



**ANNUAL INFORMATION FORM**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**May 2, 2024**

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# 1. Introductory Notes

## 1.1. 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 Annual Information Form. 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.

## **1.2. Currency**

The Company's accounts are maintained in Canadian dollars and all dollar amounts herein are expressed in Canadian dollars unless otherwise indicated.

All financial information in this Annual Information Form ("AIF") is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

## **1.3. Effective Date of Information**

Unless otherwise stated herein, the information in this AIF is for the fiscal year ended December 31, 2023 but is current as of May 2, 2024 unless otherwise clear from the context.

## **2. Corporate Structure**

### **2.1 Name, Address and Incorporation**

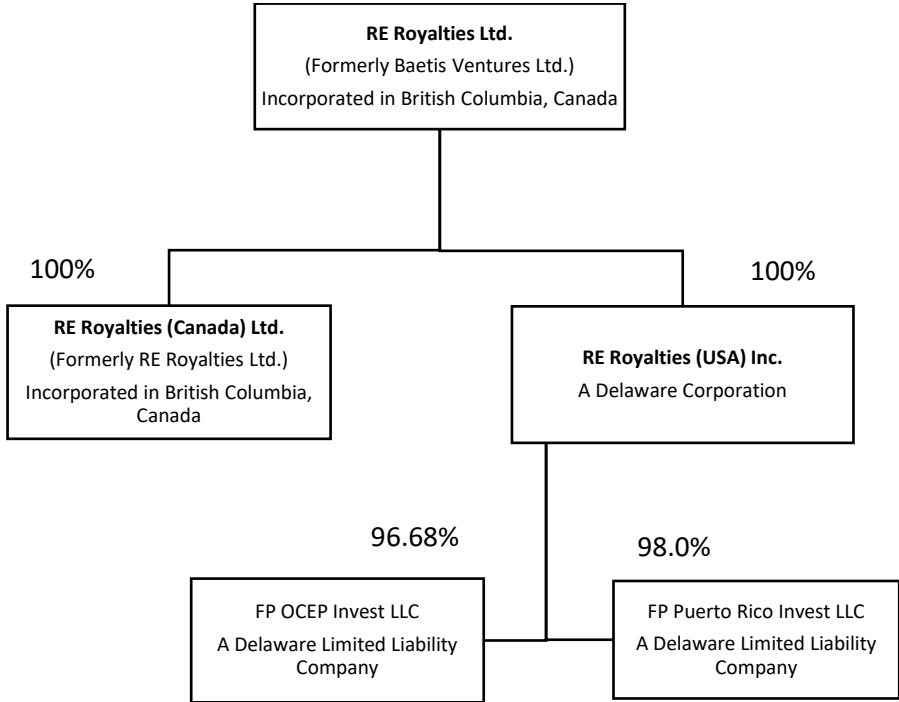
The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on November 2, 2016, under the name Baetis Ventures Ltd. (“Baetis”). Baetis completed its initial public offering on February 7, 2018 and was listed on the TSX Venture Exchange (“TSXV”) as a capital pool company (a “CPC”) until it completed its qualifying transaction on November 6, 2018 (the “Qualifying Transaction”). The Qualifying Transaction proceeded by way of a three-cornered amalgamation among Baetis, 1165177 BC Ltd., and RE Royalties Ltd., then a private British Columbia corporation (“RER Private Co.”), which resulted in a reverse takeover of Baetis by the Company. The reverse takeover completed the Baetis’ Qualifying Transaction in accordance with the rules and policies of the TSXV.

As a result of the Qualifying Transaction, Baetis was renamed RE Royalties Ltd. (herein after “RER”, the “Company”), and the existing RER Private Co. became a wholly-owned subsidiary of the Company and was renamed RE Royalties (Canada) Ltd.

The head office and registered office of the Company is located at 14th Floor, 1040 West Georgia Street, Vancouver, British Columbia V6E 4H1.

## 2.2 Intercorporate Relationships

The chart below shows the current organizational structure of the Company:



The Company held an equity interest of approximately 97% in OCEP Invest LLC, a limited liability company (“OCEP”), which was structured as a joint venture to complete the OCEP transaction and was accounted for using the equity method. However, in August 2022, the OCEP Shareholders’ Agreement (as defined below) was modified, resulting in the Company gaining control over the entity (see “4.1.4. Current Royalty Portfolio”).

Further, in October 2022, pursuant to the LLC agreement of FP Puerto Rico Invest LLC, the Company contributed 98% of the total equity capital contributions to FP Puerto Rico Invest LLC, the Delta Investment vehicle, set up to advance a loan to Delta Energy Partners and the remaining equity contribution was provided by certain private parties (see “4.1.4. Current Royalty Portfolio”).

The Company also holds a non-controlling interest in an associated company, RER US 1 LLC (“RER US”), which holds an equity interest in certain dormant solar projects in the United States as further described in Section 4.1.4.

### 3. General Development of the Business

#### 3.1. Summary of Business Activities

As of the date hereof, the Company owned a portfolio of 115 royalties on various solar, wind, hydro, battery storage, and renewable natural gas projects operating or in development in Canada, the United States, Mexico, and Chile; a summary of which portfolio is as follows:

Client	Location	# of Royalties	Expected Expiration/ Term	Royalty as % of Revenue	Energy Type	Status	Generating /Storage Capacity	Original Investment (C\$ million)
<b>Completed during 2024 to the date hereof</b>								
Revolve (Rooftop Solar)	Mexico	1	15 years	5%	Solar	Construction	0.45 MW	\$ 0.42
Revolve WindRiver	AB, BC Canada	3	11 to 35 years	0.5 - 1%	Wind Hydro	Operational	23 MW	\$ 4.00
Clean Communities	AB, Canada	1	20 years	5%	Solar	Construction	4 MW	\$ 1.70
<b>Completed in fiscal 2023</b>								
Cleanlight	Chile	1	10 years	5%	Solar Battery	Operational	1.7 MW	\$ 4.22 <sup>(c)</sup>
AlbertaCo	AB, Canada	1	11 Years	\$0.40/MWh	Wind	Operational	100MW	\$ 0.94
<b>Completed fiscal 2022</b>								
Delta Energy Partners	PR, USA	1	2035	Fixed <sup>(c)</sup> \$206,976/yr	Solar	Construction	Not applicable	\$ 5.17 <sup>(c)</sup>
Revolve (Cancun)	Mexico	3	2033	5%	Battery Storage	Construction	1.9 MW	\$ 1.90
Switch Power (Solar)	ON, Canada	1	2035	1%	Solar	Operational	0.38 MW	\$ 1.30
Revolve (Solar 1)	Mexico	6	2030-2033	Up to 5%	Solar	Operational	2.4 MW	\$ 1.60
OCEP	WI, USA	1	2035	Fixed <sup>(c)</sup> \$242,880/yr	Renewable Natural Gas	Operational	2 MW (equiv.)	\$ 5.83 <sup>(c)</sup>
NOMAD	VT, USA	6	2027	3.5%	Battery storage	Development	3.5 MW	\$ 7.36 <sup>(c)</sup>
<b>Completed before fiscal 2022</b>								
Aeolis Wind	BC, Canada	1	2035	1%	Wind	Operational	102 MW	\$ 1.24
OntarioCo <sup>(a)</sup>	ON, Canada	59	2040	2%	Solar	Operational	18 MW	\$ 5.00
Fresh Air Energy	ON, Canada	4	2033	1%	Solar	Operational	40 MW	\$ 1.87
Scotian Windfields <sup>(a)</sup>	NS, Canada	12	2036	8%	Wind	Operational	40 MW	\$ 4.64
Switch Power 1	ON, Canada	4	2031-2033	5% - 3%	Battery storage	Operational	2 MW	\$ 2.31
Switch Power 2 & 3	ON, Canada	9	2033-2035	5% - 3%	Battery storage	Partially Operational	19 MW	\$ 5.07
FuseForward Solutions	BC, Canada	1	2031	Fixed \$284,000/yr	Energy Efficiency	Operational	Not applicable	\$ 3.00
<b>Total</b>		<b>115</b>						<b>\$ 57.57<sup>(b)</sup></b>

(a) As of the date of this AIF, the Company had received full repayment of the loans advanced to a private group ("OntarioCo") (\$5.0 million), Scotian Windfields (\$3.3 million) and NOMAD (US\$5.6 million). The royalties associated with these investments remain in place.

(b) As of the date hereof, the total amount of investments listed above, net of repayments in (a) above, was \$41.9 million

(c) Based on exchange rate of 1 US\$: 1.32 C\$.



The following royalties have been 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	ON, Canada	1	2%	Solar	Operational	60 kW	3,500
September 2020	Rippey Project, Belltown Power	TX, USA	1	1%	Solar	Construction	78 MW	405,000
June 2020	Suha Project, Jade Power	Romania	1	1%	Hydro	Operational	2 MW	47,000
November 2022	Jade Power	Romania	5	1.05%	Solar, Wind, Hydro	Operational	34 MW	586,000
May 2023	Teichos Energy (Loan 1 and 2)	PA, USA	2	1% to 2%	Solar	Development	20 MW each	1,523,000 <sup>(c)</sup>

## 3.2. Summary of Corporate Activities

### *Financings in fiscal 2022*

On April 27, 2022, the Company filed a prospectus supplement to its short form base shelf prospectus dated Jun 17, 2021, to qualify for distribution up to 12,200,000 units of the Company (the "Prospectus Units") at the price of \$0.82 per Prospectus Unit for gross proceeds of up to \$10,004,000 (the "2022 Unit Offering"). Each Prospectus Unit consists of one common share of the Company (a "Common Share") and one Common Share purchase warrant (a "Warrant"), with each Warrant exercisable to acquire one Common Share at the exercise price of \$1.10 per Common Share for a period of 24 months from date of closing of the 2022 Unit Offering. In connection with the 2022 Unit Offering, the Company entered into an agency agreement with Integral Wealth Securities Limited and Canaccord Genuity Corp. to act as agents to offer for sale on a commercially reasonable efforts basis the Prospectus Units. The 2022 Unit Offering closed on June 15, 2022, whereby the Company issued 9,837,680 Prospectus Units for aggregate gross proceeds of \$8,066,898.

### *Financings in fiscal 2023*

In December 2022, the Company announced a marketed public offering (the "Public Offering") and a non-brokered private placement offering (the "Series 3 Private Placement") of Series 3 secured Green Bonds (the "Series-3 Green Bonds") on January 27, 2023 to raise gross proceeds of up to C\$20,000,000. These bonds were issued under a supplemental trust indenture to the Company's existing green bond trust indenture dated August 10, 2020, as amended, with Western Pacific Trust Company, as trustee. The Series 3 Green Bonds have a term of five years and bear interest at a rate of 9% per annum, payable quarterly, and are senior obligations of the Company secured against the Company's portfolio of royalty and loan investments.

The Public Offering was conducted in each of the provinces of Canada (other than Quebec) by way of prospectus supplement to the Company's short form base shelf prospectus dated June 17, 2021.

The Public Offering was led by Canaccord Genuity Corp. and Integral Wealth Securities Limited as the agents. The Public Offering and the Series 3 Private Placement is the Company's third green bond financing, following its 2020 inaugural Series 1 offering of \$10.2 million and 2021 Series 2 offering of \$5.2 million and US\$4.0 million.

The Company intends to use the net proceeds from the Public Offering and the Series 3 Private Placement to acquire revenue-based royalties and/or provide loans to privately held and publicly traded renewable energy companies. The Company prepared and published a Green Bond Framework (2020) applicable to Series 1-3 that is aligned with the International Capital Market Association Green Bond Principles (2018). The Company has prepared an updated Green Bond Framework (2024) to align with the updated ICMA Green Bond Principles (2021 w 2022 Appendix). This framework was reviewed by S&P Global Ratings Shades of Green and received a shading of Dark Green.

During the first quarter of 2023, the Company completed the Public Offering and the Series-3 Private Placement to issue a total of 16,423 Canadian dollar denominated Series 3 Green Bonds for aggregate gross proceeds of \$16,423,000 and 1,242 United States dollar denominated Series 3 Green Bonds for aggregate gross proceeds of US\$1,242,000.

In connection with the Public Offering, the Company paid cash fees of \$495,180 and US\$1,190 and issued 330,913 warrants (the "Broker Warrants") to the agents. Each Broker Warrant will entitle the holder thereof

to acquire one Common Share at an exercise price of \$0.75 for a period of 36 months from the date of issuance of the Broker Warrants.

In connection with the Series 3 Private Placement, the Company paid corporate advisory fees in cash to certain parties in the amounts of \$654,430 and US\$85,750 and issued 493,453 Broker Warrants.

On January 17, 2023, the Company also repaid the Convertible Notes originally issued in February 2020, that accrued interest at the rate of 8% per annum, compounded annually and paid at maturity.

## 4. Description of the Business

### 4.1. General

#### 4.1.1. Summary

The Company provides short-term loans and acquires revenue-based royalties from renewable energy and clean technology companies, providing a non-dilutive royalty financing solution to privately held and publicly traded companies. The Company’s business objectives are to acquire a portfolio of long-term, stable, and diversified renewable energy royalty streams to provide shareholders with capital appreciation and a growing, sustainable, long-term cash distribution.

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

Traditional royalty-based financing has been used extensively in the North American natural resource, consumer service, industrial manufacturing, healthcare, music and food sectors.

#### 4.1.2. Principal Products

The Company will transact a royalty acquisition using one or a combination of the following deal structures:

STRUCTURE	ATTRIBUTES
<b>Monetize Pre-Existing Royalty or Establish a New Royalty</b>	<ul style="list-style-type: none"> <li>• RER provides funding to a client either (i) in exchange for the right to a pre-existing royalty on an operational project or (ii) in exchange for a new royalty on an operational or construction ready project, or product sales</li> <li>• The project is typically a long-life asset with a long-term power purchase agreement or one that operates in a strong merchant market with stable power prices.</li> <li>• The royalty is paid to RER based on the gross revenue of the project (or sales) and extends for the life of the royalty agreement.</li> </ul>
<b>Royalty Based Loan</b>	<ul style="list-style-type: none"> <li>• RER provides a short-term interest-bearing loan (6 months to 3 years) to a client to fund part of the client’s project construction, acquisition, or reduction of debt.</li> <li>• The loan will generally be senior secured or may be secured but sub-ordinated to non-recourse project debt. The loan and interest are repaid from the project’s cash flows or a refinancing event by the client.</li> <li>• A long-term royalty is established on the new and/or existing projects of the client.</li> <li>• The royalty is paid to RER from the gross revenue of the project and extends for the life of the royalty agreement. The royalty can be a fixed amount or a fixed percentage of the revenue from the project.</li> </ul>

The Company may structure some or all of its royalties as long-term participating loans in order to maximize the Company’ security interests in a client’s projects and/or to utilize incentive programs that may be available to the Company.

### 4.1.3. Industry Overview

Renewable energy generation is the production of electricity from renewable sources of energy such as wind, water, solar, geothermal sources (heat or steam), or certain waste products, such as biomass (e.g. waste wood from forest product operations) and landfill gas.

According to the International Renewable Energy Agency (“IRENA”), the global renewable energy market added over 473 GW of capacity in 2023, and reaching 3,870 GW of global renewable energy capacity at the end of 2023. Over 86% of new global power additions in 2023 were renewable, with wind and solar accounting for over 98% of this new renewable capacity<sup>1</sup>. The International Energy Agency (“IEA”) also estimates that over 2022-2027, renewables are seen growing by almost 2,400 GW in their main forecast. This is an 85% acceleration from the previous five years, and renewables are set to account for over 90% of global electricity capacity expansion over the forecast period. Renewables are estimated to become the largest source of global electricity generation by early 2025<sup>2</sup>.

With the completion of the December 2015 UN Climate Change Conference (COP21) in Paris, many countries have agreed to adopt and/or enhance policies to curb greenhouse gas emissions in order to limit the effects of climate change. This global agreement provides the ingredients for long term growth in the renewable energy sector. Other related and significant macroeconomic growth drivers for global renewable energy demand include:

- a) energy security;
- b) pollution impact on human health;
- c) volatility in fossil fuel pricing;
- d) advancements in clean technology driving renewable energy efficiency and reduction in cost; and
- e) government incentive and support programs for renewable energy and technologies.

#### Investment Growth in the Renewable Energy Sector

According to the Bloomberg New Energy Finance (“BNEF”), over US\$1.77 trillion<sup>3</sup> was invested globally in 2023 in the low carbon energy transition. Electrified transport overtook the renewable energy sector as the largest sector for investment, growing 36% in 2023 to \$634 billion. Renewable energy continued to grow with over \$623 billion in new investments in 2023, an increase of 8% over the previous year.

The unsubsidized levelized cost of electricity for utility-scale solar has dropped by over 83% since 2009, due to a fall in capital costs and improvements in efficiency. This drastic price reduction has made solar the cheapest option for electricity generation in many jurisdictions, winning out over conventional fossil fuels (even natural gas) on an unsubsidized basis, according to Lazard<sup>4</sup>.

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<sup>1</sup> *Renewable Capacity Statistics 2024*, IRENA ([Renewable capacity statistics 2024 \(irena.org\)](https://www.irena.org/en/publications/2024/01/renewable-capacity-statistics-2024))

<sup>2</sup> *Renewables 2022: Analysis and forecast to 2027*, IEA ([Renewables 2022 – Analysis - IEA](https://www.iea.org/reports/renewables-2022))

<sup>3</sup> *Energy Transition Investment Trends 2024*, BNEF ([Energy Transition Investment Trends 2024 | BloombergNEF \(bnef.com\)](https://www.bnef.com/en/insights/energy-transition-investment-trends-2024))

<sup>4</sup> *Levelized Cost Of Energy, Levelized Cost Of Storage, and Levelized Cost Of Hydrogen* (<https://www.lazard.com/perspective/levelized-cost-of-energy-levelized-cost-of-storage-and-levelized-cost-of-hydrogen/>)

### Forms of Renewable Energy

The Company considers a broad range of renewable energy investments including but not limited to solar, wind, hydro, battery storage, clean transportation, energy efficiency and renewable natural gas. The technologies representing the majority of investments in the Company's portfolio as of the date of this AIF are briefly described below:

- **Solar Photovoltaic:** Solar photovoltaic (PV) power generating facilities consist of an array of multiple solar panels, each made up of smaller solar cells that convert electromagnetic radiation from the sun into electricity by means of semiconductors. The semiconductors function through the photovoltaic effect, where photons from sunlight knock electrons into a higher state of energy to create electricity. Solar PV systems range from small-scale rooftop installations on homes or businesses to large-scale solar farms that cover acres of land. The electricity generated by solar PV systems is direct current (DC) and is often converted to alternating current (AC) using an inverter, making it compatible with the electrical grid and usable for residential, commercial, and industrial applications. Electricity produced by Solar PV power generation contributed 1,419 GW of clean capacity globally<sup>1</sup>.
- **Wind:** Wind power is a form of renewable energy that converts the kinetic energy from wind into electricity using wind turbines. These turbines consist of large blades mounted on a tower to capture the wind's energy. When the wind blows, it turns the blades of the turbine, which spin a shaft connected to a generator. The generator then converts this mechanical energy into electrical energy. Wind farms, which are collections of wind turbines in the same location, can be found onshore (land-based) or offshore (sea-based) and are designed to produce electricity on a large scale. The efficiency and electricity production of wind turbines depend on wind speed, turbine size, and technology. Electricity generated by wind power is the second largest source of renewable electricity generation, currently contributing 1,017 GW of capacity<sup>1</sup>. Electricity generated from wind is becoming an increasingly important source of power, especially in North America.
- **Hydroelectric:** Hydroelectric power is generated by harnessing the force of gravity from falling water. This may involve the construction of a dam on a river to create a reservoir, or a diversion of water (run-of-river) that does not involve flooding large areas of land. Water from the reservoir or diversion flows downhill through the penstock (intake pipes or tunnels) to turbines in a powerhouse, the flow and height difference creating pressure that drives the turbines to rotate, producing electricity. The water exits the powerhouse through the draft tube and the tailrace where it rejoins the mainstream of the river. Hydroelectric power is currently the largest source of renewable power resource globally. In 2023, according to IRENA, electricity generated by hydroelectric power accounts for approximately 1,408 GW of capacity<sup>1</sup>.
- **Battery Storage:** Battery energy storage systems (BESS) are advanced technology solutions that store electrical energy in a chemical form for later use. These systems play a pivotal role in modern energy grids, enabling the storage of excess electricity generated from renewable sources. By converting electrical energy into a chemical form during times of low demand or high production (charging) and then back to electrical energy when demand is high or production is low (discharging), battery storage helps to balance supply and demand, enhance grid stability, and avoid emissions associated with conventional (fossil) peak generation. One of the key benefits of battery energy storage is its ability to quickly respond to changes in energy demand, making it ideal for applications such as frequency regulation and peak shaving. This rapid responsiveness also aids in integrating variable

renewable energy sources, like wind and solar, into the grid by mitigating their intermittency and ensuring a stable energy supply. As the technology advances and costs continue to decline, battery energy storage is set to play an increasingly critical role in transitioning to a more sustainable and resilient energy system. Battery system installations are expected to increase rapidly over the coming years, with capacity set to grow from 16 GW in 2021 to over 680 GW in 2030, according to The International Energy Agency<sup>5</sup>.

- **Renewable Natural Gas (RNG):** RNG, also known as biomethane, is a clean, sustainable form of energy that is produced from the decomposition of organic waste materials. This gas is generated through anaerobic digestion, a process where microorganisms break down organic matter—such as agricultural waste, municipal solid waste, and sewage sludge—in the absence of oxygen. The result is biogas, which primarily consists of methane and carbon dioxide. An example of RNG production from the Company’s portfolio involves upgrading biogas from a dairy farm through a process that removes impurities, carbon dioxide, and other components, leaving behind methane of high purity that can be injected into natural gas pipelines or used as fuel. Dairy farms produce significant amounts of manure, a potent source of methane—a greenhouse gas 25 times more impactful than carbon dioxide. The RNG can be used as a clean fuel that results in substantial reduction in greenhouse gas emissions. In the context of transportation (for example the California Low Carbon Fuel Standard market), RNG can significantly lower the emission of greenhouse gases, particulate matter, and nitrogen oxides compared to diesel and gasoline. This makes it an attractive option for heavy duty vehicles that are not yet suitable for electrification, such as fleet buses and heavy trucks aiming to decrease their carbon footprint and improve air quality.

#### **4.1.4. Current Royalty Portfolio**

##### **Royalties Acquired after Fiscal Year 2023 and to the date hereof**

###### *A. Revolve Distributed Generation Project – Mexico*

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

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

The Revolve DG Loan represents the Company’s fourth transaction with Revolve, with the Company previously providing Revolve with a \$1.6 million loan to support its acquisition of an operational rooftop solar portfolio in Mexico, a \$1.9 million loan to support the procurement of battery energy storage systems for three energy storage projects in Mexico, and a \$4.0 million loan to support the acquisition of an interest

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<sup>5</sup> *Grid-Scale Storage*, International Energy Agency ([Grid-Scale Storage – Analysis - IEA](#))

in two operational run-of-river hydro projects and an operational wind project in Western Canada (see further discussion below).

*B. Clean Communities Corp. – Solar Energy Project – Alberta, Canada*

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

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

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

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

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

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

The WindRiver Loan supported AcquisitionCo's acquisition of WindRiver Power Corporation ("WindRiver") a Canadian based owner, operator and developer of wind and hydro projects. WindRiver has a minority ownership (21%) in two operational run-of-river hydro projects in British Columbia, and a majority ownership (51%) in an operational wind project in Alberta with a combined gross capacity of 23 MW (the "Operational Projects"). WindRiver also has majority ownership (70 to 87.5%) in two development-stage hydro projects in British Columbia with a combined gross capacity of 90 MW.

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

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



### **Royalties Acquired in Fiscal Year 2023**

#### **A. *Cleanlight – Solar Battery – Chile, USA***

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

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

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

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

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

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

#### **B. *AlbertaCo – Wind Energy Project – Alberta, Canada***

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

#### **C. *Teichos Energy – Solar Interconnection – Pennsylvania, USA***

Further to the Company’s existing royalty interest in Jackson Center Solar Project Phase 1 (“Jackson Center 1 Project”) owned by Teichos Energy LLC (“Teichos Energy”), in February 2023, the Company acquired a gross

revenue royalty on the 27 MWDC (20 MWAC) Jackson Center Solar Project Phase 2 (“Jackson Center 2 Project”), located in Mercer County, Pennsylvania, under development by Teichos Energy.

Consequently, in addition to the existing loan for US\$2.28 million (the “First Teichos Loan”) provided to Teichos Energy in October 2021, the Company entered into an additional secured loan agreement (the “Second Teichos Loan”) with Teichos Energy, whereby the Company provided a USD \$1.84 million letter of credit on behalf of Teichos Energy to meet their security requirement with PJM. The Second Teichos Loan had an initial 6-month term with an interest rate of 13% per annum, compounded annually, and payable at the end of the term. The Company had first-ranking security interest over the Jackson Center 2 Project including a lien over Jackson Center 2 Project assets, and a pledge of ownership in the Jackson Center 2 Project.

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

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

### **Royalties Acquired in Fiscal Year 2022**

#### ***A. Delta Energy Partners – Energy Efficiency – Puerto Rico, USA***

In the fourth quarter of 2022, the Company completed a transaction to advance a five-year secured loan (the “DEP Loan”) to Delta Energy Partners (“DEP”), a provider of Energy-as-a-service (EaaS) solutions to customers in Puerto Rico.

The DEP Loan was arranged and structured by Franklin Park, a leading asset manager in the infrastructure space with over USD \$1.5 billion assets under management. Individuals from Franklin Park will co-invest alongside the Company. The DEP Loan will be drawn in tranches as DEP meets certain conditions that ensure both the quality of future projects and historical performance of the business.

A new entity, FP Puerto Rico Invest LLC (“PR Invest”), was registered pursuant to the shareholders' agreement (the “FP Invest SA”). As per the terms of FP Invest SA, the Company contributed US\$392,000 (\$522,000) to PR Invest for a 98.0% equity/ownership interest in the entity; the remaining equity contribution was provided by Franklin Park.

PR Invest entered into a financing agreement (the “Delta Loan Agreement”) with DEP, to support the procurement and installation of energy equipment. Pursuant to the Delta Loan, an initial cash advance of US\$0.4 million was provided in November 2022, and a second advance of US\$0.6 million was provided in the first quarter of 2023. As of the date hereof, the Company has provided cash advances totaling US\$1.18 million to Delta.

During the first two years of its term, the Delta Loan will accrue and pay interest only at 13.5% per annum. Beginning with the third year of the term of the Delta Loan, the amount of Delta Loan will be repaid in equal installments, along with interest at 13.5% per annum until maturity. Thereafter, a fixed annual royalty payment (the “Delta Royalty”), equal to 10% p.a. of the Delta Loan amount, will be payable for a 10-year term, amounting to a total of US\$4.0 million over the term of the Delta Royalty.

*B. Revolve Cancun – Battery Storage - Mexico*

In September 2022, the Company entered into a second agreement with Revolve, to provide a \$1.86 million secured loan (the “Revolve Cancun Loan”) and royalty facility to support the purchase of battery and inverter equipment for three energy storage projects with a combined capacity of 3.2 MWh in Punta Cancun, Mexico (the “Cancun Projects”).

The Cancun Projects are located at the site of a major hotel chain in Cancun, Mexico. The hotels have entered into Energy Services Agreements (“ESAs”) with Revolve wherein Revolve will receive an annual fixed payment in addition to sharing the energy savings delivered by the Cancun Projects over a 10-year term. Revolve has also entered into an agreement with Quartux Mexico S.A. de C.V., a highly experienced installer and operator of battery storage systems in Mexico, to deliver a turnkey solution for the installation and commissioning of the Cancun Projects.

The Revolve Cancun Loan has a term of two years and bears interest at 12% per annum, payable quarterly. The Revolve Cancun Loan is secured against the assets of the Cancun Projects. In addition to this, the Revolve Cancun Loan was subject to a 2% structuring fee on the total loan value which was capitalized and added to the overall loan amount at financial close. A gross revenue royalty of 5% applies to all revenues received from the Cancun Projects for the duration of the ESAs.

In October 2022, the Company provided a partial cash advance to Revolve against the Revolve Cancun Loan. In the first quarter of 2023, the Revolve Cancun Loan was fully drawn down.

*C. Switch Power – Rooftop Solar Project – Ontario, Canada*

In August 2022, the Company entered into a loan agreement with Switch Power Ontario Solar Operating Corporation (“Switch Solar”), a wholly-owned subsidiary of Alberta-based independent power producer Switch Power Corporation (“Switch Power”), for \$1.3 million (the “Switch Solar Loan”). The Switch Solar Loan will finance the acquisition of an operational rooftop solar generation project located in Vaughan, Ontario (the “Switch Solar Project”).

The Switch Solar Loan had an initial term of six months at a 10% interest rate per annum, compounded monthly, with the option for Switch Solar Corp to extend the Switch Solar Loan by an additional six months. The Company has first-ranking security interest over the Switch Solar Project, including a lien over its assets, and a pledge of shares in Switch Solar. The Company will also receive a gross revenue royalty of 1.0% on the Switch Solar Project for the remainder of the contract term, or approximately 12.5 years, (the “Switch Solar Royalty”). If the Switch Solar Loan term is extended, the Switch Solar Royalty will increase to 2.0%.

In January 2023, Switch Solar provided notice to the Company that it will extend the Switch Solar Loan by an additional six months. Accordingly, the Switch Solar Royalty has increased to 2% of gross revenue.

In August 2023, when the term as per the Switch Solar Loan expired, the loan was further extended to November 30, 2023. In December 2023, the Company sent a default notice as the principal sum and interest accrued thereon remained unpaid on the extended maturity date. As of the date hereof, the default persisted and accordingly, the Company assessed the Switch Solar Loan for expected credit losses as of December 31, 2023.

*D. Revolve Renewable Power – Rooftop Solar Project – Mexico*

In June 2022, the Company closed an agreement with Revolve to provide a \$1.6 million secured loan (the “Revolve Loan”) to support Revolve’s acquisition of a portfolio of six operational rooftop solar generation projects in Mexico (the “Revolve Projects”) with a combined generating capacity of 2.4 MWh.

The Revolve Projects are roof-mounted behind-the-meter installations, with three of the Revolve Projects located near Mexico City and three of the Revolve Projects in the neighbouring state of Guanajuato to the northwest. The Revolve Projects receive revenue from PPAs with commercial customers that support the automotive, medical, and print industries. The Revolve Projects are all operational and have PPAs with remaining terms ranging from 8-11 years.

The Revolve Loan has a term of 24 months and bears interest at the rate of 10% per annum, compounded monthly, and payable quarterly. The Company received a structuring fee of 1.5% on the Revolve Loan value at closing, and will receive an additional fee of 1.5% on the Revolve Loan value at the end of term. The Company will also receive a gross revenue royalty of 5% on four of the Revolve Projects and 1% on two of the Revolve Projects for the remaining life of the PPAs.

*E. Outagamie Clean Energy Partners – Renewable Natural Gas Project – Wisconsin, USA*

In March 2022, through OCEP, a newly formed co-investment vehicle, the Company entered into a mezzanine financing agreement (the “OCEP Loan Agreement”) with Outagamie Clean Energy Partners, a developer, to finance the construction of a biogas-to-RNG upgrading project (the “OCEP Project”) located in Wisconsin, United States. Pursuant to the OCEP Loan Agreement, OCEP provided a US\$4.6 million (\$5.8 million) secured loan (the “OCEP Loan”) for three years. During the first two years of its term, the OCEP Loan will accrue and pay interest only at 15% per annum. During the third year of the term, the OCEP Loan will be repaid in four equal installments, along with interest at 15% per annum. Thereafter, a fixed annual royalty payment (the “Fixed Royalty”) equal to 10% of the initial cash advance will be payable for 10 years.

To provide funds for the OCEP Loan, the Company contributed approximately US\$4.5 million (\$5.7 million) (“RER’s Contribution”) to OCEP for approximately 97% equity/ownership interest in the entity; the remaining equity contribution was provided by certain private parties.

OCEP is governed by a shareholders’ agreement (the “OCEP Shareholders’ Agreement”), which sets out, among other things, the Company’s economic interest as summarized below:

- During the first two years of its term, the OCEP Loan is interest only, and the Company will receive quarterly distributions equivalent to 13.5% per annum on RER’s Contribution.
- During the third year of its term, the OCEP Loan will fully amortize, whereby the Company will receive quarterly distributions for an aggregate amount equivalent to RER’s Contribution, plus 13.5% per annum on outstanding balance thereof.
- Following the repayment of the OCEP Loan during the course of the third year, the Company will receive its share, at the rate of 4% per annum on RER’s Contribution as originally provided, of the fixed royalty payments of approximately US\$180,000 (\$225,000) annually.

The OCEP Loan enabled OCEP to complete upgrades at an existing anaerobic digester facility located at a dairy farm near Green Bay, Wisconsin. The OCEP Project takes biogas produced from animal waste and upgrades this biogas to pipeline quality RNG for injection into the regional natural gas grid, as a replacement

for conventional natural gas. The OCEP Project is located on an existing dairy farm that has been producing biogas for 15 years, offering a constant, reliable source of feedstock.

The OCEP Project will receive revenue from multiple sources, with the primary sources being California Low Carbon Fuel Standard credits and US Environmental Protection Agency Renewable Identification Numbers.

Construction of the OCEP Project was completed in Q1 of 2023, and the facility is currently producing RNG.

*F. Nomad Transportable Power Systems – Transportable Energy Storage System – Vermont, USA*

In April 2022, the Company entered into an agreement with Nomad Transportable Power Systems Inc. (“NOMAD”), a company co-founded by KORE Power Inc., a US-based battery manufacturer, and Northern Reliability Inc., an energy systems integrator with over 50 years of experience implementing storage projects around the world.

NOMAD is a first-mover in the utility, commercial and industrial-scale mobile energy storage sector and was founded in response to demand for a more flexible, transportable battery energy storage system. NOMAD’s business objective is to sell mobile energy storage systems (“Mobile Units”) and provide energy storage as a service.

The Mobile Units combine a fully-enclosed trailer chassis with high energy density lithium-ion battery cells and a proprietary docking system to deliver a plug-and-play energy storage solution to customers. The Mobile Units combine the benefits of a fixed-site energy storage system with increased flexibility and the ability to be relocated, enabling a single Mobile Unit to serve multiple locations for seasonal, intermittent (outages), or temporary use (capital deferral), increasing asset utilization versus a fixed asset.

The Company provided a five-year USD \$5.6 million senior-secured working capital loan (the “NOMAD Loan”). The NOMAD Loan enabled NOMAD to manufacture Mobile Units including the NOMAD Traveler (2 MWh), and NOMAD Voyager (1.2 MWh). The Mobile Units will be sold to utilities, commercial and industrial customers.

The NOMAD Loan had an interest rate of 12% per annum, interest-only for the term, with a bullet repayment after 5 years. The Company will also receive a gross revenue royalty of 3.5% on the sale of NOMAD’s Mobile Units manufactured using the NOMAD Loan proceeds.

In March 2024, the NOMAD Loan was repaid early, in full. As a result of the early repayment, the Company will receive an additional 3.5% gross revenue royalty on future sales of Mobile Units totaling 42MWh of energy capacity.

**Royalties Acquired in Fiscal Year 2021**

*A. FuseForward Solutions – Smart Solutions – Vancouver, Canada*

In December 2021, the Company entered into an agreement to provide financing to FuseForward Solutions Group Ltd. (“FuseForward”), a Vancouver based technology company that provides smart infrastructure and digital transformation solutions to utilities, real estate, health care and government industries. FuseForward’s smart infrastructure solutions allow their clients to improve operational efficiencies and reduce energy consumption, waste, and water use.

RE Royalties provided a \$2 million secured loan for three years with an 8% interest rate and acquired a royalty for \$1 million (the “Fuseforward Royalty”) from FuseForward (collectively, the “Financing Facility”). The Fuseforward Royalty provides RE Royalties with a fixed annual royalty payment of \$284,000 for 10 years.

The Financing Facility has enabled FuseForward to fund its growth into the smart infrastructure sector, enabling FuseForward to expand its product offerings, in particular their Smart Cities and Campus Initiative. This initiative will allow educational institutions and municipalities to use advanced network infrastructure, internet-connected devices, and digital twins to build operational efficiencies and improvements into their sustainability programs, reduce cost by streamlining processes and automation, and improve the management and security of data.

#### *Impairment of FuseForward Loan and Royalty*

During the year, the Company served a notice of default to FuseForward for continued delinquency of outstanding payments and delays in FuseForward’s efforts to recapitalize its business. Due to a deterioration in overall market conditions, it became evident that various recapitalization initiatives by FuseForward were not likely to materialize in the foreseeable future. The Company has commenced steps to enforce its claim as a senior secured creditor of FuseForward to recover the amounts owed. As a result of FuseForward’s negative current working capital position, there is uncertainty surrounding its ability to continue as a going concern and ability to repay the amounts owing to the Company.

The Company concluded that the amounts receivable from FuseForward had become credit-impaired, and the value of the underlying collateral linked to the Company’s investment in FuseForward was adversely affected. Due to the uncertainty, the Company has recognized a 100% allowance against the amounts receivable from FuseForward and the Company recorded an impairment loss of \$3,078,279.

#### *B. Switch Power – Energy Storage Projects – Ontario, Canada*

Over a three month period to November 2021, the Company entered into three loan agreements (“Switch Loan Agreements”) and a royalty agreement (“Switch Royalty Agreement”) with Switch Power Ontario Battery Operations Corp. (“Switch OpCo”), a wholly-owned subsidiary of Switch Power, providing funding to Switch OpCo for the acquisition of a portfolio (the “Switch Portfolio”) of four operational and ten development stage “behind the meter” battery energy storage systems (“BESS”) located in Ontario with a total capacity of 20.8 MW / 44.3 MWh. On April 4, 2023, Switch Power announced that, of the aforementioned ten development stage projects, it had successfully commissioned five BESS in Ontario, with a combined capacity of 3,310 kW/7,874 kWh.

The energy storage projects acquired by Switch OpCo are located adjacent to certain existing buildings owned by food manufacturers, financial institutions, large property managers or REITs (collectively referred to as the “Hosts”) to supply power to the Hosts during periods of peak demand, thereby reducing their overall electricity costs (“Cost Savings”), particularly on account of the Global Adjustment Charge, a premium applicable at peak times to large power consumers under the Independent Electricity System Operator’s Global Adjustment program. Under the Energy Services Agreements (“ESA”) with the Hosts, Switch OpCo will share a percentage of the Cost Savings of the Hosts. Additionally, Switch OpCo will potentially generate additional revenue from several other sources including wholesale market participation, demand delivery savings, operating reserve, and resiliency.

It is estimated that the Switch Portfolio will offset nearly 800 tonnes of CO<sub>2</sub> per year, equivalent to taking over 170 gas-powered cars off the road. These energy storage systems will accelerate Ontario's transition to a decentralized, decarbonized, and resilient electricity grid. For customers, they will help reduce their carbon footprint while lowering costs and unlocking new cost savings through electricity use optimization.

#### Switch Loan Agreements

The three Switch Loan Agreements are summarized as follows:

- 1) In September 2021, the Company announced that it entered into the first loan agreement with Switch OpCo for a \$2.3 million loan (the "First Acquisition Loan") to finance the acquisition by Switch OpCo of a portfolio of four operational BESS projects (the "Operating Projects") that have an aggregate capacity of 2 MW / 4.4 MWh and utilize battery technologies from Tesla and Sungrow. The First Acquisition Loan has a term of 24 months and will bear interest at a rate of 10% per annum.
- 2) In October 2021, the Company announced that it entered into a second loan agreement with Switch OpCo for \$786,750 (the "Second Acquisition Loan") to finance the purchase of a portfolio of ten BESS development projects (the "Development Projects") which have a planned aggregate capacity of 18.9 MW / 39.8 MWh. At the time of acquisition by Switch OpCo, nine of the ten Development Projects had received executed ESAs with Hosts and had substantially completed permits and interconnection agreements. The Second Acquisition Loan has a term of 23 months and will bear interest at a rate of 10% per annum.
- 3) In November 2021, the Company announced that it entered into an equipment procurement loan agreement with Switch OpCo for \$4.3 Million (the "EP Loan"), of which amount, \$2.8 million was provided upon closing, and the remaining \$1.5 million was provided in March 2022. The EP Loan was used by Switch OpCo to procure BESS, with an aggregate capacity of 3.5 MW / 8.5 MWh, for the first five (of the ten) Development Projects. The EP Loan has a term of 24 months and bears interest on drawn funds at a rate of 8.6% per annum.

#### Switch Royalty Agreement

Pursuant to the Switch Royalty Agreement, the Company will receive royalty payments at a sliding scale of 3% to 5%, depending on aggregate operating capacity, on all gross revenues received by all 14 projects comprising the Switch Portfolio, for the life of respective ESAs, which typically have initial terms of 10–12-years with options to extend.

During fiscal 2023, the maturity dates of the Switch Loan Agreements were extended to November 30, 2023. In December 2023, the Company sent a default notice as the principal sum and interest accrued thereon remained unpaid on the extended maturity date. As of the date hereof, the default persisted and accordingly, the Company assessed the Switch Loan Agreements for expected credit losses as of December 31, 2023.

#### *C. Teichos Energy – 27MW Solar Project – Pennsylvania, USA*

On October 8, 2021, the Company announced that it acquired a sliding scale gross revenue royalty on the 27 MWdc (20 MWac) Jackson Center Solar Project Phase 1 ("Jackson Center Project") located in Mercer County, Pennsylvania. Jackson Center Project is owned by Teichos Energy, LLC ("Teichos"), a renewable energy development company headquartered in Seattle, Washington and is an advanced stage solar project that is expected to reach commercial operation in 2023. Once operational, Jackson Center Project will generate 42,799 MWh per year of clean energy.

The Company has entered into a secured loan agreement (the “Teichos Loan Agreement”) with Teichos whereby the Company provided a US\$2.2 million letter of credit on behalf of Teichos (the “Teichos Loan”), for Teichos to post certain collateral for the Jackson Center Project’s grid connection.

The Teichos Loan had an initial term of six months and bears an interest rate of 10% per annum, compounded annually, and payable at the end of the term. The Company has first-ranking security interest including a lien over Jackson Center Project assets, and a pledge of all equity capital in the Jackson Center Project.

The Company will receive a 1% gross revenue royalty on the Jackson Center Project (the “Jackson Center Royalty”) for a period of 15 years once the Jackson Center Project reaches commercial operation. The Teichos Loan term can be extended for two additional 6-month increments as per the terms of the agreement, for a total extension of up to 12 months. If the Teichos Loan term is extended, the Jackson Center Royalty will increase accordingly. In April 2022, Teichos provided notice to the Company that it will extend the Teichos Loan by an additional six months. Accordingly, the Jackson Center Royalty has increased from 1% to 1.5% of gross revenues. Further, in October 2022, Teichos Energy extended the Loan term by an additional 6 months leading to an increase in the Jackson Centre Royalty rate from 1.5% to 2%. The final maturity date of the Teichos Loan was April 8, 2023.

In April 2023, the Company entered into an agreement to amend the Teichos Loan Agreement in respect of the Jackson Centre Project, dated October 8, 2021, to extend the maturity date to May 8, 2023. This extension will increase the interest rate from 10% per annum compounded annually to 15% per annum compounded annually. As previously discussed, in May 2023, the Company received full repayment of the Teichos Loan, including accrued interest thereon. The Company's royalty interest in the Jackson Center Solar Projects was also bought out for US\$1.15 million (\$1.53 million).

### **Royalties Acquired in Fiscal Year 2020**

#### ***A. OntarioCo – 11 Roof Top Solar Projects – Ontario, Canada***

In June 2020, the Company acquired royalties on 11 additional projects from OntarioCo (the “Second Portfolio”).

The Company refinanced the existing OntarioCo loan and the new loan was 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 also acquired gross revenue royalties (2%) on the Second Portfolio for approximately 20 years. In addition, the royalty rate on the initial 49 roof top solar projects (the “Solar Project Portfolio”) was 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 are contracted under 20-year Feed-In Tariff (“FIT”) contracts with the Independent Electricity System Operator, a crown corporation owned by the government of Ontario. All operational projects with existing FIT contracts and all projects that have reached notice to proceed as defined by the Ontario government will continue to operate under the terms of their applicable FIT contracts until the end of those FIT contracts..

In May 2021, the Company received from OntarioCo \$2,000,000 against the principal sum on the 2020-Loan and \$500,000 in interest accrued thereon. The remaining principal sum of \$3,000,000 owing to the Company was refinanced (with interest rate and other terms of the loan unchanged) and was repaid in two installments of \$1,000,000 and \$2,000,000 along with accrued interest, on August 15, 2021 and November 15, 2021 respectively.



*B. Scotian Windfields – Royalties on 40 MW of Operational Wind Projects – Nova Scotia, Canada*

On February 6, 2020, the Company announced that it had acquired a portfolio of 12 gross revenue royalties (8%) on the Nova Scotia wind projects from Scotian Windfields for \$1.34 million. The Company also provided an interest-bearing senior secured loan to Scotian Windfields (the “SW Loan”) 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. Scotian Windfields has a 20% working interest in Nova Scotia wind projects that have a generating capacity of 39.7 megawatts (MW) and are contracted under 20-year power purchase agreements with fixed electricity purchase prices from Nova Scotia Power Incorporated. The Nova Scotia wind projects generate approximately 132,000 megawatt hours (MWh) of clean energy per year.

In September 2021, the Company received an early and full repayment of the SW Loan and recognized a gain representing the difference between the proceeds from repayment of the SW Loan and its carrying amount upon derecognition of the financial asset (SW Loan). The Company continues to maintain its gross revenue royalties on Scotian Windfields’ 12 operational wind projects.

**Royalties Acquired in Fiscal Year 2019**

*A. OntarioCo – Royalties on 49 Roof Top Solar Projects – Ontario, Canada*

On May 15, 2019, the Company entered into a loan and royalty transaction with OntarioCo on 49 roof top solar projects (the “Solar Project Portfolio”).

Pursuant to the agreement with OntarioCo, the Company provided a \$5 million, 5% per annum interest-bearing loan to OntarioCo with a one-year term, in exchange for a 1.12% gross revenue royalty on the Solar Project Portfolio. The Solar Project Portfolio has a combined generation capacity of 15.7 MW and began operation between 2015 and 2017; all were qualified under the Ontario Feed-in-Tariff program. OntarioCo utilized the proceeds of the Loan to complete construction on a separate portfolio of solar projects in Canada. The average term of the royalties was 19 years<sup>6</sup>.

The Solar Project Portfolio generates approximately 18,000 MWh of clean energy per year.

*B. Northland Power – Royalties on 40 MW of Operational Solar Parks in Southern Ontario*

On June 19, 2019, the Company acquired a portfolio of gross revenue royalties (1%) on 4 operational solar projects (the “Ontario Solar Projects”) from Fresh Air Energy Inc. for \$1.87 million. The average term of the royalties was 16 years<sup>7</sup>.

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.

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<sup>6</sup> As of the date of the transaction.

<sup>7</sup> As of the date of the transaction.

### **Royalties Acquired in Fiscal Year 2018**

#### **A. *Belltown Power – 78 MW Rippey solar project – Texas, USA***

In December 2018, the Company entered into a loan agreement for US\$2.8 million (the “Belltown Loan”) with Belltown Power (“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 Rippey Project was 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 Belltown Loan. In addition, the Company received a 20-year 1% gross revenue 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 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).

#### **B. *Alpin Sun GmbH – Solar Project Portfolio – Texas, USA***

In February 2018, RER US entered into an equity purchase transaction with Alpin Sun, whereby RER US acquired a 50% interest in a portfolio of four separate advanced-stage development projects totaling 352 MW in Texas (the “Texas Projects”). 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 for US\$5 million (the “Texas Investment”). The Company contributed US\$1 million with the remaining US\$4 million contributed by a consortium of private investors. The Texas Investment was structured as a US limited liability company (the “Project Entities”), whereby RER US holds the 50% interest in the Texas Projects. The Company was the manager of RER US pursuant to a management services agreement dated December 13, 2017, whereby the Company provided technical, financial, administrative, and management services to RER US. The Company also incurred 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 were billed at cost without markup.

In addition to owning a portion of RER US’s 50% ownership in the Texas Projects, the Company would have also received 50% of a 2% gross revenue royalty payable to RER US for a period of twenty years from the start of commercial operation, on any revenue generated by any of the Texas Projects. Revenue was defined to include electricity sales, renewable credits, insurance proceeds and liquated damages/warranty claims, if any.

In December 2018, RER US and an arm’s-length party 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, pursuant to the Sale

Agreements and upon execution thereof, 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 Texas Projects.

Upon execution of the Sale Agreements, RER US derecognized its investment in the underlying two Project Entities. However, as of December 31, 2018, RER US had recognized only the Down Payment and had deferred the recognition of the Contingent Payments to be recognized upon completion of the related milestones, which milestones have not been met. As of the date of this AIF, RER US had not yet received the Contingent Payments.

Prior to the execution of the Sale Agreements, the Company’s royalty interest in the underlying Texas Projects was bought-out for US\$300,000, which had been recognized as income from royalty buyout in the financial statements for the year ended December 31, 2018.

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 in the cluster on a pro-rata basis.

The Company and Alpin Sun have decided 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 expired in the second quarter of 2021 and the Company and Alpin Sun decided not to extend the options. 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.

### **Royalties Acquired in Fiscal Year 2017**

#### ***A. Jade Power Trust (formerly Blockchain Power Trust)***

In January 2017, the Company provided Jade Power Trust (“Jade”) a three-year, non-revolving loan (the “Jade Loan”) and received a royalty (the “Jade Royalties”) on certain of Jade’s renewable energy generation assets. Jade is a Canadian publicly listed trust focused on the development and generation of energy from renewable sources.

In June 2020, the Jade Loan and the Jade Royalties were modified (the “2020-Modification”) as described below.

### Jade Power Loan

The Jade Loan was a three-year, \$3.8 million loan, with semi-annual interest payments at 5% per annum and full principal repayment at maturity. Jade had an option to extend the Jade Loan for a fourth year with semi-annual interest payments at 7% per annum; this option was exercised by Jade 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 Loan and Jade made a cash payment of \$750,000 in June 2020. Additionally, during the fourth quarter of 2020, Jade made cash payments totaling \$1,750,000 to the Company against the principal sum of the Jade Loan. The Jade Loan was fully repaid on January 4, 2021.

### Jade Power Royalty

The Jade Royalty was originally an annual royalty of 1.14% of the gross revenue (including power balancing adjustments) earned by Jade on the Jade Royalties Portfolio (defined below) of renewable energy projects. The Jade Royalty was payable to the Company for 20 years, including the period that the Jade Loan was outstanding. The Jade Royalty was paid in Canadian dollars at the prevailing Euro exchange rate at the time payment was due. The Jade Royalty was 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) (the "Jade Royalties Portfolio").

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

The gross revenue for the purpose of the Jade Royalty was equal to the sum of all revenues in the fiscal year recognized by Jade 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 Royalties Portfolio for a consideration of \$46,758, which was included in the Capitalized Expenses and Fees.

In November 2022, the Jade Power Royalty interest was bought back by Jade and the Company recognized a gain upon derecognition of the Jade Power Royalty.

### Royalties Acquired in Fiscal Year 2016

#### *A. Aeolis Wind*

In March 2016, the Company entered into 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 royalty payments of \$100,000 per annum, to be increased annually by an amount equal to 50% of the British Columbia Consumers Price Index. The term of the Aeolis Loan expires on July 31, 2035.

Aeolis is the owner of a gross revenue royalty interest in the Bear Mountain Wind Limited Partnership ("BMWLP"). BMWLP is an indirect wholly owned subsidiary of AltaGas Ltd. and owns the 102 MW Bear Mountain Wind Park near Dawson Creek, British Columbia. The wind park is fully connected to the BC power

grid and the power from the project is sold to BC Hydro under a 25-year contract. The payments to the Company under the Aeolis Loan are paid from Aeolis' gross revenue royalty interest received from BMWLP. Aeolis has also assigned its full royalty interest to the Company as security for the Aeolis Loan and BMWLP has executed an irrevocable direction to pay the royalty into an escrow account that the Company will control in the event of default.

The Aeolis Loan is classified as a financial asset at FVTPL (note 2). Fair value was determined by discounting future cash flows using annual discount rates (in the range of 7.75% - 9.07%) applicable to the term of each cash flow and average annual inflation rate of 3.5%.

#### **4.1.5. Competitive Conditions**

The Company is aware of only one other competitor currently providing royalty-based financing to the small to medium size renewable energy project owner and developer market.

The Company's alternative source of competition is mezzanine debt, which are generally more costly, more restrictive, and less flexible to SMREs than the Company's royalty-based financing solutions. The Company believes that its products provide a high value, non-dilutive financing solution to SMREs and are competitive with other sources of funding.

#### **4.1.6. Energy Generation Cycles**

The projects in which the Company receives royalties operate on a year-round basis. Additionally, the majority of these projects generate revenue under long-term fixed-price offtake agreements. This means there are no changes in the amount paid per unit of electricity, except for those contracts that may gradually increase prices over time based on inflation. However, renewable energy generation itself can be quite seasonal based on location and weather conditions, which could result in seasonal variation to the Company's quarterly royalty revenues. For example:

- Solar energy generation in the Northern Hemisphere will typically hit its maximum in the summer months, when days are longer and there is more sunshine, and will be at a minimum in the winter when days are shorter and there is more cloudy weather;
- Wind energy generation in the Northern Hemisphere will typically hit its maximum in the winter months, when there is more wind and stormy weather, and will be at a minimum in the summer when there is less wind and calmer weather; and
- Run-of-River hydro generation will vary throughout the year with strong production during stormy, wet, weather or during snow melt, and lower production in the Northern Hemisphere during dry summer months and extremely cold winter months.

In some cases, different types of generation may offset each other and help to reduce the seasonal variation in revenues.

In addition to the above, the Company has diversified into several Battery storage and Renewable Natural Gas and energy efficiency projects that are not affected by seasonality.

#### **4.1.7. Economic Dependence**

The majority of the Company's royalties are received from projects that generate revenue from long-term PPAs. The counterparties to these PPAs are typically government or quasi-government entities who agree to purchase electricity from the project at a fixed price (sometimes scaled with inflation) for a set period of time (typically 20 years or more).

The Company's royalties are directly tied to, among other things, the revenue generated from these PPAs. Consequently, any changes to the pricing or other parameters of these PPAs could have an adverse effect on the Company's revenues.

Additionally, the Company has structured a few of its transactions to have a fixed the royalty payment to circumvent any fluctuations in its revenues.

#### **4.1.8. Changes to Contracts**

The Company currently does not anticipate any changes to its business as a result of material changes by renegotiation or termination of contracts or sub-contracts.

#### **4.1.9. Employees**

The Company has 9 full-time employees.

#### **4.1.10. Investment Policy**

The Company's business objectives are to acquire a portfolio of long-term, stable, and diversified royalty streams from renewable energy generation facilities and to provide shareholders with capital appreciation and a growing, sustainable, long-term cash distribution over time. The Company's Investment Policy is to achieve the following long-term objectives:

- Acquire long-term renewable energy royalty streams backed by power purchase agreements from credit worthy utilities or facilities that 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;
- Reinvest royalty income, interest and capital repayment cash flows to acquire new royalties on an on-going basis to drive growth;
- Maintain a low operating cost structure (relative to other renewable energy companies); and
- Use debt financing to acquire additional royalties in order to enhance financial returns for shareholders.

The Company screens and acquires royalties based on three major principles:

1. **Capital Protection:** Client must be able to provide sufficient collateral to guarantee and protect the Company's royalty investments. Each transaction must be structured to maximize security and

safeguard the investment. Projects must be able to clearly demonstrate long-term operational performance, profitability and liquidation value, in the event the Company has to step-in to either operate or sell the projects.

2. **Immediacy of Cash Flow:** Projects must have a very clear path to cash-flows and generate sufficient margins to be able to service the long-term royalty payments.
3. **Risk-Adjusted Return:** Each royalty transaction must be able to generate internal rates of returns above the Company's long-term financial targets given the different types and levels of risk on each deal.

The Company's royalty investments are typically protected using a combination of the following securitisation strategies:

- a) **Senior-secured:** The Company will seek to ensure that its investments are ranked in priority to other debts. In the event of a default by a Client, this should ensure that the Company maintains the ability to control the default process and also ensuring priority payment on any potential sale of the assets.
- b) **Over-collateralization:** The Company will seek to collateralize its investment against a value that is greater than its investment. The Company conducts a valuation analysis of each Client's assets through a combination of discounted cash flow analysis from its operational assets, comparable valuations, or cash flow multiples. This should ensure the Company will be able to recover its original investment in the event of a default.
- c) **Cross-collateralization:** The Company will seek to cross-collateralize its investment against a portfolio of assets. This should provide additional protection in the event one asset triggers a potential default, as the Company should be able to monetize the Client's other assets which were not subject to the default.
- d) **Asset-level security:** The Company will seek to register security claims where available against the actual assets such as cash, receivables, deposits, land, contracts and equipment that the Client may own.
- e) **Guarantees, Cross-guarantees and Share Pledges:** The Company will seek to obtain guarantees from the Client's parent company or affiliated companies for the Company's royalty investments. The Company will also ensure that the Clients pledge the shares of their respective subsidiary companies as guarantees.
- f) **Step-in Rights:** The Company will seek to obtain step-in rights with the Client to operate the assets in the event of a default. This should ensure that the assets will continue to operate in an optimal manner and that the Company will be able to achieve a proper recoverable value on our investment.

#### **4.1.11. Reorganizations**

Please refer to "Corporate Structure – Name, Address and Incorporation" and for more information on the Qualifying Transaction and the corresponding reorganization.

#### 4.1.12. Environmental and Social Data

##### A. Environmental Impact Summary

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

Client	Location	Projects	Energy Type	Clean Power Capacity (MW <sub>AC</sub> )	Annual Clean Generation (MWh)	Annual GHG Offset (tCO <sub>2e</sub> )	Annual Homes Powered
<b>Operational</b>							
Aeolis Wind	BC, Canada	1	Wind	102	193,000	2,393	21,578
OntarioCo	ON, Canada	59	Solar	18	25,566	639	3,099
Northland Power	ON, Canada	4	Solar	40	59,413	1,485	7,202
Scotian Windfields	NS, Canada	12	Wind	40	131,700	88,239	12,510
Switch Power	ON, Canada	10	Battery, Solar	6	623	242	76
OCEP*	WI, USA	1	RNG	2.1	18,170	17,989	2,794
Revolve	Canada, Mexico	12	Solar, Hydro, Wind	26	72,849	12,561	10,486
AlbertaCo	AB, Canada	1	Wind	145	498,600	294,174	73,867
Cleanlight	Chile	1	Solar	1.7	2,370	1,903	1,531
<b>Operational Subtotal</b>		<b>101</b>		<b>381</b>	<b>1,002,292</b>	<b>419,626</b>	<b>133,141</b>
<b>Development Stage</b>							
Switch Power	ON, Canada	4	Battery	15	602	542	73
NOMAD	VT, USA	6	Battery	28	11,397	4,852	1,675
Delta**	Puerto Rico	1	Solar	0.5	949	565	188
Clean Communities	AB, Canada	1	Solar	3	6,310	3,723	935
Revolve	Mexico	1	Solar	0.4	754	400	369
<b>Development Subtotal</b>		<b>14</b>		<b>47</b>	<b>20,011</b>	<b>10,082</b>	<b>3,240</b>
<b>PORTFOLIO TOTAL</b>		<b>114</b>		<b>428</b>	<b>1,022,303</b>	<b>429,708</b>	<b>136,381</b>

##### Notes:

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

\*\* Project type updated to 'Solar' from 'Energy Efficiency' based on updated portfolio under development by Delta.

\*\*\* FuseForward impact data not available and is excluded from the total.

##### Emission Reduction Equivalents

**92,836**  
Passenger Vehicles

**132,593**  
Tonnes of waste recycled

**7,105,311**  
Trees planted



## Methodology

### Annual Energy

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

### Greenhouse Gas Avoided Emissions

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

### Environmental Data Sources:

#### GHG Emissions Intensity

- Canada's Official Greenhouse Gas Inventory, Provincial data <https://data-donnees.ec.gc.ca/data/substances/monitor/canada-s-official-greenhouse-gas-inventory/>
- US EPA Emissions & Generation Resource Integrated Database, Subregion Level 2021 Data (eGRID) <https://www.epa.gov/eGRID>
- International Financial Institutions Technical Working Group on GHG Accounting Default Grid Factors 2021 v3.2 [https://unfccc.int/sites/default/files/resource/Harmonized\\_IFI\\_Default\\_Grid\\_Factors\\_2021\\_v3.2\\_0.xlsx](https://unfccc.int/sites/default/files/resource/Harmonized_IFI_Default_Grid_Factors_2021_v3.2_0.xlsx)
- Switch Battery Projects: SDTC Environmental Benefits Report 2021 (specific to project)
- OCEP RNG: Project-specific emissions intensity pathway for delivery to California LCFS market.
- Diesel Offgrid (Cleanlight): World Resources Institute GHG Protocol Emission Factors [https://ghgprotocol.org/sites/default/files/2023-03/Stationary\\_combustion\\_tool\\_%28Version4-1%29.xlsx](https://ghgprotocol.org/sites/default/files/2023-03/Stationary_combustion_tool_%28Version4-1%29.xlsx)

#### Homes Powered

- Canada: Statistics Canada. Table 25-10-0060-01 Household energy consumption, Canada and provinces <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=2510006001>
- US: US Energy Information Agency Average Residential Monthly Bills [https://www.eia.gov/electricity/sales\\_revenue\\_price/pdf/table5\\_a.pdf](https://www.eia.gov/electricity/sales_revenue_price/pdf/table5_a.pdf)
- Mexico: Gobierno de Mexico Balance Nacional de Energia 2021 <https://www.gob.mx/cms/uploads/attachment/file/805509/BNE-2021.pdf>
- Puerto Rico: NREL Puerto Rico Energy Efficiency Scenario Analysis Tool <https://www.nrel.gov/state-local-tribal/preesat.html>

Chile: C. Agostini et al, 2015. "Elasticities Of Residential Electricity Demand In Chile," ILADES-UAH Working Papers inv312, Universidad Alberto Hurtado/School of Economics and Business. <https://ideas.repec.org/p/ila/ilades/inv312.html> Emission Reduction Equivalents

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

## ***Environmental Risks***

Specific environmental factor risks are discussed herein under the Risk Factors section, within the following categories:

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

## **B. Social Summary**

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

### ***Gender Diversity***

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

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

### ***Charitable Activity***

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

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

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

In Q2 2023, the Company donated \$35,000 to Zajac Ranch for Children, which is committed to improving the lives of children and young adults with medical conditions and disabilities. Zajac’s programs and activities aim to empower campers, boost their confidence and self-esteem, and enhance their social and life skills as they experience the joys of the outdoors and of recreation in a safe, all-inclusive and adaptable camp environment.

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

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

In Q3 2021, the Company donated \$25,000 to the Richmond Food Bank Society, a not-for-profit organization that provides food assistance, advocacy and related support to individuals in need within the Richmond community. The donation will support the School Meal Program, which provides nutritious meals and snacks to students who attend school hungry at 11 schools in Richmond. Kids and teens need nutritious food to grow, be healthy, and to effectively learn at school, yet too many are attending school on an empty stomach.

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.

### ***Social Risks***

Specific social factor risks are discussed herein under the Risk Factors section, within the following categories:

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

## 5. Risk Factors

### ***Dependency on Renewable Energy Generation Facility Owners***

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

### ***Dependency on Renewable Energy Generation Facility Developers***

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

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

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

### ***Early Termination of Royalty Agreements***

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

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

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

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

#### ***Delay or Failure of Royalty Payments***

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

#### ***Reliance on Facility Owner Reporting***

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

#### ***Acquisition Strategy***

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

#### ***Royalty and Other Interests May Not Be Honored by Facility Owners***

Royalty and other interests in renewable energy projects are largely contractually based. Parties to contracts do not always honor contractual terms and contracts themselves may be subject to interpretation or technical defects. To the extent grantors of royalty and other interests do not abide by their contractual obligations, the Company would be forced to take legal action to enforce its contractual rights, including any security interests. Such litigation may be time consuming and costly, and as with all litigation, no guarantee

of success can be made. Should any such decision be determined adversely to the Company, it may have a material adverse effect on the Company's profitability, results of operations and financial condition.

#### ***Rights in Favour of Third Parties***

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

#### ***Increased Competition for Royalty Interests***

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

#### ***Concentration Risk***

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

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

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

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

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

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

#### ***Foreign Exchange Risk***

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

#### ***Interest Rate Risk***

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

#### ***Payments of Dividends***

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

#### ***Attracting and Retaining Qualified Management and Personnel***

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

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

### ***Income Taxes***

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

### ***Legal Proceedings***

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

### ***Limitation of Insurance***

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

### ***General Risks Involved in the Operations of a Power Generation Facility***

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

### ***Natural Disasters and Other Catastrophic Events***

The power generation facilities and operations could be exposed to potential interruption and damage (partial or full loss) resulting from events such as environmental disasters (e.g., floods, high winds, fires, and earthquakes), severe weather conditions and equipment failures. There can be no assurance that in the event of an earthquake, hurricane, tornado, tsunami, typhoon, terrorist attack, act of war or other natural, manmade or technical catastrophe, all or some parts of the generation facilities and infrastructure systems



of the power generation facilities which the Company holds a royalty interest in, will not be disrupted. The occurrence of a significant event which disrupts the ability of the renewable power generation assets of the Royalty Sellers to produce or sell electricity for an extended period that could have a material adverse effect on the Company's profitability, results of operation and financial condition.

### ***Permitting Risk***

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

### ***Environmental Laws and Regulations***

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

### ***Local Public Opposition***

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

### ***Negative Public or Community Response***

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

could have a material adverse effect on the Company's profitability, results of operation and financial condition.

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

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

#### ***Reliance on National and Regional Transmission Systems***

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

#### ***Effect of General Economic and Political Conditions***

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

#### ***Delays and Cost Overruns in the Design and Construction of Projects***

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

#### ***Health, Safety and Environmental Risks***

The ownership, construction and operation of power generation facilities carries an inherent risk of liability related to worker health and safety and the environment, including the risk of government imposed orders

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

***The Russian-Ukrainian Conflict – Potential Effects Which Could Detrimentally Affect the Global Economy, Peace and Stability in Europe and Beyond, and Our Business and Share Price***

Russian military forces invaded Ukraine in February 2022. In response, Ukrainian military personnel and civilians are actively resisting the invasion. Many countries throughout the world have provided aid to the Ukraine in the form of financial aid and in some cases military equipment and weapons to assist in their resistance to the Russian invasion. The North Atlantic Treaty Organization ("NATO") has also mobilized forces to NATO member countries that are close to the conflict as deterrence to further Russian aggression in the region. The outcome of the conflict is uncertain and is likely to have wide-ranging consequences on the peace and stability of the region and the world economy. In addition, certain countries including Canada and the United States, have imposed strict financial and trade sanctions against Russia, which sanctions may have far reaching effects on the global economy. The long-term impacts of the conflict and the sanctions imposed on Russia remain uncertain and could have an adverse impact on the Company's business and results of operations and may have wide-ranging consequences on the peace and stability of the region and the world economy.

The conflict could affect the economies and securities markets of countries in ways that cannot necessarily be foreseen at the present time. These events could also exacerbate other pre-existing political, social and economic risks. Such events could also cause substantial market volatility, exchange trading suspensions and closures and affect the Company's performance, the price of its securities and its ability to successfully raise capital at reasonable rates or at all. As a result, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed.

Although we do not have employees, suppliers or business activities in Ukraine or Russia at this time, the conflict may have a detrimental impact on our business and operations at some point in the future if the conflict spreads, escalates or affects Europe more broadly.

## 6. Dividends and Distributions

The Company has regularly been paying quarterly cash distribution of \$0.01 per share to its shareholders since the first quarter of 2019, for an aggregate amount of \$7.38 million to the date hereof.

Declaration date	Record date	Payment date	Amount	
			Per share	Total
<b>For Q1 2024</b>				
April 10, 2024	May 1, 2024	May 22, 2024	0.01	\$432,620
<b>Total for 2023</b>				<b>\$432,620</b>
<b>Fiscal Year 2023</b>				
January 11, 2024	January 31, 2024	February 21, 2024	0.01	\$ 432,620
October 11, 2023	November 1, 2023	November 22, 2023	0.01	431,276
July 12, 2023	August 2, 2023	August 23, 2023	0.01	431,276
April 12, 2023	May 3, 2023	May 24, 2023	0.01	431,276
<b>Total for 2023<sup>(1)</sup></b>				<b>\$1,725,104</b>
<b>Fiscal Year 2022</b>				
January 11, 2023	February 1, 2023	February 22, 2023	0.01	\$ 431,276
October 12, 2022	November 2, 2022	November 23, 2022	0.01	431,276
July 13, 2022	August 3, 2022	August 24, 2022	0.01	431,276
March 31, 2022	April 20, 2022	May 11, 2022	0.01	332,899
<b>Total for 2022<sup>(1)</sup></b>				<b>\$1,626,727</b>

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

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

Under the Green Bond Indenture (the "Indenture"), the Company is required to maintain a minimum debt-to-equity ratio, failing which the Company may have to discontinue any future cash distribution to its shareholders until the minimum debt-to-equity ratio is achieved. Other covenants included in the Indenture are discussed herein under section 7.1.6 "Green Bonds".

Other than the aforesaid, there are no restrictions that could prevent the Company from paying dividends or distributions.

## 7. Description of Capital Structure

### 7.1. General

#### 7.1.1. Common Shares

Description of security	Number authorized to be issued	As at the date of this AIF
Common Shares	Unlimited	43,261,981

The holders of the Common Shares are entitled to receive notice of and to attend all meetings of the shareholders of the Company and shall have one vote for each Common Share held at all meetings of the shareholders of the Company. The holders of Common Shares are entitled to (a) receive any dividends as and when declared by the board of directors out of the assets of the Company properly applicable to the payment of dividends, in such amount and in such form as the board of directors may from time to time determine, and (b) receive the remaining property of the Company (after payment of all outstanding debts) in the event of any liquidation, dissolution or winding-up of the Company. There are no special rights or restrictions attached to the Common Shares. The holders of the Common Shares have no pre-emptive, subscription, redemption, or conversion rights. Other than as provided for in this AIF, there are no provisions restricting the issuance of Common Shares or any other material restrictions.

#### 7.1.2. Convertible Note

In February 2020, the Company issued a series of unsecured, convertible notes (“2020-Convertible Notes”) totaling \$1.6 million to certain arm’s-length parties. The 2020-Convertible Notes had an annual interest rate of 8% per annum with a term of 36 months from the date of issue and were convertible into Common Shares at a conversion price of \$1.00 per share at the discretion of the lender.

In January 2023, the Company repaid the 2020 Convertible Notes, along with the accrued interest.

#### 7.1.3. Share Purchase Options

Description of security	Price per security	As at the date of this AIF
Share Purchase Options	\$1.32	1,450,000
Share Purchase Options	\$0.65	960,000

The Company has adopted an incentive stock option plan (the “Option Plan”), which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSXV requirements, grant to directors, officers and technical consultants to the Company, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the Common Shares issued and outstanding from time to time. The exercise price of each option may be set equal to or greater than the closing market price of the Common Shares of the Company on the day prior to the date of the grant of the option, less any allowable discounts. Awards typically vest in several tranches ranging from 6 months to 18 months. Options can have a maximum term of ten years and terminate 60 days following the termination of the optionee’s employment, or 180 days following the optionee’s death or disability. Such options will be exercisable for a period of up to ten years from the date of grant.

The number of Common Shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding Common Shares, and the number of Common Shares reserved for issuance to all consultants will not exceed 2% of the issued and outstanding Common Shares.

In May 2023, 576,000 stock options were granted by the Company to certain directors and officers of the Company. The stock options are exercisable at \$0.65 per common share and are for a term of three years. 264,000 of these stock options are awarded on the basis of meeting certain financial, ESG and investment performance metrics and will vest upon achievement of those metrics.

384,000 stock options were granted to certain employees and consultants of the Company. The stock options are exercisable at \$0.65 per common share and are for a term of three years. 264,000 of these stock options are awarded on the basis of meeting certain financial, ESG and investment performance metrics and will vest upon achievement of those metrics.

Currently, there were 43,261,981 Common Shares issued and outstanding. Accordingly, under the Option Plan the Company has the authority to grant options to purchase up to a total of 4,326,198 Common Shares. At December 31, 2023, 2,410,000 options to purchase Common Shares are granted and outstanding under the Plan, and there were Deferred Share Units and Restricted Share Units granted and outstanding to purchase 180,501 and 314,000 Common Shares, respectively. Therefore, a further 1,421,697 Common Shares, representing approximately 3.29% of the outstanding Common Shares, remain available for reserve for exercise of options to be granted under the Plan, at the Board's discretion, to eligible optionees.

#### 7.1.4. Deferred and Restricted Share Units

Description of security	As at the date of this AIF
Deferred Share Units	180,501
Restricted Share Units	314,000

In January 2022, the Company granted 24,501 fully-vested Deferred Share Units (“DSU”) to its directors pursuant to its DSU plan and 38,011 Restricted Share Units (“RSU”) with one year vesting term and an expiry date of December 31, 2025 under its RSU plan.

On January 12, 2023, the Company settled the vested RSUs in cash equal to the number of vested share units multiplied by the Market Value on the Payout Date, net of any applicable deductions and withholdings. The Market Value means the arithmetic average of the closing price of the Common Shares traded on the TSXV for the five (5) trading days immediately preceding the Payout date. The Company paid a total of \$29,648 pursuant to settlement of these RSUs.

In May 2023, the Company granted 156,000 DSUs to the directors of the Company. The Company also granted 144,000 RSUs to senior management of the Company, and 327,000 RSUs to the employees and consultants. The RSUs have a three-year vesting period from the date of grant.

#### 7.1.5. Share Purchase Warrants

Description of security	Price per security	Expiry	As at the date of this AIF
Share Purchase Warrants	\$1.10	June 2024	9,837,680
Share Purchase Warrants	\$0.82	June 2024	776,250

Share Purchase Warrants	\$0.75	January 30, 2025	239,493
Share Purchase Warrants	\$0.75	February 3, 2025	319,853
Share Purchase Warrants	\$0.75	February 28, 2026	91,420
Share Purchase Warrants	\$0.75	March 1, 2026	159,740
Share Purchase Warrants	\$0.75	March 31, 2026	13,860

The Company has granted Warrants to certain agents and finders, in relation to prior completed financings. Each Warrant allows the warrant holder to purchase one Common Share until the expiry date at the prescribed price per Common Share.

The Company announced the Public Offering in December 2022 and the Series-3 Private Placement of Green Bonds on January 27, 2023, to raise gross proceeds of up to C\$20,000,000 of Series 3 Green Bonds.

The Public Offering was led by Canaccord Genuity Corp. and Integral Wealth Securities Limited as the agents.

In connection with the Public Offering, the Company paid cash fees of \$495,180 and US\$1,190 and issued 330,913 Broker Warrants to the agents. Each Broker Warrant will entitle the holder thereof to acquire Common Share at an exercise price equal to \$0.75 for a period of 36 months from the date of issuance of the Broker Warrants.

In connection with the Series-3 Private Placement, the Company paid corporate advisory fees in cash to certain parties in the amounts of \$654,430 and US\$85,750, and also issued 493,453 Broker Warrants. Each Broker Warrant will entitle the holder thereof to acquire Common Share at an exercise price equal to \$0.75 for a period of 36 months from the date of issuance of the Broker Warrants.

### 7.1.6. Green Bonds

As of the date hereof, the Company has raised aggregate gross proceeds of approximately \$39 million by issuing Green Bonds under three different series, as summarized below, to finance or re-finance renewable energy projects and/or technologies that can assist in mitigating the impact of climate change.

The table below summarizes all Green Bond issuances to the date of this AIF:

Series	Closing date	Maturity Date	Number of Green Bonds	Canadian Dollar-Denominated	U.S. Dollar-Denominated
<b>Series 1 Green Bonds</b>					
Tranche 1	October 2, 2020	October 2, 2025	5,452	\$ 5,452,000	–
Tranche 2	October 29, 2020	October 29, 2025	2,066	2,066,000	–
Tranche 3	December 15, 2020	December 15, 2025	2,284	2,284,000	–
Tranche 4	March 1, 2021	March 1, 2026	364	364,000	–
			<b>10,166</b>	<b>\$ 10,166,000</b>	–
<b>Series 2 Green Bonds</b>					
Canadian Dollars	December 30, 2021	December 30, 2026	5,166	\$ 5,166,000	–
US Dollars	December 30, 2021	December 30, 2026	4,000	–	US\$ 4,000,000
			<b>9,166</b>	<b>\$ 5,166,000</b>	<b>US\$ 4,000,000</b>
<b>Series 3 Green Bonds</b>					
Canadian Dollars	Various (Q1 2023)	January 30, 2028	16,423	\$ 16,423,000	–
US Dollars	Various (Q1 2023)	January 30, 2028	1,242	–	US\$ 1,242,000
			<b>17,665</b>	<b>\$ 16,423,000</b>	<b>US\$ 1,242,000</b>
<b>Total</b>			<b>36,997</b>	<b>\$ 31,755,000</b>	<b>US\$ 5,242,000</b>

The Company prepared a Green Bond Framework applicable to Series 1-3 that is aligned with the International Capital Market Association (ICMA) Green Bond Principles (2018). The Company has prepared an updated Green Bond Framework (2024) which aligns with the updated ICMA Green Bond Principles (2021 w 2022 Appendix). This framework was reviewed by S&P Global Ratings Shades of green and received a shading of ‘Dark Green’. The frameworks and S&P Second Party Opinion are available on the Company’s website at <https://www.reroyalties.com/investor-kit>.

The Green Bonds were issued under an indenture dated August 10, 2020 (the “**Indenture**”) between the Company and Western Pacific Trust Company, as trustee (the “**Trustee**”). The following provides a summary various supplemental Indentures issued to date:

- Effective December 30, 2021, the first supplemental Indenture was issued to complete a private placement of the Series-2 Green Bonds.
- Effective November 7, 2022, the Indenture was amended (the “**Second Supplemental Indenture**”), in the bondholders’ special meetings, as summarized below:
  - (a) the definition of “Adjusted EBITDA” in the Indenture was amended, such that it is no longer decreased by net profits of Affiliates and any other profits in respect of investments which are accounted for on an equity basis;
  - (b) the definition of “Debt Coverage Ratio” was amended to exclude interest expense on Bonds for which the outstanding principal amount has not yet been utilized to finance projects in accordance with the Company’s Green Bond Framework;



- (c) the definition of “Total Interest Expense” was amended to specify that the accretion or amortization of capitalized financing or transaction costs are to be excluded from the definition; and
  - (d) the debt-to-equity ratio covenant in the Indenture was amended, such that it shall not be less than thirty-four hundredths (0.34), revised from a ratio of not less than one (1).
- Effective January 30, 2023, the third supplemental Indenture was issued in relation to the Series-3 Green Bond issuance.

An overview of certain principal provisions of the Indenture is provided below. Pursuant to the Indenture, an unlimited amount of debt securities (the “**Debt Securities**”) may be authorized, issued, and certified. For full particulars of the Company’s obligations under the Indenture and the rights of the holders of the Green Bond (the “**Bondholders**”) under the Indenture, refer to the full copy of the Indenture, which is available under Company’s profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

**a) Terms of Bonds:**

The price of each secured fixed rate Green Bond is \$1,000. Subject to the Company’s right of early redemption as provided for below, the Green Bonds shall mature on the date specified in the table above (the “**Maturity Date**”) and pay interest at the rate and on the terms noted in the table below:

Series	Interest Rate	Interest Payable	Maturity Date
Series 1	6.0%	March 31, June 30, September 30 and December 31 of each year during the term of the Bond	Fifth anniversary date of the issuance of the Green Bond
Series 2	6.0%	March 31, June 30, September 30 and December 31 of each year during the term of the Bond	December 30, 2026, being the Fifth anniversary date of the issuance of the Green Bond
Series 3	9.0%	March 31, June 30, September 30 and December 31 of each year during the term of the Bond	January 30, 2028, being the Fifth anniversary date of the issuance of the Green Bond

The Green Bonds are not publicly traded.

**b) No Voting Rights:**

Bondholders will not have the right to vote on matters relating to the Company.

**c) Security:**

The security for the Company’s obligations to the Bondholders includes the security agreement entered into between the Company and the Trustee (the “**Security Agreement**”), and all such other agreements, instruments and documents as the Trustee may reasonably require (together with the Security Agreement, the “**Security Documents**”) to ensure that the Trustee has a first ranking lien on the Collateral (as such term is defined below), subject to certain permitted liens (“**Permitted Liens**”). Permitted Liens include (among other things) any lien given by the Company to a financial institution in connection with the establishment of a credit facility, it being understood that such lien may only rank in priority to the lien created or granted pursuant to the Security Documents, for a maximum amount equal to the greater of: (i) \$1,000,000; or (ii) 10% of the total principal amount of the Debt Securities outstanding, and any

lien in excess of such amount will be subordinated to the lien created or granted pursuant to the Security Documents.

The “**Collateral**” shall include:

- (a) all those Accounts (as defined in the Security Agreement), cash, money market instruments, debts, dues, claims, choses in action and demands due, owing or accruing or growing due to or owned by, or which may hereafter become due, owing or accruing or growing due to or owned by the Company, arising from or in connection with the Company’s provision of funding to and acquisition of royalty interests in renewable energy projects, interests in any other financing arrangements and other assets, which, in each case, are made with the proceeds of the Debt Securities issued pursuant to the Indenture from time to time and any existing royalty interests in renewable energy projects, interests in any other financing arrangements and other assets related thereto that have been acquired by the Company prior to the date of the Security Agreement (collectively, “**Debts**”);
- (b) all present and after-acquired deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (c) all present and after-acquired interest, income and other earnings accrued in respect of the Debts from time to time;
- (d) all present and after-acquired Related Security (as defined in the Security Agreement) in respect of the Debts;
- (e) all substitutions and replacements of and increases, additions and, where applicable, accessions to the property described in above; and
- (f) all proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in above inclusive, including the proceeds of such proceeds.

The Trustee will hold the security for the equal and rateable benefit and security of all holders of Bonds and the Trustee with respect to the Company’s obligations thereto.

**d) Redemption:**

The Green Bonds are redeemable before the Maturity Date, in whole at any time or in part from time to time, at the option of the Company and in accordance with and subject to the provisions set out in the Indenture. The “**Redemption Price**” for the Green Bonds shall be an amount equal to the principal amount outstanding on the Green Bonds and all remaining unpaid interest payable to but excluding the redemption date.

Notice of intention to redeem any Green Bonds will be given by the Company (directly or through the Trustee, as determined from time to time) to the Bondholders, not more than 60 days and not less than 30 days prior to the date fixed for redemption. The Company will deposit, in an applicable account with the Trustee, one business day before the redemption date fixed in the relevant notice of redemption, such sums as may be sufficient to pay the Redemption Price.

If a holder of a Green Bond called for redemption shall fail on or before the redemption date to surrender such holder's Green Bond, or shall not within such time accept payment of the redemption monies payable, or give receipt therefor, if any, as the Trustee may require, such redemption monies may be set aside in trust, and such setting aside shall for all purposes be deemed a payment and the Bondholder

shall have no other right except to receive payment out of the monies so paid and deposited upon surrender and delivery up of such holder's Green Bond of the Redemption Price. If the deposited funds remain so deposited for a period of six years from the redemption date, then such monies together with an accumulated interest thereon shall be paid over or delivered to the Company, and the Bondholder shall have no rights in respect thereof except to obtain payment (subject to any limitation under applicable law) of the money due from the Company.

If less than all the Green Bonds are to be redeemed at one time, the Green Bonds to be redeemed will be selected by the Trustee on a *pro rata* basis, disregarding fractions, according to the principal amount of Green Bonds registered in the name of each Bondholder, or in such other manner (which may include random selection by computer) as the Trustee may consider equitable, provided that such selection will be proportionate (to the nearest \$1,000).

Additionally, provided no Event of Default (as defined in the Indenture) has occurred and is continuing, the Company may purchase at any time and from time to time, at any price, all or any of the Green Bonds in the market (which will include purchase from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by invitation to tender or by private contract. The Company will deliver to the Trustee all Green Bonds purchased as aforesaid, when paid, as evidence of such payment. If, upon an invitation to tender, more Green Bonds are tendered in response to such invitation at the same lowest price than the Company is prepared to accept, Green Bonds to be purchased by the Company will be selected by the Trustee on a *pro rata* basis, disregarding fractions, according to the principal amount of Green Bonds registered in the name of each Bondholder, or in such other manner as the Trustee may consider equitable (which may include random selection by computer), from the Green Bonds tendered by each Bondholder which tendered at such lowest price.

**e) Covenants:**

The following is a summary of certain of the covenants of the Company under the Indenture, effective as of the date of this AIF. For a more detailed description of the covenants of the Company, please see the Indenture. From the date of the Indenture, or any amendment thereto, and so long as any obligations remain outstanding under the Green Bonds:

- (a) the Company shall duly and punctually pay all sums of money due and payable by it under the Green Bonds when due and payable;
- (b) the Company will furnish to the Trustee a copy of all financial statements, whether annual or interim, of the Company and the report (if any) of the Company's auditors thereon at the same time as they are required to be filed under the *Securities Act* (British Columbia), and such obligation shall continue in the event that the Company ceases to be a "reporting issuer";
- (c) the Company shall, on or before each date upon which the Company is required to furnish its annual financial statements, furnish to the Trustee a certificate stating that the Company has complied with all covenants, conditions and other requirements contained in the Indenture;
- (d) the Company shall maintain and cause its Subsidiaries to maintain property and liability insurance;
- (e) the Company shall (a) perform and observe its obligations under the Security Documents and (b) take any and all actions (including, without limitation, the covenants set forth in the

Security Documents and in the Indenture) necessary or desirable to cause the Security Documents to create and maintain valid and enforceable, perfected, first-ranking security interests in and on all the Collateral, in favour of the Trustee, subject to no other liens (other than Permitted Liens);

- (f) the debt-to-equity ratio of the Company (as determined in accordance with the Indenture) shall not be less than 3:1 at any time while any Green Bonds are outstanding. Before the Second Supplemental Indenture was approved by the bondholders, the debt-to-equity ratio required under the Indenture was 1:1; and
- (g) the aggregate principal amount of all the Company's Indebtedness (as such term is defined in the Indenture) from time to time outstanding shall not cause the debt coverage ratio to be less than one hundred and ten percent (110%).

**f) Events of Default:**

The occurrence of any one or more of the following events shall constitute an "Event of Default" under the Indenture:

- (a) default in payment of the principal or interest of any Green Bond of such series and such default continues for ten (10) Business Days;
- (b) the Company defaults in the performance of or is in breach of the Indenture, any Security Document or the Green Bonds, and such default continues for a period of thirty (30) days after the Trustee has given notice in writing to the Company specifying the nature of such default or breach and requiring that it be remedied;
- (c) the Security Documents cease to be in full force and effect;
- (d) acceleration of other Indebtedness, provided that the aggregate of all such Indebtedness which is accelerated exceeds 10% of the principal amount of Debt Securities outstanding; and
- (e) the Company admits its inability to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of the Company or otherwise acknowledges the insolvency of the Company or any proceeding is instituted by or against the Company seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, liquidator, Trustee or other similar official for the Company or for any substantial part of the property of the Company and, if such proceeding has been instituted against the Company without the consent or concurrence of the Company, either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of the Company or a substantial part of the property of the Company, and such appointment has not been stayed or dismissed within 45 days.

Subject to waiver in accordance with the Indenture, if any Event of Default (other than as otherwise specified in the Indenture) has occurred and is continuing in respect of the Green Bonds, the Trustee may, in its discretion, and will, upon receipt of a Bondholder's request by notice in writing to the Company, declare the principal of and the interest and additional amounts (if any) on the Green Bonds then

outstanding and any other money payable under the Indenture or in respect of the Green Bonds to be due and payable.

The above provides a summary only of Events of Default under the Indenture. Please see the Indenture for a full description of what may constitute an Event of Default.

As of December 31, 2023, no Event of Default had occurred.

## 8. Market for Securities

### 8.1. Trading Price and Volume

The Common Shares are currently listed on the TSXV under the trading symbol “RE” and on the OTCQX under the trading symbol “RROYF”. The following table sets forth the reported intraday high and low prices and the trading volume for the Shares on the TSXV for the 12-month period prior to December 31, 2023.

Month	High (\$)	Low (\$)	Volume
January 2023	0.82	0.72	103,539
February 2023	0.79	0.73	55,322
March 2023	0.74	0.60	296,259
April 2023	0.68	0.62	181,675
May 2023	0.80	0.64	153,552
June 2023	0.78	0.72	78,264
July 2023	0.74	0.67	29,859
August 2023	0.71	0.55	287,124
September 2023	0.58	0.415	434,374
October 2023	0.75	0.50	302,262
November 2023	0.74	0.53	208,813
December 2023	0.63	0.52	106,821

### 8.2. Prior Sales

Refer to section 7 “Description of Capital Structure” of this AIF for details on the 156,000 DSUs granted to the directors of the Company, 471,000 RSUs granted to employees and consultants of the Company, and 960,000 share purchase options granted to the Company’s directors, officers, employees and certain consultants in May 2023. Of the total number of RSUs granted in 2023, 157,000 RSUs were settled in December 2023, which settlement entailed issuance of 134,374 Common Shares, with the remaining RSUs settled in cash. In connection with the Public Offering and Series-3 Private Placement of Green Bonds in June 2023, the Company issued 824,366 Broker Warrants to the agents. Each Broker Warrant will entitle the holder thereof to acquire one Common Share at an exercise price equal to \$0.75 for a period of 36 months from the date of issuance of the Broker Warrants.

Except as mentioned in the foregoing paragraph, there were no placements of Common Shares or securities convertible into during the 12-month period prior to December 31, 2023.

## 9. Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

### 9.1. Escrow of Common Shares

As of the date hereof, none of the Common Shares are held in escrow or were subject to a contractual restriction on transfer.

## 10. Directors and Officers

### 10.1. Name, Occupation and Security Holding

The following table presents the members of the Board of Directors and executive officers, their principal occupations during the five preceding years and the year they first became Directors (if applicable). Each Director is appointed to serve until the next annual meeting of Shareholders or until his or her successor is elected or appointed.

Name and Residence	Position(s) Held at RER	Director Since	Principal Occupation(s) During the Past 5 Years
<b>Rene Carrier</b> British Columbia, Canada	Director <sup>(1)(2)</sup>	November 2018	President of Euro-American Capital Corporation
<b>Stephen Cheeseman</b> British Columbia, Canada	Director <sup>(2)(3)</sup>	February 2019	President of Chinook Power Corp.
<b>Gord Fretwell</b> British Columbia, Canada	Director <sup>(3)</sup>	February 2019	Partner at Gordon J. Fretwell Law Corporation
<b>Paul Larkin</b> British Columbia, Canada	Director <sup>(1)(3)</sup>	November 2018	President of New Dawn Group
<b>Jill Leversage</b> British Columbia, Canada	Director <sup>(1)(2)</sup>	November 2018	Corporate Director of MAG Silver Corp, Aurinia Pharmaceuticals Inc., ICBC and Vancouver Airport Authority.
<b>Marchand Snyman</b> British Columbia, Canada	Director Chairman	November 2018	Chairman of Electric Royalties Ltd., Northcliff Resources Ltd. and Chief Operating Officer of Hunter Dickinson Inc.
<b>Bernard Tan</b> British Columbia, Canada	Director, Chief Executive Officer	February 2019	Chief Executive Officer of the Company

Name and Residence	Position(s) Held at RER	Director Since	Principal Occupation(s) During the Past 5 Years
<b>Peter Leighton</b> British Columbia, Canada	Chief Operating Officer	N/A	Chief Operating Officer of the Company
<b>Luqman Khan</b> British Columbia, Canada	Chief Financial Officer	N/A	Controller of Hunter Dickinson Inc.

Notes:

- (1) Member of the Audit and Risk Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Nominating and Governance Committee.

As of December 31, 2023, approximately 5,111,264 Common Shares, representing approximately 8.5% of the total outstanding Common Shares, were beneficially owned, directly or indirectly, or controlled by the Directors and executive officers of the Company.

## 10.2. Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as disclosed below, within the last 10 years before the date of this AIF, no director of the Company was a director or executive officer of any company or acted in that capacity for a company that was:

- a) subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days;
- b) subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days;
- c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- d) subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- e) subject to any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Gordon Fretwell was a director of TSXV listed Lignol Energy Corporation (“Lignol”) from January 2007 to May 2015. Lignol went into receivership on August 22, 2014.

Paul Larkin was a director of Esrey Resources Ltd. ("Esrey"), a TSXV listed company, which was cease-traded on April 3, 2019 for failure to file its 2018 audited financial statements and management discussion and analysis in a timely manner. The Cease Trade Orders were lifted as of June 11, 2019, the annual filings having been attended to on June 3, 2019. A subsequent cease trade order was issued on February 4, 2020 for failure to file its 2019 audited financial statements and management discussion and analysis in a timely manner. Mr. Larkin resigned from the Board of Esrey on February 27, 2020.

### **10.3. Conflicts of Interest**

Several directors of the Company also serve as directors of one or more renewable energy companies. It may occur from time to time that, because of his or her activity in the renewable energy industry and serving on such other boards, a director may become aware of potential opportunities that are of interest to more than one of the companies on whose boards that person serves. Accordingly, situations may arise in the ordinary course that will involve a director in an actual or potential conflict of interest, as well as issues in connection with the general obligation of a director to make corporate opportunities available to the company on whose board the director serves. In all such events, any director is required to disclose a financial interest in a contract or transaction by virtue of office, employment or security holdings or other such interest in another company or in a property interest under consideration by the Board, and is obliged to abstain from voting as a director of the Company in respect of any transaction involving that other company or in respect of any property in which an interest is held by him or her. The directors will use their best business judgment to avoid situations where conflicts or corporate opportunity issues might arise, and they must at all times fulfill their duties to act honestly and in the best interests of the Company as required by law.

Except as disclosed in this AIF, none of the Directors or executive officers of RER, or any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of RER's outstanding voting securities, or any associate or affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect RER.

### **11. Promoters**

There are no promoters for the Company.

### **12. Legal Proceedings and Regulatory Actions**

To the knowledge of RER, there is no currently outstanding litigation, claim or regulatory proceeding involving RER that is expected to be material to RER.

### **13. Interest of Management and Others in Material Transactions**

None.



## **14. Transfer Agents and Registrars**

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc., 100 University Avenue, Toronto, Ontario.

The transfer agent and registrar for the Green Bonds is Capital Transfer Agency, 390 Bay Street Suite 920, Toronto, Ontario.

## **15. Material Contracts**

The Company have not entered into any material contracts that are outside of the Company's ordinary course of business.

## **16. Interests of Experts**

The following is a list of the persons or companies named as having prepared or certified a statement, report or valuation, in this AIF either directly or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the person or company:

The Company's independent auditors are Deloitte LLP, Chartered Professional Accountants. Deloitte LLP is independent of the Company within the meaning of the rules of professional conduct of the Chartered Professional Accountants of British Columbia.

Based on information provided by the relevant persons, and except as otherwise disclosed in this AIF, none of the persons or companies referred to above has received or will receive any direct or indirect interests in our property or the property of an associated party or an affiliate of ours.

## **17. Additional Information**

Additional information relating to the Company can be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the most recent management information circular of the Company filed on SEDAR+.

Additional financial information is provided in the Company's most recent audited consolidated financial statements and management's discussion and analysis available on SEDAR+.

## **18. Audit and Risk Committee**

The Audit and Risk Committee has adopted a charter that sets out its mandate and responsibilities, and is attached to this AIF as Appendix A, or available for viewing under the Company's Corporate Governance Policies and Procedures Manual at Appendix 6, on the Company's website ([www.reroyalities.com](http://www.reroyalities.com)).

### Composition of Audit and Risk Committee

The Audit and Risk Committee, consisting of Rene Carrier (Chair), Paul Larkin and Jill Leversage reviews all financial statements of the Company prior to their publication, meets with the auditors as part of their review of audit findings, considers the adequacy of audit procedures, recommends the appointment of independent auditors, reviews and approves the professional services to be rendered by them and reviews fees for audit services. The charter has set criteria for membership which all members of the Audit and Risk Committee are required to meet consistent with National Instrument 52-110 Audit Committees ("NI 52-110) and other applicable regulatory requirements. The Audit and Risk Committee, as needed, meets separately (without management present) with the Company's auditors to discuss the various aspects of the Company's financial statements and the independent audit.

Each Audit and Risk Committee member is an independent director and is financially literate. Rene Carrier is the Audit and Risk Committee's Chairman. Jill Leversage and Paul Larkin are financial experts.

### Relevant Education and Experience

Each Audit and Risk Committee member biographical information and experience can be found in the Company's most recently filed management information circular.

As a result of their education and experience, each member of the Audit and Risk Committee has familiarity with, an understanding of, or experience in:

- the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- reviewing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, and
- an understanding of internal controls and procedures for financial reporting.

### Audit Committee Oversight

The Audit and Risk Committee has not made any recommendations to the Board to nominate or compensate any external auditor that was not adopted by the Board.

### Reliance on Certain Exemptions

The Company has not relied upon an exemptions from the requirements in Sections 2.4, 6.1.1(4), 6.1.1(5), 6.1.1(6) or Part 8 of NI 52-110. The Company is relying on the exemption from the requirement of Part 5 (Reporting Obligations) of NI 52-110 as provided in Section 6.1 of NI 52-110.

### Pre-approval of Policies and Procedures

Section 1(a)(iv) of the Audit Committee Charter states that the Audit and Risk Committee must review and approve in advance all permitted non-audit services with Company's auditors and the Audit and Risk Committee may delegate the ability to pre-approve such services to a subcommittee, provides such subcommittee shall present its decision to the full Audit and Risk Committee at the following Audit and Risk Committee meeting. Other than the foregoing, the Audit and Risk Committee has not adopted specific policies and procedures for the engagement of non-audit services.

### External Auditor Service Fees

After the completion of the Qualifying Transaction in November 2018, the Company changed its fiscal year to December 31st to align with the fiscal year of the legal acquiree (the "Operating Entity") in the reverse takeover, and the Company appointed Deloitte LLP (the auditors of the Operating Entity) as its auditors. The disclosures that follow herein relate to the Operating Entity.

The audit committee has reviewed the nature and amount of the non-audit services provided by Deloitte LLP to the Company to ensure auditor independence. Fees incurred with Deloitte LLP for professional services in the last two fiscal years are outlined in the following table:

<b>Nature of Services</b>		<b>Year Ended Dec 31, 2023<sup>(i)</sup></b>	<b>Year Ended Dec 31, 2022</b>
Audit Fees	includes fees necessary to perform the annual audit and quarterly reviews of the Company's financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.	\$ 358,000	\$ 333,250
Audit-Related Fees	includes services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.	Nil	Nil
Tax Fees	includes fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.	Nil	Nil
All Other Fees	includes all other non-audit services.	Nil	Nil
Total		\$ 358,000	\$ 333,250

(i) Estimated amount as of the date hereof.

### Code of Ethics

The Company has adopted a code of ethics that applies to all directors, officers and employees of the Company, including the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and other senior staff. A copy of the Code of Ethics, which is included as a part of the Company's Governance Policies and Procedures Manual, is available on the Company's website at [www.reroyalties.com](http://www.reroyalties.com).