



resource
ROYALTY LTD.

RESOURCE ROYALTY LTD.

Investor Presentation
Confidential
December 11, 2017



Business Plan and Strategy

Leverage our Expertise in Identifying Opportunities

- Focused on acquiring oil and gas mineral rights and royalties
- Manufacture new gross overriding royalty's ("GORR's")
- Consolidate complex assets to increase value
- Target assets in specific areas and plays of WCSB
- Get in front of the drill bit with land acquisitions
- Align with good operators with high quality assets
- Avoid fully marketed asset sales



Business Plan and Strategy

Growth Model with Dividend Potential

- Create a long term, stable cash flow stream from royalties
- No environmental or abandonment risks of operating company
- Actively manage the asset portfolio – sell when value achieved
- Balanced strategy of reinvestment and dividends
- Minimize G+A and stay lean

Corporate Overview

“RRL” is a Canadian private Corporation

- 4.869M common shares currently outstanding
- 0.487M common shares reserved for ESPP
- 5.356M common shares FD
- Management (63%) and Director (27%) ownership FD
- No debt and positive working capital of \$.250M

Management

Peter Carwardine, BBA, Founder, CEO & Director

- 35+ years of energy experience with focus on land, BD, A+D
- Former VP Encal, CEO Virtus, CEO Nexstar, VP Land & BD OMERS Energy Inc.

Gary Kline, BA Econ., Founder, President & Director

- 35+ years of energy marketing, development & risk management
- Former SVP Provident, Director BD TransAlta, Managing Director Reliant, VP US Generating

William Sawchuk, P. Eng., Vice President, Engineering

- Reservoir and exploitation engineering, reserve evaluations
- B.Sc. Mechanical Engineering
- 20+ years of energy industry experience
- Former Manager, Engineering and JV, ARC Resources Ltd.

Independent Directors

Cameron Vouri, P. Eng

- Professional Engineer with over 28 years experience
- Leadership, analysis, operations, BD and exploitation
- Former senior roles at Koch, Provident, Director of Manitek

Michael A. Thackray, QC

- Recognized as a top energy & natural resources lawyer in Canada
- Former partner McLeod Dixon, Thackray Burgess, McMillan LLP
- Author, lecturer, oil & gas counsel for selected clients & governments

Gordon Phillips, B. Comm.

- 35+ years experience in leadership of WCSB oil & gas companies
- Focus on asset management for Canadian pension funds
- Former President of Pensionfund Energy, Guard Resources, CEO of OMERS Energy Inc. (retired)

RRL Advisors

Donald K. Biberdorf, QC

- Co-Managing Partner, Felesky Flynn LLP

Tom Buchanan, CA

- Sr. Managing Partner, NewStreet Infrastructure

Brian Petersen, CFA

- President, Thunderstone Capital

Existing Assets

Mineral Titles and Royalty Interests

- Gross Royalty Trust (“GRT”) interests in 20,000 gross acres
- 480 acres of owned mineral titles offsetting production
- Agreements in place to acquire 315 net mineral acres
- Lands in prospective areas of Central Alberta and SK
- Cash flow forecast from existing assets of approximately \$130K for 2018



“Project T” GORR Purchase Opportunity

- Purchase Agreement to acquire 19 boepd of royalty production
- Purchase price of \$1.1M (NPV 12% BTax), Effective Nov. 1, 2017
- 7 separate royalty properties; 5 in AB, 1 SK and 1 BC
- 5 producing properties with 17 wellbores
- Currently 35% oil/ngl, 65% natural gas
- Projected 60% oil/ngl, 40% gas in 12 months with upside
- 2 non-producing properties with 7 shut-in wellbores
- 3 HZ drilling locations and 5 recompletions identified for upside
- Identified upside to be shown to well operators



“Project T” Purchase Metrics

- \$58,000 boepd
- ~ 5.5X forecast 2018 cash flow
- \$15.50 boe (TP)*, \$11.00 boe (P+P)*
- December 31, 2016 third-party reserve report with internal revision and adjustment*
- Commodity pricing assumptions use average of November 7, 2017 strip price and 4 third-party evaluator price decks*
- Attractive CF and reserve metrics vs market deals



NAV and Cash Flow per share Estimated

Existing and Proforma NAV and CFPS Est. 2018

2018	Existing Assets**	Proforma***	% Change
NAVPS (BTax)	\$0.320	\$0.330	3%
CFPS*FD	\$0.024	\$0.034	37%
* Before G+A	**includes assets under contract	*** 10.1M shares FD	

Investment Opportunity

Funding for “Project T” GORR Purchase

- Private placement offering of up to 4.8M common shares
- \$0.25 per common share for gross proceeds of \$1.2M
- Qualified investors
- Closing on or before January 9, 2018



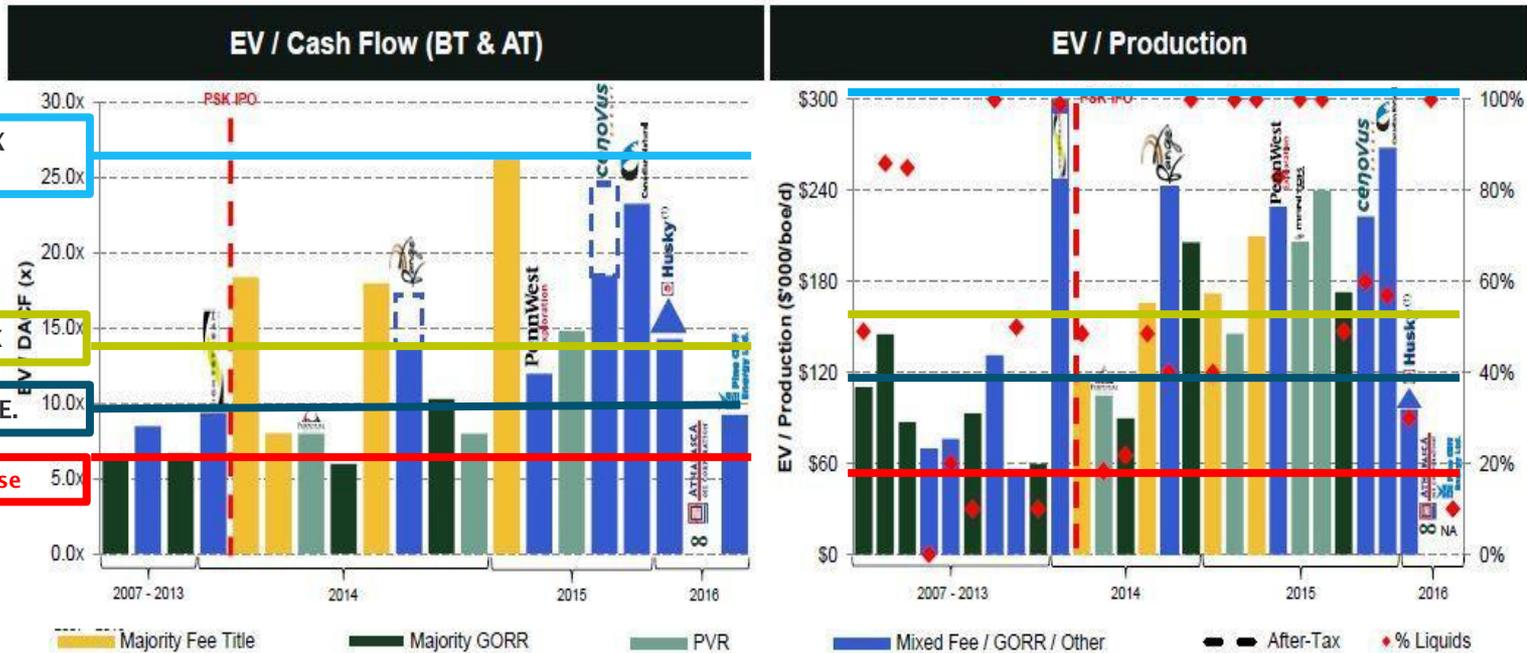
Summary

- Participation in a growing royalty business
- Management and Directors aligned with shareholders
- Low cost structure
- Upside potential from future drilling of royalty lands
- No environmental risks or capital expenditures
- Sell or IPO when critical mass is achieved for exit



Royalty Company Valuation

Canadian Royalty Precedents



(1) Excludes value from royalty and working interests received in heavy oil properties in the Lloydminster area (see detailed precedents)



Disclaimer

Forward Looking Statements

In the interest of providing potential investors with information regarding Resource Royalty Ltd. (“RRL”), this presentation contains certain forward-looking statements and other information (collectively “forward-looking information” or “forward-looking statements”) about RRL’s current expectations, plans and projections. All statements contained herein that are not clearly historical in nature are forward-looking, and the words “anticipate,” “believe,” “intend,” “expect,” “estimate,” “plans” and similar expressions are generally intended to identify forward-looking statements. Such statements represent RRL’s internal projections, estimates or beliefs. This presentation contains forward-looking statements, concerning, among other things: RRL’s future strategy, plans and operations; RRL’s focus and investment and acquisition strategy; anticipated future distributions and yields; estimated debt; estimated production and reserves, product mix, cash flow, netback, distributions and payout ratios; future opportunities and projects; inventory of royalty lands; development upside and growth opportunities; anticipated margins; reserves; industry conditions including anticipated drilling activity levels and well licenses and commodity pricing; and other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. These statements are only predictions. Although RRL believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant risks and contingencies. RRL’s actual results, performance or achievement could differ materially from those expressed or implied by, these forward-looking statements and, accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur. In addition, the reader is cautioned that historical results are not necessarily indicative of future performance. These forward-looking statements are based on assumptions and are subject to numerous risks and uncertainties, certain of which are beyond RRL’s control. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking statements contained in this presentation include, but are not limited to: general economic conditions in Canada and globally; industry conditions, including lower than anticipated industry drilling activity, fluctuations in the price of oil and natural gas; imprecision of reserve estimates; environmental risks; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; interest and exchange rate fluctuations; ability to access sufficient capital; ability to locate satisfactory properties for acquisition or participation; ability to retain key personnel; stock market volatility; changes in environmental and other regulations, incorrect assessments of the value of acquisitions and the benefits to be derived there from; supply and demand; market valuations; and competition for, among other things, capital, undeveloped land and skilled personnel. Barrel of oil equivalent (“boe”) amounts may be misleading, particularly if used in isolation. A boe conversion ratio has been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. All dollar amounts referenced in Canadian dollars.



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Appendix

- Slides Confidential