

RE ROYALTIES LTD.

(the "Company")

FORM 51-102F6V

FOR THE YEAR ENDED DECEMBER 31, 2020

STATEMENT OF EXECUTIVE COMPENSATION

The following information, dated as of June 29, 2021, is provided as required under Form 51-102F6V Statement of Executive Compensation (Venture Issuers) and is prepared as at and for the year ended December 31, 2020 (except as otherwise indicated).

This Statement of Executive Compensation should be read in conjunction with the Company's information circular (the "Information Circular") dated April 29, 2020 as publicly filed on SEDAR at www.sedar.com on May 1, 2020. All monetary amounts herein are expressed in Canadian Dollars ("\$"), unless stated otherwise.

COMPENSATION DISCUSSION AND ANALYSIS

NAMED EXECUTIVE OFFICERS

In this section "Named Executive Officer" (or "NEO") means each of the following individuals:

- (a) the Chief Executive Officer ("CEO");
- (b) the Chief Financial Officer ("CFO");
- (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at December 31, 2020.

The NEOs of the Company as at December 31, 2020 are as follows:

- Mr. Bernard Tan – CEO of the Company;
- Mr. Peter Leighton – COO of the Company;
- Mr. Luqman Khan – CFO of the Company

The following disclosure sets out the compensation that the Board intended to pay, make payable, award, grant, give or otherwise provide to each NEO and director for the financial year ended December 31, 2020.

COMPENSATION COMMITTEE AND GOVERNANCE

As indicated above, the Company has a Compensation Committee to assist the Board in carrying out its responsibilities relating to executive and director compensation, including: reviewing and recommending director compensation, overseeing the Company's base compensation structure and equity-based compensation program, recommending compensation of the Company's officers and employees, evaluating performance of officers generally and in light of annual goals and objectives. The charter for

the Compensation Committee is included in the Corporate Governance Policies and Procedures Governance Manual and is available for viewing from the Company's website under Corporate Governance.

The current members of the Compensation Committee of the Company as stated above are Jill Leversage (Chair), Rene Carrier, and Stephen Cheeseman, all of whom are independent directors. The Compensation Committee did not have any meetings during the year ended December 31, 2020. The Compensation Committee assists the Board in carrying out its responsibilities relating to executive and director compensation.

The members of the Compensation Committee possess the skills and experience that enable the committee to make decisions on the suitability of the Company's compensation policies and practices.

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

- (a) reviewing compensation philosophy including base compensation structures & incentive programs;
- (b) reviewing specific executive and director compensation;
- (c) administering of share options and other equity based compensation plans and the determination of share option grants; and
- (d) reviewing performance goals and the assessments of corporate officers.

All members of the Compensation Committee serve on other boards of publicly traded companies and have experience in the area of compensation and related issues. For relevant education and experience of policies of the Compensation Committee, see disclosure under "Biographical Information of Nominees for Director" in the Company's Information Circular filed on SEDAR on May 1 2020.

The Compensation Committee (the "Committee") has, among other things, the following duties, responsibilities and authority:

- (a) to recommend to the Board the form and amount of compensation to be paid by the Company to directors for service on the Board and on its committees. The Committee shall review director compensation at least annually.
- (b) to annually review the Company's base compensation structure and the Company's incentive compensation, share option and other equity-based compensation programs and recommend changes in or additions to such structure and plans to the Board as needed.
- (c) to recommend to the Board the annual base compensation of the Company's executive officers and senior managers (collectively the "Officers").
- (d) to recommend to the Board annual corporate goals and objectives under any incentive compensation plan adopted by the Company for Officers, and recommend incentive compensation participation levels for Officers under any such incentive compensation plan. In determining the incentive component of compensation, the Committee will consider the Company's performance and relative shareholder return, the values of similar incentives at comparable companies and the awards given in past years.
- (e) to evaluate the performance of Officers generally and in light of annual corporate goals and objectives under any incentive compensation plan.
- (f) to periodically review with the Chairman and CEO their assessments of corporate officers and senior managers and succession plans and make recommendations to the Board regarding appointment of officers and senior managers.
- (g) to administer the Company's share option and other equity based compensation plans and determine the annual grants of share options and other equity based compensation.
- (h) to recommend to the Nominating and Governance Committee the qualifications and criteria for membership on the Compensation Committee.

Due to the small size of the Company and the current level of the Company's activities, the Compensation Committee is able to closely monitor and consider any risks which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular meetings of the Board during which financial and other information of the Company are reviewed. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Executive compensation is comprised of short-term compensation in the form of a base salary and long-term ownership through the Company's share option plan. This structure ensures that a significant portion of executive compensation (stock options) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long-term shareholder value. As the benefits of such compensation, if any, are not realized by officers until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their compensation at the expense of the Company and the shareholders is extremely limited. Furthermore, the short-term component of the executive compensation (base salary) represents a relatively small part of the total compensation. As a result, it is unlikely that an officer would take inappropriate or excessive risks at the expense of the Company or the shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions.

Report on Executive Compensation

This report on executive compensation has been authorized by the Compensation Committee. The Board assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company's senior management, although the Compensation Committee guides it in this role. As part of its mandate, the Board determines the type and amount of compensation for the Company's executive officers. In addition, the Board reviews the methodology utilized by the Company for setting salaries of employees throughout the organization.

The Company's compensation policies and programs are designed to be competitive with other companies and to recognize and reward executive performance consistent with the success of the Company's business.

Philosophy and Objectives

The Company's senior management compensation program is designed to ensure that the level and form of compensation achieves certain objectives, including:

- (a) attracting and retaining talented, qualified and effective executives;
- (b) motivating the short and long-term performance of these executives; and
- (c) better aligning their interests with those of the Company's Shareholders.

In compensating its senior management, the Company employs a combination of base salary, bonus compensation and equity participation through its share option plan and other equity participation plans.

Base Salary

In the Board's view, paying base salaries that are competitive in the markets in which the Company operates is a first step to attracting and retaining talented, qualified and effective executives. The NEOs are paid a salary in order to ensure that the compensation package offered by the Company is in line with that offered by other companies in our industry, and as an immediate means of rewarding the NEO for efforts expended on behalf of the Company.

The salary to be paid to a particular NEO is determined by gathering competitive salary information from a variety of sources, including surveys conducted by independent consultants and national and international publications, such as the Mercer Benchmark Database. Payment of a cash salary fits within

the objective of the compensation program since it rewards each NEO for performance of his duties and responsibilities.

Bonus Compensation

The Board considers performance, shareholder benefits achieved, competitive factors and other matters in awarding bonuses, including if sufficient cash resources are available for the granting of bonuses.

All Other Fees

There were no other fees paid to any consultants or advisors relating to executive compensation.

Executive Compensation-Related Fees

No compensation was paid to any compensation consultants in respect of executive compensation studies for the Company's two most recently completed financial years.

Equity Participation – Option Based Awards

The Company has a share option plan (the "Option Plan"). The Option Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Company, encourage the alignment of interests with its shareholders, and foster their continued association with the Company.

Long term incentives are comprised of share options, Restricted Share Units and Deferred Share Units (for a discussion of the RSU Plan and the DSU Plan see the section immediately below). The Compensation Committee is delegated the authority to grant share options. The Compensation Committee reviews the grants of share options to directors, officers, management, employees and consultants. Share options are generally granted annually, and at other times of the year to individuals commencing employment with the Company. Share option exercise prices are set in accordance with policies of the TSX Venture Exchange ("TSXV rules") and are based on the closing trading price prior to the date of grant.

The Company believes that encouraging its executives, employees and directors to become shareholders is the best way of aligning their interests with those of its Shareholders. Equity participation is accomplished through the Option Plan. Share options are granted taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses, and competitive factors. Share options vest on terms established by the Compensation Committee.

The Company's long term incentives are designed to foster and promote the long-term financial success of the Company by strengthening the ability of the Company to attract and retain highly competent employees, motivating performance through incentive compensation, promoting greater alignment of interests between employees and shareholders in creating long-term shareholder value, and enabling employees to participate in the long-term growth and financial success of the Company. Share options provide employees with the opportunity to participate in the growth of the Company's share price as well as benefit from the favourable tax treatment applicable to this form of compensation.

Material terms of the Option Plan are included under "Particular of Matters to be Acted Upon" in the Company's Information Circular filed on SEDAR on May 1 2020.

Equity Participation – Restricted Share Unit Plan and Deferred Share Unit Plan

The Company has a Restricted Share Unit Plan (the "RSU Plan") and a Deferred Share Unit Plan (the "DSU Plan").

The RSU Plan and DSU Plan were established to provide incentive to qualified parties to increase their proprietary interest in the Company, encourage the alignment of interests with its shareholders, and foster their continued association with the Company.

Long term incentives are comprised of share awards. The Compensation Committee is delegated the authority to grant share awards. The Compensation Committee reviews the grants of share awards to directors, officers, management, employees and consultants. Share awards are generally granted annually, and at other times of the year to individuals commencing employment with the Company.

The Company believes that encouraging its executives, employees and directors to become shareholders is the best way of aligning their interests with those of its Shareholders. Equity participation is accomplished through both the RSU Plan and DSU Plan. Share awards are granted taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses, and competitive factors. Share awards vest on terms established by the Compensation Committee.

The Company's long term incentives are designed to foster and promote the long-term financial success of the Company by strengthening the ability of the Company to attract and retain highly competent employees, motivating performance through incentive compensation, promoting greater alignment of interests between employees and shareholders in creating long-term shareholder value, and enabling employees to participate in the long-term growth and financial success of the Company. Share awards provide employees with the opportunity to participate in the growth of the Company's share price as well as benefit from the favourable tax treatment applicable to this form of compensation.

General

The Compensation Committee considered the implications of the risks associated with the Company's compensation policies and practices and concluded that, given the nature of the Company's business and the role of the Compensation Committee in overseeing the Company's executive compensation practices, the compensation policies and practices do not serve to encourage any non executive officer NEO or individual at a principal business unit or division to take inappropriate or excessive risks, and no risks were identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

The Company has adopted a policy restricting its NEOs and directors from purchasing financial instruments including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. For the years ended December 31, 2020 and 2019, no NEO or director, directly or indirectly, employed a strategy to hedge or offset a decrease in market value of equity securities granted as compensation or held.

Given the evolving nature of the Company's business, the Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

SUMMARY COMPENSATION TABLE

Compensation paid to the NEOs during the Company's three most recently completed financial years ended December 31, 2020, 2019, and 2018 is set out below and expressed in Canadian dollars unless otherwise noted:

Name and principal position	Fiscal Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans (\$)	Long-term incentive plans (\$)			
Bernard Tan ⁽¹⁾ CEO	2020	75,000	Nil	Nil	Nil	Nil	Nil	Nil	75,000
	2019	75,000	Nil	Nil	Nil	Nil	Nil	Nil	75,000
	2018	36,875	Nil	Nil	Nil	Nil	Nil	Nil	36,875
Peter Leighton ⁽¹⁾ COO	2020	150,000	Nil	Nil	Nil	Nil	Nil	Nil	150,000
	2019	150,000	Nil	Nil	Nil	Nil	Nil	Nil	150,000
	2018	150,000	Nil	Nil	Nil	Nil	Nil	Nil	150,000
Luqman Khan ⁽²⁾ CFO	2020	30,000	Nil	Nil	Nil	Nil	Nil	Nil	30,000
	2019	26,000	Nil	Nil	Nil	Nil	Nil	Nil	26,000
	2018	1,000	Nil	Nil	Nil	Nil	Nil	Nil	1,000

Notes:

- (1) Mr. Tan and Mr. Leighton have employment agreements with the Company where they are entitled to receive a base salary of \$150,000 each per year. Mr. Tan elected to receive only 50% of his annual salary for the year ended December 31, 2020 and 2019; the other 50% was reserved for charitable donation purposes to be disbursed at the discretion of the Board. In 2018, Mr. Tan had voluntarily elected to reduce his base compensation to the minimum hourly wage permitted by the Employment Standards Act (British Columbia). Accordingly, the 2018 salary amount for Mr. Tan presented herein is less than the contractual base salary.
- (2) Mr. Khan was appointed as a CFO of the Company in November 2018. Mr. Khan provides services through a private consulting firm. Services of Mr. Khan are not received on a full-time basis; instead, his services are received on an as-needed basis.

INCENTIVE PLAN AWARDS

Outstanding Share-based Awards and Option-based Awards

The Company currently has an option-based awards plan and a share-based awards plan. However, no share-based awards have been granted to date. The following table sets out the option-based awards outstanding as at December 31, 2020, for each NEO:

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date m-d-y	Value of unexercised in-the-money options ¹ (\$)
Bernard Tan ⁽¹⁾	240,000	0.80	Oct-30-2022	175,200
Peter Leighton ⁽¹⁾	240,000	0.80	Oct-30-2022	175,200
Luqman Khan	—	—	—	—

Notes:

1. The value is the difference between the TSXV closing price of \$1.53 per common share at December 31, 2020 and the exercise price of options.

Incentive Plan Awards – Value Vested or Earned

The following table sets out all incentive plans (value vested or earned) during the year ended December 31, 2020, for each NEO:

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Bernard Tan	–	–
Peter Leighton	–	–
Luqman Khan	–	–

Note:

1. Represents the aggregate dollar value that would have been realized if options under the option-based award had been exercised on the 2020 vesting date determined by taking the difference between the market price of the shares subject to the option at date of vesting and the exercise price of the option.

PENSION PLAN BENEFITS

The Company has no pension or deferred compensation plans for its directors, officers or employees.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Except as otherwise outlined herein and in accordance with the Employment Standards Act (British Columbia), there are no compensatory plan(s) or arrangement(s), with respect to any NEO resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of the NEO's responsibilities following a change in control.

DIRECTOR COMPENSATION

Philosophy and Objectives

The main objective of director compensation is to attract and retain directors with the relevant skills, knowledge and abilities to carry out the Board's mandate.

Director Compensation Table

The compensation provided to the directors for the financial year of December 31, 2020 is:

Name	Fees earned ⁽¹⁾ (\$)	Share option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Rene Carrier	22,000	–	–	–	–	22,000

Name	Fees earned ⁽¹⁾ (\$)	Share option- based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Jill Leversage	22,000	–	–	–	–	22,000
Marchand Snyman	45,000	–	–	–	–	45,000
Stephen Cheeseman	22,000	–	–	–	–	22,000
Gord Fretwell	17,000	–	–	–	–	17,000
Paul Larkin	19,000	–	–	–	–	19,000

Note:

1. Non-management directors of the Company received an annual retainer fee of \$15,000 in their capacity as directors. The Chair of the Audit and Risk, Compensation, and Nominating and Governance Committee each receives an additional \$5,000 annually, and members of the various Board Committees each receives an additional \$2,000 annually for each Committee served. Marchand Snyman, as a Chairman of the Board, receives an annual fee of \$45,000.

The following table sets out various Board Committees and their members:

	Audit and Risk Committee	Compensation Committee	Nominating and Governance Committee.
Rene Carrier	Chair	Member	–
Jill Leversage	Member	Chair	–
Stephen Cheeseman	–	Member	Chair
Gord Fretwell	–	–	Member
Paul Larkin	Member	–	Member

Incentive Plan Awards

Outstanding Share-based Awards and Option-based Awards

The Company currently has an option-based awards plan and a share-based awards plan. However, no share-based awards have been granted to date. The following table sets out the option-based awards outstanding as at December 31, 2020, for each director:

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date m-d-y	Value of unexercised in-the- money options ¹ (\$)
Rene Carrier	100,000 ⁽²⁾	0.80	Oct-30-2022	73,000
Paul Larkin	100,000 ⁽³⁾	1.00	Dec-18-2023	53,000
Jill Leversage	100,000 ⁽²⁾	0.80	Oct-30-2022	73,000
Marchand Snyman	150,000 ⁽²⁾	0.80	Oct-30-2022	109,500
Stephen Cheeseman	100,000 ⁽²⁾	0.80	Oct-30-2022	73,000

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date m-d-y	Value of unexercised in-the-money options ¹ (\$)
Gord Fretwell	100,000 ⁽²⁾	0.80	Oct-30-2022	73,000

Notes:

- (1) The value is the difference between the TSXV closing price of \$1.53 per common share at December 31, 2020 and the exercise price of options.
- (2) These options were granted in October 2017 and exchanged on a one for one basis into options of the Company as part of the Company's Qualifying Transaction that was completed on November 6, 2018.
- (3) These options were granted in December 2018.

Incentive Plan Awards – Value Vested or Earned

The following table sets out all incentive plans (value vested or earned) during the year ended December 31, 2020, for each director:

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Rene Carrier	–	–
Paul Larkin	3,667	–
Jill Leversage	–	–
Marchand Snyman	–	–
Stephen Cheeseman	–	–
Gord Fretwell	–	–

Note:

1. Represents the aggregate dollar value that would have been realized if options under the option-based award had been exercised on the 2020 vesting date determined by taking the difference between the market price of the shares subject to the option at date of vesting and the exercise price of the option.

Compensation Actions, Decisions or Policies made after December 31, 2020.

Given the evolving nature of the Corporation's business, the Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

In February 2021, the Company granted, under its stock option plan, 1,070,000 stock options to its directors and officers of the Company, which options are exercisable over a five-year term at \$1.32 per common share. The Company also granted 380,000 stock options to certain employees and consultants of the Company, which options are exercisable over a three-year term at \$1.32 per common share. One-third of these options vested immediately upon grant and remaining two-third will vest in two equal tranches over the six and twelve month periods, respectively, from the grant date.