



RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2025

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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 favorable 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.

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1.1 DATE AND BASIS OF PRESENTATION

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

The Company reports in accordance with IFRS Accounting Standards ("IFRS Accounting Standards") 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. *Non-GAAP Financial Measures*.

This MD&A is prepared as of April 30, 2026.

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.

In September 2025, the Company expanded its international investor engagement by listing on the Frankfurt Stock Exchange under the trading symbol "Y2V", in addition to its primary listing on the TSXV. The dual listing is expected to broaden the Company's exposure to global capital markets and support its ongoing efforts to grow its business.

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, potentially, 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.

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1.2.1 HIGHLIGHTS

After the end of the reporting period, on March 27, 2026, the Company announced that its Board of Directors initiated a formal review of strategic alternatives to identify opportunities to maximize value for shareholders. In December 2025, the Company entered into a definitive agreement with Solaris Energy Inc. to acquire a royalty interest in two portfolios of distributed generation solar projects located throughout the United States. During the fourth quarter of 2025, the Company repaid \$9,802,000 in aggregate principal sum upon maturity of the first three tranches of Series 1 Green Bonds. After the end of the reporting period, in March 2026, the fourth and final tranche of Series-1 Green Bonds amounting to \$364,000 was also repaid.

1.2.2 STRATEGIC REVIEW TO EVALUATE PATH FOR LONG-TERM VALUE CREATION

On March 27, 2026, the Company announced that its Board of Directors (the "Board") initiated a formal review of strategic alternatives (the "Strategic Review") to identify opportunities to maximize value for shareholders. As part of this process, the Board will evaluate a broad range of potential alternatives, including, but not limited to, sale of the Company, strategic or co-investment partnerships, or capital structure optimizations through equity or debt financings. The Strategic Review represents a natural evolution for RE Royalties as the Company seeks to position itself for future growth.

The Strategic Review follows a formal recommendation from management. A Special Committee of the Board ("Special Committee") has been established to lead the process and oversee the evaluation, with the goal of ensuring a capital structure that prioritizes long-term value creation.

The Company has elected to disclose the Strategic Review as part of its commitment to transparency. However, there is no assurance that the Strategic Review will result in any specific transaction or outcome. RE Royalties does not intend to provide updates on the Strategic Review unless the Board determines that disclosure is appropriate or required by law.

Throughout the Strategic Review, the Company's management team remains focused on its day-to-day operations, executing its strategy and its commitment to its clients, shareholders, bondholders, partners, and employees.

RE Royalties remains focused on unlocking growth in the renewable energy sector by leveraging its proven royalty financing model to support developers and operators, generate long-term recurring revenues, and deliver measurable environmental and social impact.

The Company has engaged PricewaterhouseCoopers Corporate Finance Inc as its financial advisor in conjunction with the Strategic Review.

RE Royalties cautions that the engagement of a financial advisor should not be interpreted as an indication that any specific transaction will be pursued. There can be no assurance that the Strategic Review will result in any transaction or other strategic outcome, nor as to the timing, terms, or completion of any such outcome.

1.2.3 RENEWABLE ENERGY ROYALTY INVESTMENTS

As of the date hereof, the Company owned a portfolio of 108 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:

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	Location	# of Royalties ^(f)	Expected Expiration/ Term	Royalty as % of Revenue	Energy Type	Status	Generating/ Storage Capacity	Original Investment (C\$ million)
Completed in fiscal 2025 to the date hereof								
Solaris	CA, ME, CO, DE, NH - United States	1 ^(f)	Life of projects	16.85% ^(f)	DG solar	7 under construction; 6 fully contracted; 2 awarded / exclusive	15.0 MWdc / 10.62 MWac	\$5.21 ^(e)
SPOBOC – Winchester / Peak Power	ON, Canada	1	10 years	Fixed(h) \$14,570 per year	Battery	Development	To be confirmed ^(b)	\$ 0
Clear Blue Technologies	ON, Canada	1	15 years	0.75%	Solar Battery	Operational	1MW ^(g)	\$ 0.5
Completed in fiscal 2024								
PowerBank ⁽ⁱ⁾	ON, Canada	3	20 years	0.80%	Battery	Construction	14.97 MW	\$ 3.0
Abraxas	Maldives	2	15 years	2%	Solar	Operational	0.77MWDC	\$ 1.02
Revolve (Rooftop Solar) ^(e)	Mexico	1	15 years	5%	Solar	Operational	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	Operational	4 MW	\$ 1.70
Completed in fiscal 2023								
Cleanlight	Chile	1	2033	5%	Solar Battery	Operational	1.7 MW	\$ 3.48 ^(e)
AlbertaCo	AB, Canada	1	11 Years	\$0.40/MWh	Wind	Operational	100 MW	\$ 0.94

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	Location	# of Royalties ^(c)	Expected Expiration/ Term	Royalty as % of Revenue	Energy Type	Status	Generating/ Storage Capacity	Original Investment (C\$ million)
Completed before fiscal 2023								
Delta Energy Partners	PR, USA	1	2035	Fixed ^(c) \$206,976 per year	Solar	Development	Not applicable	\$ 5.46 ^(c)
Revolve (Cancun) ^(e)	Mexico	2	2033	6%	Battery Storage	Operational	1.9 MW	\$ 1.90
Revolve (Solar 1) ^(e)	Mexico	6	2030-2033	6%	Solar	Operational	2.4 MW	\$ 1.60
NOMAD ^(a)	VT, USA	6	2027	3.50%	Battery storage	Operational	3.5 MW	\$ 7.76 ^(c)
OCEP ^(a)	WI, USA	1	2035	Fixed ^(c) \$242,880 per year	Renewable Natural Gas	Operational	2 MW (equiv.)	\$ 6.15 ^(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 <i>Wholly-owned operating entities</i>						
Switch Power 1 ^(d)	ON, Canada							
Total		108						\$ 58.54^(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\$2.39 million), Revolve (Solar 1) (\$377,000) and Revolve Cancun (\$719,000). 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 \$34.23 million.
- (c) Based on exchange rate of 1 US\$: 1.37 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 underlying entities for these assets). Consequently, SPOBOC and SPOSOC became wholly owned subsidiaries of the Company, and the Company now operates the underlying assets.
- (e) 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 by an additional six months term to April 25, 2025 and also extended the maturity date for the Revolve (Cancun) loan to April 25, 2025. As a result of this extension, the royalty rate on the Revolve (Solar 1) and the Revolve (Cancun) increased to 6%. In April 2025, the Revolve (Solar 1) 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. In July 2025, the outstanding balance of the Revolve Loan, Revolve Cancun Loan

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and Revolve Rooftop Solar Loan were consolidated into a single loan agreement, and the maturity date was extended till July 31, 2026. The interest rate on the consolidated loan amount is 13% per annum.

- (f) 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 herein.
- (g) This is an approximate preliminary estimate based on historical deployments.
- (h) Fixed royalty on the Winchester project is only payable if it reaches commercial operations on or prior to December 31, 2027. Final project sizing is still being finalized by Peak Power.
- (i) Refer to additional discussions herein with respect to the increase in the PowerBank royalty interest.
- (j) The Solaris Royalty applies to a portfolio of projects of Solaris Energy Inc. See additional details regarding the Solaris Royalty herein.

Deal Flow and Pipeline Update

During the year, the Company continued to advance its core growth strategy of originating senior-secured loan investments paired with long-dated royalty interests across renewable energy and clean-technology assets. The Company maintained a robust pipeline of potential investments sourced primarily through proprietary, relationship-based channels. Management believes the depth and maturity of the current pipeline provide meaningful visibility into potential future capital deployment, subject to availability of capital and successful completion of due diligence and documentation.

Deal Origination and Sourcing

The Company's deal-flow activities during the period were largely driven by inbound opportunities from existing and repeat clients, as well as referrals from the renewable energy development community. A number of pipeline opportunities represent follow-on transactions with clients that have previously completed financings with the Company (platform clients), including Solaris, Abraxas, Revolve, and Teichos. Management views repeat-client activity as an indicator of execution credibility and relationship strength; however, future transactions with such clients remain subject to credit approval and market conditions.

The Company does not generally pursue competitive auction processes and instead focuses on negotiated, bilateral transactions where it can structure downside protection and return characteristics consistent with its underwriting criteria.

Screening and Underwriting Discipline

The Company applies a disciplined investment screening and approval process. Over the past two years, the Company has reviewed in excess of \$1.0 billion of potential investment opportunities and historically converted approximately 10–17% of reviewed opportunities into completed transactions. Management believes this approach reflects a deliberate focus on selectivity rather than transaction volume, prioritizing senior security, collateral coverage, and risk-adjusted return potential. All prospective investments are subject to Board of Directors review and must meet established underwriting thresholds prior to approval.

Pipeline Status and Near-Term Visibility

As of April 2026, the Company maintained a detailed pipeline comprising more than 20 potential clients across the United States, Canada, Mexico, Colombia, and select international markets. Based on currently identified opportunities, indicative potential deployment across the pipeline ranges from approximately \$693 million to \$958 million, reflecting variability in deal size and the early-stage nature of certain opportunities.

Several opportunities were at advanced stages during the period, including:

- One transaction classified as committed (expected to close in Q2 2026),
- Multiple opportunities under framework or final agreements with diligence ongoing,
- Additional transactions at draft-terms or initial diligence stages.

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Management expects that, subject to availability of required capital, a portion of advanced-stage opportunities may close during the second half of 2026 and 2027; however, there can be no assurance that any specific transaction will be completed on expected terms or timelines.

Investment Structures and Expected Returns

Pipeline opportunities generally align with the Company's established investment structures, consisting primarily of senior-secured construction, acquisition, or bridge loans coupled with long-dated royalty interests, and in some cases, standalone royalty investments. Indicative target returns on pipeline opportunities typically range from approximately 12% to 20% or higher, depending on project stage, geography, client credit profile, and structure. Actual realized returns may differ materially from expectations.

Short-term loans are generally intended to be repaid and redeployed, while royalty interests are designed to provide long-term recurring cash flows. Management considers capital recycling to be an important component of portfolio growth; however, the timing of repayments and redeployment is subject to borrower performance and market conditions.

Outlook

Management believes the Company's current pipeline reflects continued demand for non-dilutive financing solutions among small- and mid-sized renewable energy developers. The ability to convert pipeline opportunities into completed investments will depend on, among other factors, access to capital, macroeconomic and interest-rate conditions, successful due diligence, and regulatory and market developments.

The Company will continue to prioritize disciplined deployment, preservation of capital, and risk-adjusted returns over growth in asset count alone.

Royalty-Based Investment Transactions in fiscal 2025

A. 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 first portfolio consists of 15 projects including 9 under construction with several nearing operation, and 6 in development, located across California, Maine, Delaware, New Hampshire and Colorado ("Portfolio 1"). The second portfolio comprises 9 more projects, the final composition of which may evolve as the projects advance ("Portfolio 2").

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

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rate will be adjusted at each advance to target a pre-agreed minimum return based on a 25-year period. The Royalty will continue after 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.

B. 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 Renewable Power Corp. (TSX.V: REVV) ("Revolve"), a North American owner, operator and developer of renewable energy projects, of up to US\$8,000,000 to support Revolve's proposed acquisition (the "Proposed Acquisition") of an operating wind energy project in the United States (the "Revolve Wind Project"). The Company was also to receive a royalty of 5% on gross revenues generated by the Revolve Wind Project for its remaining life.

In June 2025, pursuant to the terms of the Revolve Wind Project Loan agreement, the Company deposited \$10,927,200 (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.

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 Wind Project Loan and related agreements. The Company earned interest on the Escrowed Funds at 12% per annum.

C. Clear Blue Technologies

In April 2025, the Company completed a loan and royalty transaction with Clear Blue Technologies International Inc., ("Clear Blue") to support the restructuring of its existing bank debt. Clear Blue has over 9000 smart off-grid solar / battery systems in the field across 37 countries, providing clean, remotely managed solutions to global customers including satellite networks and remote internet, lighting, industrial controls, security, emergency power, and IoT.

The Company provided \$500,000 to purchase Clear Blue's existing bank debt and provide working capital to Clear Blue. The financing was structured into three components: a \$375,000 term loan with annual interest rate of 12%; a 15-year royalty of 0.75% on gross consolidated revenues (total cumulative royalty payments capped at \$750,000); and 1,388,889 equity 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.

D. Revolve Loans – Consolidation and Modification Agreement

In July 2025, the Company entered into a consolidation and modification agreement (the "Consolidation and Modification Agreement") with Revolve Power to consolidate the three existing loans receivable from Revolve, namely: Revolve Loan, Revolve Cancun Loan, and Revolve Rooftop Solar Loan (collectively: the "Revolve Mexico Loans") into a single consolidated loan (the "Revolve Consolidated Loan"). The Revolve Consolidated Loan has a one-year term, and bears interest rate at 13% per annum. During the term of the Revolve Consolidated Loan, in addition to accrued interest, \$150,000 is payable on a quarterly basis against the principal sum of the loan. During the year ended December 31, 2025, and prior to the date of the

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Consolidation and Modification Agreement, the Company received an aggregate amount of \$754,000 against the principal sum of the Revolve Mexico Loans.

The Consolidation and Modification Agreement also resulted in consolidation of the three existing separate 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 the Revolve Consolidated Loan at fair value.

E. 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.

F. PowerBank BESS

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 will be used for the development and construction of three 4.99 MW BESS projects (the "PowerBank Projects"), each of which has a long-term contract with the Ontario Independent Electricity System Operator under the E-LT1 program. The PowerBank Projects are owned by two entities — 1000234763 Ontario Inc. and 1000234813 Ontario Inc. (collectively the "PowerBank ProjectCos") — in which the SolarHYP holds a 50% interest. The remaining 50% is owned by a partnership formed by First Nations communities in Ontario. The SolarHYP also has varying ownership interests ranging from 24.95% to 100% in 52 operating solar projects in Ontario, with a total gross capacity of 19.9MWDC.

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.

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Expected credit losses ("ECL") and impairment losses

The following table summarizes the expected credit losses and impairment losses recorded in the Financial Statements, with additional information and status update as of the date of the MD&A:

	Bases for ECL and impairment	Additional information
OCEP	The expected credit losses of \$914,072 and \$397,559 with respect to the OCEP Loan recorded in fiscal years 2024 and 2025, respectively, were due to changes in the timing of cash flows expected to be received by the Company discounted using the original effective interest rate (26.1%).	The OCEP project continues to operate, produce and sell RNG as expected. OCEP has met all contractual interest and principal payments to date. Additionally, OCEP have qualified for, received, and sold production tax credits for RNG (PTCs).
Delta	The Company recorded \$1,348,979 and \$2,227,683 expected credit losses in fiscal years 2024 and 2025 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.	Delta has received an offer to purchase the company from a private equity fund. That offer is subject to the fund concluding their capital raise and fund set-up documentation and includes repayment of the Company's original Loan and a buyout of the Royalty agreement.
Cleanlight	At December 31, 2025, the Company recorded \$1,488,664 in ECL 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.	The Company and Cleanlight have agreed in principle to a debt restructuring expected to be completed in Q2 2026. Although there can be no assurances of completion, management expects that, if completed, the proposed restructuring will allow the business activities to continue and support recovery of the debt over the long term.
NOMAD	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 royalty receivable from NOMAD. Due to prolonged default on the amount receivable, the Company recorded an expected credit loss of \$641,195 against royalty receivable from NOMAD. The Company also recorded an impairment loss equivalent to the carrying amount of the NOMAD Royalty.	NOMAD and the Company have agreed a payment plan that will allow NOMAD to reduce the outstanding payable. NOMAD acknowledges the money owed and continues best efforts to raise equity and to deliver on their sales backlog.
SPOBOC	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. The impairment was triggered by a shift in the underlying price curve that derives SPOBOC's expectation of its future revenue. For purposes of 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.	The SPOBOC operating portfolio of 9 BESS assets continue to operate and generate revenue through peak hour avoidance in the Ontario electricity market. The market price for electricity in Ontario has seen substantial variability in the last year and this has directly resulted in revenue volatility for the SPOBOC portfolio.

1.2.4 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

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A. Switch Power Ontario Battery Operations 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
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

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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.

Sale of Certain Development Projects

As of the date of its acquisition by the Company, SPOBOC had certain development stage BESS projects ("SPOBOC Development Projects"), and for one of those projects, it had provided an interconnection deposit of \$340,000, and it also had a corresponding liability by way of an unsecured loan payable to a third-party, namely, Peak Power Inc. ("Peak Power"), with an outstanding principal sum of \$340,000, and accrued interest of \$35,117 at the rate of Canadian Prime Interest Rate, plus 2% per annum.

In August 2025, two of the SPOBOC Development Projects were sold to Peak Power, and as part of this sale, the interconnection deposit and related loan payable, including any interest accrued thereon, were transferred to Peak Power, and were derecognized. The aforementioned sale did not involve any cash consideration, but the Company did retain a royalty on the Winchester project. The Company recognized a gain of \$64,654 from this sale.

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

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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).

1.2.5 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 ₂ e)	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
NOMAD	VT, USA	6	Battery	28	11,397	4,852	1,675
Revolve	Canada, Mexico	11	Solar, Hydro, Wind, Battery	25	73,185	12,740	10,651
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
Abraxas	Maldives	2	Solar	0.8	1,257	993	687
Clear Blue**	Global	1	Solar, Battery	1	1,300	1,044	840
Operational Subtotal		111		413	1,022,892	430,416	137,442

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

** Approximate preliminary estimates based on historical deployments, to be updated.

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Client	Location	Projects	Energy Type	Clean Power Capacity (MW _{AC})	Annual Clean Generation (MWh)	Annual GHG Offset (tCO _{2e})	Annual Homes Powered
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Development Stage							
Switch (RE subs)	ON, Canada	3	Battery	12	502	452	61
Delta	Puerto Rico	1	Solar	0.5	949	565	188
Revolve	Mexico	1	Battery	0.7	264	140	129
PowerBank	Ontario	3	Battery	15	639	305	77
Solaris	US	1	Solar	8	15,053	6,513	2,276
Development Subtotal		9		36	17,406	7,975	2,731

PORTFOLIO TOTAL		120	108 royalties + 12 assets	450	1,040,297	438,391	140,174
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Emission Reduction Equivalents

94,712	135,273	7,248,892
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 2023 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.

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- Diesel Offgrid (Cleanlight, Clear Blue): World Resources Institute GHG Protocol Emission Factors
https://ghgprotocol.org/sites/default/files/2023-03/Stationary_combustion_tool_%28Version4-1%29.xlsx

Homes Powered

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

- Canada: Statistics Canada. Table 25-10-0060-01 Household energy consumption, Canada and provinces
<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=2510006001>
- US: US Energy Information Agency Average Residential Monthly Bills
https://www.eia.gov/electricity/sales_revenue_price/pdf/table5_a.pdf
- Mexico: Gobierno de Mexico Balance Nacional de Energia 2021
<https://www.gob.mx/cms/uploads/attachment/file/805509/BNE-2021.pdf>
- Puerto Rico: NREL Puerto Rico Energy Efficiency Scenario Analysis Tool
<https://www.nrel.gov/state-local-tribal/preesat.html>
- Chile: C. Agostini et al 2015. "Elasticities Of Residential Electricity Demand In Chile," ILADES-UAH Working Papers
<https://EconPapers.repec.org/RePEc:ila:ilades:inv312>
- 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 (2) female board members of 7 (29%)

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

Charitable Activity

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

In Q4 2025, the Company made a charitable contribution of \$25,000 to the Small Change Fund in support of the Energy Mix project. This donation will support independent climate journalism by empowering original

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news reporting as well as analysis. The Energy Mix Publications project provides in-depth journalism to combat disinformation and greenwashing to highlight the urgency of the climate crisis and shine a light on the methods employed by various communities to reduce the impact of climate change.

In Q3 2025 as of the date of this MD&A, the Company donated \$25,000 to the Eric Hamber Griffins program. This program, founded by head coach, Bobby Gibson in 2010, at the Eric Hamber Secondary School, is the last football program in Vancouver, offering a community, support, and personal growth for student athletes. The Eric Hamber Griffins program believes that football is a key instrument in teaching students skills valuable both on and off the field, including teamwork, resilience, grit, and leadership. The Company's donation will be used to ensure the team does not lose access to essentials such as equipment and safety supplies.

In Q2, 2025, the company donated \$25,000 (in addition to prior donations) to Zajac Ranch for Children, which is committed to improving the lives of children and young adults with medical conditions and disabilities. Zajac's programs and activities aim to empower campers, boost their confidence and self-esteem, and enhance their social and life skills as they experience the joys of the outdoors and of recreation in a safe, all-inclusive and adaptable camp environment.

In 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 \$25,000 to Zajac Ranch for Children, in addition to prior donations.

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*

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1.2.6 DISTRIBUTION TO SHAREHOLDERS

The following table summarizes the distributions made in the fiscal year 2025 and 2024 to the date of this MD&A:

Declaration date	Record date	Payment date	Amount	
			Per share (\$)	Total (\$)
Fiscal Year 2025				
December 10, 2025	December 31, 2025	January 21, 2026	0.01	\$ 435,220
July 23, 2025	August 13, 2025	September 3, 2025	0.01	433,768
April 9, 2025	April 30, 2025	May 21, 2025	0.01	433,768
Total for 2025				\$ 1,302,756
Fiscal Year 2024				
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.

On December 11, 2025, the Board approved a change in the Company's dividend policy from a quarterly declaration to an annual declaration. This proactive decision is designed to enhance the Company's financial flexibility to capitalize on the growing number of high-quality renewable energy opportunities in its investment pipeline. This focused capital allocation is expected to deliver stronger long-term outcomes for both the Company and its shareholders.

The declaration, timing, amount, and payment of future dividends will be subject to the discretion and approval of the Board of Directors. The Company will review the dividend program on an ongoing basis and may amend it at any time depending on the Company's then current financial position, capital allocation framework, profitability, cash flow, debt covenant compliance, legal requirements and other factors considered relevant. As such, no assurances can be made that any future dividends will be declared and/or paid.

1.2.7 GRANT OF SHARE-BASED AWARDS

In January 2026, the Board authorized the grant of 1,195,000 share purchase options under the Company's Stock Option Plan to its 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 also authorized the grant of an aggregate 800,000 restricted share units ("RSUs"), under the Company's RSU Plan, to its officers, employees and consultants of the Company.

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1.3 SELECTED ANNUAL INFORMATION

The following information is derived from the Company's accompanying Financial Statements which have been prepared in accordance with IFRS Accounting Standards effective for the respective reporting years ("FY") of the Company and are expressed in Canadian dollars.

	FY 2025	FY 2024	FY 2023
Total assets	\$ 31,630,000	\$ 53,812,000	\$ 53,978,000
Total non-current liabilities	\$ 24,031,000	\$ 35,335,000	\$ 36,365,000
Total current liabilities	\$ 11,707,000	\$ 11,478,000	\$ 526,000
Royalty revenue	\$ 1,013,000	\$ 1,468,000	\$ 819,000
Finance income	\$ 4,336,000	\$ 6,850,000	\$ 7,422,000
Income from royalty buyout	\$ -	\$ -	\$ 1,564,000
Energy revenue	\$ 881,000	\$ 269,000	\$ -
Total revenue and income	\$ 6,230,000	\$ 8,587,000	\$ 9,805,000
Cash distribution per share	\$ 0.03	\$ 0.04	\$ 0.04
Net loss for the year	\$ 8,713,000	\$ 9,273,000	\$ 1,811,000
Net loss attributable to the Company's shareholders	\$ 8,873,000	\$ 9,354,000	\$ 3,124,000
Basic and diluted loss per share	\$ (0.20)	\$ (0.22)	\$ (0.07)

FY 2025 vs FY 2024

The Company's total assets decreased in FY 2025, mainly due to the repayment of Series-1 Green Bonds, distributions to the Company's shareholders, and expected credit losses recorded during the year.

At December 31, 2025, the Company's total liabilities decreased due to the repayment of the Series-1 Green Bonds. The Company has also derecognized the deferred government grant liability relating to SPOBOC during FY 2025.

The decrease in revenue and income in FY 2025, compared to FY 2024, was mainly due to a decrease in finance income as a result of credit losses recording in the prior year. Despite of the decrease in revenue and income, there was a decrease in net loss in FY 2025, compared to FY 2024, mainly due to higher credit and impairment losses recorded in the prior year.

FY 2024 vs FY 2023

The Company's total assets decreased in FY 2024, mainly due to the net effect of credit losses recorded during FY 2024 and proceeds of approximately \$6.47 million from the Series 4 Secured Green Bond Financing completed during the year. The decrease in non-current liabilities is due to the net effect of the issuance of Series-4 Secured Green Bonds and the reclassification of \$9.80 million, representing the carrying amount of Series-1 Green Bonds maturing in 2025, from non-current liabilities to current liabilities at December 31, 2024.

The Company's royalty revenue grew over the last three years following the growth of the Company's portfolio of royalty interests. Finance income decreased to \$6.85 million in FY 2024, compared to \$7.42 million in FY2023, mainly due to repayment of certain loans, loss of finance income relating to the FuseForward loan after it was impaired in Q3 2023, and settlement of loans due from SPOBOC and SPOSOC, partially offset by an

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increase in the finance income recorded on additional secured loans advanced during the Current Year as well as during the course of fiscal year 2023. The income from royalty buyout recorded in FY2023 relates to the Teichos royalty buyback. No royalty buyback was completed in FY2024.

In FY 2024, the Company recorded credit losses relating to its investment in OCEP, Delta, Cleanlight, Switch Power, and Switch Solar as described herein under section 1.2.3 *Renewable Energy Royalty Investments*. This contributed to the Company's net loss for the year of \$9.27 million, in addition to higher audit expenses, legal expenses and finance expenses pertaining to Series-4 Green Bonds recorded during the year.

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 Accounting Standards effective for the respective reporting periods of the Company and are expressed in thousands of Canadian dollars.

	Fiscal Quarter Ending							
	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024
Royalty revenue	\$ 182	\$ 209	\$ 442	\$ 180	\$ 691	\$ 314	\$ 254	\$ 209
Finance income	746	1,173	1,048	1,369	1,470	1,378	1,574	2,428
Energy revenue	127	181	394	178	269	-	-	-
Total revenue and income	1,055	1,563	1,884	1,727	2,430	1,692	1,828	2,637
Net (loss) income after tax	(7,168)	(577)	(564)	(479)	(9,079)	(195)	(657)	659
Net (loss) income attributable to the Company's shareholders	(6,876)	(722)	(713)	(636)	(8,309)	(444)	(958)	358
Net (loss) income per share	\$ (0.16)	\$ (0.02)	\$ (0.02)	\$ (0.01)	\$ (0.19)	\$ (0.01)	\$ (0.02)	\$ 0.01

Trends with respect to the Company's Financial Results

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

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, Cleanlight, Clear Blue) 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.

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Finance Income	<p>The company's finance income generally follows the same trend as the size of its portfolio of performing secured loans.</p> <p>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:</p> <p>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.</p> <p>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.</p>
Energy Revenue	<p>The Company earns energy revenue by operating a portfolio of Battery Energy Storage Systems (BESS) and rooftop solar system.</p> <p>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.</p> <p>SPOBOC's energy revenue primarily comprises its share of savings generated through GA abatement, as described in 1.2.3 <i>Wholly-Owned Operating Entities</i>, which savings are a function of the following:</p> <ul style="list-style-type: none">• 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	<p>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.</p> <p>Moreover, certain expenses are incurred to support the Company's marketing, financing and investing activities and accordingly fluctuate with the timing of such activities.</p>
Finance Expenses	<p>The Company's finance expenses vary with changes in its outstanding debt capital, mainly Green Bonds, and related borrowing rates.</p>

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Analysis of Quarterly Results

Quarter ended	Analysis
December 2025 (Q4/2025)	<p>The decrease in the royalty revenue in Q4/2025, compared to Q3/2025, is due to the seasonal nature of different sources of renewable energy generation, as discussed above. Moreover, the decrease in royalty revenue as compared to Q4/2024 is due to royalty revenue recorded for NOMAD in Q4/2024, which was not recorded in Q4/2025.</p> <p>The decrease in the finance income in Q4/2025, compared to Q3/2025, was due to higher income recorded in the prior quarter mainly from the Revolve LOI transaction.</p> <p>The decrease in the energy revenue in Q4/2025 was due to lower Global Adjustment prices during the quarter.</p> <p>In Q4/2025, the Company recorded a net loss of \$7.20 million mainly due to expected credit losses and impairment losses recorded in the quarter.</p> <p>Refer to the following section (1.5 Results of Operations) for a detailed analysis of this quarter's results.</p>
September 2025 (Q3/2025)	<p>The decrease in the royalty revenue in Q3/2025, compared to Q2/2025, was due to higher revenue recorded in the prior quarter mainly from the NOMAD royalty.</p> <p>The decrease in the Energy revenue is due to the decrease in the Global Adjustment revenue for SPOBOC.</p>
June 2025 (Q2/2025)	<p>During Q2/2025, the Company completed a loan and royalty transaction with Clear Blue amounting to \$500,000.</p> <p>The increase in the royalty revenue in Q2/2025 was mainly due to revenue from the NOMAD royalty recorded in this quarter. However, the decrease in the finance income, as compared to Q1/2025, is mainly on account of repayment of the Windriver loan in January 2025.</p>
March 2025 (Q1/2025)	<p>No additional investment transactions were closed during Q1/ 2025.</p>
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)	<p>No additional investment transactions were closed during Q3/ 2024.</p>
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>

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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.

**March 2024
(Q1/2024)**

During Q1/2024, the Company closed three additional royalty based investments and deployed approximately \$6.12 million to expand the existing portfolio.

In February 2024, the Company received an early repayment of the NOMAD loan.

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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 \$7,168,000 for the three months ended December 31, 2025 ("Current Quarter"), compared to a net loss of \$9,079,000 recorded for the three months ended December 31, 2024 ("Prior Year Quarter"). During the Current Quarter, net loss attributable to shareholders of the Company was \$6,876,000, compared to a net loss of \$8,309,000 attributable to shareholders of the Company for the Prior Year Quarter.

The Company recorded a net loss of \$8,713,000 for the year ended December 31, 2025 ("Current Period"), compared to a net loss of \$9,273,000 recorded for the year ended December 31, 2024 ("Prior Period"). During the Current Period, net loss attributable to shareholders of the Company was \$8,873,000, compared to a net loss of \$9,354,000 attributable to shareholders of the Company for the Prior Period.

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

Unless stated otherwise, the following discussions and analysis relating to the Current Year also applies to the Current Quarter.

REVENUE AND INCOME

	Three months ended December 31,				
	Note	2025	2024	Change (\$)	Change (%)
Royalty revenue	(1)	\$ 182,256	\$ 691,208	\$ (508,952)	(74%)
Finance income	(2)	746,084	1,470,056	(723,972)	(49%)
Energy revenue - Rooftop Solar Systems	(3)	27,882	11,827	16,055	136%
Energy revenue - BESS	(4)	98,660	257,547	(158,887)	(62%)
Revenue and income		\$ 1,054,882	\$ 2,430,638	\$ (1,375,756)	(57%)
Gain/(loss) on revaluation of derivative financial asset/marketable securities	(5)	\$ 15,889	\$ (84,976)	\$ 100,865	(119%)
Gain on revaluation of financial asset at FVTPL	(6)	\$ 6,673	\$ 6,540	\$ 133	2%
	Year ended December 31,				
	Note	2025	2024	Change (\$)	Change (%)
Royalty revenue	(1)	\$ 1,013,165	\$ 1,468,085	\$ (454,920)	(31%)
Finance income	(2)	4,335,971	6,849,831	(2,513,860)	(37%)
Energy revenue - Rooftop Solar Systems	(3)	222,830	11,827	211,003	1784%
Energy revenue - BESS	(4)	657,763	257,547	400,216	155%
Revenue and income		\$ 6,229,729	\$ 8,587,290	\$ (2,357,561)	(27%)
Loss on revaluation of derivative financial asset/marketable securities	(5)	\$ (62,778)	\$ (104,355)	\$ 41,577	(40%)
Gain on revaluation of financial asset at FVTPL	(6)	\$ 62,007	\$ 59,436	\$ 2,571	4%

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

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- (1) Royalty revenue for the Current Year decreased, compared to the Prior Year, mainly due to the timing of royalty revenue earned from certain royalty interests (e.g. NOMAD) that are driven by the manufacturing and sales activities underlying these royalty interests.
- (2) The decrease in finance income in the Current Year was mainly due to expected credit losses recorded in the Prior Year. The Company did not record any income on the Delta Loan and the Cleanlight Loan in the Current Year.
- (3) The Company recorded energy revenue from Rooftop Solar Systems in the Prior Year for only two months following the acquisition of SPOSOC in November 2024.
- (4) The Company recorded energy revenue from BESS in the Prior Year for only two months following the acquisition of SPOBOC in November 2024. Energy revenue from BESS was lower in the Current Quarter because of lower GA prices.
- (5) The gain or loss on revaluation of derivative financial asset represents a mark-to-market adjustment relating to the warrants and equity investment in Clear Blue Technologies.
- (6) Gain on revaluation of Aeolis Loan mainly resulted from changes in risk-free interest rates in the Current Year.

OPERATING EXPENSES – BESS AND SOLAR PROJECTS

The Company had acquired BESS and Solar operating projects on November 1, 2024, so the decrease in the Current Year as compared to Prior Year is on account of the same, as the projects were operational during the entire Current Year as against the partial Prior Year Quarter.

	Three months ended December 31,					
	Note	2025		2024		Change (\$) Change (%)
Operating expenses – BESS						
Software maintenance services	(1)	\$ 31,802	\$ 56,711	\$ (24,909)	(44%)	
Operations and maintenance	(2)	23,970	12,935	11,035	85%	
Insurance		11,850	14,630	(2,780)	(19%)	
Depreciation and amortization		159,380	89,286	70,094	79%	
		\$ 227,002	\$ 173,562	\$ 53,440	31%	
Operating expenses – Rooftop Solar Systems						
Leases, and operations and maintenance	(3)	\$ 18,344	\$ 2,911	\$ 15,433	530%	
Insurance		1,177	-	1,177	N/A	
Depreciation and amortization		22,091	14,727	7,364	50%	
		\$ 41,612	\$ 17,638	\$ 23,974	136%	
		\$ 268,614	\$ 191,200	\$ 77,414	40%	

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	Note	<u>Year ended December 31,</u>		Change (\$)	Change (%)
		2025	2024		
Operating expenses – BESS					
Software maintenance services	(1)	\$ 105,452	\$ 56,711	\$ 48,741	86%
Operations and maintenance	(2)	189,888	12,935	176,953	1368%
Insurance		77,680	14,630	63,050	431%
Depreciation and amortization		561,170	89,286	471,884	529%
		\$ 934,190	\$ 173,562	\$ 760,628	438%
Operating expenses – Rooftop Solar Systems					
Leases, and operations and maintenance	(3)	\$ 38,130	\$ 2,911	\$ 35,219	1210%
Insurance		1,569	-	1,569	N/A
Depreciation and amortization		88,364	14,727	73,637	500%
		\$ 128,063	\$ 17,638	\$ 110,425	626%
		\$ 1,062,253	\$ 191,200	\$ 871,053	456%

- (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) Operations and maintenance services mainly include the annual maintenance charges and charges for system upgrades for Eneon sites.
- (3) Operating expenses for SPOSOC mainly include lease payments, operations & maintenance (O&M) contract expenses, and insurance.

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EXPENSES – OTHERS

	Note	Three months ended December 31,		Change (\$)	Change (%)
		2025	2024		
Salaries and benefits	(1)	\$ 352,234	\$ 292,694	\$ 59,540	20%
Administration	(2)	62,984	126,437	(63,453)	(50%)
Marketing and stakeholder communication	(3)	106,600	113,070	(6,470)	(6%)
Audit and audit related	(4)	99,007	182,273	(83,266)	(46%)
Consulting – Financing	(5)	10,000	16,789	(6,789)	(40%)
Consulting – Other	(6)	57,463	35,887	21,576	60%
Regulatory and transfer agency	(7)	38,232	9,140	29,092	318%
Office lease and information technology	(8)	21,970	13,288	8,682	65%
Legal	(9)	39,189	27,519	11,670	42%
Donation	(10)	25,000	36,000	(11,000)	(31%)
Total		\$ 812,679	\$ 853,097	\$ (40,418)	(5%)

	Note	Year ended December 31,		Change (\$)	Change (%)
		2025	2024		
Salaries and benefits	(1)	\$ 1,288,165	\$ 1,163,448	\$ 124,717	11%
Administration	(2)	439,967	422,469	17,498	4%
Marketing and stakeholder communication	(3)	367,028	480,165	(113,137)	(24%)
Audit and audit related	(4)	416,209	531,380	(115,171)	(22%)
Consulting – Financing	(5)	60,000	67,156	(7,156)	(11%)
Consulting – Other	(6)	262,066	189,540	72,526	38%
Regulatory and transfer agency	(7)	138,086	79,130	58,956	75%
Office lease and information technology	(8)	103,131	51,146	51,985	102%
Legal	(9)	93,605	124,153	(30,548)	(25%)
Donation	(10)	75,000	86,000	(11,000)	(13%)
Total		\$ 3,243,257	\$ 3,194,587	\$ 48,670	2%

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

- (1) The increase in salaries and benefits in the Current Period was mainly due to the hiring of additional resources by the Company to support its growing business that entailed a decrease in its administrative, marketing, and stakeholder communication expenses (see (2) and (3) below), as the new hiring reduced the Company's reliance on services that were previously provided by certain consultants in these functional areas.
- (2) The administration expenses during the Current Period was mainly attributable to the initial setup and transition-related matters with respect to the Company's acquisition of SPOBOC and SPOSOC and have remained consistent. The administration expenses have decreased during the Current Quarter, compared to the Prior Year Quarter, as mentioned in (1) above.
- (3) The marketing and stakeholder communication expenses decreased in the Current Year, compared to the Prior Year, mainly because the Company employed a full-time resource to assist with its marketing and investor relations activities that were previously undertaken by consultants.

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- (4) The audit and audit related expenses were lower in the Current Year, compared to the Prior Year, due to the timing of work completed with respect to the audit of the Company's Financial Statements.
- (5) Finance consulting expenses have remained consistent in the Current Year, compared to the Prior Year. The Company engaged certain consultants in the Current Year to assist with its financing activities.
- (6) The increase in other consulting expenses in the Current Year was mainly due to certain consulting fees with respect to the Board advisory services and compensation related matters.
- (7) The regulatory expenses vary with the timing of the Company's compliance requirements.
- (8) The information technology expenses increased in the Current Year due to the IT transition to a new IT service provider in Q2 2025.
- (9) Legal expenses were higher in the Prior Year due to the acquisition of SPOBOC and SPOSOC completed in November 2024.
- (10) 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 December 31,					
	2025		2024		Change (\$)	Change (%)
Finance expenses relating to:						
Green Bonds	\$	972,884	\$	1,088,286	(115,402)	(11%)
Loan payable (BESS)		-		4,375	(4,375)	(100%)
Accretion and remeasurement of decommissioning liabilities		(9,939)		8,633	(18,572)	(215%)
Office Lease		172		648	(476)	(73%)
Other finance expenses		38,792		-	38,792	N/A
Total	\$	1,001,909	\$	1,101,942	\$ (100,033)	(9%)

	Year ended December 31,					
	2025		2024		Change (\$)	Change (%)
Finance expenses relating to:						
Green Bonds	\$	4,288,592	\$	3,863,302	\$ 425,290	11%
Loan payable (BESS)		15,163		4,375	10,788	247%
Accretion and remeasurement of decommissioning liabilities		(30,138)		8,633	(38,771)	(449%)
Office Lease		1,414		3,262	(1,848)	(57%)
Other finance expenses		146,510		-	146,510	N/A
Total	\$	4,421,541	\$	3,879,572	\$ 541,969	14%

In the Current Quarter, there was a decrease in finance expenses relating to Green Bonds, compared to the Prior Year Quarter, as the Company repaid \$9.80 million against three of the four tranches of Series-1 Green Bonds during the Quarter. The increase in finance expenses relating to Green Bonds in the Current Year was due to the full year impact of the issuance of Series-4 Green Bonds in the latter half of the Prior Year.

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Decommissioning liabilities relating to the BESS and solar assets are remeasured at each reporting date, with changes in the liabilities recorded as finance expenses.

DEPLETION OF ROYALTY INTERESTS, FOREIGN EXCHANGE DIFFERENCES, AND SHARE-BASED PAYMENTS

	Three months ended December 31,			
	2025		2024	
			Change (\$)	Change (%)
Depletion of royalty interests	\$ 89,372	\$ 358,222	\$ (268,850)	(75%)
Foreign exchange gain	(102,574)	(3,612)	(98,962)	2740%
Equity-settled share-based payments	9,861	25,640	(15,779)	(62%)
Change in fair value of cash-settled share-based payments	(822)	(220)	(602)	274%
Total	\$ (4,163)	\$ 380,030	\$ (384,193)	(101%)

	Year ended December 31,			
	2025		2024	
			Change (\$)	Change (%)
Depletion of royalty interests	\$ 467,635	\$ 699,488	\$ (231,853)	(33%)
Foreign exchange gain	(484,839)	(244,499)	(240,340)	98%
Equity-settled share-based payments	39,446	141,204	(101,758)	(72%)
Change in fair value of cash-settled share-based payments	(3,468)	(2,916)	(552)	19%
Total	\$ 18,774	\$ 593,277	\$ (574,503)	(97%)

The decrease in depletion of royalty interests in the Current Year was mainly due to the timing of depletion recorded on the NOMAD Royalty, which timing varies with the timing of the Company's royalty revenue recorded based on the underlying manufacturing and sales activities of NOMAD. Also, in the fourth quarter of the Prior Year, the carrying amounts of the Cleanlight royalty and Switch royalties were reduced to \$nil due to impairment and derecognition, respectively, and therefore, no depletion was recorded on these royalty interests in the Current Year.

Foreign exchange gain recorded in the Current Year and the Prior Year represents the net effect of translation of the Company's US-Dollar denominated assets and liabilities, and due to the appreciation of the Canadian Dollar. The net amount of exchange gain recorded during the Current Quarter, as well as the Current Year, was mainly related to the Company's USD-denominated Green Bonds, offset partially by exchange loss on the Company's USD-Denominated monetary assets, mainly cash and cash equivalents, and secured loans.

The equity-settled share-based payment expense for the Current Year 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 Year and the Prior Year represents the change in the fair value of the underlying DSUs issued in 2022.

CURRENT AND DEFERRED INCOME TAX

	Three months ended December 31,			
	2025		2024	
			Change (\$)	Change (%)
Current income tax expense	\$ (14,871)	\$ (66,218)	\$ 51,347	(78%)
Deferred income tax recovery	103,515	113,484	(9,969)	(9%)
Total income tax recovery	\$ 88,644	\$ 47,266	\$ 41,378	88%

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	Year ended December 31,		Change (\$)	Change (%)
	2025	2024		
Current income tax expense	\$ (175,415)	\$ (292,088)	\$ 116,673	(40%)
Deferred income tax recovery (expense)	185,148	(79,516)	264,664	(333%)
Total income tax recovery (expense)	\$ 9,733	\$ (371,604)	\$ 381,337	(103%)

The total income tax expense during the Current Year as well as the Prior Year 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. The amounts recorded for deferred income tax recovery pertain mainly to expected credit losses relating to Delta and OCEP loans.

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 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.

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

	Three months ended December 31,	
	2025	2024
Net loss after income tax, as presented in the Financial Statements	\$ (7,168,343)	\$ (9,079,164)
Adjustments:		
Finance expenses	1,001,909	1,101,942
Income tax recovery (expense)	(88,644)	(47,266)
Depletion of royalty interests	89,372	358,222
Depreciation and amortization - BESS and solar	181,471	104,013
Depreciation of right-of-use asset	4,869	4,869
EBITDA	\$ (5,979,366)	\$ (7,557,384)
Additional adjustments:		
Consulting – financing	10,000	16,789
Equity-settled share-based payments	9,861	25,640
Change in fair value of cash-settled share-based payments	(822)	(220)
Provision for expected credit loss	4,755,101	8,459,110
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
Derecognition of government grant payable	(170,350)	–
Derecognition of deferred government grant	(570,000)	–
Gain on sale of development assets for SPOBOC	–	–
Net income attributable to non-controlling interests	(144,643)	(271,180)
Adjusted EBITDA	\$ 146,189	\$ 1,161,139

	Year ended December 31,	
	2025	2024
Net loss after income tax, as presented in the Financial Statements	\$ (8,713,117)	\$ (9,272,512)
Adjustments:		
Finance expenses	4,421,541	3,879,572
Income tax recovery (expense)	(9,733)	371,604
Depletion of royalty interests	467,635	699,488
Depreciation and amortization - BESS and solar	649,534	104,013
Depreciation of right-of-use asset	19,478	19,478
EBITDA	\$ (3,164,662)	\$ (4,198,357)
Additional adjustments:		
Consulting – financing	60,000	67,156
Equity-settled share-based payments	39,446	141,204
Change in fair value of cash-settled share-based payments	(3,468)	(2,916)
Provision for expected credit loss	4,755,101	9,076,781
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
Derecognition of government grant payable	(170,350)	–
Derecognition of deferred government grant	(570,000)	–
Gain on sale of development assets for SPOBOC	(64,654)	–
Net income attributable to non-controlling interests	(596,440)	(1,122,468)
Adjusted EBITDA	\$ 2,521,381	\$ 4,449,784

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1.6 LIQUIDITY

At December 31, 2025, the Company had a cash and cash equivalents balance of \$2.7 million (December 31, 2024 – \$16.5 million), subject to various restrictions as described in the Financial Statements. At December 31, 2025, the Company had working capital of approximately \$2.5 million (December 31, 2024: \$18.8 million).

During the Current Year, the Company generated \$0.82 million cash from its operating activities, compared to \$2.50 million cash generated in the Prior Year.

The Company generated \$0.55 million in cash from investing activities, mainly due to the Solaris Royalty acquisition and the Clearblue transaction, offset by the repayment of the Windriver Loan and the partial repayments of loans by OCEP and Revolve Power (see *1.2.3 Renewable Energy Royalty Investments*). During the Prior Year, the Company used \$1.86 million cash in investing activities mainly with respect to the new investments and loans completed during the Prior Year, offset by the amount received from the repayment of loan by NOMAD and partial repayment of the Revolve Cancun loan and the OCEP loan.

The Company's financing activities during Current Year used \$14.81 million cash, mainly due to the repayment of Series-1 Green Bonds (\$9.80 million), cash distributions (\$1.30 million) to the Company's shareholders and interest payments (\$3.42 million) on Green Bonds. During the Prior Year, the Company's financing activities generated \$1.24 million cash, mainly due to proceeds from Series 4 Green Bonds (\$6.28 million), net of cash distributions (\$1.73 million) to the Company's shareholders and interest payments (\$3.04 million) on Green Bonds. Interest payments relating to Green Bonds were higher in the Current Year due to the full year impact of the issuance of Series-4 Green Bonds in the latter half of 2024.

The Company's financial liabilities and other 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	-	-
Total	\$35,470,877	\$43,366,842	\$ 14,796,481	\$ 21,158,925	\$ 7,411,436

(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.

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

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

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

The Company is required to maintain a debt-to-equity ratio of 3:1 as per the Green Bond indenture (the "Indenture"). 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 interest coverage ratio (the "Interest Coverage Ratio Covenant"), which is determined, under the Indenture, by dividing its quarterly earnings, before certain items such as interest, taxes, depreciation, amortization, and extraordinary items, by total interest expense for a fiscal quarter, less interest expense relating to the Green Bond proceeds that remain undeployed by the Company during the quarter.

As per the Indenture, various financial covenants, including the Interest Coverage Ratio Covenant, are subject to a cure period ("Cure Period"), whereby an event of default only occurs if the Company fails to rectify a breach of covenant by the end of the second fiscal quarter following the first occurrence of non-compliance. However, the Indenture allows the Company to obtain a waiver for a breach of covenant from bondholders holding at least an aggregate of 50% of the total principal sum for each series of outstanding Green Bonds.

For the quarter ended December 31, 2025, the Company was in breach of the Interest Coverage Ratio Covenant. However, pursuant to the Cure Period, no event of default occurred at December 31, 2025. The Company has scheduled a bondholder's meeting for May 28, 2026 to amend the Indenture by removing the Interest Coverage Ratio Covenant and to increase the principal payable by the Company to 102% of principal value to the Bondholders in the event of a change of control of the Company. There can be no assurance that the Company will be able to rectify the breach of covenant, amend the Indenture or obtain a waiver with respect to such breach. If a default event occurs after the Cure Period, the Green Bonds may become due for repayment at the end of the Cure Period.

At December 31, 2025, the Company's shareholders' equity was negative \$5.9 million, approximately.

At December 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.

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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 December 31,						
	2025		2024		Change (\$)	Change (%)	
Short-term employment benefits (i)	\$	114,452	\$	118,226			\$
Equity-settled share-based compensation		1,477		28,033		(26,556)	(95%)
Cash-settled share-based compensation		(822)		(220)		(602)	274%
Total	\$	115,107	\$	146,039	\$	(30,932)	(21%)

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

Related party transactions	Year ended December 31,						
	2025		2024		Change (\$)	Change (%)	
Short-term employment benefits (i)	\$	473,403	\$	485,119			\$
Equity-settled share-based compensation		6,000		34,900		(28,900)	(83%)
Cash-settled share-based compensation		(3,468)		(2,916)		(552)	19%
Total	\$	475,935	\$	517,103	\$	(41,168)	(8%)

(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 Year as compared to the Prior Year.

The equity-settled share-based payment expense for the Current Year 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 Year.

1.10 FOURTH QUARTER

See section 1.4 *Summary of Quarterly Results* for discussion about seasonality in the Company's revenue. Moreover, refer to section 1.5 *Results of Operations* for detailed analysis of the fourth quarter results.

1.11 PROPOSED TRANSACTIONS

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

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1.12 CRITICAL ACCOUNTING ESTIMATES

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

1.13 CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

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

1.14 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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

1.15 ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Not applicable.

1.16 DISCLOSURE OF OUTSTANDING SHARE DATA

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

	Number
Common shares	43,521,967
Share-purchase options	2,155,000
Share-purchase warrants	473,830
Deferred Share Units	153,334
Restricted Share Units	800,000

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

Dependency on Renewable Energy Generation Facility Owners

The operations of the power generation facilities in which the Company holds royalty interests will be dependent upon the facility owner, operator, or developer of the renewable energy generation facility (collective the "Facility Owner"), and the Company has no input as to how these facilities are operated. As a result of the Company's operating model, the cash flow of the Company is dependent upon the activities of the Facility Owner. This creates the risk that at any time those Facility Owners: (a) may have business interests or targets that are inconsistent with those of the Company; (b) may take action contrary to the Company's policies or objectives; (c) may be unable or unwilling to fulfill their obligations under their agreements with the Company; (d) may be unable or unwilling to comply with the underlying power or electricity purchase or sale agreement between the owner of a facility generating electricity and a third party acquirer of electricity ("PPA"); or, (e) may experience financial, operational or other difficulties, including insolvency, which could limit the Facility Owner's ability to perform its obligations under the royalty arrangements.

Dependency on Renewable Energy Generation Facility Developers

The development of the power generation facilities that are not yet operational and in which the Company holds royalty interests will be dependent upon the Facility Owner's ability to complete the development and place the facility into operation at the name plate capacity, and the Company will have no input as to the timing or how these facilities will be developed. The failed development or delayed development could have a material adverse effect on the Company's profitability, results of operation and financial condition.

The Company Will Have Limited Access to Data and Disclosure Regarding the Operation of Power Generation Facilities, Which Will Affect its Ability to Access the Performance of the Operators

As a royalty holder, the Company will have limited access to data on the underlying operations or to the underlying facilities themselves. This could affect its ability to assess the performance of the royalty agreements with the Facility Owners. This could result in deviations in cash flow from that which is anticipated from the power generation facilities. The limited access to data and disclosure regarding the operations of the facilities to which the royalty agreements relate may restrict the ability of the Company to enhance the performance of the power generation facilities, which may result in a material and adverse effect on the profitability, results of operations and financial condition of the Company.

Early Termination of Royalty Agreements

While the Company seeks to ensure that all its royalty interests will be secured and legally binding with the Facility Owners, there exists the possibility that other third parties such as governments or senior lenders to the facility owners may seek to terminate the royalty arrangements without compensation to the Company. The early termination of one or more of the Company's royalty agreements, without compensation to the Company, could have a material adverse effect on the Company's profitability, results of operation and financial condition.

The Company Will Depend on Facility Owners for the Calculation of Royalty Amounts

The amounts deliverable under the royalty agreements are calculated by the Facility Owners of the power generation facilities based on electricity produced and sold at the revenue meter, the sale of renewable energy credits, renewable natural produced or sold and other clean energy equipment produced and sold or services provided or sold. Each Facility Owner's calculation of royalty amounts is subject to and dependent upon the adequacy and accuracy of its production and accounting functions, and errors may occur from time to time in the calculations made by a Facility Owner. As a result, the Company's ability to detect errors in royalty amounts may be limited. Some of the royalty agreements provide the right to audit the operational calculations and

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production data for the associated royalty amounts; however, such audits may not occur until many months following recognition of the royalty revenue, and may require the Company to adjust revenue in later periods.

Delay or Failure of Royalty Payments

Although the Company generally seeks to invest in royalties generated from revenues from facilities that are fully contracted under long-term PPAs with investment grade counterparties ("Off-taker"), the Company will not be a party to the PPA and as such, revenues (and the corresponding royalties) generated will generally flow first from the Off-taker to the Facility Owner. In the event there are any delays or failure to pay by the Off-taker to the Facility Owner, or the Facility Owner to the Company, the Company may face delay or possibly failure in receiving its royalty payments, contrary to its contractual arrangements. The Company's rights to payment under the royalties must, in most cases, be enforced by contract, with or without the protection of a security interest over property that the Company could readily liquidate. This affects the Company's ability to collect outstanding royalties upon a default. In the event of a bankruptcy of a Facility Owner, the Company may be treated like any other unsecured creditor, and therefore have a limited prospect for full recovery of royalty revenue. The Company may not have any recourse against the Off-taker in a PPA. Failure to receive any royalty payments from the owners and operators may result in a material adverse effect on the Company's profitability, results of operation and financial condition.

Credit Risk due to Non Refinancing

The Company is at risk of financial loss in the event an entity to which the Company has provided loans is unable to repay the loan as it comes due or is unable to refinance the loan. While the Company mitigates such risk by securing loans by obtaining collateral in the form of guarantees and security interest on the underlying assets, which would allow the Company to foreclose on loans or force a sale of assets in the event of default by borrower, there can be no assurance that the Company would be able to recover the full amount of the outstanding loan.

Reliance on Facility Owner Reporting

The Company relies on public disclosure and other information regarding the power generation facilities it receives from the Facility Owners. The Company must rely on the accuracy and timeliness of the public disclosure and other information it receives from the Facility Owners of the power generation facilities, and uses such information in its analyses, forecasts and assessments relating to its own business and to prepare its disclosure with respect to the royalties. If the information provided by the Facility Owners to the Company contains material inaccuracies or omissions, the Company's disclosure may be inaccurate and its ability to accurately forecast or achieve its stated objectives may be materially impaired, which may have a material adverse effect on the Company.

Acquisition Strategy

As part of the Company's business strategy, it has sought and will continue to seek to purchase royalties from renewable power generation facility owners, operators and developers. In pursuit of such opportunities, the Company may fail to select appropriate acquisition targets or negotiate acceptable arrangements, including arrangements to finance the acquisitions. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit the Company.

Royalty and Other Interests May Not Be Honored by Facility Owners

Royalty and other interests in renewable energy projects are largely contractually based. Parties to contracts do not always honor contractual terms and contracts themselves may be subject to interpretation or technical defects. To the extent grantors of royalty and other interests do not abide by their contractual obligations, the Company would be forced to take legal action to enforce its contractual rights, including any security interests.

Such litigation may be time consuming and costly, and as with all litigation, no guarantee of success can be made. Should any such decision be determined adversely to the Company, it may have a material adverse effect on the Company's profitability, results of operations and financial condition.

Rights in Favour of Third Parties

The Company may acquire royalties that are subject to: (i) buy-down right provisions pursuant to which a Facility Owner may buy-back all or a portion of the royalty; (ii) pre-emptive rights pursuant to which parties to various operating and royalty agreements may have the right of first refusal or first offer with respect to a proposed sale or assignment of a royalty to the Company; or (iii) claw back rights pursuant to which the seller of a royalty to the Company has the right to re-acquire the royalty. Holders of these rights may exercise them such that certain royalty interests would not be available to the Company. Any such exercise may result in the elimination of a royalty interest for compensation to the Company and it may have a material adverse effect on the Company's profitability, results of operations and financial condition.

Increased Competition for Royalty Interests

Although the Company believes that, as a pioneer in providing royalty financing in the renewable energy sector, it faces minimal competition in the acquisition of royalties in the renewable energy sector, the success of the Company's business model may lead other companies to engage in the search for and the acquisition of royalties in the renewable energy sector. If the Company has to compete with larger companies with substantial financial resources, the Company may be at a competitive disadvantage in acquiring royalty interests in these renewable energy projects. Accordingly, there can be no assurance that the Company will be able to compete successfully against other larger companies in acquiring new royalty interests or ability to acquire royalties at a viable cost. The Company's inability to acquire additional royalties may result in a material adverse effect on the Company's profitability, results of operation and financial condition.

Concentration Risk

The business of the Company is to invest in royalty interests in the renewable energy generation sector only. Given the concentration of the Company's exposure to the renewable power generation sector, the Company's investment portfolio will be more susceptible to adverse economic or regulatory occurrences affecting the renewable power generation sector than an investment fund that holds a diversified portfolio of securities. Moreover, while the Company's intention is to purchase a large number of royalties from different companies in different renewable energy generation segments, it will take time to attain such diversification. Until diversification is achieved, the Company may have a significant portion of its assets dedicated to a small number of renewable energy generation facilities or a single segment of the renewable energy generation sector. In the event that any such business or renewable energy generation segment is unsuccessful or experiences a downturn, a material adverse effect on the Company's profitability, results of operation and financial condition may result.

The Company Has a Limited History of Operations and There Can Be No Assurance of Success or Profits

The Company's business has only been in operation for a few years. While many members of management have expertise and comparable operating experience, the Company itself has a limited history of operations and there can be no assurance that the Company's business will be successful or profitable or that the Company will be able to successfully execute its business model and growth strategy. If the Company cannot execute its business model and growth strategy, it may result in a material adverse effect on the Company's profitability,

results of operation and financial condition. Since the Company is an early stage company, there will be limited financial, operational and other information available to evaluate the Company's prospects.

Availability and Terms of Additional Financing and Dilution to Shareholders' Interest

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further business activities, which may result in a material adverse effect on the Company's profitability, results of operation and financial condition. The Company will require new capital to grow its business and there are no assurances that capital will be available when needed, if at all. If such additional capital is raised through the issuance of additional equity, it will result in dilution to shareholders.

Foreign Exchange Risk

The Company's royalty interests will be subject to foreign currency fluctuations and inflationary pressures, which may have a material adverse effect on the Company's profitability, results of operation and financial condition. There can be no assurance that the steps taken by management to address variations in foreign exchange rates will eliminate all adverse effects and, accordingly, the Company may suffer losses due to adverse foreign currency rate fluctuations and it may result in a material adverse effect on the Company's profitability, results of operations and financial condition.

Interest Rate Risk

The Company intends to obtain financing in the future by accessing the debt markets. Amounts payable in respect of interest and principal on debt to be incurred by the Company will affect its net cash flow and profitability. Any increase in such payments will result in a corresponding increase in the cash out flow of the Company that must be applied to debt service. In the event of such an increase, there can be no assurance that the net cash flow derived from the Company's operations will be sufficient to cover its future financial obligations or that additional funds will otherwise be able to be obtained. If the Company becomes unable to pay its debt service charges or otherwise commits an event of default such as bankruptcy, the lender may foreclose on or sell all or some of the Company's assets, which may have a material adverse effect on the Company's profitability, results of operation and financial condition.

Payments of Dividends

Payment of dividends on the Common Shares will be within the discretion of the Board and will depend upon the Company's future earnings, its cash flows, its acquisition capital requirements and financial condition, and other relevant factors discussed herein. There can be no assurance that the Company will pay dividends or will be in a position to issue dividends due to the occurrence of one or more of the risks described herein.

Attracting and Retaining Qualified Management and Personnel

The Company is dependent upon the continued availability and commitment of its key management, whose contributions to the immediate and future operations of the Company are of significant importance. The loss of any such members could negatively affect business operations. From time to time, the Company may need to identify and retain additional skilled management and personnel to efficiently operate its business. The number of persons skilled in the acquisition of royalties in the renewable energy sector is limited and as new companies enter this business, competition for such persons may intensify. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance of such recruitment and retention. If the Company is not successful in attracting and training qualified personnel, the Company's ability to execute

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its business model and growth strategy could be affected, which could have a material adverse impact on its profitability, results of operations and financial condition.

Income Taxes

The Company's activities will generally be taxable in the jurisdictions in which it operates. Changes to taxation laws in Canada, the United States or any of the countries in which the Company acquires royalty agreements could materially affect the Company's royalty interests. No assurance can be given that new taxation rules will not be enacted or that existing rules will not be applied in a manner that could materially affect in the Company's profits and it may result in a material adverse effect on the Company's profitability, results of operations and financial condition.

Legal Proceedings

In the normal course of business, the Company may become party to legal action. There can be no assurance that the Company will be successful in defending these claims and legal actions or that any claim or legal action that is decided adverse to the Company will not materially and adversely affect the Company's profitability, results of operations and financial condition.

Limitation of Insurance

The Company maintains insurance policies, covering usual and customary risks associated with its business, with credit-worthy insurance carriers. A royalty interest in a renewable power generation facility is generally exposed to the risks inherent in the construction and operation of electricity generation facilities, such as breakdowns, manufacturing defects, natural disasters, theft, terrorist attacks and sabotage. The Company relies on the Facility Owner's insurance policies to cover losses as a result of force majeure, natural disasters, terrorist attacks or sabotage, among other things. While the Company performs a review of the Facility Owner's insurance policies, a significant uninsured loss or a loss that significantly exceeds the limits of the Facility Owner's insurance policies or the failure to renew such insurance policies on similar or favourable terms could have a material adverse effect on the Company's royalty interests.

General Risks Involved in the Operations of a Power Generation Facility

The revenue generated by the Company from a royalty interest is dependent on the amount of electricity generated by underlying power generation facilities. The ability of the power generation facilities to generate the amount of electricity expected is a primary determinant in the amount of revenues that will be received by the Company. A number of different factors, including: equipment failure due to wear and tear, latent defect, design error, operator error, slow response to outages due to underperforming monitoring systems, changes in wind or water flows, changes in solar irradiation patterns, and vandalism or theft could adversely affect the amount of electricity produced, and thus the revenues and cash flows of the Company. Unplanned outages or prolonged downtime for maintenance and repair may increase operating and maintenance expenses and reduce revenues as a result of selling less electricity. To the extent that a facility's equipment requires longer than forecasted down times for maintenance and repair, or suffers disruptions of power generation for other reasons, the profitability, results of operation and financial condition of the Company could be adversely affected.

Natural Disasters and Other Catastrophic Events

The power generation facilities and operations could be exposed to potential interruption and damage (partial or full loss) resulting from events such as environmental disasters (e.g., floods, high winds, fires, and earthquakes), severe weather conditions and equipment failures. There can be no assurance that in the event of an earthquake, hurricane, tornado, tsunami, typhoon, terrorist attack, act of war or other natural, manmade or technical catastrophe, all or some parts of the generation facilities and infrastructure systems of the power generation facilities which the Company holds a royalty interest in, will not be disrupted. The occurrence of a

significant event which disrupts the ability of the renewable power generation assets of the Royalty Sellers to produce or sell electricity for an extended period that could have a material adverse effect on the Company's profitability, results of operation and financial condition.

Permitting Risk

Although the Company generally seeks to acquire royalty interests in the power generating facilities that have commenced commercial operations or will commence commercial operations in near term, the Company may acquire royalty interests in power generation facilities that will require additional permits before commercial operations can be commenced or expanded. These facilities will require various property rights, permits and licenses in order to conduct current and future operations, and delays or a failure to obtain such property rights, permits and licenses, or a failure to comply with the terms if any of such property rights, permits and licenses could result in interruption or closure of operations on the facility. Such interruptions or closures could have a material adverse effect on the Company's profitability, results of operation and financial condition.

Environmental Laws and Regulations

The activities of a renewable power generation facility are subject to stringent environmental laws and regulations promulgated and administered by federal, provincial and municipal governments where the facility operates. These laws and regulations generally concern water use, wildlife, wetlands preservation, endangered species preservation and noise limitations, among others. The Company does not have any control over compliance by Royalty Sellers with such laws and regulations with respect to the underlying renewable projects in which the Company holds royalty interests. Failure to comply with applicable environmental laws and regulations or failure to obtain or comply with any necessary environmental permits pursuant to such laws and regulations could result in sanctions against the facility owner and operator and may disrupt revenue of the Company for an extended period that, in turn, may have a material adverse effect on the Company's profitability, results of operation and financial condition.

Local Public Opposition

The development and operation of renewable assets may at times be subject to public opposition. In particular, with respect to the development and operation of wind projects, public concerns and objections often center around the noise generated by wind turbines and the impact such turbines have on wildlife, including birds and bats. While public opposition may be of greatest concern during the development stage of renewable assets, when the public has the ability to provide comments and appeal regulatory permits, continued opposition could have an impact on ongoing operations. Legal requirements, changes in scientific knowledge and public complaints regarding issues such as noise generated by wind turbines could impact the operation of certain of the projects in which the Company may hold a royalty interest in the future and it may result in a material adverse effect on the Company's profitability, results of operation and financial condition.

Negative Public or Community Response

Negative public or community response to wind, hydroelectric, and other power generation facilities could adversely affect the ability of the owners and operators to construct or operate the power generation facilities in which the Company may acquire royalty interests. This type of negative response could lead to legal, public relations and other challenges that impede the ability of the power generation facilities to achieve commercial operations and generate revenues at the anticipated levels. An increase in opposition to the facilities or

segment of the renewable energy sector in which the Company may hold royalty interests could have a material adverse effect on the Company's profitability, results of operation and financial condition.

Changes in Supply of Water, Levels of Winds, Irradiation and Other Natural Variables

The operation of renewable assets is inherently exposed to relevant natural variables, such as levels of wind, precipitation, the timing and rate of melting, run off, temperatures, hours of irradiation and other factors beyond the control of the Company. A shift in these weather or climate patterns may reduce the water flow to, or consistency of the wind resource at, the facilities in which the Company may hold royalty interests. Moreover, the use, treatment and discharge of water, and the licensing of water rights in many jurisdictions are subject to increasing level of regulations that may impact the supply of water to a specific power generation facility. These changes in natural variables and regulations could have a material adverse effect on the Company's profitability, results of operation and financial condition.

Reliance on National and Regional Transmission Systems

Renewable power generation facilities generally depend on electric transmission systems and related facilities (the "Grid") owned and operated by third parties to deliver the electricity a facility generates to delivery points where ownership changes as per the terms of underlying PPA. These Grids operate with both regulatory and physical constraints which in certain circumstances may impede access to electricity markets. There may be instances in system emergencies in which the power generation facilities are physically disconnected from the power grid, or their production curtailed, for short periods of time. Most PPAs do not provide for payments to the relevant facilities if electricity is not delivered. Renewable power generation facilities may also be subject to changes in regulations governing the use of the local transmission and distribution systems. The Company's profitability, results of operation and financial condition could be adversely affected as a result of any impediment to a facility's access to electricity markets due to regulatory and/or interconnection or physical constraints relating to electricity transmission systems.

Effect of General Economic and Political Conditions

The Company's business is subject to the impact of changes in global economic conditions including, but not limited to, recessionary or inflationary trends, market conditions, consumer credit availability, interest rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence. These economic conditions may be further affected by political events throughout the world that cause disruptions in the financial markets, either directly or indirectly. Adverse economic and political developments could have a material adverse effect on the Company's profitability, results of operation and financial condition.

Delays and Cost Overruns in the Design and Construction of Projects

Delays and cost over-runs may occur in completing the construction of power generation facilities that the Facility Owners will undertake. A number of factors which could cause such delays or cost over-runs include, without limitation, permitting delays, construction pricing escalation, changing engineering and design requirements, the performance of contractors, labour disruptions, adverse weather conditions and the availability of financing. Even when complete, a power generation facility may not operate as planned due to design or manufacturing flaws, which may not all be covered by warranty. Mechanical breakdown that is not covered by business interruption insurance could occur in equipment after the period of warranty has expired, resulting in loss of production.

Health, Safety and Environmental Risks

The ownership, construction and operation of power generation facilities carries an inherent risk of liability related to worker health and safety and the environment, including the risk of government imposed orders to remedy unsafe conditions and/or to remediate or otherwise address environmental contamination, potential

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penalties for contravention of health, safety and environmental laws, licenses, permits and other approvals, and potential civil liability. Compliance with health, safety and environmental laws (and any future changes) and the requirements of licenses, permits and other approvals remain material to the Facility Owners' businesses. The Facility Owners' power generation facilities may become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health, safety and environmental matters. The occurrence of any of these events or any changes, additions to or more rigorous enforcement of, health, safety and environmental laws, licenses, permits or other approvals could have a significant impact on operations and/or result in additional material expenditures and ultimately affect the ability of Facility Owners to pay the Company royalties. As a consequence, no assurances can be given that additional environmental and workers' health and safety issues relating to presently known or unknown matters will not require unanticipated expenditures, or result in fines, penalties or other consequences (including changes to operations) material to the business and operations of the power generation facilities.

Global Financial Conditions

Global Financial Conditions Market events and conditions, including the disruptions in the international credit and financial markets and other financial systems, along with political instability, geopolitical conflict, the results of the U.S. election, falling Canadian currency prices expressed in United States dollars and the uncertainty surrounding global supply chain have resulted in market volatility. In addition, in recent years global markets have been adversely impacted by disruptions and government responses relating to the Russia-Ukraine war and the Israel-Hamas conflict and by geoeconomic tensions between the U.S. and China across a wide range of areas, including trade and technology related issues. These conditions have also caused fear and a loss of confidence in global credit markets, resulting in a climate of greater volatility, tighter regulations, less liquidity, widening credit spreads, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks and investment banks, insurers and other financial institutions have caused the broader credit markets to be volatile. In addition, in recent years, global economies and markets have experienced increased rates of inflation. In addition, general inflationary pressures may also affect the costs of operations. Accordingly, inflation itself, as well as certain governmental efforts to combat inflation (for example, increased interest rates from previous historical lows), may have significant negative effects on any economy in which the Company conducts business and thus may adversely affect the Company's business. Following the onset of the credit crisis in 2008, global financial conditions were characterized by extreme volatility and several major financial institutions went into bankruptcy or were rescued by government authorities. While global financial conditions subsequently stabilized, global financial conditions could suddenly and rapidly destabilize in response to future economic shocks, as government authorities may have limited resources to respond to future crises. These events are illustrative of the effect that events beyond the Company's control may have on availability of credit, investor confidence, and general financial market liquidity, all of which may adversely affect the Company's business. These factors may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Company. Increased levels of volatility and market turmoil can adversely impact the Company's operations. The re-emergence of a global financial crisis or recession or reduced economic activity in the United States, Canada, and other industrialized or developing countries, or disruption in key sectors of the economy, may adversely affect the Company's business. The increasing use of tariffs as a result of the protectionist measures and trade wars taken by the United States against its trading partners (including Canada and Mexico), and countervailing duties/restrictions in response thereto is a fluid and rapidly evolving situation. Actions in response to these tariffs imposed by the United States and any further disruption to current trade practices may adversely affect the Company's business and/or that of certain of its mining partners. Although the Company does not directly engage in manufacturing or distribution, the Company's revenues are derived from clients who could be adversely affected by such trade policies. For example, tariffs on imported raw materials or components may increase the operating costs of

the Company's clients, disrupt supply chains, or reduce production volumes, which in turn could delay or diminish the Company's royalty payments. The effect of evolving trade policies may exacerbate the uncertainties affecting the operators of assets of the Company's clients.

Information Systems and Cyber Security

The Company's operations depend on information technology ("IT") systems. These IT systems include the IT systems of certain service providers, which provides technical, management and administrative services to the Company under the Services Agreement. These IT systems are used by us to store sensitive data in the ordinary course of our business, including personal information of our employees, as well as proprietary and confidential business information relating to ourselves and in some cases, our service providers, investors and other stakeholders. These IT systems could be subject to network disruptions caused by a variety of sources, including computer viruses, security breaches and cyber-attacks, as well as disruptions resulting from incidents such as cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures and to address the threat of attacks. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations. There is a risk that the Company or its service providers may be subject to cyber-attacks or other information security breaches which could result in material loss to the Company and could severely damage our reputation, compromise our IT systems and result in a loss or escape of sensitive information, a misappropriation of assets or incidents of fraud, disrupt our normal operations, and cause us to incur additional time and expense to remediate and improve our information systems. While we employ security measures in respect of our information and data, we cannot be certain that we will be successful in securing this information and data and there may be instances where we are exposed to malware, cyber-attacks or other unauthorized access or use of our information and data. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature and sophistication of these cyber-attacks and potential security breaches. In addition, the Company is dependent on the efforts of service providers to mitigate its IT systems from cyber-attacks and other information breaches. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority but may not ultimately defeat all potential attacks. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Risks Related to SPOBOC and SPOSOC

Developing and operating solar & BESS projects exposes us to various risks.

The development of solar and BESS projects can take many months or years to complete and may be delayed for reasons beyond our control. It may require significant up-front payments for, among other things, land rights, interconnection work and permitting in advance of commencing construction, and revenue from these projects may not be recognized for several additional months following contract signing. Any inability or significant delays in entering into sales contracts with customers after making such up-front payments could adversely affect SPOBOC and SPOSOC's business and results of operations. Developing solar and BESS projects requires management attention to negotiate the terms of SPOBOC and SPOSOC's engagement and monitor the progress of the projects which may divert management's attention from other matters. SPOBOC and SPOSOC's revenue and liquidity may be adversely affected to the extent the market for solar projects weakens,

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equipment failure, or adverse weather, and SPOBOC and SPOSOC are unable to sell solar projects at prices and on terms and timing that are acceptable to us. SPOBOC and SPOSOC 's energy business also includes operating solar projects and selling electricity to the local or national grid or other power purchasers. As a result, SPOBOC and SPOSOC are subject to a variety of risks associated with intense market competition, changing regulations and policies, insufficient demand for solar or power, technological advancements and the failure of SPOBOC and SPOSOC's power generation facilities.

We may be subject to unexpected warranty expenses that may not be adequately covered by our insurance policies.

For solar projects and systems built by our subsidiaries, SPOBOC and SPOSOC, these subsidiaries also provide a limited workmanship or balance of system warranty against defects in engineering, design, installation and construction under normal use, operation and service conditions. In resolving claims under the workmanship or balance of system warranty, we have the option of remedying through repair, refurbishment or replacement of equipment. We have also entered into similar workmanship warranties with our suppliers to back up our warranties. As part of our subsidiaries' energy business, before commissioning solar projects and systems, we conduct performance testing to confirm that the projects and systems meet the operational and capacity expectations set forth in the agreements. Potential warranty claims may exceed the scope or amount of coverage under our insurance and, if they do, they could materially and adversely affect our business.

The Company's business will be impaired if it loses any of the necessary license to operate or if more stringent government regulations are enacted or if the Company fails to comply with the growing number of regulations pertaining to solar energy and consumer financing industries.

The installation of solar energy systems performed by SPOBOC and SPOSOC is subject to oversight and regulation under local ordinances, building, zoning and fire codes, environmental protection regulation, utility interconnection requirements, and other rules and regulations. Any financing transactions by the SPOBOC and SPOSOC are subject to numerous consumer credit and financing regulations. There is no guarantee that SPOBOC and SPOSOC will properly and timely comply with all laws and regulations that may affect its business. If SPOBOC and SPOSOC fail to comply with these laws and regulations, they, and the Company, may be subject to civil and criminal penalties. In addition, non-compliance with certain consumer disclosure requirements related to home solicitation sales and home improvement contract sales affords residential customers with a right to rescind such contracts in some jurisdictions.

The Company has a limited operating history in the solar installation industry and as such may not be successful in overcoming certain risks experienced by early stage companies.

As the Company has newly acquired SPOBOC and SPOSOC, we have a limited operating history with solar energy installation products. Consequently, the Company's operations are subject to all the risks inherent in the acquisition of a new form of business and the establishment of new technology and products in industries within which it is not necessarily familiar. The Company may encounter risks and difficulties frequently experienced by early stage companies. If these risks are not addressed successfully, the Company's business, financial condition, results of operations, and prospects will be adversely affected, and the market price of its common stock could decline. As such, any predictions about the Company's future revenue and expenses may not be as accurate as they would be if it had a longer operating history in solar energy technology and products or operated in a more predictable market.

The SPOBOC and SPOSOC 's ability to offer economically viable solar energy systems to customers depends on its capacity to assist customers in arranging financing for such installations, which may be impeded by changes to government subsidies and grant programs.

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The solar energy systems SPOBOC and SPOSOC installs and operates have historically been eligible for Federal tax credits, Federal and provincial grants, as well as depreciation benefits. SPOBOC and SPOSOC have relied on financing structures that monetize a significant portion of these benefits, facilitating financing for the solar energy systems. Should customers become unable to monetize these benefits through such government programs, SPOBOC and SPOSOC's ability to provide and maintain solar energy systems for new customers on an economically viable basis may be compromised.

The availability of tax-advantaged financing relies on various factors, including financial and credit market conditions, changes in legal or tax risks associated with such financings, and the potential non-renewal or reduction of associated incentives. If government incentivized grants are no longer available for new solar energy systems, changes in laws or interpretations by the Canada Revenue Agency and the courts could reduce funding sources' willingness to provide funds for customers seeking to adopt these solar energy systems. The Company cannot guarantee the continuous availability of this type of financing to SPOBOC and SPOSOC's customers. If financing for solar energy systems becomes unattainable, SPOBOC and SPOSOC may be unable to offer solar energy systems to new customers on an economically viable basis, which could have a material adverse impact on its business, financial condition, and results of operations.

The purchase and installation of solar energy systems faces potential adverse effects from rising interest rates.

Increases in interest rates could elevate its cost of capital, resulting in higher interest expenses and increased costs for purchasing solar energy systems for installation. Moreover, higher interest rates may negatively affect the SPOBOC and SPOSOC's ability to arrange favorable financing terms for customers purchasing its solar energy systems. A portion of SPOBOC and SPOSOC's cash flows have originated from solar energy system sales, rising interest rates may dampen consumer purchasing behavior due to increased financing costs. Consequently, higher interest rates could impact the SPOBOC and SPOSOC's costs and revenue, leading to an adverse effect on its business, financial condition, and results of operations.

SPOBOC and SPOSOC face the risk of not being able to compete successfully against other solar and energy companies, which may hinder the development of its operations and lead to negative consequences for their business.

The solar and energy industries are highly competitive in Canada and globally, with rapid technological advancements. SPOBOC and SPOSOC compete with other solar companies that have similar business models, as well as those in the downstream value chain of solar energy. This includes finance-driven organizations that acquire customers and subcontract installation, installation businesses seeking external financing, large construction companies, utilities, and increasingly, sophisticated electrical and roofing companies. Some competitors specialize in the commercial or residential solar energy market and may offer energy at lower costs. Additionally, certain competitors are vertically integrating to ensure supply and control costs. Many of these competitors have strong brand recognition and extensive knowledge of SPOBOC and SPOSOC's target markets. If SPOBOC and SPOSOC cannot effectively compete in this competitive market, it will have adverse effects on our business, financial condition, and results of operations.

Adverse economic conditions may have material adverse consequences on the solar energy industry and on SPOBOC and SPOSOC's business, results of operations and financial condition.

The solar energy industry may be significantly impacted by adverse economic conditions. Unpredictable changes, such as recession, inflation, increased government intervention, or other economic shifts, could adversely affect the solar energy industry and SPOBOC and SPOSOC's general business strategy. SPOBOC and SPOSOC rely on generating additional sources of liquidity and may need to raise additional funds through public or private debt or equity financings to fund existing operations or capitalize on opportunities, including

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acquisitions. Any adverse economic event could have a material adverse impact on the Company's business, results of operations, and financial condition.

Developments in alternative technologies or improvements in distributed solar energy generation may materially adversely affect demand for the current solar energy products.

Significant developments in alternative technologies, such as advances in other forms of distributed solar power generation, storage solutions such as batteries, the widespread use or adoption of fuel cells for residential or commercial properties or improvements in other forms of centralized power production may materially and adversely affect SPOBOC and SPOSOC's business and prospects in ways management of the Company do not currently anticipate. Any failure by the Company to adopt new or enhanced technologies or processes, or to react to changes in existing technologies, could materially delay deployment of its solar energy systems, which could result in product obsolescence, the loss of competitiveness of the systems SPOBOC and SPOSOC sells and installs, decreased revenue and a loss of market share to competitors.