RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2023

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Cautionary Note to Investors Concerning Forward-looking Statements

This discussion includes certain statements that may be deemed "forward-looking information" or "forward-looking statements" within the meaning of Canadian and United States securities law. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions of future events or performance (often, but not always, using words or phrases including, but not limited to, "expects", "does not expect", "is expected", "anticipates", "does not anticipate", "plans", "estimates", "believes", "does not believe" or "intends", or stating that certain actions, events or results may, could, would, might or will be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking information". This information represents predictions, and actual events or results may differ materially.

Forward-looking information may relate to the Company's future outlook and anticipated events or results and may include statements regarding the Company's financial results, future financial position, expected growth of cash flows, business strategy, budgets, projected costs, projected capital expenditures, taxes, plans, objectives, industry trends and growth opportunities. Forward-looking information contained in this discussion is based on certain assumptions regarding expected growth, results of operations, performance, industry trends and growth opportunities. In some cases, forward-looking information contained herein are based upon information received from or disseminated by third parties.

While management considers these assumptions to be reasonable, based on information available, they may prove to be incorrect. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to risks associated with general economic conditions; adverse industry events; marketing costs; loss of markets; future legislative and regulatory developments involving the renewable energy industry; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; the renewable energy industry generally; income tax and regulatory matters; the ability of the Company to implement its business strategies including expansion plans; competition; currency and interest rate fluctuations; and the other risks discussed under the heading "Risk Factors" in this MD&A. The foregoing factors are not intended to be exhaustive.

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

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

1.1 DATE AND BASIS OF PRESENTATION

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of RE Royalties Ltd. ("RER" or the "Company") for the year ended December 31, 2023 and 2022 (the "Financial Statements") as publicly filed on SEDAR+ at www.sedarplus.ca.

The Company reports in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The following disclosure and associated Financial Statements are presented in accordance with IFRS. All monetary amounts herein are expressed in Canadian Dollars ("CAD"), unless stated otherwise. Included throughout this MD&A are references to non-GAAP performance measures for which further explanation including their calculations are provided herein under section *1.5.1*.

This MD&A is prepared as of May 2, 2024.

1.2 OVERVIEW

Description of Business

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

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

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

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

Traditional royalty-based financing has been used extensively in the North American natural resource, consumer service, industrial manufacturing, healthcare, music and food sectors. Management believes that there is significant demand among SMREs for non-dilutive royalty-based financing solutions due to a lack of innovation in the financing for renewable energy projects.

The Company's long-term objectives will be achieved by:

- Acquiring long-term renewable energy generation royalty streams backed by power purchase agreements or other revenue programs from credit worthy customers and/or facilities which operate in strong merchant markets with stable power pricing;
- Acquiring renewable energy royalties in high-growth areas of the low carbon energy sector including clean transportation, energy storage, and energy efficiency that are backed by offtake arrangements or customer sales and/or lease contracts from credit worthy counterparties;
- Reinvesting capital to acquire new royalties and to grow royalty income and interest;
- Utilizing debt financing and/or co-investment structures to acquire additional royalties in order to enhance financial returns for shareholders; and
- Maintaining a low operating cost structure.

1.2.1 HIGHLIGHTS

The Company continues to expand on its portfolio of loans and revenue-based royalties from renewable energy projects.

The following are the highlights of various transactions completed and key corporate events that took place during the fiscal year ended December 31, 2023 and up to the date of this MD&A, with further detailed discussions and analysis, including their impact on the Company's financial results, provided herein under respective sections.

Quarter ended	Transactions and events
In fiscal 2024 and up to the date of this MD&A	On March 27, 2024, the Company announced an early repayment of a US$5.6 million 5-year loan from Nomad Transportable Power Systems, and provision of a $415,000 secured loan and royalty agreement to Revolve Renewable Power Corp. for the construction of a new 450kW rooftop solar project. On February 14, 2024, the Company completed the previously announced $4 million loan and royalty agreement with Revolve Acquisition Corp. On January 29, 2024, the Company announced it entered into a $1.7 million loan and royalty agreement with Clean Communities Corp. to support the construction of a 4WM solar project in Cardston, Alberta.
December 31, 2023 **(2023/Q4)**	On October 4, 2023, the Company announced it entered into a $4 million loan and royalty agreement with Revolve Acquisition Corp., a wholly owned subsidiary of Revolve Renewable Power Corp., to finance the acquisition of WindRiver Power Corporation, which includes a minority ownership in two operational run-of-river hydro projects in British Columbia, and a majority ownership in an operational wind project in Alberta with a combined gross capacity of 23 MW.
September 30, 2023 **(2023/Q3)**	On August 8, 2023, the Company announced that it had entered into a US$3.2 million loan agreement, a royalty acquisition agreement and a warrants agreement with Cleanlight.
June 30, 2023 **(2023/Q2)**	On May 25, 2023, the Company announced that it had acquired a royalty on 100MW of output from a wind project located in Alberta, Canada for $940,000. On May 10, 2023, Teichos Energy repaid the US$4 million loans provided by the Company, and also bought back the royalty interests in the Jackson Center Solar Projects.
March 31, 2023 **(2023/Q1)**	During the quarter ended March 31, 2023, the Company completed a marketed public offering and a non-brokered private placement offering of its Green Bonds and raised gross proceeds of $16.42 million Canadian dollars and $1.24 million United States dollars. On February 6, 2023, the Company announced the acquisition of an additional gross revenue royalty on the 27MW Jackson Center Solar Project Phase 2 for US$1.8 million.

1.2.2 SERIES 3 SECURED GREEN BONDS FINANCING

The Company announced a marketed public offering (the "Public Offering") in December 2022 and a non-brokered private placement offering (the "Series-3 Private Placement") of Green Bonds on January 27, 2023, to raise gross proceeds of up to $20,000,000 Canadian dollars (together the Public Offering and Series-3 Private Placement, the "Offering") of Series 3 secured Green Bonds (the "Series-3 Green Bonds"). These bonds are 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 and 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 (the "Prospectus Supplement") to the Company's short form base shelf prospectus dated June 17, 2021.

The Offering was led by Canaccord Genuity Corp. and Integral Wealth Securities Limited as the agents. The Offering was RE Royalties' third green bond financing, following its 2020 inaugural Series 1 offering of $10.2 million principal amount of green bonds and 2021 Series 2 offering of $5.2 million and US$4.0 million.

The Company intends to use the net proceeds from the Offering 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 with 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 www.reroyalties.com.

During the first quarter of 2023, the Company completed its Offering of Series-3 Green Bonds and issued a total of 16,423 Canadian dollar denominated Green Bonds for aggregate gross proceeds of $16,423,000 and 1,242 United States dollar denominated 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 of the Company at an exercise price equal to $0.75 for a period of 36 months from the date of issuance of the 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 warrants. Each warrant will entitle the holder thereof to acquire one common share of the Company at an exercise price equal to $0.75 for a period of 36 months from the date of issuance of the warrants.

1.2.3 REPAYMENT OF CONVERTIBLE NOTES

In February 2020, the Company issued a series of unsecured convertible notes ("2020-Convertible Notes") to certain arm's-length parties for aggregate gross proceeds of $1.6 million. The 2020-Notes had a term of 36 months and accrued interest at 8% per annum, compounded annually but payable at maturity. The 2020-Convertible Notes were convertible, at the holders' sole discretion, into common shares of the Company at a conversion price of $1.00 per share. In January 2023, the Company repaid the 2020-Convertible Notes.

1.2.4 RENEWABLE ENERGY ROYALTY INVESTMENTS

For a detailed description of each royalty investment transaction completed prior to January 1, 2023, refer to the Company's Annual Information Form ("AIF") as publicly filed on SEDAR+ at **Error! Hyperlink reference not valid.**www.sedarplus.ca. This MD&A only includes changes and events during the current year to the date this MD&A.

As of the date hereof, the Company owned a portfolio of 115 royalties on various solar, wind, battery storage, energy efficiency and renewable natural gas projects operating or in development in Canada, the United States, Mexico and Chile. A summary of the Company's portfolio of royalty interests is as follows:

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

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

(b) As of the date of this MD&A, the total amount of investments listed above, net of repayments in (a) above, was approximately $41.9 million.

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

(d) As of the date hereof, the Company had certain loan commitments (the "Aggregate Funding Commitments") totaling $10.34 million, as summarized below:

  (i) a loan commitment under the Delta Loan agreement to provide cash advances, subject to certain conditions precedent, for an aggregate amount of US$2.82 million ($3.72 million).

  (ii) a loan commitment under the Cleanlight Loan agreement to provide cash advances, subject to certain conditions precedent, for an aggregate amount of US$0.7 million ($0.92 million).

  (iii) a loan commitment of $4.0 million under a loan agreement entered into between the Company and Revolve in September 2023, as announced by the Company on October 4, 2023

  (iv) a loan commitment of $1.7 million under a loan agreement entered into between the Company and Clean Communities Corp. in December 2023

(e) The maturity dates of Switch Power Loan 1, 2 and 3 as well as the Switch Power (Solar) loan were extended to November 30, 2023. In December 2023, the Company issued the demand notices for all loans at an increased interest rate of 16% p.a.

Provision for expected credit loss 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 a provision for expected credit loss of $3,078,279.

Provision for expected credit loss of Switch Power and Switch Solar Loans

During the year, the original term for the Switch Power and Switch Solar Loan Agreements expired during third and fourth quarters of 2023, and these loans were extended to November 30, 2023. In December 2023, the Company sent a default notice relating to all loans under the Switch Power and Switch Solar Loan Agreements, as the aggregate principal sum and interest accrued thereon remained unpaid on the extended maturity date. The default persisted as of the date hereof, and the Company has assessed the Switch loans for expected credit losses as of December 31, 2023. Accordingly, the Company recorded a provision for expected credit loss of $1,017,221 and $210,275, respectively.

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

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

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

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

Royalty-Based Investment Transactions in fiscal 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 "Project"), which will be installed on the site of a food manufacturing business (the "Customer") in Central Mexico. The Project will receive revenue from a 15-year Power Purchase Agreement ("PPA") between Revolve and the Customer.

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

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

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

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

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

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

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 Renewable Power Corp. ("Revolve"), to provide a $4.0 million secured loan (the "WindRiver Loan"), subject to certain conditions precedent prior to advancing funds. Revolve is a North American renewable energy developer with 3.1 GW of wind, solar, and battery projects under development in the USA and Mexico.

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

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

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

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

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

This Loan represents the Company's third 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, and a $1.9 Million loan to support the procurement of battery energy storage systems for three energy storage projects in Mexico.

D. Cleanlight – Solar Battery – Chile, USA

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

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

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

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

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

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

E. 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.

F. Teichos Energy – Solar Interconnection – Pennsylvania, USA

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

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

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

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

Repayment of Teichos Loans and sale of Jackson Center royalties

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

Royalty-Based Investment Transactions Completed during the Company's Fiscal Year 2022

G. Delta Energy Partners – Energy-as-a-Service Projects – Puerto Rico

In the fourth quarter of 2022, through its newly formed investment vehicle, named FP Puerto Rico Invest LLC ("Delta Investment Vehicle"), the Company entered into a loan and royalty agreement with Delta Energy Partners, a provider of Energy-as-a-service (EaaS) solutions to customers, for US$4.0 million (the "Delta Loan") to fund energy efficiency and renewable generation projects in Puerto Rico ("Delta Project").

The Delta Loan has a term of 5 years at a 13.50% interest rate per annum, plus a 2% commitment fee on undrawn amounts. Delta Investment Vehicle will also receive a 10-year royalty of 10% per annum (the "Delta Fixed Royalty") on invested capital commencing the 30th month after closing.

The Company contributed 98% of the total funds required for cash advance pursuant to the Delta Loan in the form of its equity capital contributions to Delta Investment Vehicle; the remaining equity contribution will be provided by certain private parties. The Delta Investment Vehicle is governed by a shareholders' agreement that sets out, among other things, the Company's economic interest, whereby interest on the Delta Loan to the extent of 12.15% on the Company's contributions to Delta Investment Vehicle as well as 40% of the Delta Fixed Royalty will be attributable to the Company. The remainder of the income of Delta Investment Vehicle will be attributable to the non-controlling interests.

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 and $0.18 million was advanced in May 2023. As of the date of this MD&A, the Company has provided cash advances totaling US$1.18 million to Delta.

H. Revolve Renewable Power – Energy Storage Projects – 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 Project over a 10-year term. Revolve has also entered into an agreement with Quartux Mexico S.A. de C.V. (or "Quartux"), a highly experienced installer and operator of battery storage systems in Mexico, to deliver a turnkey solution for the installation and commissioning of the Projects.

The Revolve Cancun Loan has a term of two years and bears interest at 12% per annum, payable quarterly. This loan is secured against the assets of the Cancun Projects. In addition to this, the 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% (the "Cancun Royalty") 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.

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

In March 2022, through a newly formed co-investment vehicle ("OCEP Invest LLC"), the Company entered into a mezzanine financing agreement (the "OCEP Loan Agreement") with Outagamie Clean Energy Partners, a Renewable Natural Gas ("RNG") 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 Invest LLC 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 Invest LLC for approximately 97% equity/ownership interest in the entity; the remaining equity contribution was provided by certain private parties.

OCEP Invest LLC is governed by a shareholders' agreement (the "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.

The OCEP Project reduces greenhouse gas emissions by capturing methane that would otherwise escape to the atmosphere and upgrading it for use as a transportation fuel. As methane is a powerful greenhouse gas (25 times the impact of CO_2), the benefit is significant for each unit of gas produced. The OCEP Project is expected to reduce emissions by up to 20,000 metric tonnes of CO_2 equivalent per year.

J. Switch Power Corp – Rooftop Solar Projects – Ontario, Canada

In August 2022, the Company entered into a loan agreement with Switch Power Ontario Solar Operating Corporation ("Switch Solar Corp"), a wholly-owned subsidiary of Alberta-based independent power producer Switch Power Corporation, for $1.3 Million (the "Switch Solar Loan"). The Loan financed the acquisition of an operational rooftop solar generation project located in Vaughan, Ontario (the "Switch Solar Project") with a capacity of 0.38 MW.

Switch Power Corporation manages development, construction and operation of sustainable energy power generation projects in Canada consisting of solar, wind, battery storage and thermal generation energy resources.

The Switch Solar Loan has an initial term of 6 months at a 10% interest rate per annum, compounded monthly, with the option for Switch Solar Corp to extend the Loan by an additional 6 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 Corp. 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").

In January 2023, Switch Solar Corp. provided notice to the Company that it will extend the Switch Solar Loan by an additional 6 months. According to the terms of the agreement, the Royalty has consequently increased to 2% of gross revenues.

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. In its assessment, the Company has considered the value of the underlying collateral and recorded a provision for expected credit loss of $210,275.

K. Revolve Renewable Power– Roof Top Solar Generation Projects – Mexico

In June 2022, the Company closed an agreement with Revolve Renewable Power Corp. (TSXV: REVV) ("Revolve"), a North American renewable energy developer with 3.1 GW of wind, solar, and battery projects under development in the USA and Mexico, 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 Projects located near Mexico City and three Projects in the neighbouring state of Guanajuato to the northwest. The Projects receive revenue from Power Purchase Agreements ("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 Projects and 1% on two of the Revolve Projects for the remaining life of the PPAs.

L. 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.

Opportunities under Evaluation

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

- Construction financing for a portfolio of solar projects in South Asia.
- Financing for a portfolio of rooftop solar projects in East Asia.
- Equipment financing for a renewable natural gas project in Missouri, United States.
- Acquisition of a portfolio of renewable energy royalties in the southern United States.
- Interconnection financing for a solar project in northeastern United States.

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

1.2.5 DISCLOSURE OF ENVIRONMENTAL AND SOCIAL DATA

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

A. Environmental Impact Summary

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

Client	Location	Projects	Energy Type	Clean Power Capacity (MW_{AC})	Annual Clean Generation (MWh)	Annual GHG Offset (tCO_2e)	Annual Homes Powered
Operational							
Aeolis Wind	BC, Canada	1	Wind	102	193,000	2,393	21,578
OntarioCo	ON, Canada	59	Solar	18	25,566	639	3,099
Northland Power	ON, Canada	4	Solar	40	59,413	1,485	7,202
Scotian Windfields	NS, Canada	12	Wind	40	131,700	88,239	12,510
Switch 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
Operational Subtotal		***101***		***381***	**1,002,292**	**419,626**	**133,141**
Development Stage							
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
Development Subtotal		***14***		***47***	**20,011**	**10,082**	**3,240**

PORTFOLIO TOTAL	**114*** **		**428**	**1,022,303**	**429,708**	**136,381**

* 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	**132,593**	**7,105,311**
Passenger Vehicles	Tonnes of waste recycled	Trees planted

Methodology

Annual Energy

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

Greenhouse Gas Avoided Emissions

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

Environmental Data Sources:

Annual GHG Emissions Offset

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

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

Homes Powered

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

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

Emission Reduction Equivalents

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

Environmental Risks

Specific environmental factor risks are discussed in the Risk Factors section of the Company's Annual Information Form (AIF), as publicly filed on SEDAR+ at www.sedarplus.ca, within the following categories:

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

B. Social Summary

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

Gender Diversity

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

Charitable Activity

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

In 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.

Social Risks

Specific social factor risks are discussed in the Risk Factors section of the Company's Annual Information Form (AIF), as publicly filed on SEDAR+ at www.sedarplus.ca, within the following categories:

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

1.2.6 DISTRIBUTION TO SHAREHOLDERS

As of the date hereof, and since the first quarter of 2019, the Company has made regular quarterly cash distributions of $0.01 per share to its shareholders, as summarized below:

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

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

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

1.2.7 GRANT OF SHARE-BASED AWARDS

In May 2023, the Company granted certain shared-based awards pursuant to the Company's stock option plan, deferred share units plan ("DSUs") and restricted share units plan ("RSUs"), as approved by the shareholders.

- 156,000 DSUs were granted to the directors of the Company.
- 144,000 RSUs were granted to senior management of the Company, and 327,000 RSUs were granted to employees and consultants. The RSUs have a three-year vesting period from the date of grant.
- 576,000 stock options were granted 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.

1.3 SELECTED ANNUAL INFORMATION

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

		FY 2023		FY 2022		FY 2021
Total assets	$	53,978,000	$	42,610,000	$	35,195,000
Total non-current liabilities	$	36,365,000	$	19,625,000	$	20,588,000
Total current liabilities	$	526,000	$	2,597,000	$	201,000
Royalty revenue	$	819,000	$	840,000	$	784,000
Finance income	$	7,422,000	$	3,369,000	$	911,000
Income from royalty buyout	$	1,564,000	$	27,000	$	–
Gain on derecognition of financial asset	$	–	$	–	$	129,000
Other revenue	$	–	$	–	$	100,000
Total revenue and income	$	9,805,000	$	4,236,000	$	1,924,000
Cash distribution per share	$	0.04	$	0.04	$	0.04
Net loss for the year	$	1,811,000	$	434,000	$	2,130,000
Net loss attributable to the Company's shareholders	$	3,124,000	$	726,000	$	2,130,000
Basic and diluted loss per share	$	(0.07)	$	0.02	$	0.06

FY 2023 vs FY 2022

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

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

In FY 2023, the Company recorded an allowance for credit loss of $4.3 million relating to its investment in FuseForward, Switch Power and Switch Solar loans as described herein under section *1.2*. This contributed to the Company's net loss for the year of $1.8 million, in addition to higher share-based payment expenses and finance expenses recorded during the year.

FY 2022 vs FY 2021

The Company's total assets increased in FY 2022, due to net proceeds of approximately $7.3 million from the Public Unit Offering (of common shares and warrants) completed during FY 2022. As of December 31, 2022, total current liabilities increased, compared to the prior year, due to reclassification of the 2020-Convertible Notes as a current liability, as the remaining term of the debt was less than one year.

The Company's revenue and income grew in FY 2022, compared to FY 2021, due to the growth in the Company's portfolio of royalty interests and secured loans. Finance income tripled in FY 2022, compared to the prior year, as the Company deployed over $18 million of its capital, mainly in advancement of term loans.

In FY 2021, the Company recorded a gain of $129,000 upon the early repayment of the loan to Scotian Windfields. Other income of $100,000 recorded in FY 2021 related to advisory services provided by the Company's personnel.

The net loss in FY 2021 was mainly due to share-based payment expenses and finance expenses recorded during the year. However, the net loss decreased significantly in FY 2022 due to additional finance income in the current year.

1.4 SUMMARY OF QUARTERLY RESULTS

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

	Fiscal Quarter Ending							
	Dec 31, 2023	**Sep 30, 2023**	**Jun 30, 2023**	**Mar 31, 2023**	**Dec 31, 2022**	**Sep 30, 2022**	**Jun 30, 2022**	**Mar 31, 2022**
Royalty revenue	$ 218	$ 237	$ 223	$ 142	$ 259	$ 196	$ 214	$ 170
Finance income	2,413	1,676	1,651	1,682	1,311	1,009	665	384
Gain on royalty buyback	–	–	1,564	–	27	–	–	–
Gain on derecognition of financial asset	–	–	–	–	–	–	–	–
Other revenue	–	–	–	–	–	–	–	–
Total revenue and income	2,631	1,913	3,438	1,824	1,597	1,205	879	554
Share of income of OCEP Invest LLC	–	–	–	–	–	98	309	101
Net (loss) income after tax	(722)	(2,769)	1,123	558	(579)	$ 470	$ 225	(550)
Net (loss) income attributable to the Company's shareholders	(1,135)	(3,031)	877	166	(803)	401	225	(550)
Net (loss) income per share	$ (0.03)	$ (0.07)	$ 0.02	$ 0.00	$ (0.01)	$ 0.01	$ 0.01	$ (0.02)

Trends with respect to the Company's Financial Results

General

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

Revenue and Income

The Company's royalty revenue has increased or remained stable on an annual basis.

The Company earns royalty revenue from several sustainable energy generation sources and through energy efficiency projects, which exhibit seasonal behaviors individually but tend to counterbalance each other in a well-diversified portfolio. For instance, wind power generation is stronger in winter

	than in summer. The opposite is true for solar power generation. Similarly, within a given renewable power generation source, geographical diversification across the Northern and Southern Hemispheres reduces overall seasonality. Currently, the majority of the Company's royalty interests are held in renewable assets located in the Northern Hemisphere. The fluctuations in finance income are directly related to changes in the average balance of the aggregate amount of outstanding loans receivable by the Company. The Company's finance income increased, as a result of various secured loans advanced during the course of FY 2022 and FY 2023. Additionally, subsequent to the change of control of FP OCEP Invest LLC, the Company consolidated the said entity, and accordingly the Company's finance income included the entire revenue from FP OCEP Invest LLC beginning with Q4 2022, which was previously recorded using the equity method in Q1 2022 and Q2 2022, and partially recorded using the equity method in Q3 2022 prior to the change of control on August 15, 2022. Certain royalty revenues, in particular with respect to the Company's NOMAD and Cleanlight investments, accrues revenue when NOMAD or Cleanlight realizes proceeds from the sale of its products. Accordingly, the timing of the Company's royalty revenue is affected by the underlying manufacturing and sales activities of NOMAD and Cleanlight.
Operating Expenses	The Company's operating expenses are mostly incurred evenly through a fiscal year. However, the timing of certain expenses is driven by the underlying activities. For instance, the Company's activities and related expenses with respect to its annual audited financial statements and other annual reports, and annual general meeting are higher in the second fiscal quarter. Moreover, certain expenses are incurred to support the Company's marketing, financing and investing activities and accordingly fluctuate with the timing of such activities.
Finance Expenses	The Company's finance expenses vary with changes in its outstanding debt capital, mainly Green Bonds, and related borrowing rates.

Analysis of Quarterly Results

Quarter ended	Analysis
December 2023 **(Q4/2023)**	During Q4/2023, the Company recorded a net loss of $0.7 million, mainly due to a provision for expected credit loss of $1.2 million relating to its investment in Switch Power and Switch Solar loans. This loss was offset by an increase in finance income. Royalty revenue for the current quarter has decreased as compared to the Prior Year Quarter, due to the net effect of reduction in royalty income in FY 2023 from royalty buyout from Jade in December 2022 and the royalty received in Q4 2022 from NOMAD offset against the increase in royalty revenue from new transactions closed by the Company during the course of the Company's fiscal year 2023. Similar to Q2/2023 and Q3/2023, the Company's expenses increased during the current quarter, mainly due to the increase in finance expenses and the share-based payment expense with respect to the share-based award granted in May 2023 and also due to increase in wages as compared to Q4/2022. There were no new transactions closed during the quarter. Refer to the following section (*1.5 Results of Operations)* for a detailed analysis of this quarter's results.
September 2023	During Q3/2023, the Company recorded a net loss, because of a provision for expected credit loss of $3,078,279, relating to the Company's investment in FuseForward.

(Q3/2023)	In August 2023, the Company closed the transaction with CleanLight, as described herein. The royalty revenue and the finance income for the current quarter increased as compared to the prior year quarter ended on September 30, 2022 in line with the expansion of the Company's portfolio of investments. Similar to Q2/2023, the Company's expenses increased during the current quarter, mainly due to the increase in finance expenses and the share-based payment expense with respect to the share-based award granted in May 2023.
June 2023 **(Q2/2023)**	During Q2/2023, the Company completed the royalty purchase transaction with AlbertaCo. by making a cash advance of $0.94 million in May 2023. Teichos Energy also repurchased the royalty and repaid the loan in the current quarter. As such, the Company recorded a gain of $1.5 million for the royalty buyout. Royalty revenue for Q2/2023 was consistent to Q2/2022. However, the decrease in the finance income, as compared to Q1/2023, was mainly on account of the repayment of the Teichos loans in May 2023, and because no additional loan was advanced during this quarter. The Company's expenses increased during this quarter, mainly due to the following: a) an increase in finance expense as a result of the issuance of Series-3 Green Bonds during the course of the first quarter of 2023; and b) the share-based payment expense with respect to the share-based award granted in May 2023.
March 2023 **(Q1/2023)**	During Q1/2023, the Company closed the transaction involving the Second Teichos Loan and the Jackson Center 2 Royalty. Royalty revenue decreased during the Q1/2023, compared to the Q4/2022, mainly because the Company did not record any royalty revenue from NOMAD, consistent with underlying manufacturing and sales activities of NOMAD. In Q4/2022, the Company recorded royalty revenue of $63,523 from the NOMAD. Moreover, the Jade Power Royalty was also bought back by Jade Power in the prior quarter, and accordingly, related royalty revenue was discontinued in the current quarter. Finance income increased in Q1/2023, due to additional loans advanced during the course of fiscal year 2022 as well as in the current quarter. Following the completion of the Series-3 Green Bond offering in Q1/2023, compared to Q1/2022, the Company's total finance expenses increased by approximately $230,000. There was no change in the expected credit loss relating to the FuseForward facility in Q1/2023.
December 2022 **(Q4/2022)**	In Q4/2022, the Company closed the Revolve Cancun Loan agreement, for which a partial cash advance was provided by the Company in October 2022. Additionally, in October 2022, a newly formed entity, FP Puerto Rico Invest LLC ("PR Invest"), that is governed by a shareholders' agreement (the "FP Invest SA"). The Company owns a 98.0% equity/ownership interest in the entity and the remaining equity contribution was provided by certain private parties. PR Invest entered into a financing agreement with Delta Energy Partners. Pursuant to the Delta Loan Agreement, PR Invest will provide a US$4.0 million secured loan (the "Delta Loan") with a term of five years. The Company's royalty revenue increased in Q4/2022 on account of the royalty amount received from NOMAD. The increase in finance income during this quarter was mainly attributable to finance income relating to the OCEP Loan, recorded for the full quarter following the Change of Control, that happened in the middle of the prior quarter. Accordingly, the finance income recorded in the prior quarter for the OCEP loan was only for half of the quarter and the rest was accounted for using the equity method.

	At December 31, 2022, the Company recognized an allowance for expected credit loss of $473,000 (December 31, 2021: $nil) relating to the FuseForward Facility. In November 2022, the Jade Power Royalty was bought back by Jade Power, pursuant to the related royalty agreement. The Company recognized a gain upon derecognition of the Jade Power Royalty.
September 2022 **(Q3/2022)**	During the quarter ended September 30, 2022, the Company completed both the Switch Solar Loan agreement and the Revolve Cancun Loan agreement, for which a partial cash advance was provided by the Company in October 2022. In August 2022, the Shareholders' Agreement relating to OCEP Invest LLC was modified with mutual consent of its members, thereby the Company received certain rights that gave it the current ability to direct the relevant activities of OCEP Invest LLC, resulting in the Company gaining control over the latter (the "Change of Control"). Prior to the Change of Control, OCEP Invest LLC was structured as a joint venture ("OCEP JV"). Upon the Change of Control, the Company derecognized its investment in OCEP JV, and recognized total OCEP Loan at its fair value, with a corresponding credit to non-controlling interests. Upon de-recognition of the Company's interest in OCEP JV, the company recognized a loss of $348,792, and reclassified accumulated foreign exchange translation difference of $100,475 relating to its investment in OCEP JV from other comprehensive income to net income. The Company's royalty revenue remained stable during Q3/2022. The increase in finance income during this quarter was mainly attributable to finance income relating to the OCEP Loan included in the Financial Statements following the Change of Control.
June 2022 **(Q2/2022)**	During Q2/2022 the Company's investment portfolio further expanded with investments in NOMAD and Revolve, its total revenue and income, including its share of income from the OCEP loan, increased by approximately $533,000 and, accordingly, the Company recorded a net income of $225,000 during the quarter.
March 2022 **(Q1/2022)**	During Q1/2022, the Company provided an additional advance of $1.5 million to Switch Power and provided approximately US$4.5 million in its contribution with respect to the OCEP Loan. Although the total revenue and income of the Company increased in this quarter as a result of the additional investments completed during the quarter, certain expenses for the quarter increased, including finance expense due to additional Green Bond offering completed in December 2021; the proceeds from which offering were mainly deployed after the end of the quarter.

1.5 RESULTS OF OPERATIONS

The analysis herein is based on total expenditures, including amounts attributable to non-controlling interests.

The Company recorded a net loss of $1,811,000 for the year ended December 31, 2023 ("Current Year"), compared to a net loss of $434,000 for the year ended December 31, 2022 ("Prior Year"). Of the Current Year's net loss, $3,124,000 was attributable to shareholders of the Company, compared to a net loss of $726,000 attributable to shareholders of the Company for the Prior Year. The Current Year's loss was a result of a provision for expected credit loss relating to the amounts receivable from FuseForward, Switch Power and Switch Solar as discussed herein.

The Company recorded a net loss of $722,000 for the three months ended December 31, 2023 ("Current Quarter"), compared to a net loss of $579,000 recorded for the three months ended December 31, 2022 ("Prior Year Quarter"). During the Current Quarter, net loss attributable to shareholders of the Company was $1,135,000, compared to a net loss of $803,000 attributable to shareholders of the Company for the Prior Year Quarter.

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

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

REVENUE AND INCOME

	Note	Three months ended December 31, 2023	2022	Change ($)	Change (%)
Royalty revenue	(1)	$ 218,340	$ 259,273	$ (40,933)	(16%)
Finance income	(2)	2,412,710	1,310,980	1,101,730	84%
Gain on royalty buyout	(3)	–	27,705	(27,705)	(100%)
Revenue and income		$ 2,631,050	$ 1,597,958	$ 1,033,092	65%
Loss on revaluation of derivative financial asset	(5)	$ (14,849)	$ –	$ (14,849)	–
Gain on revaluation of financial asset at FVTPL	(6)	$ 59,812	$ 12,007	$ 47,805	398%

	Note	Year ended December 31, 2023	2022	Change ($)	Change (%)
Royalty revenue	(1)	$ 819,388	$ 839,808	$ (20,420)	(2%)
Finance income	(2)	7,422,413	3,369,074	4,053,339	120%
Gain on royalty buyout	(3)	1,563,783	27,705	1,536,078	5544%
Revenue and income		$ 9,805,584	$ 4,236,587	$ 5,568,997	131%
Share of income of OCEP Invest LLC	(4)	$ –	$ 507,865	$ (507,865)	(100%)
Loss on revaluation of derivative financial asset	(5)	$ (13,462)	$ –	$ (13,462)	–
Gain on revaluation of financial asset at FVTPL	(6)	$ 81,608	$ 13,812	$ 67,796	(491%)

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

(1) Royalty revenue for the Current Year decreased slightly as compared to the Prior Year, due to the net effect of reduction in royalty income following the Jade royalty buyout in December 2022. Moreover, the Company recorded royalty revenue from NOMAD in Q4 2022, whereas no royalty

revenue from NOMAD was recorded in the Current Year. This decrease was offset against the increase in royalty revenue from new transactions closed by the Company during the course of the Company's fiscal year 2023.

(2) The increase in finance income during the Current Year was mainly attributable to the expansion of the Company's investment portfolio and resulting finance income from additional loans advanced in the Current Year, and with full year effect on revenues for loans advanced in fiscal year 2022, as discussed herein (see "*1.2.4 Renewable Energy Royalty Investments*").

(3) During the Current Year, the Teichos royalty was bought back by Teichos Energy, pursuant to the related royalty agreement, that resulted in a gain amounting to $1,563,783, which was recorded in the second quarter of 2023. In the Prior Year, the Jade Power Royalty was bought back by Jade Power, pursuant to the related royalty agreement. The Company recognized a gain amounting to $27,705 upon derecognition of the Jade Power Royalty in the Prior Year.

(4) The Company's interest in OCEP Invest LLC was originally accounted for using the equity method, and accordingly, the Company recorded its share of income of OCEP Invest LLC in the Prior Period. In August 2022, the shareholder agreement was modified whereby the Company gained control of OCEP Invest LLC, and accordingly now consolidates the finance and royalty income.

(5) The loss on revaluation of derivative financial asset represents a mark-to-market adjustment relating to the Cleanlight Warrants.

(6) The gain on revaluation of Aeolis Loan during the Current Year, mainly resulted from changes in risk-free interest rates used for discounting future cash flows.

OPERATING EXPENSES

		Three months ended December 31,			
	Note	2023	2022	Change ($)	Change (%)
Wages and benefits	(1)	$ 243,477	$ 202,990	$ 40,487	20%
Administration	(2)	84,797	120,140	(35,343)	(29%)
Marketing and stakeholder communication	(3)	142,144	117,233	24,911	21%
Audit and audit related	(4)	84,255	88,195	(3,940)	(4%)
Consulting – Financing	(5)	16,990	15,993	997	6%
Consulting – Other	(6)	71,266	84,426	(13,160)	(16%)
Regulatory and transfer agency	(7)	45,863	50,253	(4,390)	(9%)
Office lease and information technology	(8)	13,788	12,501	1,287	10%
Legal	(9)	4,405	57,383	(52,978)	(92%)
Donation	(10)	40,000	25,000	15,000	60%
Total		$ 746,985	$ 774,114	$ (27,129)	(4%)

	Note	Year ended December 31, 2023	Year ended December 31, 2022	Change ($)	Change (%)
Wages and benefits	(1)	$ 1,013,185	$ 757,925	$ 255,260	34%
Administration	(2)	375,212	420,972	(45,760)	(11%)
Marketing and stakeholder communication	(3)	471,768	341,472	130,296	38%
Audit and audit related	(4)	335,677	294,357	41,320	14%
Consulting – Financing	(5)	67,960	77,860	(9,900)	(13%)
Consulting – Other	(6)	149,619	139,653	9,966	7%
Regulatory and transfer agency	(7)	107,763	147,763	(40,000)	(27%)
Office lease and information technology	(8)	59,088	55,357	3,731	7%
Legal	(9)	39,680	125,572	(85,892)	(68%)
Donation	(10)	75,000	50,000	25,000	50%
Total		$ 2,694,952	$ 2,410,931	$ 284,021	12%

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

(1) The increase in wages and benefits in the Current Year, compared to the Prior Year, was mainly due to an increase in employee wages and hiring of additional resources by the Company to support its growing business.

(2) Further to (1) above, and as a result of additional resources directly hired by the Company, the Company reduced its reliance on external administration support that led to the decrease in the administrative expenses during the Current Year.

(3) Marketing expenses increased during the Current Year mainly due to expenses incurred with respect to the Company's organizing the Canadian Climate Investor Conference in June 2023. Other marketing expenses have increased due to an increase in marketing and public relation initiatives undertaken by the Company, including the engagement of Water Tower Research effective September 15, 2022.

(4) Audit and audit related expenses in the Current Year have increased due to increase in the audit fee for FY 2023 and the timing of certain follow-on billing relating to the year end 2022 audit.

(5) Consulting (financing) expenses related to certain consulting engagements to assist in the Company's financing activities were incurred in the Prior Year, of which certain engagements ended in 2022, resulting in a decrease in these expenses in the Current Year. These expenses have been consistent in the Current Quarter as compared to the Prior Year Quarter.

(6) Other consulting expenses increased in the Current Year as compared to the Prior Year, because during the Prior Year other consulting expenses were mainly capitalized as deferred transaction costs with respect to potential royalty-based transaction opportunities, whereas in the Current Year, these expenses were expensed. These expenses have been decreased in the Current Quarter when compared to the Prior Year Quarter due to some tax consulting expenses incurred in the Prior Year quarter related to setting up of the Company's subsidiary, namely, RE Royalties (USA) Inc.

(7) In March 2022, the Company's common shares commenced trading under the symbol, RROYF on the OTCQX Best Market, which is the highest market tier operated by OTC Markets Group Inc. To further facilitate electronic clearing and settlement of the Company's common shares in the United States, the Company also obtained the Depository Trust & Clearing Corporation (DTCC) eligibility for its common shares in the United States. Accordingly, regulatory expenses were higher in the

Prior Year Quarter. These expenses have been consistent in the Current Quarter as compared to the Prior Year Quarter.

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

(9) The legal expenses are lower in the Current Year mainly due to certain legal expenses incurred in respect of preparation of the meeting materials in relation to the special meetings of the Company bondholders held in October 2022 in the Prior Year.

(10) Refer to section *1.2.5 Disclosure of Environmental and Social Data* for details of the Company's charitable activities.

FINANCE EXPENSES

	Three months ended December 31,			
	2023	2022	Change ($)	Change (%)
Finance expenses relating to:				
Green Bonds	$ 916,992	$ 412,923	504,069	122%
Convertible notes	–	58,890	(58,890)	(100%)
Office Lease	1,079	1,455	(376)	(26%)
Total	$ 918,071	$ 473,268	$ 444,803	94%

	Year ended December 31,			
	2023	2022	Change ($)	Change (%)
Finance expenses relating to:				
Green Bonds	$ 3,410,863	$ 1,630,208	$ 1,780,655	109%
Convertible notes	16,902	231,826	(214,924)	(93%)
Office Lease	4,900	6,263	(1,363)	(22%)
Total	$ 3,432,665	$ 1,868,297	$ 1,564,368	84%

Finance expenses, including amortization of transaction costs, relating to the Green Bonds fluctuated due to the increase in amount and the timing of the Company's Green Bond offerings.

The increase in the Company's finance expenses relating to the Green Bonds during the Current Year was mainly due to the issuance of the Series-3 Green Bonds.

Finance expenses relating to the convertible notes were lower during the Current Year due to the repayment of the convertible notes in January 2023.

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

	Three months ended December 31,			
	2023	2022	Change ($)	Change (%)
Depletion and Amortization	$ 103,523	$ 111,544	$ (8,021)	(7%)
Foreign exchange loss	271,816	156,236	115,580	74%
Equity-settled share-based payment	91,905	–	91,905	N/A
Cash-settled share-based payment	1,937	12,316	(10,379)	(84%)
Total	$ 469,181	$ 280,096	$ 189,085	68%

	Year ended December 31,			
	2023	2022	Change ($)	Change (%)
Depletion and Amortization	$ 372,122	$ 364,292	$ 7,830	2%
Foreign exchange loss (gain)	234,235	(573,242)	807,477	(141%)
Equity-settled share-based payment	409,923	40,000	369,923	925%
Cash-settled share-based payment	(5,296)	49,010	(54,306)	(111%)
Total	$ 1,010,984	$ (119,940)	$ 1,130,924	(943%)

Depletion, which is recorded on a straight-line basis, has remained consistent in the Current Year as compared to the Prior Year.

Foreign exchange loss recorded in the Current Year and the foreign exchange gain in the Prior Year represents the net effect of translation of the Company's US-Dollar denominated assets and liabilities, and due to the depreciation of the Canadian Dollar during the Current Year.

The equity-settled share-based payment expense for the Current Year represents amortization of the fair value of the share-based awards granted by the Company in May 2023. The equity-settled share-based payment expense in the Prior Year represents amortization of the fair value of share purchase options granted by the Company in 2021, and to the extent those options vested during the Prior Year.

CURRENT AND DEFERRED INCOME TAX

	Three months ended December 31,			
	2023	2022	Change ($)	Change (%)
Current income tax expense	$ 37,556	$ 82,000	-$ 44,444	(54%)
Deferred income tax expense	(1,266)	107,000	(108,266)	(101%)
Total	$ 36,290	$ 189,000	$ (152,710)	(81%)

	Year ended December 31,			
	2023	2022	Change ($)	Change (%)
Current income tax expense	$ 265,522	$ 82,000	$ 183,522	224%
Deferred income tax recovery	(25,266)	129,000	(154,266)	(120%)
Total	$ 240,256	$ 211,000	$ 29,256	14%

The current and deferred income tax expenses during the Current Period relate to the income earned by the Company's wholly-owned subsidiary – RE Royalties (USA) Inc. – which owns equity interests in FP OCEP Invest, LLC and FP Puerto Rico Invest, LLC.

1.5.1 NON-GAAP FINANCIAL MEASURES

This MD&A includes Earnings Before Interest, Taxes, Depreciation, and Amortization ("**EBITDA**") as a non-GAAP performance measure that does not have a standardized meaning prescribed by IFRS. This measure may differ from, and may not be comparable to, similar measures used or reported by other issuers. The Company believes that EBITDA is commonly used by certain investors, in conjunction with conventional IFRS measures, to enhance their understanding of the Company's performance. These measures have been derived from the Company's financial statements and applied on a consistent basis. These measures are intended to provide additional information, not to replace IFRS measures, and do not have a standard definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The table below reconciles net earnings (loss) per the financial statements to EBITDA:

	Three months ended December 31,	
	2023	2022
Net income (loss) after income tax, as presented in the Financial Statements	**$ (722,010)**	**$ (579,513)**
Adjustments:		
Finance expenses	918,071	473,268
Income tax expense	36,290	189,000
Depletion of royalty interests	98,654	106,675
Amortization of right-of-use asset	4,869	4,869
EBITDA	**$ 335,874**	**$ 194,299**

	Year ended December 31,	
	2023	2022
Net loss after income tax, as presented in the Financial Statements	**$ (1,810,902)**	**$ (433,816)**
Adjustments:		
Finance expenses	3,432,665	1,868,297
Income tax expense	240,256	211,000
Depletion of royalty interests	352,644	344,814
Amortization of right-of-use asset	19,478	19,478
EBITDA	**$ 2,234,141**	**$ 2,009,773**

1.6 LIQUIDITY

At December 31, 2023, the Company had a cash and cash equivalents balance of $14.4 million (December 31, 2022 – $7.6 million), of which, cash balance subject to various restrictions as described in the Financial Statements is $9.7 million (December 31, 2022 – $3.0 million). At December 31, 2023, the Company had working capital of $33.6 million (December 31, 2022 – $16.1 million).

At December 31, 2023, the Company had an aggregate funding commitment of approximately $11.42 million under the Delta Loan agreement, the Cleanlight Loan agreement, the WindRiver Loan agreement and the Clean Communities Loan agreement (*1.2.4 Renewable Energy Royalty Investments)*.

	Year ended December 31, 2023	2022
Cash provided by operating activities	$ 792,000	$ 142,000
Cash used in investing activities	(3,590,000)	(17,397,000)
Cash provided by financing activities	9,871,000	4,363,000
Total	$ 7,073,000	$ (12,892,000)

During the Current Year, the Company generated $0.79 million cash in its operating activities, compared to $0.14 million cash generated by operating activities in the Prior Year.

During the Current Year, the Company used $3.59 million cash in investing activities, mainly with respect to the new royalty-based investments completed during the Current Period, partially offset by the aggregate amount received from the repayment of loans and royalty buyback by Teichos Energy. During the Prior Year, the Company used $17.40 million cash in investing activities, mainly in new royalty-based investments.

The Company's financing activities during Current Period provided $9.87 million cash, mainly from the net proceeds ($16.55 million) from the Series-3 Green Bonds issuance, partially offset by cash distributions ($1.73 million) to the Company's shareholders, repayment of convertible notes ($2.06 million) and interest payments ($2.69 million) on Green Bonds. Interest payments relating to Green Bonds were higher in the Current Year due to issuance of Series-3 Green Bonds.

During the Prior Year, the Company's financing activities provided $4.36 million cash, which represents mainly the net effect of the net proceeds ($7.30 million) from the public offering of the Company's common shares completed in June 2022, cash distributions ($1.5 million), and interest payments ($1.2 million).

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

December 31, 2023		Contractual Cash Flows(i)			
	Carrying Amount	Total	Less than 12 months	Between 1 - 3 years	Between 4 - 5 years
Green Bonds(ii)	$36,230,500	$48,343,614	$ 2,868,448	$ 25,642,633	$ 19,832,533
Lease liability	52,609	57,368	25,188	32,180	–
Trade payables and accrued liabilities	492,101	492,101	492,101	–	–
Total	$36,775,210	$48,893,082	$ 3,385,736	$ 25,674,813	$ 19,832,533

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

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

1.7 CAPITAL RESOURCES

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

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

- Issuance of additional equity from treasury;
- Issuance of debt such as green bonds or convertible notes;
- Debt facilities from financial institutions; and/or

- Establishment of co-investment structures or funds, whereby the Company receives a portion of the royalties and interest income generated from the co-investment structures or funds.

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

The Company is required to maintain a debt to equity ratio of 3:1 as per the Green Bond indenture (the "Indenture"), which also requires the Company to maintain, subject to a cure period, a minimum debt coverage ratio ("Debt Coverage Ratio"), which is determined pursuant to the Indenture by dividing its quarterly earnings, before certain items such as interest, taxes, depreciation, amortization, and extraordinary items, by total interest expenses for a fiscal quarter.

At December 31, 2023, the Company was in compliance with all debt covenants.

At December 31, 2023, except for the Aggregate Funding Commitments, as discussed herein, and the minimum lease payments under the office lease, the Company has no material capital lease obligations, or "Purchase Obligations" defined as any agreements to purchase goods or services that is enforceable and legally binding on the Company that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

1.8 OFF-BALANCE SHEET ARRANGEMENTS

None.

1.9 TRANSACTIONS WITH RELATED PARTIES

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

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

Transactions with KMP include the following:

- Directors' fees for the Company's non-executive directors, namely: Rene Carrier, Stephen Cheeseman, Gord Fretwell, Paul Larkin, Jill Leversage, and Marchand Snyman;
- Compensation for the Company's executive officers, including salaries and benefits of Bernard Tan, Chief Executive Officer, and Peter Leighton, Chief Operating Officer;
- Share-based payments in the form of share purchase options, granted to the Company's directors and officers, which share-based payments represent amortization of the grant date fair value of the options granted over their vesting term.

Related Party Transactions	Year ended December 31,			
	2023	2022	Change ($)	Change (%)
Short-term employment benefits (i)	$ 474,000	$ 401,000	$ 73,000	18%
Equity-settled share-based compensation – options	25,200	40,000	(14,800)	(37%)
Cash-settled share-based compensation	(5,296)	49,010	(54,306)	(111%)
Total	$ 493,904	$ 490,010	$ 3,894	1%

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

Effective January 1, 2023, the Company increased the directors' fees and the compensation for its chief operating officer, that led to an increase in short-term employment benefits.

The equity-settled share-based payment expense for the Current Year represents amortization of the fair value of the share-based awards granted by the Company in May 2023 (*1.2.7 Grant of Share-Based Awards)*. The equity-settled share-based payment expense in the Prior Year represents amortization of the fair value of share purchase options granted by the Company in 2021, and to the extent those options vested during the Prior Year.

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

1.10 FOURTH QUARTER

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

1.11 PROPOSED TRANSACTIONS

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

1.12 CRITICAL ACCOUNTING ESTIMATES

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

1.13 CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

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

1.14 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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

1.15 ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Not applicable.

1.16 DISCLOSURE OF OUTSTANDING SHARE DATA

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

	Number
Common shares	43,261,981
Share-purchase options	2,410,000
Share-purchase warrants	11,438,296
Deferred Share Units	180,501
Restricted Share Units	314,000

1.17 INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS

Internal Controls over Financial Reporting

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

Disclosure Controls and Procedures

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

1.18 RISK FACTORS

The required disclosure is provided in the "Risk Factors" section of the Company's Annual Information Form (AIF) as publicly filed on SEDAR+ at www.sedarplus.ca.