RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

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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 unaudited condensed consolidated interim financial statements of RE Royalties Ltd. ("RER" or the "Company") for the three and six months ended June 30, 2021 (the "Financial Statements") and the audited consolidated financial statements of the Company for the year ended December 31, 2020 and related MD&A (the "Annual MD&A") 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 August 26, 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 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 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 RENEWABLE ENERGY ROYALTY INVESTMENTS

For detailed description of each royalty investment transaction completed prior to January 1, 2021, refer to the Annual MD&A as publicly filed on SEDAR at www.sedar.com. This MD&A includes only changes and events in the current year to the date hereof.

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	Expiration (Average)	Royalty as % of Revenue	Energy Type	Status	Generating Capacity	Original Investment (C$ million)
Aeolis Wind	British Columbia, Canada	1	2035	1.00%	Wind	Operational	102 MW	$ 1.24
OntarioCo[(a)]	Ontario, Canada	59	2040	2.00%	Solar	Operational	22 MW	$ 5.0
Fresh Air Energy	Ontario, Canada	4	2033	1.00%	Solar	Operational	40 MW	$ 1.87
Scotian Windfields	Nova Scotia, Canada	12	2036	8.00%	Wind	Operational	40 MW	$ 4.64
Alpin Sun	Texas, USA	2	20 Years	2.00%	Solar	Development	152 MW	$ 1.3
Jade Power[(b)]	Romania	5	2035	1.05%	Solar, Wind, Hydro	Operational	37 MW	$ 3.8
Total / Average		**83**					**393 MW**	**$17.85**

Changes in the Company's investment in Company's royalty interests and secured loans are summarized as follows:

(a) In May 2021, the Company received from OntarioCo $2,000,000 against principal sum on the loan receivable from OntarioCo and $500,000 in interest accrued thereon. The remaining principal sum of $3,000,000 owing to the Company was refinanced, to be repaid in two installments of $1,000,000 (received subsequent to the end of the reporting period) and $2,000,000, along with accrued interest, on August 15, 2021 and November 15, 2021 respectively. The interest rate and other terms of the loan remained unchanged.

(b) In January 2021, the loan receivable from Jade Power was fully repaid.

<u>Proposed Royalty Investment Transactions and Potential Royalty Financing Opportunities</u>

The Company has a robust pipeline of potential royalty financing opportunities and is in advanced discussions on several opportunities that have a cumulative transaction value of $46.8 million Canadian dollars, and include the following:

- Renewable Natural Gas 1: $8.5 million loan and royalty acquisition of two renewable natural gas projects located in the United States. The loan will be used to complete the conversion of an existing facility, and the construction of a second facility, for converting agricultural waste from local dairy farms to produce renewable natural gas.

- Battery Storage 1: $12.5 million royalty acquisition with a United States company to finance the production of mobile utility-scale battery storage units, for sale and rental to electricity utilities in the United States.
- Battery Storage 2: $5.8 million sale-leaseback and royalty acquisition with a Canadian company to finance a battery powered electric generator rental pool program for a major utility located in California. The battery powered generators are portable and will be utilized for emergency backup power to assist the utility in building grid resiliency during the California fire season.
- Battery Storage 3: $10 million loan and royalty acquisition with a Canadian company to finance the acquisition of a portfolio of operational commercial-scale battery storage projects and to finance the construction of a second portfolio of battery storage projects, located in Ontario.
- Battery Storage 4: As previously announced on March 29, 2021, the Company has entered into a non-binding letter of intent for a $10 million loan and royalty acquisition with Canigou Molonglo Bess Pty Ltd. ("Canigou") to finance a 10-megawatt battery storage project located near Canberra, Australia. Canigou continues to advance the development of the project with the local utility, and the Company and Canigou aims to complete the transaction in the fourth quarter of this year.

The above pipeline opportunities are still subject to completion of due diligence to the satisfaction of the Company, negotiation of definitive documents, satisfaction of customary conditions precedent for each transaction, and approval by the Company's Board of Directors. There can be no assurance that any of the opportunities will result in a completed transaction.

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1.2.2 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	36	70,377	28,220	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 the Risk Factors section of the Annual 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 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 Q2-2021, the Company donated $25,000 to Blind Beginnings, whose mission is to inspire children and youth who are blind or partially sighted through diverse programs, experiences, counseling and peer support, and opportunities to create fulfilling lives. The Company's donation will be used for the "Creating Confidence" and "Youth Leadership & Pre-Employment" programs to empower youth to develop to their full potential.

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 the Risk Factors section of the Annual MD&A, within the following categories:

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

1.2.3 FINANCING

On March 1, 2021, the Company announced the closing of the fourth and final tranche of its Green Bonds offering and issued 364 Green Bonds for aggregate gross proceeds of $364,000. This final tranche brings the total aggregate gross proceeds of the Green Bond offering to $10.2 million.

In connection with the closing of the final tranche, the Company paid a cash fee of $8,040 and a corporate finance fee of $6,520. The Company also issued 17,472 warrants; each warrant will entitle the holder to acquire one common share of the Company at an exercise price equal to $1.25 for a period of 24 months from the closing date.

1.2.4 DISTRIBUTION TO SHAREHOLDERS

In 2021, as of the date hereof, 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
June 30, 2021	July 14, 2021	August 4, 2021	August 25, 2021	$ 0.01	$ 332,899
March 31, 2021	April 7, 2021	April 28, 2021	May 19, 2021	0.01	332,899
December 31, 2020	January 6, 2021	January 27, 2021	February 17, 2021	0.01	332,899
Total				**$ 0.03**	**$ 998,697**

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
September 30, 2020	October 7, 2020	October 28, 2020	November 18, 2020	$ 0.01	$ 327,363
June 30, 2020	July 10, 2020	July 29, 2020	August 19, 2020	0.01	326,714
March 31, 2020	April 8, 2020	April 29, 2020	May 20, 2020	0.01	321,714
December 31, 2019	January 8, 2020	January 29, 2020	February 19, 2020	0.01	321,714
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
September 30, 2019	September 27, 2019	October 16, 2019	November 6, 2019	$ 0.01	$ 321,714
June 30, 2019	June 25, 2019	July 17, 2019	August 7, 2019	0.01	321,714
March 31, 2019(i)	March 15, 2019	April 3, 2019	May 1, 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

Not required.

1.4 SUMMARY OF QUARTERLY RESULTS

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

	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019
Revenue and income								
Royalty revenue	$ 221,000	$ 192,000	$ 170,000	$ 187,000	$ 214,000	$ 133,000	$ 82,000	$ 142,000
Royalty buyout	–	–	–	405,000	26,000	–	–	–
Finance income	196,000	247,000	277,000	270,000	331,000	311,000	255,000	268,000
Total	$ 417,000	$ 439,000	$ 447,000	$ 909,000	$ 571,000	$ 444,000	$ 337,000	$ 410,000
Net (loss) income	$(767,000)	$(755,000)	$(882,000)	$ 387,000	$ (4,000)	$ 53,000	$(209,000)	$ 85,000
Net income (loss) per share	$ (0.02)	$ (0.02)	$ (0.03)	$ 0.01	$ (0.00)	$ 0.00	$ (0.01)	$ 0.00
Weight average number of shares	33,289,927	33,289,927	33,016,062	32,402,367	32,171,389	32,171,389	32,171,389	32,171,389

Trends in 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 revenues from new asset acquisitions are earned several quarters after the related expenses (salaries, consulting, etc.) on relevant activities are incurred.

At June 30, 2021, the Company had current assets of approximately $18 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 in the Annual MD&A (See section *1.2.2 Renewable Energy Royalty Investments* of the Annual MD&A).

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
September 2019	Due to the acquisition of royalty interests in several solar power generating assets in the preceding quarter, the Company's royalty revenue increased in this quarter. The Company recorded a net income of $85,000 in this quarter.
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 (see section *1.2.2 Renewable Energy Royalty Investments* of the Annual MD&A) 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.
March 2021	During this quarter, there was no significant change in the Company's revenue and income as the Company remained focused on evaluating several assets for potential acquisition to deploy aggregate proceeds from the Green Bonds and repayment of the Jade Power Loan. Net loss of $755,000 recorded in this quarter included: a) non-cash equity-settled shared-based payment expense of $404,000 representing amortization of the fair value of 1,450,000 share purchase options granted by the Company in the current quarter to its directors, officers, employees and certain consultants, and b) finance expenses of $243,000 relating to Green Bonds and Convertibles Notes.
June 2021	During and as of the end of the second quarter of 2021, the Company was in advanced discussions on several potential royalty financing opportunities that were still subject to completion of due diligence to the Company's satisfaction, negotiation of definitive documents, satisfaction of customary conditions precedent for each transaction, and approval by the Company's Board of Directors. The Company received a partial repayment of the loan receivable from OntarioCo (See *1.2.1 Renewable Energy Royalty Investments*). The following section includes detailed discussions and analysis of the results of the Company's operations.

1.5 RESULTS OF OPERATIONS

The Company recorded a net loss of $767,000 for the three months ended June 30, 2021 ("Current Quarter"), compared to a net loss of $4,000 for the three months ended June 30, 2020 ("Prior Year Quarter").

The Company recorded a net loss of $1,522,000 for the six months ended June 30, 2021 ("Current YTD Period"), compared to a net income of $48,000 for the six months ended June 30, 2020 ("Prior YTD Period").

The net losses recorded in the Current Quarter and the Current YTD Period were mainly due to the timing difference between the sourcing of capital and deployment thereof. At June 30, 2021, approximately 54% of the Company's total assets were held in cash ($14.5 million), representing proceeds from the Green Bond offering and the repayment of loans receivable from Jade Power and OntarioCo. While the Company conducted due diligence on several potential royalty financing opportunities for deployment of its capital, no investment was made and as such no significant returns were earned on this capital, whereas the Company incurred finance expenses of $254,000 and $497,000 for the Current Quarter and the Current YTD Period, respectively, in relation to the Company's debts.

The Company also recorded share-based payment expenses of $227,000 and $631,000 for the Current Quarter and the Current YTD Period, respectively, with respect to its share purchase options granted in February 2021.

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

REVENUE AND INCOME

		Three months ended June 30,			
	Note	2021	2020	Change ($)	Change (%)
Royalty revenue	(1)	$ 221,707	$ 260,732	$ (39,025)	(15%)
Finance income	(2)	195,690	331,594	(135,904)	(41%)
		$ 417,397	$ 592,326	$ (174,929)	(30%)
Gain on revaluation of financial asset at FVTPL	(3)	$ 22,229	$ 40,648	$ (18,419)	(45%)

		Six months ended June 30,			
	Note	2021	2020	Change ($)	Change (%)
Royalty revenue	(1)	413,208	393,498	19,710	5%
Finance income	(2)	442,832	642,314	(199,482)	(31%)
		$ 856,040	$ 1,035,812	$ (179,772)	(17%)
(Loss)/gain on revaluation of financial asset at FVTPL	(3)	$ (13,796)	$ 111,110	$ (124,906)	(112%)

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

(1) The Company's royalty revenue has followed an overall increasing trend as the Company acquired additional royalty interests in the first half of 2020. However, royalty revenue was higher in the Prior Year Quarter, compared to the Current Quarter, due to recognition of proceeds from Jade Power in June 2020 pursuant to the modification to related royalty agreement as described in the Annual MD&A.

(2) The decrease in finance income for the Current Quarter and for the Current YTD Period, compared to the same periods of the prior year, was due to repayment of loans receivable from Jade Power and OntarioCo (See *1.2.1 Renewable Energy Royalty Investments*).

(3) The fluctuation in loss on revaluation of Aeolis Loan is mainly a result of changes in risk-free interest rates used in discounting future cash flows.

OPERATING EXPENSES

		Three months ended June 30,			
	Note	2021	2020	Change ($)	Change (%)
Wages and benefits	(1)	$ 164,872	$ 134,885	$ 29,987	22%
Administration	(2)	105,939	81,806	24,133	30%
Marketing and stakeholder communication	(3)	73,481	48,688	24,793	51%
Audit and audit related	(4)	123,512	78,814	44,698	57%
Consulting – Financing	(5)	40,117	40,506	(389)	(1%)
Consulting – Other	(6)	38,899	48,495	(9,596)	(20%)
Regulatory and transfer agency	(7)	38,000	11,494	26,506	231%
Office lease and information technology	(8)	19,490	19,440	50	0%
Donations	(9)	26,000	25,000	1,000	4%
Legal	(10)	17,812	–	17,812	–
Cost recovery		–	(4,166)	4,166	(100%)
Total		$ 648,122	$ 484,962	$ 163,160	34%

		Six months ended June 30,			
	Note	2021	2020	Change ($)	Change (%)
Wages and benefits	(1)	$ 332,292	$ 265,439	$ 66,853	25%
Administration	(2)	187,179	153,600	33,579	22%
Marketing and stakeholder communication	(3)	160,537	99,953	60,584	61%
Audit and audit related	(4)	123,512	78,814	44,698	57%
Consulting – Financing	(5)	66,526	73,436	(6,910)	(9%)
Consulting – Other	(6)	76,299	91,237	(14,938)	(16%)
Regulatory and transfer agency	(7)	52,707	22,538	30,169	134%
Office lease and information technology	(8)	$ 38,390	$ 38,700	-$ 310	(1%)
Donations	(9)	26,000	50,000	(24,000)	(48%)
Legal	(10)	20,668	–	20,668	N/A
Cost recovery		–	(4,166)	4,166	(100%)
Total		$ 1,084,110	$ 869,551	$ 214,559	25%

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

(1) Wages and benefits increased in the Current Quarter and the Current YTD Period as the Company added an additional member to its team to assist with due diligence activities relating to evaluation of potential asset acquisitions and business development.

(2) Higher administration expenses during the Current Quarter and the Current YTD Period were in line with the increase in overall activities of the Company relating to business development and financing initiatives, including the filing of the Company's short-form base-shelf prospectus (the "Shelf Prospectus").

(3) Higher marketing expenses in the Current Quarter and the Current YTD Period were due to the Company's outreach in relation to the Green Bond offering and other financing initiatives.

(4) The expenses relating to audit and audit related services increased in the Current Quarter and the Current YTD Period with the growth of the Company's business and additional regulatory requirements with respect to the Shelf Prospectus.

(5) Consulting (financing) expenses related to certain consulting engagements with third-party consultants to assist in the Company's financing activities.

(6) Other consulting expenses were higher in the Prior Year Quarter and the Prior YTD Period due to certain due diligence costs relating to an acquisition target that was not completed.

(7) Higher regulatory expenses in the Current Quarter and the Current YTD Period were due to the filing of the Shelf Prospectus.

(8) Office lease and information technology expenses relate to the Company's corporate office. Effective May 1, 2021, the Company entered into a lease (the "Office Lease") with a 5 year term for its corporate office space. The Company recognized a right-of-use asset and a corresponding lease liability with respect to the Office Lease. Office lease expenses for the Current Quarter and the Current YTD Period in the table above include the depreciation charges relating to the right-of use asset.

(9) Refer to 1.2.2 Disclosure of Environmental and Social Data for donations by the Company;

(10) Higher legal expenses in the Current Quarter and the Current YTD Period were due to the filing of the Shelf Prospectus.

OTHER NON-CASH EXPENSES AND FOREIGN EXCHANGE DIFFERENCES

		Three months ended June 30,			
	Note	2021	2020	Change ($)	Change (%)
Depletion and Amorization	(1)	$ 71,485	$ 71,235	$ 250	0%
Foreign exchange loss	(2)	6,121	3,830	2,291	60%
Equity-settled share-based payments	(3)	227,000	4,099	222,901	5438%
Total		$ 304,606	$ 79,164	$ 225,442	285%

		Six months ended June 30,			
	Note	2021	2020	Change ($)	Change (%)
Depletion and Amorization	(1)	$ 142,971	$ 141,399	$ 1,572	1%
Foreign exchange loss (gain)	(2)	9,361	(33,205)	42,566	(128%)
Equity-settled share-based payments	(3)	631,000	8,984	622,016	6924%
Total		$ 783,332	$ 117,178	$ 666,154	568%

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

(1) Depletion, which is recorded on a straight-line basis, remained consistent with the prior period as there was no significant change in the Company's royalty interests during the Current YTD Period.

(2) Foreign exchange loss (gain) relates mainly to USD-denominated cash balance held by the Company and changes in the exchange rates.

(3) Shared-based payment expense recorded in the current quarter represents amortization of the fair value of 1,450,000 share purchase options granted by the Company to its directors, officers, employees and certain consultants in the first quarter of 2021.

1.6 LIQUIDITY

At June 30, 2021, the Company had a cash and cash equivalents balance of $14,518,000 (December 31, 2020 – $11,704,000) and working capital of $8,936,000 (December 31, 2020 – $19,219,000), which 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). The decrease in working capital during the Current YTD Period was due to reclassification of the liability relating to the Green Bonds as described herein (below) under the following section (*1.7 Capital Resources*).

During the six months ended June 30, 2021, the increase of $2.8 million in the Company's cash balance was mainly due to cash generated from the repayment of loans by Jade Power and OntarioCo, and the proceeds from the fourth tranche of the Green Bonds, with an offsetting effect of cash used in debt servicing and cash distributions to the shareholders as well as cash used in operating activities as a result of net loss for the quarter and changes in working capital.

At June 30, 2021, the Company's financial liabilities and related contractual cash flows were comprised of the following:

		Contractual Cash Flows(i)			
	Carrying Amount	Total	Less than 12 months	Between 1 - 3 years	Between 4 - 5 years
Green Bonds	$ 9,315,479	$12,807,500	$ 609,960	$ 1,219,920	$ 10,977,620
Convertible notes	1,709,210	2,062,370	–	2,062,370	–
Lease liability	94,739	114,240	21,271	45,865	47,104
Trade payables and accrued liabilities	133,034	133,034	133,034	–	–
	$11,252,462	$15,117,144	$ 764,265	$ 3,328,155	$ 11,024,724

(i) The amounts are gross and undiscounted, and include contractual interest payments.

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. As of June 30, 2021, the Company was in compliance with this debt covenant.

Starting from the six month period ended June 30, 2021, as per the Green Bond indenture (the "Indenture"), the Company is also required to maintain a minimum debt coverage ratio ("Debt Coverage Ratio") as determined by dividing its earnings, before certain items such as interest, taxes, depreciation, amortization, and extraordinary items, by total interest payments. As per the Indenture, various financial covenants, including Debt Coverage Ratio, are subject to a cure period ("Cure Period"), whereby an event of default will only occur if the Company fails to comply with such covenants by the end of the second fiscal quarter following the first occurrence of non-compliance.

As of June 30, 2021, the minimum Debt Coverage Ratio was not achieved as the net proceeds from the Green Bond offering remained held in cash and cash equivalents, pending its deployment in renewable energy projects and clean energy technology in accordance with the Green Bond Framework, with no significant contribution to the Company's total revenue for the current period. However, pursuant to the Cure Period, no event of default was deemed to have been occurred at June 30, 2021.

At June 30, 2021, the carrying amount of the Green Bond liability was reclassified as a current liability because the Cure Period for the breach of covenant as of the reporting date was less than 12 months.

The Company has no material capital lease obligations, other than the office lease, 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;
- Compensation for the Company's executive officers, including salaries and benefits of the Company's Chief Executive Officer and 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.

The increase in the amount of transactions with related parties for the Current Quarter and for the Current YTD Period, compared to the same periods of the prior year, was due to share-based payment expenses with respect to the share purchase options granted to KMP in the first quarter of the current year.

1.10 FOURTH QUARTER

Not required.

1.11 PROPOSED TRANSACTIONS

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

1.12 CRITICAL ACCOUNTING ESTIMATES

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

1.13 CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

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

1.14 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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

1.15 ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Not applicable.

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	2,645,000
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

The required disclosure is provided in the "Risk Factors" section of the Annual MD&A as publicly filed on SEDAR at www.sedar.com.