



RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS
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TABLE OF CONTENTS

1.1	Date and basis of presentation.....	4
1.2	Overview	5
1.2.1	Highlights	6
1.2.2	Renewable Energy Royalty Investments	6
1.2.3	Wholly-Owned Operating Entities.....	9
1.2.4	Disclosure of Environmental and Social Data	11
1.2.5	Distribution to shareholders.....	14
1.3	Selected annual information	15
1.4	Summary of quarterly results.....	15
1.5	Results of operations.....	19
1.5.1	Non-GAAP financial measures.....	22
1.6	Liquidity.....	23
1.7	Capital resources.....	24
1.8	Off-balance sheet arrangements.....	25
1.9	Transactions with related parties.....	25
1.10	Fourth quarter	26
1.11	Proposed transactions.....	26
1.12	Critical accounting estimates.....	26
1.13	Changes in accounting policies including initial adoption	26
1.14	Financial instruments and other instruments.....	26
1.15	Additional disclosure for venture issuers without significant revenue.....	26
1.16	Disclosure of outstanding share data	27
1.17	Internal controls over financial reporting and disclosure controls.....	27
1.18	Risk factors.....	27

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2025

Cautionary Note to Investors Concerning Forward-looking Statements

This discussion includes certain statements that may be deemed “forward-looking information” or “forward-looking statements” within the meaning of Canadian and United States securities law. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions of future events or performance (often, but not always, using words or phrases including, but not limited to, “expects”, “does not expect”, “is expected”, “anticipates”, “does not anticipate”, “plans”, “estimates”, “believes”, “does not believe” or “intends”, or stating that certain actions, events or results may, could, would, might or will be taken, occur or be achieved) are not statements of historical fact and may be “forward-looking information”. This information represents predictions, and actual events or results may differ materially.

Forward-looking information may relate to the Company’s future outlook and anticipated events or results and may include statements regarding the Company’s financial results, future financial position, expected growth of cash flows, business strategy, budgets, projected costs, projected capital expenditures, taxes, plans, objectives, industry trends and growth opportunities. Forward-looking information contained in this discussion is based on certain assumptions regarding expected growth, results of operations, performance, industry trends and growth opportunities. In some cases, forward-looking information contained herein are based upon information received from or disseminated by third parties.

While management considers these assumptions to be reasonable, based on information available, they may prove to be incorrect. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to risks associated with general economic conditions; adverse industry events; marketing costs; loss of markets; future legislative and regulatory developments involving the renewable energy industry; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; the renewable energy industry generally; income tax and regulatory matters; the ability of the Company to implement its business strategies including expansion plans; competition; currency and interest rate fluctuations; and the other risks discussed under the heading “Risk Factors” in this MD&A. The foregoing factors are not intended to be exhaustive.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date hereof and the Company and its directors, officers and employees disclaim any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, you should not place undue reliance on forward-looking statements due to the inherent uncertainty therein. All forward-looking information is expressly qualified in its entirety by this cautionary statement. Forward-looking information and other information contained herein concerning management’s general expectations concerning the renewable energy industry are based on estimates prepared by management using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which management believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While management is not aware of any misstatements regarding any industry data or comparables presented herein, industry data and comparables are subject to change based on various factors. The Company has not independently verified any of this data from independent third party sources.

Any forward-looking statements contained in this discussion are made as of the date hereof and the Company does not undertake to update or revise them, except as may be required by applicable securities law.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2025

1.1 DATE AND BASIS OF PRESENTATION

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements of RE Royalties Ltd. ("RER" or the "Company") for the three months ended March 31, 2025 (the "Financial Statements") and the audited consolidated financial statements of the Company for the year ended December 31, 2024 and related MD&A (the "Annual MD&A") as publicly filed on SEDAR+ at www.sedarplus.ca.

The Company reports in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The following disclosure and associated Financial Statements are presented in accordance with IFRS. All monetary amounts herein are expressed in Canadian Dollars (" \$" or "CAD"), unless stated otherwise. Other currencies mentioned include US dollars ("US\$" or "USD").

Included throughout this MD&A are references to non-GAAP performance measures for which further explanation, including their calculations, are provided herein under section 1.5.1.

This MD&A is prepared as of May 27, 2025.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2025

1.2 OVERVIEW

Description of Business

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

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

The Company provides short-term loans and acquires revenue-based royalties from renewable energy and clean technology companies, providing a non-dilutive royalty financing solution to privately held and publicly traded companies. The Company's business objectives are to acquire a portfolio of long-term, stable, and diversified renewable energy royalty streams to provide shareholders with capital appreciation and a growing, sustainable, long-term cash distribution. The Company also owns a rooftop solar system project and a portfolio of Battery Energy Storage Systems ("BESS") projects that were acquired by the Company in November 2024 pursuant to settlement of certain loans receivable.

Management has identified an underserved segment in the renewable energy capital markets that lies between traditional debt and equity financing. For small to medium-sized renewable energy companies ("SMREs"), revenue-based royalty financing has many advantages with respect to flexibility, cost and contractual terms.

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

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

- Acquiring long-term renewable energy generation royalty streams backed by power purchase agreements or other revenue programs from credit worthy customers and/or facilities which operate in strong merchant markets with stable power pricing;
- Acquiring renewable energy royalties in high-growth areas of the low carbon energy sector including clean transportation, energy storage, and energy efficiency that are backed by offtake arrangements or customer sales and/or lease contracts from credit worthy counterparties;
- Reinvesting capital to acquire new royalties and to grow royalty and interest income;
- Utilizing debt financing and/or co-investment structures to acquire additional royalties in order to enhance financial returns for shareholders; and
- Maintaining a low operating cost structure.

RE ROYALTIES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2025

1.2.1 HIGHLIGHTS

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

There was no loan or royalty acquisition transaction completed during the three months ended March 31, 2025.

After the end of the reporting period, on April 1, 2025, the Company announced that it had entered into a letter of intent for a secured loan of up to US\$8 million with Revolve Renewable Power Corp. ("Revolve") to support Revolve's proposed acquisition (the "Proposed Acquisition") of a 95% interest in a 9.6 megawatt operating wind energy project in the United States. The proposed loan will have a term of 24 months and bear interest at 12% on drawn funds, with interest payable on a quarterly basis during the term. The Company will also receive a royalty of 5% on gross revenues generated by the wind project for its remaining life, which is expected to be until 2046.

Closing of the loan is expected to occur in June 2025 and is subject to several customary closing conditions including the completion of the Proposed Acquisition.

1.2.2 RENEWABLE ENERGY ROYALTY INVESTMENTS

As of the date hereof, the Company owned a portfolio of 106 royalties on various solar, wind, battery storage, energy efficiency and renewable natural gas projects operating or in development in Canada, the United States, Mexico and Chile. A summary of the Company's portfolio of royalty interests is as follows:

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2025

Client	Location	# of Royalties ^(b)	Expected Expiration/ Term	Royalty as % of Revenue	Energy Type	Status	Generating/ Storage Capacity	Original Investment (C\$ million)
Completed in fiscal 2024								
SolarBank ^(a)	ON, Canada	3	20 years	0.4%	Battery	Construction	14.97 MW	\$ 3.0
Alpin Sun	AB, Canada	1	25	\$0.25 / MWh	Solar	Development	200MWAC	\$ 6.3
Abraxas	Maldives	2	15 years	2%	Solar	Construction	0.77MWDC	\$ 1.02
Revolve (Rooftop Solar)	Mexico	1	15 years	5%	Solar	Construction	0.45 MW	\$ 0.42
Revolve WindRiver ^(a)	AB, BC Canada	3	11 to 35 years	1%	Wind Hydro	Operational	23 MW	\$ 4.00
Clean Communities	AB, Canada	1	20 years	5%	Solar	Construction	4 MW	\$ 1.70
Completed in fiscal 2023								
Cleanlight ^(e)	Chile	1	2033	5%	Solar Battery	Operational	1.7 MW	\$ 3.60 ^(e)
AlbertaCo	AB, Canada	1	11 Years	\$0.40/ MWh	Wind	Operational	100 MW	\$ 0.94
Completed before fiscal 2023								
Delta Energy Partners	PR, USA	1	2035	Fixed ^(c) \$206,976 per year	Solar	Construction	Not applicable	\$ 5.64 ^(c)
Revolve (Cancun) ^(f)	Mexico	2	2033	6%	Battery Storage	Construction	1.9 MW	\$ 1.90
Revolve (Solar 1) ^(f)	Mexico	6	2030-2033	6%	Solar	Operational	2.4 MW	\$ 1.60
NOMAD ^(a)	VT, USA	6	2027	3.5%	Battery storage	Operational	3.5 MW	\$ 8.03 ^(c)
OCEP ^(a)	WI, USA	1	2035	Fixed ^(c) \$242,880 per year	Renewable Natural Gas	Operational	2 MW (equiv.)	\$ 6.36 ^(c)
FuseForward Solutions	BC, Canada	1	2031	Fixed \$284,000 per year	Energy Efficiency	Operational	Not applicable	\$ 3.00
Aeolis Wind	BC, Canada	1	2035	1%	Wind	Operational	102 MW	\$ 1.24
OntarioCo ^(a)	ON, Canada	59	2040	2%	Solar	Operational	18 MW	\$ 5.00
Northland Power Inc.	ON, Canada	4	2033	1%	Solar	Operational	40 MW	\$ 1.87
Scotian Windfields ^(a)	NS, Canada	12	2036	8%	Wind	Operational	40 MW	\$ 4.64
Switch Power (Solar) ^(d)	ON, Canada	See section 1.2.4 Wholly-owned operating entities						
Switch Power 1 ^(d)	ON, Canada							
Total		106						\$ 60.26^(b)

- (a) As of the date of this MD&A, the Company had received full repayment of the loans advanced to a private group ("OntarioCo") (\$5.0 million), Scotian Windfields (\$3.3 million), NOMAD (US\$5.6 million) and the Revolve Windriver loan (\$4.0 million) and partial repayment from OCEP (US\$1.79 million) and Revolve Cancun (\$342,000). The royalties associated with these investments remain in place.
- (b) As of the date of this MD&A, the total amount of investments listed above, net of repayments in (a) above, was approximately \$42.65 million.
- (c) Based on exchange rate of 1 US\$: 1.44 C\$
- (d) The maturity dates of Switch Power Loan 1, 2 and 3 as well as the Switch Power (Solar) loan were extended to November 30, 2023. In December 2023, the Company issued the demand notices for all loans at an increased interest rate of 16% p.a. Effective November 1, 2024, the Switch Power Loan and the Switch Power (Solar) Loan were settled as the Company retained the shares of SPOBOC and SPOSOC (the

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2025

underlying entities for these assets). Consequently, SPOBOC and SPOSOC became wholly owned subsidiaries of the Company, and the Company will operate the underlying assets.

- (e) In April 2024, the Company advanced a further US\$ 800,000 under the Cleanlight Loan agreement.
- (f) In June 2024, the Company entered into a modification agreement to extend the maturity date of the Revolve (Solar 1) loan to October 25, 2024 and consequently increased the interest rate to 12% p.a. compounded monthly. In October 2024, the Company further extended the maturity date on the Revolve (Solar 1) loan and the Revolve (Cancun) loan by an additional six months to April 25, 2025. As a result of this extension, the royalty rate on the Revolve (Solar 1) and the Revolve (Cancun) loans increased to 6%. After the end of the reporting period, in April 2025, the Revolve (Solar 1) Loan and the Revolve Cancun Loan was further extended to July 31, 2025, and the interest rate on both the loans increased to 13% per annum.
- (g) The royalty rate will be reduced to 0.25% if the SolarBank Loan amount is repaid within six months from the date initial advance i.e. November 13, 2024.
- (h) Certain of these royalties are not currently generating revenue, or may not generate revenue in future, due to delay or deterioration in the underlying business activities, as discussed in the Annual MD&A.

Opportunities under Evaluation

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

- Construction financing for a portfolio of solar and storage projects in the eastern United States.
- Construction financing for a large solar project in central Canada.
- Interconnection financing for a solar project in northeastern United States.
- Interconnection financing for a portfolio of solar and storage projects in southern and eastern United States.

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

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2025

1.2.3 WHOLLY-OWNED OPERATING ENTITIES

As of the date hereof, the Company had the following wholly-owned operating entities:

Entity	Location	Energy Type/Technology	Contracts	# of Projects
SPOBOC	ON, Canada	Battery Energy Storage Systems (BESS)	Energy Service Agreements (ESA)	9
SPOSOC	ON, Canada	Rooftop Solar Systems	Feed-in tariff (FIT)	1

A. Switch Power Ontario Battery Operating Corp. ("SPOBOC")

During the year ended 2021, the Company entered into three loan agreements ("Switch Loan Agreements") for an aggregate principal sum of \$7.4 million and a royalty agreement ("Switch Royalty Agreement") with SPOBOC to provide funding 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").

In December 2023, the Company provided a default notice relating to all loans under the Switch Loan Agreements, as the aggregate principal sum and interest accrued thereon remained unpaid after they became due for repayment. Accordingly, the Company recorded a provision for expected credit losses of \$1,017,221 in Q4 2023.

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 the Company's Financial Statements since November 1, 2024. On November 1, 2024, the Company derecognized the Switch Loans and the Switch Power Royalty, and as a result, recorded an additional credit loss of \$4,778,209 and an impairment loss of \$260,058, respectively.

SPOBOC's principal activity is energy storage as a service, providing behind-the-meter solutions to nine industrial and real estate customers to realize global adjustment savings, and to provide grid resiliency and ancillary services through respective Energy Service Agreements ("ESA"), as listed below:

Customer/site	Location	Host	ESA expiry date	Remaining term ⁽¹⁾ (years)	Capacity (kW)	Capacity (kWh)
The West Mall 1	Toronto, ON	Office Tower	October 2028	3.8 ⁽³⁾	490	1,115
Robert Speck 2	Mississauga, ON	Office Tower	May 2030	5.3 ⁽³⁾	490	1,115
Yonge St 1	Toronto, ON	Office Tower	November 2030	5.8 ⁽³⁾	500	1,039
Bloor 1	Toronto, ON	Office Tower	April 2033	8.3 ⁽³⁾	490	1,115
Rakely 1	Etobicoke, ON	Factory	July 2033	8.5 ⁽²⁾	490	1,250
Robert Speck 1	Mississauga, ON	Office Tower	July 2032	7.5 ⁽³⁾	500	1,104
Robert Speck 3	Mississauga, ON	Office Tower	July 2032	7.5 ⁽³⁾	500	1,104
Belleville 1	Belleville, ON	Factory	June 2033	8.4 ⁽²⁾	840	2,208

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2025

Customer/site	Location	Host	ESA expiry date	Remaining term ⁽¹⁾ (years)	Capacity (kW)	Capacity (kWh)
Mitchell 1	Mitchell, ON	Factory	June 2034	9.4 ⁽²⁾	980	2,300

(1) This remaining term only refers to the initial term as of December 31, 2024.

(2) Subject to an unlimited number of renewal for additional 5 year terms at the Host's option.

(3) Subject to an unlimited number of renewal for additional 5 year terms with mutual written consent of SPOBOC and the Host.

Revenue earned under the ESAs is primarily from the abatement of Ontario's Global Adjustment ("GA") demand charge, as described below, combined with revenues from participation in Ontario's wholesale electricity market including demand response, operating reserve, energy arbitrage, and capacity. A select few projects also provide much needed grid resiliency support for client operations, under fixed capacity payment revenues.

Global Adjustment

The GA in Ontario is a fee paid by all electricity customers to cover the costs of building new infrastructure, maintaining existing generation, and supporting energy efficiency programs. It's an additional charge on top of the Hourly Ontario Energy Price ("HOEP"), and its value fluctuates based on the market. Generally, the GA is lower when HOEP is higher, and vice-versa. SPOBOC's customers pay their share of the GA based on their Peak Demand Factor ("PDF"), which reflects their contribution to peak demand, based on the top five peak demand hours during a 12-month base period. The PDF is then used to allocate GA charges for the following 12-month adjustment period. Accordingly, there is an approximate one-year lag in determining revenue associated with the abatement of GA.

GA Abatement

SPOBOC helps its customers in reducing their grid consumption during the peak events, thereby reducing their PDF, by utilizing battery storage and energy management solutions, including a third-party software designed to optimize the use of BESS during peak periods. The reduction in PDF entails significant cost savings on account of GA charges payable by its customers, which savings are then shared with SPOBOC under respective ESAs.

B. Switch Power Ontario Solar Operating Corp. ("SPOSOC")

In August 2022, the Company entered into a loan agreement with SPOSOC for \$1.3 Million (the "Switch Solar Loan"), which was used to finance the acquisition of an operational rooftop solar generation project located in Vaughan, Ontario (the "Switch Solar Project"). 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"). The Company also received a gross revenue royalty on the Switch Solar Project for the remainder of the contract term (the "Switch Solar Royalty").

In December 2023, the Company sent a default notice as the principal sum and interest accrued thereon remained unpaid after the Switch Solar Loan became due for repayment. The Company assessed the Switch Solar Loan for expected credit losses as of December 31, 2023 and recorded \$210,275 as ECL.

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

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2025

derecognised the Switch Solar Loan and the Switch Solar Royalty, and as a result, recorded an additional credit loss of \$4,459 and an impairment loss of \$13,408, respectively.

SPOSOC's principal activity is solar power generation from Rooftop Solar Systems (having original capacity of 0.38 MW) in Ontario under a long-term feed-in-tariff contract with a remaining term, as of November 1, 2024, of 10.46 years (April 17, 2035).

1.2.4 DISCLOSURE OF ENVIRONMENTAL AND SOCIAL DATA

The Company's vision is to provide capital to an underserved section of the renewable energy market and enable significant GHG emissions reductions. With climate change a pressing issue globally, the Company has become an important source of capital for the low carbon energy transformation. In addition, the Company has a positive impact on the local community in which it operates, through local hiring, charitable programs and other events.

A. Environmental Impact Summary

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

Client	Location	Projects	Energy Type	Clean Power Capacity (MW _{AC})	Annual Clean Generation (MWh)	Annual GHG Offset (tCO _{2e})	Annual Homes Powered
Operational							
Aeolis Wind	BC, Canada	1	Wind	102	193,000	2,393	21,578
OntarioCo	ON, Canada	59	Solar	18	25,566	639	3,099
Northland Power	ON, Canada	4	Solar	40	59,413	1,485	7,202
Scotian Windfields	NS, Canada	12	Wind	40	131,700	88,239	12,510
Switch (RE subs)	ON, Canada	10	Battery, Solar	6	623	242	76
FuseForward	BC, Canada	1	Energy Efficiency	0	0	0	0
OCEP*	WI, USA	1	RNG	2.1	18,170	17,989	2,794
Revolve	Canada, Mexico	10	Solar, Hydro, Wind, Battery	25	72,432	12,340	10,282
AlbertaCo	AB, Canada	1	Wind	145	498,600	294,174	73,867
Cleanlight	Chile	1	Solar	1.7	2,370	1,903	1,531
Clean Communities	AB, Canada	1	Solar	3.3	6,310	3,723	935
Operational Subtotal		101		383	1,008,184	423,127	133,871
Development Stage							
Switch (RE subs)	ON, Canada	4	Battery	15	602	542	73
NOMAD	VT, USA	6	Battery	28	11,397	4,852	1,675
Delta	Puerto Rico	1	Solar	0.5	949	565	188
Revolve	Mexico	2	Solar, Battery	1.1	1,018	540	498

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2025

Abraxas	Maldives	2	Solar	0.8	1,257	993	687
SolarBank	Ontario	3	Battery	15	639	305	77
Alpin Sun	Alberta	1	Solar	200	386,000	227,740	57,185
Development Subtotal		19		260	401,861	235,537	60,384

PORTFOLIO TOTAL	120	106 royalties 14 owned	643	1,410,045	658,664	194,255
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* Equivalent energy production capacity based on annual energy content of fuel produced, presented for consistency against electricity projects.

Emission Reduction Equivalents

142,300	203,242	10,891,153
Passenger Vehicles	Tonnes of waste recycled	Trees planted

Methodology

Annual Energy

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

Greenhouse Gas Avoided Emissions

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

Environmental Data Sources:

Annual GHG Emissions Offset

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

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

Homes Powered

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

- Canada: Statistics Canada. Table 25-10-0060-01 Household energy consumption, Canada and provinces
<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=2510006001>

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2025

- US: US Energy Information Agency Average Residential Monthly Bills
https://www.eia.gov/electricity/sales_revenue_price/pdf/table5_a.pdf
- Mexico: Gobierno de Mexico Balance Nacional de Energia 2021
<https://www.gob.mx/cms/uploads/attachment/file/805509/BNE-2021.pdf>
- Puerto Rico: NREL Puerto Rico Energy Efficiency Scenario Analysis Tool
<https://www.nrel.gov/state-local-tribal/preesat.html>
- Chile: C. Agostini et al 2015. "Elasticities Of Residential Electricity Demand In Chile," ILADES-UAH Working Papers
<https://EconPapers.repec.org/RePEc:ila:ilades:inv312>
- Maldives: A. Laila 2019 "Housing and Housing Characteristics – Household Income & Expenditure Survey 2019," National Bureau of Statistics Maldives
<https://statisticsmaldives.gov.mv/nbs/wp-content/uploads/2021/04/Housing-Household-Characteristics-Updated.pdf>

Emission Reduction Equivalents

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

Environmental Risks

Specific environmental factor risks are discussed in the Risk Factors section of this MD&A, within the following categories:

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

B. Social Summary

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

Gender Diversity

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

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

Charitable Activity

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

In Q3 2024, the Company donated \$36,000 to the Bring Back Hope initiative which supports life-saving spine and heart surgeries for vulnerable Ethiopian children, capacity-building in trauma care, and the development of a national Spine Centre in Ethiopia. Contributions also strengthen local medical training through a partnership with UBC's Branch for International Surgical Care.

In Q2 2024, the Company donated an additional \$25,000 to Zajac Ranch for Children, which is committed to improving the lives of children and young adults with medical conditions and disabilities. Zajac's programs and activities aim to empower campers, boost their confidence and self-esteem, and enhance their social and life skills as they experience the joys of the outdoors and of recreation in a safe, all-inclusive and adaptable camp environment.

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2025

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

Social Risks

Specific social factor risks are discussed in the Risk Factors section of the Company's Annual MD&A as publicly filed on SEDAR+ at www.sedarplus.ca, within the following categories:

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

1.2.5 DISTRIBUTION TO SHAREHOLDERS

As of the date hereof, and since the first quarter of 2019, the Company has made regular quarterly cash distributions of \$0.01 per share to its shareholders. The following table summarizes the distributions made in the fiscal year 2024 and to the date of this MD&A:

Declaration date	Record date	Payment date	Amount	
			Per share (\$)	Total (\$)
<u>Up to Q1 2025</u>				
April 9, 2025	April 30, 2025	May 21, 2025	0.01	\$ 433,768
Total for 2025				\$ 433,768
<u>Fiscal Year 2024</u>				
January 8, 2025	January 29, 2025	February 19, 2025	0.01	\$ 433,768
October 9, 2024	October 30, 2024	November 20, 2024	0.01	432,620
July 10, 2024	July 31, 2024	August 21, 2024	0.01	432,620
April 10, 2024	May 1, 2024	May 22, 2024	0.01	432,620
Total for 2024				\$ 1,731,628

(1) In the Financial Statements, the dividends are recorded based on the date of declaration, as opposed to the fiscal quarter to which dividend pertains.

The Company's decision to pay distributions will be reviewed from time to time by the Board in the context of the Company's earnings, financial condition, and other relevant factors.

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2025

1.3 SELECTED ANNUAL INFORMATION

Not required.

1.4 SUMMARY OF QUARTERLY RESULTS

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

	Fiscal Quarter Ending							
	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023
Royalty revenue	\$ 180	\$ 691	\$ 314	\$ 254	\$ 209	\$ 218	\$ 237	\$ 223
Finance income	1,369	1,470	1,378	1,574	2,428	2,413	1,676	1,651
Energy revenue	178	269	-	-	-	-	-	-
Gain on royalty buyback	-	-	-	-	-	-	-	1,564
Total revenue and income	1,727	2,430	1,692	1,828	2,637	2,631	1,913	3,438
Net (loss) income after tax	(479)	(9,079)	(195)	(657)	659	(722)	(2,769)	1,123
Net (loss) income attributable to the Company's shareholders	(636)	(8,309)	(444)	(958)	358	(1,135)	(3,031)	877
Net (loss) income per share	\$ (0.01)	\$ (0.19)	\$ (0.01)	\$ (0.02)	\$ 0.01	\$ (0.03)	\$ (0.07)	\$ 0.02

Trends with respect to the Company's Financial Results

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

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

The Company also earns revenue from certain royalty interests (NOMAD or CleanLight) on business operations that involve manufacturing and/or sale of energy efficiency/storage equipment, and the timing of the Company's royalty revenue earned from these royalty interests is driven by the underlying manufacturing and sales activities of these businesses.

Finance Income The company's finance income generally follows the same trend as the size of its portfolio of performing secured loans.

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2025

Other factors that may impact the Company's finance income in a fiscal quarter include: a) prepayment of secured loans; and b) changes in the Company's estimates with respect to the timing of the future cash flows associated with its secured loans, as further described below:

The Company typically enters into secured loans and royalty acquisition agreements concurrently in a single transaction. Accordingly, as per its accounting policy, the Company records financial assets representing secured loans and non-financial assets for royalty interests acquired. Upon initial recognition of the Company's investment in such transactions, the Company allocates total investment amounts to the secured loans to the extent of their fair value, determined using the investees' borrowing rates (effective interest rates), and records any residual amounts as royalty interests.

The aforementioned accounting treatment generally results in the secured loan recorded at a discount off the principal sum of the loan, which discount is accreted over the term of the loan. When a loan is prepaid (before its contractual maturity date), if allowed under the loan agreement, any unrecorded accretion is recognized at the time of prepayment. Moreover, when the Company's estimates for the future cash flows attributable to a loan change after its initial recognition, the Company records an adjustment within finance income due to the difference between the effective interest rate and the stated rate as per the loan agreement.

Energy Revenue

The Company earns energy revenue by operating a portfolio of Battery Energy Storage Systems (BESS) and rooftop solar system.

The level of activity in the Canadian independent power and Ontario Global Adjustment industries are influenced by seasonal weather patterns related to the natural resource or commercial or market structure relative to the technology deployed. Seasonal factors and unexpected weather patterns may lead to declines in power related activities and result in corresponding declines in the demand for power.

SPOBOC's energy revenue primarily comprises its share of savings generated through GA abatement, as described in 1.2.3 *Wholly-Owned Operating Entities*, which savings are a function of the following:

- Reduction in the PDF for SPOBOC's customers;
- Actual GA costs, as determined by Independent Electricity System Operator (IESO) and published on their website (www.ieso.ca), to which the PDF is applied; and
- Ratios applied to the GA abatement amount under respective ESAs to determine SPOBOC's share of savings generated through GA abatement.

Operating Expenses

The Company's operating expenses are mostly incurred evenly through a fiscal year. However, the timing of certain expenses is driven by the underlying activities. For instance, the Company's activities and related expenses with respect to its annual audited financial statements and other annual reports, and annual general meeting are higher in the second fiscal quarter.

Moreover, certain expenses are incurred to support the Company's marketing, financing and investing activities and accordingly fluctuate with the timing of such activities.

Finance Expenses

The Company's finance expenses vary with changes in its outstanding debt capital, mainly Green Bonds, and related borrowing rates.

Analysis of Quarterly Results

Quarter ended	Analysis
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March 2025	No additional investment transactions were closed during Q1/ 2025.
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RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2025

(Q1/2025)	Refer to the following section (1.5 Results of Operations) for a detailed analysis of this quarter's results.
December 2024 (Q4/2024)	<p>During Q4/2024, the Company completed three transactions deploying approximately \$10.3 million of its available capital, thereby further expanding its loan and royalty portfolio as well as its revenue and income base. Moreover, commencing in Q4/2024, energy revenue was added to the Company's revenue base. However, in Q4/2024, the Company recorded a net loss of \$9.08 million mainly due to credit losses recorded in the quarter.</p> <p>In Q4/2024, the Company closed the second and the final tranche of its Series-4 Green Bonds.</p>
September 2024 (Q3/2024)	No additional investment transactions were closed during Q3/ 2024.
June 2024 (Q2/2024)	<p>During Q2/2024, the Company provided the second advance to Cleanlight amounting to US\$800,000.</p> <p>The royalty revenue increased as compared to the Prior Year Quarter due to new transactions closed by the Company in fiscal year 2023 and till Q2/2024.</p> <p>The finance income decreased as compared to Q1/2024 due to additional income accrued on account of early repayment of the NOMAD loan in Q1/2024.</p>
March 2024 (Q1/2024)	<p>During Q1/2024, the Company closed three additional royalty based investments as discussed herein.</p> <p>In February 2024, the Company received an early repayment of the NOMAD loan.</p>
December 2023 (Q4/2023)	<p>During Q4/2023, the Company recorded a net loss of \$0.7 million, mainly due to a provision for expected credit loss of \$1.2 million relating to its investment in Switch Power and Switch Solar loans. This loss was offset by an increase in finance income.</p> <p>Royalty revenue for the Q4/2023 has decreased as compared to the Q4/2022, due to the net effect of reduction in royalty income in FY 2023 from royalty buyout from Jade in December 2022 and the royalty received in Q4 2022 from NOMAD offset against the increase in royalty revenue from new transactions closed by the Company during the course of the Company's fiscal year 2023.</p> <p>Similar to Q2/2023 and Q3/2023, the Company's expenses increased during the Q4/2023, mainly due to the increase in finance expenses and the share-based payment expense with respect to the share-based award granted in May 2023 and also due to increase in wages as compared to Q4/2022.</p> <p>There were no new transactions closed during the quarter.</p>
September 2023 (Q3/2023)	<p>During Q3/2023, the Company recorded a net loss, because of a provision for expected credit loss of \$3,078,279, relating to the Company's investment in FuseForward.</p> <p>In August 2023, the Company closed the transaction with Cleanlight, as described herein. The royalty revenue and the finance income for the Q3/2023 increased as compared to the Q3/2022 ended on September 30, 2022 in line with the expansion of the Company's portfolio of investments.</p>

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2025

Similar to Q2/2023, the Company's expenses increased during the Q3/2023, mainly due to the increase in finance expenses and the share-based payment expense with respect to the share-based award granted in May 2023.

**June 2023
(Q2/2023)**

During Q2/2023, the Company completed the royalty purchase transaction with AlbertaCo. by making a cash advance of \$0.94 million in May 2023.

Teichos Energy also repurchased the royalty and repaid the loan in the Q2/2023. As such, the Company recorded a gain of \$1.5 million for the royalty buyout.

Royalty revenue for Q2/2023 was consistent to Q2/2022. However, the decrease in the finance income, as compared to Q1/2023, was mainly on account of the repayment of the Teichos loans in May 2023, and because no additional loan was advanced during this quarter.

The Company's expenses increased during this quarter, mainly due to the following:

- a) an increase in finance expense as a result of the issuance of Series-3 Green Bonds during the course of the first quarter of 2023; and
 - b) the share-based payment expense with respect to the share-based award granted in May 2023.
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RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2025

1.5 RESULTS OF OPERATIONS

The analysis herein is based on total expenditure, including amounts attributable to non-controlling interests. The Company recorded a net loss of \$479,000 for the three months ended March 31, 2025 ("Current Quarter"), compared to a net income of \$659,000 recorded for the three months ended March 31, 2024 ("Prior Year Quarter"). During the Current Quarter, net loss attributable to shareholders of the Company was \$636,000, compared to a net income of \$358,000 attributable to shareholders of the Company for the Prior Year Quarter. Additional details regarding the Company's operating results are provided below.

REVENUE AND INCOME

	Note	Three months ended March 31,		Change (\$)	Change (%)
		2025	2024		
Royalty revenue	(1)	\$ 180,485	\$ 208,833	\$ (28,348)	(14%)
Finance income	(2)	1,369,071	2,427,908	(1,058,837)	(44%)
Energy revenue	(3)	178,343	–	178,343	N/A
Revenue and income		\$ 1,727,899	\$ 2,636,741	\$ (908,842)	(34%)
Loss on revaluation of derivative financial asset		\$ –	\$ (2,405)	\$ 2,405	(100%)
Gain on revaluation of financial asset at FVTPL	(4)	\$ 12,401	\$ 2,784	\$ 9,617	345%

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

- (1) Although the Company completed various transactions involving acquisition of royalty interests in 2024, none of those royalty interests, except for the Windriver royalty, generated underlying revenue in the Current Quarter, and therefore did not lead to an increase in the Company's royalty revenue in the Current Quarter. On the other hand, certain royalty interests that earned royalty revenue in the Prior Year Quarter were no longer generating royalty revenue in the Current Quarter, for the following reasons: (i) the royalty interest in SPOBOC and SPOSOC ceased to exist after the Company acquired these entities, following which event, total energy revenue of these entities is included in the Financial Statements; and (ii) the Cleanlight royalty interest was impaired in the fourth quarter of fiscal year 2024 due to an ongoing default on royalty payments, and the Company did not record any further revenue from this royalty in the Current Quarter.
- (2) In the Prior Year Quarter, the Company received a prepayment of the NOMAD loan thereby recording \$709,000 as accelerated accretion in finance income for the quarter. In the Current Quarter, the Company recorded \$214,000 as accelerated accretion in finance income upon receiving a full prepayment against the Revolve Windriver loan. Moreover, as a result of expected credit losses recorded in the fourth quarter of fiscal year 2024, finance income decreased in the Current Quarter, as the Company accrued finance income on the net carrying amount, net of expected credit losses, of the loans.
- (3) Energy revenue relates to the revenue generated from operations of SPOBOC and SPOSOC for the Current Quarter. No energy revenue was recorded in the Company's Financial Statements during the Prior Year Quarter due to the timing of acquisition of these entities by the Company. Energy revenue during the Current Quarter was lower, compared to the fourth quarter of fiscal year 2024, due to a decrease in GA savings realized by SPOBOC's customers as a result of an overall decrease in GA costs as determined by IESO.

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2025

- (4) Gain on revaluation of Aeolis Loan mainly resulted from changes in risk-free interest rates in the Current Quarter.

OPERATING EXPENSES – BESS AND SOLAR PROJECTS

	Note	Three months ended March 31,		Change (\$)	Change (%)
		2025	2024		
Operating expenses – BESS					
Software maintenance services	(1)	\$ 27,374	\$ –	\$ 27,374	N/A
Operations and maintenance		28,447	–	28,447	N/A
Insurance		23,205	–	23,205	N/A
Depreciation and amortization		133,930	–	133,930	N/A
		\$ 212,956	\$ –	\$ 212,956	N/A
Operating expenses – Rooftop Solar Systems					
Leases, and operations and maintenance	(2)	\$ 5,349	\$ –	\$ 5,349	N/A
Depreciation and amortization		22,091	–	22,091	N/A
		\$ 27,440	\$ –	\$ 27,440	N/A
		\$ 240,396	\$ –	\$ 240,396	N/A

- (1) 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.
- (2) Operating expenses for SPOSOC majorly include lease payments, operations & maintenance (O&M) contract expenses, and insurance.

EXPENSES – OTHERS

	Note	Three months ended March 31,		Change (\$)	Change (%)
		2025	2024		
Salaries and benefits	(1)	\$ 315,003	\$ 270,146	\$ 44,857	17%
Administration	(2)	163,394	105,567	57,827	55%
Marketing and stakeholder communication	(3)	53,171	120,546	(67,375)	(56%)
Audit and audit related	(4)	89,862	62,691	27,171	43%
Consulting – Financing	(5)	–	16,789	(16,789)	(100%)
Consulting – Other	(6)	42,390	77,044	(34,654)	(45%)
Regulatory and transfer agency	(7)	48,795	26,016	22,779	88%
Office lease and information technology	(8)	13,406	11,341	2,065	18%
Legal	(9)	5,960	5,232	728	14%
Donation	(10)	–	25,000	(25,000)	(100%)
Total		\$ 731,981	\$ 720,372	\$ 11,609	2%

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

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2025

- (1) The increase in salaries and benefits in the Current Quarter was mainly due to the hiring of additional resources by the Company to support its growing business that entailed a decrease in its marketing and stakeholder communication expenses (see (3) below), as the new hiring reduced the Company's reliance on the services of certain consultants in this functional area.
- (2) The increase in administration expenses during the Current Quarter was mainly attributable to the initial setup and transition related matters with respect to the Company's acquisition of SPOBOC and SPOSOC.
- (3) The marketing and stakeholder communication expenses decreased in the Current Quarter, compared to the Prior Year Quarter, mainly because the Company employed a full-time resource to assist with its marketing and investor relations activities that were previously undertaken by consultants.
- (4) The audit and audit related expenses were higher in the Current Quarter, compared to the Prior Year Quarter, due to the timing of work completed with respect to the audit of the Company's Financial Statements.
- (5) In the Prior Year Quarter, the Company retained the services of a consultant to assist with its financing activities. In the Current Quarter, no such services were retained.
- (6) Other consulting expenses vary with the timing of underlying activities.
- (7) The regulatory expenses vary with the timing of the Company's compliance requirements.
- (8) The office lease and information technology expenses relate to the Company's corporate office. Office lease expenses for the Current Quarter include the depreciation charges relating to the right-of-use asset and common area maintenance expenses that have remained consistent with the Prior Year Quarter.
- (9) The legal expenses in the Current Quarter remained consistent with the Prior Year Quarter.
- (10) No donations were made by the Company in Q1 2025. Refer to section 1.2.5 *Disclosure of Environmental and Social Data* for details of the Company's charitable activities.

FINANCE EXPENSES

	Three months ended March 31,			
	2025	2024	Change (\$)	Change (%)
Finance expenses relating to:				
Green Bonds	\$ 1,096,694	\$ 903,494	193,200	21%
Loan payable (BESS)	5,966	–	5,966	N/A
Accretion of asset retirement obligation (BESS and Solar)	5,142	–	5,142	N/A
Office Lease	533	977	(444)	(45%)
Total	\$ 1,108,335	\$ 904,471	\$ 203,864	23%

Finance expenses, including amortization of transaction costs, increased in the Current Quarter, due to the completion of Series-4 Green Bonds financing in Q4 2024.

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2025

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

	Three months ended March 31,			
	2025	2024	Change (\$)	Change (%)
Depletion and depreciation	\$ 91,939	\$ 103,485	\$ (11,546)	(11%)
Foreign exchange loss (gain)	2,429	(222,702)	225,131	(101%)
Equity-settled share-based payments	9,862	47,942	(38,080)	(79%)
Change in fair value of cash-settled share-based payments	171	(1,764)	1,935	(110%)
Total	\$ 104,401	\$ (73,039)	\$ 177,440	(243%)

Depletion is recorded on a straight-line basis, and the decrease in the Current Quarter, as compared to the Prior Year Quarter, was mainly due to impairment of the Cleanlight royalty and due to derecognition of the SPOBOC and SPOSOC royalties recorded in the fourth quarter of 2024.

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

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

CURRENT AND DEFERRED INCOME TAX

	Three months ended March 31,			
	2025	2024	Change (\$)	Change (%)
Current income tax expense	\$ 34,385	\$ 77,002	\$ (42,617)	(55%)
Deferred income tax expense	–	53,000	(53,000)	(100%)
Total	\$ 34,385	\$ 130,002	\$ (95,617)	(74%)

The total income tax expense during the Current Quarter as well as the Prior Year Quarter related to the Company's wholly-owned subsidiary – RE Royalties (USA) Inc. – which owns equity interests in FP OCEP Invest, LLC and FP Puerto Rico Invest, LLC.

1.5.1 NON-GAAP FINANCIAL MEASURES

This MD&A includes the following non-GAAP performance measures that do not have a standardized meaning prescribed by IFRS:

- Earnings Before Interest, Taxes, Depreciation, and Amortization (“**EBITDA**”) is a measure that may differ from, and may not be comparable to, similar measures used or reported by other issuers. The Company believes that EBITDA is commonly used by certain investors, in conjunction with conventional IFRS measures, to enhance their understanding of the Company's performance.
- Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (“**Adjusted EBITDA**”) is presented as a supplemental measure of the Company's performance and ability to service debt. Adjusted EBITDA is frequently used by certain investors and other interested parties for evaluation of

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2025

the Company's results and measuring its ability to meet debt service obligations. Adjusted EBITDA eliminates the impact of a number of items that are not considered indicative of ongoing operating performance. Certain items of expense are added and certain items of income are deducted from net income that are not likely to recur or are not indicative of the Company's underlying operating results for the reporting periods presented or for future operating performance.

These non-GAAP measures have been derived from the Company's financial statements and applied on a consistent basis. These measures are intended to provide additional information, not to replace IFRS measures, and do not have a standard definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The tables below reconcile net loss as per the Financial Statements to EBITDA and Adjusted EBITDA:

	Three months ended March 31,	
	2025	2024
Net loss after income tax, as presented in the Financial Statements	\$ (479,198)	\$ 659,044
Adjustments:		
Finance expenses	1,108,335	904,471
Income tax expense	34,385	130,002
Depletion of royalty interests	87,069	98,615
Depreciation and amortization - BESS and solar	156,021	-
Depreciation of right-of-use asset	4,870	4,870
EBITDA	\$ 911,482	\$ 1,797,002
Additional adjustments:		
Consulting – financing	-	16,789
Equity-settled share-based payments	9,862	47,942
Change in fair value of cash-settled share-based payments	171	(1,764)
Provision for expected credit losses secured loans	-	296,270
Net income attributable to non-controlling interests	(156,761)	(300,803)
Adjusted EBITDA	\$ 764,754	\$ 1,855,436

1.6 LIQUIDITY

At March 31, 2025, the Company had a cash and cash equivalents balance of \$18.6 million (December 31, 2024 – \$16.5 million), of which, cash balance subject to various restrictions as described in the Financial Statements is \$18.6 million (December 31, 2024 – \$16.5 million). At March 31, 2025, the Company had working capital of \$22.8 million (December 31, 2024 – \$18.8 million).

	Three months ended March 31,	
	2025	2024
Cash (used in) generated by operating activities	\$ (246,000)	\$ 693,000
Cash provided by investing activities	3,668,000	443,000
Cash used in financing activities	(1,331,000)	(1,200,000)
Total	\$ 2,091,000	\$ (64,000)

During the Current Quarter, the Company used \$0.25 million cash from its operating activities, compared to \$0.69 million cash generated in the Prior Year Quarter.

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2025

The Company generated \$3.67 million cash from investing activities, mainly with respect to the amount received from the repayment of the Windriver Loan by Revolve. During the Prior Year Quarter, the Company generated \$0.44 million cash in investing activities mainly due to the amount received from the repayment of loan by NOMAD, offset by new investments and loans completed during the Prior Year Quarter.

The Company's financing activities during Current Quarter used \$1.33 million cash, mainly due to cash distributions (\$0.43 million) to the Company's shareholders and interest payments (\$0.87 million) on Green Bonds. Interest payments relating to Green Bonds were higher in the Current Quarter due to the issuance of Series 4 Green Bonds in 2024.

During the Prior Year Quarter, the Company's financing activities used \$1.20 million cash, mainly due to cash distributions (\$0.43 million) to the Company's shareholders and interest payments (\$0.71 million) on Green Bonds.

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

As of March 31, 2025	Carrying Amount	Contractual Cash Flows (i)			
		Total	Less than 12 months	Between 1 - 3 years	Between 4 - 5 years
Green Bonds (ii)	\$44,312,150	\$ 55,259,654	\$ 12,357,901	\$ 34,833,101	\$ 8,068,652
Lease liability	24,819	25,783	25,585	198	-
Loan payable	395,458	395,458	395,458	-	-
Government grant payable	170,350	170,350	170,350	-	-
Trade payables and accrued liabilities	420,517	420,517	420,517	-	-
	\$45,323,294	\$ 56,271,762	\$ 13,369,811	\$ 34,833,299	\$ 8,068,652

- (i) The amounts presented in the table above are gross and undiscounted. These amounts include contractual interest payments.
- (ii) Contractual cash flows relating to the US Dollar-denominated Green Bonds are converted into the reporting currency based on the exchange rate as of the reporting date.

Additionally, the BESS projects are subject to an annual fixed fee of \$92,300 and an additional variable fee based on the energy discharged each month, under the software service agreements with Peak Power Inc., as described herein (see section 1.5 *Results of operations*).

1.7 CAPITAL RESOURCES

The Company has no lines of credit or other sources of financing.

Further advancement of the Company's business strategies and operations will require additional funding. The Company intends to pursue additional funding either through one or a combination of the following:

- Issuance of additional equity from treasury;
- Issuance of debt such as green bonds or convertible notes;
- Debt facilities from financial institutions; and/or
- Establishment of co-investment structures or funds, whereby the Company receives a portion of the royalties and interest income generated from the co-investment structures or funds.

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2025

Although management has a reasonable expectation that it can continue to raise funds, there can be no assurance to that effect.

The Company is required to maintain a debt to equity ratio of 3:1 as per the Green Bond indenture (the "Indenture"). For purposes of this financial covenant, the Indenture defines equity as paid-in capital.

The Indenture also requires the Company to maintain, subject to a cure period, a minimum debt coverage ratio ("Debt Coverage Ratio"), which is determined pursuant to the Indenture by dividing its quarterly earnings, before certain items such as interest, taxes, depreciation, amortization, and extraordinary items, by total interest expenses for a fiscal quarter.

At March 31, 2025, the Company was in compliance with all debt covenants.

At March 31, 2025, except for the annual fixed fee payable under the software service agreements (see section 1.6 *Liquidity*), the Company has no material capital lease obligations, or "Purchase Obligations" defined as any agreements to purchase goods or services that is enforceable and legally binding on the Company that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

1.8 OFF-BALANCE SHEET ARRANGEMENTS

None.

1.9 TRANSACTIONS WITH RELATED PARTIES

This disclosure can be found in the accompanying Financial Statements of the Company, with additional details provided below.

The Company's related party transactions are comprised of remuneration for the Company's key management personnel ("KMP"), including its directors and executive officers that have the authority and responsibility for planning, directing and controlling the activities of the Company.

Transactions with KMP include the following:

- Directors' fees for the Company's non-executive directors, namely: Rene Carrier, Stephen Cheeseman, Gord Fretwell, Paul Larkin, Jill Leversage, and Marchand Snyman;
- Compensation for the Company's executive officers, including salaries and benefits of Bernard Tan, Chief Executive Officer, and Peter Leighton, Chief Operating Officer;
- Share-based payments in the form of share purchase options, granted to the Company's directors and officers, which share-based payments represent amortization of the grant date fair value of the options granted over their vesting term.

Related party transactions	Three months ended March 31,			
	2025	2024	Change (\$)	Change (%)
Short-term employment benefits (i)	\$ 127,918	\$ 124,398	\$ 3,520	3%
Equity-settled share-based compensation	1,508	5,122	(3,614)	(71%)
Cash-settled share-based compensation	171	(1,764)	1,935	(110%)
Total	\$ 129,597	\$ 127,756	\$ 1,841	1%

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

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

RE ROYALTIES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2025

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

Cash-settled share-based compensation represents the fair value of the Company's Deferred Share Units (DSU) granted to non-executive directors. No new cash-settled DSUs or RSUs were granted during the Current Quarter.

1.10 FOURTH QUARTER

Not required.

1.11 PROPOSED TRANSACTIONS

Except as discussed in this MD&A, there are no proposed transactions requiring disclosure under this section.

1.12 CRITICAL ACCOUNTING ESTIMATES

This disclosure can be found in the accompanying Financial Statements of the Company.

1.13 CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

This disclosure can be found in the accompanying Financial Statements of the Company.

1.14 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

This disclosure can be found in the accompanying Financial Statements of the Company.

1.15 ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Not applicable.

RE ROYALTIES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2025

1.16 DISCLOSURE OF OUTSTANDING SHARE DATA

The following table details the share capital structure as of the date of this MD&A:

	Number
Common shares	43,376,804
Share-purchase options	2,030,000
Share-purchase warrants	1,298,196
Deferred Share Units	180,501
Restricted Share Units	157,000

1.17 INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS

Internal Controls over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Disclosure Controls and Procedures

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the appropriate time periods and that required information is accumulated and communicated to the Company's management so that decisions can be made about the timely disclosure of that information.

1.18 RISK FACTORS

The required disclosure is provided in the "Risk Factors" section of the Company's Annual MD&A as publicly filed on SEDAR+ at www.sedarplus.ca.