



**Nations Royalty Corp.**

(formerly Vega Mining Inc.)

Management's Discussion and Analysis

For the Three and Six Months Ended September 30, 2024 and 2023

(Presented in Canadian Dollars)

## **NATIONS ROYALTY CORP.**

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For the three and six months ended September 30, 2024

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This Management's Discussion and Analysis ("MD&A") of Nations Royalty Corp. (formerly Vega Mining Inc.) (the "Company") has been prepared by management as of November 26, 2024, and should be read in conjunction with the unaudited condensed interim consolidated carve-out financial statements of the Company for the three and six months ended September 30, 2024 and 2023, and the related notes contained therein, which have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board ("IASB"). All dollar figures stated herein are expressed in Canadian Dollars, unless otherwise noted. This MD&A contains forward-looking information. Please see the section "Forward-Looking Information" for a discussion of the risks, uncertainties and assumptions used to develop the Company's forward-looking information. Additional information relating to the Company is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

### **DESCRIPTION OF THE BUSINESS**

The Company is a majority Nisga'a Nation owned company focused on acquiring royalties in the resource sector and was incorporated on November 21, 2007, under the Business Corporations Act (British Columbia). The Company changed its name from Vega Mining Inc. to Nations Royalty Corp. on May 3, 2024. The Company's head office is located at Suite 3123 - 595 Burrard Street, Vancouver, British Columbia, V7X 1J1 and its registered and records office is located at Suite 2500 - 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3.

On June 18, 2024, the Company completed the Transaction (see *Reverse Takeover Transaction* below), pursuant to which it acquired all of the issued and outstanding shares of Nations Acquisition Corp. ("Nationsco") in exchange for common shares of the Company. In connection with the Transaction, the Company changed its name to Nations Royalty Corp. and changed its fiscal year end from May 31 to March 31. Following completion of the Transaction, the Company's common shares were approved for listing on Tier 2 of the TSX Venture Exchange and commenced trading on June 21, 2024, under the symbol 'NRC'.

As a majority owned company by the Nisga'a Nation, the Company's vision is to unite First Nations and Indigenous groups by acquiring and combining royalties, income and commodity streams and annual benefit payment entitlements on resource projects. The Company believes it has a first mover advantage in the Indigenous royalty space and is actively pursuing acquisition opportunities with Indigenous groups across Canada. The Company's current portfolio includes one producing royalty, and Nations Royalty Corp. is focused on acquiring royalty assets on advanced stage assets to increase future revenue beyond the Company's current portfolio which also includes four organic opportunities. Nations Royalty Corp. benefits from a portfolio of assets located in Canada, significantly reducing risk to the Company and to the individual investor.

### **REVERSE TAKEOVER TRANSACTION**

On February 1, 2024, the Company entered into an amalgamation agreement with the Nisga'a Nation pursuant to which, among other things, the Company would acquire from the Nisga'a Nation the rights to five benefit payment entitlements (the "Royalties") in benefits agreements the Nisga'a Nation has in place in respect of mines and projects within the Golden Triangle Area, located in northwest British Columbia, in exchange for common shares of the Company (the "Transaction").

Concurrently with, and as a condition to, completion of the Transaction, 1445146 B.C. LTD. ("Finco"), a wholly-owned subsidiary of the Company, completed a private placement (the "Concurrent Financing") on April 9, 2024, of 11,111,112 subscription receipts (each, a "Subscription Receipt") at a price of \$0.90 per Subscription Receipt, for gross proceeds of \$10,000,001. All proceeds of the Concurrent Financing were held in escrow pending satisfaction of the closing conditions to the Transaction. Upon satisfaction of the escrow conditions, immediately prior to completion of the Transaction, each Subscription Receipt was automatically converted into one common share of Finco and the funds held in escrow were transferred to the Company's unrestricted bank account.

On June 18, 2024, the Transaction was completed by way of a three-cornered amalgamation under the provisions of the Business Corporations Act (British Columbia) whereby Finco amalgamated with

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Nationsco, a wholly-owned subsidiary of the Nisga'a Nation formed to hold the Royalties prior to closing and having had no other assets or material financial liabilities or obligations, with the resulting company being named Nass Valley Area Royalty Holdings Corp. ("Nass Valley Area Royalty"). All of the issued and outstanding shares of Nass Valley Area Royalty following the amalgamation were immediately exchanged for common shares of the Company on a one-for-one basis (the "Consideration Shares"). The Consideration Shares and most of the currently existing Company shares are subject to voluntary pooling restrictions and will be released over a period of 36 months from completion of the Transaction. Pursuant to the Transaction, the Company issued an aggregate of 111,100,000 common shares to the Nisga'a Nation in consideration for the assignment of the Royalties.

Upon completion of the Transaction, including the Concurrent Financing, (i) the existing shareholders of the Company held approximately 15.56% of its issued and outstanding shares; (ii) the Nisga'a Nation held approximately 76.76% of the Company's issued and outstanding shares; and (iii) the investors in the Concurrent Financing held approximately 7.68% of the Company's issued and outstanding shares.

In connection with the Transaction, the Company has entered into a shareholder rights agreement with the Nisga'a Nation pursuant to which the Nisga'a Nation is entitled to: (i) nominate four persons to the Board of Directors so long as it owns 50% or more of the issued and outstanding shares of the Company; (ii) nominate three persons so long as it owns 33% or more and less than 50% of the outstanding shares; (iii) nominate two persons so long as it owns 20% or more and less than 33% of the outstanding shares; and (iv) nominate one person so long as it owns 10% or more and less than 20% of the outstanding shares. At such time as the Nisga'a Nation owns less than 10% of the outstanding shares, it shall have no further right to nominate persons to the Board of Directors. In addition, so long as the Nisga'a Nation owns greater than 20% of the outstanding shares of the Company, the Company cannot increase the size of its Board of Directors beyond seven members without the prior consent of the Nisga'a Nation.

The legal acquisition of Nass Valley Area Royalty by the Company constitutes a reverse asset acquisition. As a result, the Transaction is accounted for in accordance with IFRS 2 – Share-based Payment, as a reverse acquisition with Nass Valley Area Royalty being identified as the accounting acquirer (legal subsidiary) and the Company being treated as the accounting acquiree (legal parent).

As consideration for 100% of the outstanding shares of the Company, Nass Valley Area Royalty issued 33,630,637 common shares with a value of \$0.90 per share, being the value of the Concurrent Financing, on a one-for-one basis to the shareholders of the Company. In addition, Nass Valley Area Royalty issued 700,000 replacement options, in exchange for previously outstanding options of the Company with a fair value of \$523,513, using the Black-Scholes valuation model with the following assumptions: i) exercise price per share of \$0.10; ii) expected share price volatility of 75%; iii) risk-free interest rate of 3.24%; iv) expected life of 5 years; v) no dividend yield. The consideration paid was allocated first to the fair value of the net assets acquired, with any excess to listing expense as follows:

<b>Consideration</b>		
33,630,637 common shares issued with a value of \$0.90 per share	\$	30,267,574
700,000 replacement options		523,513
	<b>\$</b>	<b>30,791,087</b>
<b>Identifiable net assets</b>		
Cash	\$	9,328,348
Amounts receivable		106,603
Accounts payable and accrued liabilities		(1,120,185)
	<b>\$</b>	<b>8,314,766</b>
<b>Listing expense</b>	<b>\$</b>	<b>22,476,321</b>

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### **ROYALTY INTERESTS**

Pursuant to the Transaction the following Annual Payments were acquired by the Company:

- The Brucejack gold mine operated by Pretium Resources Inc. ("Pretium"), a wholly-owned indirect subsidiary of Newmont Corporation, a large underground gold mine. The Brucejack Annual Payment is equal to a percentage of the Mineral Tax payable by Pretium in each calendar year under the Mineral Tax Act in respect of Brucejack.
- The KSM Copper-Gold-Silver-Molybdenum project (the "KSM Project"), currently in development by Seabridge Gold Inc. The KSM Annual Payment is calculated as an amount equal to:
  - (a) subject to (b) below, 11% of the amount of Mineral Tax payable by KSM in each calendar year under the Mineral Tax Act for the KSM Project; and
  - (b) in respect of a year where no tax is payable under Section 2(1)(a) of the Mineral Tax Act, 5% of the amount of tax payable by KSM in each calendar year under the Mineral Tax Act for the KSM Project.
- The Premier Gold project, currently being commissioned by Ascot Resources Ltd. ("Ascot"), with first gold poured in April 2024 and commercial production scheduled for the quarter ended September 30, 2024. As well as the Red Mountain project owned by Ascot; The Premier Gold and Red Mountain Annual Payment is calculated as an amount equal to:
  - (a) 20% of the Mineral Tax payable by Ascot in each calendar year under the Mineral Tax Act for each of the Premier Gold project and the Red Mountain project; and
  - (b) for each calendar year after the calendar year in which debt is advanced by Ascot under certain project funding agreements, 25% of the Mineral Tax payable by Ascot in each calendar year under the Mineral Tax Act for each of the Premier Gold and Red Mountain projects.
- The Kitsault Molybdenum Deposit, a large, fully permitted brownfield site owned and being actively advanced by New Moly LLC, majority-owned by Resource Capital Fund VI L.P. The Kitsault Annual Payment is the greater of:
  - (a) a minimum of \$1,000,000, if the payment in (b) below is less than \$1,000,000; or
  - (b) an NSR of up to 2%, determined as a sliding scale percentage of net smelter returns on all molybdenum produced at the Kitsault project located near Alice Arm, British Columbia. The royalty is based on the average molybdenum price per calendar year and is subject to minimum production levels being achieved in each calendar year.

The Annual Payment interests held by Nass Valley Area Royalty are all annual payments. The Brucejack, KSM, Premier Gold, and Red Mountain Annual Payments are all calculated based on amounts payable by project operators under the Mineral Tax Act while the Kitsault Annual Payment is based on a sliding scale percentage of net smelter returns.

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### Producing Royalties

As of the date of this MD&A, the Company owned annual payments from the following property:

Project	Operator	Location	Metal	Royalty Type
Brucejack	Newmont Corporation	Canada	Au, Ag	Mineral Tax Royalty

The following provides an update to the production stage assets during the three months ended September 30, 2024:

#### Brucejack

On October 24, 2024, Newmont Corporation ("**Newmont**") reported Q3 2024 gold production of 89 Koz at an all-in sustaining cost of US\$1,197 per ounce for the three months ended September 30, 2024.

### Development Stage Royalties

As of the date of this MD&A, the Company owned annual payments or a royalty interest from the following properties:

Project	Operator	Location	Metal	Royalty Type
KSM	Seabridge Gold Inc.	Canada	Au, Cu, Ag, Mo	Mineral Tax Royalty
Premier	Ascot Resources Ltd.	Canada	Au, Ag	Mineral Tax Royalty
Red Mountain	Ascot Resources Ltd.	Canada	Au, Ag	Mineral Tax Royalty
Kitsault	New Moly LLC	Canada	Mo	Net Smelter Return Royalty

The following provides an update to the Company's primary development stage assets during the three months ended September 30, 2024:

#### KSM

The KSM project is the world's largest undeveloped gold project as measured by reserves and resources. An updated Preliminary Feasibility Study estimates proven and probable reserves total 47.3 million ounces of gold and 7.3 billion pounds of copper. Nation Royalty Corp.'s payment entitlement on the KSM project is a core piece for future success of the Company.

On July 30, 2024, the British Columbia Provincial Government granted 'Substantially Started' designation for Seabridge Gold Inc.'s ("Seabridge") KSM project. The Substantially Started designation allows for the KSM Project's Provincial Environmental Assessment Certificate ("EAC") to be valid in perpetuity over the life of the KSM Project and is no longer subject to expiry.

#### Premier

On September 6, 2024, Ascot Resources Ltd. ("Ascot") announced that it will suspend operations to focus on mine development until the combination of the Big Missouri and PNL mines can sustainably deliver enough ore feed to profitably run the operation. Ascot estimated that it will take approximately three to six months of development, primarily at the PNL mine, to complete the necessary mine development work and to restart operations.

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### SUMMARY OF QUARTERLY RESULTS

The following table summarizes the results of operations for the most recent eight quarters:

	September 30, 2024 (\$)	June 30, 2024 (\$)	March 31, 2024 (\$)	December 31, 2023 (\$)
Revenue	157,401	125,660	47,223	74,122
Net income (loss) and comprehensive income (loss)	(1,533,784)	(24,459,842)	47,223	74,122
Earnings (loss) per share, basic and diluted	(0.01)	(1.28)	0.00	0.00

	September 30, 2023 (\$)	June 30, 2023 (\$)	March 31, 2023 (\$)	December 31, 2022 (\$)
Revenue	92,482	146,961	143,876	107,203
Net income and comprehensive income	92,482	146,961	143,876	107,203
Earnings per share, basic and diluted	0.00	0.00	0.00	0.00

### RESULTS OF OPERATIONS

#### Three Months Ended September 30, 2024 and 2023

The Company reported net loss and comprehensive loss of \$1,533,784 for the three months ended September 30, 2024, compared to net income and comprehensive income of \$92,482 for the three months ended September 30, 2023.

The Company's revenue estimate during the three months ended September 30, 2024, was \$157,401 (2023 - \$92,482) from accrued royalty income generated by the Brucejack gold mine (see *Royalty Interests* above). Revenue is estimated to increase as a result of higher production at the Brucejack gold mine and a higher gold price during the quarter.

Significant items impacting the change in net loss and comprehensive loss included the following:

- an increase in share-based payments from \$Nil in Q2 2023 to \$655,507 in Q2 2024 due to new issues of share options in Q1 2024 and the Company being inactive in Q2 2023;
- an increase in salaries and benefits from \$Nil in Q2 2023 to \$266,170 in Q2 2024 due to the Company being inactive in Q2 2023;
- an increase in travel expenses from \$Nil in Q2 2023 to \$185,303 in Q2 2024 due to the Company being inactive in Q2 2023; and
- an increase in professional fees from \$Nil in Q2 2023 to \$183,014 in Q2 2024 due to the Company being inactive in Q2 2023.

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### Six Months Ended September 30, 2024 and 2023

The Company's net loss and comprehensive loss totalled \$25,993,624 for the six months ended September 30, 2024 ("Q2 2024 YTD"), compared to net income and comprehensive income of \$239,443 for the six months ended September 30, 2023 ("Q2 2023 YTD").

Significant items impacting the change in net loss and comprehensive loss included the following:

- an increase in share-based payments from \$Nil in Q2 2023 YTD to \$2,159,546 in Q2 2024 YTD due to new issues of share options in Q1 2024 and the Company being inactive in Q2 2023;
- an increase in listing expenses from \$Nil in Q2 2023 YTD to \$22,476,321 in Q2 2024 YTD (see Reserve Takeover Transaction above);
- an increase in salaries and benefits from \$Nil in Q2 2023 YTD to \$292,802 in Q2 2024 YTD due to the Company being inactive in Q2 2023 YTD;
- an increase in marketing expenses from \$Nil in Q2 2023 YTD to \$509,856 in Q2 2024 YTD due to the Company being inactive in Q2 2023 YTD;
- an increase in travel expenses from \$Nil in Q2 2023 YTD to \$201,122 in Q2 2024 YTD due to the Company being inactive in Q2 2023 YTD; and
- an increase in professional fees from \$Nil in Q2 2023 YTD to \$296,818 in Q2 2024 YTD due to the Company being inactive in Q2 2023 YTD.

### LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital (current assets less current liabilities) of \$6,957,011 at September 30, 2024 (March 31, 2024 - \$413,365). The Company has relied principally upon the issuance of equity securities to raise funds. Management is constantly actively seeking additional financing, and while it has successfully done this in the past, there is no assurance that it will continue to be able to do so in the future.

### RELATED PARTY TRANSACTIONS

Key management consists of personnel having the authority and responsibility for planning, directing, and controlling the activities of the Company, which are the directors and executive officers of the Company. Compensation to key management:

	Three months ended September 30,		Six months ended September 30,	
	2024	2023	2024	2023
	(\$)	(\$)	(\$)	(\$)
Salaries	75,000	-	75,000	-
Director fees	69,439	-	69,439	-
Consulting fees	82,500	-	97,500	-
Share-based compensation	317,921	-	1,062,420	-
	<b>544,860</b>	<b>-</b>	<b>1,304,359</b>	<b>-</b>

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### **SHARE CAPITAL**

As of the date of this MD&A, the Company had the following:

- 144,730,637 common shares outstanding
- 10,912,500 options outstanding
- Nil warrants outstanding

135,171,500 of the issued and outstanding shares as of September 30, 2024, and the date of this MD&A, were subject to voluntary pooling restrictions pursuant to a June 2024 agreement. 121,855,550 shares (March 31, 2024 - nil) remain subject to the voluntary pooling restrictions and will be released in scheduled tranches until June 2027.

### **OFF-BALANCE SHEET ARRANGEMENTS**

There are no off-balance sheet arrangements to which the Company is committed as of the date of this MD&A.

### **ADOPTION OF NEW AND AMENDED ACCOUNTING STANDARDS**

Please refer to the unaudited condensed interim consolidated carve-out financial statements of the Company for the three and six months ended September 30, 2024 and 2023, and the related notes contained therein.

### **FINANCIAL INSTRUMENTS**

Please refer to the unaudited condensed interim consolidated carve-out financial statements of the Company for the three and six months ended September 30, 2024 and 2023, and the related notes contained therein.

### **PROPOSED TRANSCATIONS**

While the Company continues to pursue further transactions, there are no proposed transactions as of the date of this MD&A.

### **CONTINGENCIES**

There are no contingent liabilities as of the date of this MD&A.

### **MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the CEO and CFO of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim financial statements and the audited annual financial statements and respective accompanying MD&A's.

The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures.

### **FORWARD-LOOKING INFORMATION**

Certain information in this MD&A, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information may include, but is not limited to, information which reflect management's expectations regarding the Company's future growth, results of operations, performance (both operational and



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financial) and business prospects and opportunities. Often, this information includes words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

This MD&A contains information on risks, uncertainties and other factors relating to the forward-looking information (see *Risk Factors* below). Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

### **RISK FACTORS**

For information with respect to risks please refer to the Company's filing statement dated June 18, 2024, on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

### **MANAGEMENT AND BOARD OF DIRECTORS**

On December 4, 2023, the Company appointed Alex Morrison to its Board of Directors.

On February 7, 2024, the Company appointed Robert McLeod as Interim Chief Executive Officer.

On March 4, 2024, the Company appointed Tony Robinson as Chief Financial Officer.

On March 4, 2024, the Company appointed Stephanie Azak as Corporate Secretary.

On May 15, 2024, the Company appointed Derrick Pattenden as Chief Investment Officer.

On June 10, 2024, the Company appointed Kody Penner as Vice-President - Corporate Development.

On June 11, 2024, the Company appointed Aaron Triplett as Vice-President - Finance.

On June 18, 2024, the Company appointed Derek Teevan as Vice-President - Partnerships.

On June 18, 2024, the Company appointed Collier Azak, Edward Clayton, Debra Febril, Saga Williams, and Robert McLeod to its Board of Directors.

On October 21, 2024, the Company appointed Josh Kierce as Chief Financial Officer, replacing Tony Robinson.

On November 22, 2024, Debra Febril resigned from her position as Director of the Company as a result of being elected as Chair of Nisga'a Lisims Government.

On November 22, 2024, Collier Azak retired from the Company's Board of Director's for personal reasons.