RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2020

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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.

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

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, 2020 (the "Financial Statements") as publicly filed on SEDAR at www.sedar.com.

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

This MD&A is prepared as of April 30, 2021.

1.2 OVERVIEW

Description of Business

RE Royalties Ltd., formerly Baetis Ventures Ltd., is a public company whose common shares are listed on the TSX Venture Exchange ("TSXV"), under the trading symbol "RE". 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 acquires revenue-based royalties from renewable energy companies by providing a non-dilutive royalty financing solution to privately held and publicly traded renewable energy companies. The Company's business objectives are to acquire a portfolio of long-term, stable, and diversified renewable energy royalty streams to provide shareholders with capital appreciation and a growing, sustainable, long-term cash distribution.

Management has identified an underserviced segment in the renewable energy capital markets that lies between traditional debt and equity financing. For many small to medium-sized renewable energy companies ("SMREs"), a 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, health-care, 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 utilities and/or facilities which operate in strong merchant markets with stable power pricing;
- Acquiring renewable energy royalties in low carbon growth areas 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 income and interest;
- 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 GREEN BOND OFFERING

On March 1, 2021, the Company announced the closing of the fourth and the final tranche of its public offering of Series 1-2020 First Ranking Senior Secured 5-year green bonds (the "Green Bonds"), each Green Bond has a principal amount of $1,000 and bears interest at a rate of 6%, per annum, payable quarterly. The Green Bonds are senior secured obligations of the Company that are secured against the Company's portfolio of royalty and loan investments.

The aggregated amount of gross proceeds of $10.2 million were raised in four tranches in the Company's inaugural Green Bond offering, which is summarized below.

The Company's Green Bonds were offered under available exemptions from the prospectus requirement, including the offering memorandum exemption. The Green Bonds are eligible for all registered accounts including, but not limited to, RRSP, TFSA and RESP accounts. The Green Bond offering was led by Integral Wealth Securities Limited (the "Lead Agent").

Net proceeds from the Green Bonds will be utilized to finance or re-finance renewable energy projects and/or technologies that can assist in mitigating the impact of climate change. The Company has prepared a Green Bond Framework that is aligned with the International Capital Market Association Green Bond Principles (2018). The framework is available on the Company's Green Bond website at https://www.reroyalties.com/green-bonds.

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Total
Tranche closing and maturity date					
Tranche closing date	02-Oct-20	29-Oct-20	15-Dec-20	01-Mar-21	
Maturity date	02-Oct-25	29-Oct-25	15-Dec-25	01-Mar-26	
Number of Green Bonds issued at $1,000 each					
Brokered	4,947	1,661	2,044	201	8,853
Non-Brokered	505	405	240	163	1,313
Total	5,452	2,066	2,284	364	10,166
Aggregate proceeds from the Green Bonds issued					
Brokered	$ 4,947,000	$ 1,661,000	$ 2,044,000	$ 201,000	$ 8,853,000
Non-Brokered	505,000	405,000	240,000	163,000	1,313,000
Total	$ 5,452,000	$ 2,066,000	$ 2,284,000	$ 364,000	$10,166,000
Cash commission and fees					
Agent's fee	$ 197,880	$ 66,440	$ 81,760	$ 8,040	$ 354,120
Corporate finance fee	10,200	16,200	7,000	6,520	39,920
Finder's fee – non-brokered	10,000	–	–	–	10,000
Total fees	$ 218,080	$ 82,640	$ 88,760	$ 14,560	$ 404,040

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Total
Warrants					
Agent's warrants	223,173	69,208	82,865	9,648	384,894
Corporate finance warrants	22,782	16,875	9,730	7,824	57,211
Total number of warrants issued	245,955	86,083	92,595	17,472	442,105
Exercise price, based on 5-day volume adjusted weighted average share price (VWAP)	$1.33	$1.44	$1.48	$1.25	
Expiration (24-month term)	02-Oct-22	29-Oct-22	15-Dec-22	01-Mar-23	

1.2.2 RENEWABLE ENERGY ROYALTY INVESTMENTS

The Company currently owns a portfolio of 83 royalties on solar, wind and hydro projects operating in Canada, Europe and the United States. A summary of the Company's portfolio as of the date of this MD&A is as follows:

Client	Location	# of Royalties	Remaining Avg. Royalty Life (Years)	Royalty as % of Revenue	Energy Type	Status	Generating Capacity	Original Investment (C$ million)
Aeolis Wind	British Columbia, Canada	1	17	1%	Wind	Operational	102 MW	$ 1.24
OntarioCo	Ontario, Canada	59	17	2%	Solar	Operational	22 MW	$ 5.0
Fresh Air Energy	Ontario, Canada	4	15	1%	Solar	Operational	40 MW	$ 1.87
Scotian Windfields	Nova Scotia, Canada	12	16	8%	Wind	Operational	40 MW	$ 4.64
Alpin Sun	Texas, USA	2	20	2%	Solar	Development	152 MW	$ 1.3
Jade Power	Romania	5	17	1%	Solar, Wind, Hydro	Operational	37 MW	$ 3.8
Total / Average		**83**	**17**				**393 MW**	**$17.85**

During the fiscal year ended December 31, 2020, the following royalties were bought back by the grantors of the royalties:

Buyout Date	Grantor	Location	# of Royalties	Royalty as % of Revenue	Energy Type	Status	Generating Capacity	Buyout Proceeds (C$)
October 2020	OntarioCo	Ontario, Canada	1	2%	Solar	Operational	60 kW	$ 3,500
September 2020	Rippey Project, Belltown Power	Texas, USA	1	1%	Solar	Construction	78 MW	405,000
June 2020	Suha Project, Jade Power	Romania	1	1%	Hydro	Operational	2 MW	47,000

Impact of COVID-19

In the first quarter of 2020, a public health emergency was declared globally as a result of a new strain of coronavirus called COVID-19 ("COVID-19"). COVID-19 has resulted in many countries and governments issuing "stay at home" orders which has restricted public gatherings, limited the ability of is residents to travel locally, regionally and internationally, and also the closure of various businesses.

To date, COVID-19 has not materially impacted the Company's current portfolio of royalties. The renewable energy generation facilities that are operated by our clients, which underpin the royalty revenues received by the Company, continue to perform as expected, with minimal disruptions.

Proposed Royalty Investment Transaction

Letter of Intent for $10 Million Loan and Royalty on Battery Storage Project in Australia

On March 29, 2021, the Company announced that it had entered into a letter of intent (the "Letter Agreement") with Canigou Molonglo Bess Pty Ltd. ("Canigou"), to finance a 10MW battery storage project ("Canigou Project") located near Canberra, in the Australian Capital Territory ("ACT"), Australia.

Pursuant to the Letter Agreement, the Company will provide a $10 million loan (the "Proposed Loan") to Canigou and acquire a gross margin royalty (the "Canigou Royalty") for the life of the project. The Proposed Loan will be a first-ranking senior secured amortizing loan with a four-year term. The Proposed Loan will bear interest at 10% per annum compounded monthly and will be repaid based on project revenues.

The Canigou Royalty will be a 20% royalty on gross margin (revenues less operating costs) from the Canigou Project while the Proposed Loan remains unpaid and will reduce to 15% of gross margin thereafter for the remainder of the project's life, which is currently determined to be approximately ten years.

The Canigou Project will install two separate 5 MW batteries that will support the growth of renewable energy generation in the ACT area and provide electricity grid stabilization services and the potential for selling electricity in the wholesale electricity market. The first battery installation is planned to commence in June 2021 and be operational in November 2021. The second battery is planned to be installed and operational in the second half of 2022.

Australia is currently seeing significant growth and demand for renewable energy generation and energy storage. This growth and demand are driven by recent electricity outage events, decommissioning of coal power, declining equipment prices, and open access to grid support service markets. The World Bank estimates that 23,000 to 45,000 GWh of batteries and storage will be needed across energy systems by 2050, compared to around 200 GWh today.

New Royalty Investment Transactions Completed During the Year Ended December 31, 2020

A. Royalties on 11 Roof Top Solar Projects in Ontario

In June 2020, the Company acquired royalties on 11 additional projects (the "Second Portfolio") from an existing client and privately-held company in Ontario (the "OntarioCo").

The Company refinanced the existing OntarioCo loan and the new loan is a $5 Million loan for a term of one year at an annual interest rate of 10 percent. As part of the transaction the Company acquired gross revenue royalties (2%) on the Second Portfolio for approximately 20 years. In addition, the royalty rate on its original portfolio of 49 projects has also been increased to 2%.

As of the date of acquisition of the Second Portfolio, OntarioCo owned and operated 57 roof-top and ground-mount solar projects (with an additional 3 projects in construction) in Ontario with a generation capacity of 22 MW. All the projects have 20-year Feed-In Tariff ("FIT") contracts with the Independent Electricity System Operator ("IESO"), a crown corporation owned by the government of Ontario. All operational projects with existing FIT contracts and projects that have reached notice to proceed by the Ontario government will continue to operate under the terms of the applicable FIT contract until the end of the FIT contract life.

B. Royalties on 40 MW Operational Wind Projects in Nova Scotia

In February 2020, the Company acquired a portfolio of 12 gross revenue royalties on 12 operational wind energy generation projects in Nova Scotia, Canada ("Nova Scotia Wind Projects") from Scotian Windfields Inc. ("Scotian Windfields") for $1.34 million. The Company also provided an interest-bearing senior secured loan to Scotian Windfields of $3.3 million dollars with a term of 3 years.

The Nova Scotia Wind Projects were developed from 2013 to 2017 and have been operating for between 3 and 6 years. The Nova Scotia Wind Projects have a generating capacity of 39.7 megawatts (MW) and have 20-year power purchase agreements with fixed electricity purchase prices from Nova Scotia Power Incorporated. As of the date of acquisition of the royalty interests in the Nova Scotia Wind Projects by the Company, the average remaining term of the power purchase agreements was approximately 17 years. The Nova Scotia Wind Projects generate approximately 132,000 megawatt hours (MWh) of clean energy per year.

Royalty Investment Transactions Completed in Prior Years

A. Royalties on 40 MW Operational Solar Parks in Southern Ontario

In June 2019, the Company acquired a portfolio of gross revenue royalties on four separate operational solar parks in Ontario, Canada ("Ontario Solar Projects") from Fresh Air Energy Inc. for $1.87 million.

The Ontario Solar Projects are owned and operated by Northland Power Inc. and have a generation capacity of 40 MW and have been in operation since 2013. The Ontario Solar Projects generate approximately 60,000 MWh of clean energy per year.

B. Royalties on 49 Roof Top Solar Projects in Ontario

In May 2019, the Company entered into a loan and royalty transaction with a private group of companies in Ontario ("OntarioCo") on 49 roof-top solar projects ("Solar Project Portfolio").

Pursuant to the agreement with OntarioCo, the Company provided a $5 million interest-bearing loan to OntarioCo with a one year term, in exchange for a gross revenue royalty on the Solar Project Portfolio. The loan was subsequently refinanced in 2020 as described above.

Buyout of One of the OntarioCo Projects

In October 2020, a 60 kW roof-top project within the Ontario Solar Projects portfolio was purchased by the landlord of the building where the project is located. The Company received compensation of $3,500 for the royalty buyout.

The remaining Solar Project Portfolio of 48 projects has a combined generation capacity of 15.6 MW and has been in operation for between three to four years, and all are qualified under the Ontario Feed-in-Tariff program.

The Solar Project Portfolio generates approximately 17,400 MWh of clean energy per year.

C. Alpin Sun GmbH

In February 2018, RER US 1 LLC, an affiliate ("RER US") established by the Company, entered into an equity purchase transaction with Alpin Sun GmbH ("Alpin Sun"), whereby RER US acquired a 50% interest in a portfolio of four separate advanced stage development solar projects in Texas, totaling 352 MW (the "Texas Projects") held in four separate US limited liability companies (the "Project Entities"), whereby RER US holds the 50% interest in the Project Entities. Alpin Sun retained the other 50% interest the Project Entities. The ultimate goal of both RER US and Alpin Sun was to develop the Texas Projects to the point where they are ready to build, and then to sell the Texas Projects to a third party to build and operate.

The total investment commitment for the 50% equity investment in the Texas Projects was estimated at US$5 million (the "Texas Investment"). The Company contributed US$1 million ("RER Investment") and a consortium of private investors contributed an additional US$3.2 million toward the Texas Investment.

The Company is the manager of RER US pursuant to a management services agreement dated December 13, 2017, whereby the Company provides technical, financial, administrative, and management services to RER US. The Company also incurs third-party costs on behalf of RER US. Such third-party costs include, for example, travel, communication services, and information technology services. Third-party costs are billed to RER US at cost without markup.

In addition to owning a portion of RER US's 50% ownership in the Project Entities, the Company will also receive 50% of a 2% Gross Revenue Royalty payable to RER US for a period of twenty years, on any revenue generated by any of the Projects. Revenue is defined to include electricity sales, renewable credits, insurance proceeds and liquated damages/warranty claims.

<u>Sale of Two of the Texas Projects</u>

In December 2018, RER US and an arm's-length party (the "Buyer") entered into two separate sale agreements (the "Sale Agreements") whereby RER US sold its equity interest in two of the four Project Entities for an aggregate price of US$6 million, based on US$30,000 per MW (200MW total). In December 2018, upon execution of the Sale Agreements, RER US received US$1.4 million (the "Down Payment") in cash, representing 23.33% of the total sale proceed. The remainder of US$4.6 million (the "Contingent Payments") of the aggregate sale price was receivable in tranches subject to certain milestones leading up to the completion of the projects.

Prior to the execution of the Sale Agreements, the Company's royalty interest in the underlying projects was bought out for US$300,000

As of the date of this MD&A, RER US had not yet received the Contingent Payments. The Buyer was itself acquired in the first quarter of 2020. As a result of this transaction and also because of the extreme volatility in the Texas electricity market, the Buyer has ceased solar development activities in Texas. The Company, Alpin Sun, and the Buyer continue to explore alternatives for advancing these two projects.

<u>Update on the Remaining Two Texas Project</u>

RER US currently retains 50% ownership interest in two (the "Existing Texas Projects") of the Texas Projects. The Existing Texas Projects are within the boundaries of an electricity grid which is connected to the broader national grid that connects the remainder of the continental United States and is managed by the Southwest Power Pool ("SPP").

The SPP utilizes a cluster approach to studying the interconnection applications for individual projects, and the resultant system impact studies, facility studies, and interconnection service agreements are all handled using this cluster approach. The Existing Texas Projects were part of a cluster that applied for interconnection in 2017 along with 96 other projects with aggregate capacity of 14,000 MW.

The cluster analysis was completed in October 2020 and the proposed interconnection cost estimates, including the estimates for cost of system upgrades, for the Existing Texas Projects as determined by the cluster study were significantly higher than expected due to the cluster process which assumes, even though it is highly unlikely, that all projects in the cluster will connect to the SPP electricity grid and accordingly calculates the required upgrades and consequential interconnection costs due from the projects and then applies this cost to each project on a pro-rata basis.

The Company and Alpin Sun have decided to not to proceed with securing interconnection to the SPP electricity grid for the Existing Texas Projects at this point in time. The land lease options for the projects expire in the second quarter of 2021 and the Company and Alpin Sun will decide on extension of these options at that time.

Further to the foregoing, in December 2020, RER US wrote down the carrying amount of its ownership interests in respective Project Entities that own the Existing Texas Projects.

D. Belltown Power Texas

In December 2018, the Company entered into a loan agreement for US$2.8 million ("Belltown Loan") with a subsidiary of Belltown Power Texas, LLC ("Belltown") whereby the Company provided US$42,050 in a cash advance to Belltown and a US$2.76 million letter of credit for up to one year on behalf of Belltown, in order for Belltown to post certain collateral for grid connection for the 78 MW Rippey solar project ("Rippey Project") located in Texas. The project is expected to generate approximately 145,000 MWh of clean energy per year.

The Belltown Loan bore interest at 10% per annum for the first six months, and 15% per annum from the seventh month to the end of the term of the loan. In addition, the Company received a 1% gross revenue royalty ("Rippey Royalty") interest in the Rippey Project.

In March 2019, Belltown repaid the Belltown Loan and the letter of credit was returned and cancelled, while the Company retained the royalty interest in the Rippey Project.

In April 2020, Belltown announced that it had completed a transaction with an investment partner and commenced construction on the Rippey Project.

In September 2020, the grantor of the Rippey Royalty exercised its option to buy back the royalty as per the terms of the original royalty agreement for $405,000 (US$310,500).

E. Aeolis Wind

The Company has a secured non-revolving term loan with Aeolis Wind Power Corporation ("Aeolis"), whereby the Company loaned Aeolis $1,239,000 (the "Aeolis Loan") subject to fixed payments of $100,000 per annum, to be increased annually by an amount equal to 50% of the British Columbia Consumer Price Index ("Aeolis Royalty"). The term of the Aeolis Loan expires on July 31, 2035. The Aeolis Loan is secured against a gross revenue royalty interest owned by Aeolis on the 102 MW Bear Mountain Wind Park near Dawson Creek, British Columbia, Canada. The project generates approximately 193,000 MWh of clean energy per year. The Aeolis Royalty payments to RER under the Aeolis Loan are paid from Aeolis' gross revenue royalty interest.

F. Jade Power Trust

In January 2017, the Company provided Jade Power Trust ("Jade Power") a three-year, non-revolving secured loan (the "Jade Power Loan") and received a twenty-year gross revenue royalty (the "Jade Power Royalty") on certain of Jade Power's renewable energy generation assets. Jade Power is a Canadian publicly listed trust and an independent power producer that owns and operates facilities that produce electricity from renewable energy sources in Eastern Europe.

In June 2020, the Jade Power Loan and the Jade Power Royalty were modified (the "2020-Modification") as further described below.

Jade Power Loan

The Jade Power Loan was a three year, $3.8 million loan, with semi-annual interest payments at 5% per annum and a full principal repayment at maturity. Jade Power had an option to extend the Jade Power Loan for a fourth year with semi-annual interest payments at 7% per annum; this option was exercised by Jade Power effective January 2020.

Pursuant to the 2020-Modification, certain legal expenses and fees in the amount of $346,758 (the "Capitalized Expenses and Fees") were capitalized as part of the Jade Power Loan and Jade Power made a cash payment of $750,000 in June 2020. Additionally, during the fourth quarter of 2020, Jade Power made cash payments totaling $1,750,000 to the Company against the principal sum of the Jade Power Loan. The Jade Power Loan was fully repaid after the end of the reporting period on January 4, 2021.

Jade Power Royalty

The Jade Power Royalty was originally an annual royalty of 1.14% of the gross revenue (including power balancing adjustments) earned by Jade Power on its portfolio (the "Jade Power Royalty Portfolio") of renewable energy projects. The Jade Power Royalty is payable to the Company for twenty years, including the period that the Jade Power Loan is outstanding. The Jade Power Royalty will be paid in Canadian dollars at the prevailing Euro exchange rate at the time payment is due. The Jade Power Royalty is calculated based on gross revenues earned on three operational hydro projects (5.1MW), two operational solar projects (16.6MW) and one operational wind project (17MW).

Pursuant to the 2020-Modification, the Jade Power Royalty rate was reduced from 1.14% to 1.05%, whereas the definition of gross revenue was revised to exclude any power balancing adjustments.

The gross revenue for the purpose of the Jade Power Royalty is equal to the sum of all revenues in the fiscal year recognized by Jade Power with respect to the applicable projects, calculated in a consistent basis and in accordance with IFRS, in respect of (i) the sale of electricity energy, (ii) the sale of green certificates (or equivalent renewable incentive credits), (iii) any insurance proceeds received as a result of business interruption; and (iv) any liquidated damages.

Moreover, the Company released its royalty interest in one hydro project (no longer operational) in the Jade Power Royalty Portfolio for a consideration of $46,758, which is included in the Capitalized Expenses and Fees.

1.2.3 DISCLOSURE OF ENVIRONMENTAL AND SOCIAL DATA

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

A. Environmental Impact Summary

The following table summarizes the positive environmental impact generated by the projects in the Company's royalty portfolio, including clean energy capacity, average annual generation, and average annual carbon emissions reduction for the associated projects.

Client	Location	Projects	Energy Type	Clean Generating Capacity (MW)	Annual Clean Generation (MWh)	Annual GHG Offset (tCO_2e)[1,2,3]	Annual Homes Powered[4,5,67,8]
Operational							
Aeolis Wind	British Columbia, Canada	1	Wind	102	193,000	2,490	17,870
OntarioCo	Ontario, Canada	59	Solar	22	25,566	1,023	2,841
Fresh Air Energy	Ontario, Canada	4	Solar	40	59,413	2,377	6,601
Scotian Windfields	Nova Scotia, Canada	12	Wind	40	131,700	79,020	12,064
Jade Power	Romania	5	Solar, Wind, Hydro	37	70,377	28,221	42,939
Operational Subtotal		***81***		***240***	***480,056***	***113,130***	***82,315***
Development Stage							
Alpin Sun	Texas, USA	2	Solar	152	320,000	233,906[9]	22,831
Development Subtotal		***2***		***152***	***320,000***	***233,906***	***22,831***

PORTFOLIO TOTAL	**83**		**392**	**800,056**	**347,036**	**105,146**

Equivalents:

105,146	**74,975**	**107,084**	**5,738,321**
homes powered with clean energy	passenger vehicles[10]	tonnes of waste recycled instead of landfilled[10]	trees planted[10]

1 Canada: National Energy Board 2017
2 Romania: Carbon Footprint Electricity GHG Emission Factors, Association Issuing Bodies
3 USA: EPA eGRID Emissions & Generation Resource Information Database
4 British Columbia: BC Hydro
5 Ontario: Ontario Energy Board EB-2016-0153
6 Nova Scotia: Statistics Canada, 2015
7 Romania: Odysee-Muree Project, EU.
8 Texas: Electricity Local. https://www.electricitylocal.com/states/texas/#ref
9 Updated per EPA guidelines (using subregion non-baseload carbon intensity)
10 US EPA GHG Equivalents https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator.

Environmental Risks

Specific environmental factor risks are discussed in Section 1.18 Risk factors., 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 local universities.

Gender Diversity

Board of Directors:	The Company has one (1) female board member of 7 (14%)
Team:	The Company has six (6) team members, of which one (1) is female (17%)

Charitable Activity

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

In the first quarter of 2020, the Company donated $25,000 to Vancouver General Hospital. The funds were utilized to advance the delivery of health services for the hospital.

In June 2020, the Company donated $25,000 to Glasswaters Africa to support the Selemela Learning Network ("Selemela"). The learning network is a collaboration between Glasswaters Africa & Selemela, a Lesotho-based social enterprise that delivers custom-built educational solutions to Lesotho's education sector. Specifically, Selemela is working to build community-based learning networks to promote the efficient flow of information and resources within the education sector and provide opportunities for meaningful participation by the wider community. The Selemela team has directly experienced the shortcomings of mainstream education in Lesotho. They are working to facilitate local research and education to provide meaningful change to children between 5 - 17 years old by listening to what the people in the community really need, and then putting an education plan in place to help create systematic change.

In December 2020, the Company donated $25,000 to Atira Women's Resource Society, a not-for-profit organization committed to the work of ending violence against women. The donation will be used to support the Legal Advocacy Program, which helps low-income women in Vancouver's Downtown Eastside obtain free legal advocacy in a safe and confidential, women's only space.

Social Risks

Specific social factor risks are discussed in Section 1.18 Risk factors, within the following categories:

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

1.2.4 FINANCING

Refer to section "*1.2.1 Green Bond Offering*" for the Company's Green Bond offering.

In July 2020, 500,000 of the Company's share purchase warrants were exercised at a price of $0.50 per share and for cash proceeds of $250,000.

In February 2020, the Company announced that it had issued a series of unsecured convertible notes ("2020-Convertible Notes") to certain arm's-length parties for aggregate gross proceeds of $1.6 million. The 2020-Convertible Notes have a term of 36 months and accrue interest at 8% per annum, compounded annually but payable at maturity. The 2020-Convertible Notes shall be convertible, at the holders' sole discretion, into common shares of the Company at a conversion price of $1.00 per share. Without the prior written consent of the lenders, the Company will not incur indebtedness that would result in its debt to equity ratio to exceed 1:1.

In November 2018, the Company issued to an arm's-length party a $500,000 unsecured convertible note (the "2018- Convertible Note") with a 24-month term and interest rate of 7% per annum. In November 2020, the holder of the 2018-Note elected to convert the outstanding principal sum of $500,000, and accrued interest of $3,538 into the Company's Common Shares at $1.00 per share. Accordingly, upon conversion of the 2018-Convertible Note, the Company issued 503,538 of its Common Shares.

1.2.5 DISTRIBUTION TO SHAREHOLDERS

After the end of the reporting period and before the date of this MD&A, the Company had declared the following cash distributions to its shareholders:

For the quarter ended	Declaration date	Record date	Payment date	Amount per share	Amount Total
December 31, 2020	January 6, 2021	January 27, 2021	February 17, 2021	$ 0.01	$ 332,899
March 31, 2021	April 7, 2021	April 28, 2021	May 19, 2021	0.01	332,899
Total				$ 0.02	$ 665,798

During the Company's fiscal year ended December 31, 2020, the Company declared the following cash distributions to its shareholders:

For the quarter ended	Declaration date	Record date	Payment date	Amount per share	Amount Total
December 31, 2019	January 8, 2020	January 29, 2020	February 19, 2020	$ 0.01	$ 321,714
March 31, 2020	April 8, 2020	April 29, 2020	May 20, 2020	0.01	321,714
June 30, 2020	July 10, 2020	July 29, 2020	August 19, 2020	0.01	326,714
September 30, 2020	October 7, 2020	October 28, 2020	November 18, 2020	0.01	327,363
Total				**$ 0.04**	**$ 1,297,505**

During the year ended December 31, 2019, the Company declared the following cash distributions to its shareholders:

For the quarter ended	Declaration date	Record date	Payment date	Amount per share	Amount Total
March 31, 2019[(i)]	March 15, 2019	April 3, 2019	May 1, 2019	$ 0.01	$ 321,714
June 30, 2019	June 25, 2019	July 17, 2019	August 7, 2019	0.01	321,714
September 30, 2019	September 27, 2019	October 16, 2019	November 6, 2019	0.01	321,714
Total				**$ 0.03**	**$ 965,142**

(i) The distribution for the quarter ended March 31, 2019 was designated by the Company to be a return of capital for the purpose of the Income Tax Act (Canada) and any similar provincial or territorial legislation.

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.

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1.3 SELECTED ANNUAL INFORMATION

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

		2020		2019		2018
Total Assets	$	27,611,000	$	18,140,000	$	19,876,000
Total Non-Current Financial Liabilities	$	10,514,000	$	–	$	475,000
Total Current Financial Liabilities	$	89,000	$	547,000	$	508,000
Royalty Revenue	$	751,000	$	368,000	$	89,000
Income from Royalty Buyout		431,000		–		409,000
Finance Income		1,189,000		1,012,000		521,000
Total Revenue and Income	$	2,392,000	$	1,380,000	$	1,019,000
Cash Distribution per Share	$	0.04	$	0.03		–
Net Loss Attributable to Shareholders of the Company	$	447,000	$	412,000	$	3,199,000
Basic and Diluted Loss Per Share	$	0.01	$	0.01	$	0.17

The Company's total assets decreased in 2019 due to cash distributions and increased in 2020 due to cash generated from operating activities and cash raised through exercise of warrants and the issuance of debt (Green Bonds and 2020-Convertible Note), which also resulted in an increase in non-current liabilities at December 31, 2020.

The Company's royalty revenue and finance income grew over last three years as the Company's portfolio of royalty interests and secured loans grew through various investments and acquisitions discussed herein.

In the fourth quarter of fiscal year 2020, the Company recorded its share of loss of RER US (an associate of the Company) under the equity method of accounting in the amount of $554,000, mainly due to impairment losses with respect to the Existing Texas Projects (1.2.2 Renewable Energy Royalty Investments) recorded by RER US. Moreover, the Green Bond offering in fiscal year 2020 led to higher overall expenses, including marketing and certain consulting expenses as well as finance expenses ($156,000) relating to the Green Bonds for the fourth quarter of 2020, but the offering had no impact on the Company's revenue for the year because the deployment of the proceeds from the offering did not commence during the year. As a result of the foregoing, the Company recorded a net loss of $447,000 in fiscal year 2020.

The Company recorded a net loss of $412,000 in fiscal year 2019, which was the first year after the Company completed its public listing through a reverse-takeover and a concurrent equity financing and during this year the Company was mainly focused on deploying the funds from the equity financing. Although the Company deployed most of its available capital during the year, it earned revenue from the newly acquired portfolio of assets only for a fraction of the year due to the timing of various transactions.

In 2018, the following items primarily contributed to the net loss of $3,199,000:

1) Listing expenses of $1,661,000, which includes non-cash expenses of $1,441,000 – mainly the deemed issuance of equity under the accounting for the reverse takeover;

2) Share of loss of an associate of $419,000, which was recorded as a result of derecognition of two of its Project Entities as described herein; and

3) Non-recurring consulting fees of $1,134,000.

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 years of the Company and are expressed in Canadian dollars, except for the weighted average number of shares.

	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
Revenue and income								
Royalty revenue	$ 170,000	$ 187,000	$ 214,000	$ 133,000	$ 82,000	$ 142,000	$ 118,000	$ 26,000
Royalty buyout	–	405,000	26,000	–	–	–	–	–
Finance income	277,000	270,000	331,000	311,000	255,000	268,000	233,000	256,000
Total	$ 447,000	$ 909,000	$ 571,000	$ 444,000	$ 337,000	$ 410,000	$ 351,000	$ 282,000
Net (loss) income	$(882,000)	$ 387,000	$ (4,000)	$ 53,000	$(209,000)	$ 85,000	$(165,000)	$(123,000)
Net income (loss) per share	$ (0.03)	$ 0.01	$ (0.00)	$ 0.00	$ (0.01)	$ 0.00	$ (0.00)	$ (0.00)
Weight average number of shares	33,016,062	32,402,367	32,171,389	32,171,389	32,171,389	32,171,389	32,171,389	32,115,856

Trends in the Company's Financial Results

General

Since its inception in 2016, the Company has been effectively pursuing its growth strategy as reflected in the increasing trends in its total assets and revenue. The timing difference between sourcing and deploying capital is inherent in the Company's business. The Company's operating results follow a similar trend whereby revenues from new asset acquisitions are earned several quarters after the related expenses (salaries, consulting, etc.) on relevant activities are incurred.

At December 31, 2020, the Company had current assets of approximately $19 million, which amount mainly includes cash and cash equivalents and the aggregate amount of secured loans (receivable) with near-term maturity (12 months or less from the reporting date); this capital will be available to the Company for extending new loans and acquisition of additional royalty interests in near-term.

Revenue

The Company's revenue have followed an increasing trend as the Company completed several acquisitions of revenue-based royalties from renewable energy generation facilities and due to royalty buyout income as described herein (*1.2.2 Renewable Energy Royalty Investments*).

The Company earns royalty revenue from several renewable power generation sources, 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 Company's royalty interests are held in renewable assets located in the Northern Hemisphere only.

Expenses	The Company's operating expenses are mostly incurred evenly through a fiscal year. However, the timing of certain expenses are 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 financing and investing activities and the timing of such expenses is directly related to the timing of related activities.

Analysis of Quarterly Results

Quarter ended	Analysis
March 2019	This was the first fiscal quarter after the Company's reverse-take over and concurrent financing by way of a private placement of its common shares. The Company recorded a net loss in this quarter as it had not completed the acquisition of new royalty interests after the financing. Moreover, in this quarter, the Company held its first annual general meeting after the reverse takeover that entailed incurring of additional expenses in the quarter.
June 2019	During this quarter, the Company acquired royalty interests in several solar power generating assets located in Ontario, Canada, in two significant transactions, but the revenue from these assets did not accrue to the Company for the entire quarter due to the timing of the acquisitions. Moreover, the Company's expenses increased in this quarter due to the timing of certain expenses incurred in relation to its annual audited financial statements and other annual reports.
September 2019	Following the acquisitions completed in the preceding quarter, the Company's royalty revenue increased during this quarter and it recorded a net income of $85,000.
December 2019	The Company's revenue decreased during this quarter due to seasonality in solar power generation. This seasonality was partially counterbalanced in the following quarter as a result of the acquisitions of royalty interests in the Nova Scotia Wind Projects. Net loss of $209,000 during the quarter ended December 31, 2019 was attributable mainly to the following: a) a decrease in royalty revenue as a result of the aforementioned seasonal variations; and b) foreign exchange loss with respect to the Company's US Dollar denominated cash balance.
March 2020	By the end of this quarter, the Company had deployed substantially all of its available capital, which included the proceeds from the 2020-Convertible Notes issued in this quarter. Accordingly, the Company recorded a net income of $53,000 in this quarter.
June 2020	Following the deployment of its available capital as mentioned above, the Company's focus during the quarter ended June 30, 2020 and the following quarters was to source additional capital through the Green Bond offering to finance or re-finance renewable energy projects that led to higher overall expenses, including marketing and certain consulting expenses in these fiscal quarters. During the quarter ended on June 30, 2020, the Company recorded a net loss of $4,000, mainly due to the timing of certain expenditures incurred during the quarter in relation to the Company's audited financial statements and other annual reports and in relation to the Green Bond offering.

September 2020	The Company recorded a net income of $387,000 mainly due to the buyout of the Belltown royalty.
December 2020	In the fourth fiscal quarter of 2020, the Company recorded a net loss of $882,000, mainly due to the following: a) the Company recorded its share of loss of RER US (an associate of the Company) under the equity method of accounting in the amount of $554,000, mainly due to impairment losses with respect to the Existing Texas Projects (1.2.2 Renewable Energy Royalty Investments) recorded by RER US. b) the Green Bond offering in fiscal year 2020 led to higher overall expenses, including marketing and certain consulting expenses as well as finance expenses, but the offering had no impact on the Company's revenue for the quarter because the deployment of the proceeds from the offering did not commence during the quarter. c) A partial prepayment of the Jade Power Loan had an impact on the Company's finance income in this quarter.

1.5 RESULTS OF OPERATIONS

REVENUE AND INCOME

	For the year ended December 31,			
	2020	2019	Change ($)	Change (%)
Revenue from royalty interests	$ 750,792	$ 367,902	$ 382,890	104%
Royalty buyout income	431,015	–	431,015	N/A
Finance income	1,189,394	1,012,277	177,117	17%
Total	$ 2,392,101	$ 1,380,179	$ 1,011,922	73%
Gain on revaluation of Aeolis Loan	$ 156,199	$ 72,406	$ 83,793	116%

The Company's revenue and finance income increased during the year ended December 31, 2020 because of the acquisition of additional royalty interests and the Rippey Royalty buyout during the current fiscal year as discussed in *Section 1.2.2 Renewable Energy Royalty Investments*. The increase in gain on revaluation of Aeolis Loan was due to lower benchmark rates in 2020.

OPERATING EXPENSES

	For the year ended December 31,			
	2020	2019	Change ($)	Change (%)
Wages and benefits	$ 532,977	$ 489,110	$ 43,867	9%
Administration	307,432	242,225	65,207	27%
Marketing and stakeholder communication	259,493	230,914	28,579	12%
Consulting – Financing	159,047	67,022	92,025	137%
Consulting – Other	197,807	–	197,807	N/A
Audit and audit related fees	112,519	75,908	36,611	48%
Rent and information technology	76,500	59,062	17,438	30%
Donation	75,000	51,000	24,000	47%
Regulatory	45,503	29,792	15,711	53%
Legal	23,512	2,446	21,066	861%
Cost recoveries	(16,974)	(69,212)	52,238	(75%)
Total	$ 1,772,816	$ 1,178,267	$ 594,549	50%

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

- The Company initiated director fees in March 2019; accordingly wages and benefits were lower in the prior year, compared to the current year.
- Consulting expenses during the current year related to certain consulting engagements with third-party consultants to assist in the Company's financing activities. Other consulting expenses in the current year were incurred to implement environmental, social, and governance policies and reporting system as well as to support general business development activities of the Company.
- Higher audit and audit related fees in the current year resulted from a review engagement and other services in connection with the Green Bond offering.
- Higher administration expenses during the current year were due to additional support required to support the regulatory compliance with respect to the Company's financing activities (the 2020–Convertible Notes offering and the Greed Bond offering).
- Higher marketing expenses in the current year were due to the Company's outreach in relation to the Green Bond offering.
- During the current year, the Company donated $25,000 each to Glasswaters Africa; the VGH & UBC Hospital Foundation, and Atira Women's Resource Society. During the year ended December 31, 2019, the Company donated $25,000 each to the Union Gospel Mission and Covenant House Vancouver.
- Regulatory costs incurred relate to the Company's listing on the TSX Venture exchange.
- Cost recoveries related to the Company's management of the activities of an affiliate, RER US 1 LLC.

OTHER NON-CASH EXPENSES AND FOREIGN EXCHANGE DIFFERENCES

	For the year ended December 31,			
	2020	2019	Change ($)	Change (%)
Amortization and depletion	$ 285,067	$ 288,062	$ (2,995)	(1%)
Foreign exchange (gain) loss	(14,247)	203,439	(217,686)	(107%)
Equity-settled share-based payments	9,842	94,993	(85,151)	(90%)
Total	$ 280,662	$ 586,494	$ (305,832)	(52%)

The changes in the Company's non-cash expenses as presented above are summarized below:

- Foreign exchange (gain) loss relates mainly to USD-denominated cash balance held by the Company and changes in the exchange rates.
- Compared to the prior year, equity settled share payments decreased as fewer number of unvested share purchase options were outstanding during the current year.

1.6 LIQUIDITY

At December 31, 2020, the Company had cash and cash equivalents of $11,704,000 (December 31, 2019 – $4,048,000) and working capital of $19,219,000 (December 31, 2019 – $9,538,000), mainly comprised of cash and cash equivalents and the aggregate amount of secured loans receivable with near-term maturity (12 months or less from the reporting date).

During the year ended December 31, 2020, cash generated from the Company's operating activities was $908,000, compared to $1,079,000 cash used in operating activities during the prior year. This change was mainly due to changes in working capital and the timing of realization of finance income, in particular, as a result of repayment of the Jade Power Loan and payment of interest by OntarioCo during 2020.

During the year ended December 31, 2020, cash used in the Company's investing activities was $2,757,000, compared to $2,673,000 during the prior year. The Company's cash flows from investing activities change with the timing of its investment in secured loans and royalty interests.

At December 31, 2020, the Company's financial liabilities were comprised of the following:

	Carrying Amount	Contractual Obligation	Less than 12 months	Between 1 - 3 years	Between 4 - 5 years
Green Bonds	$ 8,906,325	$ 9,802,000	$ –	$ –	$ 9,802,000
Convertible notes	1,608,122	1,637,176	–	1,637,176	–
Trade payables and accrued liabilities	88,533	88,533	88,533	–	–
	$ 10,602,980	$ 11,527,709	$ 88,533	$ 1,637,176	$ 9,802,000

1.7 CAPITAL RESOURCES

The Company has no lines of credit or other sources of financing which have been arranged but not yet utilized.

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 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 under the 2020-Convertible Notes agreements as well as the Green Bond indenture to maintain a debt to equity ratio of 1:1. The Company was in compliance with this debt covenant. The Green Bond indenture also contains an additional financial covenant relating to debt-service coverage ratio, which is effective from January 1, 2021 onward.

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.

1.10 FOURTH QUARTER

The Company recorded a net loss of $882,000 in the fourth quarter of fiscal year 2020, compared to a net loss of $209,000 recorded in the fourth quarter of fiscal year 2019.

The following is a summary of revenue and income for the fourth quarter:

	For the quarter ended December 31,			
	2020	2019	Change ($)	Change (%)
Revenue from royalty interests	$ 149,119	$ 81,821	$ 67,298	82%
Finance income	276,919	255,282	21,637	8%
Total	$ 426,038	$ 337,103	$ 88,935	26%

See section 1.4 *"Summary of Quarterly Results"* for discussion about seasonality in the Company's revenue. Expenses for the quarter ended December 31, 2020 followed similar trends as discussed in section 1.5 "*Results of Operations*" of this MD&A.

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	33,289,927
Share-purchase options	1,195,000
Share-purchase warrants	442,105
Shares to be issued upon conversion of convertible notes	1,637,176

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 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 and on the sale of renewable energy credits 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.

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 recently commenced, and the Company has a limited history of operations. 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 on obtaining 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 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 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. 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. 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 Natural 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.

Risk Related to COVID-19

The current outbreak of the novel coronavirus (COVID-19), and any future emergence and spread of similar pathogens, could have a material adverse effect on global and local economic and business conditions. The extent to which the coronavirus impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of the coronavirus and the actions taken to contain the coronavirus or treat its impact, among others. Moreover, the spread of the coronavirus globally is expected to have a material adverse effect on global and regional economies and to continue to negatively impact stock markets, including the trading price of our shares. These adverse effects on the economy, the stock market and our share price could adversely impact our ability to raise capital. Any of these developments, and others, could have a material adverse effect on our business and results of operations and could delay our business development plans.