Source Rock Royalties Ltd.
Initial Public Offering of Units
Term Sheet

February 3, 2022

An amended and restated preliminary prospectus containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in each of the Provinces of Canada, other than Québec. The amended and restated preliminary prospectus is still subject to completion. Copies of the amended and restated preliminary prospectus may be obtained from PI Financial Corp.'s Syndication Team by way of email from syndication@pifinancial.com or at PI Financial Corp., Level 19, 666 Burrard Street, Vancouver, BC, Canada, V6C3N1. There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final prospectus has been issued. This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the amended and restated preliminary prospectus, the final prospectus and any amendment for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

There is currently no market through which the Common Shares (as hereafter defined) and Warrants (as hereafter defined) may be sold and purchasers may not be able to resell Units (as hereafter defined) purchased under the prospectus. This may affect the pricing of the Common Shares and Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares and Warrants, and the extent of issuer regulation. See "Risk Factors" in the amended and restated preliminary prospectus.

The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States (as such term is defined in Regulations under the U.S. Securities Act) (the "United States") or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Securities Act), except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. Capitalized terms used but not otherwise defined herein shall have the respective meaning ascribed thereto in the amended and restated preliminary prospectus. All references to "$" or "dollars" in this document are to Canadian dollars, unless indicated otherwise.

Issuer:	Source Rock Royalties Ltd. (the "**Company**").
Offering:	Initial public offering of units of the Company (the "**Units**").
Offering Size:	C$12,000,600 or C$13,800,690 if the Over-Allotment Option (as hereafter defined) is exercised in full.
Offering Price:	$0.90 per Unit.
Units:	13,334,000 Units for gross proceeds of $12,000,600. If the Over-Allotment Option (as hereafter defined) is exercised in full, the Company will sell an additional 2,000,100 Units. Each Unit is comprised of one common share of the Company (each, a "**Common Share**") and one half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "**Warrant**"). Each Warrant entitles the holder thereof to acquire one Common Share (each, a "**Warrant Share**") at an exercise price of $1.25 per Warrant Share until the date that is 24 months following the Closing Date.
Over-Allotment Option:	The Underwriters have been granted an option (the "**Over-Allotment Option**") to increase the size of the Offering by up to an additional 15% of the Units sold under the Offering, exercisable in whole or in part, at any time and from time to time up to 30 days after the Closing Date.
Use of Proceeds:	The net proceeds from the Offering will be used for additional royalty acquisitions in the Western Canadian Sedimentary Basin.
Form of Offering:	Initial public offering by way of a long-form prospectus filed in all provinces of Canada, with the exception of Québec. Units may also be sold to U.S. buyers on a private placement basis pursuant to an exemption from the registration requirements in Rule 144A of the United States Securities Act of 1933, as amended.
Eligibility:	Subject to customary qualifications, the Units will be qualified investments under the *Income Tax Act* (Canada) for registered accounts and eligible for RRSPs, RRIFs, RDSPs, TFSAs and RESPs.
Listing:	An application has been made to list the Common Shares and the Warrants on the TSX Venture Exchange.
Bookrunner:	PI Financial Corp. ("**PI Financial**").
Commission:	In consideration of the services to be rendered by the Underwriters in connection with the Offering, the Company will pay to the Underwriters, out of the proceeds of the Offering, a cash commission equal to 6.0% of the gross proceeds of Units sold pursuant to the Offering; provided that the Company shall be permitted a president's list (the "**President's List**"), which shall be subject to a reduced fee equal to 3.0% of the gross proceeds from the Units purchased by such members of the President's List. This commission shall be inclusive of a 5% step-up fee payable to the sole bookrunner.
Lock-up:	The Company's Directors and Officers will be subject to a 180-day lock-up.
Black-Out:	The Company will be subject to a 180-day black-out period, subject to certain exceptions.

Source Rock Royalties Ltd.
Initial Public Offering of Units
Term Sheet

February 3, 2022

Dividend:	The board of directors of the Company (the "**Board**") has established a dividend policy pursuant to which the Company intends to pay an annual dividend in the amount of $0.06 per Common Share on a quarterly basis ($0.015 per share). Following Closing, the next scheduled dividend will be for the quarter ending March 31, 2022 and is expected to be paid on or about April 15, 2022 to shareholders of record on March 31, 2022, in the amount of $0.015 per Common Share. The payment of dividends is not guaranteed and the amount and timing of any dividends payable is at the discretion of the Board.
Closing:	February 15, 2022 or such other date as agreed between the Company and PI Financial.