



RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

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TABLE OF CONTENTS

1.1	Date	4
1.2	Overview	4
1.2.1	Green Bond Offering.....	5
1.2.2	Renewable Energy Royalty Investment Update	6
1.2.3	Disclosure of Environmental and Social Data.....	10
1.2.4	Financing.....	12
1.2.5	Distribution to shareholders	12
1.3	Selected annual information.....	13
1.4	Summary of quarterly results	13
1.5	Results of operations	14
1.6	Liquidity	16
1.7	Capital resources	17
1.8	Off-balance sheet arrangements	17
1.9	Transactions with related parties	17
1.10	Fourth quarter	17
1.11	Proposed transactions.....	17
1.12	Critical accounting estimates	17
1.13	Changes in accounting policies including initial adoption	18
1.14	Financial instruments and other instruments.....	18
1.15	Additional disclosure for venture issuers without significant revenue	18
1.16	Disclosure of outstanding share data.....	18
1.17	Internal controls over financial reporting and disclosure controls	18
1.18	Risk factors.....	18

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

Cautionary Note to Investors Concerning Forward-looking Statements

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

Forward-looking information may relate to the Company’s future outlook and anticipated events or results and may include statements regarding the Company’s financial results, future financial position, expected growth of cash flows, business strategy, budgets, projected costs, projected capital expenditures, taxes, plans, objectives, industry trends and growth opportunities. Forward-looking information contained in this discussion is based on certain assumptions regarding expected growth, results of operations, performance, industry trends and growth opportunities.

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

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

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

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

1.1 DATE

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements of RE Royalties Ltd. ("RER" or the "Company") for the three and nine months ended September 30, 2020 (the "Financial Statements") and the audited consolidated financial statements of the Company for the year ended December 31, 2019 and related MD&A (the "2019-Annual MD&A") as publicly filed on SEDAR at www.sedar.com.

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

This MD&A is prepared as of November 25, 2020.

1.2 OVERVIEW

Description of Business

RE Royalties Ltd., formerly Baetis Ventures Ltd., is a public company whose common shares are listed on the TSX Venture Exchange ("TSXV"), under the trading symbol "RE". The Company was incorporated on November 2, 2016 under the laws of the Province of British Columbia, Canada. The address of the Company's corporate office is 15th Floor, 1040 West Georgia Street, Vancouver, BC, V6E 4H1.

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

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

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

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

- Acquiring long-term renewable energy royalty streams backed by power purchase agreements or similar revenue programs from credit worthy utilities and/or facilities which operate in strong merchant markets with stable power pricing;
- 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.

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

1.2.1 GREEN BOND OFFERING

On August 11, 2020, the Company announced the inaugural public offering of its 5-year green bonds, for gross proceeds of \$10,000,000 aggregate principal amount (the "Green Bonds").

The Company's Green Bonds are issued under available exemptions from the prospectus requirement, including the offering memorandum exemption. The Green Bonds have a principal amount of \$1,000 and bear interest at a rate of 6%, per annum, payable quarterly, and are senior secured obligations of the Company that are secured against the Company's portfolio of royalty and loan investments. The Green Bonds are eligible for all registered accounts including, but not limited to, RRSP, TFSA and RESP accounts.

The Green Bond offering is led by Integral Wealth Securities Limited (the "Lead Agent"). The Company also granted the Lead Agent an over-allotment option of up to 100% of the offering size, for a total Green Bond offering of up to \$20,000,000. The Green Bonds, subject to approval of the TSX Venture Exchange, will close in tranches monthly.

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

After the end of the reporting period, the Company closed two tranches of the brokered and non-brokered private placement Green Bond offering for aggregate gross proceeds of \$7.5 Million as summarized below:

	Tranche 1	Tranche 2	Total
<u>Tranche closing and maturity date</u>			
Tranche closing date	02-Oct-20	29-Oct-20	
Maturity date	02-Oct-25	29-Oct-25	
<u>Number of Green Bonds issued at \$1,000 each</u>			
Brokered	4,947	1,661	6,608
Non-Brokered	505	450	955
Total	5,452	2,066	7,518
<u>Aggregate proceeds from the Green Bonds issued</u>			
Brokered	\$ 4,947,000	\$ 1,661,000	\$ 6,608,000
Non-Brokered	505,000	405,000	910,000
Total	\$ 5,452,000	\$ 2,066,000	\$ 7,518,000
<u>Cash commission and fees</u>			
Agent's fee	\$ 197,880	\$ 66,440	\$ 264,320
Corporate finance fee	10,200	16,200	26,400
Finder's fee – non-brokered	10,000	–	10,000
Total fees	\$ 218,080	\$ 82,640	\$ 300,720

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

	Tranche 1	Tranche 2	Total
<u>Warrants</u>			
Agent's warrants	223,173	69,208	292,381
Corporate finance warrants	22,782	16,875	39,657
Total number of warrants issued	245,955	86,083	332,038
Exercise price, based on 5-day volume adjusted weighted average share price (VWAP)	\$1.33	\$1.44	
Expiration (24-month term)	02-Oct-22	29-Oct-22	

1.2.2 RENEWABLE ENERGY ROYALTY INVESTMENT UPDATE

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

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

During the current fiscal year, to the date of this MD&A, the following royalties were bought back by the grantors of the royalties:

Buyback Date	Grantor	Location	# of Royalties	Royalty as % of Revenue	Energy Type	Status	Generating Capacity	Buyout Proceeds (C\$)
October 2020	OntarioCo	Ontario, Canada	1	2%	Solar	Operational	46 kW	\$ 3,500
September 2020	Rippey Project, Belltown Power	Texas, USA	1	1%	Solar	Construction	78 MW	405,000
June 2020	Suha Project, Jade Power	Romania	1	1%	Hydro	Operational	2 MW	47,000

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

Impact of COVID-19

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

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

New Royalty Investment Transactions Completed After January 1, 2020

A. Royalties on 11 Roof Top Solar Projects in Ontario

On June 18, 2020, the Company announced that it had acquired royalties on 11 additional projects (the "Second Portfolio") from an existing client and privately-held company in Ontario (the "OntarioCo").

The Company refinanced the existing OntarioCo loan and the new loan is a \$5 Million loan for a term of one year at an annual interest rate of 10 percent. As part of the transaction the Company acquired gross revenue royalties (2%) on the Second Portfolio for approximately 20 years. In addition, the royalty rate on its original portfolio of 49 projects has also been increased to 2%. In both cases, the 2% royalty rate is subject to a graduated reduction to a minimum of 1.25% if all or part of the loan is repaid prior to maturity.

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

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

On February 6, 2020, the Company announced that it had acquired a portfolio of 12 gross revenue royalties on 12 operational wind energy generation projects in Nova Scotia, Canada ("Nova Scotia Wind Projects") from Scotian Windfields Inc. ("Scotian Windfields") for \$1.34 million. The Company also provided an interest-bearing senior secured loan to Scotian Windfields of \$3.3 million dollars with a term of 3 years.

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

Royalty Investment Transactions Completed in Prior years - Updates

For detailed description of each royalty investment transaction completed prior to January 1, 2020, refer to the 2019-Annual MD&A as publicly filed on SEDAR at www.sedar.com. Below is a summary of the current status of such investments as of the date of this MD&A.

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

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

In June 2019, the Company acquired from Fresh Air Energy Inc. a portfolio of gross revenue royalties on four separate operational solar parks in Ontario, Canada ("Ontario Solar Projects"), owned and operated by Northland Power Inc.

The Ontario Solar Projects continue to generate revenue as forecast.

B. Royalties on 49 Roof Top Solar Projects in Ontario

In May 2019, the Company entered into a loan and royalty transaction with OntarioCo on 49 roof-top solar projects. As described above, in June 2020, the initial loan to OntarioCo was refinanced, whereby the royalty rate on the original royalty portfolio of 49 projects was increased to 2% from 1.12% and additional royalties were granted to the Company on the Second Portfolio.

In October 2020, a 46 kW_{DC} roof-top project within the Ontario Solar Projects portfolio was purchased by the landlord of the building where the project is located. The Company received a compensation of \$3,500 for the royalty buyback.

C. Alpin Sun GmbH

Since the date of the 2019-Annual MD&A, there has been no material change in the business of RER US 1 LLC ("RER US"), an affiliate of the Company established in December 2018 to entered into an equity purchase transaction with Alpin Sun GmbH ("Alpin Sun"), whereby RER US acquired a 50% interest in a portfolio of certain advanced stage development solar projects ("Texas Projects") in Texas.

Of the four Texas Projects, two projects were sold in December 2018 for an aggregate price, attributable to RER US' interest, of US\$6 million; of which US\$1.4 million (cash) was received by RER US in aggregate down payments and the remainder of US\$4.6 million was receivable in tranches, subject to completion of certain milestones leading up to commercial production by the projects. As of the date of this MD&A, the project milestones were delayed and the Company had not received any of the unpaid consideration. The Company is currently evaluating the remaining two Texas Projects with its joint venture partner.

D. Belltown Power Texas

The Company owns a 1% gross revenue royalty interest in the 78 MW Rippey solar project ("Rippey Project") located in Texas. The royalty interest in the Rippey Project was received by the Company as a consideration for a loan of US\$2.8 million provided to Belltown Power Texas, LLC ("Belltown") in December 2018. The loan was fully repaid in March 2019. In April 2020, Belltown announced that it had completed a transaction with an investment partner and commenced construction on the Rippey Project.

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

E. Aeolis Wind

The Company has a secured loan (the "Aeolis Loan") receivable from Aeolis Wind Power Corporation ("Aeolis") that is subject to fixed annual payments of \$100,000, to be increased annually by an amount equal to 50% of the British Columbia Consumer Price Index. The term of the Aeolis Loan expires on July 31, 2035.

The Aeolis Loan is secured against a gross revenue royalty interest owned by Aeolis on the 102 MW Bear Mountain Wind Park near Dawson Creek, British Columbia, Canada, that continues to generate revenue under its long term PPA.

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

F. Jade Power Trust (formerly Blockchain Power Trust)

In January 2017, the Company provided Jade Power Trust ("Jade Power"; formerly Blockchain Power Trust) a three-year, non-revolving secured loan (the "Jade Power Loan") and received a twenty-year 1.14% gross revenue royalty (the "Jade Power Royalty") on certain of Jade Power's renewable energy generation assets.

Pursuant to the original terms of the Jade Power Loan, effective January 2020, Jade Power exercised its option to extend the Jade Power Loan for the fourth year.

In June 2020, the Jade Power Loan and the Jade Power Royalty were modified as follows:

- Certain legal expenses and fees in the amount of \$346,758 that were payable to the Company by Jade Power were capitalized as part of the Jade Power Loan. Pursuant to the Jade Power Loan, as modified, Jade Power made a cash payment of \$750,000 in June 2020 and additional cash payments totaling \$1,750,000 in October 2020 and November 2020 against the principal sum of the Jade Power Loan. Jade Power is required to repay the remaining balance (\$2.6 million) of the Jade Power Loan in full by December 31, 2020.
- The Company released its royalty interest and related collateral on the Suha hydro project, which ceased operations in 2018 and was subsequently sold as announced by Jade Power on August 10, 2020. Moreover, the rate of royalty on the remaining renewable energy generation assets subject to the Jade Power Royalty was reduced from 1.14% to 1.05%, whereas the definition of gross revenue for the purposes of determining annual royalty payments was revised to exclude any power balancing adjustments; this modification is expected to reduce variability in future cash flows from the Jade Power Royalty. The amount capitalized as part of the Jade Power Loan, as modified, includes \$46,758 representing a compensation for the Company to release its royalty interest and collateral on the Suha hydro project.

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

1.2.3 DISCLOSURE OF ENVIRONMENTAL AND SOCIAL DATA

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

A. Environmental Impact Summary

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

Client	Location	Projects	Energy Type	Clean Generating Capacity (MW)	Annual Clean Generation (MWh)	Annual GHG Offset (tCO ₂ e) ^{1,2,3}	Annual Homes Powered ^{4,5,6,7,8}
Operational							
Aeolis Wind	British Columbia, Canada	1	Wind	102	193,000	2,490	17,870
OntarioCo	Ontario, Canada	59	Solar	22	25,566	1,023	2,841
Fresh Air Energy	Ontario, Canada	4	Solar	40	59,413	2,377	6,601
Scotian Windfields	Nova Scotia, Canada	12	Wind	40	131,700	79,020	12,064
Jade Power	Romania	5	Solar, Wind, Hydro	37	70,377	28,221	42,939
Operational Subtotal		81		240	480,056	113,130	82,315
Development Stage							
Alpin Sun	Texas, USA	2	Solar	152	320,000	233,906 ⁹	22,831
Development Subtotal		2		152	320,000	233,906	22,831
PORTFOLIO TOTAL		83		392	800,056	347,036	105,146

Equivalents:

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

¹ Canada: National Energy Board 2017

² Romania: Carbon Footprint Electricity GHG Emission Factors, Association Issuing Bodies

³ USA: EPA eGRID Emissions & Generation Resource Information Database

⁴ British Columbia: BC Hydro

⁵ Ontario: Ontario Energy Board EB-2016-0153

⁶ Nova Scotia: Statistics Canada, 2015

⁷ Romania: Odysee-Muree Project, EU.

⁸ Texas: Electricity Local. <https://www.electricitylocal.com/states/texas/#ref>

⁹ Updated per EPA guidelines (using subregion non-baseload carbon intensity)

¹⁰ US EPA GHG Equivalents <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>.

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

Environmental Risks

Specific environmental factor risks are discussed in the "Risk Factors" section of the 2019-Annual MD&A, within the following categories:

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

B. Social Summary

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

Gender Diversity

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

Team: The Company has five (5) team members, of which one (1) is female (20%)

Charitable Activity

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

Social Risks

Specific social factor risks are discussed in the "Risk Factors" section of the 2019-Annual MD&A, within the following categories:

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

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

1.2.4 FINANCING

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

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

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

In November 2018, the Company issued to an arm's-length party a \$500,000 unsecured convertible note (the "2018-Note") with a 24-month term and interest rate of 7% per annum. In November 2020, the holder of the 2018-Note elected to convert the outstanding principal sum of \$500,000, and accrued interest of \$3,538 into the Company's Common Shares at \$1 per share. Accordingly, upon conversion of the 2018-Note, the Company issued 503,538 of its Common Shares.

1.2.5 DISTRIBUTION TO SHAREHOLDERS

During the current year, to the date of this MD&A, the Company had declared the following cash distributions to its shareholders:

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

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

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

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

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

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

1.3 SELECTED ANNUAL INFORMATION

Not required.

1.4 SUMMARY OF QUARTERLY RESULTS

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

	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018
Revenue and income								
Royalty revenue	\$ 187,000	\$ 214,000	\$ 133,000	\$ 82,000	\$ 142,000	\$ 118,000	\$ 26,000	\$ 21,000
Royalty buyout	452,000	47,000	-	-	-	-	-	409,000
Total Revenue	639,000	261,000						430,000
Finance income	270,000	331,000	311,000	255,000	268,000	233,000	256,000	192,000
Total	\$ 909,000	\$ 592,000	\$ 444,000	\$ 337,000	\$ 410,000	\$ 351,000	\$ 282,000	\$ 622,000
Net income (loss)	\$ 387,000	\$ (4,000)	\$ 53,000	\$(209,000)	\$ 85,000	\$(165,000)	\$(123,000)	\$(2,370,000)
Net income (loss) per share	\$ 0.01	\$ (0.00)	\$ 0.00	\$ (0.01)	\$ 0.00	\$ (0.00)	\$ (0.00)	\$ (0.08)
Weight average number of shares	32,402,367	32,171,389	32,171,389	32,171,389	32,171,389	32,171,389	32,115,856	28,916,815

For the fiscal quarters presented above, the Company's revenue primarily comprises of royalty revenues and interest income on secured loans, which has seen an increasing trend each quarter due to the acquisition of revenue-based royalties from renewable energy generation facilities and due to royalty buyout revenue.

The Company's earns royalty revenue from several renewable power generation sources, which exhibit seasonal behaviors individually but tend to counterbalance each other in a well-diversified portfolio. For instance, wind power generation is stronger in winter than in summer. The opposite is true for solar power generation. Similarly, within a given renewable power generation source, geographical diversification across the Northern and Southern Hemispheres reduces overall seasonality. Currently, the Company's royalty interests are held in renewable assets located in the Northern Hemisphere only.

The Company's operating expenses are mostly incurred evenly through its fiscal year. However, the timing of certain expenses are driven by the underlying activities. For instance, the Company's activities and related expenses with respect to its annual audited financial statements and other annual reports are higher in the second quarter.

During the quarter ended June 30, 2019, the Company acquired additional royalty interests in several solar power generating assets located in Ontario, Canada; accordingly the Company's royalty revenue increased during the quarter ended September 30, 2019 and decreased during the quarter ended December 31, 2019 due to seasonality in solar power generation. This seasonality was partially counterbalanced in the first quarter of 2020 as a result of the acquisitions of royalty interests in Nova Scotia Wind Projects.

During the quarter ended December 31, 2018, the Company's total revenue was higher compared to other quarters presented because of a royalty buyout from the Alpin Sun royalty investment transaction. Following the deployment of its available capital as mentioned above, the Company's focus during the quarters ended June 30, 2020 and September 30, 2020 was to source additional capital to finance or re-finance additional renewable and sustainable energy projects through issuance of the Green Bonds.

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

During the five fiscal quarters to March 31, 2020, the Company was focused on acquiring revenue generating assets and by January 2020 it had deployed substantially all of its available capital. At September 30, 2020, the Company had current assets of approximately \$11 million, which mainly includes cash and cash equivalents and the aggregate amount of secured loans receivable with near-term maturity (12 months or less from the reporting date); upon repayment thereof, this capital will be available to the Company for extending new loans and acquisition of additional royalty interests.

Following the completion of its reverse takeover listing in the fourth quarter of 2018, the Company recorded net income in three of the seven fiscal quarters to September 30, 2020. Net loss of \$209,000 during the quarter ended December 31, 2019 was attributable mainly to the following: a) a decrease in royalty revenue as a result of seasonal variations as discussed above; and b) foreign exchange translation loss in relation to the Company's US Dollar denominated cash balance. During the quarter ended on June 30, 2020, the Company record a net loss of \$4,000, mainly due to the timing of certain expenditures incurred during the quarter in relation to the Company's audited financial statements and other annual reports and in relation to the Green Bonds offering.

During the fiscal year 2018, the Company's objectives were to raise equity financing and to obtain a public listing of its common shares. During the quarter ended December 31, 2018, the Company reported a loss of \$2,370,000 which primarily comprised of the following items: a) listing expenses of \$1,661,000, which includes non-cash expenses of \$1,441,000 – mainly the deemed issuance of equity under the accounting for the reverse takeover; and b) non-recurring consulting fees.

1.5 RESULTS OF OPERATIONS

REVENUE AND INCOME

	For the three months ended September 30,			
	2020	2019	Change (\$)	Change (%)
Revenue from royalty interests	\$ 187,275	\$ 142,016	\$ 45,259	32%
Royalty Buyout	451,915	–	451,915	N/A
Finance income	270,161	267,525	2,636	1%
Total	\$ 909,351	\$ 409,541	\$ 499,810	122%
Gain on revaluation of Aeolis Loan	\$ 38,000	\$ 22,887	\$ 15,113	66%

	For the nine months ended September 30,			
	2020	2019	Change (\$)	Change (%)
Revenue from royalty interests	\$ 580,773	\$ 286,081	\$ 294,692	103%
Royalty Buyout	451,915	–	451,915	N/A
Finance income	912,475	756,995	155,480	21%
Total	\$ 1,945,163	\$ 1,043,076	\$ 902,087	86%
Gain on revaluation of Aeolis Loan	\$ 149,110	\$ 94,447	\$ 54,663	58%

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

The Company's revenue and income increased during the quarter ended September 30, 2020 (the "Current Quarter") as well as the nine months ended September 30, 2020 (the "Current YTD Period") because of the acquisition of additional royalty interests during the current fiscal year as discussed in *Section 1.2.1*. The increase in gain on revaluation of Aeolis Loan was due to lower benchmark rates in 2020.

OPERATING EXPENSES

	For the three months ended September 30,			
	2020	2019	Change (\$)	Change (%)
Wages and benefits	\$ 132,107	\$ 132,201	\$ (94)	(0%)
Consulting	82,829	33,218	49,611	149%
Administration	73,513	51,088	22,425	44%
Audit and audit related fees	33,705	-	33,705	-
Marketing and stakeholder communication	85,528	65,685	19,843	30%
Rent and information technology	18,900	14,962	3,938	26%
Regulatory	15,383	3,414	11,969	351%
Cost recoveries	(9,299)	(26,248)	16,949	(65%)
Total	\$ 432,666	\$ 274,320	\$ 158,346	58%

	For the nine months ended September 30,			
	2020	2019	Change (\$)	Change (%)
Wages and benefits	\$ 397,546	\$ 363,720	\$ 33,826	9%
Consulting	247,502	33,218	214,284	645%
Administration	227,113	184,369	42,744	23%
Audit and audit related fees	112,519	73,236	39,283	54%
Marketing and stakeholder communication	185,481	161,960	23,521	15%
Donations	50,000	25,000	25,000	100%
Rent and information technology	57,600	44,100	13,500	31%
Regulatory	37,921	24,163	13,758	57%
Legal	-	1,099	(1,099)	(100%)
Cost recoveries	(13,465)	(62,917)	49,452	(79%)
Total	\$ 1,302,217	\$ 847,948	\$ 454,269	54%

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

- Wages and benefits remained consistent in the Current Quarter, compared to the prior year quarter. The Company initiated director fees in March 2019; accordingly wages and benefits were lower during the nine months ended September 30, 2019, compared to the Current YTD Period.
- Consulting expenses during the Current Quarter as well as the Current YTD Period related to certain consulting engagements with third-party consultants to assist in the Company's financing activities.
- Higher administration expenses during the Current Quarter as well as the Current YTD Period were due to additional support required to support the regulatory compliance with respect to the Company's financing activities (the 2020-Notes offering and the Greed Bond offering).

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

- Lower marketing expenses during the Current Quarter were due to decrease in roadshows and related travelling during the quarter due to Covid-19.
- During the Current Quarter, the Company donated \$25,000 to Glasswaters Africa and in the prior quarter, the Company donated \$25,000 to the VGH & UBC Hospital Foundation. In the prior year quarter, the Company donated \$25,000 to the Union Gospel Mission in Vancouver.
- Regulatory costs incurred relate to the Company's listing on the TSX Venture exchange.
- Cost recoveries related to the Company's management of the activities of an affiliate, RER US 1 LLC.

OTHER NON-CASH EXPENSES AND FOREIGN EXCHANGE DIFFERENCES

	For the three months ended September 30,			
	2020	2019	Change (\$)	Change (%)
Amortization and depletion	\$ 71,834	\$ 84,627	\$ (12,793)	(15%)
Foreign exchange (gain) loss	(7,366)	(49,741)	42,375	(85%)
Equity-settled share-based payments	444	12,054	(11,610)	(96%)
Total	\$ 64,912	\$ 46,940	\$ 17,972	38%

	For the nine months ended September 30,			
	2020	2019	Change (\$)	Change (%)
Amortization and depletion	\$ 213,233	\$ 202,963	\$ 10,270	5%
Foreign exchange (gain) loss	(40,571)	122,848	(163,419)	(133%)
Equity-settled share-based payments	9,428	84,248	(74,820)	(89%)
Total	\$ 182,090	\$ 410,059	\$ (227,969)	(56%)

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

- The increase in the amortization and depletion expense for the YTD Period was due to increase in Company's investment in secured loans and royalty interests. The amortization expense for the Current Quarter decreased as the transaction cost relating to the Jade Power Loan was fully amortized in the first quarter of 2020.
- Foreign exchange (gain) loss relates mainly to USD-denominated cash balance held by the Company and to changes in the exchange rates.
- Compared to the prior period, equity settled share payments decreased as fewer number of unvested share purchase options were outstanding during the current year.

1.6 LIQUIDITY

At September 30, 2020, the Company had cash and cash equivalents of \$1,953,000 (December 31, 2019 – \$4,048,000) and working capital of \$10,426,000 (December 31, 2019 – \$9,538,000), which was mainly comprised of the aggregate amount of secured loans receivable with near-term maturity (12 months or less from the reporting date).

RE ROYALTIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

During the nine months ended September 30, 2020, cash generated from the Company's operating activities was \$1,349,000, compared to \$840,000 cash used in operating activities during the same period last year. During the nine months ended September 30, 2020, the Company also raised \$1,525,000 in net proceeds from issuance of the 2020-Notes.

1.7 CAPITAL RESOURCES

The Company has no lines of credit or other sources of financing which have been arranged but not yet utilized. Further advancement of the Company's business strategies and operations will require additional funding. The Company intends to pursue additional funding either through one or a combination of the following:

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

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

The Company has no material capital lease obligations or "Purchase Obligations" defined as any agreements to purchase goods or services that is enforceable and legally binding on the Company that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and, the approximate timing of the transaction.

1.8 OFF-BALANCE SHEET ARRANGEMENTS

None.

1.9 TRANSACTIONS WITH RELATED PARTIES

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

1.10 FOURTH QUARTER

Not applicable.

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.

RE ROYALTIES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

1.13 CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

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

1.14 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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

1.15 ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Not applicable.

1.16 DISCLOSURE OF OUTSTANDING SHARE DATA

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

	Number
Common shares	33,289,927
Share-purchase options	1,195,000
Shares to be issued upon conversion of convertible notes	1,637,176

1.17 INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS

Internal Controls over Financial Reporting

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

Disclosure Controls and Procedures

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

1.18 RISK FACTORS

The required disclosure is provided in the "Risk Factors" section of the 2019-Annual MD&A as publicly filed on SEDAR at www.sedar.com.