776,250)	-
January 30, 2026 (i)	\$ 0.75	239,493	-	-	-	239,493
February 3, 2026 (i)	\$ 0.75	319,853	-	-	-	319,853
February 28, 2026 (i)	\$ 0.75	91,420	-	-	-	91,420
March 1, 2026 (i)	\$ 0.75	159,740	-	-	-	159,740
March 31, 2026 (i)	\$ 0.75	13,860	-	-	-	13,860
August 29, 2027 (ii)	\$ 0.50	-	297,780	-	-	297,780
November 13, 2027 (ii)	\$ 0.50	-	130,550	-	-	130,550
December 10, 2027 (ii)	\$ 0.50	-	45,500	-	-	45,500
		11,438,296	473,830	-	(10,613,930)	1,298,196

(i) These represent the warrants issued to the underwriters for the Series-3 Public offering and Series -3 Private placement of Series-3 Green Bonds (note 12), and their weighted average fair value as of the date of issuance was \$0.2296 per warrant, which fair value was determined using the Black-Scholes Option Valuation model and the following assumptions: weighted average risk-free interest rate of 3.45% ; expected volatility of 55%; exercise price of \$0.75; underlying weighted average market price of \$0.76 per share; and time to expiry of 3 years.

(ii) These represent the warrants issued to the underwriters for the Series -4 Private placement of Series-4 Green Bonds (note 11), and their weighted average fair value as of the date of issuance was \$0.1007 per warrant, which fair value was determined using the Black-Scholes Option Valuation model and the following assumptions: weighted average risk-free interest rate of 3.01% ; expected volatility of 53.29%; exercise price of \$0.5; underlying weighted average market price of \$0.47 per share; and time to expiry of 3 years.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

(c) *Foreign currency translation reserve*

<i>Foreign exchange translation reserve relating to foreign operations</i>	Year ended	
	2025	2024
Opening Balance	\$ 943,437	\$ 163,895
Foreign exchange (loss) gain arising from foreign operations during the year	(484,471)	779,542
Closing balance	\$ 458,966	\$ 943,437

(d) *Distribution to shareholders*

The Company declared the following cash distributions to its shareholders:

Declaration date	Record date	Payment date	Amount	
			Per share	Total
<b>Year ended December 31, 2025</b>				
January 8, 2025	January 29, 2025	February 19, 2025	\$ 0.01	\$ 433,768
April 9, 2025	April 30, 2025	May 21, 2025	0.01	433,768
July 23, 2025	August 13, 2025	September 3, 2025	0.01	433,768
December 10, 2025	December 31, 2025	January 21, 2026	0.01	435,220
Total			\$ 0.04	\$ 1,736,524
<b>Year ended December 31, 2024</b>				
January 10, 2024	January 31, 2024	February 21, 2024	\$ 0.01	\$ 432,620
April 10, 2024	May 1, 2024	May 22, 2024	0.01	432,620
July 10, 2024	July 31, 2024	August 21, 2024	0.01	432,620
October 9, 2024	October 30, 2024	November 20, 2024	0.01	432,620
Total			\$ 0.04	\$ 1,730,480

## 17 . ENERGY REVENUE

	Year ended December 31,	
	2025	2024
Battery Storage revenue	\$ 657,763	\$ 257,547
Solar revenue	222,830	11,827
	\$ 880,593	\$ 269,374

## 18 . FINANCE EXPENSES

	Year ended December 31,	
	2025	2024
Finance expenses relating to the Green Bonds (note 11)		
Interest expense	\$ 3,411,674	\$ 3,043,245
Amortization of capitalized finance costs	876,918	812,696
Other expenses	46,510	7,362
	4,335,102	3,863,303
Finance expenses other than relating to Green Bonds	86,439	16,269
Total	\$ 4,421,541	\$ 3,879,572

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

#### 19 . NON-CONTROLLING INTERESTS

##### (a) Non-controlling interests in FP OCEP Invest, LLC

Continuity of Non-Controlling Interests	Year ended December 31,	
	2025	2024
Beginning balance	\$ 1,532,055	\$ 1,243,442
Net income	415,296	358,380
Other comprehensive income	(74,651)	133,970
Distributions to non-controlling interests	(116,175)	(203,737)
Ending balance	\$ 1,756,525	\$ 1,532,055

Information relating to FP OCEP Invest LLC	December 31, 2025		December 31, 2024	
	Total	NCI's share	Total	NCI's share
Non-current assets	\$ -	\$ -	\$ -	\$ -
Current assets	4,454,640	1,756,525	5,386,574	1,532,055
Non-current liabilities	-	-	-	-
Current liabilities	-	-	-	-
Net assets	\$ 4,454,640	\$ 1,756,525	\$ 5,386,574	\$ 1,532,055
Finance income	\$ 1,332,250	\$ 596,589	\$ 1,723,651	\$ 771,860
Net income	\$ 934,691	\$ 415,296	\$ 800,303	\$ 358,380
Total other comprehensive income	\$ 689,963	\$ 340,645	\$ 1,319,516	\$ 492,350

##### (b) Non-controlling interests in FP Puerto Rico Invest, LLC

Continuity of Non-Controlling Interests	Year ended December 31,	
	2025	2024
Beginning balance	\$ 267,446	\$ 508,620
Net loss	(255,244)	(277,288)
Other comprehensive (loss) income	(12,202)	58,009
Distributions to non-controlling interests	-	(21,895)
Ending balance	\$ -	\$ 267,446

Information relating to FP Puerto Rico Invest LLC	December 31, 2025		December 31, 2024	
	Total	NCI's share	Total	NCI's share
Non-current assets	\$ -	\$ -	\$ -	\$ -
Current assets	-	-	2,321,699	267,446
Non-current liabilities	-	-	-	-
Current liabilities	-	-	-	-
Net assets	\$ -	\$ -	\$ 2,321,699	\$ 267,446
Finance income	\$ -	\$ -	\$ 760,960	\$ 350,685
Net loss	\$ (2,227,683)	\$ (255,244)	\$ (601,694)	\$ (277,288)
Total other comprehensive loss	\$ (2,333,846)	\$ (267,446)	\$ (335,613)	\$ (219,279)

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

#### 20 . RELATED PARTY TRANSACTIONS

Key management personnel ("KMP") are those persons, 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 were as follows:

Transactions with KMP were as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Remuneration for services rendered		
Short-term employment benefits (i)	\$ 473,403	\$ 485,119
Equity-settled share-based compensation	6,000	34,900
Cash-settled share-based compensation	(3,468)	(2,916)
Total	\$ 475,935	\$ 517,103

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

#### 21 . BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The Company presents basic and diluted income (loss) per share data for its common shares, calculated by dividing the income (loss) attributable to common shareholders by the weighted average number of common shares that were outstanding during the period. Diluted income (loss) per share does not adjust income (loss) attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. For the purposes of the calculation of diluted income (loss) per share for the years ended December 31, 2025 and 2024, the share purchase options, DSUs, RSUs, and warrants were excluded from the calculation of diluted income (loss) per share as they were antidilutive.

#### 22 . INCOME TAXES

(a) *Provision for current and deferred tax*

The following current and deferred income tax expenses relate to the income earned by the Company's wholly-owned subsidiary, RE Royalties (USA) Inc., which owns equity interest in FP OCEP Invest, LLC and FP Puerto Rico Invest, LLC (note2(c)):

	Year ended December 31,	
	2025	2024
Current income tax expense	\$ 175,415	\$ 292,088
Deferred income tax (recovery) expense	(185,148)	79,516
Income tax (recovery) expense	\$ (9,733)	\$ 371,604

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

(b) *Reconciliation of effective tax rate*

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized.

	Year ended December 31,	
	2025	2024
Net loss before income tax	\$ 8,722,850	\$ 8,900,908
Total income tax (recovery) expense	(9,733)	371,604
Net loss after income tax	\$ 8,713,117	\$ 9,272,512
Income tax recovery using the Company's tax rate	\$ (2,355,170)	\$ (2,403,000)
Non-deductible expenses and other	344,673	1,977,647
Change in tax rate	-	(229,895)
Difference in tax rate	(7,609)	(9,296)
Change in unrecognized temporary differences	2,008,373	806,253
Total	\$ (9,733)	\$ 141,709
Statutory tax rate	27%	27%
Effective tax rate	Nil	Nil

Deferred Income Tax Assets (Liabilities)

Deferred income tax assets with respect to tax losses	\$ 598,760	\$ 2,237,000
Deferred income tax liabilities with respect to secured loans, royalty interest, Green Bonds, property, plant & equipment	(598,760)	(2,420,250)
Net deferred tax asset (liability)	\$ -	\$ (183,250)

	At December 31,	
	2025	2024
Unused non-capital loss carry forwards	\$ 19,495,000	\$ 14,179,000

As at December 31, 2025, the Company had the following tax losses and other temporary differences for which no deferred tax asset was recognized:

Expiry	Tax Losses	Other
Within 1 year	\$ -	\$ -
1 to 5 years	-	-
After 5 years	23,229,000	1,740,000
No expiry date	-	-
Total	\$ 23,229,000	\$ 1,740,000

## 23 . FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

(a) *Credit Risk*

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its secured loans (note 5) and other financial assets, including cash and cash equivalents and restricted cash and amounts receivable.

The Company limits the exposure to credit risk for cash and cash equivalents and restricted cash by only investing it with high-credit quality financial institutions in business and saving accounts, which are available on demand by the Company. The Company limits the exposure to credit risk with respect to secured loans through securing the Company's right therein against the underlying renewable energy assets or against the borrowers' ownership interest in the underlying renewable energy assets.

The group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing expected credit losses
Performing	The counterparty has a low risk of default and does not have any past due amounts	Stage 1 - 12-month ECL
Doubtful	There has been a significant increase in credit risk	Stage 2 - Lifetime ECL - not credit impaired
In default	There is evidence indicating the asset is credit impaired	Stage 3 - Lifetime ECL - credit impaired
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery	Amount is written off

The table below presents the Company's financial assets measured at amortized cost, the stages they are in for ECL measurement and the balance of the ECL as at December 31, 2025. The gross carrying value of the financial asset best represents the maximum exposure to credit risk at the reporting date:

December 31, 2025	Note	ECL Stage	Gross Carrying Value	Allowance for Credit Loss	Net Carrying Value
Secured loans					
Cleanlight	5(f)	3	\$ 3,328,692	\$ (3,328,692)	\$ -
OCEP	5(d)	3	5,731,166	(1,276,526)	4,454,640
Delta	5(e)	3	3,515,918	(3,515,918)	-
			12,575,776	(8,121,136)	4,454,640
Amounts receivable					
NOMAD		3	641,195	(641,195)	-
Cleanlight		3	129,841	(129,841)	-
	10		771,036	(771,036)	-
			13,346,812	(8,892,172)	4,454,640
Secured loans, under Stage 3 as mentioned above	5	1	9,559,981	-	9,559,981
<b>Total</b>			<b>\$ 22,906,793</b>	<b>\$ (8,892,172)</b>	<b>\$ 14,014,621</b>

(i) Considering a negligible probability of default, as well as collateral available to the Company, no ECL provision has been recorded for the secured loans classified under stage 1.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

The table below presents the Company's financial assets measured at amortized cost, the stages they are in for ECL measurement and the balance of the ECL as at December 31, 2024. The gross carrying value of the financial asset best represents the maximum exposure to credit risk at the reporting date:

December 31, 2024	Note	ECL Stage	Gross Carrying Value	Allowance for Credit Loss	Net Carrying Value
Secured loans					
FuseForward Solutions		3	3,551,279	(3,551,279)	-
Cleanlight	5(f)	3	3,369,511	(1,901,221)	1,468,290
OCEP	5(d)	3	6,309,922	(923,348)	5,386,574
Delta	5(e)	3	3,684,353	(1,362,654)	2,321,699
			16,915,065	(7,738,502)	9,176,563
Amounts receivable					
Cleanlight		3	129,841	(129,841)	-
			129,841	(129,841)	-
			17,044,906	(7,868,343)	9,176,563
Secured loans, under Stage 3 as mentioned above	5	1	\$ 13,484,706	\$ -	\$ 13,484,706
<b>Total</b>			<b>\$ 30,529,612</b>	<b>\$ (7,868,343)</b>	<b>\$ 22,661,269</b>

(i) Considering a negligible probability of default, as well as collateral available to the Company, no ECL provision has been recorded for the secured loans classified under stage 1.

#### (b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient capital in order to meet short to medium term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company's cash is currently invested in business accounts.

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

December 31, 2025	Carrying Amount	Contractual Cash Flows(i)			
		Total	Less than 12 months	Between 1 - 3 years	Between 4 - 5 years
Green Bonds(ii)					
Principal sum	\$34,597,567	\$36,144,411	\$ 11,020,800	\$ 18,127,894	\$ 6,995,717
Interest payments	-	6,349,121	2,902,371	3,031,031	415,719
	34,597,567	42,493,532	13,923,171	21,158,925	7,411,436
Lease liability	6,511	6,511	6,511	-	-
Distribution payable	435,220	435,220	435,220	-	-
Trade payables and accrued liabilities	431,579	431,579	431,579	-	-
<b>Total</b>	<b>\$35,470,877</b>	<b>\$43,366,842</b>	<b>\$ 14,796,481</b>	<b>\$ 21,158,925</b>	<b>\$ 7,411,436</b>

(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.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

#### (c) Foreign exchange risk

The Company is exposed to foreign currency risk in respect of its US Dollar-denominated cash is summarized as follows:

	Note	December 31, 2025		December 31, 2024	
		US Dollars	Canadian Dollars	US Dollars	Canadian Dollars
Cash and cash equivalents	4	\$ 212,361	\$ 291,508	\$ 5,912,772	\$ 8,505,523
Secured Loans	5	3,245,166	4,454,640	9,290,084	13,363,786
		3,457,527	4,746,148	15,202,856	21,869,309
Green Bonds	11	(5,582,000)	(7,662,411)	(5,582,000)	(8,029,707)
Net exposure		(2,124,473)	\$ (2,916,263)	9,620,856	\$ 13,839,602
Less: Cash and Secured loans held in foreign operations		(3,422,143)	(4,697,576)	(5,509,371)	(7,925,230)
Net exposure, excluding foreign operations		\$ (5,546,616)	\$ (7,613,839)	\$ 4,111,485	\$ 5,914,372
Exchange rate as of the reporting date (Canadian Dollar per US Dollar)		\$	1.3727	\$	1.4385

The average exchange rate for the year ended December 31, 2025 is \$1.3979 (year ended December 31, 2024: \$1.3700).

#### Sensitivity

Exchange loss (gain) that would have been recorded in net income/loss with a 1%

increase in the value of the U.S. dollar relative to the Canadian dollar

	\$	76,000	\$	(59,000)
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Exchange loss that would have been recorded in other comprehensive income/loss with a 1% increase in the value of the U.S. dollar relative to the Canadian dollar

	\$	47,000	\$	79,000
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The Company does not have any hedging arrangement with respect to its net exposure to foreign currency risks.

The exchange differences arising on translation of foreign operations are recognised in other comprehensive loss.

#### (d) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The Company is subject to interest rate cash flow risk with respect to its investments in cash and cash equivalents and restricted cash. The Company's policy is to invest cash at variable rates of interest and cash reserves are to be maintained in cash in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates and when cash and cash equivalents mature impact interest income earned.

The Company is subject to interest rate fair value risk with respect to the secured loan to Aeolis, which is carried at fair value. An increase of 25 basis points in discount rates will result in a decrease of approximately \$11,000 in the fair value of the secured loan to Aeolis (note 5).

All other investments in financial assets and borrowings through financial liabilities of the Company are subject to fixed interest rates and are carried at amortized cost in these Financial Statements, and are therefore not subject to interest rate risk.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

(e) *Fair Value*

Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same – to estimate the price at which an orderly transaction to sell an asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means.
- Level 3 inputs are unobservable (supported by little or no market activity).

The following table sets forth the Company's financial assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy as at December 31, 2025 and December 31, 2024:

**Year ended December 31, 2025**

	Total	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
<b>ASSETS</b>				
<b>Secured loans - FVTPL</b>	\$ 824,115	\$ -	\$ -	\$ 824,115
<b>Derivative financial asset and marketable securities</b>	\$ 113,334	\$ 83,334	\$ 30,000	\$ -
<b>LIABILITIES</b>				
Cash-settled share-based payment liability	\$ 2,740	\$ 2,740	\$ -	\$ -
<b>Total</b>	<b>\$ 940,189</b>	<b>\$ 86,074</b>	<b>\$ 30,000</b>	<b>\$ 824,115</b>

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

#### Year ended December 31, 2024

	Total	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
<b>ASSETS</b>				
<b>Secured loans - FVTPL</b>	\$ 875,099	\$ -	\$ -	\$ 875,099
<b>Derivative financial asset and marketable securities</b>	\$ 1	\$ -	\$ -	\$ 1
<b>LIABILITIES</b>				
Cash-settled share-based payment liability	\$ 9,402	\$ 9,402	\$ -	\$ -
<b>Total</b>	<b>\$ 884,502</b>	<b>\$ 9,402</b>	<b>\$ -</b>	<b>\$ 875,100</b>

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

#### Aeolis Loan

The Aeolis Loan is classified as a financial asset at fair value through profit and loss (note 5). At December 31, 2025, the fair value of the Aeolis Loan was determined by discounting future cash flows using annual discount rates in the range of 6.40% - 7.93% (December 31, 2024: 6.98% - 7.76%) applicable to the term of each cash flow and average annual inflation rate of 3% (December 31, 2024: 3%).

At the end of the reporting period, the fair value measurement of the Aeolis Loan has been categorized within level 3 of the fair value hierarchy. The Company has assessed the fair value of the instrument based on a valuation technique using unobservable discounted future cash flows. Significant inputs used in the valuation of the Aeolis Loan that are not observable market data were the credit spread and other elements constituting the discount rates and inflation rates used; these inputs require judgement. An increase in average future annual inflation rate used in valuation of the Aeolis Loan from 3% to 3.1% would increase its fair value by approximately \$1,800.

#### Reconciliation of Level 3 fair value measurements of financial instruments

	<b>Amount</b>
Balance at January 1, 2024	\$ 927,633
Total gains or losses:	
- in profit or loss	59,436
- in other comprehensive income	-
Cash received during the year	(111,970)
Balance at January 1, 2024	\$ 875,099
Total gains or losses:	
- in profit or loss	62,011
- in other comprehensive income	-
Cash received during the year	(112,996)
<b>Balance at December 31, 2025</b>	<b>\$ 824,114</b>

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

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There were no transfers between the levels of the fair value hierarchy during the reporting period.

*(f) Capital Management*

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of the following: a) equity, comprising share capital, net of reserves and accumulated deficit; and b) debt, comprising the Green Bonds. There has been no change in management's approach since December 31, 2024.

At the end of the current reporting period, the Company was required to maintain a debt to equity ratio of 3:1 under certain covenants in the Green Bonds indenture (note (11)), respectively.

The Green Bond indenture 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 per the Indenture, various financial covenants, including Debt Coverage Ratio, are subject to a cure period ("Cure Period"), whereby an event of default will only occur if the Company fails to comply with such covenants by the end of the second fiscal quarter following the occurrence of non-compliance. However, the Indenture allows the Company to obtain a waiver for a breach of the financial covenant relating to Debt Coverage Ratio from bondholders holding at least an aggregate of 50% of the principal sum for each series of outstanding Green Bonds.

For the quarter ended December 31, 2025, the minimum Debt Coverage Ratio was not achieved. However, pursuant to the Cure Period, no event of default was deemed to have occurred at December 31, 2025.

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

#### 24 . SEGMENT INFORMATION

During the year ended and at December 31, 2024, the Company operated as a single segment. The Financial Statements for the year ended December 31, 2024 should be read as a whole for the results of this single reporting segment.

During the year ended December 31, 2025, the Company operated in the following three reportable segments:

	RER (i)	SPOBOC	SPOSOC	Total
Segment revenue and income (no internal revenue is generated)				
Royalty revenue	\$ 1,013,165	\$ -	\$ -	\$ 1,013,165
Finance income	4,331,397	2,845	1,729	4,335,971
Energy revenue	-	657,763	222,830	880,593
	5,344,562	660,608	224,559	6,229,729
Segment cost of sales				
Amortization and depreciation	-	(561,172)	(88,362)	(649,534)
Other operating expenses	-	(373,020)	(39,699)	(412,719)
Depletion of royalty interests	(467,635)	-	-	(467,635)
	(467,635)	(934,192)	(128,061)	(1,529,888)
<b>Segment gross (loss) profit</b>	<b>\$ 4,876,927</b>	<b>\$ (273,584)</b>	<b>\$ 96,498</b>	<b>\$ 4,699,841</b>
<b>Segment net (loss) profit</b>	<b>\$ (7,495,095)</b>	<b>\$ (1,280,214)</b>	<b>\$ 62,192</b>	<b>\$ (8,713,117)</b>
<b>Total segment assets</b>	<b>\$27,594,316</b>	<b>\$ 2,649,206</b>	<b>\$ 1,386,845</b>	<b>\$ 31,630,367</b>
<b>Total segment Liabilities</b>	<b>\$35,363,283</b>	<b>\$ 186,182</b>	<b>\$ 188,673</b>	<b>\$ 35,738,138</b>

(i) RER segment in the table above includes all other activities of the Company besides SPOBOC and SPOSOC.

The following is a breakdown of the Company's revenue and income by geographical areas:

	Year ended December 31,	
	2025	2024
North America		
Royalty revenue	\$ 1,013,165	\$ 1,298,454
Finance income	4,266,202	6,281,647
Energy revenue	880,593	269,374
	\$ 6,159,960	\$ 7,849,475
South America		
Royalty revenue	\$ -	\$ 169,631
Finance income	69,769	568,184
	\$ 69,769	\$ 737,815
<b>Total</b>	<b>\$ 6,229,729</b>	<b>\$ 8,587,290</b>

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

The geographical breakdown of the Company's non-current assets, other than financial assets, is as follows:

	December 31, 2025	December 31, 2024
North America		
Canada	\$ 7,103,164	\$ 9,785,295
United States	4,140,600	604,158
Mexico	123,961	140,816
<b>Total</b>	<b>\$ 11,367,725</b>	<b>\$ 10,530,269</b>

## 25 . SUPPLEMENTAL CASH FLOW INFORMATION

	Year ended December 31,	
	2025	2024
Interest received		
Interest received on secured loans classified in operating activities	\$ 2,731,660	\$ 3,343,584
Interest on cash and cash equivalents and restricted cash classified in operating activities	503,174	734,861
<b>Total</b>	<b>\$ 3,234,834</b>	<b>\$ 4,078,445</b>

	Note	Year ended December 31,	
		2025	2024
Non-cash financing activities			
Agent and other warrants issued pursuant to the Green Bonds offering	11	\$ -	\$ 48,000

A reconciliation of liabilities arising from financing activities is as follows:

Year ended December 31, 2025		Liabilities	
	Note	Green Bonds	Lease Liability
Balance as at January 1, 2025		\$ 44,085,035	\$ 30,682
Changes from financing cash flows			
Repayment of Green Bonds	11	(9,802,000)	-
Repayment of lease liability		-	(25,585)
Total changes from financing cash flows		(9,802,000)	(25,585)
Other changes			
Foreign exchange translation difference – USD Green Bonds	11	(562,386)	-
Accrued interest and/or amortization of financing costs		876,918	1,414
Total liability-related other changes		314,532	1,414
<b>Balance as at December 31, 2025</b>		<b>\$ 34,597,567</b>	<b>\$ 6,511</b>

## RE Royalties Ltd.

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise stated)

Year ended December 31, 2024	Liabilities		
	Note	Green Bonds	Lease Liability
Balance as at January 1, 2024		\$ 36,230,500	\$ 52,609
Changes from financing cash flows			
Net proceeds from Green Bonds offering		6,232,738	-
Repayment of lease liability		-	(25,188)
Total changes from financing cash flows		6,232,738	(25,188)
Other changes			
Foreign exchange translation difference – USD Green Bonds	11	809,101	-
Accrued interest and amortization of financing costs		812,696	3,261
Total liability-related other changes		1,621,797	3,261
Balance as at December 31, 2024		\$ 44,085,035	\$ 30,682

## 26 . COMMITMENT

The principal activity of SPOBOC is global adjustment and ancillary services revenue from Battery Energy Storage Systems in Ontario. Peak Power Inc. provides software maintenance services, predicting the co-incident peaks related to Global Adjustment abatement in Ontario, in order for the Company to continue providing energy as outlined in the agreements with clients. The term of each software maintenance service agreement aligns with respective energy service agreement's term detailed herein, and consists of an annual fixed fee of \$92,300 and an additional variable fee based on the energy discharged each month (note 3).

## 27 . EVENTS AFTER END OF THE REPORTING PERIOD

### (a) *Alpin Sun Letter of Credit returned (note 5(i))*

After the end of the reporting period, in January 2026, the New LoC issued on behalf of Alpin Sun pertaining to the downsized project was returned to the issuing bank and cancelled.

### (b) *Cash advance to Solaris Energy note (5(l))*

After the end of the reporting period, in January 2026, the Company provided a second advance to Solaris Energy amounting to \$1,104,000 (US\$800,000),

### (c) *Repayment of the fourth tranche of Series-1 Green Bonds (note 11)*

After the end of the reporting period, in March 2026, the Company repaid the fourth and final tranche of Series-1 Green Bonds amounting to \$364,000.

### (d) *Share-based payments*

In January 2026, the Board of Directors authorized the grant of 1,195,000 stock options in accordance with the Company's Stock Option Plan to directors, officers, employees and consultants of the Company. The options have an exercise price of \$0.30 per share and are exercisable for a period of three-years from the date of grant. In addition, the Board of Directors authorized the grant of an aggregate 800,000 RSUs in accordance with the Company's RSU Plan to officers, employees and consultants of the Company.