RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2024

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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 favourable terms; the renewable energy industry generally; income tax and regulatory matters; the ability of the Company to implement its business strategies including expansion plans; competition; currency and interest rate fluctuations; and the other risks discussed under the heading "Risk Factors" in this MD&A. The foregoing factors are not intended to be exhaustive.

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

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

1.1 DATE 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. ("RER" or the "Company") for the year ended December 31, 2024 and 2023 (the "Financial Statements") as publicly filed on SEDAR+ at www.sedarplus.ca.

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

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

This MD&A is prepared as of April 30, 2025.

1.2 OVERVIEW

Description of Business

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

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

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

Management has identified an underserviced 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.

1.2.1 HIGHLIGHTS

The Company continues to expand on its portfolio of loans and revenue-based royalties from renewable energy projects, and additionally, acquired two wholly-owned operating entities, namely: SPOBOC and SPOSOC.

The following are the highlights of various transactions completed and key corporate events that took place during the fiscal year ended December 31, 2024 and up to the date of this MD&A, with further detailed discussions and analysis, including their impact on the Company's financial results, provided herein under respective sections.

Quarter ended	Transactions and events
Since December 2024 up to the date of this MD&A	On April 1, 2025, the Company announced that it had entered into a letter of intent for a secured loan of up to US$8 million with Revolve Renewable Power Corp. ("Revolve") to support Revolve's proposed acquisition (the "Proposed Acquisition") of a 95% interest in a 9.6 megawatt operating wind energy project in the United States. The proposed loan will have a term of 24 months and bear interest at 12% on drawn funds, with interest payable on a quarterly basis during the term. The Company will also receive a royalty of 5% on gross revenues generated by the wind project for its remaining life, which is expected to be until 2046. Closing of the loan is expected to occur in Q2 2025 and is subject to several customary closing conditions including the completion of the Proposed Acquisition.
December 31, 2024 **(2024/Q4)**	In the fourth quarter of 2024, the Company closed the second and third (final) tranches of the Series 4 senior secured Green Bonds. See section 1.2.2 *Green Bonds Series 4 Financing* for further details. On December 3, 2024, the Company announced that it had entered into a loan agreement with Alpin Solar SA to support a $6.3 million letter of credit for its 200 MWAC solar project currently under development in Alberta. The Company will also receive a gross revenue royalty of $0.25 per MWh of energy production from the project for its life. On November 27, 2024, the Company announced that it had entered into a $3 million loan agreement and a royalty agreement with Solar High Yield Projects #1 Ltd, a subsidiary of SolarBank Corporation. The proceeds of the loan will be used for construction and development of three 4.99MW energy storage projects located in Ontario. On November 21, 2024, the Company announced that it had entered into a $10 million loan agreement and a royalty agreement with Abraxas Power Maldinvest Ltd. Effective November 1, 2024, the Company acquired two entities, namely: Switch Power Battery Operating Company ("SPOBOC"); and Switch Power Solar Operating Company ("SPOSOC"), by retaining the shares of these entities pursuant to full and final settlement of certain loans receivable by the Company. See section 1.2.4 *Wholly-Owned Operating Entities* for further details. On October 7, 2024, the Company announced that it has changed its auditors from Deloitte LLP (the "Former Auditor") to Davidson & Company LLP (the "Successor Auditor"). The Former Auditor resigned as the auditor of the Company effective September 23, 2024, and the board of directors of the Company appointed the Successor Auditor on September 23, 2024. The change of auditor occurred at the request of the Company and has been approved by the Board of Directors and the Audit Committee.

September 30, 2024 **(2024/Q3)**	The Company has been ranked No. 136 by The Globe & Mail on the 2024 Report on Business as one of Canada's Top Growing Companies as announced on September 27, 2024. Canada's Top Growing Companies ranks Canadian companies on three-year revenue growth, and RE Royalties earned its spot with three-year revenue growth of 314%. On July 4, 2024, the Company announced Series 4 Private Placement of senior secured Green Bonds for gross proceeds of up to $10 million, with a term of five years and bearing interest at the rate of 9% per annum, the first tranche of which financing was closed on August 29, 2024. See section 1.2.2 for further details.
June 30, 2024 **(2024/Q2)**	On April 19, 2024, the Company announced the publication of its 2024 Green Bond Framework, assessed as Dark Green by S&P Global Ratings ("S&P"), a leading provider of second party opinions on green financings, under the Shades of Green analytical approach, and 2023 Green Bond Report.
March 31, 2024 **(2024/Q1)**	On March 27, 2024, the Company announced an early repayment of a US$5.6 million 5-year loan from Nomad Transportable Power Systems, and provision of a $415,000 secured loan and royalty agreement to Revolve Renewable Power Corp. for the construction of a new 450kW rooftop solar project. On February 14, 2024, the Company completed the previously announced $4 million loan and royalty agreement with Revolve Acquisition Corp. On January 29, 2024, the Company announced it had entered into a $1.7 million loan and royalty agreement with Clean Communities Corp. to support the construction of a 4MW solar project in Cardston, Alberta.
December 31, 2023 **(2023/Q4)**	On October 4, 2023, the Company announced it had entered into a $4 million loan and royalty agreement with Revolve Acquisition Corp., a wholly owned subsidiary of Revolve Renewable Power Corp., to finance the acquisition of WindRiver Power Corporation, which includes a minority ownership in two operational run-of-river hydro projects in British Columbia, and a majority ownership in an operational wind project in Alberta with a combined gross capacity of 23 MW.
September 30, 2023 **(2023/Q3)**	On August 8, 2023, the Company announced that it had entered into a US$3.2 million loan agreement, a royalty acquisition agreement and a warrants agreement with Cleanlight.
June 30, 2023 **(2023/Q2)**	On May 25, 2023, the Company announced that it had acquired a royalty on 100MW of output from a wind project located in Alberta, Canada for $940,000. On May 10, 2023, Teichos Energy repaid the US$4 million loans provided by the Company, and also bought back the royalty interests in the Jackson Center Solar Projects.
March 31, 2023 **(2023/Q1)**	During the quarter ended March 31, 2023, the Company completed a marketed public offering and a non-brokered private placement offering of its Green Bonds and raised gross proceeds of $16.42 million Canadian dollars and $1.24 million United States dollars. On February 6, 2023, the Company announced the acquisition of an additional gross revenue royalty on the 27MW Jackson Center Solar Project Phase 2 for US$1.8 million.

1.2.2 GREEN BONDS SERIES 4 FINANCING

During the year ended December 31, 2024, the Company completed a brokered and a non-brokered private placement (together referred to as the "2024-Private Placements") of its Series-4 senior secured Green Bonds (the "Series-4 Green Bonds") in three tranches, closed on August 29, 2024 (the "Initial Closing Date"), November 13, 2024, and December 10, 2024, respectively, as summarized below:

	CAD-denominated(i)	USD-denominated(i)	CAD equivalent of USD-denominated	Total CAD equivalent
Brokered				
Tranche 1	$ 3,804,000	US$ 50,000	$ 69,045	$ 3,873,045
Tranche 2	1,725,000	140,000	195,090	1,920,090
	$ 5,529,000	US$ 190,000	$ 264,135	$ 5,793,135
Non-brokered				
Tranche 1	$ 350,000	US$ 150,000	$ 207,135	$ 557,135
Tranche 3	650,000	–	–	650,000
	$ 1,000,000	US$ 150,000	$ 207,135	$ 1,207,135
Total proceeds	$ 6,529,000	US$ 340,000	$ 471,270	$ 7,000,270
Financing costs				
Cash fees(ii)				$ 405,519
Advisory fees(iii)				78,596
Warrants – fair value(iv)				48,000
Legal and other expenses				235,417
				$ (767,532)
Net proceeds				6,232,738

(i) Pursuant to the 2024-Private Placements, the Company issued 6,529 Canadian dollar denominated Series 4 Green Bonds, with a principal amount of $1,000 per Green Bond and 340 United States dollar (US$) denominated Series 4 Green Bonds, with a principal amount of US$1,000 per Green Bond.

(ii) The Company paid the agents a cash fee with respect to the brokered portion of the 2024-Private Placements.

(iii) The Company paid advisory fees with respect to the non-brokered portion of the 2024-Private Placements.

(iv) In connection with the 2024-Private Placements, the Company issued 473,830 warrants, each of which warrants will entitle the holder thereof to acquire one common share of the Company at an exercise price equal to $0.50 for a period of 36 months from the issuance date.

The Series-4 Private Placement was led by Canaccord Genuity Corp. and Integral Wealth Securities Limited as the agents. This is the Company's fourth green bond financing, following its 2020 inaugural Series 1 offering of $10.2 million principal amount of green bonds, 2021 Series 2 offering of $5.2 million and US$4.0 million and Series 3 offering of $16.4 million and US$1.2 million.

The Series-4 Green Bonds have a maturity date of August 29, 2029 (five years from the Initial Closing Date), bear interest at a rate of 9% per annum, payable quarterly, and will be senior obligations of the Company secured against the Company's portfolio of royalty and loan investments. The Green Bonds were issued under a supplemental trust indenture dated August 29, 2024 (the "Supplemental Indenture") to the Company's existing green bond trust indenture (the "Indenture") dated August 10, 2020 with Western Pacific Trust Company, as trustee.

Net proceeds from the Series 4 Green Bonds will be utilized to finance or re-finance renewable and sustainable energy projects that are anticipated to reduce or offset green-house gas emissions and assist in mitigating the impact of climate change. The Company has prepared a 2024 Green Bond Framework that is aligned with the International Capital Market Association Green Bond Principles (2021).

1.2.3 RENEWABLE ENERGY ROYALTY INVESTMENTS

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

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

(a) As of the date of this MD&A, the Company had received full repayment of the loans advanced to a private group ("OntarioCo") ($5.0 million), Scotian Windfields ($3.3 million), NOMAD (US$5.6 million) and the Revolve Windriver loan ($4.0 million) and partial repayment from OCEP (US$1.79 million) and Revolve Cancun ($342,000). The royalties associated with these investments remain in place.

(b) As of the date of this MD&A, the total amount of investments listed above, net of repayments in (a) above, was approximately $42.65 million.

(c) Based on exchange rate of 1 US$: 1.44 C$

(d) The maturity dates of Switch Power Loan 1, 2 and 3 as well as the Switch Power (Solar) loan were extended to November 30, 2023. In December 2023, the Company issued the demand notices for all loans at an increased interest rate of 16% p.a. Effective November 1, 2024, the Switch Power Loan and the Switch Power (Solar) Loan were settled as the Company retained the shares of SPOBOC and SPOSOC (the underlying entities for these assets). Consequently, SPOBOC and SPOSOC became wholly owned subsidiaries of the Company, and the Company will operate the underlying assets.

(e) In April 2024, the Company advanced a further US$ 800,000 under the Cleanlight Loan agreement.

(f) In June 2024, the Company entered into a modification agreement to extend the maturity date of the Revolve (Solar 1) loan to October 25, 2024 and consequently increased the interest rate to 12% p.a. compounded monthly. In October 2024, the Company further extended the maturity date on the Revolve (Solar 1) loan and the Revolve (Cancun) loan by an additional six months to April 25, 2025. As a result of this extension, the royalty rate on the Revolve (Solar 1) and the Revolve (Cancun) loans increased to 6%. After the end of the reporting period, in April 2025, the Revolve (Solar 1) Loan and the Revolve Cancun Loan was further extended to July 31, 2025, and the interest rate on both the loans increased to 13% per annum.

(g) The royalty rate will be reduced to 0.25% if the SolarBank Loan amount is repaid within six months from the date initial advance i.e. November 13, 2024.

(h) Certain of these royalties are not currently generating revenue, or may not generate revenue in future, due to delay or deterioration in the underlying business activities, as discussed further herein below.

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

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

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

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

Provision for expected credit losses and derecognition of secured loans during the year ended December 31, 2024

The following table provides a summary of the credit losses booked during the year ended December 31, 2024:

Secured loan	Amount ($)
Secured Loan fully settled during 2024 (see section 1.2.4 *Wholly-Owned Operating Entities*):	
Switch Power	$4,778,209
Switch Solar	4,459
	4,782,668
Secured Loan outstanding at December 31, 2024:	
OCEP	914,072
Delta	1,348,979
Cleanlight	1,901,221
	4,164,272
Total	$8,946,940

OCEP

Under the term of the OCEP Loan Agreement, the principal sum of US$4,640,000 was repayable in February 2025, i.e. within a 3 year period from the date of the initial advance. In September 2024, OCEP repaid $2,423,107 (US$1,788,799), representing approximately 39% of the principal sum, while the remaining principal sum remained unpaid on the maturity date, and therefore, a default event occurred with respect to the OCEP Loan, following which event, the OCEP Loan is subject to a default interest rate of 19%. Additionally, the annual Fixed Royalty payments, which commence after full repayment of the OCEP Loan, will increase by 0.5% for each month by which the repayment of the OCEP Loan is delayed from its original maturity date.

Pursuant to certain provisions of the OCEP Loan Agreement, following a default event, the OCEP Loan and interest thereon becomes repayable from OCEP's future cash flows (including proceeds from sale of tax credits generated by OCEP), which cash flows have been estimated and discounted using the original effective interest rate (26.1%) pertaining to the OCEP Loan to determine $923,348 as the amount of ECL recorded in the financial statements at December 31, 2024. Based on the aforesaid cash flow estimates, the OCEP Loan is expected to be fully repaid, along with accrued interest, by September 2026.

Delta

At December 31, 2024, the Delta Loan was in default with respect to the first installment of principal sum as well as outstanding quarterly interest under the Delta Loan Agreement, following which default event, the Delta Loan is subject to a default interest rate of 17.5% per annum. As a result, the Company recorded $1,348,979 in lifetime stage-3 expected credit loss at December 31, 2024.

As of the date hereof, the Delta project had no near term prospects of achieving commercial operations due to lack of availability of additional capital required for its completion. However, Delta's management has been actively pursuing financing opportunities, and thereby, raising funds to repay its obligations to the Company pursuant to the Delta Loan agreement. The Company's management understands, based on various discussions with Delta's management, that the latter has entered into a letter of intent with a potential investor for an investment amount which, if completed, will be sufficient to repay its obligation towards the Company.

Cleanlight

During the year ended December 31, 2024, Cleanlight experienced negative working capital due to a decrease in its revenue and certain operational challenges that affected its ability to meet its obligation, including those under various agreements with the Company. The Company's management reviewed the state of affairs of Cleanlight's business, and after discussions with Cleanlight's management, assessed potential outcomes, and related probabilities, pertaining to the recoverability of the Cleanlight Loan.

The Cleanlight Loan was in default with respect to outstanding quarterly interest and royalty payments under the respective agreements, following which default event, the Cleanlight Loan is subject to a default interest rate of 16% per annum. As a result, the Company recorded $1,901,221 and $129,841 in lifetime stage-3 expected credit losses with respect to the Cleanlight Loan and accrued royalty receivable from Cleanlight, respectively.

Additionally, at December 31, 2024, the Company recorded $214,918 in impairment of Cleanlight Royalty interest.

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

A. SolarBank BESS

On November 13, 2024, the Company entered into an agreement with Solar High Yield Projects #1 Ltd. (the "Borrower"), a wholly-owned subsidiary of SolarBank Corporation ("SolarBank"), to provide a $3.0 million secured loan (the "SolarBank Loan") to support battery energy storage system ("BESS") projects in Ontario.

The SolarBank Loan will be used for the development and construction of three 4.99 MW BESS projects (the "SolarBank Projects"), each of which has a long-term contract with the Ontario Independent Electricity System Operator under the E-LT1 program. The SolarBank Projects are owned by two entities — 1000234763 Ontario Inc. and 1000234813 Ontario Inc. (collectively the "SolarBank ProjectCos") — in which the Borrower holds a 50% interest. The remaining 50% is owned by a partnership formed by First Nations communities in Ontario. The Borrower 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 SolarBank Loan has a 12-month term and bears interest at 11% per annum. As a condition of the loan, the Company will receive a 0.40% gross revenue royalty for the 20-year term of the SolarBank Projects. If the loan is repaid within six months, the royalty rate will be reduced to 0.25%. The loan is secured by a first-ranking security interest over all assets of the Borrower, except for its shares in the capital of the SolarBank ProjectCos.

B. Alpin Sol Aurora

On November 28, 2024, the Company entered into a secured loan agreement with Alpin Solar SA ("Alpin"), a wholly-owned subsidiary of Alpin Sun, to support the development of a 200 MWAC solar project in Sturgeon County, Alberta.

The loan proceeds have been advanced as a $6.3 million letter of credit issued on behalf of Alpin to meet its security requirements with the Alberta Electricity System Operator ("AESO"). The letter of credit provides assurance that the project can fund the Generator Unit Owner's Contribution when required.

The loan has a 12-month term and bears interest at 13% per annum. In addition to interest, the Company will receive a gross revenue royalty of $0.25 per MWh of energy produced by the project over its operating life.

C. Abraxas – Solar Project – Maldives

On November 18, 2024, the Company entered into an agreement with Abraxas Power Maldinvest Ltd., a UAE-incorporated wholly-owned subsidiary of Abraxas Power Corp. ("Abraxas"), an Ontario-based energy transition developer, focused on decarbonizing hard-to-abate sectors, to provide up to a $10 Million secured loan (the "Abraxas Loan") to support the construction of solar projects in the Maldives.

The Loan will have multiple tranches. The first tranche of $1.4 Million closed on November 18, 2024, and will be used for the construction of two rooftop solar projects (the "Abraxas Projects") with a combined generation capacity of 0.77 MWDC. Subsequent tranches will be used for the construction of additional solar projects in the Maldives and will only be advanced if certain conditions are met.

The Abraxas Projects are located at a hospital in Malé, the capital of the Maldives, and an island resort, approximately 50km north of Malé. They will generate revenue from power purchase agreements with the co-located businesses. Currently, both businesses rely primarily on electricity produced by diesel generators. The rooftop solar installations will reduce energy expenses and significantly reduce the negative environmental impacts associated with burning diesel fuel.

The Abraxas Loan will have an 18-month term and an interest rate of 13% per annum on advanced funds, compounded monthly. The Company will receive a fee of $200,000 at closing to cover legal and due diligence expenses. The Company will receive a gross revenue royalty of 2.0% on the Abraxas Projects for the term of the power purchase agreements.

D. Revolve Rooftop Solar – Distributed Generation Project – Mexico

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

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

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

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

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

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

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

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

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

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

The WindRiver Loan supported AcquisitionCo's acquisition of WindRiver Power Corporation ("WindRiver") a Canadian based owner, operator and developer of wind and hydro projects . WindRiver has a minority ownership (21%) in two operational run-of-river hydro projects in British Columbia, and a majority ownership

(51%) in an operational wind project in Alberta with a combined gross capacity of 23 MW (the "Operational Projects"). WindRiver also has majority ownership (70% to 87.5%) in two development-stage hydro projects in British Columbia with a combined gross capacity of 90 MW.

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

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

Royalty-Based Investment Transactions in fiscal 2023

G. Cleanlight – Solar Battery – Chile, USA

In August 2023, the Company concurrently entered into a loan agreement (the "Cleanlight Loan Agreement"), a royalty agreement (the "Cleanlight Royalty Agreement") and a warrants agreement (the "Cleanlight Warrants Agreement") with Butler Corporation SpA ("Cleanlight"), a Chilean technology company and manufacturer of mobile solar-battery systems including solar lighting towers ("Solar Towers"), and solar-hybrid battery generators ("SolBox").

Cleanlight was founded in 2019 in response to customer needs in the mining sector for off-grid lighting and communications towers without the cost, emissions, and maintenance challenges of diesel-powered options. Cleanlight's Solar Towers are priced competitively to diesel options, passing significant fuel and maintenance cost savings on to the customer in addition to environmental benefits. Cleanlight has generated approximately $4 million in annual revenue, with over 550 Solar Towers sold, and has a rental fleet of over 150 units. Cleanlight to date has sold over 850 Solbox units to homeowners and businesses through distribution agreements with large box stores in Latin America.

Under the Cleanlight Loan Agreement, the Company agreed to provide, in two equal tranches, a US$ 3.0 million secured loan (the "Cleanlight Loan") to provide working capital and to finance Cleanlight's expansion into other countries in Latin America. The Cleanlight Loan has a two-year term, and bears interest of 12% per annum. Pursuant to the Cleanlight Loan Agreement, and concurrently with the execution thereof, the Company provided the first cash advance of US$ 1.5 million ($1.98 million).

Subsequent to December 31, 2023, the Company advanced a further US$ 800,000 under the Cleanlight Loan agreement. The remaining US$ 700,000 of the Cleanlight Loan will be advanced subject to certain project related milestones.

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

The Company also received an irrevocable right, for a five-year period, under a warrants agreement with Cleanlight (the "Cleanlight Warrants") to purchase up to 7% of Cleanlight's common shares at an exercise price of 673,063,128 Chilean Pesos ("CLP") ($1,061,200), based on the exchange rate between $ and CLP on the closing date of the Cleanlight transaction).

H. AlbertaCo – Wind Energy Project – Alberta, Canada

In May 2023, the Company acquired an existing gross revenue royalty interest on 100 MW of output from an operational wind energy project with a total capacity of 145MW (the "AlbertaCo") in Alberta for a total purchase price of $0.94 million. The royalty will be calculated at a rate of $0.40 per MWh of electricity generated. The AlbertaCo has a long-term PPA, expiring December 2034, with a large corporate offtaker.

I. Teichos Energy – Solar Interconnection – Pennsylvania, USA

Further to the Company's existing royalty interest in Jackson Center Solar Project Phase 1 ("Jackson Center 1 Project") owned by Teichos Energy LLC ("Teichos Energy"), in February 2023, the Company acquired a gross revenue royalty on the 27 MWDC (20 MWAC) Jackson Center Solar Project Phase 2 ("Jackson Center 2 Project"), located in Mercer County, Pennsylvania, under development by Teichos Energy.

Consequently, in addition to the existing loan for US$2.28 million (the "First Teichos Loan") provided to Teichos Energy in October 2021, the Company entered into an additional secured loan agreement (the "Second Teichos Loan") with Teichos Energy, whereby the Company provided a USD $1.84 million letter of credit ("LC") on behalf of Teichos Energy to meet their security requirement with PJM Interconnection ("PJM").

The Second Teichos Loan had an initial 6-month term with an interest rate of 13% per annum, compounded annually, and payable at the end of the term. The Company had first-ranking security interest over the Jackson Center 2 Project including a lien over Jackson Center 2 Project assets, and a pledge of ownership in the Jackson Center 2 Project.

The Company was entitled to a 1% gross revenue royalty on the Jackson Center 2 Project (the "Jackson Center 2 Royalty") for a period of 15 years once the Jackson Center 2 Project reached commercial operation.

Repayment of Teichos Loans and sale of Jackson Center royalties

In May 2023, the Company received full repayment of the First Teichos Loan and the Second Teichos Loan from Teichos Energy, including accrued interest thereon. The Company's royalty interest in the Jackson Center Solar Projects was also bought out for US$1.15 million ($1.53 million).

Opportunities under Evaluation

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

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

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

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

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

During the year ended 2021, the Company entered into three loan agreements ("Switch Loan Agreements") for an aggregate principal sum of $7.4 million and a royalty agreement ("Switch Royalty Agreement") with SPOBOC to provide funding for the acquisition of a portfolio (the "Switch Portfolio") of "behind the meter" battery energy storage systems ("BESS") located in Ontario.

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

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

Effective November 1, 2024, pursuant to the SPOBOC Pledge, the Company exercised its right whereby it acquired the ownership of the shares of SPOBOC in full and final settlement of the Switch Loans. As a result, SPOBOC became a wholly-owned subsidiary of the Company, and the financial statements of SPOBOC are included in the Company's Financial Statements since November 1, 2024. On November 1, 2024, the Company derecognized the Switch Loans and the Switch Power Royalty, and as a result, recorded an additional credit loss of $4,778,209 and an impairment loss of $260,058, respectively.

SPOBOC operates nine BESS projects, as listed below:

Project name	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

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

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

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

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

SPOBOC's principal activity is energy storage as a service, providing behind-the-meter solutions to industrial and real estate clients to realize global adjustment savings, and to provide grid resiliency and ancillary services through medium- to long-term Energy Service Agreements ("ESA"). Revenue earned under the ESAs is primarily from the abatement of Ontario's Global Adjustment demand charge, combined with revenues from participation in Ontario's wholesale electricity market including demand response, operating reserve, energy arbitrage, and capacity. There is an approximate one-year lag in determining revenue associated with the abatement of Global Adjustment. A select few projects will also provide much needed grid resiliency support for client operations, under fixed capacity payment revenues.

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 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_2e)	Annual Homes Powered
Operational							
Aeolis Wind	BC, Canada	1	Wind	102	193,000	2,393	21,578
OntarioCo	ON, Canada	59	Solar	18	25,566	639	3,099
Northland Power	ON, Canada	4	Solar	40	59,413	1,485	7,202
Scotian Windfields	NS, Canada	12	Wind	40	131,700	88,239	12,510
Switch (RE subs)	ON, Canada	10	Battery, Solar	6	623	242	76
FuseForward	BC, Canada	1	Energy Efficiency	0	0	0	0
OCEP*	WI, USA	1	RNG	2.1	18,170	17,989	2,794
Revolve	Canada, Mexico	10	Solar, Hydro, Wind, Battery	25	72,432	12,340	10,282
AlbertaCo	AB, Canada	1	Wind	145	498,600	294,174	73,867
Cleanlight	Chile	1	Solar	1.7	2,370	1,903	1,531
Operational Subtotal		***100***		***380***	**1,001,874**	**419,404**	**132,937**
Development Stage							
Switch (RE subs)	ON, Canada	4	Battery	15	602	542	73
NOMAD	VT, USA	6	Battery	28	11,397	4,852	1,675
Delta	Puerto Rico	1	Solar	0.5	949	565	188
Clean Communities	AB, Canada	1	Solar	3	6,310	3,723	935
Revolve	Mexico	2	Solar, Battery	1.1	1,018	540	498
Abraxas	Maldives	2	Solar	0.8	1,257	993	687
SolarBank	Ontario	3	Battery	15	639	305	77
Alpin Sun	Alberta	1	Solar	200	386,000	227,740	57,185
Development Subtotal		***20***		***264***	**408,171**	**239,260**	**61,319**

PORTFOLIO TOTAL	**120**	**106 royalties 14 owned**	**643**	**1,410,045**	**658,664**	**194,255**

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

Emission Reduction Equivalents

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

Methodology

Annual Energy

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

Greenhouse Gas Avoided Emissions

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

Environmental Data Sources:

Annual GHG Emissions Offset

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

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

Homes Powered

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

- Canada: Statistics Canada. Table 25-10-0060-01 Household energy consumption, Canada and provinces
  https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=2510006001
- US: US Energy Information Agency Average Residential Monthly Bills
  https://www.eia.gov/electricity/sales_revenue_price/pdf/table5_a.pdf
- Mexico: Gobierno de Mexico Balance Nacional de Energia 2021
  https://www.gob.mx/cms/uploads/attachment/file/805509/BNE-2021.pdf
- Puerto Rico: NREL Puerto Rico Energy Efficiency Scenario Analysis Tool
  https://www.nrel.gov/state-local-tribal/preesat.html
- Chile: C. Agostini et al 2015. "Elasticities Of Residential Electricity Demand In Chile," ILADES-UAH Working Papers
  https://EconPapers.repec.org/RePEc:ila:ilades:inv312.
- Maldives: A. Laila 2019 "Housing and Housing Characteristics – Household Income & Expenditure Survey 2019,"
  National Bureau of Statistics Maldives
  https://statisticsmaldives.gov.mv/nbs/wp-content/uploads/2021/04/Housing-Household-Characteristics-Updated.pdf

Emission Reduction Equivalents

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

Environmental Risks

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

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

B. Social Summary

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

Gender Diversity

Board of Directors:	The Company has one (1) female board member of 7 (14%)
Team:	The Company has nine (9) team members, of which three (3) are female (33%)

Charitable Activity

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

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

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

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

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

In Q2 2023, the Company donated $35,000 to Zajac Ranch for Children (as described above).

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

In Q2 2022, the Company donated $25,000 to HeadsUpGuys, an online resource that was developed to support men in their fight against depression by providing tips, tools, information about professional services, and stories of success.

Social Risks

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

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

1.2.6 DISTRIBUTION TO SHAREHOLDERS

As of the date hereof, and since the first quarter of 2019, the Company has made regular quarterly cash distributions of $0.01 per share to its shareholders. The following table summarizes the distributions made in the fiscal year 2023 and to the date of this MD&A:

			Amount	
Declaration date	**Record date**	**Payment date**	**Per share ($)**	**Total ($)**
Up to Q1 2025				
April 9, 2025	April 30, 2025	May 21, 2025	0.01	$ 433,768
Total for 2025				**$ 433,768**
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**
Fiscal Year 2023				
January 11, 2024	January 31, 2024	February 21, 2024	0.01	$ 432,620
October 11, 2023	November 1, 2023	November 22, 2023	0.01	431,276
July 12, 2023	August 2, 2023	August 23, 2023	0.01	431,276
April 12, 2023	May 3, 2023	May 24, 2023	0.01	431,276
Total for 2023(1)				**$ 1,725,104**

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

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

1.3 SELECTED ANNUAL INFORMATION

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

		FY 2024		FY 2023		FY 2022
Total assets	$	53,812,000	$	53,978,000	$	42,610,000
Total non-current liabilities	$	35,335,000	$	36,365,000	$	19,625,000
Total current liabilities	$	11,478,000	$	526,000	$	2,597,000
Royalty revenue	$	1,468,000	$	819,000	$	840,000
Finance income	$	6,850,000	$	7,422,000	$	3,369,000
Income from royalty buyout	$	–	$	1,564,000	$	27,000
Energy revenue	$	269,000	$	–	$	–
Total revenue and income	$	8,587,000	$	9,805,000	$	4,236,000
Cash distribution per share	$	0.04	$	0.04	$	0.04
Net loss for the year	$	9,273,000	$	1,811,000	$	434,000
Net loss attributable to the Company's shareholders	$	9,354,000	$	3,124,000	$	726,000
Basic and diluted loss per share	$	(0.22)	$	(0.07)	$	0.02

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 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.

FY 2023 vs FY 2022

The Company's total assets increased in FY 2023, due to net proceeds of approximately $16.6 million from the Series 3 Secured Green Bond Financing completed during the year. The issuance of the Series-3 Secured Green Bonds also resulted in a similar increase in non-current liabilities for FY 2023. As at December 31, 2023, total current liabilities was $0.5 million, compared to $2.6 million in the previous year. This was due mainly to the repayment of the 2020-Convertible Notes in FY 2023.

The Company's total revenue and income grew as the Company's portfolio of royalty interests and secured loans grew. Finance income increased to $7.4 million in FY 2023, compared to $3.4 million in FY2022, as the Company deployed additional capital, mainly in advancement of term loans. Income from royalty buyout also increased in FY2023 due to the repurchase of a royalty by Teichos Energy.

In FY 2023, the Company recorded an allowance for credit loss of $4.3 million relating to its investment in FuseForward, Switch Power and Switch Solar loans. This contributed to the Company's net loss for the year of $1.8 million, in addition to higher share-based payment expenses and finance expenses 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 as issued by the IASB effective for the respective reporting periods of the Company and are expressed in thousands of Canadian dollars.

	Fiscal Quarter Ending							
	Dec 31, 2024	**Sep 30, 2024**	**Jun 30, 2024**	**Mar 31, 2024**	**Dec 31, 2023**	**Sep 30, 2023**	**Jun 30, 2023**	**Mar 31, 2023**
Royalty revenue	$ 691	$ 314	$ 254	$ 209	$ 218	$ 237	$ 223	$ 142
Finance income	1,470	1,378	1,574	2,428	2,413	1,676	1,651	1,682
Energy revenue	269	–	–	–	–	–	–	–
Gain on royalty buyback	–	–	–	–	–	–	1,564	–
Total revenue and income	2,430	1,692	1,828	2,637	2,631	1,913	3,438	1,824
Net (loss) income after tax	(9,079)	(195)	(657)	659	(722)	(2,769)	1,123	558
Net (loss) income attributable to the Company's shareholders	(8,309)	(444)	(958)	358	(1,135)	(3,031)	877	166
Net (loss) income per share	$ (0.19)	$ (0.01)	$ (0.02)	$ 0.01	$ (0.03)	$ (0.07)	$ 0.02	$ 0.00

Trends with respect to the Company's Financial Results

General	Since its inception in 2016, the Company has been pursuing its growth strategy as reflected in the increasing trends in its total assets and revenue. The timing difference between sourcing of capital and its deployment is inherent in the Company's business. The Company's operating results follow a similar trend whereby the Company would incur various expenses (salaries, consulting, etc.) with respect to asset evaluation and due diligence activities for several months leading up to the completion of a new investment transaction and before any revenue or income from such investment can be recorded.
Royalty Revenue	The Company earns royalty revenue from several sustainable energy generation sources and through energy efficiency projects, which exhibit seasonal behaviors individually but tend to counterbalance each other in a well-diversified portfolio. For instance, wind power generation is stronger in winter

	than in summer. The opposite is true for solar power generation. Similarly, within a given renewable power generation source, geographical diversification across the Northern and Southern Hemispheres reduces overall seasonality. Currently, the majority of the Company's royalty interests are held in renewable assets located in the Northern Hemisphere. The Company also earns revenue from certain royalty interests (NOMAD or CleanLight) on business operations that involve manufacturing and/or sale of energy efficiency/storage equipment, and the timing of the Company's royalty revenue earned from these royalty interests is driven by the underlying manufacturing and sales activities of these businesses.
Finance Income	The company's finance income generally follows the same trend as the size of its portfolio of performing secured loans. Other factors that may impact the Company's finance income in a fiscal quarter include: a) prepayment of secured loans; and b) changes in the Company's estimates with respect to the timing of the future cash flows associated with its secured loans, as further described below: The Company typically enters into secured loans and royalty acquisition agreements concurrently in a single transaction. Accordingly, as per its accounting policy, the Company records financial assets representing secured loans and non-financial assets for royalty interests acquired. Upon initial recognition of the Company's investment in such transactions, the Company allocates total investment amounts to the secured loans to the extent of their fair value, determined using the investees' borrowing rates (effective interest rates), and records any residual amounts as royalty interests. The aforementioned accounting treatment generally results in the secured loan recorded at a discount off the principal sum of the loan, which discount is accreted over the term of the loan. When a loan is prepaid (before its contractual maturity date), if allowed under the loan agreement, any unrecorded accretion is recognized at the time of prepayment. Moreover, when the Company's estimates for the future cash flows attributable to a loan change after its initial recognition, the Company records an adjustment within finance income due to the difference between the effective interest rate and the stated rate as per the loan agreement.
Energy Revenue	The Company earns energy revenue by operating a portfolio of Battery Energy Storage Systems (BESS) and rooftop solar system. The level of activity in the Canadian independent power and Ontario Global Adjustment industries are influenced by seasonal weather patterns related to the natural resource or commercial or market structure relative to the technology deployed. Seasonal factors and unexpected weather patterns may lead to declines in power related activities and result in corresponding declines in the demand for power.
Operating Expenses	The Company's operating expenses are mostly incurred evenly through a fiscal year. However, the timing of certain expenses is driven by the underlying activities. For instance, the Company's activities and related expenses with respect to its annual audited financial statements and other annual reports, and annual general meeting are higher in the second fiscal quarter. Moreover, certain expenses are incurred to support the Company's marketing, financing and investing activities and accordingly fluctuate with the timing of such activities.
Finance Expenses	The Company's finance expenses vary with changes in its outstanding debt capital, mainly Green Bonds, and related borrowing rates.

Analysis of Quarterly Results

Quarter ended	Analysis
December 2024 **(Q4/2024)**	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. In Q4/2024, the Company closed the second and the final tranche of its Series-4 Green Bonds. Refer to the following section (*1.5 Results of Operations)* for a detailed analysis of this quarter's results.
September 2024 **(Q3/2024)**	No additional investment transactions were closed during Q3/ 2024.
June 2024 **(Q2/2024)**	During Q2/2024, the Company provided the second advance to Cleanlight amounting to US$800,000. 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. 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 as discussed herein. In February 2024, the Company received an early repayment of the NOMAD loan.
December 2023 **(Q4/2023)**	During Q4/2023, the Company recorded a net loss of $0.7 million, mainly due to a provision for expected credit loss of $1.2 million relating to its investment in Switch Power and Switch Solar loans. This loss was offset by an increase in finance income. Royalty revenue for the Q4/2023 has decreased as compared to the Q4/2022, due to the net effect of reduction in royalty income in FY 2023 from royalty buyout from Jade in December 2022 and the royalty received in Q4 2022 from NOMAD offset against the increase in royalty revenue from new transactions closed by the Company during the course of the Company's fiscal year 2023. Similar to Q2/2023 and Q3/2023, the Company's expenses increased during the Q4/2023, mainly due to the increase in finance expenses and the share-based payment expense with respect to the share-based award granted in May 2023 and also due to increase in wages as compared to Q4/2022. There were no new transactions closed during the quarter.
September 2023 **(Q3/2023)**	During Q3/2023, the Company recorded a net loss, because of a provision for expected credit loss of $3,078,279, relating to the Company's investment in FuseForward. In August 2023, the Company closed the transaction with Cleanlight, as described herein. The royalty revenue and the finance income for the Q3/2023 increased as compared to the

	Q3/2022 ended on September 30, 2022 in line with the expansion of the Company's portfolio of investments. Similar to Q2/2023, the Company's expenses increased during the Q3/2023, mainly due to the increase in finance expenses and the share-based payment expense with respect to the share-based award granted in May 2023.
June 2023 **(Q2/2023)**	During Q2/2023, the Company completed the royalty purchase transaction with AlbertaCo. by making a cash advance of $0.94 million in May 2023. Teichos Energy also repurchased the royalty and repaid the loan in the Q2/2023. As such, the Company recorded a gain of $1.5 million for the royalty buyout. Royalty revenue for Q2/2023 was consistent to Q2/2022. However, the decrease in the finance income, as compared to Q1/2023, was mainly on account of the repayment of the Teichos loans in May 2023, and because no additional loan was advanced during this quarter. The Company's expenses increased during this quarter, mainly due to the following: a) an increase in finance expense as a result of the issuance of Series-3 Green Bonds during the course of the first quarter of 2023; and b) the share-based payment expense with respect to the share-based award granted in May 2023.
March 2023 **(Q1/2023)**	During Q1/2023, the Company closed the transaction involving the Second Teichos Loan and the Jackson Center 2 Royalty. Royalty revenue decreased during Q1/2023, compared to Q4/2022, mainly because the Company did not record any royalty revenue from NOMAD, consistent with underlying manufacturing and sales activities of NOMAD. In Q4/2022, the Company recorded royalty revenue of $63,523 from NOMAD. Moreover, the Jade Power Royalty was also bought back by Jade Power in the prior quarter, and accordingly, related royalty revenue was discontinued in the Q1/2023. Finance income increased in Q1/2023, due to additional loans advanced during the course of fiscal year 2022 as well as in this quarter. Following the completion of the Series-3 Green Bond offering in Q1/2023, compared to Q1/2022, the Company's total finance expenses increased by approximately $230,000. There was no change in the expected credit loss relating to the FuseForward facility in Q1/2023.

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 $9,273,000 for the year ended December 31, 2024 ("Current Year"), compared to a net loss of $1,810,000 recorded for the year ended December 31, 2023 ("Prior Year"). During the Current Year, net loss attributable to shareholders of the Company was $9,354,000, compared to a net loss of $3,124,000 attributable to shareholders of the Company for the Prior Year.

The Company recorded a net loss of $9,079,000 for the three months ended December 31, 2024 ("Current Quarter"), compared to a net loss of $722,000 recorded for the three months ended December 31, 2023 ("Prior Year Quarter"). During the Current Quarter, net loss attributable to shareholders of the Company was $8,309,000, compared to a net loss of $1,135,000 attributable to shareholders of the Company for the Prior Year Quarter.

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	2024	2023	Change ($)	Change (%)
Royalty revenue	(1)	$ 691,208	$ 218,340	$ 472,868	217%
Finance income	(2)	1,470,056	2,412,710	(942,654)	(39%)
Energy revenue	(3)	269,374	–	269,374	N/A
Revenue and income		$ 2,430,638	$ 2,631,050	$ (200,412)	(8%)
Loss on revaluation of derivative financial asset	(5)	$ (84,977)	$ (14,849)	$ (70,128)	472%
Gain on revaluation of financial asset at FVTPL	(6)	$ 6,540	$ 59,812	$ (53,272)	(89%)

		Year ended December 31,			
	Note	2024	2023	Change ($)	Change (%)
Royalty revenue	(1)	$ 1,468,085	$ 819,388	$ 648,697	79%
Finance income	(2)	6,849,831	7,422,413	(572,582)	(8%)
Energy revenue	(3)	269,374	–	269,374	N/A
Gain on royalty buyout	(4)	–	1,563,783	(1,563,783)	(100%)
Revenue and income		$ 8,587,290	$ 9,805,584	$ (1,218,294)	(12%)
Loss on revaluation of derivative financial asset	(5)	$ (104,356)	$ (13,462)	$ (90,894)	675%
Gain on revaluation of financial asset at FVTPL	(6)	$ 59,436	$ 81,608	$ (22,172)	(27%)

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

(1) Royalty revenue for the Current Year increased, mainly due to revenue from the NOMAD royalty recorded in the Current Year, which revenue is based on proceeds from sale of units by NOMAD. In the Prior Year, no revenue from the NOMAD royalty was recorded by the Company, as NOMAD did not complete any sale of units in the Prior Year.

(2) The overall decrease in finance income in the Current Year was 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. The decrease in finance income in the Current Year, as a result of the aforementioned factors, was partially offset by an increase in finance income for additional secured loans advanced during the Current Year as well as during the course of fiscal year 2023.

(3) Energy revenue relates to the operations of SPOBOC and SPOSOC for the two month period in the Current Year from the date of acquisition (November 1, 2024) of these entities by the Company.

(4) During the Prior Year, the Teichos royalties were bought back by Teichos Energy, pursuant to related royalty agreements, resulting in a gain of $1,563,783 recognized in the Company's Financial Statements. There was no such gain in the Current Year.

(5) At December 31, 2024, the carrying amount of Cleanlight Warrants, which are classified as derivative financial assets, was written down to a nominal value of $1, due to the state of Cleanlight's business affairs as discussed in section 1.2.3 *Renewable Energy Royalty Investments*.

(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

	Note	Three months ended December 31, 2024	2023	Change ($)	Change (%)
Operating expenses – BESS					
Software maintenance services	(1)	$ 56,711	$ –	$ 56,711	N/A
Operations and maintenance		12,935	–	12,935	N/A
Insurance		14,630	–	14,630	N/A
Depreciation and amortization		89,286	–	89,286	N/A
		$ 173,562	$ –	$ 173,562	N/A
Operating expenses – Rooftop Solar Systems					
Leases, and operations and maintenance	(2)	$ 2,911	$ –	$ 2,911	N/A
Depreciation and amortization		14,727	–	14,727	N/A
		$ 17,638	$ –	$ 17,638	N/A
		$ 191,200	$ –	$ 191,200	N/A

(1) Peak Power Inc. provides software maintenance services, predicting the co-incident peaks related to Global Adjustment abatement in Ontario, in order for the Company to continue providing energy as outlined in the agreements with clients. The term of each software maintenance service agreement aligns with respective energy service agreement's term detailed herein, and consists of an annual fixed fee of $92,300 and an additional variable fee based on the energy discharged each month.

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

EXPENSES – OTHERS

	Note	Three months ended December 31, 2024	2023	Change ($)	Change (%)
Salaries and benefits	(1)	$ 292,694	$ 243,477	$ 49,217	20%
Administration	(2)	126,437	84,797	41,640	49%
Marketing and stakeholder communication	(3)	113,070	142,144	(29,074)	(20%)
Audit and audit related	(4)	182,273	84,255	98,018	116%
Consulting – Financing	(5)	16,789	16,990	(201)	(1%)
Consulting – Other	(6)	35,887	71,266	(35,379)	(50%)
Regulatory and transfer agency	(7)	9,140	45,863	(36,723)	(80%)
Office lease and information technology	(8)	13,288	13,788	(500)	(4%)
Legal	(9)	27,519	4,405	23,114	525%
Donation	(10)	36,000	40,000	(4,000)	(10%)
Total		$ 853,097	$ 746,985	$ 106,112	14%

	Note	Year ended December 31, 2024	2023	Change ($)	Change (%)
Salaries and benefits	(1)	$ 1,163,448	$ 1,013,185	$ 150,263	15%
Administration	(2)	422,469	375,212	47,257	13%
Marketing and stakeholder communication	(3)	480,165	471,768	8,397	2%
Audit and audit related	(4)	531,380	335,677	195,703	58%
Consulting – Financing	(5)	67,156	67,960	(804)	(1%)
Consulting – Other	(6)	189,540	149,619	39,921	27%
Regulatory and transfer agency	(7)	79,130	107,763	(28,633)	(27%)
Office lease and information technology	(8)	51,146	59,088	(7,942)	(13%)
Legal	(9)	124,153	39,680	84,473	213%
Donation	(10)	86,000	75,000	11,000	15%
Total		$ 3,194,587	$ 2,694,952	$ 499,635	19%

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

(1) The increase in salaries and benefits in the Current Year was mainly due to the hiring of additional resources by the Company to support its growing business that entailed a decrease in its marketing and stakeholder communication expenses (see (3) below), as the new hiring reduced the Company's reliance on the services of certain consultants in this functional area.

(2) The increase in administration expenses during the Current Year was mainly attributable to the initial setup and transition related matters with respect to the Company's acquisition of SPOBOC and SPOSOC.

(3) The marketing and stakeholder communication expenses during the Current Year have remained consistent as compared to the Prior Year. The marketing and stakeholder communication expenses decreased in the Current Quarter, compared to the Prior Year Quarter, mainly because the

Company employed a full-time resource to assist with its marketing and investor relations activities that were previously undertaken by consultants.

(4) The audit and audit related expenses in the Current Year have increased due to an increase in the annual audit fee, as compared to Prior Year, in line with the growth in the Company's portfolio of secured loans and royalties. In the Current Quarter, in October 2024, the Company changed its auditors from Deloitte LLP to Davidson & Company LLP, and as a result, the audit-related expenses increased in the Current Quarter, due to the timing of audit planning and related work completed by the latter with respect to the new engagement.

(5) The consulting (financing) expenses in the Current Year have been consistent as compared to the Prior Year.

(6) The increase in other consulting expenses was mainly attributable to the publication of the Company's 2024 Green Bond framework as announced on April 19, 2024, as well as other ESG initiatives.

(7) The regulatory expenses vary with the timing of the Company's compliance requirements.

(8) The office lease and information technology expenses relate to the Company's corporate office. Office lease expenses for the Current Year in the table above include the depreciation charges relating to the right-of use asset and common area maintenance expenses.

(9) The increase in legal expenses in the Current Year mainly relates to the acquisition of SPOBOC and SPOSOC by the Company during the Current Year, and legal costs with respect to evaluation of certain investment prospects that did not meet the Company's due diligence criteria, and therefore, were not pursued further by the Company.

(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,			
	2024	2023	Change ($)	Change (%)
Finance expenses relating to:				
Green Bonds	$ 1,088,286	$ 916,992	171,294	19%
Loan payable (BESS)	4,375	–	4,375	N/A
Accretion of asset retirement obligation (BESS and Solar)	8,633	–	8,633	N/A
Office Lease	648	1,079	(431)	(40%)
Total	$ 1,101,942	$ 918,071	$ 183,871	20%

	Year ended December 31,			
	2024	2023	Change ($)	Change (%)
Finance expenses relating to:				
Green Bonds	$ 3,863,302	$ 3,410,863	$ 452,439	13%
Convertible notes	–	16,902	(16,902)	(100%)
Loan payable (BESS)	4,375	–	4,375	N/A
Accretion of asset retirement obligation (BESS and Solar)	8,633	–	8,633	N/A
Office Lease	3,262	4,900	(1,638)	(33%)
Total	$ 3,879,572	$ 3,432,665	$ 446,907	13%

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

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

	Three months ended December 31,			
	2024	2023	Change ($)	Change (%)
Depletion and depreciation	$ 363,091	$ 103,523	$ 259,568	251%
Foreign exchange (gain) loss	(3,614)	271,816	(275,430)	(101%)
Equity-settled share-based payments	25,640	91,905	(66,265)	(72%)
Change in fair value of cash-settled share-based payments	(220)	1,937	(2,157)	(111%)
Total	$ 384,897	$ 469,181	$ (84,284)	(18%)

	Year ended December 31,			
	2024	2023	Change ($)	Change (%)
Depletion and depreciation	$ 718,966	$ 372,122	$ 346,844	93%
Foreign exchange (gain) loss	(244,501)	234,235	(478,736)	(204%)
Equity-settled share-based payments	141,204	409,923	(268,719)	(66%)
Change in fair value of cash-settled share-based payments	(2,916)	(5,296)	2,380	(45%)
Total	$ 612,753	$ 1,010,984	$ (398,231)	(39%)

Depletion, which is recorded on a straight-line basis, has increased in the Current Year as compared to the Prior Year mainly due to the depletion of royalty interest for NOMAD as the Company in line with the increase in royalty revenue for NOMAD, as well as new royalty transactions closed in fiscal year 2023 and till 2024.

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 depreciation of the Canadian Dollar during the Current 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. 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, 2024	Three months ended December 31, 2023	Change ($)	Change (%)
Current income tax expense	$ 66,218	$ 37,556	$ 28,662	76%
Deferred income tax expense	(113,484)	(1,266)	(112,218)	8864%
Total	$ (47,266)	$ 36,290	$ (83,556)	(230%)

	Year ended December 31, 2024	Year ended December 31, 2023	Change ($)	Change (%)
Current income tax expense	$ 292,088	$ 265,522	$ 26,566	10%
Deferred income tax expense	79,516	(25,266)	104,782	(415%)
Total	$ 371,604	$ 240,256	$ 131,348	55%

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.

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.

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

	Three months ended December 31,	
	2024	2023
Net loss after income tax, as presented in the Financial Statements	$ (9,079,164)	$ (722,010)
Adjustments:		
Finance expenses	1,101,942	918,071
Income tax expense	(47,266)	36,290
Depletion of royalty interests	358,222	98,654
Depreciation and amortization - BESS and solar	104,013	–
Depreciation of right-of-use asset	4,869	4,869
EBITDA	$ (7,557,384)	$ 335,874
Additional adjustments:		
Consulting – financing	16,789	16,990
Equity-settled share-based payments	25,640	91,905
Change in fair value of cash-settled share-based payments	(220)	1,937
Provision for expected credit loss and loss upon derecognition of secured loans	8,459,110	1,227,496
Impairment of royalty interest	488,386	–
Net income attributable to non-controlling interests	(271,180)	(413,413)
Adjusted EBITDA	$ 1,161,141	$ 1,260,789

	Year ended December 31,	
	2024	2023
Net loss after income tax, as presented in the Financial Statements	$ (9,272,512)	$ (1,810,902)
Adjustments:		
Finance expenses	3,879,572	3,432,665
Income tax expense	371,604	240,256
Depletion of royalty interests	699,488	352,644
Depreciation and amortization - BESS and solar	104,013	–
Depreciation of right-of-use asset	19,478	19,478
EBITDA	$ (4,198,357)	$ 2,234,141
Additional adjustments:		
Consulting – financing	67,156	67,960
Equity-settled share-based payments	141,204	409,923
Change in fair value of cash-settled share-based payments	(2,916)	(5,296)
Provision for expected credit loss and loss upon derecognition of secured loans	9,076,781	4,305,775
Impairment of royalty interest	488,386	–
Net income attributable to non-controlling interests	(1,122,468)	(1,312,730)
Adjusted EBITDA	$ 4,449,786	$ 5,699,773

1.6 LIQUIDITY

At December 31, 2024, the Company had a cash and cash equivalents balance of $16.5 million (December 31, 2023 – $14.4 million), of which, cash balance subject to various restrictions as described in the Financial Statements is $16.5 million (December 31, 2023 – $14.4 million). At December 31, 2024, the Company had working capital of $24.1 million (December 31, 2023 – $33.6 million).

	Year ended December 31,	
	2024	2023
Cash generated by operating activities	$ 2,505,000	$ 792,000
Cash used in investing activities	(1,855,000)	(3,590,000)
Cash provided by financing activities	1,236,000	9,871,000
Total	$ 1,886,000	$ 7,073,000

During the Current Year, the Company generated $2.51 million cash from its operating activities, compared to $0.8 million in the Prior Year.

The Company used $1.86 million cash from investing activities, mainly with respect to new investments and loans completed during the Current 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. During the Prior Year, the Company used $3.59 million cash in investing activities, mainly in new royalty-based investments, offset by proceeds from repayment of loans and royalty buyout.

The Company's financing activities during Current Year generated $1.24 million cash, mainly due to proceeds from Series 4 Green Bonds ($6.28 million), net of cash distribution ($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 issuance of Series 4 Green Bonds during the Current Year.

During the Prior Year, the Company's financing activities provided $9.87 million cash, mainly from the net proceeds ($16.55 million) from the Series-3 Green Bond financing, partially offset by cash distributions ($1.72 million) to the Company's shareholders, repayment of convertible notes ($2.06 million) and interest payments ($2.69 million) on Green Bonds.

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

December 31, 2024		Contractual Cash Flows(i)			
	Carrying Amount	Total	Less than 12 months	Between 1 - 3 years	Between 4 - 5 years
Green Bonds(ii)	$44,085,035	$56,128,878	$ 13,229,591	$ 16,481,982	$ 26,417,305
Lease liability	30,682	32,180	25,585	6,595	–
Loan payable	389,492	389,492	389,492	–	–
Government grant payable	170,350	170,350	170,350	–	–
Trade payables and accrued liabilities	1,071,038	1,071,038	1,071,038	–	–
Total	$45,746,597	$57,791,937	$ 14,886,055	$ 16,488,577	$ 26,417,305

(i) The amounts presented in the table above are gross and undiscounted. These amounts include contractual interest payments.

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

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

1.7 CAPITAL RESOURCES

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

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

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

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

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

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

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

At December 31, 2024, except for the annual fixed fee payable under the software service agreements (see section 1.6 *Liquidity*), the Company has no material capital lease obligations, or "Purchase Obligations" defined as any agreements to purchase goods or services that is enforceable and legally binding on the Company that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

1.8 OFF-BALANCE SHEET ARRANGEMENTS

None.

1.9 TRANSACTIONS WITH RELATED PARTIES

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

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

Transactions with KMP include the following:

- Directors' fees for the Company's non-executive directors, namely: Rene Carrier, Stephen Cheeseman, Gord Fretwell, Paul Larkin, Jill Leversage, and Marchand Snyman;
- Compensation for the Company's executive officers, including salaries and benefits of Bernard Tan, Chief Executive Officer, and Peter Leighton, Chief Operating Officer;

- Share-based payments in the form of share purchase options, granted to the Company's directors and officers, which share-based payments represent amortization of the grant date fair value of the options granted over their vesting term.

Related party transactions	**Three months ended December 31,**			
	2024	2023	Change ($)	Change (%)
Short-term employment benefits (i)	$ 118,226	$ 116,999	$ 1,227	1%
Equity-settled share-based compensation	28,033	(161,600)	189,633	(117%)
Cash-settled share-based compensation	(220)	1,937	(2,157)	(111%)
Total	$ 146,039	$ (42,664)	$ 188,703	(442%)

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

Related party transactions	**Year ended December 31,**			
	2024	2023	Change ($)	Change (%)
Short-term employment benefits (i)	$ 485,119	$ 474,000	$ 11,119	2%
Equity-settled share-based compensation	34,900	25,200	9,700	38%
Cash-settled share-based compensation	(2,916)	(5,296)	2,380	(45%)
Total	$ 517,103	$ 493,904	$ 23,199	5%

(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. In the Prior Year, the share based payment expense was higher due to the grant of share based payment awards in May 2023. No new share based payment awards were granted in the Current Year.

Cash-settled share-based compensation during the Prior Year represents the fair value of the Company's Deferred Share Units (DSU) granted to non-executive directors and Restricted Share Units (RSU) granted to its chief executive officer and chief operating officer in 2022. No new cash-settled DSUs or RSUs were granted during the Current Year. The RSUs were settled in January 2023.

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.

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

1.17 INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS

Internal Controls over Financial Reporting

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

Disclosure Controls and Procedures

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

1.18 RISK FACTORS

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 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 is 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 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 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, 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 it if 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.

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 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.