



**Nations Royalty Corp.**

(formerly Vega Mining Inc.)

Management's Discussion and Analysis

For the Three and Nine Months Ended December 31, 2024 and 2023

(Presented in Canadian Dollars)

## **NATIONS ROYALTY CORP.**

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For the three and nine months ended December 31, 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 February 26, 2025, and should be read in conjunction with the unaudited condensed interim consolidated carve-out financial statements of the Company for the three and nine months ended December 31, 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.

Nations Royalty is providing free advisory services to Indigenous groups that are negotiating royalties with mining companies in their Impact Benefit Agreements. The Company's goal is to provide quality advice to Indigenous groups to ensure they receive fair and equitable terms commensurate with the risks that their nations take on as mining activity occurs on their territories. These terms can include high quality royalties, such as Net Smelter Returns ("NSR"), in their Impact Benefit Agreements. This advisory process allows Nations Royalty to build trust and a strong relationship with an Indigenous group. A potential partnership with the Company on all, or a portion of, the Indigenous group's royalty payments can be explored in parallel or subsequently. Further, each successful negotiation helps the Company's business model by growing the size of the Indigenous owned royalty space.

### **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

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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 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:

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### Consideration

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>

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### Identifiable net assets

Cash	\$	9,328,348
Amounts receivable		106,603
Accounts payable and accrued liabilities		(1,120,185)
	<b>\$</b>	<b>8,314,766</b>

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**Listing expense** **\$ 22,476,321**

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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"), which poured first gold in April 2024 and is currently undergoing mine development work to restart operations in 2025. 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

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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.

### Producing Royalties

As of the date of this MD&A, the Company is entitled to 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 and nine months ended December 31, 2024:

#### Brucejack

On February 20, 2025, Newmont Corporation ("**Newmont**") reported Q4 2024 gold production of 72 Koz at an all-in sustaining cost of US\$1,498 per ounce for the three months ended December 31, 2024. From January 1, 2024 to December 31, 2024, Newmont reported gold production of 258 Koz at an all-in sustaining cost of US\$1,603 per ounce.

### Development Stage Royalties

As of the date of this MD&A, the Company is entitled to 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 and nine months ended December 31, 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 currently a core piece for future success of the Company.

On November 25, 2024, Seabridge Gold Inc. ("Seabridge") announced that Tsetsaut Skii km Lax Ha ("TSKLH") filed a petition in the British Columbia Supreme Court against the Province of British Columbia and relevant Ministries (collectively, the "Province") seeking judicial review of the determination by the Chief Executive Assessment Office, of the British Columbia Environmental Assessment Office that Seabridge's KSM Project has been "substantially started". TSKLH is an indigenous group claiming an extensive traditional territory in northwest British Columbia, including the area of the KSM Project, and it contests rights of the Nisga'a Nation and Tahltan Nation over the area of the eastern side of the KSM Project.

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### Premier

On January 15, 2025, Ascot Resources Ltd. ("Ascot") announced a leadership transition appointing Mr. James (Jim) A. Currie as CEO and Director.

On February 5, 2025, Ascot provided an update on the progress of the Premier Gold Project following an initial review completed by the new CEO and determined that the previously outlined timeline for the re-start of mill operations is no longer achievable, and Ascot now projects ore throughput will commence in July 2025. Ascot is currently finalizing a schedule and budget to reflect this updated timeline.

### SUMMARY OF QUARTERLY RESULTS

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

	December 31, 2024 (\$)	September 30, 2024 (\$)	June 30, 2024 (\$)	March 31, 2024 (\$)
Revenue	288,000	157,401	125,660	47,223
Net (loss) income and comprehensive (loss) income	(1,289,681)	(1,533,784)	(24,459,842)	47,223
Earnings (loss) per share, basic and diluted	(0.01)	(0.01)	(1.28)	0.00

	December 31, 2023 (\$)	September 30, 2023 (\$)	June 30, 2023 (\$)	March 31, 2023 (\$)
Revenue	74,122	92,482	146,961	143,876
Net (loss) income and comprehensive (loss) income	74,122	92,482	146,961	143,876
Earnings per share, basic and diluted	0.00	0.00	0.00	0.00

### RESULTS OF OPERATIONS

#### Three Months Ended December 31, 2024 and 2023

The Company reported net loss and comprehensive loss of \$1,289,681 for the three months ended December 31, 2024, compared to net income and comprehensive income of \$74,122 for the three months ended December 31, 2023.

The Company's revenue recorded during the three months ended December 31, 2024, was \$288,000 (2023 - \$74,122) from accrued royalty income expected to be generated by the Brucejack gold mine (see *Royalty Interests* above). Revenue is estimated to increase as a result of a higher gold price during the quarter, and the Brucejack gold mine operating at a lower all-in sustaining cost in 2024 resulting in higher mineral taxes expected to be paid by Newmont.

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

- an increase in share-based payments from \$Nil in Q3 2023 to \$531,582 in Q3 2024 due to new issues of share options in Q1 2024 and the Company being inactive in Q3 2023;
- an increase in salaries and benefits from \$Nil in Q3 2023 to \$307,991 in Q3 2024 due to the Company being inactive in Q3 2023;
- an increase in marketing expenses from \$Nil in Q3 2023 to \$347,457 in Q3 2024 due to the Company being inactive in Q3 2023;

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- an increase in travel expenses from \$Nil in Q3 2023 to \$79,242 in Q3 2024 due to the Company being inactive in Q3 2023; and
- an increase in professional fees from \$Nil in Q3 2023 to \$79,996 in Q3 2024 due to the Company being inactive in Q3 2023.

### Nine Months Ended December 31, 2024 and 2023

The Company's net loss and comprehensive loss totalled \$27,283,305 for the nine months ended December 31, 2024 ("Q3 2024 YTD"), compared to net income and comprehensive income of \$313,565 for the nine months ended December 31, 2023 ("Q3 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 Q3 2023 YTD to \$2,691,128 in Q3 2024 YTD due to new issues of share options in Q1 2024 and the Company being inactive in Q3 2023;
- an increase in listing expenses from \$Nil in Q3 2023 YTD to \$22,476,321 in Q3 2024 YTD (see Reserve Takeover Transaction above);
- an increase in salaries and benefits from \$Nil in Q3 2023 YTD to \$600,793 in Q3 2024 YTD due to the Company being inactive in Q3 2023 YTD;
- an increase in marketing expenses from \$Nil in Q3 2023 YTD to \$857,313 in Q3 2024 YTD due to the Company being inactive in Q3 2023 YTD;
- an increase in travel expenses from \$Nil in Q3 2023 YTD to \$280,364 in Q3 2024 YTD due to the Company being inactive in Q2 2023 YTD; and
- an increase in professional fees from \$Nil in Q3 2023 YTD to \$376,814 in Q3 2024 YTD due to the Company being inactive in Q3 2023 YTD.

### LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital (current assets less current liabilities) of \$6,198,910 at December 31, 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 December 31,		Nine months ended December 31,	
	2024	2023	2024	2023
	(\$)	(\$)	(\$)	(\$)
Salaries	191,250	-	341,250	-
Director fees	39,654	-	109,093	-
Consulting fees	1,250	-	12,500	-
Share-based compensation	242,183	-	1,304,603	-
	474,337	-	1,767,446	-

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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
- 10,062,500 options outstanding
- Nil warrants outstanding

132,852,500 of the issued and outstanding shares as of December 31, 2024, and the date of this MD&A, were subject to voluntary pooling restrictions pursuant to a June 2024 agreement. 99,639,375 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 nine months ended December 31, 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 nine months ended December 31, 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 consolidated carve-out 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



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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 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.