OFFERING MEMORANDUM

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See item 8.

RE ROYALTIES LTD.

RENEWABLE ENERGY ROYALTIES

Date: **June 18, 2018**

Name:	RE Royalties Ltd. (the "**Issuer**" or the "**Company**")
Head office:	1040 West Georgia Street, 15th Floor, Vancouver, British Columbia, V6E 4H1
Phone #:	(778) 374-2000
E-mail address:	info@reroyalties.com
Currently listed or quoted:	**These securities do not currently trade on any exchange or market**.
Reporting issuer:	**No**
SEDAR filer:	**No**

The Offering	
Securities offered:	Up to 10,000,000 Common Shares
Price per security:	$1.00 per Common Share
Minimum Offering:	There is no minimum. You may be the only purchaser. **Funds available under the offering may not be sufficient to accomplish our proposed objectives.**
Maximum Offering:	$10,000,000
Minimum Subscription Amount:	$1,000
Payment term:	The full Subscription Price is payable either (1) directly to the Company or (2) through the Frontfundr.com online platform.
Proposed closing date(s)	The closing of the sale of the Common Shares offered hereunder will take place at such times as are chosen by the Company (each, a "**Closing**"). The Company reserves the right to close the Offering at any time as subscriptions are received.
Income tax consequences:	There are important tax consequences to these securities. See item 6.
Selling agent:	Yes. We have engaged Silver Maple Ventures Inc, dba FrontFundr. See item 7.
Resale restrictions	You will be restricted from selling your securities for an indefinite period. In the event the Issuer becomes a reporting issuer in a province of Canada, the resale restrictions on your securities will change. See item 10.
Purchaser's rights	You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel the agreement. See item 11.

About this Offering Memorandum

This Offering is being made pursuant to certain prospectus exemptions contained in NI 45-106. This Offering Memorandum constitutes an offering of securities only in such jurisdictions and only to those persons to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of these securities.

Prospective investors should rely only on the information contained in this Offering Memorandum and should not rely on some parts of this Offering Memorandum to the exclusion of others. No person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon.

No person is authorized to give any information or to make any representation not contained in this Offering Memorandum, and any information or representation other than those contained herein must not be relied upon. This Offering Memorandum is furnished solely by the Issuer for the use of purchasers who by their acceptance hereof agree that they will not transmit, reproduce or otherwise make available this document or any information contained in it except with the written consent of the Issuer.

All subscriptions received with respect to this Offering are subject to rejection or acceptance in full or in part by the Issuer. The Issuer is not obligated to accept any subscription. Subscriptions which are rejected will be returned without interest or deduction. Insiders of the Issuer and their associates may purchase securities under the Offering. This Offering Memorandum contains information as at June 18, 2018, unless otherwise specified.

This Offering Memorandum contains summaries of the proposed terms of this Offering and of certain documents related to this Offering. Reference should be made to the actual documents for complete information concerning the rights and obligations of the parties thereto, and all such summaries are qualified in their entirety accordingly. Copies of the documents referred to in this Offering Memorandum are available upon request made in writing to the Issuer.

Each purchaser must consult with their own advisors as to legal, tax, business, financial and related aspects of any purchase of Common Shares. A sale of Common Shares is subject to the provisions of the Subscription Agreement which accompanies this document.

Forward Looking Information

This Offering Memorandum includes forward-looking information and forward-looking statements (collectively, "forward-looking information") with respect to the Issuer. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or 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 Issuer's future outlook and anticipated events or results and may include statements regarding the Issuer'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 Offering Memorandum 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 Issuer 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 Issuer 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 Offering Memorandum. The foregoing factors are not intended to be exhaustive.

Although the Issuer 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 Issuer 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 Issuer has not independently verified any of this data from independent third party sources.

Any forward-looking statements contained in this Offering Memorandum 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.

Marketing Materials

Any "OM marketing materials" (as such term is defined in National Instrument 45-106- *Prospectus Exemptions*) related to each distribution under this Offering Memorandum and delivered or made reasonably available to a prospective purchaser before the termination of such distribution will be, and will be deemed to be, incorporated by reference into this Offering Memorandum, provided that any OM marketing materials to be incorporated by reference into this Offering Memorandum is not part of the Offering Memorandum to the extent that the contents of such OM marketing materials have been modified or superseded by a statement contained in an amended or amended and restated Offering Memorandum or OM marketing materials subsequently delivered or made reasonably available to a prospective purchaser prior to the execution of the subscription agreement by the purchaser.

Table of Contents

Glossary of Terms

The following is a glossary of certain terms used in this offering memorandum including the summary hereof. Terms and abbreviations used in the financial statements of the Company and in the appendices to this Offering Memorandum are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated.

Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

All dollar amounts herein are in Canadian dollars, unless otherwise stated.

"Accredited Investor" as defined in National Instrument 45-106 – *Prospectus Exemptions*;

"**Affiliate**" means a company that is affiliated with another company as described below.

A company is an "**Affiliate**" of another company if:

(a) one of them is the subsidiary of the other, or

(b) each of them is controlled by the same Person.

A company is a "**subsidiary**" of another company if it is controlled by the other company.

A company is "**controlled**" by a Person if:

(a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

(a) a company controlled by that Person, or

(b) an Affiliate of that Person or an Affiliate of any company controlled by that Person;

"**Arrangement**" means an arrangement under section 288 of the BCBCA on the terms and conditions set forth in the Arrangement Agreement and a plan of arrangement among Baetis Ventures Ltd. and the Company which will provide, among other things, for all outstanding Company Shares to be exchanged for Common Shares of Beatis on a one-for-one basis upon Completion of the Qualifying Transaction;

"**Arrangement Agreement**" means the arrangement agreement dated May 31, 2018 among Baetis and the Company which sets out the terms and conditions for the Proposed Qualifying Transaction;

"**Associate**" when used to indicate a relationship with a Person, means:

(a) an Issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling the Person to more than 10% of the voting rights attached to all outstanding voting securities of the Issuer;

(b) any partner of the Person;

(c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person serves as trustee or in a similar capacity; and

(d) in the case of a Person who is an individual

(i) that Person's spouse or child, or

(ii) any relative of that Person or of his spouse who has the same residence as that Person;

but

(e) where the Exchange determines that two Persons shall, or shall not, be deemed to be Associates with respect to a Member (as defined by the policies of the Exchange) firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D of the Exchange with respect to that Member firm, Member corporation or holding company;

"**Available Funds**" means the funds that will be available to the Company on Completion of the Qualifying Transaction, as set out in "Item 1: Use of Available Funds";

"**Baetis**" means Baetis Ventures Ltd., a CPC incorporated under the BCBCA;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), including the regulations promulgated thereunder, as amended;

"**Bridge Loan**" has the meaning ascribed thereto on page 24 of this Offering Memorandum;

"**Business Day**" means any day other than a Saturday, Sunday or a day on which banking institutions in Vancouver, British Columbia are authorized or obligated by law to close;

"**Company**" or "**RER**" means RE Royalties Ltd., a private company incorporated on March 20, 2015 under the laws of British Columbia, the company to be acquired by Baetis as its Significant Asset pursuant to a Qualifying Transaction;

"**Company Shareholders**" means holders of Company Shares;

"**Company Shares**" means the common shares in the capital of the Company, as presently constituted;

"Closing Date" means the day of closing of the Transaction;

"**Completion of the Qualifying Transaction**" means the date the Final Exchange Bulletin is issued by the Exchange;

"**Control Person**" means any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

"**Convertible Note**" has the meaning ascribed thereto on page 23;

"**Court**" means the Supreme Court of British Columbia;

"**CPC**" means a corporation:

(a) that has been incorporated or organized in a jurisdiction of Canada;

(b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and

(c) in regard to which the Completion of the Qualifying Transaction has not yet occurred;

"**Exchange**" means the TSX Venture Exchange Inc.;

"Facility Owner" means the owner, operator, or developer of a renewable energy electricity generation facility.

"**Final Exchange Bulletin**" means the Exchange Bulletin which is issued following closing of the Qualifying Transaction and the submission of all required documentation that evidences the final Exchange acceptance of the Qualifying Transaction;

"**GAAP**" means generally accepted accounting principles in Canada;

"**Insider**" as used in relation to an Issuer, means

a) a director or senior officer of the Issuer;

b) a director or senior officer of a company that is an Insider or subsidiary of the Issuer;

c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Issuer; or

d) the Issuer itself if it holds any of its own securities;

"**Letter Agreement**" means the letter agreement dated March 26, 2018, entered into between Baetis and the Company relating to the purchase of all of the issued and outstanding Company Shares, which has been superseded and replaced by the Arrangement Agreement;

''MW'' means megawatt, or 1,000 kW;

''MWh'' means the amount of energy equivalent to one MW delivered continuously for one hour;

"**Name Change**" means the change of name of Baetis to "**RE Royalties Ltd.**" upon closing of the Transaction, subject to Exchange and other regulatory acceptance;

"**Non Arm's Length Parties**" means: (a) in relation to a company: a promoter, officer, director, other Insider or Control Person of that company (including an Issuer) and any Associates or Affiliates of any such persons; and (b) in relation to an individual, any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person;

“**Non Arm’s Length Parties to the Qualifying Transaction**” means the Vendor(s) (as defined in the CPC Policy), any Company(ies) (as defined in the CPC Policy) and includes, in relation to Significant Assets or Company(ies), the Non Arm’s Length Parties of the Vendor(s), the Non Arm’s Length Parties of any Company(ies) and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties;

“**Non Arm’s Length Qualifying Transaction**” means a proposed Qualifying Transaction where the same party or parties or their respective Associates and Affiliates are Related Parties in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction;

“**Offering**” means the distribution of Common Shares pursuant to this Offering Memorandum;

“**Offering Memorandum**” means this offering memorandum of the Company dated June 18, 2018, together with the appendices attached hereto and including the summary hereof;

“**Participating Loan**” means a loan where the interest rate received consists of a fixed interest component and a fluctuating interest component. The fluctuating interest component represents the royalty portion whereby the Company receives a percentage of renewable energy production revenues. The participating loan will reflect an estimated average interest rate over the life of the loan where the interest received will fluctuate based on the underlying power production;

“**Person**” means any individual, firm, partnership, company, corporation or other body corporate, and the heirs, executors, administrators and other legal representatives of an individual;

“**Post-Consolidation Common Shares**” or “**New Common Shares**” means the common shares in the capital of Baetis following completion of the Consolidation;

“**PPA**” means a power or electricity purchase and sale agreement between an owner of a facility generating electricity and a third party acquirer of electricity;

“**Principals**” means:

(a) a Person who acted as a promoter of the Issuer within two years before the IPO prospectus or final Exchange bulletin confirming final acceptance of a transaction;

(b) a director or senior officer of the Issuer or any of its material operating subsidiaries at the time of the IPO prospectus or the final Exchange bulletin;

(c) a 20% holder – a Person who holds securities carrying more than 20% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s IPO or immediately after the final Exchange bulletin for non IPO transactions;

(d) a 10% holder – a person that:

   (i) holds securities carrying more than 10% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s IPO or immediately after the final Exchange bulletin for non IPO transactions; and

   (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Issuer or any of its material operating subsidiaries.

In calculating these percentages, include securities issued to the holder under outstanding convertible securities in both the holder’s securities and the total securities outstanding.

A company, more than 50% held by one or more Principals will be treated as a Principal. (In calculating this percentage, include the securities of an entity that may be issued to the Principals under outstanding convertible securities in both the Principals' securities of the entity and the total securities of the entity outstanding.) Any securities of the Issuer that this entity holds will be subject to escrow requirements.

A Principal's spouse and their relatives that live at the same address as the Principal are treated as Principals and any securities of the Issuer they hold are subject to escrow requirements;

"**Proposed Qualifying Transaction**" means the acquisition of all of the Company Shares by Baetis by means of a three-cornered amalgamation of Baetis, the Company and CPC Sub pursuant to the Arrangement Agreement, as described in the Filing Statement submitted to the Exchange for acceptance as Baetis' Qualifying Transaction;

"**Prospectus**" means a disclosure document required to be prepared in connection with a public offering of securities and which complies with the form and content requirements of a prospectus as described in applicable securities laws;

"**PV**" means photovoltaic, a method of converting solar energy into direct current electricity using semiconducting materials that exhibit the photovoltaic effect;

"**Qualifying Transaction**" means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another Person or by other means;

"**Registrar**" means the registrar of companies as appointed under the BCBCA;

"**Related Parties**" or individually, a "**Related Party**" means promoters, officers, directors and other Insiders of a company, and Associates or Affiliates thereof;

"**Related Party Transaction**" means, for Baetis, a transaction between Baetis and a Related Party at the time the transaction is agreed to, whether or not there are also other parties to the transaction, as a consequence of which, either through the transaction itself or together with connected transactions, Baetis directly or indirectly:

(a) purchases or acquires an asset from the Related Party for valuable consideration;

(b) purchases or acquires, as a joint actor with the Related Party, an asset from a third party if the proportion of the asset acquired by Baetis is less than the proportion of the consideration paid by Baetis;

(c) sells, transfers or disposes of an asset to the Related Party;

(d) sells, transfers or disposes of, as a joint actor with the Related party, an asset to a third party if the proportion of the consideration received by Baetis is less than the proportion of the asset sold, transferred or disposed of by Baetis;

(e) leases property to or from the Related Party;

(f) acquires the Related Party, or combines with the Related Party, through an amalgamation, arrangement or otherwise, whether alone or with joint actors;

(g) issues a security to the Related Party or subscribes for a security of the Related Party; or

(h) amends the terms of a security of Baetis if the security is beneficially owned, or is one over which control or direction is exercised, by the related party, or agrees to the amendment of the terms of a security of the Related Party if the security is beneficially owned by Baetis or is one over which Baetis exercises control or direction;

''**Royalty**'' or "**Royalties**'' means an ongoing economic interest in the production or future production of electricity from a project. Royalties are often expressed as a percentage based on the gross revenue value of the production generated by the operator, as specified by a contractual agreement. The Company's acquisition of royalties are calculated as a percentage of gross revenues generated by the project. In certain cases (e.g. for security registration purposes), the Company may structure a royalty transaction as a participating loan whereby the Company receives a percentage of revenues in addition to a fixed rate of interest and capital repayment;

"**Royalty Seller**" means a renewable energy generation facility owner, developer or owner of a pre-existing royalty;

"**Share Purchase Options**" means the stock options of the Company outstanding as of the date of this Offering memorandum;

"**Share Purchase Warrants**" means the common share purchase warrants of the Company outstanding as of the date of this Offering memorandum, each entitling the holder thereof to acquire one Company Share at the exercise price of $0.50 per share until July 10, 2020;

"**Significant Assets**" means one or more assets or businesses which, when purchased, optioned or otherwise acquired by a CPC, together with any other concurrent transactions, would result in the CPC meeting the initial listing requirements of the Exchange; and

"**Transaction**" means the transactions described in this Offering Memorandum, including the Proposed Qualifying Transaction, the Offering, the Consolidation and the Name Change.

Item 1: Use of Available Funds

1.1 Sources and Uses of Funds

		Assuming Maximum $10 million Offering
A.	Amount to be raised by this offering	$ 10,000,000
B.	Selling commissions and fees	600,000
C.	Estimated offering costs (e.g. legal, accounting, audit)	100,000
D.	Net Proceeds: D = A - (B+C)	9,300,000
E.	Additional sources of funding required	Nil
F.	Working capital deficiency	Nil
G.	Total: G = (D+E) - F	$ 9,300,000

1.2 Description of intended use of available funds listed in order of priority:

Repayment of Bridge Loan	$ 500,000
Royalty Acquisitions	8,500,000
Working Capital	300,000
Total: Equal to G in the Funds table above	$ 9,300,000

1.3 Reallocation

The Available Funds will be sufficient to meet the administrative costs of the Company for at least eighteen months.

We intend to spend the Available Funds as stated. We will re-allocate funds for sound business reasons.

The actual allocation of the net proceeds may vary depending on future developments of the Company and will be at the discretion of the Board and Management. Investors who are not prepared to afford the Company's Management the discretion in the application of these funds should not be holders of the Company's securities. Until the use of proceeds are deployed as outlined above, the Company intends to invest the net proceeds of the Offering in short-term, interest bearing deposits. The Management of the Company is responsible for executing the investment policies of the Company.

Item 2: Business of the Issuer

2.1 Structure

RE Royalties Ltd. (referred to as "**RER**", the **"Issuer"** or the "**Company**" in this Offering Memorandum) was incorporated on March 20, 2015 pursuant to the BCBCA.

The head office and registered office of RER is located at 15th Floor, 1040 West Georgia Street, Vancouver, British Columbia V6E 4H1.

The Company does not currently have any subsidiaries.

2.2 Our Business

RER is currently a privately held royalty company in the renewable energy sector.

RER 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. RER's business objectives are to acquire a portfolio of long-term, stable, and diversified royalty streams from renewable energy generation facilities and to provide shareholders with capital appreciation and a growing, sustainable, long-term cash distribution over time.

RER management has identified an underserviced segment in the renewable energy capital markets that lies between traditional debt and equity financing. For many small to medium-sized private and publicly-traded renewable energy companies ("**SMEs**"), a revenue-based royalty financing has many advantages with respect to cost and contractual terms.

Traditional royalty-based financing has been used extensively in the North American natural resource, consumer products, industrial manufacturing, industrial services, healthcare and food sectors. Management believes that based on numerous discussions with a number of SMEs, that there is significant demand for non-dilutive royalty based financing solutions.

RER's long-term objectives will be achieved by:

- Acquiring long-term gross revenue royalty streams on renewable energy projects that generate their revenue based on PPAs from credit worthy utilities and/or on strong merchant electricity markets with stable power pricing;

- Reinvesting royalty income, interest and capital repayment cash flows to acquire new royalties on an on-going basis to drive growth in RER's assets and returns;

- Using debt financing to acquire additional royalties in order to enhance financial returns for shareholders; and

- Maintaining a low operating cost structure.

2.3 Narrative Description of the Business

RER's business model is unique in the renewable energy industry and will provide several benefits for RER shareholders, relative to other renewable energy investments. Key aspects of RER's business model include:

Early Mover	There are currently not any comparable royalty financing companies in the renewable energy sector. Management has identified a wide range of potential Royalty Sellers and believes that the royalty financing value proposition offered by RER will generate numerous royalty acquisition opportunities in the near and long term. RER's early mover advantage will allow management to form relationships with growth oriented Royalty Sellers and access a pipeline of royalty acquisition opportunities to deliver on its growth objectives.
Diversification	Management plans on diversifying its royalty acquisitions across different types of technologies, jurisdictions and Facility Owners. This will limit the potential exposure of RER's portfolio to any single project disruption, technology risk, and/or changes to jurisdiction specific policies or incentives of Facility Owners.
Established Technologies	Management will limit technology risk by only acquiring royalties from generation facilities with established renewable energy technologies.
Low Volatility and Predictable Cash Flows	RER's royalty investments should generate cash flows that will be low in volatility and highly predictable. RER's royalty streams will be supported by revenue generated from long term PPAs from credit worthy counterparties, or from strong merchant electricity markets with stable power prices.
Security	RER intends to secure its royalty investment through claims on realty or registration against title, where applicable, or by using the underlying assets as collateral in order to secure a Royalty Seller's future royalty payment obligations.
Revenue Based	Royalties are calculated based on gross revenue generated by a renewable energy generation facility and are payable irrespective of the underlying profitability of the Royalty Seller.
No Additional Capital Outlay	RER's royalty interests do not require additional capital contribution or operating expenditures post-acquisition, even if the underlying facility requires additional capital to increase the facility's life, capacity or energy generation. Management believes that such refurbishment activities may create additional opportunities to increase its royalty investment in the underlying facility.
Leverage	The long term sustainable cash flows generated from the underlying royalty acquisitions should enable RER to access debt markets at competitive borrowing rates. At the appropriate time in the future, management intends on accessing debt in order to fund royalty acquisitions and enhance the return to shareholders.
Dividends	The long term sustainable cash flows generated from the underlying royalty acquisitions should enable RER to institute a sustainable cash dividend policy. At the appropriate time in the future, RER intends to pay an annual cash dividend to shareholders.

Advantages of a Royalty Business Model over Traditional Renewable Energy Companies

RER is a growth and yield-oriented company as RER plans to re-invest most of its free cash flows into new royalty investments while maintaining a sustainable cash dividend policy. RER intends on leveraging the returns from its royalty investments by accessing capital from the debt markets through the issuance of non-dilutive and lower cost green bonds or similar financing structures. Management believes that a royalty based business model will provide shareholders with significant advantages over comparable investments in either a renewable energy developer/operator, or a yield-co business model. These advantages include:

	Royalty Company	Developer	Operator
Dividends	Yes	No	Yes
Dividend Rate	8% to 12% (once model fully deployed)	Nil	4% to 6%
Payout Ratio	30% of free cash flow (FCF)	None	60% to 80% of FCF
Reinvestment	High New royalty streams	High But exposed to development risk	Low to Moderate In development projects
Operating costs	Low Corporate and transaction	High Project development costs	Moderate Manage operating assets
Acquisition / development capital	Low Smaller sized investments	High Construction capital	High Acquisition capital
Sustaining capital	None	Yes	Yes
Construction capital	None	Yes	Yes
Scalability and Growth	Highly Flexible Deals tailored to capital available	Moderate to High Uneven growth due to project timeline and capital availability	Low Uneven growth via acquisition
Technology diversification	High Broad based	Low 1 to 2 types	Moderate 2 to 3 types
Jurisdiction diversification	High Globally focused	Low 1 to 2 countries	Moderate 2 to 3 countries
Economic Interest	Top-line	Bottom-line	Bottom-line

Management believes that RER's business model provides a combination of growth and long-term yield that should be attractive to public market, private equity, institutional, pension or insurance investors.

Deal Structures

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

STRUCTURE	ATTRIBUTES
Monetize Pre-Existing Royalty or Establish a New Royalty	• RER provides funding to a Royalty Seller either (i) in exchange for the right to a pre-existing royalty on an operational project or (ii) in exchange for a new royalty on an operational or construction ready project. • The project is typically a long life asset with a long term PPA or operating in a strong merchant market with stable power prices. • Royalty is paid to RER from the revenue cash flows of the project. • Royalty payment is made over the life of the royalty agreement.
Royalty Based Loan	• RER provides a short-term interest bearing loan to a Royalty Seller to fund part of the Royalty Seller's project construction, acquisition, or reduction of debt. • A long-term royalty is established on the project to be acquired by the Royalty Seller, and/or other existing projects. • The royalty is paid to RER from the gross revenue cash flows of the project. • Royalty payment is made over the life of the royalty agreement. • The loan will generally be a senior secured or secured but sub-ordinated to non-recourse project debt. • The loan and interest is repaid from the project's cash flows or a refinancing event by the Royalty Seller.
Acquisition Facility	• RER provides a revolving secured credit facility to the Royalty Seller to acquire a portfolio of projects. • A long-term royalty is established on the project to be acquired by the Royalty Seller. • Royalty Seller arranges new financing and refinances the project(s). • The repaid credit facility may be redrawn to pursue additional acquisitions.

RER may structure some or all of its royalties as long-term Participating Loans in order to maximize RER's security interests in the Royalty Seller's projects and/or to utilize incentive programs that may be available to RER.

Markets Overview

Management of RER has identified a large and underserviced financing market for small to medium sized private and publicly traded renewable energy companies who own, operate or develop renewable energy projects. Many of these companies have economically viable projects with long-term PPAs in place that provide sustainable stable cash flows. However, due to their size, these companies have limited and/or expensive financing alternatives for the development of, or acquisition of, projects. Historically, these companies have had to rely on expensive and dilutive equity financing, loans from their shareholders, or proceeds from the full or partial sale of their development or operational assets to fund their business objectives.

The royalty financing solutions provided by RER allow these companies to access capital to assist them in developing their projects until they reach the point where traditional debt and equity becomes available to them on more attractive terms.

RER's royalty structures provide non-dilutive financing solutions that are aligned with the interests of renewable energy project owners, operators or developers as follows:

(a) provides funding that may not be readily available in debt or equity markets;

(b) is non-dilutive to the equity shareholders of the target companies, as royalties are tied to individual renewable energy projects;

(c) allows the companies to raise capital without having to sell down an ownership interest in their existing projects;

(d) provides funding at a reasonable cost and term;

(e) requires less onerous financial covenants than other debt sources;

(f) allows the target companies the financial flexibility to issue equity or debt in the future when commercial terms are more favorable to them; and

(g) does not require the target companies to give up control of their projects.

Proven Business Model

While royalty financing is new to the renewable energy industry, royalty financing and sale of revenue streams have been a major alternative sources of funding in a number of industries such as:

(a) health-care, industrial and commercial businesses (e.g. Alaris Royalties and Diversified Royalties); restaurants (e.g. Boston Pizza Royalties and Keg Royalties);

(b) mining (e.g. Franco-Nevada, Wheaton Precious Metals, Royal Gold);

(c) oil and gas (e.g. Prairie Sky); and

(d) agriculture (e.g. Input Capital).

The success of this alternative financing solution has been demonstrated by the growth and performance of companies in the royalty financing sector. The stock price performance of these companies has typically outperformed all relevant equity and underlying commodity price indices. Companies receiving the royalty financing have greatly benefited by receiving upfront cash from the sale of royalties and revenue streams without immediate dilution of their share capital, as this alternative source of financing is more accretive to net asset value per common share of an investee. Unlike debt financing, royalty financing does not require significant financial covenants.

RER has identified that the recent emergence and rapid growth of the renewable sector has created opportunity for royalty financing in this sector. RER believes that, as an early mover in this market with substantial growth potential, RER faces minimal competition given that there are currently not any competitors with a similar business model in the pure-play renewable energy space.

The renewable energy business is generally characterized by long-term, contracted cash flows from creditworthy counterparties (mostly utility corporations) and high gross margins due to low operating costs. As well, the revenues of most renewable energy projects have very low volatility and the underlying PPAs may include inflation-based escalation provisions. Revenues of renewable energy generation facilities with long term PPAs are non-cyclical and have relatively greater level of certainty; therefore, RER believes that royalty financing is well suited for this sector.

The following table outlines the benefits of the royalty model for Royalty Sellers:

Partner	Challenge	Royalty Solution
Small Publicly Traded Developer or Operator	• Requires development, acquisition or refinancing capital • Unable to raise equity capital due to illiquid shares and/or insufficient demand in public markets • Debt financing too expensive • Equity financing too dilutive	• Royalty financing at asset level • Provides non-dilutive financing at a reasonable cost • Able to raise funding from existing operational assets without selling • Able to raise funding from to be acquired assets
Privately Held Developer or Operator	• Requires development, acquisition or refinancing capital • No access to public markets limits the pool of available investors, which increases the cost of financing to the developer/operator • Debt financing too expensive • Equity financing too dilutive	• Able to raise funding from existing operational assets without selling • Able to raise funding from to be acquired assets • Command a higher premium on eventual sale of project equity once asset is built • Non-dilutive as the royalty financing is at the asset level
Mid-size Publicly Traded Developer or Operator	• Requires development, acquisition or refinancing capital • Debt financing too expensive • Equity financing too dilutive due to downturn in share price	• Able to leverage existing operational assets without the need to sell projects • Non-dilutive as royalty financing is at the asset level • Reasonable cost of capital • Able to raise funding from to be acquired assets
Project Finance Provider	• Clients unable to raise equity portion of financing • Funding committed and not deployed (i.e. lower returns) • Delays in construction increase project costs	• Provide part of an "all-in complete" financing solution • Debt providers are able to deploy capital faster • Royalties don't encumber debt provider's rights
Community Royalty Sellers	• Minority equity stake financed by an amortized loan structure • Mismatch in duration of loan term and power purchase contract results in little cash flow in early years.	• Royalty financing allows earlier access to project cash flows and smoothing over the life of the project
Project Acquirer	• Requires capital or debt to acquire a partial or full project ownership • Financing options limited, too expensive and/or dilutive	• Royalty financing at asset level on existing or to be acquired project. • Provide non-dilutive financing at a reasonable cost

Industry Overview

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

The past year set yet another record for the global renewable energy market with 157GW of capacity commissioned in 2017, a 10% increase over the previous year and well over double the net fossil fuel generating capacity added in the same time period. The most rapid growth and the largest increase in renewable capacity was in solar generation, accounting for over 60% of renewable capacity added.

Renewable energy generation represented approximately 61% of net additions to global power capacity in the last year, with significant growth in all geographic regions, especially China. Wind, solar PV, and hydro power dominated the market, with renewables supplying an all-time high of 25% of global electricity consumed, according to the International Energy Agency ("**IEA**").

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

(a) energy security;

(b) pollution impact on human health;

(c) volatility in fossil fuel pricing;

(d) advancements in clean technology driving renewable energy efficiency and reduction in cost; and

(e) government incentive and support programs for renewable energy and technologies.

According to forecast by the IEA, by 2030, global renewable power generation is expected to account for 50% of global generation capacity and 74% (US$584 billion) of new power investment.

Investment Growth in the Renewable Energy Sector

According to the Frankfurt School of Finance and Management, UN Environment Programme, and Bloomberg New Energy Finance, almost US$280 billion was invested globally in 2017 in renewable energy generation capacity which pushed the cumulative investment since 2010 to US$2.2 trillion. This investment was an increase of 2% over 2016 and nearly 60% of the investment was made by China (US$126.6 billion) and the United States (US$40.5 billion). Over two-thirds of China's investment was due to a large growth in the solar energy sector in China, where solar energy capacity in 2017 increased more than the capacity of the entire world market in 2014. Costs continued to fall for solar energy, in particular. The benchmark levelized cost of electricity for a utility-scale photovoltaic project dropped 15% from the previous year and 72% since 2009, in part due to a fall in capital costs and improvements in efficiency. Recent open competitive tenders for renewable electricity in both Mexico and Alberta saw contracts awarded at costs below $40 per megawatt hour, a cost that is significantly less that the cost of fossil fuel alternatives.

Forms of Renewable Energy

There are a number forms of renewable energy. The forms on which RER will initially focus are briefly described below:

- **Hydroelectric:** Hydroelectric power is generated by harnessing the force created as water falls. The kinetic energy in the moving water is ultimately converted into electric energy. Conventional hydroelectric generation facilities rely on the potential energy of dammed water to drive a water turbine and generator. Run-of-river hydroelectric generation facilities on the other hand do not require the flooding of large areas of land. The water flows through an intake pipe or tunnel (known as the penstock) to a turbine and spins the turbine and the hydraulic energy is then converted into mechanical energy which is then converted into electricity by the generator. The electricity is then sent through a transformer where its characteristics are adjusted so that it can be sent along the transmission system. The water, after going through the turbine, exits the powerhouse through the draft tube and the tailrace where it rejoins the main stream of the river. Hydroelectric power is currently the largest source of renewable power resource globally. In 2017, according to the International Renewable Energy Agency (IRENA), electricity generated by hydroelectric power accounts for 54% of global renewable electricity generation or approximately 1,152GW of capacity.

- **Wind:** Energy is produced from the wind power exerted on the blades of a wind turbine which are attached to a central shaft to rotate a generator. Wind turbines are equipped with a control system which optimizes electrical production and adjusts to varying wind speed and direction. Electricity generated by wind power is the second largest source of renewable electricity generation, currently contributing 24% of global electricity generation or 514GW of capacity. Electricity generated from wind is becoming an increasingly important source of power, especially in North America.

- **Solar PV:** Solar PV power generating facilities consist of an array of solar panels. These solar panels are made up of smaller solar cells, which convert electromagnetic radiation from the sun into electricity by means of semiconductors. The semiconductors use photons of light to knock electrons into a higher state of energy to create electricity. Solar PV is the fastest growing (32% growth in 2017) source of renewable electricity generation. Electricity produced by Solar PV power generation contributed 18% of global renewable electricity generation in 2017, or 386GW of capacity.

- **Biomass:** Biomass power is carbon neutral electricity generated from renewable organic waste that would otherwise be dumped in landfills, openly burned, or left as fodder for forest fires. In biomass power plants, wood waste or other waste are burned to produce steam that runs a turbine to make electricity, or that provides heat to industries and homes. New technologies, including pollution controls and combustion engineering, have advanced to the point that emissions from burning biomass in industrial facilities are generally less than emissions produced when using fossil fuels (coal, natural gas, oil). Electricity produced from biomass power accounted for an estimated 4% of global electricity generation in 2017, or 90GW of capacity.

- **Geothermal:** Geothermal energy is derived from the heat stored in the earth, mainly from energy left over from the original accretion of the planet and augmented by heat from radioactive decay in its core that seeps out on regular basis. This heat is used to produce steam that runs a turbine to make electricity. Electricity produced by geothermal power generation contributed less than 1% of global renewable electricity generation in 2017, or 13GW of capacity.

Advantages of Renewable Energy

Improved Public Health and Environmental Quality

Generating electricity from renewable energy rather than fossil fuels offers significant public health benefits. The air and water pollution emitted by coal and natural gas plants is linked to health related issues. Wind, solar, and hydroelectric systems generate electricity without associated air pollution emissions. While geothermal and biomass energy systems emit some air pollutants, total air emissions are generally much lower than those of coal and natural gas-fired power plants. In addition, wind and solar energy require very little water to operate and thus do not pollute water resources or strain supply by competing with agriculture, drinking water systems, or other important water needs. In contrast, fossil fuels can have a significant impact on water resources. For example, both coal mining and natural gas drilling can pollute sources of drinking water. Natural gas extraction by hydraulic fracturing (fracking) requires large amounts of water and all thermal power plants, including those powered by coal, gas, and oil, withdraw and consume water for cooling. Biomass and geothermal power plants, like coal and natural gas-fired power plants, require water for cooling. In addition, hydroelectric power plants may impact river ecosystems both upstream and downstream from the dam.

Low Operating Costs

Renewable energy generation does not have any fuel costs, other than water rights costs in some jurisdictions, and most renewable facilities can be operated and monitored remotely. As a result, operating expenses for renewable energy projects are low when compared to many other traditional methods of power generation, thus reducing the volatility of their cost structures. As well, due to significant investment in research and development that is expected to increase efficiency and reduce cost, the renewable energy sector has greater certainty in terms of future outlook of its cost structure. In contrast, significant uncertainty remains on both the demand and supply sides of the fossil fuel market and price volatility is likely to persist.

Reliability and Long-life

Modern renewable energy production technology are reliable and continue to improve with each generation of equipment manufactured. The equipment involved in producing most renewable energy has relatively fewer moving parts than a fossil fuel plant, which results in a system with a long life and low maintenance requirements. For instance, unplanned outage rates for hydroelectric units are among the lowest in the electricity generation industry. A typical hydroelectric facility can operate for approximately 40 to 50 years, and can have significant asset life extension through increased maintenance and equipment replacement.

A Vast and Inexhaustible Energy Supply

Strong winds, sunny skies, plant residues, heat from the earth, and fast-moving water can each provide a vast and constantly replenished energy resource supply. These diverse sources of renewable energy have the potential to provide all the electricity the world needs many times over. The National Renewable Energy Laboratory found that together, renewable energy sources have the technical potential to supply 482,247 billion kilowatt-hours of electricity annually just for the United States along, which is 118 times the amount of electricity the nation currently consumes.

Falling Costs and Stable Prices

The costs of renewable energy technologies continue to decline, and are projected to continue to decline. For example, solar energy generation costs have dropped 72% since 2009, and 15% from 2016. The cost of generating electricity from offshore wind sources has dropped 44% since 2012 and more than 80% since 1980. Management of RER believes the cost of renewable energy will decline even further as markets mature and companies increasingly take advantage of economies of scale. While renewable energy facilities require upfront investments to build, once built such facilities operate at very low cost and, for most technologies, the fuel is free. As a result, renewable energy electricity prices have been relatively stable over time. In contrast, fossil fuel prices can vary dramatically and are prone to substantial price swings. For example, there was a rapid increase in coal prices due to rising global demand before 2008, then a rapid fall after 2008 when global demands declined. Likewise, natural gas prices have fluctuated greatly since 2000.

Renewable Energy Royalty Acquisitions Completed

a) Aeolis Wind Royalty Transaction

In March 2016, RER entered into a secured non-revolving term loan with Aeolis Wind Power Corporation ("**Aeolis**"), whereby RER loaned Aeolis $1,239,000 (the "**Aeolis Loan**") subject to fixed payments of $100,000 per annum, to be increased annually by an amount equal to 50% of the British Columbia Consumers Price Index ("**Aeolis Royalty**"). The term of the Aeolis Loan expires on July 31, 2035. RER's first Aeolis Royalty payment was received from Aeolis in July 2016 and the Aeolis Loan continues to perform as expected.

Aeolis is the owner of a 0.752% of gross revenue royalty interest in the Bear Mountain Wind Limited Partnership ("**BMWLP**"). BMWLP is an indirect wholly owned subsidiary of AltaGas Ltd. and owns the 102 MW Bear Mountain Wind Park near Dawson Creek, British Columbia, Canada. The Aeolis Royalty payments to RER under the Aeolis Loan is paid from Aeolis' gross revenue royalty interest received from BMWLP. Aeolis has also assigned its full royalty interest to RER as security for the Aeolis Loan and BMWLP has executed an irrevocable direction to pay the royalty into an escrow account that RER will control in the event of default.

The Bear Mountain Wind Park is British Columbia's first fully-operational wind park and was commissioned in October 2009. The wind park is fully connected to the BC power grid and the electricity generated by the project is sold to BC Hydro under a 25-year electricity purchase agreement. Bear Mountain Wind Park is situated on 25 hectares of land and features a single row of 34 3-MW Enercon E-82 wind turbine generators. Each turbine has a hub height of 78-metres and the turbines are spaced 160 meters apart along the ridge of Bear Mountain, located outside the city of Dawson Creek. The site is still used for cattle grazing and by the public for hiking, snowmobiling, cross country skiing and other recreational activities.

b) <u>Transeastern Power Trust Royalty Transaction</u>

In January 2017, RER completed a transaction with Transeastern Power Trust ("**Transeastern**") – that includes a three-year, non-revolving secured loan (the "**Transeastern Loan**") and six (6) separate twenty-year gross revenue royalties over the following projects: (i) the Rott (1.7MW), Zagra (1.4MW) and Suha (2.0MW) operational Hydro Projects; (ii) the Power Live (9.6MW) and Corabia (7.0MW) operational Solar PV Projects; and (iii) the Baia (17MW) operational Wind Project (collectively, the "**Transeastern Royalties**"). Transeastern is a publicly listed trust and an independent power producer that owns and operates facilities that produce electricity from renewable energy sources. In December 2017, Transeastern changed its name to Blockchain Power Trust.

The Transeastern Loan is a three year, $3.8 million loan, with semi-annual interest payments at 5% per annum and a full principal repayment at maturity. The Transeastern Loan may be extended for a fourth year at Transeastern's option, and in this event, the interest rate increases to 7% per annum for the fourth year. Both interest and principal will be paid in Canadian dollars.

The Transeastern Royalties are annual royalties of 1.14% of the gross revenue earned by Transeastern on its portfolio of renewable energy projects. The Transeastern Royalties are payable to RER for twenty years, including the years that the Loan is outstanding. The Transeastern Royalties will be paid in Canadian dollars at the prevailing Euro exchange rate at the time payment is due. The gross revenue for the purpose of the Transeastern Royalties are equal to 1.14% of the sum of all revenues in the fiscal year recognized by Transeastern with respect to the applicable projects, calculated in a consistent basis and in accordance with IFRS.

Both the Transeastern Loan and the Transeastern Royalty continue to perform as expected.

c) <u>Alpin Sun Royalty Transaction</u>

In February 2018, RER, through a U.S. special purpose entity ("**RER US**"), entered into an equity purchase transaction with Alpin Sun GmbH ("**Alpin Sun**"), whereby RER US acquired a 50% interest in a portfolio of four separate advanced stage development solar PV projects in Texas, totalling 332 MW (the "**Texas Projects**").

The Texas Projects are significantly advanced in their development and are expected to reach a Notice to Proceed ("**NTP**") stage in approximately 12-24 months. Development milestones achieved include site control; permitting; establishment of a queue position in the grid connection process. The objective of RER US is to develop the Texas Projects to NTP, a stage that would allow the RER US and Alpin Sun to unlock the highest value on the development value accretion curve for the Texas Projects. At NTP, the RER US and Alpin Sun can then decide on an individual project basis to either sell their investment or to commence construction and hold a long-term ownership position.

The total investment commitment for the 50% equity investment in the Texas Projects is for US$5 million (the "**Texas Investment**"). RER will contribute US$1 million ("**RER's Investment**") for a 20% interest in RER US with the remaining US$4 million to be contributed by a consortium of private investors. The Texas Investment is structured as a U.S. limited liability company which holds the 50% interest in the Texas Projects and RER is the manager of RER US. The Texas Investment consists of the following:

- the purchase of a 50% interest in the Texas Projects (US$2.8 million);
- a commitment to contribute 50% of future development costs for the Texas Projects based on an agreed budget (US$1.1 million);

- the placement of refundable deposits with the grid operators (US$0.6 million); and
- a contingency payment based on certain milestone achievements (US$0.5 million).

In addition to owning 20% in RER US, RER will also receive 50% of a 2% Gross Revenue Royalty (the "**Texas Royalty**") payable to RER US for a period of twenty years, on all revenues generated by the Texas Projects. Revenue is defined to include electricity sales, renewable credits, insurance proceeds and liquated damages/warranty claims, if any.

The four Texas Projects are as follows:

- G.S.E. Four LLC owns the 100MW GSE 4 project located in Castro County, Texas and may connect to the Southwest Power Pool ("**SPP**") grid;
- G.S.E. Five LLC owns the 52MW GSE 5 project also located in Castro County, Texas and may connect to the SPP grid;
- G.S.E. Eleven LLC owns the 150MW GSE 11 project located in Van Zandt County, Texas and may connect to the Electricity Reliability Council of Texas ("**ERCOT**") grid; and
- Solemio One LLC owns the 30MW Solemio 1 project located in Hopkins County, Texas and may connect to the ERCOT grid.

Alpin Sun is a German-based renewable energy company focused on the development, construction and operation of solar PV power plants. Alpin Sun was founded in 2003 mainly as an installation sub-contractor for other larger Engineering, Procurement and Construction ("**EPC**") companies. In 2012, it expanded its operations to become a vertically integrated EPC company and managed the EPC activities for other developers. Since 2012, Alpin Sun has completed over 200MW of projects ranging in sizes from 1.5MW to 50MW in Italy, United Kingdom, Belgium, Romania, Germany and Chile.

Financings Completed

1) Equity

RER has completed the following placements of Company Shares:

Date of Offering	Number of shares Issued	Price per share	Gross Proceeds
March 2016	5,500,000	$0.01	$55,000
March 2016 – April 2016	3,842,670	$0.50	$1,921,335
December 2016 – January 2017	2,567,500	$0.80	$2,054,000
August 2017	56,250	$0.80	$45,000
February 2018 (1)	1,875,000	$0.80	$1,500,000

(1) Issued on conversion of debt. See further discussion below.

2) Convertible Note

In July 2017, RER issued a $1.5 million unsecured convertible note (the "**Convertible Note**") to an arm's length party. The Convertible Note bears interest at 7% per annum, and has a term of 12 months. The Convertible Note is convertible into Company Shares at a price of $0.80 per share, at the earlier of (i) RER being listed on a publicly traded Canadian stock exchange or (ii) 12 months.

3) Debt

In January 2017, RER borrowed an aggregate amount of $2.0 million (together referred to as the "**Bridge Loan**") from two arm's length private parties (the "**Lenders**"). The Bridge Loan is secured by a general security agreement and pledge of RER's assets, has a term of 6 months and bears interest at 10% per annum. In July 2017, the Bridge Loan was further extended by an additional 6 months and bears interest at 12% per annum.

RER issued to the Lenders an aggregate of 2,000,000 Share Purchase Warrants as consideration for the Bridge Loan. Each Share Purchase Warrant is exercisable for one Company Share at a price of $0.50 per share for a two year term.

In February 2018, $1.5 million of the Bridge Loan was converted to 1,875,000 Company Shares at $0.80 per share. The remaining $500,000 was further extended by an additional 6 months and bears interest at 12% per annum.

Proposed Reverse Takeover Transaction

The Company has entered into an arrangement agreement with Baetis Ventures Ltd. (the "**CPC**") (symbol: BATS.P), a capital pool company and 1165177 BC Ltd. ("**CPC Sub**"), pursuant to which the CPC will acquire all of the issued and outstanding shares of the Company by way of a three-cornered amalgamation pursuant to a plan of arrangement. The plan of arrangement will constitute the CPC's Qualifying Transaction. The proposed Qualifying Transaction was announced in a press release of the CPC dated April 2, 2018.

Pursuant to the Arrangement Agreement, the Company and CPC Sub will amalgamate, the Company Shares will be disposed of and cancelled in exchange for New Common Shares, and the CPC Sub Shares will be disposed of and cancelled, and in exchange therefor the amalgamated company will issue one common share in respect of every cancelled CPC Sub Share. In addition, the amalgamated company shall issue one common share to the Corporation in consideration for the issuance of each New Common Share issued by the CPC. The acquisition of all of the issued and outstanding Company Shares will serve as the CPC's Qualifying Transaction. Although the Proposed Qualifying Transaction will result in the Company becoming a wholly-owned subsidiary of the CPC, the Proposed Qualifying Transaction will constitute a reverse takeover of the CPC inasmuch as the former Company Shareholders will own a substantial majority of the CPC Shares and all members of the board of directors of the resulting issuer will be designees of the Company. For further information, please see the Company's Filing Statement.

As a condition of closing the Transaction, concurrently with, or immediately prior to the closing of the Transaction, the CPC will undertake a consolidation of the CPC's Common Shares on the basis of three (3) CPC Common Shares for one (1) Post-Consolidation CPC Common Share (the "**Consolidation**"). Upon Completion of the Qualifying Transaction, the former Company Shareholders will own the majority of the Resulting Issuer Shares. Accordingly, the Proposed Qualifying Transaction will constitute a "reverse takeover" for accounting purposes.

The Completion of the Qualifying Transaction contemplated by the Arrangement Agreement is subject to certain conditions, including: (a) obtaining all necessary regulatory approvals, including the approval of the Exchange, including, without limitation, the Exchange being satisfied that after the Completion of the Qualifying Transaction the Corporation will satisfy the Exchange's initial listing requirements for a Tier 1 or Tier 2 issuer as prescribed by Policy 2.1 of the Exchange; (b) the approval by the Company Shareholders, holders of Company Share Purchase Options and Company Share Purchase Warrants, each voting as a class, and the Court of the Arrangement; (c) resignation of the current directors of the Corporation and the appointment of directors in accordance with the Arrangement Agreement; (d) completion of the Offering and other customary conditions.

2.4 Long Term Objectives and Financial Forecast

The Company's business objectives are to acquire a portfolio of long-term, stable, and diversified royalty streams from renewable energy generation facilities and to provide shareholders with capital appreciation and a growing, sustainable, long-term cash distribution over time. RER's long-term objectives will be achieved by:

- Acquiring long-term renewable energy royalty streams backed by power purchase agreements from credit worthy utilities or facilities that operate in strong merchant markets with stable power pricing;

- Reinvesting royalty income, interest and capital repayment cash flows to acquire new royalties on an on-going basis to drive growth;

- Maintaining a low operating cost structure (relative to other renewable energy companies); and

- Using debt financing to acquire additional royalties in order to enhance financial returns for shareholders.

Management of the Company screens and acquires royalties based on three major principles:

1. <u>Capital Protection:</u> Royalty Seller must be able to provide sufficient collateral to guarantee and protect RER's royalty investments. Each transaction must be structured to maximize security and safeguard the investment. Projects must be able to clearly demonstrate long-term operational performance, profitability and liquidation value, in the event RER has to step-in to either operate or sell the projects.

2. <u>Immediacy of Cash Flows:</u> Projects must have a very clear path to cash-flows and generate sufficient margins to be able to service the long term royalty payments.

3. <u>Risk-Adjusted Returns:</u> Each royalty transaction must be able to generate internal rates of returns above RER's long-term financial targets given the different types and varying levels of risk on each deal.

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

a) <u>Senior-secured:</u> RER will seek to ensure that its investments are ranked in priority to other debts. In the event of a default by a Royalty Seller, this should ensure RER maintains the ability to control the default process and also ensuring priority payment on any potential sale of the assets.

b) <u>Over-collateralization:</u> RER will seek to collateralize its investment against a value that is greater than its investment. RER conducts a valuation analysis of each Royalty Seller's assets through a discounted cash flow from its operational assets, comparable valuations, or cash flow multiples. This should ensure RER will be able to recover its original investment and targeted returns in the event of a default by its Royalty Seller.

c) <u>Cross-collateralization:</u> RER will seek to cross collateralize its investment against a portfolio of assets. This should provide additional protection in the event one asset triggers a potential default, as RER should be able to monetize the Royalty Seller's other assets which were not subject to the default.

d) <u>Asset level security:</u> RER will seek to register security claims where available against the actual assets such as cash, receivables, deposits, land, contracts and equipment that the Royalty Seller may own.

e) <u>Guarantees, Cross-guarantees and Share Pledges:</u> RER will seek to obtain guarantees from the Royalty Seller's parent company or affiliated companies for RER's royalty investments. RER will also ensure the Royalty Seller pledge the shares of their respective subsidiary companies as guarantees.

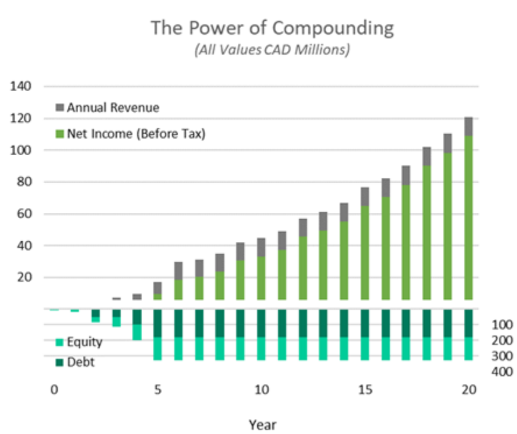
f) Step-in Rights: RER will seek to obtain step-in rights with Royalty Sellers to operate the assets in the event of a default. This should ensure that the assets will continue to operate in an optimal manner and that RER will be able to achieve a proper recoverable value on our investment.

The following long-term financial forecast below assumes several key assumptions:

- Equity financings:
  - $10m in 2018;
  - $20m in 2019;
  - $30m in 2020;
  - $40m in 2021; and
  - $50m in 2022.
- Debt financings (issuance of green bonds):
  - $50m in 2019;
  - $50m in 2021; and
  - $80m in 2022.
  - Interest rate of 5% on green bonds
- Issuance of dividends commencing in 2019 and increasing by $0.01/year onwards
- Average long-term pre-tax internal rate of return of 13% on royalty investments
- Average inflation rate of 2.1%
- 6% commission on financing
- 27% effective corporate tax rate
- 9% discount rate

Based on the assumptions above, the long-term financial forecast are as follows:

		2018	2019	2020	2021	2022
Revenues	(C$ 000's)	1,955	3,361	7,307	9,813	16,965
EBITDA	(C$ 000's)	951	1,829	5,293	7,753	14,856
Net Income (Pre-tax)	(C$ 000's)	951	1,829	2,793	5,253	9,856
Shares Outstanding	(MM's)	21.4	34.7	51.8	71.7	94
Pre-Tax EPS	(C$)	0.04	0.05	0.05	0.07	0.11
DPS	(C$)	0.00	0.01	0.02	0.03	0.04
Annual EPS & Div. Growth			41%	18%	40%	41%
Assets	(C$ 000's)	10,094	79,805	108,821	197,789	327,787
Liabilities	(C$ 000's)	0	50,000	50,000	100,000	180,000



Note: Neither the Company's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

2.5 Short Term Objectives and How We Intend to Achieve Them

Target Acquisitions

Management has identified a list of potential royalty acquisition opportunities from target companies. Management intends on using the net proceeds from the Offering to pursue these opportunities in the next 12 months, subject to the successful completion of due diligence to the Company's satisfaction and documentation of the intended transaction.

A summary of some of the identified targets are described below:

	Target 1	Target 2	Target 3	Target 4	Target 5	Target 6
Deal Size	$5-15m	$30m	$6m	$10m	$20-30m	$20-30m
Type	Solar portfolio	Solar	Hydro, Wind portfolio	Wind	Solar portfolio	Hydro portfolio
Project Status	Operational	In Construction	Operational	In Construction	Operational & In Construction	Operational
Location	Europe	North America	Europe	North America	Asia	North America
PPA * / Tariffs	Yes	Yes	Yes	Yes	Yes	Yes
Royalty Life	20 years	20 years	20 years	30 years	20 years	20 years
Reason for royalty sale	Acquisition funding	Construction financing	Acquisition funding	Development of asset pipeline	Need construction capital	Repayment of debt
Status	LOI signed, detailed due diligence complete	Negotiating LOI, detailed due diligence underway	LOI signed, detailed due diligence underway	Negotiating LOI, detailed due diligence underway	Due diligence underway	Due diligence underway

Using the following table, disclose how the Issuer intends to meet those objectives for the next 12 months.

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete
The Company intends on completing one or more of the identified target royalty acquisition opportunities in the table above. Each transaction is subject to successful completion of due diligence, documentation of the intended transaction and approval of our Board of Directors.	6 to 9 months	New Royalty Acquisitions: $8,500,000 Transaction costs: $300,000

2.6 Insufficient Funds

The proceeds of the Offering may not be sufficient to accomplish all of the Issuer's proposed objectives. Management anticipates that revenue received from sales and funds from additional financings will be sufficient for it to meet its objectives, however there is no assurance that such revenue will result or that additional financing will be available. The Issuer may have to curtail its operations if revenue does not increase as expected, or additional financing is not available.

2.7 Material Agreements

Since incorporation, the only material contracts entered into by the Company, or which are material to the Company, other than contracts entered into in the ordinary course of business, are as follows:

1. Arrangement Agreement dated May 31, 2018 among the CPC, CPC Sub and the Company which sets out the terms of the agreement are set out in Section 2.3;

2. Convertible Loan Agreement dated July 20, 2017 between Senior Enterprises Inc. and RE Royalties Ltd. which terms of the agreement are set out in Section 2.3;

3. Loan Agreement dated February 9th, 2018 between Monica Cousens and RE Royalties Ltd., which terms of the agreement are set out in Section 2.3; and

4. Stock Option Plan of the Company dated September 7, 2016.

Copies of these agreements will be available for inspection at the office of the Company located at 15th Floor – 1040 West Georgia Street, Vancouver, British Columbia V6E 4H1.

Item 3: Interests of Directors, Management, Promoters and Principal Holders

3.1 Compensation and Securities Held

The following table provides the specified information about our directors and officers and each person who, directly or indirectly, beneficially owns or controls, or who will own or control following the Maximum Offering, 10% or more of any class of voting securities of the Company.

Name and municipality of principal residence	Positions held / the date of obtaining that position	Compensation paid by issuer or related party in the most recently completed financial year and anticipated compensation for current financial year	Number, type and percentage of securities of the Company held after completion of Offering (1) (3)
Bernard Tan Richmond, BC	Chief Executive Officer and Director since March 2015	2017 – \$ 23,907 2018 – \$ 49,500	2,025,001 Common shares(2) 7.9%
Peter Leighton Vancouver, BC	Chief Operating Officer since September 2015	2017 – \$ 71,970 2018 – \$ 150,000	1,200,000 Common shares 4.7%
Marchand Snyman West Vancouver, BC	Chairman and Director since March 2015	2017 – None 2018 – \$ 22,500	700,001 Common shares(2) 2.7%
Stephen Cheeseman North Vancouver, BC	Director since February 2016	2017 – None 2018 – \$ 11,000	480,000 Common shares 1.9%
Rene Carrier West Vancouver, BC	Director since February 2016	2017 – None 2018 – \$ 11,000	400,000 Common shares(2) 1.6%
Gord Fretwell Vancouver, BC	Director since February 2016	2017 – None 2018 – \$ 8,500	100,000 Common shares 0.4%
Jill Leversage Vancouver, BC	Director since July 2017	2017 – None 2018 – \$ 11,000	Nil Common shares 0%
Luqman Khan North Vancouver, BC	Chief Financial Officer Since June 2018	2017 – None 2018 – \$ 25,000	200,000 Common Shares 0.8%
C.T.R Holdings Ltd. (4) West Vancouver, BC	Shareholder greater than 10%	None	3,875,000 Common Shares 15.1%

(1) The amount does not take into account any common shares that the officers, directors or shareholders may participate in the Offering.
(2) Certain of the shares are held by family members or companies controlled by directors and officers.
(3) Percentages assumes completion of maximum Offering, resulting in a post-Offering 25,716,420 Common Shares outstanding.
(4) C.T.R Holdings Ltd. is 100% owned by Mr. Tim Rodenbush and family trusts associated with Mr. Rodenbush.

3.2 Experience of Management and Directors

The following sets forth further particulars on those individuals who will be members of management, directors and key personnel of the Company, including the positions they will hold with the Company and their relevant educational background.

Bernard Tan, Chief Executive Officer and Director

Mr. Tan is the founder of RER and former Chief Financial Officer of Hunter Dickinson Inc., where he managed diverse teams in the strategic development and execution of new opportunities, and provided financial oversight and governance on Hunter Dickinson's affiliated companies. He was Chief Financial Officer of Curis Resources Ltd., a previously publicly listed company that traded on the Toronto Stock Exchange, from November 2010 to March 2012. He has over 15 years of experience in corporate finance in resource and technology and is a recipient of Young Mining Leader Award from Canadian Institute of Mining, Metallurgy & Petroleum. Mr. Tan is a CPA, CA and has an MBA (Finance) from McGill University and a BComm from the University of British Columbia.

Peter Leighton, Chief Operating Officer

Mr. Leighton is a co-founder of RER. Mr. Leighton is an experienced renewable energy executive with 20+ years of experience in mergers & acquisitions and project development in the energy sector. He was the President and Chief Operating Officer of Finavera Wind Energy Inc. from August 2008 to September 2015, where he delivered $750 million worth of wind energy projects from the embryonic stages of development through to the ready to build stage. Mr. Leighton was the Chief Operating Officer of Accenture's Business Services for Utilities from 2001 to 2008 and was a director of Clean Energy B.C. (from 2010 to 2016), and a director of Health Shared Services of British Columbia (from 2008 to 2018). Mr. Leighton has a BSc from Queen's University and an MBA from the University of British Columbia.

Marchand Snyman, Chairman and Director

Mr. Snyman is a co-founder of RER. Mr. Snyman has over 20 years of senior executive experience in global corporate finance, mergers & acquisitions, financing and divestiture activities. He also currently serves as a director and officer on a number of publicly traded companies. Mr. Snyman is currently a Director and the Chief Operating Officer of Hunter Dickinson Inc. Mr. Snyman is a Chartered Accountant (Australia and New Zealand) and a Chartered Accountant (South Africa).

Stephen Cheeseman, Independent Director

Mr. Cheeseman is the President of Chinook Power Corp., a private renewable energy company that identified and developed the 142MW Quality Wind Project. He is a current director of the Clean Energy Association of B.C. (CEABC). Mr. Cheeseman is a recipient of the 2016 Clean16 award for his dedication and contribution to sustainability and clean capitalism. In 2017, the CEABC honoured him with a Lifetime Achievement award for his advocacy work in the field of renewable energy.

Rene Carrier, Independent Director

Mr. Carrier has been the President of Euro-American Capital Corporation, a private investment company, since May 1991. He served as Vice-President of Pacific International Securities Inc. where he worked for ten years until 1991 and as Lead Director of International Royalty Corp. ("**IRC**") from 2003 to 2010. IRC was a global mineral royalty company engaged in the acquisition and creation of natural resource royalties which was acquired by Royal Gold Inc. in 2010. He also serves as an independent director of various other public companies involved in the mining industry.

Gord Fretwell, Independent Director

Mr. Fretwell is a former partner at a large Vancouver law firm. Mr. Fretwell is currently a partner for a boutique law firm in Vancouver practicing primarily in the areas of corporate and securities law. Mr. Fretwell was also a founding director of IRC from 2003 until its sale for $700 million in 2010.

Jill Leversage, Independent Director

Ms. Leversage is a senior investment banker with over 30 years of executive experience in investment banking and private equity. Ms. Leversage was the former Managing Director, Corporate & Investment Banking for TD Securities Inc., a global investment bank and Former Managing Director at Highland West Capital Ltd., a private equity and merchant bank. She currently serves as a director on various public and private company boards. Ms. Leversage is a Chartered Business Valuator and a Fellow of the Institute of Chartered Accountants of BC.

Luqman Khan, Chief Financial Officer

Mr. Khan is a Chartered Professional Accountant (CPA, CGA), with more than 20 years of professional experience in accountancy and business management. For the past decade, he has served in various controllership positions with publicly traded companies and is currently the CFO of a publicly listed resource company. Prior to his current roles, he was with Ernst & Young in their assurance practice.

3.3 Penalties, Sanctions and Bankruptcy

No current or proposed director, officer, control person or promoter or the Issuer has, within the 10 years prior to the date of this Offering Memorandum, been subject to any penalties or sanctions imposed by a court or securities regulatory authority. No issuer of which a current or proposed director, officer, control person or promoter of the Issuer was a director, senior officer or control person at the applicable time has been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion or management of such issuer.

3.4 Loans

There are no loans or debentures to or from any directors, management or promoters.

Item 4: Capital Structure

4.1 Share Capital

Description of security	Number authorized to be issued	Price per security	As at the date of this Offering Memorandum	After Offering
Common Shares	Unlimited	$0.01 to $0.80	13,841,420	25,716,420 (1)
Preferred Shares	Unlimited	None	None	None
Share Purchase Options	N/A	$0.80	1,180,000	1,180,000
Share Purchase Warrants	N/A	$0.50	2,000,000	2,000,000
Convertible Note	N/A	$0.80	$1,500,000 (2)	None

(1) Assumes the conversion of the Convertible Note and completion of the Maximum Offering.

(1) The Company has a Convertible Note that was issued to an arm's length party. The Convertible Note bears interest at 7% per annum, and has a term of 12 months. The Convertible Note is convertible into Common Shares at a price of $0.80 per Share, at the earlier of (i) RER being listed on a Canadian stock exchange or (ii) July 20, 2018.

4.2 Long Term Debt Securities

The Company currently does not have any long-term debt securities.

4.3 Prior Sales

In the 12 months prior to the date of this Filing Statement, the Company has issued the following securities:

Date of issuance	**Type of security issued**	**Number of securities issued**	**Price per security/exercise price**	**Total funds received**
August 24, 2017	Common Shares (i)	56,250	$ 0.80	$ 45,000
July 10, 2017	Warrants	2,000,000	$0.50	N/A
July 20, 2017	Convertible Note (ii)	1,875,000	$ 0.80	$ 1,500,000
October 30, 2017	Options(iii)	1,180,000	$0.80	N/A
February 13, 2018	Common Shares (iv)	1,875,000	$ 0.80	$ 1,500,000

(i) Common Shares issued in exchange for $45,000 of services
(ii) The Convertible Note is convertible into Company Shares at a price of $0.80 per share, at the earlier of (i) RER being listed on a publicly traded Canadian stock exchange or (ii) July 20, 2018.
(iii) Options were issued to Board, Management and Employees of the Company.
(iv) Company Shares were issued in settlement of $1,500,000 in debt at a price of $0.80 per share.

Item 5: Securities Offered

5.1 Terms of Securities

Common Shares

Each Common Share entitles the holder thereof to receive notice of any meetings of shareholders of the Company and to attend and cast one vote in person or by proxy per Common Share at all such meetings. Holders of Common Shares are entitled to receive on a pro-rata basis such dividends, if any, as and when declared by the Board at its discretion from funds legally available. Upon the liquidation, dissolution, or winding-up of the Company, all holders of these Common Shares are entitled to receive - on a pro-rata basis - the net assets of the Company after payment of debts and other liabilities subject to the rights, privileges, restrictions, and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro-rata basis with the holders of Company with respect to dividends or liquidation.

The Common Shares do not carry any pre-emptive, subscription, redemption, or conversion rights.

Currently, our Common Shares are not listed on any stock exchange. As at the date of this Offering Memorandum, there are a total of 13,841,420 Common Shares issued and outstanding.

5.2 Subscription Procedure

Subscribers that are subscribing under for Common Shares pursuant to the <u>Non-Brokered Offering</u> will complete the applicable non-brokered subscription agreement.

The Common Shares are offered for sale to qualified purchasers in the Provinces of Alberta, British Columbia, Ontario, Manitoba, Saskatchewan, Nova Scotia, New Brunswick, Newfoundland and Labrador, Prince Edward Island and the territories of Nunavut, Yukon and Northwest Territories and such other jurisdictions as the Issuer may decide, in reliance upon exemptions from the prospectus requirements of applicable securities legislation.

You will be provided with this Offering Memorandum and a subscription agreement (the "**Subscription Agreement**") by the Issuer. If you wish to purchase Common Shares under this Offering, you must complete and sign the Subscription Agreement as set out below.

All Subscribers must complete and sign the Subscription Agreement.

<u>Accredited Investors:</u>

If you are an accredited investor who is an individual (i.e. a natural person), please complete and sign the **Accredited Investor Questionnaire for Individuals** attached to the Subscription Agreement, and, if necessary, **Form 45-109F6 – Form for Individual Accredited Investors** attached to the Subscription Agreement**.** If you are a corporation, partnership or other entity, please complete the **Accredited Investor Certificate for Corporations, Partnerships and Other Entities** attached to the Subscription Agreement.

<u>Friends, Family and Business Associates:</u>

If you are relying on the "family, friends and business associates" exemption, complete and sign the **Family, Friends and Business Associates Certifications** attached to the Subscription Agreement. If you are an Ontario resident you must also complete **Form 45-106F2 – Ontario Risk Acknowledgement Form** attached to the Subscription Agreement. If you are a Saskatchewan resident you must also complete **Form 45-106F5 – Saskatchewan Risk Acknowledgement Form** attached to the Subscription Agreement.

<u>If you are NOT an Accredited Investor nor a Friend, Family or Business Associate see below and are subscribing pursuant to the Offering Memorandum exemption (not applicable to Québec purchasers)</u>:

<u>British Columbia and Newfoundland and Labrador Subscribers:</u>

Please complete and sign two copies of the **Form 45-106F4 – Risk Acknowledgement** attached to the Subscription Agreement.

<u>Alberta, New Brunswick, Nova Scotia, Ontario and Saskatchewan Subscribers:</u>

1. Please complete and sign the **Classification of Investors Under the Offering Memorandum Exemption** form attached to the Subscription Agreement, the **Investment Limits for Investors Under the Offering Memorandum Exemption** form attached to the Subscription Agreement, and complete and sign two copies of the **Form 45-106F4 – Risk Acknowledgement** attached to the Subscription Agreement.

2. If you are purchasing Common Shares having an aggregate subscription price of greater than $10,000 and less than $30,000, you must be an "eligible purchaser" as defined below.

3. If you are purchasing Common Shares having an aggregate subscription price of greater than $30,000 and less than $100,000, you must be an "eligible purchaser" as defined below <u>AND</u> have received advice from a portfolio manager, investment dealer or exempt market dealer that the Common Shares is a suitable investment for you.

<u>Manitoba, Northwest Territories, Nunavut, Prince Edward Island and Yukon Subscribers:</u>

1. Please complete and sign the **Classification of Investors Under the Offering Memorandum Exemption** form attached to the Subscription Agreement, the **Investment Limits for Investors Under the Offering Memorandum Exemption** form attached to the Subscription Agreement, and complete and sign two copies of the **Form 45-106F4 – Risk Acknowledgement** attached to the Subscription Agreement.

2. If you are purchasing Common Shares having an aggregate subscription price of greater than $10,000, you must be an "eligible purchaser" as defined below.

An "**eligible investor**" means

(a) a person whose

(i) net assets, alone or with a spouse, in the case of an individual, exceed $400 000,

(ii) net income before taxes exceeded $75 000 in each of the 2 most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or

(iii) net income before taxes, alone or with a spouse, in the case of an individual, exceeded $125 000 in each of the 2 most recent calendar years and who reasonably expects to exceed that income level in the current calendar year,

(b) a corporate entity/partnership/trust of which a majority of the voting securities are beneficially owned by eligible investors or a majority of the directors are eligible investors,

(c) an accredited investor,

(d) a person who is a family member, friends and business associates, or

(e) in Manitoba, Northwest Territories, Nunavut, Prince Edward Island and Yukon, a person that has obtained advice regarding the suitability of the investment and, if the person is resident in a jurisdiction of Canada, that advice has been obtained from an eligibility adviser;

<u>If you are subscribing directly with the Issuer:</u>

Please return the applicable completed forms, and such other documents as may be requested by the Issuer, together with a wire transfer, certified cheque or bank draft for the full subscription amount of the Common Shares you wish to purchase as instructed in the appropriate subscription agreement. The Issuer reserves the right to reject or allot subscriptions, in whole or in part, and to close subscriptions at any time without notice.

The Common Shares undertakes to hold all subscription funds in trust until the closing and will return subscription funds to you without interest or deduction if: (a) you give notice to the Issuer of cancellation of your subscription no later than midnight on the second business day after you sign the Subscription Agreement; or (b) if the subscription is not accepted.

At the Closing the Issuer will cause to be issued Common Shares against receipt of the subscription proceeds from each purchaser. The Common Shares subscribed for will be paid for and duly issued in the name of or as directed by each purchaser.

<u>If you are subscribing directly with the Agent (Frontfundr):</u>

A wire transfer, e-transfer, certified or cashier's cheque or digital payment via Frontfundr's Funding Portal in the amount of the aggregate purchase price of the Common Shares, to be held in escrow for a minimum of two business days following the execution of the Subscription Agreement by the Subscriber (the "**FrontFundr Escrow Account**").

Once executed and delivered by the Subscriber, a Subscription Agreement constitutes an offer to purchase our Common Shares.

Following execution of the Subscription Agreement by the Company, the Subscriber has no right to withdraw the amount of the purchase payment or any interest earned thereon, subject to the statutory two business day cooling-off period. Amounts will remain in FrontFundr Escrow Account pending satisfaction of the conditions set out below under Terms of Sale.

5.3 Terms and Condition of Sale

The Common Shares will be sold only to Subscribers who have submitted the documentation specified in Item 5.2 – Subscription Procedure, duly executed and delivered. Pursuant to the Subscription Agreement, each Subscriber shall have restrictions on transfer of the Common Shares. Once we have accepted your Subscription Agreement, it will remain in effect as long as the Common Shares purchased pursuant thereto remain outstanding. A Subscription Agreement terminates only upon:

(a) the purchase for cancellation of the Common Shares to which it relates, or
(b) the liquidation of the Company.

Upon transfer of all Common Shares of a particular class, the transferor is relieved of all restrictions and obligations under the Subscription Agreement which the transferor entered into upon the purchase of the Common Shares. Also, as a condition of the transfer, the transferee is required to abide by all of the provisions of the Subscription Agreement.

All cheques, wire transfers, and digital payments received into the FrontFundr Escrow Account from purchasers will be deposited pending satisfaction of the conditions described below and subject to the purchaser's right to cancel the purchase of Common Shares within two business days after the execution of the Subscription Agreement. If these conditions of sale are not satisfied, the payments made by a purchaser for Common Shares will be returned without any interest.

We have the right to reject any prospective purchaser of Common Shares for any reason whatsoever. If we decide to accept an offer to purchase the Common Shares, we will execute a copy of the Subscription Agreement remitted by the purchaser. If a request to purchase is accepted, Common Shares will be issued and the purchaser will receive a certificate evidencing ownership of the Common Shares. If we determine not to accept an offer to purchase the Common Shares, we will return the Subscription Agreement, without its signature thereon, together with all funds held in escrow without interest to the applicable prospective purchasers.

THIS OFFERING IS SUBJECT TO A MAXIMUM OF 10,000,000 COMMON SHARES AND IS MADE ON A CONTINUOUS BASIS. UNLESS TERMINATED EARLIER BY US, THIS OFFERING WILL TERMINATE ON THE DATE ON WHICH ALL OF THE COMMON SHARES OFFERED HEREBY HAVE BEEN SOLD.

5.4 Distribution

This Offering is being made to (and subscriptions will only be accepted from) persons resident in each of the provinces of Canada except for Quebec pursuant to the "offering memorandum", “accredited investor”, and other applicable exemptions from the prospectus requirements of NI 45-106 adopted by Canadian Securities Administrators. At our discretion, Share Subscriptions may also be accepted from Subscribers of other jurisdictions if the purchaser provides the full particulars of the exemption being relied on from the registration and prospectus requirements under applicable securities laws and evidence of the purchaser’s qualifications.

The foregoing exemptions relieve us from the provisions of applicable securities laws which otherwise would require us to file and obtain a receipt for a prospectus. Accordingly, prospective Subscribers for the Common Shares will not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by securities regulatory authorities. Each purchaser is urged to consult with his or her own legal adviser as to the details of the statutory exemption being relied upon and the consequences of purchasing securities pursuant to such exemption.

The Common Shares have not been and will not be registered under the *United States Securities Act of 1933*, as amended. Subject to certain exceptions, therefore, these securities may not be offered or sold in the U.S.

Item 6: Canadian Income Tax Consequences and RRSP Eligibility

6.1 Tax Advice

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you. Prospective purchasers should consult their own tax advisors for advice with respect to the income tax consequences associated with their acquisition, holding, and disposition of securities under this Offering Memorandum and with respect to their particular circumstances. Neither the Issuer nor its counsel makes any representations with respect to the income tax consequences to any prospective purchasers.

6.2 RRSP Eligibility

Not all securities are eligible for investment in a registered retirement savings plan ("**RRSP**"). You should consult your own professional advisers to obtain advice on the RRSP eligibility of these securities.

6.3 Material Income Tax Consequences

There are no unique or material tax consequences that apply to the purchase of these shares.

Item 7: Compensation Paid to Sellers and Finders

The Company has entered into a non-exclusive agency agreement dated as of May 10, 2018 (defined above as the "**Agency Agreement**") with Silver Maple Ventures Inc., doing business as FrontFundr (defined above as the "**Agent**'). We engaged the Agent to act as our non-exclusive sales, marketing, and administrative agent in connection with the offering of the common shares under this Offering Memorandum and to provide certain other related services to us. Under the Agency Agreement, the Agent is entitled to receive a commission equal to 6% of the aggregate gross proceeds from the sale of the Common Shares by the Agents in the Offering, payable by the Issuer to the Agents in the form of cash (the "**Cash Commission**"); and (ii) a commission equal to 7% of the aggregate gross proceeds from the sale of the Common Shares by the Agents in the Offering payable by the Issuer to the Agents in the form of broker warrants ("**Broker Warrants**" and collectively with the Cash Commission, the "**Commission**") whereby each Broker Warrant will carry the right to purchase one Common Share at an exercise price of $1.00 per Common Share and will expire on the earlier of the date which is 24 months after the Closing of the Offering.

Item 8: Risk Factors

An investment in the Company Shares involves a substantial degree of risk and is highly speculative due to the nature of the Company's business. As a result, investors should consider investing in the Company Shares only if they can afford to lose their entire investment. Investors should carefully consider the risks described below and the other information contained in this Offering memorandum before making a decision to buy the Company Shares. If any of the following risks or other risks not listed below occurs, the Company's business prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that case, investors could lose part or all of their investment in the Company Shares.

8.1 Risks Relating to the Offering

Broad Discretion over the Use of Net Proceeds from the Offering

While the Company intends to allocate the net proceeds received from the Offering as described herein under the heading, "Use of Proceeds", there may be events such as the unsuccessful due diligence on a proposed royalty acquisition transaction, the inability to complete a transaction to the Company's satisfaction or lack of possible royalty transactions materializing, which could cause the Company to re-allocate the use of proceeds from the Offering. The Company has broad discretion on how the use of proceeds are allocated and you may not agree with how the Company allocates or spends those proceeds.

Investors May Lose Their Entire Investment

An investment in the Company Shares is speculative and may result in the loss of an investor's entire investment. Only potential investors who are experienced in high-risk investments and who can afford to lose their entire investment should consider purchasing the Company Shares.

Financial Forecast Estimates

The Company's financial forecast estimates are subject to certain assumptions such as the expected rate of return on royalty acquisitions, the duration of the royalties, the availability of Royalty Sellers, long term interest rates, foreign exchange and availability of capital. There can be no assurances that the Company will be able to achieve its forecasts should these assumptions change.

Success of the Reverse Takeover Transaction

As described in Section 2.3, the Company intends to complete a proposed transaction with Baetis Ventures Ltd., a CPC listed on the TSX Venture Exchange, whereby the Company will amalgamate with Baetis, and the Company will become the listed entity on the TSX Venture Exchange. While the Company intends to complete this proposed transaction, there can be no certainty that the transaction will be completed. If the transaction is not completed, there may not be a market for the Company Shares and investors are cautioned to the limited or no liquidity.

8.2 Risks Relating to the Company's Business and Operating Environment

Dependency on Renewable Energy Generation Facility Owners

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

Dependency on Renewable Energy Generation Facility Developers

The development of the power generation facilities in which the Company holds royalty interests will be dependent upon the Facility Owner's ability to complete the development and place the facility into operation at the name plate capacity, and the Company will have no input as to how these facilities will be developed. The failed development or delayed development, could have a material adverse effect on the Company's profitability, results of operation and financial condition.

The Company will have limited access to data and disclosure regarding the operation of power generation facilities, which will affect its ability to assess the performance of the operators.

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

Early Termination of Royalty Agreements

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

RER will depend on Facility Owners for the calculation of royalty amounts

The amounts deliverable under the royalty agreements are calculated by the Facility Owners of the power generation facilities based on electricity produced and sold at the revenue meter. Each Facility Owner's calculation of royalty amounts is subject to and dependent upon the adequacy and accuracy of its production and accounting functions, and errors may occur from time to time in the calculations made by a Facility Owner. As a result, the Company's ability to detect errors in royalty amounts may be limited. Some of the royalty agreements provide the right to audit the operational calculations and production data for the associated royalty amounts; however, such audits may not occur until many months following recognition of the royalty revenue, and may require the Company to adjust revenue in later periods.

Delay or Failure of Royalty Payments

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

Reliance on Facility Owner Reporting

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

Acquisition Strategy

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

Royalty and Other Interests May Not Be Honored By Facility Owners

Royalty and other interests in renewable energy projects are largely contractually based. Parties to contracts do not always honor contractual terms and contracts themselves may be subject to interpretation or technical defects. To the extent grantors of royalty and other interests do not abide by their contractual obligations, the Company would be forced to take legal action to enforce its contractual rights, including any security interests. Such litigation may be time consuming and costly, and as with all litigation, no guarantee of success can be made. Should any such decision be determined adversely to the Company, it may have a material adverse effect on the Company's profitability, results of operations and financial condition.

Rights in Favour of Third Parties

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

Increased Competition for Royalty Interests

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

Concentration Risk

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

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

The Company's business has only recently commenced and the Company has a limited history of operations. While many members of management have expertise and comparable operating experience, the Company itself has a limited history of operations and there can be no assurance that the Company's business will be successful or profitable or that the Company will be able to successfully execute its business model and growth strategy. If the Company cannot execute its business model and growth strategy, it may result in a material adverse effect on the Company's profitability, results of operation and financial condition. Since the Company is an early stage company, there will be limited financial, operational and other information available to evaluate the Company's prospects.

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

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

Foreign Exchange Risk

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

Interest Rate Risk

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

Payment of Dividends

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

Attracting and Retaining Qualified Management and Personnel

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

Income Taxes

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

Legal Proceedings

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

Limitation of Insurance

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

8.3 Risks Relating to the Industry in which the Company Operates and Risk Faced by Facility Owners of Renewable Generation Facilities over which the Company holds Royalty Interests

General Risks Involved in the Operations of a Power Generation Facility

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

Natural Disasters and Other Catastrophic Events

The power generation facilities and operations could be exposed to potential interruption and damage (partial or full loss) resulting from events such as environmental disasters (e.g. floods, high winds, fires, and earthquakes), severe weather conditions and equipment failures. There can be no assurance that in the event of an earthquake, hurricane, tornado, tsunami, typhoon, terrorist attack, act of war or other natural, manmade or technical catastrophe, all or some parts of the generation facilities and infrastructure systems of the power generation facilities which the Company holds a royalty interest in, will not be disrupted. The occurrence of a significant event which disrupts the ability of the renewable power generation assets of the Royalty Sellers to produce or sell electricity for an extended period that could have a material adverse effect on the Company's profitability, results of operation and financial condition.

Permitting Risk

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

Environmental Laws and Regulations

The activities of a renewable power generation facility are subject to stringent environmental laws and regulations promulgated and administered by federal, provincial and municipal governments where the facility operates. These laws and regulations generally concern water use, wildlife, wetlands preservation, endangered species preservation and noise limitations, among others. Failure to comply with applicable environmental laws and regulations or failure to obtain or comply with any necessary environmental permits pursuant to such laws and regulations could result in sanctions against the facility owner and operator and may disrupt revenue of the Company for an extended period that, in turn, may have a material adverse effect on the Company's profitability, results of operation and financial condition.

Local Public Opposition

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

Negative Public or Community Response

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

Changes in Supply of Water, Level of Winds, Irradiation and Other Natural Variables

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

Reliance on National and Regional Transmission Systems

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

Effect of General Economic and Political Conditions

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

Delays and Cost Overruns in the Design and Construction of Projects

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

Health, Safety and Environmental Risks

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

Item 9: Reporting Obligations

9.1 Nature and Frequency of Reporting

We are not a "reporting issuer" in any jurisdiction in Canada. This means we are not required to file documents with securities regulators or provide you with financial or other information under Canadian securities laws. **We are not required to send you any documents on an annual or ongoing basis.**

As a corporation formed under the BCBCA, we are required to provide you, and all of our shareholders, with audited financial statements annually.

As a common shareholder, you will have a right to receive notice of and participate in the annual general meeting of our common shareholders.

Where required pursuant to applicable laws, we may file with the securities regulatory authorities or deliver to the securities regulatory authorities, audited annual financial statements of the Company, as well as a notice that accompanies the financial statements describing how the proceeds raised under the Offering have been used and such other information for a non-reporting issuer that distributes securities using the offering memorandum exemption required by applicable securities laws.

9.2 Sources of Information about the Corporation

Information about our incorporation, amendments to our Articles, directors, officers, annual corporate filings and other corporate information can be obtained from the Corporate Registry of British Columbia by contacting the registry at https://www.corporateonline.gov.bc.ca/.

Item 10: Resale Restrictions

10.1 General Statement

These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

10.2 Restricted Period

Except in Manitoba and subject to the resale restrictions described in Items 10.1, unless permitted under securities legislation, you cannot trade the securities before the date that is four months and a day after the date the Issuer becomes a reporting issuer in any province or territory of Canada. The certificates representing the securities will bear a legend to this effect. In the event the Issuer becomes a reporting issuer in certain provinces of Canada by filing a prospectus, you will be able to trade your securities four months and one day after the date your securities were issued.

Manitoba Resale Restrictions

Subject to the resale restrictions described in Items 10.1, unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless

(a) the Issuer has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or

(b) you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

10.3 Reverse Take-Over Transaction

As described in Section 2.3, the Company is currently in the process of completing a transaction with Baetis Ventures Ltd., a CPC listed on the TSX Venture Exchange (“Exchange”), whereby the Company will amalgamate with Baetis, and the Company will become the listed entity on the Exchange. While the Company believes the Company Shares offered under this Offering, and eventually exchanged for shares of the amalgamated company listed on the Exchange, will not be restricted for resale or trading, the Exchange may impose its owns set of restrictions or trading or resale.

Item 11: Purchasers' Rights

Securities legislation in certain provinces of Canada require purchasers to be provided with a remedy for rescission or damages, or both, in addition to any other right they may have at law, where an offering memorandum and/or any amendment to it contains a misrepresentation. These remedies must be exercised by the purchaser within the time limits prescribed by applicable securities legislation. Purchasers should refer to the applicable provisions of securities legislation for the complete text of these rights or consult with a legal adviser.

The rights of action hereby granted by the Issuers are in addition to and without derogation from any right or remedy available at law to the purchaser and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defences contained therein.

If you purchase Common Shares you will have certain rights, some of which are described below. These rights may not be available to you if you purchase the Common Shares pursuant to a prospectus exemption other than the offering memorandum exemption in Section 2.9 of NI 45-106. For complete information about your rights, you should consult a lawyer.

Two Day Cancellation Right

You can cancel your agreement to purchase these Common Shares. To do so, you must send a notice to us by midnight on the second (2^{nd}) business day after you sign the agreement to buy the Common Shares.

Purchasers' Rights of Action in the Event of a Misrepresentation

Securities legislation in certain of the provinces of Canada provides purchasers with a statutory right of action for damages or rescission in cases where an offering memorandum or any amendment thereto contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or is necessary to make any statement contained therein not misleading in light of the circumstances in which it was made (a "**misrepresentation**"). These rights, or notice with respect thereto, must be exercised or delivered, as the case may be, by purchasers within the time limits prescribed and are subject to the defenses and limitations contained under the applicable securities legislation. Purchasers of Common Shares resident in provinces of Canada that do not provide for such statutory rights will be granted a contractual right similar to the statutory right of action and rescission described below for purchasers resident in Ontario and such right will form part of the subscription agreement to be entered into between each such purchaser and the Issuer in connection with this Offering.

Cautionary Note

The following summaries are subject to the express provisions of the securities legislation applicable in each of the provinces and territories of Canada and the regulations, rules and policy statements thereunder. Purchasers should refer to the securities legislation applicable in their province or territory along with the regulations, rules and policy statements thereunder for the complete text of these provisions or should consult with their legal advisor. The contractual and statutory rights of action described in this Offering Memorandum are in addition to and without derogation from any other right or remedy that a purchaser may have at law.

Statutory Rights

British Columbia, Alberta, Manitoba, or Newfoundland and Labrador*:* If you are a resident of British Columbia, Alberta, Manitoba or Newfoundland and Labrador, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

(a) the Issuer to cancel your agreement to buy these Common Shares, or

(b) for damages against the Issuer, every person who was a director of the Issuer at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

Prince Edward Island, the Northwest Territories, New Brunswick, Nunavut and Yukon*:* If you are a resident of Prince Edward Island, the Northwest Territories, Nunavut or Yukon, and there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

(a) the Issuer to cancel your agreement to buy these Common Shares, or

(b) for damages against the Issuer, the selling security holder on whose behalf the distribution is made, every person who was a director of the Issuer at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

Saskatchewan*:* If you are a resident of Saskatchewan and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

(a) the Issuer to cancel your agreement to buy these Common Shares, or

(b) for damages against the Issuer, every promoter of the Issuer, every person who was a director of the Issuer at the date of this Offering Memorandum and every other person who signed this Offering Memorandum, every person whose consent has been filed in respect of the Offering Memorandum, but only with respect to reports, opinions or statements made by them. and every person or company that sells these Common Shares on behalf of the Issuer.

Nova Scotia*:* If you are a resident of Nova Scotia and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

(a) the seller to cancel your agreement to buy these Common Shares, or

(b) for damages against the Issuer, every person who was a director of the Issuer at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

Ontario*:* If you are a resident of Ontario and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to:

(a) sue for damages against the Issuer and a selling security holder on whose behalf the distribution is made; or

(b) sue the Issuer or the selling security holder on whose behalf the distribution is made to cancel your agreement to buy these Common Shares.

These statutory rights are available to you whether or not you relied on the misrepresentation. However, there are various defences available to the Issuer, persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Common Shares. In an action for damages, the amount recoverable shall not exceed the price at which the securities were offered and the defendant will not be liable for all or any portion of such damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation.

In Ontario, these rights are not available for a purchaser that is: (a) a Canadian financial institution, meaning either: (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act; or (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a province or territory of Canada to carry on business in Canada or a province or territory of Canada; (b) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada); (c) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or (d) a subsidiary of any person referred to in clauses (a),

(b) or (c), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

If you intend to rely on the rights described above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the Common Shares.

In British Columbia, Alberta, Prince Edward Island, Newfoundland and Labrador, Ontario, the Northwest Territories, Nunavut and Yukon, you must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the date you purchased the Common Shares.

In Saskatchewan and New Brunswick, you must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six years after the date you purchased the Common Shares.

In Manitoba, you must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and two years after the date you purchased the Common Shares.

In Nova Scotia, you must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the date you purchased the securities. Furthermore, no action shall be commenced to enforce the right of action discussed above unless an action is commenced to enforce that right not later than 120 days after the date on which payment was made for the securities or after the date on which the initial payment for the securities was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

Item 12: Financial Statements

Accompanying this Offering Memorandum are the following financial statements:

1) Audited Consolidated Financial Statements for the years ended December 31, 2017, December 31, 2016 and December 31, 2015.

CERTIFICATE

DATED: June 18, 2018

This Offering Memorandum does not contain a misrepresentation.

RE ROYALTIES LTD.
by its Chief Executive Officer
and its Chief Operating Officer:

(signed) "Bernard Tan"	(signed) "Peter Leighton"
Bernard Tan, Chief Executive Officer and Director	Peter Leighton, Chief Operating Officer

On Behalf of the Board of Directors:

(signed) "Marchand Snyman"	(signed) "Rene Carrier"
Marchand Snyman, Director	Rene Carrier Director

RE ROYALTIES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
and
FROM INCEPTION ON MARCH 20, 2015 TO DECEMBER 31, 2015

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of RE Royalties Ltd.

We have audited the accompanying consolidated financial statements of RE Royalties Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2017, December 31, 2016 and December 31, 2015 and the consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2017 and December 31, 2016 and for the period from inception on March 20, 2015 to December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of RE Royalties Ltd. as at December 31, 2017, December 31, 2016 and December 31, 2015, and its financial performance and its cash flows for the years ended December 31, 2017 and December 31, 2016 and the period from incorporation on March 20, 2015 to December 31, 2015 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the consolidated statement of financial position as at December 31, 2017 which indicates that the Company has an accumulated deficit of $680,242 and the Company's current liabilities exceeded its current assets by $1,256,063. As noted in Note 1 to the consolidated financial statements, the Company requires additional financing in order to advance the Company's business objectives. These conditions, along with other matters as set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Deloitte LLP

Chartered Professional Accountants
June 8, 2018
Vancouver, Canada

RE Royalties Ltd.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	December 31, 2017	December 31, 2016	December 31, 2015
ASSETS				
Non-current assets				
Secured loans and royalty interest	3	$ 5,525,340	$ 1,153,340	$ –
Deferred transaction costs	4	31,193	544,500	–
Amounts receivable	5	372,988	–	–
		5,929,521	1,697,840	–
Current assets				
Secured loan	3	66,696	65,531	
Amounts receivable and prepaid expenses	5	282,309	18,155	–
Cash		909,402	1,393,064	–
		1,258,407	1,476,750	–
TOTAL ASSETS		$ 7,187,928	$ 3,174,590	$ –
EQUITY				
Share capital	9	$ 3,937,635	$ 3,003,335	$ –
Subscriptions received	9(c)	–	120,000	–
Convertible note	8	1,300,500	–	–
Reserves	9(d)	115,565	–	–
Accumulated deficit		(680,242)	(391,768)	–
		4,673,458	2,731,567	–
LIABILITIES				
Current liabilities				
Trade payables	6	354,790	164,043	–
Accrued liabilities	6	54,680	278,980	–
Short-term loans	7	2,000,000	–	–
Convertible note	8	105,000	–	–
		2,514,470	443,023	–
TOTAL EQUITY AND LIABILITIES		$ 7,187,928	$ 3,174,590	$ –

Nature and continuance of operations (note 1)
Events after the reporting period (note 13)

The accompanying notes are an integral part of these consolidated financial statements.

These financial statements are approved for issuance on May 23, 2018 by the Board of Directors and are signed on the Company's behalf by the following:

/s/ Bernard Tan	*/s/ Rene Carrier*
Bernard Tan	Rene Carrier
Director	Director

RE Royalties Ltd.

Consolidated Statements of Comprehensive Loss

(Expressed in Canadian Dollars, except for weighted average number of common shares)

	Note	For the year ended December 31, 2017	For the year ended December 31, 2016	From inception on March 20, 2015 to December 31, 2015
Revenue				
Finance income	3	$ 341,877	$ 46,455	$ –
Royalty income	3(b)	140,346	–	–
		482,223	46,455	
Depletion of royalty interest	3(b)	(43,523)	–	–
Gross profit		438,700	46,455	–
Expenses and recoveries				
Legal		15,716	9,508	–
Accounting and audit		39,323	–	–
Marketing		11,613	45,815	–
Rent and information technology		41,968	58,700	–
Consulting		18,929	–	–
Administration		115,582	66,904	–
Wages and benefits		115,741	94,128	–
Equity-settled share-based payments	9(d)	95,565	–	–
Due diligence costs, net of recoveries		–	160,932	–
		(454,437)	(435,987)	–
Other income and expenses				
Interest income on cash held		9,587	2,750	–
Finance expenses	7	(280,899)	–	–
Foreign exchange loss		(1,425)	(4,986)	–
		(272,737)	(2,236)	–
Loss and Comprehensive Loss		$ (288,474)	$ (391,768)	$ –
Basic and diluted loss per share		$ (0.02)	$ (0.06)	$ –
Weighted average number of common shares outstanding		11,901,079	6,789,894	2

The accompanying notes are an integral part of these consolidated financial statements.

RE Royalties Ltd.

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars, except for number of shares)

		Share capital				Reserve			
	Note	Number of shares	Amount	Subscriptions received	Convertible note	Share purchase warrants	Equity-settled share-based payments	Accumulated deficit	Total equity
Balance on inception as at March 20, 2015		–	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Issuance of common shares at $0.01 per share	9(b)	2	–	–	–	–	–	–	–
Loss and comprehensive loss for the period		–	–	–	–	–	–	–	–
Balance as at December 31, 2015		2	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Balance as at January 1, 2016		2	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Issuance of common shares at $0.01 per share	9(b)	5,500,000	55,000	–	–	–	–	–	55,000
Issuance of common shares at $0.50 per share, net of issuance cost	9(b)	3,842,670	1,873,335	–	–	–	–	–	1,873,335
Issuance of common shares at $0.80 per share, net of issuance cost	9(b)	1,392,500	1,075,000	–	–	–	–	–	1,075,000
Share subscriptions received	9(c)	–	–	120,000	–	–	–	–	120,000
Loss and comprehensive loss for the year		–	–	–	–	–	–	(391,768)	(391,768)
Balance as at December 31, 2016		10,735,172	$ 3,003,335	$ 120,000	$ –	$ –	$ –	$ (391,768)	$ 2,731,567
Balance as at January 1, 2017		10,735,172	$ 3,003,335	$ 120,000	$ –	$ –	$ –	$ (391,768)	$ 2,731,567
Issuance of common shares at $0.80 per share, net of issuance cost	9(b)	1,175,000	889,300	(120,000)	–	–	–	–	769,300
Issuance of common shares as financing cost	9(b)	56,250	45,000	–	–	–	–	–	45,000
Issuance of convertible note	8	–	–	–	1,300,500	–	–	–	1,300,500
Issuance of share purchase warrants pursuant to short-term loans	9(d)	–	–	–	–	20,000	–	–	20,000
Equity-settled share-based payments	9(d)	–	–	–	–	–	95,565	–	95,565
Loss and comprehensive loss for the year		–	–	–	–	–	–	(288,474)	(288,474)
Balance as at December 31, 2017		11,966,422	$ 3,937,635	$ –	$ 1,300,500	$ 20,000	$ 95,565	$ (680,242)	$ 4,673,458

The accompanying notes are an integral part of these consolidated financial statements.

RE Royalties Ltd.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Note	For the year ended December 31, 2017	For the year ended December 31, 2016	From inception on March 20, 2015 to December 31, 2015
Operating activities				
Loss for the period		$ (288,474)	$ (391,768)	$ –
Adjustments for:				
Amortization of transaction costs	3(b)	100,758	–	–
Depletion of royalty interest	3(b)	43,523	–	–
Interest income on cash held		(9,587)	(2,750)	–
Interest accrued on secured loans	3	(286,156)	(25,293)	–
Finance expenses	7	285,000	–	–
Equity-settled share-based payments	9(d)	95,565	–	–
Changes in working capital items:				
Amounts receivable – non-current		(372,988)	–	–
Amounts receivable and prepaid expenses – current		(154,154)	(18,155)	–
Trade payables		190,747	106,768	–
Accrued liabilities		(98,085)	–	–
Net cash used in operating activities		(493,851)	(331,198)	–
Investing activities				
Secured loan provided	3	(3,064,166)	(1,272,416)	–
Acquisition of royalty interest	3(b)	(735,834)	–	–
Proceeds from repayment of secured loan	3	39,221	78,838	–
Interest income on cash held		9,587	2,750	–
Deferred transaction costs	4	(193,419)	(208,245)	–
Net cash used in investing activities		(3,944,611)	(1,399,073)	–
Financing activities				
Proceeds from issuance of common shares, net of issuance of cost	9(b)	769,300	3,003,335	–
Proceeds from short-term loan	7	2,000,000	–	–
Proceeds (net) from the convertible note	8	1,405,500	–	–
Share subscriptions received	9(c)	–	120,000	–
Interest paid on short-term loan	7	(220,000)	–	–
Net cash provided by financing activities		3,954,800	3,123,335	–
Net (decrease) increase in cash		(483,662)	1,393,064	–
Cash, beginning of the period		1,393,064	–	–
Cash, end of the period		$ 909,402	$ 1,393,064	$ –
Supplemental cash flow information:				
Interest received				
Interest received on secured loan classified in operating activities	2(i)	$ 155,779	$ 21,162	$ –
Interest on cash held classified in investing activities		9,587	2,750	–
		$ 165,366	$ 23,912	$ –
Non-cash financing and investing activities				
Common shares issued as financing costs		$ 45,000	$ –	$ –

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

RE Royalties Ltd. ("RER") is a private company and was incorporated on March 20, 2015 under the laws of the Province of British Columbia, Canada. The address of RER's corporate office is 15th Floor, 1040 West Georgia Street, Vancouver, BC, V6E 4H1.

RER is primarily engaged in the acquisition of 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.

These consolidated financial statements ("Financial Statements") are comprised of RER and its subsidiary (together referred to as the "Company") and are prepared for the years ended December 31, 2017 and 2016 and for the period from inception of the Company on March 20, 2015 (the "Inception") to December 31, 2015.

These Financial Statements are prepared on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Company's current sources of funding consists of proceeds from its investments and the issuance of equity and debt.

The Company has prioritized the allocation of available financial resources in order to meet key investment requirements in the near term. Additional financing will be required in order to advance the Company's business objectives. Additional financing may include any combination of debt and equity. There can be no assurances that the Company will be successful in obtaining additional financing or be able to secure additional royalties. If the Company is unable to raise the necessary capital resources and generate sufficient cash flows to meet obligations as they come due, the Company may, at some point, consider reducing or curtailing its operations. As such there is material uncertainty that raises substantial doubt about the Company's ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Financial Statements are described below. These policies have been consistently applied for all years presented, unless otherwise stated.

(a) Statement of compliance

These Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), effective for the Company's reporting year ended December 31, 2017.

(b) Basis of presentation and consolidation

These Financial Statements have been prepared on a historical cost basis except for certain assets and liabilities which are recorded at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

RER US1 LLC (the "Newco") was incorporated on December 13, 2017 in the State of Delaware for the purpose of completing the transactions described in note 13(a). As at December 31, 2017 the Company owned all of the 100 share units issued concurrently with the incorporation of the Newco, thereby making the Newco a wholly-owned subsidiary of the Company. After the reporting period, as a result of the transactions described in note 13(a), the Company no longer held a controlling interest in the Newco.

These Financial Statements include the financial statements of the Company and its only subsidiary, Newco. Intercompany balances and transactions are eliminated in full on consolidation.

(c) Significant accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. The impact of such estimates are pervasive throughout the Financial Statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Changes in subjective inputs and assumptions can materially affect accounting estimates.

Specific areas where significant estimates or judgements exist are:

Estimates:

- Accrued liabilities (note 6);
- Valuation of secured loans and royalty interest (note 3);
- Depletion of royalty interest (note 3(b));
- Fair value estimates of the liability portion of the short-term loans (note 7); and
- Inputs into the Black-Scholes model for options and warrant valuation (note 9(d)).

Judgements:

- Allocation of compound financial instruments (note 8);
- Assessment of the Company's ability to continue as a going concern (note 1); and
- Assessment of evidence as to whether a financial asset may be impaired. No evidence of impairment was identified.

(d) Foreign currency

The functional and presentation currency of the Company is the Canadian Dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Gains and losses arising on translation are included in profit or loss for the year.

(e) Financial instruments

Financial assets and liabilities are recognized when the Company becomes party to the contracts that give rise to them. The Company determines the classification of its financial assets and liabilities at initial recognition. The Company does not have any derivative financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Classification as debt and equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

When the initial carrying amount of a compound financial instrument is allocated to its equity and liability components, the equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component.

Non-derivative financial assets:

The Company's non-derivative financial assets comprise of the following:

(i) *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. The Company considers an extension option available to a borrower as a loan commitment, which is outside the scope of IAS 39 *Financial Instruments: Recognition and Measurement*. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

When subsequent to initial recognition there is a change in the estimates for future cash flows associated with an item of loans and receivables, the carrying amount of such item is adjusted to the present value of revised estimated future cash flows discounted at the original implicit rate as determined upon initial recognition and any resulting increase or decrease in the carrying amount is recognized as income or loss, respectively, in the statement of comprehensive income or loss.

Loans and receivables are comprised of secured loans (note 3), and cash, and amounts receivable (note 5).

Cash

Cash includes cash held with major financial institutions and is available on demand by the Company when required.

Non-derivative financial liabilities:

The Company classifies its non-derivative financial liabilities into the following categories:

(i) Financial liabilities measured at amortized cost

Such financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities measured at amortized cost is comprised of amounts payable and accrued liabilities, short-term loan, and the liability portion of the convertible note.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(f) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

(g) Loss per share

The Company presents basic and diluted loss per share information for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

(h) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for:

- goodwill not deductible for tax purposes;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and
- differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(i) Revenue

The Company measures revenue at the fair value of the consideration received or receivable when management can reliably estimate the amount. Differences between estimates and actual amounts are adjusted and recorded in the period that the actual amounts are known.

The Company has recognized interest earned on loans and receivables (note 2(e)) as revenue in the statement of comprehensive loss using the effective interest method and has classified interest received as operating activities in the statement of cash flows.

For royalty interests, revenue recognition generally occurs in the month of production from the royalty property. Under the terms of certain royalty agreements, revenue may be subject to adjustment upon final settlement. Adjustments to revenue are recorded at each reporting period and other adjustments are recorded on final settlement and are offset against revenue when incurred.

(j) Royalty interest

Royalty interests are recorded at cost and capitalized as tangible assets. They are subsequently measured at cost less accumulated depletion and accumulated impairment losses, if any. Project evaluation costs that are not related to a specific agreement are expensed in the period incurred.

Producing royalty interests are depleted over the life of the property (note 3(b)) to which the interest relates using the straight line method.

(k) Operating segments

As the Company operates as a single segment, the Financial Statements should be read as a whole for the results of this single reporting segment. At December 31, 2017, all of the Company's non-current non-financial assets were held in Canada, other than royalty interest (note 3(b)) which relates to assets in Romania.

(l) Share-based payment transactions

The Company operates an equity-settled share-based option plan for its directors, officers, employees and service providers. The fair value of share purchase options granted is recognized as an expense with a corresponding increase in the equity-settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by a direct employee.

The fair value is measured at grant date for each tranche, which is expensed on a straight line basis over the vesting period, with a corresponding increase in equity. The fair value of share purchase options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted and forfeiture rates as appropriate. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

(m) Impairment

At the end of each reporting period the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that these assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

At December 31, 2017, there was no indication that the Company's non-financial assets were impaired.

(n) Accounting Standards, Amendments and Revised Standards Not Yet Effective

IFRS 9, Financial Instruments ("IFRS 9")

Effective for annual periods commencing on or after January 1, 2018, IFRS 9 replaces IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"), in its entirety. The Company will adopt IFRS 9 at the effective date.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available-for-sale.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; Fair Value through Other Comprehensive Income ("FVTOCI") (debt / equity investment); or Fair Value through Profit or Loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI Test").

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

Debt investments at FVTOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The Company has determined that the loan to Aeolis Wind Power Corporation (note 3(a)) will not be carried at amortized cost under IFRS 9 as this loan does not meet the SPPI Test requirements and, therefore, will be classified as measured at FVTPL. Other financial assets, including the loan to Blockchain Power Trust (note 3(b)), will continue to be carried at amortized cost under IFRS 9 as they did under IAS 39.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15")

Effective for annual periods commencing on or after January 1, 2018, IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers and SIC 31, Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and certainty of revenue and cash flows arising from a contract with a customer. The standard permits early adoption.

The Company will adopt IFRS 15 for the annual period beginning January 1, 2018 and it does not expect the new standard to have a material impact on its financial statements.

IFRS 16, Leases ("IFRS 16").

The IASB issued IFRS 16 in January 2016, effective for annual periods commencing on or after January 1, 2019. IFRS 16 specifies how to recognize, measure, present and disclose leases. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the term of the lease is twelve months or less or the underlying asset has a low value. Lessor accounting however remains substantially unchanged from IAS 17 and the distinction between operating and finance leases is retained.

The Company is currently assessing potential impact of IFRS 16 on its financial statements.

(Expressed in Canadian Dollars, unless otherwise stated)

3. SECURED LOANS AND ROYALTY INTEREST

	December 31, 2017	December 31, 2016	December 31, 2015
Secured Loans			
Aeolis Wind Power Corporation (note 3(a))	$ 1,175,840	$ 1,218,871	$ –
Blockchain Power Trust (note 3(b))	3,632,775	–	–
Total	$ 4,808,615	$ 1,218,871	$ –
Royalty Interest			
Blockchain Power Trust (note 3(b))	$ 783,421	$ –	$ –
Total	$ 5,592,036	$ 1,218,871	$ –
Non-current portion	$ 5,525,340	$ 1,153,340	$ –
Current portion	66,696	65,531	–
Total	$ 5,592,036	$ 1,218,871	$ –

(a) Secured loan to Aeolis Wind Power Corporation

In March 2016, the Company entered into a secured non-revolving term loan with Aeolis Wind Power Corporation ("Aeolis"), whereby the Company loaned Aeolis $1,239,000 (the "Aeolis Loan") subject to fixed payments of $100,000 per annum, to be increased annually by an amount equal to 50% of the British Columbia Consumers Price Index ("Aeolis Royalty"). The term of the Aeolis Loan expires on July 31, 2035. The Company's first Aeolis Royalty payment was received from Aeolis on July 26, 2016 and an additional Aeolis Royalty payment was received on July 26, 2017.

Aeolis is the owner of a 0.752% of gross revenue royalty interest in the Bear Mountain Wind Limited Partnership ("BMWLP"). BMWLP is an indirect wholly owned subsidiary of AltaGas Ltd. and owns the 102 MW Bear Mountain Wind Park near Dawson Creek, British Columbia. The Aeolis Royalty payments to the Company under the Aeolis Loan are paid from Aeolis' gross revenue royalty interest received from BMWLP. Aeolis has also assigned its full royalty interest to the Company as security for the Aeolis Loan and BMWLP has executed an irrevocable direction to pay the royalty into an escrow account that the Company will control in the event of default.

The Bear Mountain Wind Park is British Columbia's first fully-operational wind park and was commissioned in October 2009. The wind park is fully connected to the BC power grid and the power from the project is sold to BC Hydro under a 25-year contract. Bear Mountain Wind Park is situated on 25 hectares of land and features a single row of 34 3-MW Enercon E-82 wind turbine generators. Each turbine is 78 metres tall to the hub and is spaced 160 meters apart along the ridge of Bear Mountain, located outside the city of Dawson Creek. The site is still used for cattle grazing and by the public for hiking, snowmobiling, cross country skiing and other recreational activities.

(b) Secured loan to and royalty interest in Blockchain Power Trust

In January 2017, the Company completed a transaction with Blockchain Power Trust ("Blockchain"; formerly Transeastern Power Trust) that includes a three-year, non-revolving secured loan (the "Blockchain Loan") and a twenty-year gross revenue royalty (the "Royalty"; and together with the Blockchain Loan, the "Transaction"). Blockchain is a Canadian publicly listed trust and an independent power producer that owns and operates facilities that produce electricity from renewable energy sources.

The Blockchain Loan is a three year, $3.8 million loan, with semi-annual interest payments at 5% per annum and a full principal repayment at maturity. The Blockchain Loan may be extended for a fourth year at Blockchain's option, and in this event, the interest rate increases to 7% per annum for the fourth year. Both interest and principal will be paid in Canadian dollars.

The Royalty is an annual royalty of 1.14% of the gross revenue earned by Blockchain on its portfolio of renewable energy projects. The Royalty is payable to RER for twenty years, including the years that the Blockchain Loan is outstanding. The Royalty will be paid in Canadian dollars at the prevailing Euro exchange rate at the time payment is due.

The revenues from the projects are included in the calculation of the Royalty:

- the Rott (1.7MW), Zagra (1.4MW) and Suha (2.0MW) operational Hydro Projects;
- the Power Live (9.6MW) and Corabia (7.0MW) operational Solar Projects; and
- the Baia (17MW) operational Wind Project.

The gross revenue for the purpose of the Royalty is equal to the sum of all revenues in the fiscal year recognized by Blockchain with respect to the applicable projects, calculated in a consistent basis and in accordance with IFRS, in respect of:

a) the sale of electricity energy;
b) the sale of green certificates (or equivalent renewable incentive credits);
c) any insurance proceeds received as a result of business interruption; and
d) any liquidated damages.

Upon initial recognition, the Company recorded the Blockchain Loan at its fair value and the Royalty interest at residual value derived by subtracting the fair value of the Blockchain Loan from the initial investment of $3.8 million. The transaction cost has been allocated to the two components in the ratio of the values assigned upon initial recognition.

(Expressed in Canadian Dollars, unless otherwise stated)

The continuity of the Blockchain Loan is as follows:

Blockchain Loan		
Balance at January 1, 2017	$	–
Fair value at initial recognition		3,064,167
Accrual of interest		384,966
Proceed from semi-annual interest payments		(95,000)
Balance at December 31, 2017	$	3,354,133
Transaction cost		
Balance at January 1, 2017	$	–
Transaction cost attributable to the loan component (note 4)		379,400
Amortization		(100,758)
Balance at December 31, 2017	$	278,642
Carrying amount at December 31, 2017	$	3,632,775

The continuity of the Royalty interest is as follows:

	Royalty interest	Transaction cost (note 4)	Carrying amount
Royalty interest			
Beginning balance at January 1, 2017	$ –	$ –	$ –
Additions	735,834	91,110	826,944
Ending balance at December 31, 2017	$ 735,834	$ 91,110	$ 826,944
Accumulated depletion			
Beginning balance at January 1, 2017	$ –	$ –	$ –
Depletion	38,728	4,795	43,523
Ending balance at December 31, 2017	$ 38,728	$ 4,795	$ 43,523
Net carrying amount at December 31, 2017	$ 697,106	$ 86,315	$ 783,421

4. DEFERRED TRANSACTION COSTS

Deferred transaction costs primarily represents due-diligence costs relating to potential acquisition of royalty interests which are in-progress but have not yet been completed. Deferred transaction costs on acquisitions where the Company have chosen not to proceed on are expensed.

(Expressed in Canadian Dollars, unless otherwise stated)

The continuity of the amounts in deferred transaction costs are as follows:

	Amount
Opening balance, as at January 1, 2017	$ 544,500
Net change during the year – reimbursements, net of additional expenditures	(42,797)
Amounts reallocated to secured loan (note 3(b))	(379,400)
Amounts reallocated to royalty interest (note 3(b))	(91,110)
Closing balance, as at December 31, 2017	$ 31,193

5. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

	December 31, 2017	December 31, 2016	December 31, 2015
Non-current			
Refundable deposits and advances (note 13(a))	$ 372,988	$ –	$ –
Current			
Sales tax receivable	$ 1,194	$ 18,155	$ –
Accrued royalty revenue (note 3(b))	140,346	–	–
Prepaid expenses	22,742	–	–
Other amounts receivable	118,027	–	–
	$ 282,309	$ 18,155	$ –

6. TRADE PAYABLES AND ACCRUED LIABILITIES

	December 31, 2017	December 31, 2016	December 31, 2015
Trade payables	$ 354,790	$ 164,043	$ –
Accrued liabilities	54,680	278,980	–
	$ 409,470	$ 443,023	$ –

7. SHORT-TERM LOANS

In January 2017, the Company entered into a loan agreement (the "Bridge Loan") with two arm's length private parties (collectively the "Lenders"), whereby an aggregate principal sum of $2,000,000 was advanced to the Company for a 6-month term and at an interest rate of 10% per annum. The Bridge Loan is secured by a general security agreement and pledge of the Company's assets. Pursuant to the Bridge Loan, the Company issued 2,000,000 of its share purchase warrants (note 9 (d)) to the Lenders with an expiry term of two years and an exercise price of $0.80 per share.

In July 2017, the Bridge Loan was extended for an additional 6-month term and the interest rate was increased to 12% per annum and interest was paid in advance. The warrants issued pursuant to the original term of the Bridge Loan were cancelled and replaced with 2,000,000 common share purchase warrants with an expiry term of three years and an exercise price of $0.50 per common share (note 9 (d)).

Upon initial recognition, the Bridge Loan was recorded at its fair value, discounted at an effective interest rate of 12%, with the residual amount of initial advance recorded within equity as share-purchase warrant reserve (note 9(d)).

8. CONVERTIBLE NOTE

In July 2017, the Company issued a $1,500,000 unsecured convertible note (the "Convertible Note") to an arm's length party. The Convertible Note has a term of 12 months and bears interest at a rate of 7% per annum. The face value of the Convertible Note is not repayable in cash and instead it will convert into common shares of the Company at a price of $0.80 per share at the earlier of: (i) 12 months or (ii) upon the Company completing a listing of its shares on a publically-traded Canadian stock exchange.

The Company has recorded the amount of interest payable in cash on the Convertible Note as a financial liability and the residual transaction amount, net of transaction cost, as equity.

9. SHARE CAPITAL AND RESERVES

(a) Authorized share capital

As at December 31, 2017, 2016 and 2015, the authorized share capital of the Company was comprised of an unlimited number of common shares without par value (the "Common Shares"). All issued shares are fully paid.

(b) Issued share capital

Upon incorporation of the Company in March 2015 (note 1), 2 Common Shares in its capital were issued.

During the year ended December 31, 2016, the Company completed the following placements of Common Shares:

i) 5,500,000 Common Shares were issued to its founders at $0.01 per share for aggregate proceeds of $55,000;

ii) 3,842,670 Common Shares were issued at $0.50 per share for aggregate gross proceeds of $1,921,335 and net proceeds of $1,873,335 after deducting aggregate finder fees of $48,000 as share issuance cost; and

iii) 1,392,500 Common Shares were issued at $0.80 per share for aggregate gross proceeds of $1,114,000 and net proceeds of $1,075,000 after deducting aggregate finders' fees of $39,000 as share issuance cost.

During the year ended December 31, 2017, the Company issued the following Common Shares:

i) 1,175,000 Common Shares were issued at $0.80 per share for aggregate gross proceeds of $940,000 and net proceeds of $889,300 after deducting aggregate finders' fees of $50,700 as share issuance cost; and

ii) 56,250 Common Shares were issued as financing costs at a deemed value of $45,000.

(c) Subscription received

As of December 31, 2016, the Company had received $120,000 in subscriptions for 150,000 Common Shares, which were issued in January 2017.

(d) Reserves

<u>Equity-settled share-based payments reserve</u>

Effective September 7, 2016, the Company's Board of Directors approved a stock option compensation plan (the "Option Plan") that allows it to grant options exercisable to acquire up to a total of 10% of the issued and outstanding shares of the Company at any one time, subject to regulatory terms and approval, to its directors, officers, employees, consultants, and service providers. The exercise price of each option may be set equal to or greater than the closing market price of the Common Shares of the Company on the day prior to the date of the grant of the option, less any allowable discounts. Awards typically vest in several tranches ranging from 6 months to 18 months. Options can have a maximum term of ten years and terminate 60 days following the termination of the optionee's employment, or 180 days following the optionee's death or disability.

In October 2017, the Company issued 1,180,000 share purchase options to its directors, officers and employees. The weighted average fair value of the Options was determined to be $0.39 per option, using the Black Scholes pricing model and based on the following weighted average assumptions: risk-free interest rate of 1.61%; expected volatility of 74% (based on a comparable public listed company); underlying market price of $0.80 per share; time to expiry of 4.75 years; and continuous dividend yield of 3%.

(Expressed in Canadian Dollars, unless otherwise stated)

The following describes the continuity of the Company's common share purchase options for the years ended December 31, 2017 and 2016, and for the period from Inception to December 31, 2015:

Continuity of options	Year ended December 31, 2017		Year ended December 31, 2016		From Inception to December 31, 2015	
	Number of Options	Exercise price	Number of Options	Exercise price	Number of Options	Exercise price
Outstanding – beginning of year	–	$ –	–	$ –	–	$ –
Issued	1,180,000	$ 0.80	–	$ –	–	$ –
Outstanding – end of year	1,180,000	$ 0.80	–	$ –	–	$ –

<u>Share purchase warrant reserve</u>

At December 31, 2017, 2,000,000 share purchase warrants of the Company were outstanding with exercise price of $0.50 per Common Share and expiry date of July 2020. These warrants were granted pursuant to the Bridge Loan agreements (note 7).

There were no warrants outstanding at December 31, 2016 and December 31, 2015.

10. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel ("KMP") are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company.

Transactions with KMP were as follows:

Remuneration for services rendered	Year ended December 31, 2017	Year ended December 31, 2016	From Inception to December 31, 2015
Short-term employment benefits	$ 110,000	$ 100,000	$ –
Consulting fees	–	30,000	–
Share-based compensation	96,000	–	–
Total	$ 206,000	$ 130,000	$ –

(Expressed in Canadian Dollars, unless otherwise stated)

11. INCOME TAXES

(a) Provision for current tax

No provision has been made for current income taxes, as the Company has no taxable income.

(b) Provision for deferred tax

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized.

As at December 31, 2017, the Company had unused non-capital loss carry forwards of approximately $1,002,000 (2016–$441,000).

(c) Reconciliation of effective tax rate

	December 31, 2017	December 31, 2016
Loss for the year	$ (288,474)	$ (391,768)
Total income tax expense	–	–
Loss excluding income tax	$ (288,474)	$ (391,768)
Income tax recovery using the Company's tax rate	(75,000)	(102,000)
Non-deductible expenses and other	(70,000)	(22,000)
Changes in tax rates	(11,000)	–
Change in unrecognized temporary differences	156,000	124,000
Total	$ –	$ –

The Company's statutory tax rate was 26% (2016–26%) and its effective tax rate is nil (2016–nil).

As at December 31, 2017, the Company had the following temporary differences of which no deferred tax asset was recognized:

Expiry	Tax Losses	Other
Within 1 year	$ –	$ –
1 to 5 years	–	206,000
After 5 years	1,002,000	(171,000)
No expiry date	–	–
Total	$ 1,002,000	$ 35,000

(Expressed in Canadian Dollars, unless otherwise stated)

12. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its secured loan (note 3) and liquid financial assets, including cash, and amounts receivable.

	December 31, 2017	December 31, 2016
Non-current		
Secured loans, before transaction cost	$ 4,418,995	$ 1,120,941
Amounts receivable	372,988	–
	$ 4,791,983	$ 1,120,941
Current		
Secured loan	$ 66,696	$ 65,531
Amounts receivable	259,567	18,155
Cash	909,402	1,393,064
	$ 1,235,665	$ 1,476,750
Total	$ 6,027,648	$ 2,597,691

The Company limits the exposure to credit risk for cash by only investing it with high-credit quality financial institutions in business and saving accounts which are available on demand by the Company.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient capital in order to meet short to medium term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company's cash are currently invested in business accounts.

The Company's financial liabilities are comprised of trade payables, accrued liabilities, short-term loans, and convertible note which are due for payment within 12 months from the reporting date. The carrying amounts of the Company's financial liabilities represent the Company's contractual obligations.

(c) Foreign exchange risk

The Company is subject to currency transaction risk in normal course of its business. However, at December 31, 2017, the Company's exposure to currency risk was insignificant.

(d) Interest rate risk

The Company is subject to interest rate cash flow risk with respect to its investments in cash. The Company's policy is to invest cash at fixed rates of interest and cash reserves are to be maintained in cash and cash equivalents in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when cash and cash equivalents mature impact interest income earned.

The Company's secured loan to Aeolis (note 3(a)) and Blockchain (note 3(b)) are at fixed interest rates, and are therefore not subject to interest rate risk.

At December 31, 2017, the Company was exposed to insignificant interest rate risk.

(e) Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net reserves and of accumulated deficit. There were no changes in the Company's approach to capital management during the year. At December 31, 2017, the Company is not subject to any externally imposed capital requirements.

13. EVENTS AFTER THE REPORTING PERIOD

(a) Equity Purchase Agreement with Alpin Sun GmbH

After the reporting period, in February 2018, the Company's US affiliate ("RER US"; note 2(b)), entered into an equity purchase transaction with Alpin Sun GmbH ("Alpin Sun"), whereby RER US acquired a 50% interest in a portfolio of four separate advanced stage development solar projects in Texas, totalling 332 MW (the "Projects"). The ultimate goal of both RER US and Alpin Sun is to develop the Projects to the point where they are ready to build, and then to sell the Projects to a third party to build and operate.

The total investment commitment for the 50% equity investment in the Projects is for US$5 million (the "Texas Investment"). The Company will contribute US$1 million ("RER Investment") with the remaining US$4 million to be contributed by a consortium of private investors. The Texas Investment will be structured as a US limited liability company ("RER

US1 LLC") which will hold the 50% interest in the Projects; the Company will be the manager of the US limited liability company. The Texas Investment consists of the following:

- the purchase of a 50% interest in the Projects (US$2.8 million);
- a commitment to contribute 50% of future development costs for the Projects based on an agreed budget (US$1.1 million);
- the placement of refundable deposits with the grid operators (US$0.6 million); and
- a contingency payment based on certain milestone achievements (US$0.5 million).

In addition to owning a portion of RER US1 LLC's 50% ownership in the Projects, the Company will also receive 50% of a 2% Gross Revenue Royalty payable to RER US1 LLC for a period of twenty years, on any revenue generated by any of the Projects. Revenue is defined to include electricity sales, renewable credits, insurance proceeds and liquated damages/warranty claims, if any.

The four Projects comprising the portfolio are owned by separate limited liability companies:

- G.S.E. Four LLC owns the 100MW GSE 4 Project located in Castro County Texas and connecting to the Southwest Power Pool ("SPP") grid;
- G.S.E. Five LLC owns the 52MW GSE 5 Project also located in Castro County Texas and connecting to the SPP grid;
- G.S.E. Eleven LLC owns the 150MW GSE 11 Project located in Van Zandt County and connecting to the Electricity Reliability Council of Texas ("ERCOT") grid; and
- Solemio One LLC owns the 30MW Solemio 1 Project located in Hopkins County and connecting to the ERCOT grid.

(b) Short-term loans

After the end of the reporting period, in February 2018, $1,500,000 of the Bridge Loan (note 7) was settled via the issuance of 1,875,000 Common Shares of the Company at $0.80 per share. The remainder of the Bridge Loan, a principal amount of $500,000, was further extended for an additional 6-months on customary terms.