# NATIONS ROYALTY CORP.

## (FORMERLY VEGA MINING INC.)

# FILING STATEMENT

**IN RESPECT OF THE REVERSE TAKE OVER TRANSACTION INVOLVING THE ACQUISITION BY**

**NATIONS ROYALTY CORP.**

**OF ALL OF THE ISSUED AND OUTSTANDING SHARE CAPITAL OF**

**NATIONS ACQUISITIONS CORP.**

Dated as of June 14, 2024

*Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the reverse takeover described in this Filing Statement*

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## GLOSSARY OF TERMS

The following is a glossary of certain definitions used in this Filing Statement. Terms and abbreviations used in the schedules to this Filing Statement 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.

"**Affiliate**" shall have the meaning ascribed to such term in National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators.

"**Agency Agreement**" means the agency agreement entered into between Nations Royalty, Finco, Nationsco and the Agents dated April 9, 2024 in respect of the Concurrent Financing pursuant to which the Finco Subscription Receipts were issued and sold.

"**Agents**" means the agents under the Agency Agreement, collectively, Canaccord Genuity Corp. and Beacon Securities Limited.

"**Amalco**" means Nass Valley Area Royalty Holdings Corp., a wholly-owned subsidiary of the Resulting Issuer, and the company resulting form the Amalgamation of Finco and Nationsco.

"**Amalgamation**" means the amalgamation of Finco and Nationsco completed pursuant to the Amalgamation Agreement.

"**Amalco Shares**" means the common shares in the capital of Amalco.

"**Amalgamation Agreement**" means the amalgamation agreement dated February 1, 2024 among Nations Royalty, Finco, Nationsco and the Nationsco Shareholder, as amended on May 31, 2024.

"**Amalgamation Application**" means the Form 13 - *Amalgamation Application* prescribed by the BCBCA effecting the Amalgamation.

"**Annual Payment Direction Agreements**" means, collectively, the Brucejack Annual Payment Direction Agreement, the Kitsault Annual Payment Direction Agreement, the KSM Annual Payment Direction Agreement and the Premier Gold and Red Mountain Annual Payment Direction Agreement.

"**Annual Payments**" or "**Nationsco Shareholder Contributed Assets**" means, collectively, the Brucejack Annual Payment, the Kitsault Annual Payment, the KSM Annual Payment and the Premier Gold and Red Mountain Annual Payment.

"**Arm's Length Transaction**" means a transaction which is not a Related Party Transaction.

"**Ascot**" means Ascot Resources Ltd.

"**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 him, her or it to more than 10% of the voting rights attached to outstanding 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 a person or company serves as trustee or in a similar capacity,

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

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

(ii) any relative of the Person or of his or her 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 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 with respect to that Member firm, Member corporation or holding company.

"**Audit Committee**" means the audit committee of the Resulting Issuer, as constituted from time to time.

"**Avanti**" means Avanti Kitsault Mine Ltd.

"**BCBCA**" means the British Columbia *Business Corporations Act*, as amended.

"**Brucejack Annual Payment**" means the annual benefit payment payable to the Nationsco Shareholder pursuant to the Brucejack Benefits Agreement.

"**Brucejack Annual Payment Direction Agreement**" means the agreement dated June 8, 2024 among Nationsco, the Nationsco Shareholder and Pretium, pursuant to which Nationsco will have the right to be paid the Brucejack Annual Payment following Closing.

"**Brucejack Benefits Agreement**" means the Cooperation and Benefits Agreement between Pretium and the Nationsco Shareholder dated April 1, 2015.

"**Brucejack Mine**" means the underground operating gold mine owned by Pretium Resources Inc. that is the subject property of the Brucejack Annual Payment Direction Agreement.

"**Business Day**" means a day, other than a Saturday or Sunday, on which the principal commercial banks located in Vancouver, British Columbia are open for business.

"**Business Objectives**" has the meaning ascribed to such term under the heading "*Information Concerning the Resulting Issuer – Narrative Description of the Business – Stated Business Objectives*".

"**Capital Analytica**" means Triomphe Holdings Ltd. (DBA Capital Analytica).

"**Carve-Out Financial Statements**" means the audited carve-out financial statements of the Nationsco Shareholder Contributed Assets as at March 31, 2023 and 2022, and April 1, 2021 and for the years ended March 31, 2023 and 2022, and the unaudited condensed carve-out interim financial statements of the Nationsco Shareholder Contributed Assets as at December 31, 2023 and for the three and nine months ended December 31, 2023 and 2022, and the respective notes thereto, copies of which are attached as Schedule F to this Filing Statement.

"**CBCA**" means the *Canada Business Corporations Act*, as amended.

"**CEO**" means chief executive officer.

"**Certificate of Amalgamation**" means the certificate of amalgamation to be issued by the Registrar of Companies in respect of the Amalgamation in accordance with Section 281 of the BCBCA.

"**CFO**" means chief financial officer.

"**CIO**" means chief investment officer.

"**Closing**" means the completion of the Amalgamation pursuant to the Amalgamation Agreement on the Effective Date.

"**Company**" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"**Completion Deadline**" means May 31, 2024 or such later date as Nations Royalty and Nationsco may mutually agree in writing

"**Concurrent Financing**" means the brokered private placement financing completed by Finco on April 9, 2024 whereby Finco issued 11,111,112 Finco Subscription Receipts at a price of $0.90 per Finco Subscription Receipt for gross proceeds of $10,000,000.80.

"**Consolidation**" means the consolidation of all of the issued and outstanding Nations Royalty Shares on the basis of one post-Consolidation Nations Royalty Share for every two previously outstanding Nations Royalty Shares, completed on April 16, 2024.

"**Consulting Services Agreement**" means the consulting services agreement between Nations Royalty and Capital Analytica dated effective May 1, 2024.

"**Continuation**" means the continuation of Nations Royalty from the jurisdiction of the BCBCA to the jurisdiction of the CBCA, completed on May 3, 2024.

"**Control Person**" means any Person that holds or is one of a combination of Persons 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.

"**Corporate Governance & Nominating Committee**" has the meaning ascribed to such term under the heading "*Information Concerning the Resulting Issuer – Directors Officers and Promoters – Committees of the Board of Directors*".

"**Disclosure Instrument**" has the meaning ascribed to such term under the heading "*Information Concerning the Resulting Issuer – Directors Officers and Promoters – Committees of the Board of Directors – Corporate Governance*".

"**Effective Date**" means the effective date of the Amalgamation as shown on the Certificate of Amalgamation.

"**Effective Time**" means the time on the Effective Date that the Amalgamation becomes effective.

"**Eligible Charitable Organizations**" has the meaning ascribed to that term in the TSXV Corporate Finance Manual.

"**Escrowed Funds**" means the Escrowed Proceeds plus all interest earned thereon, calculated in accordance with the terms of the Subscription Receipt Agreement.

"**Escrowed Proceeds**" means the gross proceeds from the Concurrent Financing, delivered to the Subscription Receipt Agent to be held in escrow on the terms and subject to the conditions of the Subscription Receipt Agreement.

"**Escrow Release**" has the meaning ascribed to such term under the heading "*Information Concerning the Amalgamation, Financing and Transaction – The Concurrent Financing – Finco Subscription Receipts*".

"**Escrow Release Conditions**" has the meaning ascribed to such term under the heading "*Information Concerning the Amalgamation, Financing and Transaction – The Concurrent Financing – Finco Subscription Receipts*".

"**Escrow Release Deadline**" has the meaning ascribed to such term under the heading "*Information Concerning the Amalgamation, Financing and Transaction – The Concurrent Financing – Finco Subscription Receipts*".

"**Exchange**" or "**TSXV**" means the TSX Venture Exchange Inc.

"**Exchange Approval**" means the conditional approval of the Exchange in respect of the Listing following the completion of the Transaction.

"**Filing Statement**" means this filing statement, together with all schedules attached hereto and including the summary hereof.

"**Final Exchange Bulletin**" means the Exchange bulletin evidencing the final Exchange acceptance of the Transaction and the Listing, to be issued following the submission of all required documentation.

"**Finco**" means 1445146 B.C. Ltd., a corporation existing under the laws of the Province of British Columbia and a wholly-owned subsidiary of Nations Royalty created for the purposes of completing the Concurrent Financing and the Amalgamation.

"**Finco Shareholders**" means, at any time, the holders of then outstanding Finco Shares.

"**Finco Shareholder Approval**" means the resolution of Nations Royalty as sole shareholder of Finco approving the Amalgamation and the Amalgamation Agreement, as required under the BCBCA.

"**Finco Shares**" means common shares in the capital of Finco.

"**Finco Subscription Receipts**" means the subscription receipts issued by Finco pursuant to the Concurrent Financing; each Finco Subscription Receipt will automatically convert into one Finco Share immediately prior to the Effective Time, without payment or further consideration, subject to satisfaction of the Escrow Release Conditions.

"**forward-looking statements**" has the meaning given to it under the heading "*Cautionary Statement Regarding Forward-Looking Information*".

"**forward-looking information**" has the meaning given to it under the heading "*Cautionary Statement Regarding Forward-Looking Information*".

"**IFRS**" means International Financial Reporting Standards.

"**Insider**" if used in relation to an issuer, means:

(a) a director or senior officer of the issuer;

(b) a director or senior officer of the 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.

"**Investment Committee**" has the meaning ascribed to such term under the heading "*Information Concerning the Resulting Issuer – Directors, Officers and Promoters – Committees of the Board of Directors*".

"**Kitsault Annual Payment**" means the minimum royalty and net smelter royalty payment payable to the Nationsco Shareholder pursuant to the Kitsault Benefits Agreement.

"**Kitsault Annual Payment Direction Agreement**" means the agreement dated June 7, 2024 among the Nationsco Shareholder, Nationsco and Avanti pursuant to which Nationsco will have the right to be paid the Kitsault Annual Payment following Closing.

"**Kitsault Benefits Agreement**" means the Cooperation and Benefits Agreement between Avanti and the Nationsco Shareholder dated May 30, 2014.

"**KSM**" means KSM Mining ULC, a subsidiary of Seabridge.

"**KSM Annual Payment**" means the annual benefit payment payable to the Nationsco Shareholder pursuant to the KSM Benefits Agreement.

"**KSM Annual Payment Direction Agreement**" means the agreement dated June 10, 2024 among the Nationsco Shareholder, Nationsco, KSM and Nations Royalty pursuant to which Nationsco will have the right to be paid the KSM Annual Payment following Closing.

"**KSM Benefits Agreement**" means the Benefits Agreement between the Nationsco Shareholder and Seabridge dated June 16, 2014.

"**Listing**" means listing of the Resulting Issuer Shares on the Exchange.

"**Listing Date**" means the date on which the Resulting Issuer Shares are listed for trading on the Exchange.

"**Locked-Up Securities**" has the meaning ascribed to such term under the heading "*Information Concerning the Amalgamation, Financing and Transaction – The Concurrent Financing – Lock-Up Agreements*".

"**LOI**" means the non-binding letter of intent between Nations Royalty and the Nationsco Shareholder dated September 29, 2023, as amended on December 31, 2023, in respect of the Transaction.

"**MD&A**" means Management's Discussion and Analysis.

"**Member**" has the meaning ascribed to that term in the TSXV Corporate Finance Manual.

"**Mineral Tax Act**" means the *Mineral Tax Act*, RSBC 1996, c. 291 as amended from time to time, and legislation in addition to or in substitution for the Mineral Tax Act which assesses a tax on minerals or mining in favour of British Columbia similar to the tax present assessed under the Mineral Tax Act.

"**Name Change**" means the change of name from "Vega Mining Inc." to "Nations Royalty Corp." effected on May 3, 2024.

"**Nationsco**" means Nations Acquisitions Corp., a corporation existing under the laws of the Province of British Columbia and created for the purposes of holding the Annual Payments and completing the Amalgamation.

"**Nationsco Board**" means the board of directors of Nationsco.

"**Nationsco Financial Statements**" means the audited annual financial statements of Nationsco as at March 31, 2024 and for the period from incorporation on October 19, 2023 to March 31, 2024, and the notes thereto, a copy of which is attached as Schedule D to this Filing Statement.

"**Nationsco Shareholder**" means the sole shareholder of Nationsco, being the Nisga'a Nation.

"**Nationsco Shareholder Approval**" means the resolution of the Nationsco Shareholder approving the Amalgamation and the Amalgamation Agreement, as required under the BCBCA.

"**Nationsco Shareholder Contributed Assets**" or "**Annual Payments**" means, collectively, the Brucejack Annual Payment, the Kitsault Annual Payment, the KSM Annual Payment and the Premier Gold and Red Mountain Annual Payment.

**"Nationsco Shares**" means the common shares in the capital of Nationsco.

"**Nations Royalty**" means Nations Royalty Corp., a corporation existing under the CBCA.

"**Nations Royalty Board**" means the board of directors of Nations Royalty.

"**Nations Royalty Financial Statements**" means the audited annual financial statements of Nations Royalty as at May 31, 2023 and 2022, and for the years ended May 31, 2023 and 2022 and the unaudited condensed interim consolidated financial statements of Nations Royalty as at February 29, 2024 and for the three and nine months ended February 29, 2024 and 2023, and the respective notes thereto, copies of which are attached as Schedule B to this Filing Statement.

"**Nations Royalty Options**" means incentive stock options to acquire Nations Royalty Shares of which there are 700,000 outstanding (on a post-Consolidation basis) on the date hereof, each currently outstanding Nations Royalty Option being exercisable to acquire one Nations Royalty Share at a price of $0.10 per Nations Royalty Share, all as more particularly described under the heading "*Information Concerning Nations Royalty and Finco – Prior Sales*". See also "*Information Concerning Nations Royalty and Finco – Description of Securities – Stock Options*".

"**Nations Royalty Option Plan**" means the incentive stock option plan of Nations Royalty.

"**Nations Royalty Shares**" means the common shares in the capital of Nations Royalty as constituted on the date hereof.

"**Nations Royalty Shareholders**" means, at any time, the holders of then outstanding Nations Royalty Shares.

"**NEO**" stands for named executive officer and means each of the following individuals:

(a) each CEO;

(b) each CFO;

(c) the most highly compensated executive officer, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year of a Company whose total compensation was, individually, more than $150,000 for that financial year; and

(d) each additional individual who would be a NEO under (c) above, but for the fact that the individual was neither an executive officer of a Company, nor acting in a similar capacity, at the end of the most recently completed financial year.

"**NEX**" means the NEX board of the Exchange.

"**NI 52-110**" means National Instrument 52-110 - *Audit Committees* of the Canadian Securities Administrators.

"**Non-Arm's Length Party**" means 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 of such Persons. In relation to an individual, it means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.

"**Payment Streams**" means and includes royalties, income and commodity streams, annual benefit payments and the right to receive any of the foregoing.

"**Person**" means a Company or an individual.

"**Premier Gold and Red Mountain Annual Payment**" means the annual benefit payment payable to the Nationsco Shareholder pursuant to the Premier Gold and Red Mountain Benefits Agreement.

"**Premier Gold and Red Mountain Annual Payment Direction Agreement**" means the agreement dated June 10, 2024 among the Nationsco Shareholder, Nationsco and Ascot pursuant to which Nationsco will have the right to be paid the Premier Gold and Red Mountain Annual Payment following Closing.

"**Premier Gold and Red Mountain Benefits Agreement**" means the Benefits Agreement between the Nationsco Shareholder and Ascot dated July 15, 2021.

"**Pretium**" means Pretium Resources Inc.

"**Promoter**" means, if used in relation to an issuer, a Person who (a) acting alone or in concert with one or more other Persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, or (b) in connection with the founding, organization or substantial reorganization of the business of the issuer, directly or indirectly receives, in consideration of services or property or both, 10% or more of a class of the issuer's own securities or 10% or more of the proceeds from the sale of a class of the issuer's own securities of a particular issue, but does not include a Person who (c) receives securities or proceeds referred to in paragraph (b) solely (i) as underwriting commissions, or (ii) in consideration for property, and (d) does not otherwise take part in founding, organizing or substantially reorganizing the business.

"**Registrar of Companies**" means the Registrar of Companies for British Columbia.

"**Related Party Transaction**" has the meaning ascribed to that term under Multilateral Instrument 61-101 - *Take- Over Bids and Special Transactions*, and includes a transaction that is determined by the Exchange to be a Related Party Transaction.

"**Resulting Issuer**" means Nations Royalty Corp. after giving effect to the Transaction.

"**Resulting Issuer Board**" means the board of directors of the Resulting Issuer.

"**Resulting Issuer Options**" means incentive stock options to acquire Resulting Issuer Shares.

"**Resulting Issuer Option Plan**" means the incentive stock option plan to be adopted by the Resulting Issuer upon Closing.

"**Resulting Issuer Shares**" means the common shares in the capital of the Resulting Issuer (after giving effect to the Transaction).

"**Resulting Issuer Shareholder**" means a holder of Resulting Issuer Shares.

"**Seabridge**" means Seabridge Gold Inc.

"**SEDAR+**" means the System for Electronic Document Analysis and Retrieval Plus of the Canadian Securities Administrators, accessible at www.sedarplus.ca, and includes the predecessor platform, the System for Electronic Document Analysis and Retrieval.

"**Seed Shares**" has the meaning ascribed to such term under the heading "*Information Concerning the Resulting Issuer – Escrowed Securities – Seed Share Resale Restrictions*".

"**Services**" has the meaning ascribed to such term under the heading "*Information Concerning Nations Royalty and Finco – Investor Relations Arrangements*".

"**Shareholder Rights Agreement**" means the agreement dated as of the Effective Date, between Nations Royalty and the Nationsco Shareholder pursuant to which the Nationsco Shareholder has, inter alia, the right to nominate 4 persons to the Resulting Issuer Board.

"**Sponsor**" has the meaning ascribed to that term in the Sponsorship Policy.

"**Sponsorship Policy**" means TSXV Policy 2.2 – *Sponsorship and Sponsorship Requirements of the Exchange* of the TSXV Corporate Finance Manual.

"**SSRS**" has the meaning ascribed to such term under the heading "*Information Concerning the Resulting Issuer – Escrowed Securities – Seed Share Resale Restrictions*".

"**Subscription Receipt Agreement**" means the subscription receipt agreement dated April 9, 2024 among Finco, the Agents and the Subscription Receipt Agent governing the Finco Subscription Receipts.

"**Subscription Receipt Agent**" means Odyssey Trust Company.

“**Tax Act**” means the *Income Tax Act* (Canada), as amended and the regulations thereunder, as amended;

“**Transaction**” unless specifically indicated otherwise, means the Consolidation, Concurrent Financing, Amalgamation and all related transactions incidental thereto as contemplated by the Amalgamation Agreement, which collectively constitute a reverse takeover of Nations Royalty in accordance with the policies of the Exchange.

“**TSXV Corporate Finance Manual**” means the corporate finance manual of the TSXV.

“**TSXV Escrow Agreement**” has the meaning ascribed to such term under the heading “*Information Concerning the Resulting Issuer – Escrowed Securities*”.

“**TSXV Escrowed Securities**” means the securities of the Resulting Issuer to be held in escrow pursuant to the TSXV Escrow Agreement.

“**TSXV Policy 5.2**” means TSXV Policy 5.2 - *Changes of Business and Reverse Takeovers* of the TSXV Corporate Finance Manual.

“**TSXV Policy 5.4**” means TSXV Policy 5.4 - *Escrow, Vendor Consideration and Resale Restrictions* of the TSXV Corporate Finance Manual.

“**United States**” and “**U.S.**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

All dollar amounts in this Filing Statement are expressed in Canadian dollars unless otherwise indicated.

## CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This Filing Statement contains "**forward-looking statements**" (also referred to as "**forward-looking information**") within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this Filing Statement that address activities, events or developments that Nations Royalty and Nationsco expect or anticipate will or may occur in the future, including, without limitation, statements about; sources, and proposed uses of funds; capital and operating cost estimates, including option payments and general and administrative expenses; expectations regarding the ability to raise capital for future activities; and other such matters are forward-looking statements. When used in this Filing Statement, the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements.

Forward-looking information and statements are based on estimates and assumptions made by management in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as factors that management believes are appropriate. Forward-looking information and statements are made based upon certain assumptions and other important factors that could cause the actual results, performances or achievements of the Resulting Issuer to be materially different from future results, performances or achievements expressed or implied by such information or statements. Such information and statements are based on numerous assumptions including, among others, that the results of planned exploration activities are as anticipated, the price of gold, the anticipated cost of planned exploration activities, that general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed on reasonable terms.

Forward-looking information and statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Resulting Issuer to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although management of Nations Royalty and Nationsco believe that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Nations Royalty and Nationsco cannot guarantee future results, levels of activity, performance, or achievements. Some of the risks and other factors, some of which are beyond the control of Nations Royalty, Nationsco and the Resulting Issuer, which could cause results to differ materially from those expressed in the forward-looking statements contained in this Filing Statement include, but are not limited to:

- the completion, timing and expected effects of the Transaction;
- changes in the market price of the commodities that underlie its Payment Streams will affect the profitability of the Resulting Issuer and the income generated therefrom;
- the operation of the properties in which respect of which the Resulting Issuer holds an interest is generally determined by third-party property owners and operators, and the Resulting Issuer has no or limited decision-making power as to how these properties are operated, and the operators' failure to perform could affect the revenues generated by the Resulting Issuer;
- the Brucejack Annual Payment is significant to the Resulting Issuer and other assets and properties may become significant to the Resulting Issuer from time to time and any adverse development related to any such assets will affect the revenue derived from such assets;
- a significant portion of the Resulting Issuer's revenue will initially come from the Brucejack Annual Payment, meaning that adverse developments at this property could have a more significant or lasting impact on the Resulting Issuer's results;

- certain of the Resulting Issuer's Payment Streams, or Payment Streams it may acquire, may be in respect of properties that are speculative and there can be no assurance that mineable deposits will be discovered, developed or mined;
- the Resulting Issuer has limited access to data and disclosure regarding the operation of properties, which will affect its ability to assess Payment Stream performance and detect errors;
- delays in the payment of Payment Streams by the owners and operators of the relevant properties will affect the revenues generated by the asset portfolio;
- the Resulting Issuer may experience difficulty attracting and retaining qualified management and technical personnel to efficiently operate its business;
- current global financial conditions continue to be characterized by volatility;
- variations in foreign exchange rates may adversely affect the revenue generated by the asset portfolio;
- the ability of the Resulting Issuer to pay dividends will be dependent on its financial condition and business objectives; the Resulting Issuer may not pay any dividends for the foreseeable future;
- changes in tax legislation or accounting rules could affect the profitability of the Resulting Issuer;
- risks associated with directors and officers of the Resulting Issuer becoming subject to conflicts of interest through their roles with other companies or otherwise;
- risks associated with the inability to obtain adequate financing on terms favourable to the Resulting Issuer;
- expansion of its business beyond the acquisition of Payment Streams may result in the Resulting Issuer facing new challenges and risks which could affect its profitability, results of operations and financial condition;
- risks associated with potential litigation affecting the properties in which the Resulting Issuer holds its Payment Streams;
- risks associated with information systems, cyber attacks and internal controls;
- the exploration and development of mining and resource properties is inherently dangerous and subject to risks beyond the control of the Resulting Issuer;
- competition in the mining industry for acquisition of Payment Streams could impact the Resulting Issuer's ability to acquire additional Payment Streams;
- the inability to add additional reserves to its asset portfolio through either the development of existing resources or the acquisition of new producing assets could adversely affect the Resulting Issuer;
- risks associated with property rights, permitting and licensing in connections with operations in which the Resulting Issuer holds Payment Streams;
- adequate infrastructure is necessary for the properties in which the Resulting Issuer has a Payment Stream to realize maximum value from its interests;
- production from properties is dependent on the employees of its operators and beyond the Resulting Issuer's control;
- environmental laws and regulations may increase the costs of doing business and may restrict the operations;
- risks associated with climate change and government legislation;
- foreign jurisdictional and political risks;

- the Resulting Issuer’s securities will be subject to price volatility;
- the possible issuance of additional Resulting Issuer Shares may impact the value of Resulting Issuer Shares or result in dilution; and
- there can be no assurance that an active trading market will develop for the Resulting Issuer Shares following the completion of the Listing,

all as more particularly described below under “*Risk Factors*”.

Although Nations Royalty and Nationsco have attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

**Nations Royalty and Nationsco do not undertake any obligation to publicly update or revise any forward-looking statements, except as required by applicable securities laws.**

## INFORMATION PERTAINING TO NATIONSCO

The information contained or referred to in this Filing Statement relating to Nationsco has been furnished by Nationsco. In preparing this Filing Statement, Nations Royalty has relied upon Nationsco to ensure that the Filing Statement contains full, true and plain disclosure of all material facts relating to Nationsco. Although Nations Royalty has no knowledge that would indicate that any statement contained herein concerning Nationsco is untrue or incomplete, neither Nations Royalty nor any of its respective directors or officers assumes any responsibility for the accuracy or completeness of such information or for any failure by Nationsco to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

## SUMMARY OF FILING STATEMENT

*The following is a summary of information relating to Nations Royalty, Nationsco and the Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement. Capitalized terms used but not defined in this summary have the meanings given to them in the Glossary.*

**Nations Royalty**

Nations Royalty was incorporated pursuant to the provisions of the BCBCA on November 21, 2007 under the name "Soldi Ventures Inc." and changed its name to "Vega Mining Inc." on December 16, 2013. Nations Royalty initially carried on business as a mineral exploration company listed on the TSXV. On April 29, 2015, Nations Royalty's listing transferred to NEX, from which Nations Royalty's securities were ultimately delisted on July 7, 2016. The address of Nations Royalty's head office is Suite 3123 – 595 Burrard Street, Vancouver, British Columbia, V7X 1J1 and its registered and records office is 2500 – 700 West Georgia St., Vancouver, BC, V7Y 1B3.

Nations Royalty has one wholly-owned subsidiary, Finco, a company incorporated under the BCBA on October 18, 2023 for the purposes of completing the Concurrent Financing and the Amalgamation.

On May 3, 2024, Nations Royalty changed its name from Vega Mining Inc. to Nations Royalty Corp. and continued its jurisdiction of incorporation from British Columbia to Canada.

Upon completion of the Transaction and subject to Nations Royalty satisfying the TSXV's minimum listing conditions for a Mining Issuer, it is contemplated that the Resulting Issuer will be listed on the TSXV as a Tier 2 "Investment Issuer" under the symbol "NRC".

See "*Information Concerning Nations Royalty and Finco*" for further information.

**Nationsco**

Nationsco was incorporated pursuant to the provisions of the BCBCA on October 19, 2023 under the name "Nations Acquisitions Corp." for the purpose of acquiring the right to receive the Annual Payments and completing the Amalgamation. The address of Nationsco's registered and head office is $10^{th}$ Floor, 595 Howe Street, Vancouver, BC, V6C 2T5.

Nationsco is wholly-owned by the Nastionsco Shareholder, being the Nisga'a Nation.

On June 8, 2024, Nationsco entered into the Brucejack Annual Payment Direction Agreement and obtained the right to be paid the Brucejack Annual Payment.

On June 7, 2024, Nationsco entered into the Kitsault Annual Payment Direction Agreement and obtained the right to be paid the Kitsault Annual Payment.

On June 10, 2024, Nationsco entered into the KSM Annual Payment Direction Agreement and obtained the right to be paid the KSM Annual Payment.

On June 10, 2024, Nationsco entered into the Premier Gold and Red Mountain Annual Payment Direction Agreement and obtained the right to be paid the Premier Gold and Red Mountain Annual Payment.

See "*Information Concerning Nationsco*" for further information.

**Financing**

In connection with the Transaction, Finco completed the Concurrent Financing on April 9, 2024, pursuant to which Finco issued an aggregate of 11,111,112 Finco Subscription Receipts at a price of $0.90 per Finco Subscription Receipt, for gross proceeds of $10,000,000.80. Immediately prior to the Effective Time, each Finco Subscription Receipt will be automatically converted into one Finco Share. The Finco Shares will subsequently be exchanged for Resulting Issuer Shares on a 1:1 basis pursuant to the Amalgamation. The gross proceeds of the Concurrent Financing are being held in escrow pending satisfaction of the Escrow Release Conditions.

See "*Information Concerning the Amalgamation, Financing and Transaction* **-** *The Concurrent Financing*" for further information.

**Amalgamation Agreement**

On September 29, 2023 Nations Royalty entered into the LOI with Nationsco Shareholder pursuant to which Nationsco Shareholder agreed to transfer, assign or otherwise direct the right to receive the Annual Payments to Nationsco, and then cause Nationsco to amalgamate with Finco pursuant to the Amalgamation.

On February 1, 2024 Nations Royalty, Finco, Nationsco and the Nationsco Shareholder entered into the definitive Amalgamation Agreement in respect of the Transaction. In accordance with the Amalgamation Agreement, Nations Royalty will acquire all of the outstanding shares of Nationsco and Finco by way of a "three-cornered" amalgamation among Nations Royalty, Finco and Nationsco. Pursuant to the terms of the Amalgamation Agreement, Finco and Nationsco will amalgamate under section 269 of the BCBCA to form Amalco, which will be a wholly-owned subsidiary of the Resulting Issuer. Each issued and outstanding Nationsco Share will be cancelled and the Nationsco Shareholder will receive one Resulting Issuer Share for each Nationsco Share held immediately prior to the Effective Time. In addition, each Finco Subscription Receipt will convert into one Finco Share immediately prior to the Amalgamation, and each Finco Shareholder will receive one (1) Resulting Issuer Share for each Finco Share held, and each Finco Share will be cancelled.

As at the date of this Filing Statement, Nations Royalty has 22,519,525 post-Consolidation Nations Royalty Shares issued and outstanding and 700,000 Nations Royalty Options outstanding (on a post-Consolidation basis). Nationsco has 111,100,000 Nationsco Shares issued and outstanding, and Finco has 11,111,112 Finco Subscription Receipts outstanding. Based on the number of Finco Shares and Nationsco Shares to be issued and outstanding on the Effective Date, it is expected that the Resulting Issuer will issue an aggregate of 122,211,112 Resulting Issuer Shares pursuant to the Amalgamation. It is expected that the Resulting Issuer will have approximately 144,730,637 Resulting Issuer Shares issued and outstanding and 10,700,000 Resulting Issuer Options outstanding upon completion of the Amalgamation. It is expected that following the completion of the Transaction, the Nationsco Shareholder will hold approximately 76.76% of the outstanding Resulting Issuer Shares.

See "*Information Concerning the Resulting Issuer – Fully Diluted Share Capital*" for further information.

**Nations Royalty Continuation and Change of Name**

Pursuant to the terms of the Amalgamation Agreement, prior to Closing, Nations Royalty completed the Continuation and the Name Change on May 3, 2024.

**Effects of the Transaction**

In connection with the completion of the Transaction:

(a) Amalco shall be a wholly-owned subsidiary of the Resulting Issuer and through Amalco the Resulting Issuer will indirectly hold the right to receive the Annual Payments;

(b) there will be an aggregate of 144,730,637 Resulting Issuer Shares issued and outstanding on a non-diluted basis, comprised of:

(i) 22,519,525 Resulting Issuer Shares which were Nations Royalty Shares issued and outstanding prior to Closing, and equal to approximately 15.56% of the issued and outstanding Resulting Issuer Shares;

(ii) 111,100,000 Resulting Issuer Shares representing those Nations Royalty Shares issued in exchange for 111,100,000 Nationsco Shares issued and outstanding prior to Closing, and equal to approximately 76.76% of the issued and outstanding Resulting Issuer Shares; and

(iii) 11,111,112 Resulting Issuer Shares representing those Resulting Issuer Shares issued in exchange for 11,111,112 Finco Shares issuable upon conversion of the Finco Subscription Receipts issued pursuant to the Concurrent Financing, and equal to approximately 7.68% of the issued and outstanding Resulting Issuer Shares;

(c) the following convertible securities of the Resulting Issuer will be issued and outstanding:

(i) 700,000 Nations Royalty Options; and

(ii) 10,000,000 Resulting Issuer Options to be issued concurrent with Closing, each exercisable to acquire one Resulting Issuer Share at a price of $0.90 per Resulting Issuer Share expiring five years from the date on which the Final Exchange Bulletin is issued;

(d) the Resulting Issuer Board will be reconstituted to consist of Robert McLeod, Saga Williams, Alex Morrison (Chair), Debra Febril, Collier Azak and Edward Clayton;

(e) Robert McLeod will remain as Interim CEO, Tony Robinson will remain as CFO, Derrick Pattenden will remain as CIO and Stephanie Azak will remain as Corporate Secretary of Nations Royalty;

(f) the Resulting Issuer will be a corporation existing under the laws of the CBCA; and

(g) the corporate name of Nations Royalty will be "Nations Royalty Corp.".

The completion of the Amalgamation is subject to certain closing conditions set out in the Amalgamation Agreement, including, but not limited to: (i) Finco having completed the Concurrent Financing (*complete*); (ii) receipt of all applicable shareholder approvals, including the Nationsco Shareholder Approval and the Finco Shareholder Approval (iii) receipt of the Exchange Approval; (iv) Nations Royalty having completed the Consolidation (*complete*); (v) the absence of any material change or change in a material fact which might reasonably be expected to have a material adverse effect on the financial and operational conditions or the assets of each of the parties to the Amalgamation Agreement; and (vi) certain other conditions typical in a transaction of this nature.

See "*Information Concerning the Amalgamation, Financing and Transaction - The Amalgamation*" for further information.

**Arm's Length Transaction**

The proposed Amalgamation is an Arm's Length Transaction.

**Available Funds and Principal Purposes**

*Available Funds*

As set out in the following table, Nations Royalty anticipates that immediately following Closing, the Resulting Issuer will have available funds of approximately $9,033,295, based on estimated working capital of Nations Royalty and Nationsco as at May 31, 2024 and proceeds from the Concurrent Financing. The amounts shown in the table are estimates only and are based on information available to Nations Royalty and Nationsco as at the date of this Filing Statement:

| **Sources of Funds** | **Amount ($)** |
|---|---|
| Estimated Nations Royalty working capital as at May 31, 2024 | (548,000) |
| Estimated Nationsco working capital as at May 31, 2024 | Nil |
| Net proceeds from Concurrent Financing | 9,581,295 |
| **Total** | 9,033,295 |

*Principal Purposes of Funds*

The following table sets out information regarding the Resulting Issuer's intended principal uses of available funds following Closing. The intended uses of funds may vary based upon a number of factors, and such variances may be material. The amounts shown in the table are estimates only and are based upon the information available to Nations Royalty and Nationsco as of the date of this Filing Statement.

The net funds available to the Resulting Issuer are expected to be used, principally, as follows:

| **Principal Use of Funds** | **Amount ($)** |
|---|---|
| Acquisition of additional Payment Streams | 7,037,796 |
| Estimated Listing Fees[(1)] | 450,000 |
| General and Administrative Expenses for 12 months following Listing[(2)] | 1,445,500 |
| Unallocated Working Capital | 100,000 |
| **Total** | **9,033,295** |

Notes:
1. Comprised of estimated remaining legal, accounting, filing and transfer agent fees.
2. Includes estimated audit and tax fees of $150,000, legal fees of $120,000, management and consulting fees of $875,500 marketing and filing fees of $168,000 and office administration expenses of $132,000.

The Resulting Issuer intends to spend the funds available to it as stated above. There may be circumstances, however, where for sound business reasons, a reallocation of funds may be necessary. See "*Information Concerning the Resulting Issuer - Available Funds and Principal Purposes*" for further information.

### Selected *Pro Forma* Consolidated Financial Information

The following table sets out selected pro forma financial information for the Resulting Issuer after giving effect to the Transaction. The following information should be read in conjunction with the *pro forma* statement of financial position of the Resulting Issuer, which may be found at Schedule A. The *pro forma* financial information is provided for informational purposes only and does not purport to be indicative of results of operations of the Resulting Issuer following Closing as of any future date or for any future period.

| | ***Pro Forma* Consolidated [(1)] ($)** |
|---|---|
| Current assets | 10,161,404 |
| Noncurrent assets | Nil |
| Total assets | 10,161,404 |
| Current liabilities | 1,178,780 |
| Total liabilities | 1,178,780 |
| Total shareholders' equity | 8,982,624 |
| Total liabilities and shareholders' equity | 10,161,404 |

Note:
1. Based on the unaudited *pro forma* statement of financial position of the Resulting Issuer. See Schedule A.

### Conflicts of Interest

Other than as disclosed herein under the heading "*Interests of Insiders, Promoters or Control Persons*", neither the management of Nations Royalty nor Nationsco is aware of any material conflicts of interest arising out of the Transaction.

Certain proposed directors of the Resulting Issuer are, or may in the future be, directors, officers or shareholders of other companies that are, or may in the future be, engaged in the same business of, or enter into transactions with, the Resulting Issuer. Such associations and transactions may give rise to conflicts of interest from time to time.

See "*Information Concerning the Resulting Issuer - Directors, Officers and Promoters - Conflicts of Interest*" for more information.

### Interest of Insiders, Promoter or Control Persons

The following is a summary of the interests of any Insider, Promoter or Control Person of the Resulting Issuer and their respective Associates and Affiliates (before and after giving effect to the Transaction).

| Insiders, Promoter, Control Person | Position with the Resulting Issuer | Number of Nations Royalty Shares as at the date of the Filing Statement[(1)] | Number of Finco Subscription Receipts as at the date of the Filing Statement | Resulting Issuer Shares upon completion of the Transaction[(2)] |
|---|---|---|---|---|
| **Nationsco Shareholder** New Aiyansh, BC | Control Person | Nil | Nil | 111,100,000 |
| **Robert McLeod** N. Vancouver, BC | Interim CEO and proposed director | 1,756,500 | 55,555 | 1,812,055 (1.25%) |
| **Tony Robinson** Richmond, BC | CFO | 37,500 | Nil | 37,500 (0.03%) |
| **Derrick Pattenden** N. Vancouver, BC | CIO | Nil | Nil | Nil |
| **Stephanie Azak** Gitwinksihlkw, BC | Corporate Secretary | 25,000 | Nil | 25,000 (0.02%) |
| **Aaron Triplett** Langley, BC | VP Finance | 50,000 | Nil | 50,000 (0.03%) |
| **Saga Williams** Toronto, ON | Proposed director | 250,000 | 11,111 | 261,111 (0.18%) |
| **Alex Morrison** Castle Pines, Colorado, U.S. | Proposed director and Chair of the Resulting Issuer Board | 250,000 | Nil | 250,000 (0.17%) |
| **Debra Febril** Terrace, BC | Proposed director | Nil | Nil | Nil |

| Insiders, Promoter, Control Person | Position with the Resulting Issuer | Number of Nations Royalty Shares as at the date of the Filing Statement(1) | Number of Finco Subscription Receipts as at the date of the Filing Statement | Resulting Issuer Shares upon completion of the Transaction(2) |
|---|---|---|---|---|
| **Collier Azak**<br>Gitwinksihlkw, BC | Proposed director | Nil | Nil | Nil |
| **Edward Clayton**<br>Burns Lake, BC | Proposed director | Nil | Nil | Nil |

Notes:
1. As of the date hereof, prior to giving effect to the Amalgamation, there are 22,519,525 post-Consolidation Nations Royalty Shares outstanding.
2. Upon completion of the Transaction, it is expected there will be 144,730,637 Resulting Issuer Shares issued outstanding on a non-diluted basis.

See "*Information Concerning the Amalgamation, Financing and Transaction* **-** *The Concurrent Financing*" and "*Information Concerning the Resulting Issuer* **-** *Directors, Officers and Promoters*".

## Sponsorship and Agent

A Sponsor has not been retained in connection with the Transaction. Nations Royalty applied for, and was granted, a waiver from the sponsorship requirements of the policies of the TSXV.

## Interest of Experts

No Person, whose profession or business gives authority to a statement made by the Person and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement, holds any beneficial interest, directly or indirectly, in any property of Nations Royalty, Nationsco or the Resulting Issuer or of an Associate or Affiliate of Nations Royalty, Nationsco or the Resulting Issuer, other than as described below.

De Visser Gray LLP, Chartered Professional Accountants, the former auditors of Nations Royalty, audited the annual financial statements of Nations Royalty as at May 31, 2023 and 2022, and for the years ended May 31, 2023 and 2022, and delivered the auditors' report thereon, copies of which are attached as Schedule B to this Filing Statement. De Visser Gray LLP, Chartered Professional Accountants has informed Nations Royalty that they were independent with respect to Nations Royalty within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia while they were Nations Royalty's auditors.

Deloitte LLP audited the Nationsco Financial Statements, and delivered the auditors' report thereon, which are attached as Schedule D to this Filing Statement. Deloitte LLP is independent with respect to Nationsco within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

**Auditor, Transfer Agent and Registrar**

The auditor of the Resulting Issuer is expected to be Deloitte LLP, 410 West Georgia Street, Vancouver, British Columbia, V6B 0S7.

Odyssey Trust Company is the current registrar and transfer agent of Nations Royalty, and is expected to continue as the registrar and transfer agent for Nations Royalty at its office located at 350 - 409 Granville St, Vancouver, British Columbia, V6C 1T2.

**Conditional Approval**

The Exchange has conditionally accepted the Transaction subject to Nations Royalty fulfilling all of the requirements of the Exchange on or before August 28, 2024. There is no guarantee that Nations Royalty or the Resulting Issuer will be able to satisfy the requirements of the Exchange such that the Exchange will issue the Final Exchange Bulletin. See "*Risk Factors*".

**Risk Factors**

An investment in the securities of the Resulting Issuer involves a high degree of risk, should be considered highly speculative and should only be made by investors who can afford to lose their entire investment. Material risk factors associated with the Transaction and the business of the Resulting Issuer include, without limitation:

- the completion, timing and expected effects of the Transaction;
- changes in the market price of the commodities that underlie its Payment Streams will affect the profitability of the Resulting Issuer and the income generated therefrom;
- the operation of the properties in which respect of which the Resulting Issuer holds an interest is generally determined by third-party property owners and operators, and the Resulting Issuer has no or limited decision-making power as to how these properties are operated, and the operators' failure to perform could affect the revenues generated by the Resulting Issuer;
- the Brucejack Annual Payment is significant to the Resulting Issuer and other assets and properties may become significant to the Resulting Issuer from time to time and any adverse development related to any such assets will affect the revenue derived from such assets;
- a significant portion of the Resulting Issuer's revenue will initially come from the Brucejack Annual Payment, meaning that adverse developments at this property could have a more significant or lasting impact on the Resulting Issuer's results;
- certain of the Resulting Issuer's Payment Streams, or Payment Streams it may acquire, may be in respect of properties that are speculative and there can be no assurance that mineable deposits will be discovered, developed or mined;
- the Resulting Issuer has limited access to data and disclosure regarding the operation of properties, which will affect its ability to assess Payment Stream performance and detect errors;
- delays in the payment of Payment Streams by the owners and operators of the relevant properties will affect the revenues generated by the asset portfolio;
- the Resulting Issuer may experience difficulty attracting and retaining qualified management and technical personnel to efficiently operate its business;
- current global financial conditions continue to be characterized by volatility;
- variations in foreign exchange rates may adversely affect the revenue generated by the asset portfolio;

- the ability of the Resulting Issuer to pay dividends will be dependent on its financial condition and business objectives; the Resulting Issuer may not pay any dividends for the foreseeable future;
- changes in tax legislation or accounting rules could affect the profitability of the Resulting Issuer;
- risks associated with directors and officers of the Resulting Issuer becoming subject to conflicts of interest through their roles with other companies or otherwise;
- risks associated with the inability to obtain adequate financing on terms favourable to the Resulting Issuer;
- expansion of its business beyond the acquisition of Payment Streams may result in the Resulting Issuer facing new challenges and risks which could affect its profitability, results of operations and financial condition;
- risks associated with potential litigation affecting the properties in which the Resulting Issuer holds its Payment Streams;
- risks associated with information systems, cyber attacks and internal controls;
- the exploration and development of mining and resource properties is inherently dangerous and subject to risks beyond the control of the Resulting Issuer;
- competition in the mining industry for acquisition of Payment Streams could impact the Resulting Issuer’s ability to acquire additional Payment Streams;
- the inability to add additional reserves to its asset portfolio through either the development of existing resources or the acquisition of new producing assets could adversely affect the Resulting Issuer;
- risks associated with property rights, permitting and licensing in connections with operations in which the Resulting Issuer holds Payment Streams;
- adequate infrastructure is necessary for the properties in which the Resulting Issuer has a Payment Stream to realize maximum value from its interests;
- production from properties is dependent on the employees of its operators and beyond the Resulting Issuer’s control;
- environmental laws and regulations may increase the costs of doing business and may restrict the operations;
- risks associated with climate change and government legislation;
- foreign jurisdictional and political risks;
- the Resulting Issuer’s securities will be subject to price volatility;
- the possible issuance of additional Resulting Issuer Shares may impact the value of Resulting Issuer Shares or result in dilution; and
- there can be no assurance that an active trading market will develop for the Resulting Issuer Shares following the completion of the Listing.

For further details, please see the discussion under the heading “*Risk Factors*”.

## INFORMATION CONCERNING THE AMALGAMATION, FINANCING AND TRANSACTION

### The Concurrent Financing

In connection with the Transaction, Finco completed the Concurrent Financing on April 9, 2024, pursuant to which Finco issued an aggregate of 11,111,112 Finco Subscription Receipts at a price of $0.90 per Finco Subscription Receipt, for gross proceeds of $10,000,000.80. Immediately prior to the Effective Time of the Amalgamation, each Finco Subscription Receipt will automatically convert into one Finco Share without payment or further consideration, subject to satisfaction of the Escrow Release Conditions. Each Finco Share will then automatically be exchanged for one (1) Resulting Issuer Share pursuant to the Amalgamation.

It is intended that the net proceeds from the Concurrent Financing will be used by the Resulting Issuer as set out under the heading "*Information Concerning the Resulting Issuer - Available Funds and Principal Purposes – Principal Purposes of Funds*".

*Subscription Receipts*

On April 9, 2024, Finco completed the Concurrent Financing, pursuant to which Finco issued 11,111,112 Finco Subscription Receipts at an issue price of $0.90 per Finco Subscription Receipt for aggregate gross proceeds of $10,000,000.80.

On the closing date of the Concurrent Financing, the Escrowed Proceeds were deposited in escrow with the Subscription Receipt Agent pursuant to the Subscription Receipt Agreement on behalf of the holders of Finco Subscription Receipts. The Escrowed Funds (less the Agents' cash commission and any expenses of the Agents, as discussed below, which amount shall be released to the Agents) will be released by the Subscription Receipt Agent to Finco (the "**Escrow Release**") upon receipt of a joint notice from the Agents and Finco confirming the satisfaction of the Escrow Release Conditions at or before the Escrow Release Deadline. If the Escrow Release Conditions are not satisfied at or before the Escrow Release Deadline, Finco and the Agents will direct the Subscription Receipt Agent to distribute the Escrowed Funds to the holders of Finco Subscription Receipts on a pro rata basis and the Finco Subscription Receipts will immediately become null, void and of no further force or effect. To the extent that the Escrowed Funds are insufficient to refund the aggregate purchase price paid by the holders of Finco Subscription Receipts, Finco and Nations Royalty shall be responsible and liable to contribute such amounts as are necessary to satisfy any shortfall.

The following escrow release conditions (collectively, the "**Escrow Release Conditions"**) must be satisfied at or before 5:00 p.m. (Toronto time) on August 7, 2024 (or as may be extended in accordance with the terms of the Subscription Receipt Agreement) (the "**Escrow Release Deadline**"):

(a) the receipt of all board, shareholder and regulatory approvals required in order to complete the Concurrent Financing and the Transaction including, without limitation, that the Exchange Approval has been obtained;

(b) the completion or the satisfaction or waiver of all conditions precedent to the Transaction, substantially in accordance with the terms of the Annual Payment Direction Agreements and the Amalgamation Agreement (other than the conditions that the Escrowed Funds shall have been released from escrow, and the Finco Subscription Receipts shall have been converted to Finco Shares and the condition in the Annual Payment Direction Agreements that the Amalgamation has become effective) to the satisfaction of the Agents;

(c) receipt by the Agents of an opinion (in form acceptable to the Agents, acting reasonably) of counsel to Nations Royalty that the Resulting Issuer Shares issuable to the subscribers to the Concurrent Financing will not be subject to any statutory hold period; and

(d) Finco and the Agents having delivered a joint notice and direction to the Subscription Receipt Agent confirming that the conditions set forth in (a) and (b) above have been met or waived.

Upon satisfaction or waiver (to the extent such waiver is permitted) of the Escrow Release Conditions listed above at or before the Escrow Release Deadline, each Finco Subscription Receipt will be automatically converted prior to the Effective Time, subject to adjustment in certain instances, without payment of any additional consideration or any further action by the holder thereof, into one (1) Finco Share. Pursuant to the Amalgamation, each Finco Share will be automatically exchanged for, without payment of any additional consideration or any further action by the holder thereof, one (1) Resulting Issuer Share.

*Agents' Fees*

Pursuant to the Agency Agreement, Finco agreed to pay to the Agents a cash commission equal to 6.0% of the aggregate gross proceeds raised in the Concurrent Financing, other than in respect of gross proceeds received from the sale of Finco Subscription Receipts to certain purchasers on the president's list of Finco, in which case Finco has agreed to pay a cash commission of 2.0% of such gross proceed to the Agents. On the date of the Escrow Release, Finco paid $416,505.53 to the Agents representing the cash commission payable to the Agents under the Agency Agreement.

*Lock-Up Agreements*

Pursuant to the Agency Agreement, each proposed director and officer of the Resulting Issuer has entered into a lock-up agreement with the Agents, agreeing not to, directly or indirectly, offer, sell, contract to sell, grant any option to purchase, make any short sale, or otherwise dispose of, or transfer, or announce any intention to do so, any Resulting Issuer Shares held directly or indirectly by such director or officer, or under their control or direction, or with respect to which such director or officer has beneficial ownership (the "**Locked-Up Securities**"), or enter into any transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of the Locked-Up Securities, whether such transaction is settled by the delivery of Resulting Issuer Shares, other securities, cash or otherwise, for a period until the date that is 120 days following the satisfaction of the Escrow Release Conditions, subject to certain exceptions, including in connection with a formal take-over bid or in connection with a merger, business combination, arrangement, restructuring or similar transaction.

**The Amalgamation**

*The Binding Letter Agreement and the Amalgamation*

On September 29, 2023 Nations Royalty entered into the LOI with the Nationsco Shareholder pursuant to which the Nationsco Shareholder agreed to transfer, assign or otherwise direct the right to receive the Annual Payments to Nationsco, and then cause Nationsco to amalgamate with Finco pursuant to the Amalgamation. On February 1, 2024 Nations Royalty, Finco, Nationsco and the Nationsco Shareholder entered into the definitive Amalgamation Agreement in respect of the Transaction.

*Description of the Amalgamation*

The Amalgamation Agreement provides for the acquisition by Nations Royalty of all of the issued and outstanding shares of Nationsco by way of a three-cornered amalgamation under the BCBCA, and consequently, the indirect acquisition by the Resulting Issuer of the right to receive the Annual Payments. Pursuant to the Amalgamation, Finco, a wholly-owned subsidiary of Nations Royalty, will amalgamate with Nationsco, and the resulting entity, Amalco, will become a wholly-owned subsidiary of the Resulting Issuer. Prior to the Amalgamation, Nations Royalty will complete the Continuation and the Name Change.

At the Effective Time:

(a) each one (1) issued and outstanding Nationsco Share shall be converted into one issued, fully paid and non-assessable Resulting Issuer Share and thereafter all of the Nationsco Shares shall be cancelled without any repayment of capital in respect thereof;

(b) each one (1) issued and outstanding Finco Share except for the Finco Share held by Nations Royalty shall be converted into one (1) issued, fully paid and non-assessable Resulting Issuer Share;

(c) each one (1) issued and outstanding Finco Share held by Nations Royalty shall be converted into one issued and outstanding fully paid and non-assessable Amalco Share and thereafter all Finco Shares shall be cancelled without any repayment of capital in respect thereof; and

(d) in consideration for the issuance of Resulting Issuer Shares to the holders of Nationsco Shares and Finco Shares described above, Amalco shall issue to the Resulting Issuer one (1) fully paid and non-assessable Amalco Share for each Resulting Issuer Share so issued;

No fractional Resulting Issuer Shares shall be issued to holders of Nationsco Shares or Finco Shares; in lieu of any fractional entitlement, the number of Resulting Issuer Shares issued to each former holder of Nationsco Shares or Finco Shares shall be rounded up to the next higher whole number of Resulting Issuer Shares if the fractional entitlement is equal to or greater than 0.5 and shall, without any additional compensation, be rounded down to the next lesser whole number of Resulting Issuer Shares if the fractional entitlement is less than 0.5.

Amalco shall add to the stated capital account maintained in respect of the Amalco Shares an amount equal to the aggregate paid-up capital for the purposes of the Tax Act of the Finco Shares immediately before the Effective Time plus the aggregate paid-up capital for the purposes of the Tax Act of the Nationsco Shares immediately before the Effective Time

*Effect of the Amalgamation*

In accordance with the Amalgamation Agreement and the BCBCA, on the Effective Date, Nationsco and Finco will amalgamate and will continue as one corporation, Amalco. The property of each of Nationsco and Finco will continue to be the property of Amalco, and Amalco will continue to be liable for the obligations of each of Nationsco and Finco. Any existing cause of action, claim or liability to prosecute Nationsco and Finco will be unaffected, and any civil, criminal or administrative action or proceeding pending by or against either Nationsco and Finco may be continued to be prosecuted by or against Amalco. Further, a conviction against, or ruling, order or judgment in favour of or against, either of Nationsco or Finco may be enforced by or against Amalco. Amalco will be a corporation governed by the BCBCA and by Amalco's constating documents. Amalco shall be a wholly-owned subsidiary of the Resulting Issuer, and the Resulting Issuer will indirectly hold the right to receive the Annual Payments.

*Terms of the Amalgamation Agreement*

The following is a summary of the material terms of the Amalgamation Agreement. This summary does not purport to be a complete summary of the Amalgamation Agreement and is qualified in its entirety by reference to the full text of the Amalgamation Agreement, a copy of which is available for review under Nations Royalty's SEDAR+ profile at www.sedarplus.ca.

*Representations and Warranties*

Pursuant to the Amalgamation Agreement, Nationsco made customary representations and warranties to Nations Royalty and Finco. The Amalgamation Agreement also contains customary representations and warranties made by Nations Royalty to Nationsco and the Nationsco Shareholder. These representations and warranties include, among other things, representations and warranties made by Nationsco on the one hand and Nations Royalty on the other hand as to: (i) corporate organization and valid existence, power to conduct business, qualification and good standing of the respective entities and their subsidiaries; (ii) ownership of subsidiaries and other investments; (iii) the requisite corporate power and capacity of the respective entities to enter into and perform their obligations under the Amalgamation Agreement, and the valid authorization, execution and delivery thereof; (iv) the fact that other than as disclosed in the Amalgamation Agreement, no consents, authorizations or approvals are required in connection with the execution and delivery of the Amalgamation Agreement and that such execution and delivery will not violate applicable laws, constating documents, contracts and court orders; (v) compliance with applicable laws and regulations and with the charter documents of each of the respective entities; (vi) tax matters; (vii) litigation and government proceedings; (viii) material contracts; (ix) capitalization; (x) indebtedness; (xi) employment matters; (xii) absence of changes; and (xiii) books and records.

Furthermore, Nationsco made additional representations and warranties to Nations Royalty and Finco regarding the Annual Payments, and Nations Royalty made additional representations and warranties to Nationsco and the Nationsco Shareholder regarding brokers' fees and working capital.

*Mutual Conditions Precedent*

The respective obligations of the parties to the Amalgamation Agreement to the Amalgamation are subject to the fulfillment prior to or at the Effective Time of each of the following conditions, among others: (a) the Annual Payment Direction Agreements shall have been entered into and shall be in good standing and in full force and effect; (b) all necessary documents, approvals and consents shall have been obtained to effect the changes to management; (c) completion of the Concurrent Financing; (d) the conversion of the Finco Subscription Receipts into Finco Shares; (e) receipt of the Exchange Approval; (f) Nations Royalty shall have completed the Consolidation; and (g) the receipt of the Nationsco Shareholder Approval and the Finco Shareholder Approval.

*Conditions Precedent to Nationsco's Obligations*

The obligations of Nationsco to complete the Amalgamation are subject to the fulfillment prior to or at the Effective Time of each of the following conditions, among others: (a) the Shareholder Rights Agreement shall have been duly approved by the Nations Royalty Board, and, as applicable, signed to take effect at Closing; (b) Nations Royalty having no more than 23,220,000 post-Consolidation Nations Royalty Shares issued and outstanding (allowing for the exercise of the 700,000 outstanding Nations Royalty Options), and no more than 700,000 Nations Royalty Options outstanding if not exercised prior to closing; (c) the noncontinuing officers and directors of Nations Royalty shall each have tendered their resignations; (d) all directors and officers of Nations Royalty shall have executed mutual releases in a form acceptable to Nationsco; and (e) Nations Royalty being a reporting issuer not in default and having no cease trade order issued against it or the Amalgamation.

*Conditions Precedent to Nations Royalty's Obligations*

The obligations of Nations Royalty to complete the Amalgamation are subject to the fulfillment prior to or at the Effective Time of each of the following conditions, among others: (a) satisfaction by Nationsco of all conditions precedent under the Annual Payment Direction Agreements, other than the satisfaction or waiver of all closing conditions to the Amalgamation as set out in the Amalgamation Agreement; and (b) as of the Effective Time, Nationsco shall have no more than 111,100,000 common shares issued and outstanding and no other outstanding securities.

*Termination*

The Amalgamation Agreement may, prior to the Effective Time, be terminated by mutual written agreement of Nations Royalty and Nationsco. Either Nations Royalty or Nationsco may also terminate the Amalgamation Agreement prior to the Effective Time if, among other things: (i) the Transaction is not completed by the Completion Deadline; (ii) any law is enacted that makes the Amalgamation illegal or otherwise prohibits or enjoins the parties from consummating the Amalgamation; or (iii) if a breach of any representation or warranty or failure to perform any covenant or agreement by the other party, as set forth in the Amalgamation Agreement has occurred that would cause the conditions precedent not to be satisfied, and such conditions are incapable of being satisfied by the Completion Deadline.

In the event the Amalgamation Agreement is terminated, the terminating party will be released from all obligations under the Amalgamation Agreement, save and except for obligations that survive by their terms and obligations, if any, relating to the covenants of the parties regarding confidentiality and the requirement that each party will be responsible for its own legal and accounting fees and other charges and expenses incurred in connection with the Amalgamation.

**Transaction**

In connection with the Transaction:

(a) each one (1) issued and outstanding Nationsco Share shall be converted into one issued, fully paid and non-assessable Resulting Issuer Share and thereafter all of the Nationsco Shares shall be cancelled without any repayment of capital in respect thereof and the Nationsco Shareholder will cease to be a holder of Nationsco Shares and will be deemed to be the registered holder of Resulting Issuer Shares to which they are entitled, calculated in accordance with the provisions of the Amalgamation Agreement;

(b) each one (1) issued and outstanding Finco Share except for the Finco Share held by Nations Royalty shall be converted into one (1) issued, fully paid and non-assessable Resulting Issuer Share;

(c) each one (1) issued and outstanding Finco Share held by Nations Royalty shall be converted into one issued and outstanding fully paid and non-assessable Amalco Share and thereafter all Finco Shares shall be cancelled without any repayment of capital in respect thereof; and

(d) in consideration for the issuance of Resulting Issuer Shares to the holders of Nationsco Shares and Finco Shares described above, Amalco shall issue to the Resulting Issuer one (1) fully paid and non-assessable Amalco Share for each Resulting Issuer Share so issued;

(e) Amalco shall be a wholly-owned subsidiary of the Resulting Issuer and through Amalco the Resulting Issuer will indirectly hold the right to receive the Annual Payments. Amalco's name shall be "Nass Valley Area Royalty Holdings Corp.";

(f) there will be an aggregate of 144,730,637 Resulting Issuer Shares issued and outstanding on a non-diluted basis, comprised of:

  (i) 22,519,525 Resulting Issuer Shares representing the 22,519,525 Nations Royalty Shares issued and outstanding prior to Closing, and equal to 15.56% of the issued and outstanding Resulting Issuer Shares;

  (ii) 111,100,000 Resulting Issuer Shares representing those Resulting Issuer Shares issued in exchange for 111,100,000 Nationsco Shares issued and outstanding prior to Closing, and equal to 76.76% of the issued and outstanding Resulting Issuer Shares; and

  (iii) 11,111,112 Resulting Issuer Shares representing those Resulting Issuer Shares issued in exchange for 11,111,112 Finco Shares issuable upon conversion of the Finco Subscription Receipts issued pursuant to the Concurrent Financing, and equal to 7.68% of the issued and outstanding Resulting Issuer Shares;

(g) the following convertible securities of the Resulting Issuer will be issued and outstanding:

  (i) 700,000 Nations Royalty Options; and

  (ii) 10,000,000 Resulting Issuer Options to be issued concurrent with Closing, each exercisable to acquire one Resulting Issuer Share at a price of $0.90 per Resulting Issuer Share expiring five years from the date on which the Final Exchange Bulletin is issued;

(h) the Resulting Issuer Board will be reconstituted to consist of Robert McLeod, Saga Williams, Alex Morrison (Chair), Debra Febril, Collier Azak and Edward Clayton;

(i) Robert McLeod will remain as Interim CEO, Tony Robinson will remain as CFO, Derrick Pattenden will remain as CIO and Stephanie Azak will remain as Corporate Secretary of the Resulting Issuer;

(j) Nations Royalty will be a corporation existing under the laws of the CBCA; and

(k) the corporate name of the Resulting Issuer will be "Nations Royalty Corp.".

## RISK FACTORS

Prior to making an investment decision, investors should consider the investment risks set forth below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. Nations Royalty considers the risks set forth below to be the most significant to existing and potential investors, but do not consider them to be all of the risks associated with an investment in securities of Nations Royalty or the Resulting Issuer. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which Nations Royalty is currently unaware or which it considers not to be material in connection with the Resulting Issuer's business, actually occur, the Resulting Issuer's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Resulting Issuer's securities could decline and investors may lose all or part of their investment.

The holding of Resulting Issuer Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume risks and who have no need for immediate liquidity in their investment. The Resulting Issuer Shares should not be held by persons who cannot afford the possibility of the loss of their entire investment, and an investment in the securities of the Resulting Issuer should not constitute a major portion of an investor's portfolio.

**Risk Factors Relating to Nations Royalty**

*The Proposed Transaction May Not be Completed*

The completion of the transactions contemplated by the Amalgamation Agreement is subject to certain conditions precedent, including, among others, obtaining all of the necessary regulatory and third-party consents, authorizations and approvals, completing the Concurrent Financing and other customary conditions. There can be no assurance that all of the necessary regulatory and third-party consents, authorizations and approvals will be obtained and the other closing conditions will be met. There can be no assurances that the Transaction will be completed on the terms set out in the Amalgamation Agreement, as negotiated, or at all. In the event that any of the conditions precedent are not satisfied or waived, the Transaction may not be completed. In addition, there is no guarantee that Nations Royalty will be able to satisfy the requirements of the Exchange such that it will issue the Final Exchange Bulletin. If the transactions contemplated by the Amalgamation Agreement are not completed or the requirements of the Exchange are not met, Nations Royalty will have incurred significant costs associated with the failed implementation of the Transaction.

*Limited Operating History*

Nations Royalty has no operations and has minimal assets. Nations Royalty has no history of material earnings and has not generated revenue since inception. Nations Royalty has no history of earnings and will not generate earnings or pay dividends in the foreseeable future. Should the proposed Transaction fail to be completed, there are certain risks for Nations Royalty Shareholders as there is no assurance that Nations Royalty will ever produce revenue, operate profitably or provide a return on investment. Nations Royalty's business operations are at an early stage of development and its success as a company will be largely dependent upon the outcome of the exploration programs that Nations Royalty proposes to undertake following completion of the Transaction, assuming the proposed Transaction is successfully completed. Moreover, significant capital investment will be required to achieve commercial production and there is no assurance that Nations Royalty will be able to raise the required funds to continue these activities.

*Controlling Shareholder*

Upon completion of the Transaction, the Nisga'a Nation will own approximately 76.76% of the outstanding shares of the Resulting Issuer and will have significant influence over the Resulting Issuer's management. The interests of the controlling shareholder may not be aligned with the interests of Nations Royalty or the interests of other shareholders. The Nisga'a Nation will have significant influence over the Resulting Issuer, including on matters relating to mergers, consolidations and sale of all or substantially all of our assets, the election of directors, and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of the Resulting Issuer, which could deprive shareholders of opportunities to receive a premium for their shares as part of a sale of the Resulting Issuer or its assets, and might reduce the price of the Resulting Issuer Shares. Due to the Nisga'a Nation's significant shareholding position, these actions may be taken even if they are opposed by our other shareholders.

*Dilution*

The Transaction will be financed by the issuance of additional securities of Nations Royalty resulting in significant dilution to the current Nations Royalty Shareholders. In addition, the Nationsco Shareholder will receive a large number of Nations Royalty Shares pursuant to the Amalgamation, resulting in a change of control of Nations Royalty.

*Management and Conflicts of Interest*

The ability of Nations Royalty to successfully complete the Transaction is dependent on the performance of its current directors and officers, who only devote a portion of their time to the business and affairs of Nations Royalty and are, or will be, engaged in other projects or businesses. The current directors and officers of Nations Royalty also serve as directors and officers of other companies which may compete with Nations Royalty. Accordingly, situations may arise where the directors and officers of Nations Royalty are in a position of conflict with Nations Royalty.

**Risks Related to the Business of the Resulting Issuer**

*Changes in the market price of the commodities that underlie its Payment Streams will affect the profitability of the Resulting Issuer and the revenue generated therefrom*

The revenue derived by the Resulting Issuer from its asset portfolio will be significantly affected by changes in the market price of the commodities underlying its Payment Streams. The Resulting Issuer's revenue is particularly sensitive to changes in the price of gold, as the revenue from gold as a commodity represents a majority of the cash flow derived from the Payment Streams portfolio. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the control of the Resulting Issuer, including levels of supply and demand, industrial development levels, inflation and the level of interest rates and the strength of the Canadian dollar. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems, political developments and geopolitical events.

All commodities, by their nature, are subject to wide price fluctuations and future material price declines will result in a decrease in revenue or, in the case of severe declines that cause a suspension or termination of production by relevant operators and a complete cessation of revenue from Payment Streams. Moreover, commodity markets tend to be cyclical, and a downturn in certain commodity prices, such as gold, could result in a significant decrease in overall revenue. Any such price decline may result in a material adverse effect on the Resulting Issuer's profitability, results of operations and financial condition.

*The operation of the properties in respect of which the Resulting Issuer holds a Payment Stream is generally determined by third-party property owners and operators, and the Resulting Issuer has no or limited decision-making power as to how these properties are developed and operated, and the operators' decisions and performance affect the revenues generated by the Resulting Issuer*

The Resulting Issuer is not directly involved in the operation of mines. The revenue derived from its asset portfolio is based on production by third-party property owners and operators. The owners and operators generally will have the power to determine the manner in which the properties are exploited, including decisions to expand, continue or reduce, suspend or discontinue production from a property, decisions about the marketing of products extracted from the property, decisions to relinquish or dispose of mineral properties, and decisions to advance exploration efforts and conduct development of non-producing properties. The interests of third-party owners and operators and those of the Resulting Issuer on the relevant properties may not always be aligned. As an example, it will usually be in the interest of the Resulting Issuer to advance development and production on properties as rapidly as possible in order to maximize near-term cash flow, while third-party owners and operators may take a more cautious approach to development as they are at risk on the cost of development and operations. Likewise, it may be in the interest of property owners to invest in the development of and emphasize production from projects or areas of a project that are not subject to Payment Streams. The inability of the Resulting Issuer to control the operations for the properties in which it has a Payment Stream may result in, among other things, differences between the Resulting Issuer's forecasted and actual results, which may lead to a material and adverse effect on the Resulting Issuer's profitability, results of operations and financial condition. In addition, the owners or operators may take action contrary to the Resulting Issuer's policies or objectives; be unable or unwilling to fulfill their obligations under their agreements with the Resulting Issuer; have difficulty obtaining or be unable to obtain the financing necessary to move projects forward; or experience financial, operational or other difficulties, including insolvency, which could limit the owner or operator's ability to perform its obligations under arrangements with the Resulting Issuer.

The owners or operators of the projects in which the Resulting Issuer holds a Payment Stream may from time to time announce transactions, including the sale or transfer of the projects or of the operator itself, over which the Resulting Issuer has little or no control. If such transactions are completed it may result in a new operator controlling the project, who may or may not operate the project in a similar manner to the current operator which may positively or negatively impact the Resulting Issuer. If any such transaction is announced, there is no certainty that such transaction will be completed, or completed as announced, and any consequences of such non-completion on the Resulting Issuer may be difficult or impossible to predict.

*The Brucejack Annual Payment is significant to the Resulting Issuer and other assets and properties may become significant to the Resulting Issuer from time to time and any adverse development related to any such assets will affect the revenue derived from such assets*

The Brucejack Annual Payment is currently significant to the Resulting Issuer, although as new assets are acquired or move into production, the materiality of each of the Resulting Issuer's assets will be reconsidered. Any adverse development affecting the operation of, or production from, the Brucejack Mine or any other significant property in the asset portfolio from time to time, such as, but not limited to, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, sinkholes, pit wall failures, tailings dam failures, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage, or the inability to hire suitable personnel and engineering contractors or secure supply agreements on commercially suitable terms, may have a material adverse effect on the Resulting Issuer's profitability, financial condition and results of operations. In addition, the Resulting Issuer has no control over operational decisions made by the third-party owners and operators of these projects. Any adverse decision made by the owners and operators, including for example, alterations to mine plans or production schedules, may impact the timing and amount of revenue that the Resulting Issuer receives and may have a material and adverse effect on the Resulting Issuer's profitability, financial condition and results of operations. As these mines mature, the Resulting Issuer can expect overall declines in production over the years unless operators are able to replace reserves that are mined through mine expansion or successful new exploration.

*A significant portion of the Resulting Issuer's revenue will initially come from the Brucejack Annual Payment, which means that adverse developments at this property could have a more significant or lasting impact on the Resulting Issuer's results of operations than if its revenue was less concentrated*

The Resulting Issuer initially expects a significant portion of its revenue to come from the Brucejack Annual Payment until other properties in its asset portfolio achieve commercial production or the Resulting Issuer can expand its asset portfolio. There is no guarantee that other properties in the Resulting Issuer's asset portfolio will achieve commercial production or that the Resulting Issuer will be able to expand its asset portfolio. The Brucejack Annual Payment may continue to represent a significant portion of the Resulting Issuer's revenue for future periods. This concentration of revenue could mean that adverse developments, including any adverse decisions made by the operators of the material properties in the Resulting Issuer's asset portfolio could have a more significant or longer-term impact on results of operations than if its revenue was less concentrated.

*Certain of the Resulting Issuer's Payment Streams, or Payment Streams it may acquire, are or may be in respect of properties that are speculative and there can be no assurance that mineable deposits will be discovered, developed or mined*

Exploration for metals and minerals is a speculative venture necessarily involving substantial risk. There is no certainty that the expenditures made by the operator of any given project will result in discoveries of commercial quantities of minerals on lands where Nations Royalty holds Payment Streams. If mineable deposits are discovered, substantial expenditures are required to establish mineral reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that resources will be discovered in sufficient quantities to justify commercial operations or that the funding required for development can be obtained on terms acceptable to the operator or at all. Although, in respect of these properties, the Resulting Issuer intends to hold only Payment Streams and not be responsible for these expenditures, the operator may not be in a financial position to obtain the necessary funding to advance the project.

*The Resulting Issuer has limited access to data and disclosure regarding the operation of properties, which will affect its ability to assess royalty performance*

As a holder of Payment Streams, the Resulting Issuer has limited access to data on the operations or to the actual properties themselves. This could affect its ability to assess the performance of a Payment Stream. This could result in deviations in cash flow from that which is anticipated by the Resulting Issuer. In addition, some Payment Streams may be subject to confidentiality arrangements which govern the disclosure of information with regard to the applicable interest and, as such, the Resulting Issuer may not be in a position to publicly disclose non-public information with respect to certain Payment Streams. The limited access to data and disclosure regarding the operations of the properties in which the Resulting Issuer has an interest, may restrict the Resulting Issuer's ability to enhance its performance which may result in a material and adverse effect on the Resulting Issuer's profitability, results of operations and financial condition. Although the Resulting Issuer attempts to obtain these rights when creating new Payment Stream agreements, there is no assurance that the Resulting Issuer's efforts will be successful.

*The Resulting Issuer depends on its operators for the calculation of applicable payments. It may not be able to detect errors and payment calculations may call for retroactive adjustments*

The Resulting Issuer's payments from Payment Streams are calculated by the operators of the properties on which the Resulting Issuer has Payment Streams, based on the reported production. Each operator's calculation of the Resulting Issuer's Payment Stream is subject to and dependent upon the adequacy and accuracy of its production, cost and accounting functions, and errors may occur from time to time in the calculations made by an operator. Certain Payment Stream agreements require the operators to provide the Resulting Issuer with production and operating information that may, depending on the completeness and accuracy of such information, enable the Resulting Issuer to detect errors in the calculation of payments that it receives. The Resulting Issuer does not, however, have the contractual right to receive production information for all of its Payment Streams. As a result, the Resulting Issuer's ability to detect payment errors through its monitoring program and its associated internal controls and procedures is limited, and the possibility exists that the Resulting Issuer will need to make retroactive Payment Stream revenue adjustments. Some of the Resulting Issuer's Payment Stream contracts provide the right to audit the operational calculations and production data for the associated Payment Stream payments; however, such audits may not occur, or may occur many months following the Resulting Issuer's recognition of the Payment Stream revenue and may require the Resulting Issuer to adjust its revenue in later periods.

*The Resulting Issuer is dependent on the payment of Payment Streams by the owners and operators of the relevant properties and any delay in or failure of such payments will affect the revenues generated by the asset portfolio*

The Resulting Issuer is dependent to a large extent upon the financial viability and operational effectiveness of owners and operators of its relevant properties on which it has Payment Streams. Payments from production generally flow through the operator and there is a risk of delay and additional expense in receiving such revenues. Payments may be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, the ability or willingness of smelters and refiners to process mine products, delays in the connection of wells to a gathering system, blowouts or other accidents, recovery by the operators of expenses incurred in the operation of the properties on which it has Payment Streams, the establishment by the operators of reserves for such expenses or the insolvency of the operator. The Resulting Issuer's rights to payment under its Payment Streams must, in most cases, be enforced by contract without the protection of the ability to liquidate a property. This inhibits the Resulting Issuer's ability to collect outstanding Payment Streams from interest properties upon a default. Additionally, some agreements may provide limited recourse in particular circumstances which may further inhibit the Resulting Issuer's ability to recover or obtain equitable relief in the event of a default under such agreements. In the event of a bankruptcy of an operator or owner, a creditor or the operator may seek to terminate the Payment Stream agreement or otherwise limit the Resulting Issuer's recovery in the insolvency proceeding. Failure to receive payments from the owners and operators of the relevant properties or termination of the Resulting Issuer's rights may result in a material and adverse effect on the Resulting Issuer's profitability, results of operations and financial condition.

*The Resulting Issuer may experience difficulty attracting and retaining qualified management and technical personnel to efficiently operate its business*

The Resulting Issuer is dependent upon the continued availability and commitment of its key management, whose contributions to immediate and future operations of the Resulting Issuer are of significant importance. The loss of any such key management could negatively affect business operations. From time to time, the Resulting Issuer may also need to identify and retain additional skilled management and specialized technical personnel to efficiently operate its business. The number of persons skilled in the acquisition, exploration and development of Payment Streams in natural resource properties is limited and competition for such persons is intense. Recruiting and retaining qualified personnel is critical to the Resulting Issuer's success and there can be no assurance of such success. If the Resulting Issuer is not successful in attracting and retaining qualified personnel, the Resulting Issuer's ability to execute its business model and growth strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition.

*Payment Streams may not be honoured by operators of a project*

Payment Streams in natural resource properties are largely contractual in nature. Parties to contracts do not always honour contractual terms and contracts themselves may be subject to interpretation or technical defects. To the extent grantors of such interests do not abide by their contractual obligations, the Resulting Issuer would be forced to take legal action to enforce its contractual rights. Such litigation may be time consuming and costly and there is no guarantee of success. Any pending proceedings or actions or any decisions determined adversely against the Resulting Issuer, may have a material and adverse effect on the Resulting Issuer's profitability, results of operations, financial condition and the trading price of the Resulting Issuer securities.

*Reporting Issuer obligations have increased the Resulting Issuer's compliance costs and the risks of non-compliance*

The Resulting Issuer's business is subject to evolving corporate governance and public disclosure regulations that have increased both the Resulting Issuer's compliance costs and the risk of non-compliance, which could adversely impact the Resulting Issuer's share price.

The Resulting Issuer is subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including the Canadian Securities Administrators and the International Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity creating many new requirements.

*Current global financial conditions continue to be challenging*

Global financial conditions have been characterized by ongoing volatility. Global financial conditions could suddenly and rapidly destabilize in response to future events, as government authorities may have limited resources to respond to future crises. Global capital markets have continued to display increased volatility in response to global events. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. Any sudden or rapid destabilization of global economic conditions could negatively impact the Resulting Issuer's ability, or the ability of the operators of the properties in which the Resulting Issuer holds Payment Streams, to obtain equity or debt financing or make other suitable arrangements to finance their projects.

*The Resulting Issuer's revenue, earnings, the value of its treasury and the value it records for its assets may be subject to variations in foreign exchange rates, which may adversely affect the revenue generated by the asset portfolio or cause adjustments to the recorded value of assets*

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

*The ability to pay dividends will be dependent on the financial condition of the Resulting Issuer*

The Resulting Issuer has not paid any dividends since its incorporation. Payment of dividends on the Resulting Issuer Shares is within the discretion of the Resulting Issuer Board and will depend upon the Resulting Issuer's future earnings, cash flows, acquisition capital requirements and financial condition, and other relevant factors. The Resulting Issuer currently intends to retain all available funds, if any, for use in its business and does not anticipate paying any dividends for the foreseeable future.

*Changes in tax legislation or accounting rules could affect the profitability of the Resulting Issuer*

Changes to, or differing interpretation of, taxation laws or regulations in Canada or any of the countries in which the Resulting Issuer's assets or relevant contracting parties are located (now or in the future) could result in the Resulting Issuer's profits being subject to additional taxation. No assurance can be given that new taxation rules or accounting policies will not come into effect or that existing rules will not be applied in a manner which could result in the Resulting Issuer's profits being subject to additional taxation or which could otherwise have a material adverse effect on the Resulting Issuer's profitability, results of operations, financial condition and the trading price of the Resulting Issuer securities. In addition, the introduction of new tax rules or accounting policies, or changes to, or differing interpretations of, or application of, existing tax rules or accounting policies could make Payment Streams held by the Resulting Issuer less attractive to counterparties. Such changes could adversely affect the Resulting Issuer's ability to acquire new assets or make future investments.

*Conflicts of interest may arise for certain directors and/or officers of the Resulting Issuer*

Certain of the directors and/or officers of the Resulting Issuer also serve as directors and/or officers of other companies, involved in natural resource exploration, development and mining operations and consequently there exists the possibility for such directors to be in a position of conflict. There can be no assurance that decisions made by any such directors and/or officers will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Resulting Issuer and the Resulting Issuer Shareholders.

*The Resulting Issuer can provide no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable*

There can be no assurance that the Resulting Issuer will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could impede the Resulting Issuer's funding obligations, or result in delay or postponement of further business activities, including future acquisitions of additional Payment Streams, which may result in a material and adverse effect on the Resulting Issuer's profitability, results of operations and financial condition. the Resulting Issuer may require new capital to continue to grow its business and there are no assurances that capital will be available when needed, if at all.

*If the Resulting Issuer expands its business beyond the acquisition of Payment Streams, the Resulting Issuer may face new challenges and risks which could affect its profitability, results of operations and financial condition*

The Resulting Issuer's operations and expertise have been focused on the acquisition and management of Payment Streams. The Resulting Issuer may pursue acquisitions outside this area, including acquiring and/or investing in and/or developing resource projects. Expansion of the Resulting Issuer's activities into new areas would present challenges and risks that it has not faced in the past, including many of the risks described under "*Risks Related to Mining Operations*". The failure to manage these challenges and risks successfully may result in a material and adverse effect on the Resulting Issuer's profitability, results of operations, financial condition and the trading price of the Resulting Issuer securities.

*Potential litigation affecting the properties in which the Resulting Issuer holds its Payment Streams could have an adverse effect on the Resulting Issuer*

Potential litigation may arise on a property on which the Resulting Issuer holds or has a Payment Stream. As a Payment Stream holder, the Resulting Issuer will not generally have any influence on the litigation and will not generally have access to data. Any such litigation that results in the cessation or reduction of production from a property (whether temporary or permanent) could have a material and adverse effect on the Resulting Issuer's profitability, results of operations, financial condition and the trading price of the Resulting Issuer securities.

*The Resulting Issuer will depend on information systems that may be vulnerable to cyber security threats*

Targeted attacks on the Resulting Issuer's systems (or on systems of third parties that the Resulting Issuer relies on), failure or non-availability of a key information technology systems or a breach of security measures designed to protect the Resulting Issuer's IT systems could result in disruptions to the Resulting Issuer's operations, extensive personal injury, property damage or financial or reputational risks. the Resulting Issuer has engaged information technology consultants to implement and test system controls and disaster recovery infrastructure for certain information technology systems. As the threat landscape is ever-changing, the Resulting Issuer must make continuous mitigation efforts, including: risk prioritized controls to protect against known and emerging threats; tools to provide automated monitoring and alerting and backup and recovery systems to restore systems and return to normal operations.

*Limitations of internal controls may lead to misstatements or miscalculations*

Internal controls provide no absolute assurances as to reliability of financial reporting and financial statement preparation, and ongoing evaluation may identify areas in need of improvement. The Resulting Issuer may fail to maintain the adequacy of its internal control over financial reporting as such standards are modified, supplemented or amended from time to time, and the Resulting Issuer may not be able to ensure that it can conclude on an ongoing basis that it has effective internal controls over financial reporting. the Resulting Issuer's failure to satisfy the requirements of Canadian legislation on an ongoing, timely basis could result in the loss of investor confidence in the reliability of its financial statements, which in turn could harm the Resulting Issuer's business and negatively impact the trading price of the Resulting Issuer Shares or market value of its other securities. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Resulting Issuer's operating results or cause it to fail to meet its reporting obligations. The Resulting Issuer may fail to maintain the adequacy of its disclosure controls. Disclosure controls and procedures are designed to ensure that the information required to be disclosed by the Resulting Issuer in reports filed with securities regulatory agencies is recorded, processed, summarized and reported on a timely basis and is accumulated and communicated to the Resulting Issuer's management, as appropriate, to allow timely decisions regarding required disclosure. No evaluation can provide complete assurance that the Resulting Issuer's financial and disclosure controls will detect or uncover all failures of persons within the Resulting Issuer to disclose material information otherwise required to be reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. The effectiveness of the Resulting Issuer's controls and procedures could also be limited by simple errors or faulty judgments.

*The impact of pandemics and public health emergencies in the future, may significantly impact the Resulting Issuer*

The COVID-19 global health pandemic has had a significant impact on the global economy and commodity and financial markets. The impact of the pandemic included extreme volatility in financial markets, elevated inflation, extreme volatility in commodity prices and has raised the prospect of an extended global recession. As well, as efforts were undertaken to contain the spread of the COVID-19 pandemic, the operation and development of mining projects and renewable energy projects were impacted. Many mining projects and renewable energy projects, including a number of the properties in which the Resulting Issuer holds a Payment Stream were impacted by the pandemic resulting in the temporary suspension of operations, and other mitigation measures that impacted production. If the operation or development of one or more of the properties in which the Resulting Issuer holds a Payment Stream and from which it receives or expects to receive significant revenue is suspended as a result of future pandemics or other public health emergencies, it may have a material adverse impact on the Resulting Issuer's profitability, results of operations, financial condition and the trading price of the Resulting Issuer's securities. The broader impact of future pandemics or similar public health emergencies on investors, businesses, the global economy or financial and commodity markets may also have a material adverse impact on the Resulting Issuer's profitability, results of operations, financial condition and the trading price of the Resulting Issuer's securities.

**Risks Related to Mining Operations**

*The Resulting Issuer is subject to the same risk factors as the owners and operators of properties in which it holds a Payment Stream*

To the extent that they relate to the production of minerals from, or the continued operation of, the properties in which the Resulting Issuer holds a Payment Stream, the Resulting Issuer will be subject to the risk factors applicable to the owners and operators of such mines or projects.

*The exploration and development of mining and resource properties is inherently dangerous and subject to risks beyond the control of the Resulting Issuer*

Mining involves a high degree of risk. Companies engaged in mining activities are subject to all of the hazards and risks inherent in exploring for and developing natural resource projects. These risks and uncertainties include, but are not limited to, environmental hazards, industrial accidents, labour disputes, increases in the cost of labour, social unrest, changes in the regulatory environment, permitting and title risks, impact of non-compliance with laws and regulations, fires, explosions, blowouts, cratering, sour gas releases and spills, encountering unusual or unexpected geological formations or other geological or grade problems, unanticipated metallurgical characteristics or less than expected mineral recovery, encountering unanticipated ground or water conditions, cave-ins, sinkholes, pit wall failures, flooding, rock bursts, tailings dam failures, periodic interruptions due to inclement or hazardous weather conditions, earthquakes, seismic activity, other natural disasters or unfavourable operating conditions and losses. Should any of these risks or hazards affect a company's exploration or development activities, it may (i) cause the cost of development or production to increase to a point where it would no longer be economic to produce the metal from the company's resources or expected reserves, (ii) result in a write-down or write-off of the carrying value of one or more projects, (iii) cause delays or stoppage of operations, mining or processing, (iv) result in the destruction of properties, processing facilities or third-party facilities necessary to the company's operations, (v) cause personal injury or death and related legal liability, or (vi) result in the loss of insurance coverage. The occurrence of any of the above-mentioned risks or hazards could result in an interruption or suspension of operation of the properties in which the Resulting Issuer holds a Payment Stream and have a material and adverse effect on the Resulting Issuer's profitability, results of operations, financial condition and the trading price of the Resulting Issuer securities.

The exploration for and development, mining and processing of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenditures may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the owners or operators of mineral properties will result in profitable commercial mining operations. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: cash costs associated with extraction and processing, the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; government regulations, including regulations relating to prices, taxes, Payment Streams, land tenure, land use, permitting, the import and export of minerals and environmental protection and by political and economic stability.

*Competition in the mining industry for acquisition of Payment Streams could impact the Resulting Issuer's ability to acquire additional Payment Streams*

The Resulting Issuer will compete with other companies for Payment Streams. Other companies may have greater resources than the Resulting Issuer. Any such competition may prevent the Resulting Issuer from being able to secure new Payment Streams. Future competition in the royalty and streaming sector could materially adversely affect the Resulting Issuer's ability to conduct its business. There can be no assurance that the Resulting Issuer will be able to compete successfully against other companies in acquiring new Payment Streams. In addition, the Resulting Issuer may be unable to acquire Payment Streams at acceptable valuations which may result in a material and adverse effect on the Resulting Issuer's profitability, results of operations and financial condition.

*The inability to add additional reserves to its Payment Stream portfolio through either the development of existing resources on properties on which the Resulting Issuer has a Payment Stream or the acquisition of Payment Streams on new producing assets could adversely affect the Resulting Issuer*

The revenue generated by the Resulting Issuer is principally based on the exploitation of mineral reserves on assets underlying the Payment Streams on which the Resulting Issuer has an interest. Reserves are continually being depleted through extraction and the long-term viability of the Resulting Issuer's asset portfolio depends on the replacement of reserves through new producing assets and increases in reserves on existing producing assets. While the Resulting Issuer may be able to maintain all or a portion of its interest in its reserve inventory through acquisitions, its business model relies on the successful development of the non-producing properties in its asset portfolio. Exploration for minerals and energy resources is a speculative venture necessarily involving substantial risk. There is no certainty that the expenditures made by the operator of any given project will result in discoveries of commercial quantities of minerals or energy resources on properties underlying the asset portfolio. Even in those cases where a significant mineral deposit is identified, there is no guarantee that the deposit can be economically extracted. Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that new reserves will be identified to replace or increase the amount of reserves currently in the asset portfolio. This includes mineral resources, as the resources that have been discovered have not been subjected to sufficient analysis to justify commercial operations or the allocation of funds required for development. The inability to add additional reserves or to replace existing reserves through either the development of existing resources or the acquisition of new mineral producing assets may result in a material and adverse effect on the Resulting Issuer's profitability, results of operations, financial condition and the trading price of the Resulting Issuer securities.

*Resources and reserves are estimates based on interpretation and assumptions and actual production may differ from amounts identified in such estimates*

The mineral resources and mineral reserves on properties underlying the Resulting Issuer's Payment Streams are estimates only, and no assurance can be given that the estimated resources and reserves are accurate or that the indicated level of minerals will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralization or formations may be different from those predicted. Further, it may take many years from the initial phase of drilling before production is possible and during that time the economic feasibility of exploiting a discovery may change.

Market price fluctuations of the applicable commodity, as well as increased production and capital costs or reduced recovery rates, may render the proven and probable reserves on properties underlying the Resulting Issuer's Payment Streams unprofitable to develop at a particular site or sites for periods of time or may render reserves containing relatively lower-grade mineralization uneconomic. Moreover, short-term operating factors relating to the reserves, such as the need for the orderly development of ore bodies or the processing of new or different ore grades, may cause reserves to be reduced or not extracted. Estimated reserves may have to be recalculated based on actual production experience. The economic viability of a mineral deposit may also be impacted by other attributes of a particular deposit, such as size, grade and proximity to infrastructure, governmental regulations and policy relating to price, taxes, Payment Streams, land tenure, land use permitting, the import and export of minerals and environmental protection and by political and economic stability.

Resource estimates in particular must be considered with caution. Resource estimates for properties that have not commenced production are based, in many instances, on limited and widely-spaced drill hole or other limited information, which is not necessarily indicative of the conditions between and around drill holes. Such resource estimates may require revision as more drilling or other exploration information becomes available or as actual production experience is gained. The Resulting Issuer's interpretations and assumptions regarding the information underlying resource estimates may also differ from those of the operator.

Further, resources may not have demonstrated economic viability and may never be extracted by the operator of a property. It should not be assumed that any part or all of the mineral resources on properties underlying the Resulting Issuer's Payment Streams constitute or will be converted into reserves.

Any of the foregoing factors may require operators to reduce their resources and reserves, which may result in a material and adverse effect on the Resulting Issuer's profitability, results of operations, financial condition and the trading price of the Resulting Issuer securities.

*Title defects may result in a loss of entitlement to a property*

A defect in the chain of title to any of the properties underlying the Payment Streams necessary for the anticipated development or operation of a particular project to which a Payment Stream relates may arise to defeat or impair the claim of the operator to a property. In addition, claims by third parties or Indigenous groups in Canada and elsewhere may impact on the operator's ability to conduct activities on a property to the detriment of the Resulting Issuer's Payment Streams. To the extent an owner or operator does not have title to the property, it may be required to cease operations or transfer operational control to another party. Many Payment Streams are contractual, rather than an interest in land, with the risk that an assignment or bankruptcy or insolvency proceedings by an owner may result in the loss of any effective Payment Stream in a particular property. Further, even in those jurisdictions where there is a right to record or register Payment Streams held by the Resulting Issuer in land registries or mining recorders offices, such registrations may not necessarily provide any protection to the holder of such interests. Accordingly, the holder of such interests may be subject to risk from third parties. As a result, known title defects as well as unforeseen and unknown title defects may impact operations at a project in which the Resulting Issuer has a Payment Stream and may result in a material and adverse effect on the Resulting Issuer's profitability, results of operations, financial condition and the trading price of the Resulting Issuer securities.

*The operations in which the Resulting Issuer holds a Payment Stream require various property rights, permits, licenses and consultation obligations in order to conduct current and future operations, and delays or a failure to obtain or maintain such property rights, permits and licenses or comply with consultation obligations, or a failure to comply with the terms of any of such property rights, permits and licenses could result in interruption or closure of operations or exploration on the properties*

Exploration, development and operation of mining properties are subject to laws and regulations governing health and worker safety, employment standards, Indigenous and community consultation, environmental matters, mine development, project development, mineral production, permitting and maintenance of title, exports, taxes, labour standards, reclamation obligations, heritage and historic matters and other matters. the Resulting Issuer, in respect of its own assets and operations, as well as the owners and operators of the properties in which the Resulting Issuer holds a Payment Stream, require licenses and permits from various governmental authorities in order to conduct their operations. Future changes in such laws and regulations or in such licenses and permits could have a material adverse impact on the revenue the Resulting Issuer derives from the Payment Streams. Such licenses and permits are subject to change in various circumstances and are required to be kept in good standing through a variety of means, including cash payments and satisfaction of conditions of issue. Such licenses and permits are subject to expiration, relinquishment and/or termination without notice to, control of or recourse by the Resulting Issuer. There can be no guarantee that the Resulting Issuer or the owners or operators of those properties in which the Resulting Issuer holds a Payment Stream will be able to obtain or maintain all necessary licenses and permits in good standing and conduct all consultation that may be required to explore, develop and operate the properties, commence construction or operation of mining facilities, or maintain operations that economically justify the cost. Any failure to conduct appropriate consultation, comply with applicable laws and regulations, permits and licenses, or to maintain permits and licenses in good standing, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or fines, penalties or other liabilities accruing to the owner or operator of the project. Any such occurrence could substantially decrease production or cause the termination of operations on the property and have a material and adverse effect on the Resulting Issuer's profitability, results of operations, financial condition and the trading price of Resulting Issuer securities.

*The Resulting Issuer is exposed to risks related to the permitting, construction, development and/or expansion in relation to the projects and properties in which it holds a Payment Stream*

Many of the projects or properties in which the Resulting Issuer holds a Payment Stream are in the permitting, construction, development and/or expansion stage and such projects are subject to numerous risks including, but not limited to, delays in obtaining equipment, materials and services essential to the construction and development of such projects in a timely manner, delays or inability to obtain required permits or licenses, changes in environmental or other regulations, currency exchange rates or controls, labour shortages, cost escalations and fluctuations in metal prices. There can be no assurance that the owners or operators of such projects will have the financial, technical and operational resources to complete permitting, licensing, construction, development and/or expansion of such projects in accordance with current expectations or at all.

*The operations in which the Resulting Issuer holds a Payment Stream are subject to environmental and endangered species laws and regulations that may increase the costs of doing business and may restrict the operations*

All phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of government laws and regulations, including laws and regulations relating to the protection of endangered and threatened species. Compliance with such laws and regulations can require significant expenditures or operating constraints and a breach may result in the imposition of fines and penalties, which may be material. In addition, such laws and regulations can constrain or prohibit the exploration and development of new projects or the development or expansion of existing projects. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, increases in land use restrictions, larger fines and liability and potentially increased capital expenditures and operating costs. Any breach of environmental legislation by owners or operators of properties underlying the asset portfolio, could have a material impact on the viability of the relevant property and impair the revenue derived from the owned property or applicable Payment Stream, which could have a material and adverse effect on the Resulting Issuer's profitability, results of operations, financial condition and the trading price of the Resulting Issuer securities.

*Change in climate conditions may adversely impact the Resulting Issuer*

Governments are moving to introduce climate change legislation and treaties at the international, national, state/province and local levels. Regulation relating to emission levels (such as carbon taxes) and energy efficiency is becoming more stringent. If the current regulatory trend continues, the Resulting Issuer expects that this will result in increased costs. In addition, physical risk of climate change may also have an adverse effect on the Resulting Issuer's operations. These risks include: extreme weather events, water shortages and resource shortages due to disruption of equipment and supplies required on site.

Investors are increasingly sensitive to the climate change impacts and mitigation efforts of companies, and are increasingly seeking enhanced disclosure on the risks, challenges, governance implications and financial impacts of climate change faced by companies, including many of the operators of the properties in which the Resulting Issuer holds an interest. Adverse publicity or climate-related litigation in respect of these operators could have a negative impact on the Resulting Issuer. Challenges relating to climate change could have an impact on the ability of these operators to access the capital markets and such limitations could have a corresponding negative effect on their business and operations.

The impacts of climate change, including those described above, could have a material and adverse effect on the Resulting Issuer's profitability, results of operations, financial condition and the trading price of the Resulting Issuer securities.

*Adequate infrastructure is necessary for the properties in which the Resulting Issuer has a Payment Stream to realize maximum value from its interests*

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs.

Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations in which the Resulting Issuer has a Payment Stream.

Realized pricing underlying payments in respect of the Resulting Issuer's diversified interests may differ from benchmark pricing due to product quality differences and transportation costs. From time to time, material differences in price may arise due to transportation bottlenecks or a lack of pipeline capacity. These differentials are expected to be volatile over time and change with market dynamics.

*Production from properties is dependent on operators' employees*

Production from the properties in which the Resulting Issuer holds a Payment Stream depends on the efforts of operators' employees. There is competition for geologists and persons with mining expertise. The ability of the owners and operators of such properties to hire and retain geologists and persons with expertise is key to those operations. Further, relations with employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in the jurisdictions in which those operations are conducted. Changes in such legislation or otherwise in the relationships of the owners and operators of such properties with their employees may result in strikes, lockouts or other work stoppages, any of which could have a material adverse effect on such operations, results of operations and financial condition of the Resulting Issuer. If these factors cause the owners and operators of such properties to decide to cease production at one or more of the properties, such decision could have a material adverse effect on the business and financial condition of the Resulting Issuer.

*The Resulting Issuer’s assets may be subject to risks relating to environment, social and governance (ESG) matters*

Mining, extraction, processing, exploration and development activities in the mining sector are subject to ESG risks which could have a significant impact on project development, operational performance, reputation and social license to operate. ESG issues at the properties underlying the Resulting Issuer’s assets could have a material and adverse effect on the Resulting Issuer’s profitability, results of operations, financial condition, the trading price of the Resulting Issuer securities and the Resulting Issuer’s reputation. the Resulting Issuer’s corporate policies including its Investment Policy set out the principles regarding ESG matters which guide the Resulting Issuer’s investment decisions and the ongoing management and evaluation of the Resulting Issuer’s assets in an effort to mitigate these risks.

Investors are increasingly seeking enhanced disclosure on the risks, challenges, governance implications and financial impacts of ESG matters faced by companies, including the Resulting Issuer itself and many of the operators of the properties in which the Resulting Issuer holds a Payment Stream. In connection with increased investor focus and additional disclosure, there is the potential for litigation in connection with such disclosure and with underlying ESG-related issues. Such litigation, if instituted, could result in substantial cost and diversion of management attention and resources, which could significantly harm the reputation of the Resulting Issuer.

**Risks Related to the Resulting Issuer’s Securities**

*The Resulting Issuer’s securities are subject to price volatility*

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Factors unrelated to the financial performance or prospects of the Resulting Issuer include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries or asset classes. There can be no assurance that continued fluctuations in commodity prices will not occur. As a result of any of these factors, the market price of the Resulting Issuer’s securities at any given time may not accurately reflect the long-term value of the Resulting Issuer.

In the past, following periods of volatility in the market price of a company’s securities, shareholders have instituted class action securities litigation against them. Such litigation, if instituted, could result in substantial cost and diversion of management attention and resources, which could significantly harm profitability and the reputation of the Resulting Issuer.

*The possible issuance of additional Resulting Issuer Shares may impact the value of Resulting Issuer Shares*

The Resulting Issuer is authorized to issue an unlimited number of Resulting Issuer Shares without par value. Sales of substantial amounts of Resulting Issuer Shares, or the perception that such sales could occur, could materially adversely affect the value of Resulting Issuer Shares.

*Additional financings may result in dilution*

the Resulting Issuer may require additional funds to further its activities and objectives. To obtain such funds, the Resulting Issuer may issue additional securities, including Resulting Issuer Shares or securities convertible into or exchangeable for Resulting Issuer Shares. As a result, the Resulting Issuer's shareholders could be substantially diluted. In addition, there can be no assurance that the Resulting Issuer will be able to obtain sufficient financing in the future on terms favourable to the Resulting Issuer or at all.

*There can be no assurance that an active trading market will develop*

There can be no assurance that an active trading market will develop for the Resulting Issuer Shares following the completion of the Listing, or if developed, that such a market will be sustained at the trading price of the Resulting Issuer Shares on the TSXV immediately after the Listing Date.

## INFORMATION CONCERNING NATIONS ROYALTY AND FINCO

### Corporate Structure

*Name and Incorporation*

Nations Royalty was incorporated pursuant to the provisions of the BCBCA on November 21, 2007 as "Soldi Ventures Inc.", changed its name to "Vega Mining Inc." and consolidated its common shares on the basis of 10:1 on December 16, 2013. On December 1, 2022, Nations Royalty consolidated its common shares on a 20:1 basis. Its head office is located at Suite 3123, 595 Burrard Street, Vancouver, British Columbia, Canada, V6X 1J1 and its registered and records office is located at 2500 – 700 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1B3.

Nations Royalty's authorized capital consists of an unlimited number of Nations Royalty Shares without par value and an unlimited number of preferred shares without par value.

Nations Royalty is a reporting issuer in the Provinces of British Columbia and Alberta.

*Intercorporate Relationships*

Nations Royalty has one wholly-owned subsidiary, Finco, a company incorporated under the BCBA on October 18, 2023 for the purposes of completing the Concurrent Financing and the Amalgamation.

Finco was incorporated pursuant to the provisions of the BCBCA on October 18, 2023 under the name "1445146 B.C. Ltd." for the purposes of completing the Concurrent Financing and the Amalgamation. See "*Information Concerning the Amalgamation, Financing and Transaction - The Concurrent Financing*".

The address of Finco's registered and head office is 2500 – 700 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1B3. Finco's authorized capital consists of an unlimited number of Finco Shares without par value and an unlimited number of preferred shares without par value.

*Nations Royalty Share Consolidation, Name Change and Continuation*

On April 16, 2024 Nations Royalty completed the Consolidation, pursuant to which Nations Royalty Shareholders received one (1) Nations Royalty Share in exchange for every two (2) pre-Consolidation Nations Royalty Shares held immediately prior to the Consolidation. On May 3, 2024, Nations Royalty changed its name from Vega Mining Inc. to Nations Royalty Corp. and continued its jurisdiction of incorporation from British Columbia to Canada.

### General Development of the Business

*History*

Nations Royalty initially carried on business as a mineral exploration company listed on the TSXV. On October 7, 2014, trading in the shares of Nations Royalty was suspended by the TSXV for having failed to maintain Exchange requirements. On April 29, 2015, Nations Royalty's listing transferred to NEX, Nations Royalty's Tier classification changed from Tier 2 to NEX, the Filing and Service Office changed from Vancouver to NEX and the trading symbol for Nations Royalty changed from VMI to VMI.H. On July 7, 2016, Nations Royalty's securities were delisted from NEX for failure to pay the NEX Listing Maintenance Fee.

Nations Royalty's common shares were cease traded by the British Columbia and Alberta Securities Commissions (the "**Commissions**") for failure to file annual financial statements and management's discussion and analysis for the May 31, 2014 financial year and in the case of the Alberta Securities Commission the interim unaudited financial statements and management's discussion and analysis for the interim periods ended August 31, 2014 and November 30, 2014. Nations Royalty filed the annual financial statements and management's discussion and analysis for the fiscal years ended May 31, 2022, 2021, 2020 and 2019 and the interim unaudited financial statements and management's discussion and analysis for the interim periods ended August 31, 2021, November 30, 2021 and February 28, 2022, effective September 27, 2022. On October 11, 2022 the Commissions revoked their cease trade orders issued against Nations Royalty.

On September 29, 2023 Nations Royalty entered into the LOI with the Nationsco Shareholder pursuant to which the Nationsco Shareholder agreed to transfer, assign or otherwise direct the right to receive the Annual Payments to Nationsco, and then cause Nationsco to amalgamate with Finco pursuant to the Amalgamation. On February 1, 2024 Nations Royalty, Finco, Nationsco and the Nationsco Shareholder entered into the definitive Amalgamation Agreement in respect of the Transaction.

**Selected Consolidated Financial Information**

The following table sets forth financial information derived from the financial statements for the years ended May 31, 2023 and 2022 and for the nine months ended February 29, 2024. Such information should be read in conjunction with the Nations Royalty Financial Statements attached hereto as Schedule B.

| | **9 Months Ended February 29, 2024 (Unaudited) ($)** | **Year Ended May 31, 2023 (Audited) ($)** | **Year Ended May 31, 2022 (Audited) ($)** |
|---|---|---|---|
| Total expenses | 533,935 | 246,187 | 63,081 |
| Amounts deferred in connection with the Transaction | Nil | Nil | Nil |

**Management's Discussion and Analysis**

Nations Royalty's MD&A for the year ended May 31, 2023 and for the nine months ended February 29, 2024 are included in this Filing Statement as Schedule C.

Certain information included in Nations Royalty's MD&A is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Cautionary Note Regarding Forward-Looking Information*" in this Filing Statement for further details.

**Description of the Securities**

*Common Shares*

Nations Royalty is authorized to issue an unlimited number of Nations Royalty Shares without nominal or par value and an unlimited numbered of preferred shares. As at the date hereof, Nations Royalty has 22,519,525 Nations Royalty Shares issued and outstanding and there are no preferred shares issued or outstanding.

Nations Royalty Shareholders are entitled to receive notice of and to attend and vote at all meetings of the shareholders of Nations Royalty and each Nations Royalty Share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of Nations Royalty.

Nations Royalty Shareholders are entitled to receive such dividends in any financial year as the Nations Royalty Board may by resolution determine. In the event of the liquidation, dissolution or winding-up of Nations Royalty, whether voluntary or involuntary, Nations Royalty Shareholders are entitled to receive the remaining property and assets of Nations Royalty. Each Nations Royalty Share ranks equally with all other common shares with respect to distribution of assets upon dissolution, liquidation or winding-up of Nations Royalty and payment of dividends.

The Nations Royalty Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

*Stock Options*

As of the date hereof, Nations Royalty has 700,000 Nations Royalty Options outstanding, each exercisable to acquire one Nations Royalty Share at a price of $0.10 per Nations Royalty Share and expiring ten years from the date of issuance. See "*Information Concerning Nations Royalty and Finco – Prior Sales*".

**Nations Royalty Option Plan and Nations Royalty Options**

The following is a summary of certain material terms of the Nations Royalty Option Plan and is qualified in its entirety by the full text of the Nations Royalty Option Plan, a copy of which is attached as Schedule G to this Filing Statement. The Nations Royalty Option Plan is administered by the Nations Royalty Board. Pursuant to the Nations Royalty Option Plan, Nations Royalty may issue a rolling number of Nations Royalty Options equal to 10% of the issued and outstanding Nations Royalty Shares from time to time:

(a) the Nations Royalty Option Plan reserves, for issue pursuant to Nations Royalty Options, a maximum number of Nations Royalty Shares equal to 10% of the outstanding Nations Royalty Shares from time to time;

(b) the maximum number of Nations Royalty Options granted or issued to Insiders (as a group) in any 12-month period under the Nations Royalty Option Plan and any other security compensation plans of Nations Royalty may not exceed 10% of the outstanding Nations Royalty Shares at the time of grant without Disinterested Shareholder Approval (as defined in Exchange Policy 4.4 — *Security Based Compensation*); and the maximum number of Nations Royalty Shares reserved for issue to Insiders (as a group) under the Nations Royalty Option Plan and any other security compensation plans of Nations Royalty may not exceed 10% of the outstanding Nations Royalty Shares at any given time without Disinterested Shareholder Approval (as defined in Exchange Policy 4.4 — *Security Based Compensation*);

(c) the maximum number of Nations Royalty Shares reserved for issue to any one person in any 12-month period under the Nations Royalty Option Plan and any other security compensation plans of Nations Royalty may not exceed 5% of the outstanding Nations Royalty Shares at the time of grant without Disinterested Shareholder Approval (as defined in Exchange Policy 4.4 — *Security Based Compensation*);

(d) the maximum number of Nations Royalty Shares reserved for issue to any one consultant in any 12-month period under the Nations Royalty Option Plan and any other security compensation plans of Nations Royalty may not exceed 2% of the outstanding Nations Royalty Shares at the time of grant (as defined in Exchange Policy 4.4 — *Security Based Compensation*);

(e) the number of Nations Royalty Shares reserved for issue to all Investor Relations Service Providers (as defined in Exchange Policy 4.4 — *Security Based Compensation*) on behalf of Nations Royalty in any 12-month period under the Nations Royalty Option Plan, any other security compensation plans of Nations Royalty or other options granted for services by Nations Royalty may not exceed, in the aggregate, 2% of the outstanding Nations Royalty Shares at the time of grant to any one Investor Relations Service Provider;

(f) Nations Royalty Options vest at the discretion of the Nations Royalty Board or a committee of the Nations Royalty Board. However, Nations Royalty Options granted to an Investor Relations Service Provider shall vest such that:

(i) no more than 25% of the Nations Royalty Options vest sooner than three months after the Nations Royalty Options were granted;

(ii) no more than another 25% of the Nations Royalty Options vest sooner than six months after the Nations Royalty Options were granted;

(iii) no more than another 25% of the Nations Royalty Options vest sooner than nine months after the Nations Royalty Options were granted; and

(iv) the remainder of the Nations Royalty Options vest no sooner than twelve months after the Nations Royalty Options were granted.

(g) the number of Nations Royalty Shares reserved for issue to any one Eligible Charitable Organization (as defined in Exchange Policy 4.4 — *Security Based Compensation*) on behalf of Nations Royalty under the Nations Royalty Option Plan, any other security compensation plans of Nations Royalty or other options granted for services by Nations Royalty may not exceed, in the aggregate, 1% of the outstanding Nations Royalty Shares at the time of grant to any one Eligible Charitable Organization;

(h) subject to a minimum exercise price of $0.05 per Nations Royalty Share, the exercise price per Nations Royalty Share for a Nations Royalty Option may not be less than the Discounted Market Price (as calculated pursuant to the policies of the Exchange);

(i) stock options may have a term not exceeding ten years;

(j) a Charitable Stock Option must expire on or before the earlier of (a) the date that is 10 years from the date of grant of the Charitable Stock Option; and (b) the 90th day following the date that the holder of the Charitable Stock Option ceases to be an Eligible Organization (as defined in Exchange Policy 4.4 — *Security Based Compensation*);

(k) if an optionee dies prior to the expiry of its Nations Royalty Option, his heirs, administrators or legal representatives may, by the earlier of (a) one year from the date of the optionee's death (or such lesser period as may be specified by the Board at the time of granting the Nations Royalty Option); and (b) the expiry date of the Nations Royalty Option, exercise any portion of such Nations Royalty Option;

(l) if an optionee ceases to be a director, officer, employee or consultant for any reason other than death, such optionee's Nations Royalty Options will terminate within 90 days or a reasonable period thereafter;

(m) Nations Royalty Options are non-assignable and non-transferable; and

(n) the Nations Royalty Option Plan contains provisions for adjustment in the number of Nations Royalty Shares or other property issuable on exercise of Nations Royalty Options in the event of a share consolidation or subdivision of the Nations Royalty Shares, or if Nations Royalty is a party to a reorganization, merger, dissolution or Nations Royalty Shares are exchanged or reclassified in any way.

**Prior Sales**

The table below sets forth for the 12-month period prior to the date of this Filing Statement details of the price at which securities have been issued by Nations Royalty, the number of securities issued at that price and the date on which the securities were issued.

| Date Issued | Type of Security(1) | Number of Securities(1) | Issue Price per Security(1) | Reason for Issuance |
|---|---|---|---|---|
| August 14, 2023(2) | Nations Royalty Options(2) | 100,000(2) | $0.10(2) | Grant of Stock Options |
| June 3, 2023(3) | Nations Royalty Options(3) | 600,000(3) | $0.10(3) | Grant of Stock Options |
| May 29, 2023 | Nations Royalty Shares | 22,250,000 | $0.04 | Private Placement |

Notes:
1. Adjusted to reflect the Consolidation completed on April 16, 2024.
2. Exercisable until August 14, 2033.
3. Exercisable until June 3, 2034.

**Stock Exchange Price**

The outstanding Nations Royalty Shares are not listed for trading on the Exchange.

**Executive Compensation**

The following information is presented in accordance with Form 51-102F6V - *Statement of Executive Compensation* - *Venture Issuers* and provides details of all compensation for each of the directors and NEOs of Nations Royalty for the years ended May 31, 2023 and 2022.

Gordon Friesen, the CEO, CFO, and a director of Nations Royalty was the only NEO of Nations Royalty during the financial year ended May 31, 2023.

*Director and Named Executive Officer Compensation - Excluding Compensation Securities*

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by Nations Royalty to each current and former NEO and director, in any capacity, for all or portion of the financial years ended May 31, 2023 and 2022.

| Table of Compensation Excluding Compensation Securities | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Name and Position** | **Financial Year Ended May 31** | **Salary, consulting fee, retainer or commission ($)** | **Bonus ($)** | **Committee or meeting fees ($)** | **Value of perquisites ($)** | **Value of all other compensation ($)** | **Total compensation ($)** |
| **Gordon Friesen**(1) CEO, CFO and a director | 2023 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2022 | Nil | Nil | Nil | Nil | Nil | Nil |
| **Scott Davis**(2) Director and former CEO/CFO | 2023 | 60,000 | Nil | Nil | Nil | Nil | 60,000 |
| | 2022 | 15,000 | Nil | Nil | Nil | Nil | 15,000 |
| **Allan Glowach**(3) Director | 2023 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2022 | Nil | Nil | Nil | Nil | Nil | Nil |
| **Michael Lerner**(4) Former president, former CEO/CFO and former director | 2023 | N/A | N/A | N/A | N/A | N/A | N/A |
| | 2022 | Nil | Nil | Nil | Nil | Nil | Nil |
| **Harvey Mckenzie**(5) Former director | 2023 | N/A | N/A | N/A | N/A | N/A | N/A |
| | 2022 | Nil | Nil | Nil | Nil | Nil | Nil |
| **Emily Lerner**(6) Former director | 2023 | N/A | N/A | N/A | N/A | N/A | N/A |
| | 2022 | Nil | Nil | Nil | Nil | Nil | Nil |

Notes:
1. Gordon Friesen was appointed a director of Nations Royalty on September 21, 2021, and as CEO and CFO on April 20, 2022, and served as Corporate Secretary of Nations Royalty from April 20, 2022 until May 11, 2023.
2. Scott Davis was appointed a director of Nations Royalty on September 15, 2021 and served as President, CEO, and CFO from September 15, 2021 to April 20, 2022. During the years ended May 31, 2023 and 2022, Nations Royalty incurred in accounting fees of $60,000 and $15,000 respectively, to an accounting firm of which Mr. Davis is a partner.
3. Allan Glowach was appointed a director of Nations Royalty on September 21, 2021.
4. Michael Lerner served as President, CEO, CFO, and a director of Nations Royalty from July 6, 2020 to September 15, 2021.
5. Harvey Mckenzie served as a director of Nations Royalty from July 6, 2020 to September 15, 2021.
6. Emily Lerner served as a director of Nations Royalty from July 6, 2020 to September 15, 2021.

## Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each NEO and director by Nations Royalty for services provided or to be provided, directly or indirectly, to Nations Royalty during the year ending May 31, 2023.

| Compensation Securities | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Name and Position** | **Type of compensation security** | **Number of compensation securities, number of underlying securities, and percentage of class** | **Date of issue or grant** | **Issue, conversion or exercise price ($)** | **Closing price of security or underlying security on date of grant ($)** | **Closing price of security or underlying security at year end ($)** | **Expiry date** |
| **Gordon Friesen**(1) CEO, CFO and director | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| **Scott Davis**(2) Director and former CEO/CFO | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| **Allan Glowach**(3) Director | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

## Exercise of Compensation Securities

No options were exercised by a director or NEO of Nations Royalty during the year ended May 31, 2023.

## Stock Option Plans and Other Incentive Plans

See "*Nations Royalty Option Plan and Nations Royalty Options*".

## Employment, Consulting and Management Agreements

The NEOs and the directors are eligible to receive grants of stock options pursuant to the Nations Royalty Option Plan.

Other than as set out below, there are no other contracts, agreements, plans or arrangements that provide for payments or salary to any NEO or director or which includes any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of Nations Royalty or a change in a NEO's or director's responsibilities.

*Consulting Agreement with Robert McLeod*

Nations Royalty has entered into a consulting agreement dated for reference February 1, 2024, with Linus Geological Ltd. as contractor and Robert McLeod as the appointed consultant. Pursuant to the consulting agreement, in consideration of services as interim CEO of Nations Royalty, Mr. McLeod is entitled, through Linus Geological Ltd., to annual consulting fees of $300,000 plus discretionary security-based bonus entitlements and health benefits. The consulting agreement may be terminated by Nations Royalty at any time, without cause, by making termination payments equal to 12 months of consulting fees plus applicable security-based bonus entitlements for the same period. During the period beginning two months prior to, and ending 12 months following, a change of control event, the consulting agreement may be terminated by making termination payments equal to 24 months of consulting fees plus applicable security-based bonus entitlements for the same period. Mr. McLeod is entitled to continued health benefits at Nations Royalty's expense during the applicable severance period. Mr. McLeod may resign as interim CEO in certain circumstances upon a minimum of three months' written notice.

Pursuant to the consulting agreement, a change of control occurs upon: (a) completion of the acquisition of outstanding Nations Royalty Shares which, when added to all other Nations Royalty Shares at the time held by such person, constitutes for the first time in the aggregate more than 50% of the outstanding Nations Royalty Shares; (b) approval of the removal, by extraordinary resolution of the Nations Royalty Shareholders, of 50% or more of the then incumbent members of the Nations Royalty Board, or the election of a majority of the directors comprising the Nations Royalty Board who were not nominated by the incumbent Nations Royalty Board at the time immediately preceding such election; (c) consummation of a sale of all or substantially all of the assets of Nations Royalty to another person, other than a subsidiary of Nations Royalty or other than in the ordinary course of business; or (d) the consummation of a reorganization, plan of arrangement, merger or other transaction which has substantially the same effect as the foregoing (a), (b) or (c).

*Executive Consulting Agreement with Tony Robinson*

Nations Royalty has entered into an executive consulting agreement dated February 12, 2024 with Tony Robinson for his role at CFO of Nations Royalty. Pursuant to the executive consulting agreement, Mr. Robinson is entitled to monthly compensation of $2,500 and to receive Nations Royalty Options at the discretion of the Nations Royalty Board. In the event Mr. Robinson becomes a full-time CFO of Nations Royalty, he will be entitled to annual compensation of not less than $125,000. Either party may terminate the executive consulting agreement with 30 days of written notice.

*Employment Agreement with Derrick Pattenden*

Nations Royalty has entered into an employment agreement dated for reference May 15, 2024, with Derrick Pattenden for his role at CIO of Nations Royalty. Pursuant to the employment agreement, Mr. Pattenden is entitled to an annual salary of $300,000 plus discretionary security-based bonus entitlements and health benefits. The employment agreement may be terminated by Nations Royalty at any time, without cause, by making termination payments equal to 12 months of salary plus applicable security-based bonus entitlements for the same period. During the period beginning two months prior to, and ending 12 months following, a change of control event, the employment agreement may be terminated by making termination payments equal to 24 months of salary plus applicable security-based bonus entitlements for the same period. Mr. Pattenden is entitled to continued health benefits at Nations Royalty's expense during the applicable severance period. Mr. Pattenden may resign as CIO in certain circumstances upon a minimum of three months' written notice.

Pursuant to the employment agreement, a change of control occurs upon: (a) completion of the acquisition of outstanding Nations Royalty Shares which, when added to all other Nations Royalty Shares at the time held by such person, constitutes for the first time in the aggregate more than 50% of the outstanding Nations Royalty Shares; (b) approval of the removal, by extraordinary resolution of the Nations Royalty Shareholders, of 50% or more of the then incumbent members of the Nations Royalty Board, or the election of a majority of the directors comprising the Nations Royalty Board who were not nominated by the incumbent Nations Royalty Board at the time immediately preceding such election; (c) consummation of a sale of all or substantially all of the assets of Nations Royalty to another person, other than a subsidiary of Nations Royalty or other than in the ordinary course of business; or (d) the consummation of a reorganization, plan of arrangement, merger or other transaction which has substantially the same effect as the foregoing (a), (b) or (c).

**Oversight and Description of Director and Executive Officer Compensation**

*Compensation of Executive Officers and Directors*

Nations Royalty had no standard arrangement pursuant to which NEOs and directors were compensated by Nations Royalty for their services in their capacity as executives, directors or for committee participation, involvement in special assignments or for services as consultants or experts during the year ended May 31, 2023, although NEOs and directors may be compensated on an ad hoc basis, subject to the approval of the other board members, for certain services provided to Nations Royalty. Both non-management directors and management directors may, however, receive Nations Royalty Options for their role as directors and/or executive officers with Nations Royalty, in such amounts and upon such terms as may be approved by the Nations Royalty Board from time to time. The number of Nations Royalty Options granted will depend on the performance of each executive and director. Previous grants of Nations Royalty Options also provide a basic guideline in determining new Nations Royalty Option grants.

**Pension Disclosure**

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by Nations Royalty and none are proposed at this time.

**Arm’s Length Transactions**

The proposed Transaction is an Arm’s Length Transaction.

**Investor Relations Arrangements**

Effective June 1, 2024, Nations Royalty entered into the Consulting Services Agreement with Capital Analytica pursuant to which Capital Analytica agreed to provide to Nations Royalty capital markets and social media consultation services, social sentiment and engagement reporting, news release dissemination services, discussion forum monitoring and reporting and corporate video dissemination services (collectively, the “**Services**”), for an initial term of six months commencing May 1, 2024. Nations Royalty agreed to pay Capital Analytica $120,000 for the Services, payable in equal monthly installments over the six-month initial term of the Consulting Services Agreement. The Consulting Services Agreement includes an option to renew the Consulting Services Agreement for an additional six months of Services in exchange for fees of $10,000 per month. The Consulting Services Agreement may be cancelled at any time by either party upon delivery of 30 days’ written notice. Capital Analytica acts at arm’s length to Nations Royalty and does not have any interest, directly or indirectly, in Nations Royalty or its securities, or any right or intent to acquire such an interest. As of the date of this Filing Statement, Jeffrey French, the president of Capital Analytica, holds 133,333 Finco Subscription Receipts, and therefore an interest to acquire Nations Royalty Shares upon Closing.

Capital Analytica is an independent consulting firm based in Nanaimo, British Columbia. The Services will be provided by Jeffrey French, the president of Capital Analytical, who will work with leadership teams of Nations Royalty and Nations Royalty to advance its broad communications goals and support continued growth.

**Legal Proceedings**

There are no material pending legal proceedings to which Nations Royalty is a party or of which any of its property is the subject matter nor are any such proceedings known to Nations Royalty to be contemplated.

**Auditor, Transfer Agent and Registrar**

The auditor of Nations Royalty is Deloitte LLP, 410 West Georgia Street, Vancouver, British Columbia, V6B 0S7, who is expected to continue as the auditor for the Resulting Issuer.

Odyssey Trust Company is the current registrar and transfer agent of Nations Royalty, and is expected to continue as the registrar and transfer agent for Nations Royalty at its office located at 350 - 409 Granville St, Vancouver, British Columbia, V6C 1T2.

**Material Contracts**

The only material contracts entered into by Nations Royalty within the last 12 months, other than contracts entered into in the ordinary course of business, are the LOI and the Amalgamation Agreement.

For more information please see "*Information Concerning the Amalgamation, Financing and Transaction.*"

Copies of the material contracts described above may be inspected at the registered office of Nations Royalty located at 2500 – 700 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1B3, during normal business hours until the date of the closing of the Transaction and for a period of 30 days thereafter.

*[Remainder of page intentionally left blank.]*

## INFORMATION CONCERNING NATIONSCO

### Corporate Structure

*Name and Incorporation*

Nationsco was incorporated pursuant to the provisions of the BCBCA on October 19, 2023 under the name "Nations Acquisitions Corp." for the purpose of holding the right to receive the Annual Payments and completing the Amalgamation. The address of Nationsco's registered and head office is 10th Floor, 595 Howe Street, Vancouver, BC, V6C 2T5.

*Intercorporate Relationships*

Nationsco is wholly-owned by the Nastionsco Shareholder, being the Nisga'a Nation, and has no subsidiaries.

### General Development of the Business

*History*

On February 1, 2024 Nationsco, the Nationsco Shareholder, Nations Royalty and Finco, entered into the definitive Amalgamation Agreement in respect of the Transaction.

On June 8, 2024, Nationsco entered into the Brucejack Annual Payment Direction Agreement and obtained the right to be paid the Brucejack Annual Payment following Closing.

On June 7, 2024, Nationsco entered into the Kitsault Annual Payment Direction Agreement and obtained the right to be paid the Kitsault Annual Payment following Closing.

On June 10, 2024, Nationsco entered into the KSM Annual Payment Direction Agreement and obtained the right to be paid the KSM Annual Payment following Closing.

On June 10, 2024, Nationsco entered into the Premier Gold and Red Mountain Annual Payment Direction Agreement and obtained the right to be paid the Premier Gold and Red Mountain Annual Payment following Closing.

### Narrative Description of the Business

The Annual Payment interests held by Nationsco as of the date of this Filing Statement are summarized under the relevant subheadings in this section below.

*Mineral Tax Act*

The Annual Payment interests held by Nationsco are all annual payments. The Brucejack Annual Payment, KSM Annual Payment and Premier Gold and Red Mountain Annual Payment are all calculated based on amounts payable by project operators under the Mineral Tax Act.

The Mineral Tax Act provides for the assessment and collection of taxes on Crown-granted mineral lands under a two-part hybrid mining taxation system.

The first part of the hybrid system is the “net current proceeds tax”. Pursuant to section 2(1)(b) of the Mineral Tax Act, the net current proceeds tax is a tax of 2% based on a mine’s net current proceeds. The net current proceeds tax applies to mine operators once a mine has a positive annual operating cash flow. For the purposes of the net current proceeds tax, net current proceeds represent the amount of revenues and recoveries that exceed an operator’s operating costs, which include all expenditures in the fiscal year used to extract revenue, but exclude costs associated with bringing a mine into commercial production.

The second part of the hybrid system is the “net revenue tax”. Pursuant to section 2(1)(a) of the Mineral Tax Act, the net revenue tax is a profits-based tax of 13% on the net revenue derived from the operation of the mine. The net revenue tax applies to mine operators once the costs of discovering and opening the mine have been recouped. Net revenue is calculated cumulatively from the beginning of the lifecycle of the mine, based on revenues, less general expenditures. Excluded expenditures include: interest; dividends and costs of financing; federal and provincial income taxes; costs of incorporating or restructuring; and, any annual salaries, wages or payments above certain prescribed amounts to a significant shareholder.

The net current proceeds tax is deductible from the net revenue tax, to the effect that only one of the two taxes is paid at any given time.

*Brucejack Annual Payment Direction Agreement*

Pursuant to the Brucejack Annual Payment Direction Agreement, the Nisga’a Nation irrevocably directs Pretium to pay the Brucejack Annual Payment to Nationsco for the duration of the Brucejack Benefits Agreement. The Brucejack Annual Payment is an annual payment equal to a percentage of the Mineral Tax payable by Pretium in each calendar year under the Mineral Tax Act in respect of the Brucejack Mine.

The Brucejack Annual Payment in respect of each calendar year is made on the earlier of the date that is: (a) six months after the filing of Pretium’s annual return under the Mineral Tax Act and (b) 15 days after Pretium’s receipt of a notice of assessment under the Mineral Tax Act the following calendar year.

Under the terms of the Brucejack Annual Payment Direction Agreement, Nationsco has the right, at its own cost, to engage an independent chartered professional accountant to audit the records provided by Pretium documenting the calculation of mineral tax payable and the corresponding Brucejack Annual Payment. In the event the audit demonstrates an error in the calculation of such amounts payable, Pretium and Nationsco have agreed to make necessary adjustments to the applicable Brucejack Annual Payment. In addition, the Nisga’a Nation has agreed not to audit the calculation of the Brucejack Annual Payment during the term of the Brucejack Annual Payment Direction Agreement.

The Nisga’a Nation and Pretium have agreed not to, without Nationsco’s prior written approval, agree to amend, vary, supplement, novate, supersede, terminate, assign or replace the Brucejack Benefits Agreement or grant any waiver to the extent that any such amendment, variation, supplement, novation, replacement, termination, assignment or waiver would result in changes to the terms affecting the amount or calculation of Brucejack Annual Payment payable thereunder.

The Brucejack Annual Payment Direction Agreement will automatically terminate (a) upon expiry or termination of the Brucejack Benefits Agreement; (b) upon Nations Royalty or Amalco becoming insolvent, bankrupt or wound up; or (c) the Nisga’a Nation and Nationsco providing joint notice to Pretium terminating the Brucejack Annual Payment Direction Agreement. In the event of termination of the Brucejack Annual Payment Direction Agreement, the direction shall become void and have no effect and the Brucejack Annual Payment shall thereafter be made to the Nisga’a Nation.

The Brucejack Annual Payment Direction Agreement is non-assignable by the Nisga'a Nation. The Brucejack Annual Payment Direction Agreement may be assigned by Nationsco to an Affiliate, provided such Affiliate agrees to be bound by the Brucejack Annual Payment Direction Agreement, and only for the period during which the Affiliate remains an Affiliate of Nationsco. The Brucejack Annual Payment Direction Agreement may otherwise be assigned by Nationsco with the prior written consent of Pretium and the Nisga'a Nation, such consent not to be unreasonably held.

The Brucejack Mine commenced commercial production in June of 2017, and since then, payments have been made under the Brucejack Benefits Agreement. See the Carve-Out Financial Statements attached as Schedule F to this Filing Statement.

The Brucejack Mine is an underground gold mine located 65 km north of Stewart, British Columbia.

*Kitsault Annual Payment Direction Agreement*

Pursuant to the Kitsault Annual Payment Direction Agreement, the Nisga'a Nation irrevocably directs Avanti to pay the Kitsault Annual Payment to Nationsco for the duration of the Kitsault Benefits Agreement. The Kitsault Annual Payment is an annual payment that 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) a net smelter royalty 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 molydenum price per calendar year and is subject to minimum production levels being achieved in each calendar year.

The Kitsault Annual Payment in respect of each calendar year will be made on or before March 31st of the following calendar year. The first Kitsault Annual Payment is payable on or before March 31st of the calendar year following the calendar year in which the Kitsault project commences operations, subject to certain minimum production threshold amounts.

Under the terms of the Kitsault Annual Payment Direction Agreement, Nationsco has the right, at its own cost, to engage an independent chartered professional accountant to audit the records provided by Avanti documenting the calculation of the Kitsault Annual Payment. In the event the audit demonstrates that Avanti has under-calculated the Kitsault Annual Payment by more than 2% in a calendar year, Avanti will (a) reimburse Nationsco for the reasonably incurred costs of the audit; and (b) pay to Nationsco the difference in the Kitsault Annual Payment amount, plus interest thereon. In addition, the Nisga'a Nation has agreed not to audit the calculation of the Kitsault Annual Payment during the term of the Kitsault Annual Payment Direction Agreement.

The Nisga'a Nation and Avanti have agreed not to, without Nationsco's prior written approval, agree to amend, vary, supplement, novate, supersede, terminate, assign or replace the Kitsault Benefits Agreement or grant any waiver to the extent that any such amendment, variation, supplement, novation, replacement, termination, assignment or waiver would result in changes to the terms affecting the amount of Kitsault Annual Payment payable thereunder.

The Kitsault Annual Payment Direction Agreement will automatically terminate (a) upon Nations Royalty or Amalco becoming insolvent, bankrupt or wound up; or (b) the Nisga'a Nation providing notice to Avanti terminating the Kitsault Annual Payment Direction Agreement, which requires the agreement of Nationsco. In the event of termination of the Kitsault Annual Payment Direction Agreement, the direction shall become void and have no effect and the Kitsault Annual Payment shall thereafter be made to the Nisga'a Nation.

The Kitsault Annual Payment Direction Agreement is non-assignable by the Nisga'a Nation. The Kitsault Annual Payment Direction Agreement may be assigned by Nationsco to an Affiliate, provided such Affiliate agrees to be bound by the Kitsault Annual Payment Direction Agreement. The Kitsault Annual Payment Direction Agreement may otherwise be assigned by Nationsco with the prior written consent of Avanti and the Nisga'a Nation, such consent not to be unreasonably withheld.

The Kitsault project is an exploration-stage fully permitted brownfield site owned by New Moly LLC, a corporation majority-owned by Resource Capital Fund VI L.P. The Kitsault project is located in northwestern British Columbia within the Regional District of Kitimat-Stikine, approximately 140km northeast of Prince Rupert.

*KSM Annual Payment Direction Agreement*

Pursuant to the KSM Annual Payment Direction Agreement, the Nisga'a Nation irrevocably directs KSM to pay the KSM Annual Payment to Nationsco for the duration of the KSM Benefits Agreement. The KSM Annual Payment is an annual payment 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 KSM Annual Payment in respect of each calendar year will be made on the earlier of the date that is: (a) six months after the filing of KSM's annual return under the Mineral Tax Act and (b) 15 days after KSM's receipt of a notice of assessment under the Mineral Tax Act the following calendar year.

Under the terms of the KSM Annual Payment Direction Agreement, Nationsco has the right, at its own cost, to engage independent auditors to audit any annual tax return required by the Mineral Tax Act provided by KSM documenting the calculation of any KSM Annual Payment, provided that the audit is completed by independent auditors with experience auditing large scale precious or base metals mining operations within 180 days of receipt by Nationsco of the applicable annual tax return, subject to certain commercial and business operation restrictions. In the event the auditors conclude that an underpayment of the KSM Annual Payment has occurred, KSM and Nationsco have agreed to meet, together with their respective auditors, to discuss the details of any underpayment, and thereafter, if Nationsco's auditors continue to be of the opinion that there has been an underpayment, Nationsco's auditors will deliver to KSM their accounting of such underpayment accompanied by an audit opinion. Upon the receipt of the foregoing, KSM will (a) pay to Nationsco the difference in the KSM Annual Payment amount, plus interest thereon; and (b) reimburse Nationsco for the cost of the audit if the underpayment is more than 2% of the actual KSM Annual Payment. In addition, the Nisga'a Nation has agreed not to audit the calculation of the KSM Annual Payment during the term of the KSM Annual Payment Direction Agreement.

The Nisga'a Nation and KSM have agreed not to, without Nationsco's prior written approval, agree to amend, vary, supplement, novate, supersede, terminate, assign or replace the KSM Benefits Agreement or grant any waiver to the extent that any such amendment, variation, supplement, novation, replacement, termination, assignment or waiver would result in changes to the terms affecting the calculation of KSM Annual Payment payable thereunder.

The KSM Annual Payment Direction Agreement will automatically terminate (a) upon Nations Royalty or Amalco becoming insolvent, bankrupt or wound up; or (b) the Nisga'a Nation and Nationsco providing joint notice to KSM terminating the KSM Annual Payment Direction Agreement. In the event of termination of the KSM Annual Payment Direction Agreement, the direction shall become void and have no effect and the KSM Annual Payment shall thereafter be made to the Nisga'a Nation.

The KSM Annual Payment Direction Agreement is non-assignable by the Nisga'a Nation. The KSM Annual Payment Direction Agreement may be assigned by Nationsco, to an Affiliate or with the prior written consent of KSM and the Nisga'a Nation, subject to its terms.

The KSM project is a gold, copper, silver and molybdenum mine development of Seabridge located approximately 65 kilometres northwest of Stewart, British Columbia.

*Premier Gold and Red Mountain Annual Payment Direction Agreement*

Pursuant to the Premier Gold and Red Mountain Annual Payment Direction Agreement, the Nisga'a Nation irrevocably directs Ascot to pay the Premier Gold and Red Mountain Annual Payment to Nationsco for the duration of the Premier Gold and Red Mountain Benefits Agreement. The Premier Gold and Red Mountain Annual Payment is an annual payment 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 Premium 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 Premier Gold and Red Mountain Annual Payment in respect of each calendar year is made on or before the date that is six months after the date that the Payor is required file the annual return under section 12 of the Mineral Tax Act.

Under the terms of the Premier Gold and Red Mountain Annual Payment Direction Agreement, Nationsco has the right, at its own cost, to engage independent auditors to audit any annual tax return required by the Mineral Tax Act provided by Ascot documenting the calculation of any Premier Gold and Red Mountain Annual Payment, provided that the audit is completed by independent auditors with experience auditing large scale precious or base metals mining operations within 180 days of receipt by Nationsco of the applicable annual tax return, subject to certain commercial and business operation restrictions. In the event the auditors conclude that an underpayment of the Premier Gold and Red Mountain Annual Payment has occurred, Ascot and Nationsco have agreed to meet, together with their respective auditors, to discuss the details of any underpayment, and thereafter, if Nationsco's auditors continue to be of the opinion that there has been an underpayment, Nationsco's auditors will deliver to Ascot their accounting of such underpayment accompanied by an audit opinion. Upon the receipt of the foregoing, Ascot will (a) pay to Nationsco the underpaid difference in the Premier Gold and Red Mountain Annual Payment amount, plus interest thereon; and (b) reimburse Nationsco for the cost of the audit if the underpayment is more than 2% of the actual Premier Gold and Red Mountain Annual Payment. In the event an underpayment of the Premier Gold and Red Mountain Annual Payment is determined in accordance with the above audit process, Ascot is entitled to deduct the amount of such overpayment amount from the next Premier Gold and Red Mountain Annual Payment payable. In addition, the Nisga'a Nation has agreed not to audit the calculation of the Premier Gold and Red Mountain Annual Payment during the term of the Premier Gold and Red Mountain Annual Payment Direction Agreement.

The Nisga'a Nation and Ascot have agreed not to, without Nationsco's prior written approval, agree to amend, vary, supplement, novate, supersede, terminate, assign or replace the Premier Gold and Red Mountain Benefits Agreement or grant any waiver to the extent that any such amendment, variation, supplement, novation, replacement, termination, assignment or waiver would result in changes to the terms affecting the amount of Premier Gold and Red Mountain Annual Payment payable thereunder.

The Premier Gold and Red Mountain Annual Payment Direction Agreement will automatically terminate (a) upon Nations Royalty or Amalco becoming insolvent, bankrupt or wound up; or (b) the Nisga'a Nation and Nationsco providing joint notice to Ascot terminating the Premier Gold and Red Mountain Annual Payment Direction Agreement. In the event of termination of the Premier Gold and Red Mountain Annual Payment Direction Agreement, the direction shall become void and have no effect and the Premier Gold and Red Mountain Annual Payment shall thereafter be made to the Nisga'a Nation.

The Premier Gold and Red Mountain Annual Payment Direction Agreement is non-assignable by the Nisga'a Nation. The Premier Gold and Red Mountain Annual Payment Direction Agreement may be assigned by Nationsco to an Affiliate, provided such Affiliate agrees to be bound by the Premier Gold and Red Mountain Annual Payment Direction Agreement. The Premier Gold and Red Mountain Annual Payment Direction Agreement may otherwise be assigned by Nationsco with the prior written consent of Ascot and the Nisga'a Nation, such consent not to be unreasonably held.

The Premier Gold project is an underground gold-silver mine development project located approximately 25 km from Stewart, British Columbia. The Red Mountain project is an underground gold-silver mine development located approximately 8 kilometres northeast of Stewart, British Columbia.

**Selected Consolidated Financial Information**

The following table sets forth financial information derived from the Nationsco Financial Statements, as at March 31, 2024 and for the period from incorporation on October 19, 2023 to March 31, 2024. Such information should be read in conjunction with the Nationsco Financial Statements attached hereto as Schedule D.

| | **Period from incorporation on October 19, 2023 to March 31, 2024 (Audited) ($)** |
|---|---|
| Total revenues | Nil |
| Income from continuing operations | Nil |
| Net income or loss | Nil |
| Total assets | 1 |
| Total long-term financial liabilities | Nil |
| Cash dividends declared | Nil |

**Management's Discussion and Analysis**

Nationsco's MD&A for the period from incorporation on October 19, 2023 to March 31, 2024 is included as Schedule E to this Filing Statement. MD&A of the Nationsco Shareholder Contributed Assets for the years ended March 31, 2023 and for the three and nine months ended December 31, 2023 is included as Schedule G to this Filing Statement.

Certain information included in Nationsco's MD&A is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Cautionary Note Regarding Forward-Looking Information*" in this Filing Statement for further details.

**Description of Securities**

Nationsco is authorized to issue an unlimited number of Nationsco Shares without nominal or par value. As of the date hereof, Nationsco has 111,100,000 Nationsco Shares issued and outstanding. Immediately prior to the Effective Time, Nationsco shall have 111,100,000 Nationsco Shares issued and outstanding.

Nationsco shareholders are entitled to receive notice of and to attend and vote at all meetings of the shareholders of Nationsco and each Nationsco Share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of Nationsco.

Nationsco shareholders are entitled to receive such dividends in any financial year as the Nationsco Board may determine by resolution. In the event of the liquidation, dissolution or winding-up of Nationsco, whether voluntary or involuntary, Nationsco shareholders are entitled to receive the remaining property and assets of Nationsco. Each Nationsco Share ranks equally with all other common shares with respect to distribution of assets upon dissolution, liquidation or winding-up of Nationsco and payment of dividends.

The Nationsco Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

**Consolidated Capitalization**

The following table sets forth Nationscos capitalization as at the dates indicated. The table should be read in conjunction with the Nationsco Financial Statements, which are included as Schedule D.

| Designation of security | Amount authorized | Amount outstanding as of March 31, 2024 | Amount outstanding as of the date of this Filing Statement prior to giving effect to the Transaction |
|---|---|---|---|
| Nationsco Shares | Unlimited | 1 | 111,100,000 |

**Prior Sales**

| Date | Designation of security | Issue or exercise price per security | Number of securities | Non-Arm's Length Party of Nationsco |
|---|---|---|---|---|
| October 19. 2023 | Common shares | $0.0001 | 1 | Nationsco Shareholder (incorporator share) |

| | | | | |
|---|---|---|---|---|
| June 11, 2024 | Common shares | $0.90 | 111,099,999 | Nationsco Shareholder |

For more information please see "*Information Concerning the Amalgamation, Financing and Transaction – the Concurrent Financing.*"

**Executive Compensation**

The following information is presented in accordance with Form 51-102F6V - *Statement of Executive Compensation* - *Venture Issuers* and provides details of all compensation for each of the directors and NEOs of Nationsco for the period from incorporation on October 19, 2023 to March 31, 2024.

During the period from incorporation on October 19, 2023 to March 31, 2024, Nationsco had no NEOs.

*Director and Named Executive Officer Compensation* - *Excluding Compensation Securities*

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by Nationsco to each current and former NEO and director, in any capacity, for all or portion of the period from incorporation on October 19, 2023 to March 31, 2024.

| Table of Compensation Excluding Compensation Securities | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Name and Position** | **Year** | **Salary, consulting fee, retainer or commission ($)** | **Bonus ($)** | **Committee or meeting fees ($)** | **Value of perquisites ($)** | **Value of all other compensation ($)** | **Total compensation ($)** |
| Charles Morven, President, Secretary-Treasurer and Director | Incorporation on October 19, 2023 to March 31, 2024 | Nil | Nil | Nil | Nil | Nil | Nil |

**Stock Options and Other Compensation Securities**

There have been no compensation securities granted or issued to any NEO or director by Nationsco for services provided or to be provided, directly or indirectly, to Nationsco during the period from incorporation on October 19, 2023 to March 31, 2024.

**Exercise of Compensation Securities**

No compensation securities have been exercised by any NEO or director of Nationsco during the period from incorporation on October 19, 2023 to March 31, 2024.

**Employment, Consulting and Management Agreements**

There are no contracts, agreements, plans or arrangements that provide for payments or salary to any NEO or director or which includes any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of Nationsco or a change in a NEO's or director's responsibilities.

**Pension Disclosure**

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by Nationsco and none are proposed at this time.

**Arm's Length Transactions**

The proposed Amalgamation is an Arm's Length Transaction.

**Legal Proceedings**

There are no material pending legal proceedings to which Nationsco is a party or of which any of its property is the subject matter nor are any such proceedings known to Nationsco to be contemplated.

**Auditor, Transfer Agent and Registrar**

The auditor of Nationsco is Deloitte LLP, 410 West Georgia Street, Vancouver, British Columbia, V6B 0S7, who is expected to continue as the auditor for the Resulting Issuer.

No transfer agent and registrar has been appointed for the Nationsco Shares.

**Material Contracts**

Since incorporation, the only material contracts entered into by Nationsco, other than contracts entered into in the ordinary course of business, are the:

1. the Brucejack Annual Payment Direction Agreement;

2. the Amalgamation Agreement.

For more information please see "*Information Concerning the Amalgamation, Financing and Transaction.*"

Copies of the material contracts described above may be inspected at the registered office of Nationsco located at 1500-1111 West Hastings Street, Vancouver, BC, V6E 2J3, during normal business hours until the date of the closing of the Transaction.

*[Remainder of page intentionally left blank.]*

## INFORMATION CONCERNING THE RESULTING ISSUER

### Corporate Structure

*Name and Incorporation*

Following the completion of the Transaction, the Resulting Issuer will be named "Nations Royalty Corp.", and will be governed by the provisions of the CBCA.

The head office of the Resulting Issuer will be located at Suite 3123 – 595 Burrard Street, Vancouver, British Columbia, V7X 1J1 and its registered office will be located at 2500 – 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3.

*Intercorporate Relationships*

Upon completion of the Transaction, the Resulting Issuer will own all of the issued and outstanding shares of Amalco, a corporation existing under the laws of British Columbia. Amalco will hold right to receive the Annual Payments.

### Narrative Description of the Business

The Resulting Issuer's business objectives after the completion of the Transaction will be the business of Amalco and will focus on creating value for the Resulting Issuer Shareholders through the acquisition of further Payment Streams.

*Stated Business Objectives*

Immediately following completion of the Transaction, the Resulting Issuer will have available funds of approximately $9,033,295. Using the available funds, the Resulting Issuer expects its sole business objective (the "**Business Objective**") to be to create value for the Resulting Issuer Shareholders through the acquisition of further Payment Streams.

*Milestones*

Other than acquiring further Payment Streams, there are no milestones that must be met in order for the Business Objectives to be accomplished.

### Description of Securities

The authorized capital of the Resulting Issuer will consist of an unlimited number of Resulting Issuer Shares and an unlimited number of preferred shares.

Upon completion of the Transaction, as outlined in the table below, it is expected that there will be: (i) 144,730,637 Resulting Issuer Shares; and (ii) 10,700,000 Resulting Issuer Options outstanding (consisting of 700,000 Nations Royalty Options outstanding immediately prior to Closing and 10,000,000 Resulting Issuer Options to be issued concurrent with Closing).

The material attributes and features of the Resulting Issuer Shares will be the same as the material attributes and features associated with the Nations Royalty Shares. See "*Information Concerning Nations Royalty and Finco - Description of Securities*".

### *Pro Forma* Consolidated Capitalization

The following table sets forth the *pro forma* share capital of the Resulting Issuer after giving effect to the Transaction. This table should be read in conjunction with the *pro forma* consolidated financial statement and notes thereto included in this Filing Statement.

| **Designation of Security** | **Amount Authorized** | **Amount Outstanding After Completion of the Transaction (1) (2) (3)** |
|---|---|---|
| Resulting Issuer Shares | Unlimited | 144,730,637 |
| Resulting Issuer Options | N/A | 10,700,000(4) |

Notes:

1. Certain securities of the Resulting Issuer are subject to escrow, voluntary pooling restrictions or lock-up agreements. See "*Information Concerning the Resulting Issuer – Escrowed Securities*".
2. Stated on a *pro forma* basis, after giving effect to the Transaction and the Financing. See "*Information Concerning the Amalgamation, Financing and Transaction – The Concurrent Financing*".
3. As of the date of this Filing Statement, prior to giving effect to the Transaction, Nations Royalty is estimated to have a deficit of $6,336,203. After giving effect to the Transaction, the Resulting Issuer is estimated to have a deficit of $168,657.
4. Includes the 700,000 Nations Royalty Options outstanding immediately prior to Closing and 10,000,000 Resulting Issuer Options to be issued concurrent with Closing; the 10,000,000 Resulting Issuer Option to be issued concurrent with Closing vest as to 25% on Closing and 25% on the first, second and third anniversaries of issuance.

### Fully Diluted Share Capital

The following table outlines the expected number and percentage of securities of the Resulting Issuer to be outstanding on a fully diluted basis after giving effect to the Transaction:

| | **Number of Resulting Issuer Securities** | **Percentage of Total** |
|---|---|---|
| Resulting Issuer Shares held by current Nations Royalty Shareholders | 22,519,525 | 14.49% |
| Resulting Issuer Shares issued to the Nationsco Shareholder | 111,100,000 | 71.48% |
| Resulting Issuer Shares issued to the subscribers in the Concurrent Financing | 11,111,112 | 7.15% |
| Resulting Issuer Options | 10,700,000(1) | 6.88% |
| **Fully Diluted** | **155,430,637** | **100%** |

Notes:

1. Includes the 700,000 Nations Royalty Options outstanding immediately prior to Closing and 10,000,000 Resulting Issuer Options to be issued concurrent with Closing.

Other than as disclosed above, no other securities will be outstanding which are convertible into, or exchangeable for, Resulting Issuer Shares following the completion of the Transaction.

### Available Funds and Principal Purposes

*Available Funds*

As set out in the following table, it is anticipated that immediately following Closing, the Resulting Issuer will have available funds of approximately $9,033,295, based on estimated working capital of Nations

Royalty and Nationsco as at May 31, 2024 and net proceeds from the Concurrent Financing. The amounts shown in the table are estimates only and are based on information available to Nations Royalty and Nationsco as at the date of this Filing Statement:

| **Sources of Funds** | **Amount ($)** |
|---|---|
| Estimated Nations Royalty working capital as at May 31, 2024 | (548,000) |
| Estimated Nationsco working capital as at May 31, 2024 | Nil |
| Net proceeds from the Concurrent Financing | 9,581,295 |
| **Total** | **$9,033,295** |

*Principal Purposes of Funds*

The following table sets out information regarding the Resulting Issuer's intended principal uses of funds following Closing. The intended uses of funds may vary based upon a number of factors, and such variances may be material. The amounts shown in the table are estimates only and are based upon the information available to Nations Royalty and Nationsco as of the date of this Filing Statement.

The net funds available to the Resulting Issuer are expected to be used, principally, as follows:

| **Principal Use of Funds** | **Amount ($)** |
|---|---|
| Acquisition of additional Payment Streams | 7,037,796 |
| Estimated Listing Fees[(1)] | 450,000 |
| Anticipated General and Administrative Expenses for 12 months following Listing[(2)] | 1,445,500 |
| Unallocated Working Capital | 100,000 |
| **Total** | **$9,033,295** |

Notes:
1. Comprised of estimated remaining legal, accounting, filing and transfer agent fees.
2. Includes estimated audit and tax fees of $150,000, legal fees of $120,000, management and consulting fees of $875,500 marketing and filing fees of $168,000 and office administration expenses of $132,000.

The Resulting Issuer intends to spend the funds available to it as stated above. There may be circumstances, however, where for sound business reasons, a reallocation of funds may be necessary.

*Dividends*

There will be no restrictions in the Resulting Issuer by-laws or elsewhere which would prevent the Resulting Issuer from paying dividends subsequent to the completion of the Transaction. It is not contemplated that any dividends will be paid on the Resulting Issuer Shares in the immediate future following the completion of the Transaction, as it is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer business. The Resulting Issuer Board will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer's financial position at the relevant time. All of the Resulting Issuer Shares are entitled to an equal share in any dividends declared and paid.

## Principal Securityholders

As of the date of this Filing Statement, the Resulting Issuer will have a total of 144,730,637 Resulting Issuer Shares issued and outstanding following the completion of the Transaction. To the knowledge of Nations Royalty and Nationsco, upon completion of the Transaction, no Person will beneficially own, directly or indirectly, or exercise control or direction over, Resulting Issuer Shares carrying more than 10% of the voting rights attached to the Resulting Issuer Shares, other than as set out below:

| Shareholder name and jurisdiction | Designation of security [(1)] | Amount | Percentage of issued and outstanding Resulting Issuer Shares |
|---|---|---|---|
| The Nisga'a Nation | Resulting Issuer Shares | 111,100,000[(1)] | 76.76% |

Notes:
1. See "*Information Concerning the Resulting Issuer - Escrowed Securities*".

*Shareholder Rights Agreement*

In connection with the Transaction and pursuant to the Amalgamation Agreement, effective as of the Effective Date, Nations Royalty entered into the Shareholder Rights Agreement with the Nationsco Shareholder pursuant to which the Nationsco Shareholder is entitled to nominate persons for appointment to the Resulting Issuer Board as follows:

(a) four nominees, being Robert McLeod, Debra Febril, Collier Azak and Edward Clayton, to serve as initial directors on the Resulting Issuer Board upon completion of the Transaction until the next meeting of shareholders at which directors of the Resulting Issuer are to be elected (each, an "**Election Meeting**");

(b) provided that the Nationsco Shareholder beneficially owns, directly or indirectly, 50% or greater of the issued and outstanding Resulting Issuer Shares, the Nationsco Shareholder shall be entitled, with notice, to designate four nominees for election or appointment to the Resulting Issuer Board at the Election Meeting to which the notice applies;

(c) provided that the Shareholder beneficially owns, directly or indirectly, 33% or greater and less than 50% of the issued and outstanding Resulting Issuer Shares, the Nationsco Shareholder shall be entitled to designate three nominees for election or appointment to the Resulting Issuer Board at the Election Meeting to which the notice applies;

(d) provided that the Shareholder beneficially owns, directly or indirectly, 20% or greater and less than 33% of the then issued and outstanding Resulting Issuer Shares, the Nationsco Shareholder shall be entitled to designate two nominees for election or appointment to the Resulting Issuer Board at the Election Meeting to which the notice applies;

(e) provided that the Shareholder beneficially owns, directly or indirectly, 10% or greater and less than 20% of the then issued and outstanding Resulting Issuer Shares, the Nationsco Shareholder shall be entitled to designate one nominee for election or appointment to the Resulting Issuer Board at the Election Meeting to which the notice applies; and

(f) at such time as the Nationsco Shareholder beneficially owns, directly or indirectly, less than 10% of the then issued and outstanding Resulting Issuer Shares, the Nationsco Shareholder shall have no further right to nominate persons to the Resulting Issuer Board.

Pursuant to the Shareholder Rights Agreement, provided that the Nationsco Shareholder beneficially owns, directly or indirectly, greater than 20% of the issued and outstanding Resulting Issuer Shares, the Resulting Issuer shall not increase the size of the Resulting Issuer Board beyond seven members, or otherwise change the size of the Resulting Issuer Board, without the prior written consent of the Nationsco Shareholder. All persons nominated by the Nationsco Shareholder for appointment to the Resulting Issuer Board are required to meet the qualification requirements to serve as a director under the CBCA (or equivalent, as applicable), applicable securities laws and the requirements of the Exchange, and to be of reputable character (as further described in the Shareholder Rights Agreement). The Resulting Issuer is required to use commercially reasonable efforts to endorse the appointment of the Nationsco Shareholder nominees.

**Directors, Officers and Promoters**

*Name, Address, Occupation and Security Holdings*

Following completion of the Transaction, the Resulting Issuer Board will consist of six (6) directors, five (5) of whom will be independent.

The following are the names and municipalities of residence of each proposed director and officer of the Resulting Issuer, the positions and offices to be held with the Resulting Issuer, each of their respective principal occupations within the five (5) preceding years and the number and percentage of Resulting Issuer Shares which will be beneficially owned, directly or indirectly, or over which control or direction is to be exercised by each of them on completion of the Transaction. Each director will hold office until the next annual meeting of the Resulting Issuer unless his office is earlier vacated in accordance with the CBCA.

| **Name and Municipality of Residence** | **Principal Occupation during the Last Five Years(1)** | **Position with the Resulting Issuer** | **Director Since** | **Number of Voting Securities Owned or Over Which Control or Direction is Exercised(2)** |
|---|---|---|---|---|
| Robert McLeod<br><br>N. Vancouver, BC | Professional geologist, March 2003 to present; Former President and CEO of IDM Mining Ltd. (TSXV - IDM) from September 2013 to March 2019. | Interim CEO and Director | Effective on Closing | 1,812,055 (1.25%) |
| Tony Robinson<br><br>Richmond, BC | CEO, Nisga'a Ts'amiks Vancouver Society, January 2020 to present. | CFO | N/A | 37,500 (0.03%) |
| Derrick Pattenden<br><br>Vancouver, BC | Director, Mining Investment Banking, Canaccord Genuity Group Inc., April 2022 to May 2024; Vice President, Mining Investment Banking, Canaccord Genuity Group Inc., September 2017 to April 2022. | CIO | N/A | Nil |

| Name and Municipality of Residence | Principal Occupation during the Last Five Years[1] | Position with the Resulting Issuer | Director Since | Number of Voting Securities Owned or Over Which Control or Direction is Exercised[2] |
|---|---|---|---|---|
| Stephanie Azak<br><br>Gitwinksihlkw, BC | Resource Manager, Nisga'a Village of Gitwinksihlkw, September 2021 to January 2024; Employment Advisor, Nisga'a Employment Skills and Training, December 2016 to September 2021. | Corporate Secretary | N/A | 25,000<br>(0.02%) |
| Aaron Triplett<br><br>Langley, BC | Partner, A.R.T. Tax and Audit August 2013 to Present. | VP Finance | N/A | 50,000<br>(0.03%) |
| Saga Williams[3]<br><br>Toronto, ON | Principal, AS William Consulting, February 13, 2013 to present; Director of Fury Gold, October, 2020 to present; Director of NiCAN Limited, July, 2022 to present; Director of Volta Metals Ltd., May 2023 to present; Adjunct Professor at Osgoode Hall Law School 2013 to present; Elected councillor for the Curve Lake First Nation, 2019 to 2022. | Director | Effective on Closing | 261,111<br>(0.18%) |
| Alex Morrison[3]<br><br>Castle Pines, Colorado USA | Chartered Professional Accountant and Mining Executive and Director, Energy Fuels Inc. October 2019 to December 2023; Director, Gold Resource Corporation, May 2016 to June 2023; Director, Gold Standard Ventures, September 2017 to August 2022; Director, Dakota Gold Corp., October 2020 to June 2022. | Director and Chair of the Resulting Issuer Board | December 4, 2023 | 250,000<br>(0.17%) |
| Debra Febril<br><br>Terrace, BC | Human Right Lawyer, January 2024 to present; Legal Advocate, October 2020 to December 2023; Ayuukhl Nisga'a Department Manager, October 2018 to October 2020. | Director | Effective on Closing | Nil |
| Collier Azak<br><br>Gitwinksihlkw, BC | CEO for Nisga'a Lisims Government until February 2023. | Director | Effective on Closing | Nil |
| Edward Clayton[3]<br><br>Burns Lake, BC | Finance Manager, Key-oh Business Development Corporation, January 2024 to present; Director, Nisga'a Growth Corporation, June 2023 to present; Special Projects Administrator, Tahtsa Timber Ltd., February 2023 to June 2023; Finance Officer, Skin Tyee Nation, May 2022 to October 2022. | Director | Effective on Closing | Nil |

Notes:
1. The information as to principal occupation, business or employment may not be within the knowledge of the management of the Resulting Issuer and has been furnished by the respective nominees.
2. The information as to Resulting Issuer Shares beneficially owned, or controlled or directed, directly or indirectly, is not within the knowledge of management of the Resulting Issuer and has been furnished to the Resulting Issuer by the respective nominees or has been extracted from insider reports available at www.sedi.ca.
3. Members of the Resulting Issuer Audit Committee.

The directors and officers of the Resulting Issuer will, as a group, beneficially own, directly or indirectly, or exercise control or direction over, approximately 2,385,666 Resulting Issuer Shares, representing approximately 1.65% of the issued and outstanding Resulting Issuer Shares on a non-diluted basis.

*Committees of the Board of Directors*

It is intended that the Resulting Issuer Board will initially form three (3) committees - an Audit Committee, a corporate governance & nominating committee (the "**Corporate Governance & Nominating Committee**"), and an investment committee (the "**Investment Committee**"), as described below.

Audit Committee

The Audit Committee of the Resulting Issuer will initially be comprised of three directors as follows: Alex Morrison (Chair), Saga Williams and Edward Clayton. Each Audit Committee member is "independent" and "financially literate", within the meaning of NI 52-110 and possesses education or experience that is relevant for the performance of their responsibilities as Audit Committee members. A general description of the education and experience of each Audit Committee member which is relevant to the performance of his responsibilities as an Audit Committee member is contained in their respective biographies set out below under the heading "*Information Concerning the Resulting Issuer – Directors, Officers and Promoters – Biographies of Directors and Executive Officers*". In accordance with section 6.1.1. of NI 52-110, all members of the Audit Committee are not executive officers, employees or control persons of the Resulting Issuer.

The Audit Committee will be responsible for monitoring the Resulting Issuer's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of the Resulting Issuer's external auditors. The committee is also responsible for reviewing the Resulting Issuer's annual audited financial statements, unaudited quarterly financial statements and management's discussion and analysis of financial results of operations for both annual and interim financial statements and review of related operations prior to their approval by the Resulting Issuer Board. A copy of the Audit Committee Charter is attached hereto as Schedule H.

The Audit Committee will be responsible for the pre-approval of all audit services and permissible non-audit services to be provided to the Resulting Issuer by the external auditors subject to any exceptions provided in NI 52-110. Nations Royalty has paid fees of $19,500 to De Visser Gray LLP in respect of audit fees, audit-related fees, tax fees or other fees in each of the last two fiscal years.

Corporate Governance

Corporate governance relates to the activities of the Resulting Issuer Board, the members of which will be elected by and are accountable to the shareholders of Resulting Issuer, and takes into account the role of the individual members of management who are appointed by the Resulting Issuer Board and who are charged with the day-to-day management of Resulting Issuer.

Following the completion of the Transaction, it is expected that Resulting Issuer will have a Corporate Governance & Nominating Committee based on National Instrument 58-101 – *Disclosure of Corporate*

*Governance Practices* (the "**Disclosure Instrument**") and National Policy 58-201 – *Corporate Governance Guidelines*. The Corporate Governance & Nominating Committee is expected to initially be comprised of three directors as follows: Alex Morrison (Chair), Saga Williams and Debra Febril. The principal purpose of the Corporate Governance & Nominating Committee will be to provide assistance to the Resulting Issuer Board in fulfilling its responsibility to the Resulting Issuer Shareholders, potential shareholders and the investment community by doing the following: (a) developing and recommending to the Resulting Issuer Board corporate governance principles applicable to the Resulting Issuer; (b) identifying and recommending qualified individuals for nomination to the Resulting Issuer Board; and (c) providing such assistance as the chair of the Resulting Issuer Board, if independent, or alternatively the lead director of the Resulting Issuer Board, may require.

The following are the principal corporate governance responsibilities the Corporate Governance & Nominating Committee will have: (a) the Corporate Governance & Nominating Committee shall review and reassess at least annually the adequacy of Resulting Issuer's corporate governance procedures and recommend any proposed changes to the Resulting Issuer Board for approval. The Corporate Governance & Nominating Committee shall review and reassess the adequacy of its Charter annually and recommend any proposed changes to the Resulting Issuer Board for approval. The Corporate Governance & Nominating Committee shall annually review its own performance; (b) maintain minutes of meetings and report to the Resulting Issuer Board on significant matters arising at Corporate Governance & Nominating Committee meetings at the next scheduled meeting of the Resulting Issuer Board; (c) the Corporate Governance & Nominating Committee may form and delegate authority to subcommittees when appropriate; (d) the Corporate Governance & Nominating Committee shall review and recommend changes to the Resulting Issuer Board of the Resulting Issuer's Code of Business Conduct and Ethics, and shall consider any requests for waivers from the Resulting Issuer's Code of Business Conduct and Ethics. The Resulting Issuer shall make disclosure of such waivers of the Code of Business Conduct and Ethics to Canadian securities regulatory authorities as required by law; (e) the Corporate Governance & Nominating Committee shall review annually or more often if appropriate: (i) members qualifications and requirements, (ii) structure (including authority to delegate) and (iii) performance, and the Corporate Governance & Nominating Committee shall make recommendations to the Resulting Issuer Board, as appropriate based on its review; and (f) the Corporate Governance & Nominating Committee shall receive comments from all directors and report annually to the Resulting Issuer Board with an assessment of the Resulting Issuer Board's performance, which will be discussed with the full the Resulting Issuer Board following the end of each fiscal year.

The following is a discussion of each of Resulting Issuer's corporate governance practices for which disclosure is required by the Disclosure Instrument.

For the purposes of the Disclosure Instrument, a director is independent if he or she has no direct or indirect material relationship with the Resulting Issuer. A "material relationship" is one which could, in the view of the Resulting Issuer Board, reasonably be expected to interfere with his or her ability to exercise independent judgment. Certain specified relationships will, in all circumstances, be considered, for the purposes of the Disclosure Instrument, to be material relationships.

<u>Board of Directors</u>

The proposed Resulting Issuer Board is comprised of six (6) directors.

Five (5) members of the Resulting Issuer Board, Alex Morrison (Chair), Saga Williams, Debra Febril, Collier Azak and Edward Clayton are independent and Robert McLeod is not independent, by reason of him also being an executive officer of the Resulting Issuer. Some of the Resulting Issuer's directors hold directorships in other reporting issuers the details of which are set out in "*Information Concerning the*

*Resulting Issuer – Directors, Officers and Promoters – Biographies of Directors and Executive Officers – Other Reporting Issuer Experience*"

Given the size of the Resulting Issuer, its corporate history and its stage of development, and as each new director will have a different skill set and professional background, future specific orientation and training activities will be tailored to the particular needs and experience of each director and consist primarily of meetings with members of the executive management team.

The Resulting Issuer Board will provide continuing education for directors on an ad hoc basis in respect of issues that are necessary for them to meet their obligations as directors. All of the directors are actively involved in their respective areas of expertise and have full access to management. If any new directors are appointed to the Resulting Issuer Board, then the existing directors will provide a brief orientation consisting of a telephone conference and a review of material transactions effected to-date by Resulting Issuer, as well as the general nature and proceedings of the Resulting Issuer Board. Given the industry experience of the proposed Resulting Issuer Board, the Resulting Issuer does not contemplate providing continuing education for directors at this time.

Ethical Business Conduct

The Resulting Issuer has adopted the following policies and codes of business conduct and ethics:

- **Code of Business Conduct and Ethics** – to set out the principles and standards of conduct and ethics required of all members of the Resulting Issuer and its subsidiaries, and to guide them in identifying and resolving issues of ethical conduct and conflict of interest that may arise during the course of their employment or participation in the activities of the Resulting Issuer.

- **Anti-Corruption Policy** – to establish, promote, and engage in the highest standards of integrity and transparency and anticorruption practices during the operations of the Resulting Issuer, and its subsidiaries, as well as to ensure understanding and compliance by all members or representatives with anticorruption legislation that is or may become applicable to the Resulting Issuer and its operations.

- **Whistleblowing Policy** – to enable members of the Resulting Issuer, and its subsidiaries to raise concerns internally and at a high level and to disclose information which the individual believes shows malpractice or impropriety.

- **Disclosure, Confidentiality and Insider Trading Policy** – to ensure compliance with applicable disclosure obligations under Canadian securities laws, and to have the Resulting Issuer engage in generally accepted best disclosure practices.

- **Investment Policy** – to set forth the guidelines that are intended to govern management of the investment strategy of the Resulting Issuer; the following three principles shall guide the Resulting Issuer's investment decisions:

    - seeking above average returns on investments through the acquisition of long-term, stable and diversified Payment Streams on exploration and development stage mining projects, operating mines and renewable energy projects ("**projects**");

    - Prioritizing the acquisition of Payment Streams that are either (A) directly or indirectly owned, in whole or in part, by a First Nation or other Indigenous group; or (B) on a project that (i) has received permit approval after consultation with one or more Indigenous peoples; or (ii) is otherwise supported by the local Indigenous peoples; and

- Prioritizing shares issued from its treasury as the consideration, in whole or in part, for the acquisition of Payment Streams. The use of Nation's Royalty's equity to fund investments will have two primary objectives: (A) preservation of cash; and (B) inclusion of Indigenous vendors of Payment Streams as shareholders of the Resulting Issuer.

Investment Committee

Following the completion of the Transaction, it is expected that the Resulting Issuer will have an Investment Committee. The Investment Committee is expected to initially be comprised of: Derrick Pattenden, Gordon Keep, Charles Morven, Alex Morrison and Collier Azak. The Investment Committee of the Resulting Issuer will have the responsibility of determining and managing the Resulting Issuer's investment strategy and shall be guided by the Investment Policy. See "*Information Concerning the Resulting Issuer – Directors, Officers and Promoters – Committees of the Board of Directors – Ethical Business Conduct – Investment Policy*".

Nomination of Directors

As stated above, following the completion of the Transaction, it is expected that the Resulting Issuer will have a Corporate Governance & Nominating Committee to assist the Resulting Issuer Board with the nomination of directors to the Resulting Issuer Board. The following are the principal responsibilities of the Corporate Governance & Nominating Committee for selection and nomination of director nominees: (a) in making its recommendations to the Resulting Issuer Board regarding director nominees, the Corporate Governance & Nominating Committee shall consider: the appropriate size of the Resulting Issuer Board, (ii) the competencies and skills that the Resulting Issuer Board considers to be necessary for the Resulting Issuer Board, as a whole, to possess, (iii) the competencies and skills that the Resulting Issuer Board considers each existing director to possess, (iv) the competencies and skills each new nominee will bring to the Resulting Issuer Board, and (v) whether or not each new nominee can devote sufficient time and resources to the nominee's duties as a director of the Resulting Issuer; (b) the Corporate Governance & Nominating Committee shall develop qualification criteria for Resulting Issuer Board members for recommendation to the Resulting Issuer Board in accordance with the Disclosure Instrument and recommend the Resulting Issuer Board members to the various committees of the Resulting Issuer Board; and (c) the Corporate Governance & Nominating Committee shall oversee the evaluation of the Resulting Issuer Board and of Resulting Issuer and make recommendations to the Resulting Issuer Board as appropriate.

Board Committees

At this time, the Resulting Issuer Board does not have any standing committees other than the Audit Committee, the Corporate Governance & Nominating Committee, and the Investment Committee.

*Biographies of Directors and Executive Officers*

The following is a brief description of each of the proposed directors and executive officers of the Resulting Issuer.

**Robert McLeod** *(age 53), Interim Chief Executive Officer*

Born and raised in the mining town of Stewart, British Columbia, Mr. McLeod is a geologist, third-generation miner and entrepreneur. With 30 years of diverse experience for major and junior mining Companies in a variety of metallogenic environments and mineral deposit types, primarily in BC, Alaska, Yukon, Nunavut, Ontario and Nevada. As CEO and VP Exploration, he has led many successful explorers and development companies such as IDM Mining and Underworld Resources.

Mr. McLeod is the lead technical advisor to the Fiore Group of Companies, Executive Chair of Blackwolf Copper and Gold, Director of Dolly Varden Silver, and Advisor to West Red Lake Gold Mines. An active mining industry volunteer, he is a past Chair of AMEBC and serves on the Board of the Britannia Mine Museum.

He is inspired by his father and former mayor of Stewart, Ian McLeod, who was a close ally of Nisga'a leadership on matters affecting the Pacific Northwest for many decades. As a mining union leader, Ian McLeod helped run election campaigns starting in 1949 for Dr. Frank Calder, the first Indigenous person to serve Public Elected office for any provincial legislature in Canada, representing the Atlin riding which encompassed the Nass Valley and Stewart, serving until 1979. This spirit of working together helped inspire Mr. McLeod to work with citizens of the Nisga'a Nation to launch the Resulting Issuer.

Robert McLeod will be responsible for the day-to-day affairs of the Resulting Issuer and will provide the services typical of a CEO of a TSXV Tier 2 venture "Investment Issuer" company. See "*Information Concerning the Resulting Issuer – Executive Compensation*".

**Tony Robinson** *(age 54), Chief Financial Officer*

Tony Robinson is a proud First Nations individual hailing from the Nisga'a community of Gitlaxt'aamiks in Northwestern BC. With a strong background in finance and management, Mr. Robinson has accumulated 15 years of experience as an Accounting Manager, overseeing the financial operations of a corporate group of companies in diverse industries such as Fishing, Forestry, Telecommunications, and Tourism. Additionally, he has 5 years of experience in government fund accounting.

As a proud member of the Nisga'a Nation, he has been deeply connected to his roots and the rich cultural heritage of his people. Mr. Robinson currently resides in Richmond, BC, having moved there four years ago from Terrace, BC. His commitment to community development and service is evident through his role as CEO of a Non-Profit Organization that caters to the needs of 1,900 Nisga'a in the Greater Vancouver Area. He is also dedicated to furthering his professional growth and is currently enrolled in the CPA program. Mr. Robinson obtained his Certified Aboriginal Financial Manager certificate in 2015 from the Aboriginal Financial Officers of Canada.

Tony Robinson will devote his time as needed to the Resulting Issuer. Mr. Robinson will be responsible for the accounting and financial reporting activities of the Resulting Issuer and will provide the services typical of a CFO of a TSXV Tier 2 venture "Investment Issuer" company. See "*Information Concerning the Resulting Issuer – Executive Compensation*".

**Derrick Pattenden** *(age 35), Chief Investment Officer*

Derrick Pattenden was born in Barrie, Ontario and is a band member of the Mohawks of the Bay of Quinte. He has a Bachelor of Applied Science in Mining Engineering from The University of British Columbia and holds a Chartered Financial Analyst (CFA) designation.

Prior to joining Nations, Mr. Pattenden was Director, Investment Banking at Canaccord Genuity in Vancouver, BC where he focused exclusively on the mineral exploration and mining industry. He has 15 years of investment banking experience working with TSX & TSX Venture listed companies. Over that time, beyond assisting mining companies with the raising of capital, Mr. Pattenden specialized in mergers and acquisitions and worked on dozens of completed M&A transactions with a combined equity value over $20 billion. He has experience with transactions involving the creation of new mining royalties and royalty companies, as well as the restructuring of existing metal streaming agreements.

Derrick Pattenden will devote his time as needed to the Resulting Issuer. Mr. Pattenden will be responsible for the investment activities of the Resulting Issuer and will provide the services typical of a CIO of a TSXV Tier 2 venture "Investment Issuer" company. See "*Information Concerning the Resulting Issuer – Executive Compensation*".

**Aaron Triplett** (age 41), VP, Finance

Aaron Triplett is a Chartered Professional Accountant (CPA, CA), and has over 15 years experience in the field of financial management and accounting, specializing in forecasting, compliance and risk management, and the development and monitoring of control systems. Mr. Triplett's experience includes acting as CFO for various operating public companies listed on the TSX Venture Exchange and Canadian Securities Exchange. Prior to his work with public companies, Mr. Triplett was an audit and assurance manager for a mid-size public accounting firm.

Aaron Triplett will devote his time as needed to the Resulting Issuer. Mr. Triplett will support Tony Robinson as CFO in his responsibilities for the accounting and financial reporting activities of the Resulting Issuer.

**Saga Williams** *(age 51), Director*

Saga Williams, LL.B. is the principal and owner of AS Williams Consulting. She is a band member and resident of Curve Lake First Nation. Through her maternal relations, she is also a member of the Namekosipiing Anishinabeg located in Treaty #3 area. After graduating with an Indigenous Studies (Hons.) degree from Trent University and a law degree from Osgoode Hall Law School, she was called to the Ontario Bar in 2000.

With over 20 years of experience, Ms. Williams has been involved in the successful implementation of a number of high-profile initiatives, including energy, mining, economic and policy development projects and land claims settlements.

Ms. Williams was an elected Councillor for her community and served a three-year term, holding three portfolios and chaired a number of community-based committees. Over her years working with First Nations governments, and holding a leadership position, Ms. Williams has gained an expertise in governance structures, policies and processes. She also teaches as an Osgoode Hall Law School Adjunct Professor, introducing first year law students to issues of Indigenous rights and reconciliation, coaches students who are participating in the national Indigenous law moot and was the Chair of a National, non-profit youth services board.

Recently, Ms. Williams has joined the First Nations Major Project Coalition Team and is supporting membership outreach in central and eastern Canada, as well as advising on First Nations involvement in the critical mineral and energy sectors. She is also a Director of Fury Gold Mines, Volta Metals Ltd. and NiCAN Ltd.

Saga Williams will devote her time as needed to the Resulting Issuer. Ms. Williams's responsibilities will be those typical of an independent director of a TSXV Tier 2 venture "Investment Issuer" company. See "*Information Concerning the Resulting Issuer – Executive Compensation*".

**Alex Morrison** *(age 60), Director and Chair of the Resulting Issuer Board*

Alex Morrison is a professional director and experienced mining executive with over 35 years experience in the mining industry. He has vast multidisciplinary experience in senior strategic roles in finance, accounting, information technology, supply chain, risk management and operations support at major mining companies including Newmont Mining, Homestake Mining, Phelps Dodge and Stillwater Mining. His most relevant experience to his role as a Director at the Resulting Issuer is his former role as CFO at Franco Nevada, the leading international gold royalty company. He has held diverse corporate director, chairman and lead director roles for a broad list of mining companies including Detour Gold, Taseko Mines, Energy Fuels, Gold Standard Ventures and Gold Resource Corporation. He is a chartered professional accountant (CPA, CA).

Alex Morrison will devote his time as needed to the Resulting Issuer. Mr. Morrison's responsibilities will be those typical of an independent director of a TSXV Tier 2 venture "Investment Issuer" company. See "*Information Concerning the Resulting Issuer – Executive Compensation*".

**Debra Febril** *(age 48), Director*

Debra Febril is a Lawyer with the BC Human Rights Clinic at the Community Legal Assistance Society (CLAS). She completed her articling term with Atira Women's Resource Society and CLAS in July 2021. She graduated from Thompson Rivers University (TRU) with a Bachelor of Arts in English (Rhetoric and Professional Writing) in 2011 and obtained her Juris Doctor of Laws from TRU in 2014. She was called to the British Columbia bar in January of 2023

Debra has more than 6 years of experience in the areas of Criminal, Child Protection, Administrative, Human Rights and Indigenous laws.

Debra Febril will devote her time as needed to the Resulting Issuer. Ms. Febril's responsibilities will be those typical of an independent director of a TSXV Tier 2 venture "Investment Issuer" company. See "*Information Concerning the Resulting Issuer – Executive Compensation*".

**Collier Azak** *(age* 78*), Director*

Collier H. Azak is a graduate from the British Columbia Institute of Technology in Forest Resources Technology. He retired in 2023 as CEO of Nisga'a Lisims Government, a position that he held for 10 years. Mr. Azak continues to be involved with the Ksi Lisims LNG Project in an advisory capacity. From 2000 to 2013, he held the position of Director of Lands and Resources with the Nisga'a Lisms Government. Before that, he was a member of the Nisga'a Treaty negotiating team, the first modern Treaty in British Columbia.

Prior to his employment with the Nisga'a Nation, Mr. Azak was involved in the forestry sector in the Nass Area, both with a BC Forest Company and his home community logging company where he served on a number of provincial and national forest advisory committees. He was one of the first elected School Trustees in his home community when the Nass Valley joined the provincial school system in 1974. Mr. Azak also served as an elected councillor and Chief Councillor in his home community for several terms prior to the Nisga'a Treaty.

Mr. Azak is Nisga'a by ancestry and is a fluent Nisga'a speaker. His Nisga'a name is Sim 'oogit Akshl Hlyoon, from the house of N'iis 'yus of the Gisk 'ahaast or Killerwhale tribe. He and his wife, Lorna, reside in their home community of Gitwinsihlkw. They are blessed with five grown children and many grandchildren, both from their immediate and extended family.

Collier Azak will devote his time as needed to the Resulting Issuer. Mr. Azak's responsibilities will be those typical of an independent director of a TSXV Tier 2 venture "Investment Issuer" company. See "*Information Concerning the Resulting Issuer – Executive Compensation*".

**Edward Clayton** *(age* 52*), Director*

Edward Clayton is a dynamic individual with an extensive 20 year track record of driving results in the government, health, and education sectors, pipeline, and forestry contracting, forestry, and economic development corporations, in various accounting and business roles. He has extensive experience working in community economic development, as well as managing and administering capital projects. Mr. Clayton offers a broad base of experience managing financial operations, and ensuring company compliance of both non-profit, and for-profit operations. He has proven expertise in full cycle accounting, and leading efficient audits. Mr. Clayton currently serves as Chair for the Audit Committee of the Nisga'a Growth Corporation, and is employed as Finance Manager with the Key-oh Business Development Corporation.

Edward Clayton will devote his time as needed to the Resulting Issuer. Mr. Clayton's responsibilities will be those typical of an independent director of a TSXV Tier 2 venture "Investment Issuer" company. See "*Information Concerning the Resulting Issuer – Executive Compensation*".

**Stephanie Azak** *(age* 53*), Corporate Secretary*

Stephanie Azak, a Nisga'a citizen has been appointed Corporate Secretary. Ms. Azak has 10 years of experience in administration through her role as Resource Manager with the Nisga'a Village of Gitwinksihlkw and an Employment Advisor for Employment Skills and Training, NEST.

Stephanie is Laxgibuu from the house of Ksdiyaawak. A wife and mother of two. She currently resides in the Nisga'a Village of Gitwinksihlkw. She is passionate about helping other Nisga'a Citizens to keep learning and growing, and is dedicated to positive Networking and Relationship Building.

Stephanie Azak will devote her time as needed to the Resulting Issuer. Ms. Azak will be responsible for the corporate secretarial activities of the Resulting Issuer and will provide the services typical of a corporate secretary of a TSXV Tier 2 venture "Investment Issuer" company. See "*Information Concerning the Resulting Issuer – Executive Compensation*".

*Cease Trade Orders or Bankruptcies*

As at the date of this Filing Statement, no proposed director, officer or Promoter of the Resulting Issuer or a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer is, or has been, within ten (10) years before the date of this Filing Statement a director, officer or Promoter of any other person or company that, while that Person was acting in that capacity:

(a) was subject to a cease trade order (including any management cease trade order which applied to directors or executive officers of a company, whether or not the Person is named in the order) or an order similar to a cease trade order or an order that denied the relevant company access to any exemption under applicable securities laws that was in effect for a period of more than thirty (30) consecutive days; or

(b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

As at the date of this Filing Statement, no proposed director, officer or Promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons has, within the ten (10) years before the date of this Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such persons.

*Penalties or Sanctions*

No proposed director, officer or Promoter of the Resulting Issuer or shareholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer or a personal holding corporation of such Persons is or has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions proposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable securityholder making a decision about the Transaction.

*Conflicts of Interest*

Directors and officers of the Resulting Issuer may also serve as directors or officers of other companies engaged in the same line of business as the Resulting Issuer from time to time, or may have significant shareholdings in other mineral exploration and development companies. Accordingly, certain directors and officers of the Resulting Issuer may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's-length negotiations but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Resulting Issuer which arise under applicable corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Resulting Issuer. It is expected that all conflicts of interest will be resolved in accordance with the applicable corporate laws. It is expected that any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those Persons to the Resulting Issuer, and, depending upon the magnitude of the transactions and the absence of any disinterested board members, may be submitted to shareholders for their approval.

*Other Reporting Issuer Experience*

The following table sets out the proposed directors, officers and Promoters of the Resulting Issuer that are, or have been within the last five (5) years, directors, officers or Promoters of other reporting issuers:

| Name | Name and Jurisdiction of Reporting Issuer | Trading Market | Position | From | To |
|---|---|---|---|---|---|
| **Robert McLeod** | Blackwolf Copper and Gold Ltd., BC | TSXV | Executive Chairman And Director | Jun 16, 2020 | Present |
| | Dolly Varden Silver Corporation, BC | TSXV | Director | Feb 18, 2020 | Present |
| | Gold Standard Ventures Corp., BC | TSX | Director | Jun 28, 2011 | Jun 9, 2021 |
| | IDM Mining Ltd., BC | TSXV | President and CEO | Apr 27, 2010 | Mar 28, 2019 |
| **Saga Williams** | Fury Gold Mines Limited, BC | TSX<br>NYSE | Director | Oct 9, 2020 | Present |
| | Volta Metals Ltd., ON | CSE | Director | May 31, 2023 | Present |
| | NiCan Limited., ON | TSVX | Director | Jul 29, 2022 | Present |

| Name | Name and Jurisdiction of Reporting Issuer | Trading Market | Position | From | To |
|---|---|---|---|---|---|
| **Alex Morrison** | Taseko Mines Limited, BC | TSX | Director | Apr 18, 2011 | Jul 8, 2020 |
| | Gold Standard Ventures Corp., BC | TSX | Director | Sep 12, 2017 | Aug 12, 2022 |
| | Gold Resources Corporation (formerly, Pershing Gold Corporation), Colorado, USA | OTCBB NYSE American | Director | Nov 17, 2016 | Jun 5, 2023 |
| **Aaron Triplett** | MCF Energy Ltd. | TSXV | CFO | Jan 3, 2023 | Present |
| | Vanadian Energy Corp. | TSXV | CFO | Jan 25, 2023 | Present |
| | Libero Copper & Gold Corporation | TSXV | CFO | Feb 22, 2024 | Present |
| | Northern Uranium Corp. | TSXV | Director | Aug 16, 2022 | Present |
| | Total Helium Ltd. | TSXV | CFO | Jan 20, 2023 | Present |
| | Rusoro Mining Ltd. | TSXV | CFO | Jan 25, 2023 | Present |

## Executive Compensation

The proposed executive officers of the Resulting Issuer are Robert McLeod, Interim CEO, Tony Robinson, CFO, Derrick Pattenden, CIO (collectively, the "**New NEOs**"), and Stephanie Azak, Corporate Secretary. The following table is a summary of the New NEO's anticipated compensation for the 12-month period after giving effect to the Transaction. Any additional compensation to be paid to the New NEOs for 12-month period after giving effect to the Transaction will be determined by the Resulting Issuer Board or a committee thereof. See "*Information Concerning the Resulting Issuer – Compensation Objectives*".

*Summary Compensation Table*

| **Table of compensation excluding compensation securities** | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Name and position** | **Year** | **Salary, consulting fee, retainer or commission ($)** | **Bonus ($)** | **Committee or Meeting Fees ($)** | **Value of perquisites ($)** | **Value of all other compensation ($)** | **Total compensation ($)** |
| Robert McLeod(1) *Interim CEO and Director* | 2024 | 300,000 | Nil | Nil | Nil | Nil | 300,000 |
| Tony Robinson(2) *CFO* | 2024 | 30,000 | Nil | Nil | Nil | Nil | 30,000 |
| Derrick Pattenden(3) *CIO* | 2024 | 300,000 | Nil | 2,500 | Nil | Nil | 302,500 |
| Stephanie Azak(4) *Corporate Secretary* | 2024 | 63,000 | Nil | Nil | Nil | Nil | 63,000 |
| Saga Williams(5) *Director* | 2024 | 30,000 | Nil | 5,000 | Nil | Nil | 35,000 |
| Alex Morrison(6) *Director and Chair of the Resulting Issuer Board* | 2024 | 40,000 | Nil | 10,000 | Nil | Nil | 50,000 |
| Debra Febril(7) *Director* | 2024 | 30,000 | Nil | 2,500 | Nil | Nil | 32,500 |
| Collier Azak(8) *Director* | 2024 | 30,000 | Nil | 2,500 | Nil | Nil | 32,500 |

| Table of compensation excluding compensation securities | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Name and position** | **Year** | **Salary, consulting fee, retainer or commission ($)** | **Bonus ($)** | **Committee or Meeting Fees ($)** | **Value of perquisites ($)** | **Value of all other compensation ($)** | **Total compensation ($)** |
| Edward Clayton(9)<br>*Director* | 2024 | 30,000 | Nil | 2,500 | Nil | Nil | 32,500 |

Notes:

1. Robert McLeod is a consultant to Linus Geological Ltd., and for his services as interim CEO to the Resulting Issuer he will receive annual consulting fees of $300,000 pursuant to a consulting agreement dated February 1, 2024. See "*Information Concerning Nations Royalty and Finco – Employment, Consulting and Management Agreements – Consulting Agreement with Robert McLeod*".
2. Tony Robinson will be compensated for his services as CFO of the Resulting Issuer in the amount of $30,000 per annum.
3. Derrick Pattenden will be compensated for his services as CIO of the Resulting Issuer in the amount of $300,000 per annum pursuant to an employment agreement dated May 15, 2024. See "*Information Concerning Resulting Issuer and Finco – Employment, Consulting and Management Agreements – Employment Agreement with Derrick Pattenden*". Mr. Pattenden will also be compensated for his role as a member of the Investment Committee in the amount of $2,500 per annum.
4. Stephanie Azak will be compensated for her services as Corporate Secretary of the Resulting Issuer in the amount of $63,000 per annum.
5. Saga Williams will be compensated as a director of the Resulting Issuer in the amount of $30,000 per annum, and for her roles as members of the Audit Committee and the Corporate Governance & Nominating Committee in the amount of $2,500 per annum, per committee.
6. Alex Morrison will be compensated as a director of the Resulting Issuer in the amount of $40,000 per annum, and for his role as chair of the Audit Committee in the amount of $7,500 per annum, as well as his role as a member of the Corporate Governance & Nominating Committee in the amount of $2,500 per annum.
7. Debra Febril will be compensated as a director of the Resulting Issuer in the amount of $30,000 per annum, and for her role as a member of the Corporate Governance & Nominating Committee in the amount of $2,500 per annum.
8. Collier Azak will be compensated as a director of the Resulting Issuer in the amount of $30,000 per annum, and for his role as a member of the Investment Committee in the amount of $2,500 per annum.
9. Edward Clayton will be compensated as a director of the Resulting Issuer in the amount of $30,000 per annum, and for his role as a member of the Audit Committee in the amount of $2,500 per annum.

*Compensation Objectives*

It is expected that the key objectives of the Resulting Issuer's executive compensation program will be: (i) recruiting and retaining executives critical to the success of the Resulting Issuer and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and Nation Royalty's shareholders; and (iv) rewarding performance, both on an individual basis and with respect to operations in general. In order to achieve these objectives, the compensation paid to NEOs consists of base salary and/or long-term incentives in the form of stock options.

It is expected that the Resulting Issuer's executive compensation program will be designed to retain, encourage, compensate and reward executives on the basis of individual and corporate performance, both in the short-term and the long-term. Base salaries are expected to be based on a number of factors enabling the Resulting Issuer to compete for and retain executives critical to the Resulting Issuer's long-term success. Share ownership opportunities through stock options are expected to be provided to align the interests of executive officers with the longer term interests of shareholders.

In determining specific compensation amounts for executive officers, it is expected that the Resulting Issuer Board will consider factors such as experience, individual performance, length of service, contribution towards the achievement of corporate objectives and positive exploration and development results, stock price and compensation compared to other employment opportunities for executive officers.

The Resulting Issuer intends to pay compensation to its NEOs for their services in their capacity as NEOs pursuant to employment and consulting agreements described under the heading "*Information Concerning Nations Royalty and Finco – Employment, Consulting and Management Agreements*".

As part of its annual review of its compensation policies and practices, including the setting of performance objectives, the Resulting Issuer Board is expected to consider risks associated with such policies and practices. The Resulting Issuer Board is expected to consider and assess, as necessary, risks relating to compensation prior to entering into or amending employment contracts with NEOs and when setting the compensation of directors. The Resulting Issuer Board intends to establish compensation policies and practices are appropriate for its industry and stage of business and that such policies and practices do not have associated with them any risks that are reasonably likely to have a material adverse effect on the Resulting Issuer or which would encourage a NEO to take any inappropriate or excessive risks. The Resulting Issuer Board is anticipated to continually review the Resulting Issuer's compensation policies, including its compensation-related risk profile, as necessary, to ensure its compensation policies and practices are not reasonably likely to have a material adverse effect on the Resulting Issuer or encourage a NEO to take any inappropriate or excessive risks

*Stock Options and Other Compensation Securities*

Upon completion of the Transaction, the Resulting Issuer will retain the Nations Royalty Option Plan as the Resulting Issuer Option Plan. Please see the discussion under the heading "*Stock Option Plan*" below, for more information. The Resulting Issuer plans on granting options to its directors, executive officers and consultants upon Closing. See "*Information Concerning the Resulting Issuer – Options to Purchase Securities*".

**Employment, Consulting and Management Agreements**

See "*Information Concerning Nations Royalty and Finco – Employment, Consulting and Management Agreements*".

**Indebtedness of Directors and Officers**

No proposed director or officer of the Resulting Issuer is indebted to the Resulting Issuer, Finco, Nationsco or the Nationsco Shareholder, nor is any of their indebtedness to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Nations Royalty, Finco, Nationsco or the Nationsco Shareholder. `

**Investor Relations Arrangements**

Other than the Consulting Services Agreement disclosed under the heading "*Information Concerning Nations Royalty and Finco – Investor Relations Arrangements*", there is no written or oral agreement or understanding that has been reached with any Person to provide any promotional or investor relations services for the Resulting Issuer and no such arrangements are contemplated for the Resulting Issuer as of the date hereof.

It is expected that Jeffrey French, the president of Capital Analytica, will hold 133,333 Resulting Issuer Shares following conversion of the Finco Subscription Receipts held by him, immediately prior to Closing.

**Options to Purchase Securities**

The following table provides information regarding holders of Resulting Issuer Options that will be outstanding upon completion of the Transaction. The Resulting Issuer Board will determine any additional incentive plan grants following Closing. The quantum of such grants will be determined at the time of grant based on a number of factors, including investment activities and market conditions generally.

| Class of Optionee | Number and Name of Persons in Class | Number of Resulting Issuer Options (1) | Exercise Price ($) | Expiry Date |
|---|---|---|---|---|
| Proposed officers of the Resulting Issuer | Five individuals as follows:<br>Robert McLeod, Interim CEO and director<br>Tony Robinson, CFO<br>Derrick Pattenden, CIO<br>Stephanie Azak, Corporate Secretary<br>Aaron Triplett, VP Finance | 2,600,000 | 0.90 | Five years from the date of the Final Exchange Bulletin. |
| Proposed directors of the Resulting Issuer who are not also officers | Five individuals as follows:<br>Alex Morrison<br>Saga Williams<br>Debra Febril<br>Collier Azak<br>Edward Clayton | 2,600,000 | 0.90 | Five years from the date of the Final Exchange Bulletin. |
| Employees of the Resulting Issuer | 1 Person | 500,000 | 0.90 | Five years from the date of the Final Exchange Bulletin. |
| Consultants of the Resulting Issuer | 16 Persons | 3,050,000 | 0.90 | Five years from the date of the Final Exchange Bulletin. |
| Other | Two Eligible Charitable Organizations | 1,250,000 | 0.90 | Five years from the date of the Final Exchange Bulletin. |
| **Total** | | **10,000,000** | | |

Notes:

1. Each option is exercisable to purchase one Resulting Issuer Share.
2. The Resulting Issuer Options disclosed in the table above vest as to 25% on Closing and 25% on the first, second and third anniversaries of issuance.
3. 100,000 Nations Royalty Options exercisable into Resulting Issuer Shares following Closing are held by former officers of Nations Royalty as a group, comprised of one individual as follows: Alicia Krywaniuk.
4. 100,000 Nations Royalty Options exercisable into Resulting Issuer Shares following Closing are held by former directors who were not also officers of Nations Royalty as a group, comprised of one individual as follows: Andrew Hamilton.
5. 500,000 Nations Royalty Options exercisable into Resulting Issuer Shares following Closing are held by former consultants of Nations Royalty as a group, comprised of three individuals.

**Stock Option Plan**

Upon completion of the Transaction, the Resulting Issuer will retain the Nations Royalty Option Plan as the Resulting Issuer Option Plan, an overview of which can be found under the heading "*Information Concerning Nations Royalty and Finco – Nations Royalty Option Plan and Nations Royalty Options*". A copy of the Resulting Issuer Option Plan is attached as Schedule G to this Filing Statement.

**Escrowed Securities**

*Value Security Escrow Agreement*

Pursuant to TSXV Policy 5.4, upon Listing, all securities of the Resulting Issuer that are held by "principals" of the Resulting Issuer, other than those securities of the Resulting Issuer issued in connection with the Concurrent Financing, must be placed in into escrow. Upon completion of the Transaction, it is expected that there will be an aggregate of 113,419,000 Resulting Issuer Shares held pursuant to a value security escrow agreement for Tier 2 issuers entered into between Odyssey Trust Company, as escrow agent, the Resulting Issuer, and certain principals of the Resulting Issuer, as set out in the table below (the "**TSXV Escrow Agreement**").

Subject to the terms of the TSXV Escrow Agreement, 10% of the TSXV Escrowed Securities shall be released from escrow on the date of the Final Exchange Bulletin (the "**Initial Release**"), and an additional 15% shall be released on each of the dates that are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

| Name and Municipality of Residence of Securityholder | Designation of Class of Security | Prior to Giving Effect to the Transaction and the Financing(1) | | After Giving Effect to the Transaction and the Financing | |
|---|---|---|---|---|---|
| | | No. of Securities Held in Escrow(2) | Percentage of Class(3) | No. of Securities Held in Escrow(2) | Percentage of Class(4) |
| The Nisga'a Nation *New Aiyansh, BC* | Resulting Issuer Shares | Nil | N/A | 111,100,000 | 76.76% |
| | Resulting Issuer Options | Nil | N/A | Nil | N/A |
| Robert McLeod *N. Vancouver, BC* | Resulting Issuer Shares | 1,756,500 | 7.80% | 1,756,500 | 1.21% |
| | Resulting Issuer Options | Nil | N/A | 1,000,000 | 9.80% |
| Tony Robinson *Richmond, BC* | Resulting Issuer Shares | 37,500 | 0.17% | 37,500 | 0.03% |
| | Resulting Issuer Options | Nil | N/A | 250,000 | 2.45% |
| Derrick Pattenden *Vancouver, BC* | Resulting Issuer Shares | Nil | N/A | Nil | N/A |
| | Resulting Issuer Options | Nil | N/A | 1,000,000 | 9.80% |
| Stephanie Azak *Gitwinksihlkw, BC* | Resulting Issuer Shares | 25,000 | 0.11% | 25,000 | 0.02% |
| | Resulting Issuer Options | Nil | N/A | 100,000 | 0.98% |

| | | | | | |
|---|---|---|---|---|---|
| Alex Morrison<br>*Castle Pines, Colorado USA* | Resulting Issuer Shares | 250,000 | 1.11% | 250,000 | 0.17% |
| | Resulting Issuer Options | Nil | N/A | 600,000 | 5.88% |
| Saga Williams<br>*Toronto, ON* | Resulting Issuer Shares | 250,000 | 1.11% | 250,000 | 0.17% |
| | Resulting Issuer Options | Nil | N/A | 500,000 | 4.90% |
| Debra Febril<br>*Terrace, BC* | Resulting Issuer Shares | Nil | N/A | Nil | N/A |
| | Resulting Issuer Options | Nil | N/A | 500,000 | 4.90% |
| Collier Azak<br>*Gitwinksihlkw, BC* | Resulting Issuer Shares | Nil | N/A | Nil | N/A |
| | Resulting Issuer Options | Nil | N/A | 500,000 | 4.90% |
| Edward Clayton<br>*Burns Lake, BC* | Resulting Issuer Shares | Nil | N/A | Nil | N/A |
| | Resulting Issuer Options | Nil | N/A | 500,000 | 4.90% |

Notes:
1. Adjusted to reflect the Consolidation completed on April 16, 2024.
2. Owned beneficially and/or of record.
3. Prior to completion of the Transaction and the Concurrent Financing, there are (a) 22,519,525 Nations Royalty Shares issued and outstanding on a post-Consolidation and non-diluted basis; and (b) 700,000 Nations Royalty Options outstanding on a post-Consolidation basis.
4. Upon completion of the Concurrent Financing and the Transaction, it is expected there will be (a) 144,730,637 Resulting Issuer Shares issued and outstanding on a non-diluted basis; and (b) 10,700,000 Resulting Issuer Options outstanding.

*Seed Share Resale Restrictions*

In addition to the above, pursuant to TSXV Policy 5.4 applicable seed share resale restrictions ("**SSRSs**") will be imposed on securities purchased by non-principals, with the effect that 21,752,500 Resulting Issuer Shares (the "**Seed Shares**") will be subject to a Tier 2 value security escrow hold.

As permitted by the policies of the Exchange, the SSRRs will be imposed through legends on the applicable certificates representing the Seed Shares, which set forth the particulars of the resale restrictions. 10% of the Seed Shares will be free of SSRRs as of the date of the Initial Release, and an additional 15% shall become free of SSRRs on each of the dates that are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release

Terms of Escrow

The TSXV Escrowed Securities may not be transferred without the approval of the Exchange for release or transfer, other than in specified circumstances set out in the TSXV Escrow Agreement or in accordance with the restrictive legend set forth on the applicable security certificates.

*Voluntary Pooling Restrictions*

In addition to the escrow described above, the 111,100,000 Resulting Issuer Shares issued to the Nationsco Shareholder pursuant to the Transaction, and an additional 21,752,500 Resulting Issuer Shares (representing 21,752,500 Nations Royalty Shares issued pursuant to the private placement completed by Nations Royalty on May 29, 2023, see "*Information Concerning Nations Royalty and Finco – Prior Sales*") are subject to voluntary pooling restrictions and will be released in accordance with the following schedule:

(a) 5% of such shares (being 6,642,750 Resulting Issuer Shares) shall be released from pool on the Listing Date;
(b) 5% of such shares (being 6,642,750 Resulting Issuer Shares) shall be released from pool on the date which is 6 months from the Listing Date;
(c) 10% of such shares (being 13,285,500 Resulting Issuer Shares) shall be released from pool on the date which is 12 months from the Listing Date;
(d) 10% of such shares (being 13,285,500 Resulting Issuer Shares) shall be released from pool on the date which is 18 months from the Listing Date;
(e) 15% of such shares (being 19,928,250 Resulting Issuer Shares) shall be released from pool on the date which is 24 months from the Listing Date;
(f) 15% of such shares (being 19,928,250 Resulting Issuer Shares) shall be released from pool on the date which is 30 months from the Listing Date; and
(g) The remaining 40% of such shares (being 53,142,000 Resulting Issuer Shares) shall be released from pool on the date which is 36 months from the Listing Date.

*Lock-Up Agreements*

In addition to the foregoing, each proposed director and officer of the Resulting Issuer has entered into a lock-up agreement with the Agents, pursuant to which they have agreed not to, directly or indirectly, offer, sell, contract to sell, grant any option to purchase, make any short sale, or otherwise dispose of, or transfer, or announce any intention to do so, any Locked-Up Securities, or enter into any transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of the Locked-Up Securities, whether such transaction is settled by the delivery of the Resulting Issuer Shares, other securities, cash or otherwise, for a period until the date that is 120 days following the satisfaction of the Escrow Release Conditions, subject to certain exceptions, including in connection with a formal take-over bid or in connection with a merger, business combination, arrangement, restructuring or similar transaction.

**Auditor, Transfer Agent and Registrar**

The auditor of the Resulting Issuer is expected to be Deloitte LLP, 410 West Georgia Street, Vancouver, British Columbia, V6B 0S7.

Odyssey Trust Company is the current registrar and transfer agent of Nations Royalty, and is expected to continue as the registrar and transfer agent for the Resulting Issuer at its office located at 350 - 409 Granville St, Vancouver, British Columbia, V6C 1T2.

*[Remainder of page intentionally left blank.]*

## GENERAL MATTERS

### Sponsorship

A Sponsor has not been retained in connection with the Transaction. Nations Royalty applied for, and was granted, a waiver from the sponsorship requirements of the policies of the TSXV.

### Experts

*Interest of Experts*

No Person, whose profession or business gives authority to a statement made by the Person and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement, holds any beneficial interest, directly or indirectly, in any property of Nations Royalty, Nationsco or the Resulting Issuer or of an Associate or Affiliate of Nations Royalty, Nationsco or the Resulting Issuer, other than as described below.

De Visser Gray LLP, Chartered Professional Accountants, the former auditors of Nations Royalty, audited the Nations Royalty Financial Statements, and delivered the auditors' report thereon, copies of which are attached as Schedule B to this Filing Statement. De Visser Gray LLP, Chartered Professional Accountants has informed Nations Royalty that they were independent with respect to Nations Royalty within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia while they were Nations Royalty's auditors.

Deloitte LLP audited the Nationsco Financial Statements, and delivered the auditors' report thereon, which are attached as Schedule D to this Filing Statement. Deloitte LLP is independent with respect to Nationsco within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

### Other Material Facts

There are no material facts about Nations Royalty, Nationsco, the Resulting Issuer or the Transaction that are not disclosed under the preceding items and are necessary in order for the Filing Statement to contain full, true and plain disclosure of all material facts relating to Nations Royalty, Nationsco and the Resulting Issuer, assuming completion of the Transaction.

### Board Approval

The Nations Royalty Board has approved this Filing Statement. Where information contained in this Filing Statement rests particularly within the knowledge of a Person other than Nations Royalty, Nations Royalty has relied upon information furnished by such Person.

## SCHEDULE A

## Unaudited Pro Forma Consolidated Statement of Financial Position of the Resulting Issuer

SCHEDULE A

To the Filing Statement
of Nations Royalty Corp.
(formerly Vega Mining Inc.)

UNAUDITED PRO FORMA FINANCIAL STATEMENT OF THE RESULTING ISSUER
NATIONS ROYALTY CORP.
(presented in Canadian dollars)

.

**NATIONS ROYALTY CORP.**

Unaudited Pro Forma Consolidated Statement of Financial Position
As at March 31, 2024 (unaudited)
Expressed in Canadian dollars, unless otherwise stated

| | Nationsco Shareholder Contributed Assets As at December 31, 2023 (unaudited) | Nations Acquisitions Corp. As at March 31, 2024 (audited) | Nations Royalty Corp. As at February 29, 2024 (unaudited) | Concurrent Financing (Note 2) | Pro forma adjustments | Note 4 | Pro forma Nations Royalty Corp. As at March 31, 2024 (unaudited) |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| **Current assets** | | | | | | | |
| Cash and cash equivalents | $ -- | $ 1 | $ 152,533 | $ -- | $ 10,000,001 | a.ii | $ 9,733,830 |
| | | | | | (418,705) | e | |
| Cash in trust | -- | -- | -- | 10,000,001 | (10,000,001) | a.ii | -- |
| Amounts receivable | 413,365 | -- | 14,209 | -- | -- | | 427,574 |
| | 413,365 | 1 | 166,742 | 10,000,001 | (418,705) | | 10,161,404 |
| Due from parent | 3,209,324 | -- | -- | -- | (3,209,324) | c | -- |
| **Total Assets** | 3,622,689 | 1 | 166,742 | 10,000,001 | (3,628,029) | | 10,161,404 |
| **Liabilities and Equity** | | | | | | | |
| **Current liabilities** | | | | | | | |
| Accounts payable and accrued liabilities | -- | -- | 278,780 | -- | 900,000 | d | 1,178,780 |
| Subscriptions receipts payable | -- | -- | -- | 10,000,001 | (10,000,001) | a.ii | -- |
| **Total Liabilities** | -- | -- | 278,780 | 10,000,001 | (9,100,001) | | 1,178,780 |
| **Equity attributable to common shareholders** | | | | | | | |
| Share capital | -- | 1 | 6,078,191 | -- | 10,000,001 | a.ii | 29,848,870 |
| | | | | | (6,078,191) | f | |
| | | | | | 20,267,573 | a.i | |
| | | | | | (418,705) | e | |
| Reserves | -- | -- | 145,974 | -- | (145,974) | f | 3,302,411 |
| | | | | | 597,351 | b | |
| | | | | | 2,705,060 | i | |
| Net parent investment | 3,622,689 | -- | -- | -- | (3,622,689) | h | -- |
| Retained earnings / (Deficit) | -- | -- | (6,336,203) | -- | (21,876,962) | g | (24,168,657) |
| | | | | | 6,336,203 | f | |
| | | | | | (3,209,324) | c | |
| | | | | | (2,705,060) | i | |
| | | | | | 3,622,689 | h | |
| | 3,622,689 | 1 | (112,038) | -- | 5,471,972 | | 8,982,624 |
| **Total liabilities and Shareholders' Equity** | $ 3,622,689 | $ 1 | $ 166,742 | $ 10,000,001 | $ (3,628,029) | | $ 10,161,404 |

**1. Basis of presentation**

The unaudited pro forma consolidated financial statement (the "Pro Forma Statement") has been prepared by Nations Royalty Corp. ("Nations Royalty" or the "Company") after giving effect to the proposed reverse takeover ("RTO") acquisition by Nations Acquisitions Corp. ("Nationsco"), a wholly-owned subsidiary of Nisga'a Nation (the "Nationsco Shareholder"), of 100% of the outstanding securities of Nations Royalty. Upon completion of the RTO, the resulting issuer will be majority owned by the Nationsco and will be renamed Nations Royalty Corp. On May 3, 2024, Vega changed its name to Nations Royalty Corp., the "Resulting Issuer". Refer to Note 2 for further information on the RTO. Dollar amounts are expressed in Canadian dollars, unless otherwise stated.

The RTO will be accounted for in accordance with IFRS 2 - "Share-based payment." As Nations Royalty did not qualify as a business according to the definition in IFRS 3 - "Business Combinations", and accordingly this RTO does not constitute a business combination and is treated as an asset acquisition of Nations Royalty's net assets by Nationsco. Under the relevant accounting principles the use of the continuity of interests accounting method for Nationsco will result in the assets and liabilities of the Nationsco held at their historical values.

The Pro Forma Statement has been prepared for illustrative purposes only to give effect to the Transaction as described in Note 2 and pursuant to the assumptions and adjustments described in Notes 3 and 4. The unaudited pro forma consolidated statement of financial position as at March 31, 2024, has been prepared as if the Transaction had occurred on March 31, 2024, and using the following financial statements.

- The unaudited condensed interim consolidated statement of financial position of Nations Royalty as at February 29, 2024;
- the unaudited condensed carve-out interim statement of financial position of Nationsco Shareholder Contributed Assets (defined in Note 2) as at December 31, 2023; and
- the audited statement of financial position of Nationsco as at March 31, 2024.

The unaudited pro forma consolidated statement of financial position has been prepared for illustrative purposes only and may not be indicative of the combined entities' financial position that would have occurred if the acquisition had been in effect at the date indicated. Actual amounts recorded upon consummation of the Transaction will likely differ from those recorded in the unaudited pro forma consolidated statement of financial position as certain measurements can only be finalized on closing of the acquisition. The pro forma adjustments and allocations of the purchase price are based in part on estimates of the fair value of assets acquired and liabilities to be assumed. The final purchase price allocation will be completed after asset and liability fair values are finalized as of the date of the completion of the acquisition. The actual fair values of the assets and liabilities will be determined as of the effective date of the RTO and may differ materially from the amounts disclosed in the assumed pro forma purchase price allocation because of changes in fair value of the assets and liabilities up to the effective date of the RTO, and as further analysis is completed. Any potential synergies that may be realized and integration costs that may be incurred upon completion of the Transaction have been excluded from this Pro Forma Statement.

The accounting policies used in preparing the Pro Forma Statement has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as disclosed in:

- Nations Royalty's audited consolidated financial statements for the year ended May 31, 2023;
- Nationsco's audited financial statements for the period ended March 31, 2024; and
- Nationsco Shareholder Contributed Assets audited carve-out financial statements for the year ended March 31, 2023.

There are no material differences in accounting policies between these entities.

Nationsco and Nations Royalty are both domiciled in British Columbia, Canada. The statutory tax rate applicable to Nations Royalty is 27%, Nationsco is 27%, and Nationsco Shareholder Contributed Assets is 0%. As at the date of this Pro Forma Statement, the effective tax rate applicable to the Resulting Issuer is 27%, as the Resulting Issuer would not meet the definition of a "public" body under the Nisga'a Nation taxation agreements.

## 2. Reverse takeover Transaction and Concurrent Financing

On February 1, 2024, the Nisga'a Nation and Nations Royalty entered into an agreement, pursuant to which, among other things, Nations Royalty will acquire from the Nisga'a Nation the rights to five annual benefit payment entitlements (the "Royalty Interests") in Benefit Agreements the Nisga'a Nation has in place in respect of mines and projects, in exchange for common shares in the capital of Nations Royalty (the "Transaction"). Upon completion of the Transaction, Nations Royalty will be majority owned by the Nisga'a Nation and will continue as "Nations Royalty Corp."

The Transaction is expected to be completed by way of a three-cornered amalgamation under the provisions of the Business Corporations Act (British Columbia) whereby a wholly-owned subsidiary of Nations Royalty, 1445146 B.C. Ltd. ("Finco"), will amalgamate with Nationsco, which was formed to hold the Royalty Interests prior to the Transaction closing. All of the issued and outstanding common shares of Finco and Nationsco following the amalgamation will be immediately exchanged for common shares of Nations Royalty on a one-for-one basis.

The completion of the Transaction is subject to certain closing conditions set out in the amalgamation agreement, including, but not limited to: (i) Finco having completed the Concurrent Financing of 11,111,112 subscription receipts for gross proceeds of $10,000,001 (completed); (ii) receipt of all applicable shareholder approvals, including Nationsco Shareholder approval and the Finco shareholder approval (iii) receipt of TSX Venture Exchange approval; (iv) Nations Royalty having completed the Share Consolidation (completed) (v) the absence of any material change or change in a material fact which might reasonably be expected to have a material adverse effect on the financial and operational conditions or the assets of each of the parties to the amalgamation agreement; and (vi) certain other conditions typical in a transaction of this nature.

Finco completed a private placement (the "Concurrent Financing") of 11,111,112 subscription receipts (each, a "Subscription Receipt") at a price of $0.90 per Subscription Receipt, for aggregate gross proceeds of $10,000,001. The Concurrent Financing was closed on April 9, 2024. All proceeds of the Concurrent Financing will be 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 will automatically convert into one common share of Finco for no additional consideration and the shares of Finco will immediately thereafter be exchanged for common shares of Nations Royalty on a one-for-one basis.

On April 16, 2024, Nations Royalty consolidated the outstanding common shares on the basis of two (2) pre-consolidation shares for one (1) post-consolidation share (the "Share Consolidation"). As a result of the Share Consolidation, the numbers of issued and outstanding common shares of Nations Royalty has been reduced from 45,039,055 to 22,519,525.

<u>Nationsco Shareholder Contributed Assets</u>

Through the Transaction, Nations Royalty will indirectly acquire the following annual payments from the Nationsco Shareholder (referred to herein as the "Nationsco Shareholder Contributed Assets" or the "Annual Payments"):

- the annual benefit payment payable to the Nationsco Shareholder pursuant to the Cooperation and Benefits Agreement between Pretium Resources Inc. ("Pretium") and the Nationsco Shareholder dated April 1, 2015 (the "Brucejack Annual Payment");
- the annual benefit payment payable to the Nationsco Shareholder pursuant to the Benefits Agreement between the Nationsco Shareholder and Seabridge Gold Inc. ("Seabridge Gold") dated June 16, 2014 (the "KSM Annual Payment"); and
- the annual benefit payment payable to the Nationsco Shareholder pursuant to the Cooperation and Benefits Agreement between Avanti Kitsault Mine Ltd. ("Avanti") and the Nationsco Shareholder dated May 30, 2014 (the "Kitsault Annual Payment"); and
- the annual benefit payment payable to the Nationsco Shareholder pursuant to the Benefits Agreement between the Nationsco Shareholder and Ascot Resources Ltd. ("Ascot") dated July 15, 2021 (the "Premier Gold and Red Mountain Annual Payment").

Expressed in Canadian dollars, unless otherwise stated

Nations Royalty accounts for Royalty Interests from acquired rights pursuant to Annual Payments agreements. Nations Royalty rights to the Annual Payments agreements are recorded as Royalty Interests in recognition that the Nisga'a Nation has Treaty Rights and Interests in place in respect of mines and projects within the Golden Triangle Area located in northwest British Columbia.

Nations Royalty has recognized Royalty Interests at a measurement basis of $nil due to specific circumstances surrounding the acquisition of these rights, as described below:

- the Royalty Interests was acquired in a non-monetary exchange in recognition that the Nisga'a Nation has Treaty Rights and Interests; and
- the Royalty Interests fair value cannot be reliably determined at the time of inception of the Royalty Interests due to the respective royalty projects having not commenced development or operation.

Nations Royalty accounts for royalty income from amounts received or receivable from Royalty Interests under the Annual Payments agreements. Royalty income is based on:

- Annual ongoing payments: Annual Payments based on a percentage of the mine or project's annual mineral tax payable under the relevant Mineral Tax Act; and
- Net Smelter Royalty (the "NSR"): Payments are calculated by multiplying the net smelter return for the calendar year by the applicable NSR rate.

Royalty income is measured at the fair value of the consideration received or receivable when management can reliably estimate the amount under the terms of the Annual Payments.

In connection with the Transaction, Nationsco entered into the following Annual Payment Direction Agreements:

- On June 8, 2024, Nationsco entered into an agreement with Pretium and the Nationsco Shareholder (the "Brucejack Annual Payment Direction Agreement") and obtained the right to be paid the Brucejack Annual Payment for each relevant year following the closing of the Transaction;
- On June 10, 2024, Nationsco entered into an agreement with KSM Mining ULC., a subsidiary of Seabridge Gold, and the Nationsco Shareholder (the "KSM Annual Payment Direction Agreement") and obtained the right to be paid the KSM Annual Payment each relevant year following the closing of the Transaction;
- On June 10, 2024, Nationsco entered into an agreement with Ascot and the Nationsco Shareholder (the Premier Gold and Red Mountain Annual Payment Direction Agreement") and obtained the right to be paid the Premier Gold and Red Mountain Annual Payment for each relevant year following the closing of the Transaction; and
- On June 7, 2024, Nationsco entered into an agreement with Avanti and the Nationsco Shareholder (the "Kitsault Annual Payment Direction Agreement") and obtained the right to be paid the Kitsault Annual Payment for each relevant year to following the closing of the Transaction.

## 3. Nations Royalty and Nationsco RTO - asset acquisition

For accounting purposes, the acquisition is being accounted as an asset acquisition and share-based payment as at March 31, 2024. Nations Royalty's net assets acquired are from the Nations Royalty's financial statements as at February 29, 2024, and Finco's Subscriptions Receipts balances.

The preliminary allocation of the purchase price to the assets and liabilities acquired is as follows:

| **Consideration** | Note | | Finco | | Nations Royalty | | Total |
|---|---|---|---|---|---|---|---|
| Common shares issued | (a),(b) | $ | 10,000,001 | $ | 20,267,573 | $ | 30,267,574 |
| Share-based compensation | (c) | | -- | | 597,351 | | 597,351 |
| RTO costs | (d) | | -- | | -- | | 900,000 |
| Total consideration | | | | | | $ | 31,764,925 |

Expressed in Canadian dollars, unless otherwise stated

| **Allocation of assets and liabilities** | | |
|---|---|---|
| Cash* | $ | 10,152,534 |
| Sales tax receivable | | 14,209 |
| Accounts Payable | | (278,780) |
| **Net assets acquired** | **$** | 9,887,963 |
| **Listing expense** | **$** | 21,876,962 |

* Includes Concurrent Financing proceeds of $10,000,001 (refer to notes 3a.i and 4.a.ii).

The unaudited pro forma consolidated financial information assumes that the cost of acquisition will include the fair value of the Nations Royalty's common shares issued. The consideration of $31,764,925 includes the following estimates, fair value of common shares issued of $30,267,574, fair value of share-based compensation of $597,351 and Transaction costs of $900,000. After allocation of net assets and liabilities the listing expense is $21,876,962.

Details of the consideration are as follows:

a. Nations Royalty to issue 11,111,112 common shares with a fair value of $10,000,001 based on the deemed price of $0.90 per each Nationsco common share for Finco's Subscription Receipts. The deemed price of $0.90 per common share is based on the price of each Subscription Receipt of $0.90 for the Concurrent Financing;

b. Nations Royalty to issue 22,519,525 common shares with a fair value of $20,267,573 based on the deemed price of $0.90 per each Nationsco common share for Nations Royalty's outstanding share capital;

c. Nations Royalty to issue 700,000 stock options with a fair value of $597,351. The stock options have an exercise price of $0.10 and remaining life of 9.44 to 9.63 years. The following assumptions were used for the fair value of the stock options: risk-free interest rate 3.1%, volatility of 75% and a dividend yield of nil; and

d. Transaction costs has been adjusted to recognize the estimated costs of $900,000.

## 4. Unaudited Pro Forma Statement assumptions and adjustments

The fair values below have been determined by Nations Royalty's management for the Filing Statement and are based on the information available to management. Under IFRS 2 Share-Based Payment, the actual measurement date of the purchase price and allocation of the purchase price to the identifiable assets and liabilities will occur on the date the consideration is paid, and the goods are received. These fair values are preliminary and subject to change as more information is obtained.

Nations Royalty's Pro Forma Statement reflects the following assumptions and adjustments:

a. An adjustment is recorded to share capital in the amount of $30,267,574 to recognize the fair value of the deemed acquisition consideration to the shareholders of Nations Royalty and Finco's Subscription Receipt holders;

    i. Adjustment for recognition of $20,267,573 to share capital for common shares issued to Nations Royalty shareholders on closing; and

    ii. Adjustment of recognition of $10,000,001 to share capital and cash in trust for common shares issued to Finco shareholders on closing, reduced by Concurrent Financing commissions of $418,705, transferred to cash on closing.

b. An adjustment is recorded in reserves in the amount of $597,351 to recognize the fair value for the following Nations Royalty stock options;

    i. The June 5, 2023, grant of 600,000 stock options of the Company exercisable at $0.10 per share until June 5, 2033, with a fair value of $511,939. The options vested immediately and were fair valued using the Black-Scholes valuation model with the following assumptions:

    - exercise price per share of $0.10;
    - expected share price volatility of 75%;
    - risk-free interest rate of 3.1%;

- expected life of 9.44 years; and
- no dividend yield.

ii. The August 5, 2023, grant of 100,000 stock options of the Company exercisable at $0.10 per share until August 14, 2033, with a fair value of $85,412. The stock options vested immediately and were fair valued using the Black-Scholes valuation model with the following assumptions:

- exercise price per share of $0.10;
- expected share price volatility of 75%;
- risk-free interest rate of 3.1%;
- expected life of 9.63 years; and
- no dividend yield.

iii. The above stock options will be replaced with the Resulting Issuer stock options on a basis of one Nations Royalty stock option to one Resulting Issuer stock option.

c. Adjustment for the write-off of due from parent of $3,209,324 to reflect the historical transfers to be retained by the Nationsco Shareholder. The Transaction requires only the transfer of the Royalty Interests to Nations Royalty from the Nationsco Shareholder;

d. Record estimated legal, audit and accounting costs of $900,000 to be incurred in connection with the listing expense;

e. An adjustment of $418,705 to share capital to reflect cash payment due on closing of the RTO for commissions, ranging from 2% to 6%, incurred in connection with the Concurrent Financing. Finco will pay a cash commission in an amount equal to 6% of the aggregate gross proceeds of the Concurrent Financing, except with respect to subscribers on the “president’s list” of Nations Royalty for which a cash commission equal to 2% will be paid;

f. Adjustments are recorded in connection with the acquisition of Nations Royalty to eliminate the historical share capital of $6,078,191, reserves of $145,974 and the deficit of $6,336,203;

g. The excess of the deemed acquisition consideration over the fair value of the net assets of Nations Royalty and Finco of $21,876,962 is accounted as a listing expense;

h. Adjustment for reclassification of net parent investment to retained earnings of $3,622,689 to reflect Nationsco Shareholder’s historical earnings.

i. To record the fair value of 10,000,000 Resulting Issuer stock options of $2,705,060. This adjustment relates to the Resulting Issuer’s grant of stock options on closing of the Transaction, which are not related to the Transaction, to Directors, employees and consultants. The stock options fair value was calculated with the Black-Scholes valuation model with the following assumptions:

- exercise price per share of $0.90;
- expected share price volatility of 75%;
- risk-free interest rate of 3.51%;
- expected life of 4 years; and
- no dividend yield.

Expressed in Canadian dollars, unless otherwise stated

## 5. Share capital

a. Nations Royalty's pro forma share capital, after the acquisition of Nations Royalty and Finco, as at March 31, 2024, are as follows on a post-consolidation basis:

| | Number of shares | | Balance |
|---|---|---|---|
| Nations Royalty outstanding shares | 22,519,525 | $ | 20,267,573 |
| Shares issued - Concurrent Financing | 11,111,112 | | 10,000,001 |
| Share issue costs - Concurrent Financing | -- | | (418,705) |
| Shares issued to Nationsco shareholders | 111,100,000 | | 1 |
| Pro forma balance | 144,730,637 | $ | 29,848,870 |

## 6. Share-based compensation ("stock options")

a. Nations Royalty's pro forma outstanding stock options, representing the acquired Nations Royalty stock options and Resulting Issuer stock options, as at March 31, 2024, is as follows:

| | Number of stock options | | Balance |
|---|---|---|---|
| Nations Royalty stock options | 700,000 | $ | 597,351 |
| Resulting Issuer stock options | 10,000,000 | | 2,705,060 |
| Pro forma balance | 10,700,000 | $ | 3,302,411 |

Each Nations Royalty stock option, related to former Vega grants prior to the Transaction closing, is exercisable to acquire one Nations Royalty common share at a price of $0.10 on the same grant terms. Refer to Note 4 b.

Each Resulting Issuer stock option, stock options to be granted by the Resulting Issuer concurrently with the Transaction closing, is exercisable to acquire one Resulting Issuer Share at a price of $0.90 for a term of 5 years from the grant date. Refer to Note 4 i.

## SCHEDULE B

**Audited Annual Financial Statements of Nations Royalty as at and for the years ended May 31, 2023 and 2022**

**and**

**Unaudited Condensed Interim Consolidated Financial Statements of Nations Royalty as at February 29, 2024 and for the three and nine months ended February 29, 2024 and 2023**

# VEGA MINING INC.

Financial Statements

For the Years Ended May 31, 2023 and 2022

(Presented in Canadian Dollars)

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
www.devissergray.com
*t* 604.687.5447
*f* 604.687.6737

# Independent Auditor's Report

**To the Shareholders of Vega Mining Inc.**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Vega Mining Inc. (the “Company”), which comprise the statements of financial position as at May 31, 2023 and 2022, and the statements of loss and comprehensive loss, changes in shareholders’ equity (deficiency) and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Company as at May 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has accumulated losses since its inception, expects to incur further losses in the development of its business, and has no assurance that sufficient funding will be available to conduct further operations. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor’s report.

### Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is G. Cameron Dong.

De Visser Gray LLP

**Chartered Professional Accountants**

Vancouver, BC
September 28, 2023

**VEGA MINING INC.**
Statements of Financial Position
(Expressed in Canadian Dollars)
As at,

| | May 31, 2023 ($) | May 31, 2022 ($) |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash | 890,606 | - |
| GST receivable | 8,012 | - |
| **Total assets** | 898,618 | - |
| **Liabilities** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities (Note 4) | 532,785 | 263,187 |
| **Total liabilities** | 532,785 | 263,187 |
| **Shareholders' equity (deficiency)** | | |
| Share capital (Note 5) | 6,078,191 | 5,202,984 |
| Reserves (Note 5) | 89,910 | 89,910 |
| Deficit | (5,802,268) | (5,556,081) |
| **Total shareholders' equity (deficiency)** | 365,833 | (263,187) |
| **Total liabilities and shareholders' equity (deficiency)** | 898,618 | - |

Nature of operations and going concern (Note 1)
Subsequent events (Note 9)

Approved and authorized for issuance by the Board of Directors:

*"Gordon Friesen"*
Director

*"Allan Glowach"*
Director

The accompanying notes are an integral part of these financial statements

**VEGA MINING INC.**
Statements of Loss and Comprehensive Loss
For the Years Ended May 31, 2023 and 2022
(Expressed in Canadian Dollars)

| | 2023 | 2022 |
|---|---|---|
| | ($) | ($) |
| **Expenses** | | |
| Accounting and audit (note 4) | 75,500 | 22,000 |
| Consulting | 127,500 | 30,000 |
| Interest | - | 1,487 |
| Legal | 10,358 | 5,264 |
| Office and admin | 372 | - |
| Transfer agent and filing fees | 32,457 | 4,330 |
| **Loss and comprehensive loss** | (246,187) | (63,081) |
| **Basic and diluted loss per share** | (0.27) | (0.12) |
| **Weighted average number of shares outstanding** | 904,808 | 539,055 |

The accompanying notes are an integral part of these financial statements

**VEGA MINING INC.**
Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

| | Number of Shares | Share Capital ($) | Reserves ($) | Deficit ($) | Total Shareholders' Equity (Deficiency) ($) |
|---|---|---|---|---|---|
| Balance, May 31, 2021 | 539,055 | 5,202,984 | 89,910 | (5,493,000) | (200,106) |
| Loss | - | - | - | (63,081) | (63,081) |
| Balance, May 31, 2022 | 539,055 | 5,202,984 | 89,910 | (5,556,081) | (263,187) |
| | | | | | |
| Balance, May 31, 2022 | 539,055 | 5,202,984 | 89,910 | (5,556,081) | (263,187) |
| Private Placement | 44,500,000 | 890,000 | - | - | 890,000 |
| Share Issuance Costs | - | (14,793) | - | - | (14,793) |
| Loss | - | - | - | (246,187) | (246,187) |
| Balance, May 31, 2023 | 45,039,055 | 6,078,191 | 89,910 | (5,802,268) | 365,833 |

The accompanying notes are an integral part of these financial statements

**VEGA MINING INC.**
Statements of Cash Flows
For the Years Ended May 31, 2023 and 2022
(Expressed in Canadian Dollars)

| | 2023 | 2022 |
|---|---|---|
| | ($) | ($) |
| **Cash flows from operating activities** | | |
| Loss | (246,187) | (63,081) |
| Changes in non-cash working capital items | | |
| GST receivable | (8,012) | - |
| Accounts payable and accrued liabilities | 269,598 | 63,081 |
| | 15,399 | - |
| **Cash flows from financing activities** | | |
| Proceeds on issuance of common shares, net of share issuance costs | 875,207 | - |
| | 875,207 | - |
| **Change in cash** | 890,606 | - |
| **Cash – beginning** | - | - |
| **Cash – end** | 890,606 | - |

**Supplemental disclosures with respect to cash flows:**

During the year ended May 31, 2023, creditors assigned $374,217 (2022 - $181,267) of accounts payable owed to them by the Company to a company controlled by an arm's-length third party. The amounts owing are non-interest bearing and are payable on demand.

There were no supplemental disclosures with respect to cash flows during the year ended May 31, 2023.

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Vega Mining Inc. (the "Company") was a resource exploration company focused on acquiring and exploring resource properties in Canada.

The Company's head office and registered office is 3123 – 595 Burrard Street, Vancouver, BC, V7X 1J1. The Company was formerly listed on the TSX Venture Exchange ("TSXV") under the symbol 'VMI'.

The Company was incorporated on November 21, 2007 under the Business Corporations Act (British Columbia).

On October 7, 2014, trading in the shares of the Company was suspended by the TSXV for having failed to maintain Exchange requirements.

On April 29, 2015, the Company's listing transferred to NEX, the Company's Tier classification changed from Tier 2 to NEX, the Filing and Service Office changed from Vancouver to NEX and the trading symbol for the Company changed from VMI to VMI.H.

On July 7, 2016, the Company's securities were delisted from NEX for failure to pay the NEX Listing Maintenance Fee.

On October 11, 2022 the British Columbia and Alberta Securities Commissions (the "Commissions") revoked their cease trade orders issued against the Company. The Company's common shares were cease traded by the Commissions for failure to file annual financial statements and management's discussion and analysis for the May 31, 2014 and in the case of the Alberta Securities Commission the interim unaudited financial statements and management's discussion and analysis for the interim periods ended August 31, 2014 and November 30, 2014. The annual financial statements and management's discussion and analysis for the fiscal years ended May 31, 2022, 2021, 2020 and 2019 and the interim unaudited financial statements and management's discussion and analysis for the interim periods ended August 31, 2021, November 30, 2021 and February 28, 2022, were filed by the Company effective September 27, 2022.

On December 1, 2022, the Company consolidated its common shares on a 20:1 basis. These financial statements reflect the share consolidation retroactively.

These financial statements have been prepared assuming the Company will continue on a going-concern basis and be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the year ended May 31, 2023, the Company reported a loss of $246,187 and had an accumulated deficit of $5,802,268 at that date. The Company had working capital of $365,833 at May 31, 2023. These circumstances lend significant doubt as to the ability of the Company to continue as a going concern.

Continuing operations as a going concern are dependent upon management's ability to raise adequate financing and to ultimately achieve profitable operations in the future. Management has implemented a series of cost-cutting measures and continues to seek financing. Although management has been successful in the past, there is no assurance that these initiatives will be successful in the future.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

## 2. BASIS OF PREPARATION

These financial statements, including comparatives have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

These financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements are presented in Canadian Dollars, which is also the Company's functional currency, unless otherwise indicated.

The Board of Directors approved these financial statements on September 28, 2023.

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

a) Significant judgments

The most significant judgments in applying the Company's accounting policies include the assessment of the Company's ability to continue as a going concern and the classification/allocation of expenditures as exploration and evaluation expenditures or operating expenses.

b) Significant estimates and assumptions

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income/loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets and provisions for restoration and environmental obligations.

## 3. SIGNIFICANT ACCOUNTING POLICIES

a) Exploration and Evaluation Assets

Exploration and evaluation assets consist of mineral rights acquired and exploration and evaluation expenditures capitalized in respect of projects that are at the exploration and evaluation stage.

No amortization charge is recognized in respect of exploration and evaluation assets. These assets are transferred to mine development assets in property, plant and equipment upon the commencement of mine development.

**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

Exploration and evaluation expenditures in the relevant area of interest are comprised of costs which are directly attributable to:

- Acquisition;
- Assays, Staking, and Mapping;
- Consulting & Professional;
- Drilling;
- Field Work;
- Geological & Geophysical; and
- Travel & Accommodation

Exploration and evaluation expenditures also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalized costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Where the Company has entered into option agreements to acquire interests in mineral properties that require periodic share issuances, amounts un-issued are not recorded as liabilities since they are issuable entirely at the Company's option. Option payments are recorded as mineral property costs when the payments are made and share issuances are recorded as mineral property costs using the fair market value of the Company's common shares at the date of the issuance.

All capitalized exploration and evaluation expenditures are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The following circumstances indicate that an entity should test exploration and evaluation assets for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditures on further exploration and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In circumstances where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the period.

b) Financial Instruments

The Company recognizes financial assets and liabilities on the statement of financial position when it becomes a party to the contractual provisions of the instrument.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

At initial recognition, financial assets are measured at fair value and classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). At initial recognition, financial liabilities are measured at fair value and classified as, subject to certain exceptions, subsequently measured at amortized cost. For financial assets and financial liabilities not at FVTPL, fair value is adjusted for transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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

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

An equity investment that is held for trading is measured at FVTPL. For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVTOCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized 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 amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

The Company classifies its financial instruments as follows:

| **Financial Instrument** | **IFRS 9 Classification** |
|---|---|
| Accounts payable and accrued liabilities | Amortized cost |

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

**Financial assets at FVTPL**
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

**Financial assets at amortized cost**
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.

**Equity investments at FVTOCI**
These assets 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.

**Debt investments at FVTOCI**
These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate 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.

Impairment of financial instruments

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For financial assets measured at amortized cost the Company applies the expected credit loss impairment model.

c) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. 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 the 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 asset and 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 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.

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.

e) Share Capital

Common shares issued for non-monetary consideration are recorded at their fair market value based upon the date of share issuance. Costs incurred to issue common shares are deducted from share capital.

f) Loss Per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. 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.

g) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties

## 4. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

## 4. RELATED PARTY TRANSACTIONS (continued)

During the year ended May 31, 2023, the Company incurred $60,000 in accounting fees (2022 - $15,000) to an accounting firm of which a director of the Company is a partner. As at May 31, 2023, there was $nil (May 31, 2022 - $15,750) due to this firm, included in accounts payable and accrued liabilities. This amount is non-interest bearing with no stated terms of payment.

## 5. SHARE CAPITAL

On December 1, 2022, the Company consolidated its common shares on a 20:1 basis. These financial statements reflect the share consolidation retroactively.

The authorized share capital of the Company consists of unlimited common shares without par value.

At May 31, 2023, there were 45,039,055 common shares outstanding.

During the year ended May 31, 2023, the Company issued 44,500,000 common shares pursuant to a non-brokered private placement, for total gross proceeds of $890,000. Share issuance costs of $14,793 were incurred in relation to this private placement.

There were no share issuances during the year ended May 31, 2022.

There were no stock options or warrants outstanding during the years ended May 31, 2023 and 2022.

## 6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of 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 that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

b) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Accounts payable and accrued liabilities are due within the current operating period.

(Expressed in Canadian Dollars)

## 6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

c) *Market ri*sk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

d) *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions.

*e) Commodity Price Risk*

The ability of the Company to finance the exploration and development of its properties and the future profitability of the Company is directly related to the market price of the primary minerals identified in its mineral properties. Mineral prices fluctuate on a daily basis and are affected by a number of factors beyond the Company's control. A sustained, significant decline in the prices of the primary minerals or in the share prices of junior mineral exploration companies in general, could have a negative impact on the Company's ability to raise additional capital. Sensitivity to commodity price risk is remote since the Company has not established any reserves or production.

## 7. CAPITAL RISK MANAGEMENT

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. There were no changes to the Company's approach to managing capital during the periods presented.

## 8. INCOME TAXES

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

| | **2023** | **2022** |
|---|---|---|
| Loss for the year | 246,187 | 63,081 |
| | 27.00% | 27.00% |
| Expected tax recovery | 66,470 | 17,032 |
| Share issue costs | 3,995 | - |
| Change in unrecognized deferred income tax assets | (70,465) | (16,422) |
| True-up prior year amounts | - | (610) |
| Income tax recovery | - | - |

(Expressed in Canadian Dollars)

## 8. INCOME TAXES (continued)

Details of deferred income tax assets are as follows:

| | 2023 | 2022 |
|---|---|---|
| Deferred tax assets | | |
| Non-capital losses | 956,000 | 888,000 |
| Exploration and evaluation costs | 206,000 | 206,000 |
| Fixed assets and other | 7,000 | 4,000 |
| Unrecognized deferred income tax assets | 1,169,000 | 1,098,000 |

The Company has unused non-capital losses of approximately $3,539,000 that expire between 2031 and 2043.

## 9. SUBEQUENT EVENTS

In June 2023, the Company granted 1,200,000 stock options exercisable at $0.05 per share until June 5, 2033.

In August 2023, the Company granted 200,000 stock options exercisable at $0.05 per share until August 14, 2033.

# VEGA MINING INC.

Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended February 29, 2024, and February 28, 2023

(Presented in Canadian Dollars)

(Unaudited)

**VEGA MINING INC.**
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)
As at,

| | **February 29, 2024 ($)** | May 31, 2023 ($) |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash | **152,533** | 890,606 |
| Sales tax receivable | **14,209** | 8,012 |
| **Total assets** | **166,742** | 898,618 |
| **Liabilities** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities | **278,780** | 532,785 |
| **Total liabilities** | **278,780** | 532,785 |
| **Shareholders' equity** | | |
| Share capital (Note 4) | **6,078,191** | 6,078,191 |
| Reserves (Note 4) | **145,974** | 89,910 |
| Deficit | **(6,336,203)** | (5,802,268) |
| **Total shareholders' equity** | **(112,038)** | 365,833 |
| **Total liabilities and shareholders' equity** | **166,742** | 898,618 |

Nature of operations and going concern (Note 1)
Subsequent events (Notes 1,8)

Approved and authorized for issuance by the Board of Directors:

*"Alex Morrison"*
Director

*"Alicia Krywaniuk"*
Director

*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements*

**VEGA MINING INC.**
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

| | **Three months ended February 29, 2024 ($)** | Three months ended February 28, 2023 ($) | **Nine months ended February 29, 2024 ($)** | Nine months ended February 28, 2023 ($) |
|---|---|---|---|---|
| **Expenses** | | | | |
| Consulting | **30,000** | 30,000 | **80,000** | 90,000 |
| Marketing | **17,385** | - | **17,385** | - |
| Office and administration | **17,589** | - | **64,863** | - |
| Professional fees | **148,638** | 14,218 | **297,314** | 62,350 |
| Transfer agent and filing fees | **4,685** | 6,234 | **17,657** | 31,675 |
| Travel | **4,821** | - | **16,586** | - |
| Share-based compensation (Notes 4,5) | **-** | - | **56,064** | - |
| | **(223,118)** | (50,452) | **(549,869)** | (184,025) |
| Finance income | **2,699** | - | **15,934** | - |
| **Loss and comprehensive loss** | **(220,419)** | (50,452) | **(533,935)** | (184,025) |
| Basic and diluted loss per share | **(0.01)** | (0.19) | **(0.02)** | (0.68) |
| Weighted average number of common shares outstanding - basic and diluted | **22,519,525** | 269,528 | **22,519,525** | 269,528 |

*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements*

# VEGA MINING INC.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian Dollars)
(Unaudited)

| | Number of Shares | Share Capital ($) | Reserves ($) | Deficit ($) | Total Shareholders' Equity (Deficit) ($) |
|---|---|---|---|---|---|
| Balance, May 31, 2022 | 269,528 | 5,202,984 | 89,910 | (5,556,081) | (263,187) |
| Loss and comprehensive loss | - | - | - | (184,025) | (184,025) |
| Balance, February 28, 2023 | 269,528 | 5,202,984 | 89,910 | (5,740,106) | (447,212) |
| | | | | | |
| Balance, May 31, 2023 | 22,519,525 | 6,078,191 | 89,910 | (5,802,268) | 365,833 |
| Share-based compensation | - | - | 56,064 | - | 56,064 |
| Loss and comprehensive loss | - | - | - | (533,935) | (533,935) |
| Balance, February 29, 2024 | 22,519,525 | 6,078,191 | 145,974 | (6,336,203) | (112,038) |

*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements*

**VEGA MINING INC.**
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

| | **Nine months ended February 29, 2024 ($)** | Nine months ended February 28, 2023 ($) |
|---|---|---|
| **Operating activities** | | |
| Loss | **(533,935)** | (184,025) |
| Items not involving cash | | |
| Share-based compensation | **56,064** | - |
| Changes in non-cash working capital items | | |
| Sales tax receivable | **(6,197)** | (3,244) |
| Accounts payable and accrued liabilities | **(254,005)** | 187,269 |
| | **(738,073)** | - |
| **Change in cash** | **(738,073)** | - |
| **Cash – beginning** | **890,606** | - |
| **Cash – end** | **152,533** | - |

*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements*

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Vega Mining Inc. (the “Company”) is a resource exploration company focused on acquiring and exploring resource properties in Canada.

The Company’s head office is located at Suite 3123 - 595 Burrard Street, Vancouver, BC, V7X 1J1. The Company was formerly listed on the TSX Venture Exchange (“TSXV”) under the symbol ‘VMI’.

The Company was incorporated on November 21, 2007, under the Business Corporations Act (British Columbia).

On October 7, 2014, trading in the shares of the Company was suspended by the TSXV for having failed to maintain TSXV requirements.

On April 29, 2015, the Company's listing transferred to NEX, the Company's Tier classification changed from Tier 2 to NEX, the Filing and Service Office changed from TSXV Vancouver office to NEX and the trading symbol for the Company changed from VMI to VMI.H.

On July 7, 2016, the Company’s securities were delisted from NEX for failure to pay the NEX Listing Maintenance Fee.

On October 11, 2022 the British Columbia and Alberta Securities Commissions (the “Commissions”) revoked their cease trade orders issued against the Company. The Company’s common shares were cease traded by the Commissions for failure to file annual financial statements and management’s discussion and analysis for the year ended May 31, 2014 and in the case of the Alberta Securities Commission the unaudited condensed interim financial statements and management’s discussion and analysis for the interim periods ended August 31, 2014 and November 30, 2014. The annual financial statements and management’s discussion and analysis for the fiscal years ended May 31, 2022, 2021, 2020 and 2019 and the unaudited condensed interim financial statements and management’s discussion and analysis for the interim periods ended August 31, 2021, November 30, 2021 and February 28, 2022, were filed by the Company effective September 27, 2022.

Subsequent to February 29, 2024, the Company consolidated its outstanding common shares on the basis of two (2) pre-consolidation shares for one (1) post-consolidation share, effective April 16, 2024 (the “Share Consolidation”) (Note 8). The unaudited condensed interim consolidated financial statements reflect the Share Consolidation retroactively.

The unaudited condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis and be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at and for the nine months ended February 29, 2024, the Company reported loss and comprehensive loss of $533,935 (February 28, 2023 - $184,025) and had an accumulated deficit of $6,336,203 at that date (May 31, 2023 - $5,802,268). The Company had a working capital deficit of $112,038 at February 29, 2024 (May 31, 2023 - working capital of $365,833). These circumstances cast significant doubt as to the ability of the Company to continue as a going concern.

Continuing operations as a going concern are dependent upon management’s ability to raise adequate financing and to ultimately achieve profitable operations in the future. Management has implemented a series of cost-cutting measures and continues to seek financing. Although management has been successful in the past, there is no assurance that these initiatives will be successful in the future.

The unaudited condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

## 2. BASIS OF PREPARATION

The Company prepares its financial statements in accordance with International Financial Reporting Standards (IFRS). The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards (IAS) 34 - Interim Financial Reporting and, except as described below, they follow the same accounting policies and methods of application as the Company's most recent audited annual financial statements. Accordingly, they should be read in conjunction with the Company's most recent audited annual financial statements.

The unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, the unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The unaudited condensed interim consolidated financial statements are presented in Canadian Dollars, which is also the Company's functional currency, unless otherwise indicated.

The Board of Directors approved the unaudited condensed interim consolidated financial statements on April 24, 2024.

The preparation of the unaudited condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

a) Significant judgments

The most significant judgments in applying the Company's accounting policies include the assessment of the Company's ability to continue as a going concern.

b) Significant estimates and assumptions

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income/loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

c) Basis of consolidation

The unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, 1445146 B.C. LTD. (British Columbia) ("Finco").

The financial statements of the subsidiary are included in the unaudited condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

## 3. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied by the Company in the unaudited condensed interim consolidated financial statements are the same as those applied by the Company in its most recent audited annual financial statements, except for those described below:

a) Share-based payments

The Company's Stock Option Plan (Note 4) allows employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based compensation expense with a corresponding increase in reserves within equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of options that are expected to vest.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

b) Adoption of new and amended accounting standards

Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements—Disclosure of Accounting Policies*

The Company adopted the amendments to IAS 1 during the nine months ended February 29, 2024. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The International Accounting Standards Board (IASB) has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

## 4. SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

On April 16, 2024, the Company completed the Share Consolidation (Note 1).

(Expressed in Canadian Dollars)

a) As at February 29, 2024, there were 22,519,525 shares outstanding.

There were no share issuances during the nine months ended February 29, 2024, and February 28, 2023.

b) A summary of the changes in options follows:

The Company has established a “rolling” Stock Option Plan (the “Plan”). Under the Plan, the number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding shares and, to any one optionee, may not exceed 5% of the issued shares on a yearly basis. The maximum term of each option shall not be greater than 10 years. The exercise price of each option shall not be less than the market price of the Company’s shares at the date of grant. Options granted to consultants performing Investor Relations Activities shall vest over a minimum of 12 months with no more than 1/4 of such options vesting in any 3 month period. All other options vest at the discretion of the Board of Directors.

During the nine months ended February 29, 2024, the Company granted 600,000 options to officers and consultants of the Company exercisable at $0.10 per share until June 5, 2033, with a fair value of $48,057. The options vested immediately and were fair valued 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 3.30%; iv) expected life of 10 years; v) no dividend yield.

During the nine months ended February 29, 2024, the Company granted 100,000 options to a director of the Company exercisable at $0.10 per share until August 14, 2033, with a fair value of $8,007. The options vested immediately and were fair valued 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 3.30%; iv) expected life of 10 years; v) no dividend yield.

A summary of the changes in options follows:

| | Number of options | | Weighted average exercise price |
|---|---|---|---|
| Balance, May 31, 2022 and 2023 | - | $ | - |
| Granted | 700,000 | | 0.10 |
| Balance, February 29, 2024 | 700,000 | $ | 0.10 |

As at February 29, 2024, the following options were outstanding:

| Outstanding and exercisable | | Exercise price | Expiry date |
|---|---|---|---|
| 600,000 | $ | 0.10 | June 5, 2033 |
| 100,000 | | 0.10 | August 14, 2033 |
| 700,000 | | | |

## 5. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

There was $16,017 for vested options granted to directors and officers of the Company included in share-based compensation during the nine months ended February 29, 2024 (February 28, 2023 - $nil).

## 6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of 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 that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

b) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Accounts payable and accrued liabilities are due within the current operating period.

c) *Market ri*sk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

d) *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions.

*e) Commodity Price Risk*

The ability of the Company to finance the exploration and development of its properties and the future profitability of the Company is directly related to the market price of the primary minerals identified in its mineral properties. Mineral prices fluctuate on a daily basis and are affected by a number of factors beyond the Company's control. A sustained, significant decline in the prices of the primary minerals or in the share prices of junior mineral exploration companies in general, could have a negative impact on the Company's ability to raise additional capital. Sensitivity to commodity price risk is remote since the Company has not established any reserves or production.

## 7. CAPITAL RISK MANAGEMENT

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. There were no changes to the Company's approach to managing capital during the periods presented.

## 8. AMALGAMATION AGREEMEENT

On February 1, 2024, the Company entered into an amalgamation agreement (the "Amalgamation Agreement") with the Nisga'a Nation pursuant to which, among other things, the Company will acquire from the Nisga'a Nation the rights to five benefit payment entitlements (the "Royalties") in Benefit 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 in the capital of the Company (the "Amalgamation"). Upon completion of the Amalgamation, the Company will be majority owned by the Nisga'a Nation and will be renamed 'Nations Royalty Corp.' ("Nations Royalty").

The Amalgamation is expected to be completed by way of a three-cornered amalgamation under the provisions of the Business Corporations Act (British Columbia) whereby Finco (Note 2), will amalgamate with Nations Acquisitions Corp. ("Nationsco"), a wholly-owned subsidiary of the Nisga'a Nation formed to hold the Royalties prior to closing. All of the issued and outstanding common shares of Finco and Nationsco following the amalgamation will be 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 will be subject to voluntary pooling restrictions and will be released over a period of 36 months from completion of the Amalgamation. Nationsco has been established for the purposes of holding the Royalties for the Amalgamation. Nationsco will have no other assets or material financial liabilities or obligations. Prior to closing of the Amalgamation, on April 16, 2024, the Company completed the Share Consolidation (Note 1).

Upon completion of the Amalgamation, including the Concurrent Financing (defined below), it is expected that (i) the existing shareholders of the Company will hold approximately 15.56% of Nations Royalty's issued and outstanding shares; (ii) the Nisga'a Nation will hold approximately 76.76% of Nations Royalty's issued and outstanding shares; and (iii) the investors in the Concurrent Financing (defined below) will hold approximately 7.68% of Nations Royalty's issued and outstanding shares.

Concurrently with, and as a condition to completion of the Amalgamation, Finco 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 $10,000,000.80. All proceeds of the Concurrent Financing will be held in escrow pending satisfaction of the closing conditions to the Amalgamation. Upon satisfaction of the escrow conditions, immediately prior to completion of the Amalgamation, each Subscription Receipt will automatically convert into one common share of Finco for no additional consideration and the shares of Finco will immediately thereafter be exchanged for common shares of the Company on a one-for-one basis.

The completion of the Amalgamation is subject to certain closing conditions set out in the Amalgamation Agreement, including, but not limited to: (i) Finco having completed the Concurrent Financing; (ii) receipt of all applicable shareholder approvals, including Nationsco shareholder approval and the Finco shareholder approval (iii) receipt of TSXV approval; (iv) the Company having completed the Share Consolidation; (v) the absence of any material change or change in a material fact which might reasonably be expected to have a material adverse effect on the financial and operational conditions or the assets of each of the parties to the Amalgamation Agreement; and (vi) certain other conditions typical in a transaction of this nature.

# SCHEDULE C

## Management's Discussion and Analysis of Nations Royalty

## for the year ended May 31, 2023

## and

## for the nine months ended February 29, 2024

This Management Discussion and Analysis ("MD&A") of Vega Mining Inc. (the "Company") has been prepared by management in accordance with the requirements of National Instrument 51-102 as of September 28, 2023, and should be read in conjunction with the annual financial statements for the years ended May 31, 2023 and 2022, and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

**Description of Business**

The Company was a resource exploration company focused on acquiring and exploring resource properties in Canada.

The Company's head office and registered office is 3123 – 595 Burrard Street, Vancouver, BC, V7X 1J1. The Company was formerly listed on the TSX Venture Exchange ("TSXV") under the symbol 'VMI'.

The Company was incorporated on November 21, 2007 under the Business Corporations Act (British Columbia).

On October 7, 2014, trading in the shares of the Company was suspended by the TSXV for having failed to maintain Exchange requirements.

On April 29, 2015, the Company's listing transferred to NEX, the Company's Tier classification changed from Tier 2 to NEX, the Filing and Service Office changed from Vancouver to NEX and the trading symbol for the Company changed from VMI to VMI.H.

On July 7, 2016, the Company's securities were delisted from NEX for failure to pay the NEX Listing Maintenance Fee.

On October 11, 2022 the British Columbia and Alberta Securities Commissions (the "Commissions") revoked their cease trade orders issued against the Company. The Company's common shares were cease traded by the Commissions for failure to file annual financial statements and management's discussion and analysis for the May 31, 2014 and in the case of the Alberta Securities Commission the interim unaudited financial statements and management's discussion and analysis for the interim periods ended August 31, 2014 and November 30, 2014. The annual financial statements and management's discussion and analysis for the fiscal years ended May 31, 2022, 2021, 2020 and 2019 and the interim unaudited financial statements and management's discussion and analysis for the interim periods ended August 31, 2021, November 30, 2021 and May 31, 2022, were filed by the Company effective September 27, 2022.

On December 1, 2022, the Company consolidated its common shares on a 20:1 basis. This MD&A reflects the share consolidation retroactively.

## Results of Operations

### *Annual Results*

The information below has been extracted from the Company's annual financial statements:

| Years Ended | | **May 31, 2023** | | **May 31, 2022** | | **May 31, 2021** |
|---|---|---|---|---|---|---|
| Total revenues | $ | Nil | $ | Nil | $ | Nil |
| Net loss | $ | (246,187) | $ | (63,081) | $ | (14,544) |
| Net loss per share | $ | (0.27) | $ | (0.12) | $ | (0.03) |
| Total assets | $ | 898,618 | $ | Nil | $ | Nil |

### *Quarterly Results*

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

| | **May 31, 2023 $** | **May 31, 2023 $** | **November 30, 2022 $** | **August 31, 2022 $** |
|---|---|---|---|---|
| Revenues | Nil | Nil | Nil | Nil |
| Net loss | (62,162) | (50,452) | (79,544) | (54,029) |
| Net loss per share | (0.03) | (0.09) | (0.15) | (0.10) |

| | **May 31, 2022 $** | **May 31, 2022 $** | **November 30, 2021 $** | **August 31, 2021 $** |
|---|---|---|---|---|
| Revenues | Nil | Nil | Nil | Nil |
| Net loss | (60,594) | (1,216) | (629) | (642) |
| Net loss per share | (0.11) | (0.00) | (0.00) | (0.00) |

### *Results for the year ended May 31, 2023*

The Company had a net loss of $246,187 for the period ended May 31, 2023, compared to a net loss of $63,081 for the period ended May 31, 2022. Significant variances include: accounting and audit fees of $75,500 (2022 - $22,000) due to accounting and tax fees charged in the current period; consulting fees of $127,500 (2022 - $30,000) due to the addition of consultants in the current period; legal fees of $10,358 (2022 - $5,264) and transfer agent and filing fees of $32,457 (2022 - $4,330) due to the costs incurred to revoke the cease trade orders issued against the Company.

### *Results for the three months ended May 31, 2023*

The Company had a net loss of $62,162 for the period ended May 31, 2023, compared to a net loss of $60,594 for the period ended May 31, 2022. Net loss was relatively consistent for the periods ended May 31, 2023 and 2022.

## Liquidity and Capital Resources

The Company will require funds to meet its ongoing day-to-day operating expenses and will continue to rely on equity financing during such period. There can be no assurance that financing will be available on terms satisfactory to the Company. The Company does not have any other commitments for material capital expenditures over the near and long term plus normal operating expenses.

The Company had working capital of $365,833 at May 31, 2023. 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. The Company's ability to continue as a going concern depends on management's continual success in raising funds.

Since incorporation, the Company's capital resources have been limited. The Company has relied principally upon the issue of equity securities.

**Critical Accounting Estimates**

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual reports could differ from management's estimates.

**Related Party Transactions**

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

During the year ended May 31, 2023, the Company incurred $60,000 in accounting fees (2022 - $15,000) to an accounting firm of which a director of the Company is a partner. As at May 31, 2023, there was $nil (May 31, 2022 - $15,750) due to this firm, included in accounts payable and accrued liabilities.

**Share Capital**

As at the date of this report, the Company had the following:

- 45,039,055 shares outstanding
- 1,400,000 stock options outstanding
- No warrants outstanding

**Off Balance Sheet Arrangements**

There are no off-balance sheet arrangements to which the Company is committed.

**Adoption of new and amended accounting standards**

There were no new and amended accounting standards adopted during the year ended May 31, 2023.

**Financial Instruments**

Please refer to the May 31, 2023 annual financial statements.

**Proposed Transactions**

There are no proposed transactions.

**Contingencies**

There are no contingent liabilities.

## Internal Controls over Financial Reporting

*Changes in Internal Control over Financial Reporting ("ICFR")*

In connection with National Instrument 52-109 ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited condensed interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

## Forward-looking information

This MD&A contains forward-looking statements or information (collectively "forward-looking statements") that relate to the Company's management's current expectations and views of future events. In some cases, these forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "anticipate", "aim", "estimate", "intend", "plan", "seek", "believe", "potential", "continue", "is/are likely to" or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- expectations generally regarding the completion of future financings and the ability to raise further capital;
- working capital requirements and the ability to obtain financing on acceptable terms or at all; and

Forward-looking statements are based on certain assumptions and analysis made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate, and are subject to risks and uncertainties. Although the Company's management believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect. Given these risks, uncertainties and assumptions, prospective purchasers of the Company's securities should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "*Risk Factors*", which include, among others, risks related to:

- insufficient capital;
- no established market;
- financing risks;
- negative cash flows;
- uninsurable risks;
- competition;
- management;
- tax issues;
- dilution; and
- price volatility of publicly traded securities.

Although the forward-looking statements contained in this MD&A are based upon what the Company's management believes are reasonable assumptions, these risks, uncertainties, assumptions and other factors could cause the Company's actual results, performance, achievements, and experience to differ materially from its expectations, future results, performances, or achievements expressed or implied by the forward-looking statements.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "Risk Factors".

**Risk Factors**

*Early stage – Need for additional funds*

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

The Company has no source of operating cash flow and no assurance that additional funding will be available. The Company has not been successful in the past in obtaining financing through equity, therefore 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.

*Price Volatility*

In recent years securities markets have experienced extremes in price and volume volatility. The market price of securities of many early-stage companies, among others, have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's securities will be subject to market trends generally and the value of the Company's securities may be affected by such volatility. In addition, as the Company's securities are not currently listed on a stock exchange, this may further impact the market for, and value of, the Company's securities.

*Economic Conditions*

Unfavorable economic conditions may negatively impact the Company's financial viability as a result of increased financing costs and limited access to capital markets.

*Dependence on Management*

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

*Conflicts of interest*

The Company's directors and officers may serve as directors and officers or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the BCBCA in dealing with conflicts of interest. These provisions state that where a director/officer has such a conflict, the director must arrange a meeting of the board to disclose his interest and must refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

This Management's Discussion and Analysis ("MD&A") of Vega Mining Inc. (the "Company") has been prepared by management as of April 24, 2024, and should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended February 29, 2024, and February 28, 2023, and the related notes contained therein. This MD&A is presented in Canadian Dollars, which is also the Company's functional currency, unless otherwise indicated.

**Description of Business**

The Company is a resource exploration company focused on acquiring and exploring resource properties in Canada.

The Company's head office is located at Suite 3123 - 595 Burrard Street, Vancouver, BC, V7X 1J1. The Company was formerly listed on the TSX Venture Exchange ("TSXV") under the symbol 'VMI'.

The Company was incorporated on November 21, 2007, under the Business Corporations Act (British Columbia).

On October 7, 2014, trading in the shares of the Company was suspended by the TSXV for having failed to maintain TSXV requirements.

On April 29, 2015, the Company's listing transferred to NEX, the Company's Tier classification changed from Tier 2 to NEX, the Filing and Service Office changed from TSXV Vancouver office to NEX and the trading symbol for the Company changed from VMI to VMI.H.

On July 7, 2016, the Company's securities were delisted from NEX for failure to pay the NEX Listing Maintenance Fee.

On October 11, 2022 the British Columbia and Alberta Securities Commissions (the "Commissions") revoked their cease trade orders issued against the Company. The Company's common shares were cease traded by the Commissions for failure to file annual financial statements and management's discussion and analysis for the year ended May 31, 2014 and in the case of the Alberta Securities Commission the unaudited condensed interim financial statements and management's discussion and analysis for the interim periods ended August 31, 2014 and November 30, 2014. The annual financial statements and management's discussion and analysis for the fiscal years ended May 31, 2022, 2021, 2020 and 2019 and the unaudited condensed interim financial statements and management's discussion and analysis for the interim periods ended August 31, 2021, November 30, 2021 and February 28, 2022, were filed by the Company effective September 27, 2022.

Subsequent to February 29, 2024, the Company consolidated its outstanding common shares on the basis of two (2) pre-consolidation shares for one (1) post-consolidation share, effective April 16, 2024 (the "Share Consolidation"). This MD&A reflects the Share Consolidation retroactively.

On February 1, 2024, the Company entered into an amalgamation agreement (the "Amalgamation Agreement") with the Nisga'a Nation pursuant to which, among other things, the Company will acquire from the Nisga'a Nation the rights to five benefit payment entitlements (the "Royalties") in Benefit 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 in the capital of the Company (the "Amalgamation"). Upon completion of the Amalgamation, the Company will be majority owned by the Nisga'a Nation and will be renamed 'Nations Royalty Corp.' ("Nations Royalty") *(See Proposed Transactions* below*)*.

**Quarterly Results**

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

| | February 29, 2024 $ | November 30, 2023 $ | August 31, 2023 $ | May 31, 2023 $ |
|---|---|---|---|---|
| Revenues | Nil | Nil | Nil | Nil |
| Loss and comprehensive loss | (220,419) | (216,241) | (97,275) | (62,162) |
| Loss per share, basic and diluted | (0.01) | (0.01) | (0.00) | (0.06) |
| | **February 28, 2023 $** | **November 30, 2022 $** | **August 31, 2022 $** | **May 31, 2022 $** |
| Revenues | Nil | Nil | Nil | Nil |
| Loss and comprehensive loss | (50,452) | (79,544) | (54,029) | (60,594) |
| Loss per share, basic and diluted | (0.19) | (0.30) | (0.20) | (0.22) |

***Results for the three months ended February 29, 2024, and February 28, 2023***

The Company reported loss and comprehensive loss of $220,419 for the period ended February 29, 2024, compared to loss and comprehensive loss of $50,452 for the period ended February 28, 2023. The increase in loss and comprehensive loss during the period ended February 29, 2024, as compared to the prior comparable period, was primarily due to an increase in legal fees relating to the Amalgamation Agreement.

***Results for the nine months ended February 29, 2024, and February 28, 2023***

The Company reported loss and comprehensive loss of $533,935 for the period ended February 29, 2024, compared to loss and comprehensive loss of $184,025 for the period ended February 28, 2023. The increase in loss and comprehensive loss during the period ended February 29, 2024, as compared to the prior comparable period, was primarily due to an increase in legal fees relating to the Amalgamation Agreement and the granting of 1,400,000 options.

**Liquidity and Capital Resources**

The Company will require funds to meet its ongoing day-to-day operating expenses and will continue to rely on equity financing during such period. There can be no assurance that financing will be available on terms satisfactory to the Company. The Company does not have any other commitments for material capital expenditures over the near and long term plus normal operating expenses.

The Company had a working capital deficit (current assets less current liabilities) of $112,038 at February 29, 2024 (May 31, 2023 - working capital of $365,833). 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. The Company's ability to continue as a going concern depends on management's continual success in raising funds.

Since incorporation, the Company's capital resources have been limited. The Company has relied principally upon the issuance of equity securities.

### Critical Accounting Estimates

The preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual reports could differ from management's estimates.

### Related Party Transactions

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

There was $16,017 for vested options granted to directors and officers of the Company included in share-based compensation during the nine months ended February 29, 2024 (2023 - $nil).

### Share Capital

As of February 29, 2024, and the date of this MD&A, the Company had the following:

- 22,519,525 common shares outstanding
- 700,000 options outstanding
- Nil warrants outstanding

### Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

### Adoption of New and Amended Accounting Standards

Please refer to the unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended February 29, 2024, and February 28, 2023, and the related notes contained therein.

### Financial Instruments

Please refer to the unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended February 29, 2024, and February 28, 2023, and the related notes contained therein.

### Proposed Transactions

The Amalgamation is expected to be completed by way of a three-cornered amalgamation under the provisions of the Business Corporations Act (British Columbia) whereby 1445146 B.C. LTD. ("Finco"), a wholly-owned subsidiary of the Company, will amalgamate with Nations Acquisitions Corp. ("Nationsco"), a wholly-owned subsidiary of the Nisga'a Nation formed to hold the Royalties prior to closing. All of the issued and outstanding common shares of Finco and Nationsco following the amalgamation will be 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 will be subject to voluntary pooling restrictions and will be released over a period of 36 months from completion of the Amalgamation. Nationsco has been established for the purposes of holding the Royalties for the Amalgamation. Nationsco will have no other assets or material financial liabilities or obligations. Prior to closing of the Amalgamation, on April 16, 2024, the Company completed the Share Consolidation. Upon completion of the Amalgamation, including the Concurrent Financing (defined below), it is expected that

(i) the existing shareholders of the Company will hold approximately 15.56% of Nations Royalty’s issued and outstanding shares; (ii) the Nisga’a Nation will hold approximately 76.76% of Nations Royalty’s issued and outstanding shares; and (iii) the investors in the Concurrent Financing (defined below) will hold approximately 7.68% of Nations Royalty’s issued and outstanding shares.

Concurrently with, and as a condition to completion of the Amalgamation, Finco 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 $10,000,000.80. All proceeds of the Concurrent Financing will be held in escrow pending satisfaction of the closing conditions to the Amalgamation. Upon satisfaction of the escrow conditions, immediately prior to completion of the Amalgamation, each Subscription Receipt will automatically convert into one common share of Finco for no additional consideration and the shares of Finco will immediately thereafter be exchanged for common shares of the Company on a one-for-one basis.

The completion of the Amalgamation is subject to certain closing conditions set out in the Amalgamation Agreement, including, but not limited to: (i) Finco having completed the Concurrent Financing; (ii) receipt of all applicable shareholder approvals, including Nationsco shareholder approval and the Finco shareholder approval (iii) receipt of TSXV approval; (iv) the Company having completed the Share Consolidation; (v) the absence of any material change or change in a material fact which might reasonably be expected to have a material adverse effect on the financial and operational conditions or the assets of each of the parties to the Amalgamation Agreement; and (vi) certain other conditions typical in a transaction of this nature.

**Contingencies**

There are no contingent liabilities.

**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 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”). 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**

See risk factors disclosed in the Company’s most recent annual MD&A for a detailed discussion of the Company’s risk factors.

### Management and Board of Directors

On August 14, 2023, the Company appointed Alicia Krywaniuk and Andrew Hamilton 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.

### Outlook

The Company is working on completing the Amalgamation. Additional information relating to the Company is available on SEDAR+ at www.sedarplus.com.

## SCHEDULE D

## Audited Annual Financial Statements of Nationsco

## as at March 31, 2024 and for the period from incorporation on October 19, 2023 to March 31, 2024

NATIONS ACQUISITIONS CORP.

Financial Statements

As at March 31, 2024, and for the period from October 19, 2023 (date of incorporation), to March 31, 2024

Expressed in Canadian dollars

Deloitte.

Deloitte LLP
410 W. Georgia Street
Vancouver BC V6B 0S7
Canada

Tel: 604-669-4466
Fax: 604-685-0395
www.deloitte.ca

# Independent Auditor's Report

To the Shareholder and the Director of
Nations Acquisitions Corp

## Opinion

We have audited the financial statements of Nations Acquisitions Corp (the "Company"), which comprise the statement of financial position as at March 31, 2024, and the statements of changes in shareholders' equity and cash flows for the period from October 19, 2023 (date of incorporation) to March 31, 2024, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRS").

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our

auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
June 14, 2024
Vancouver, British Columbia

## Nations Acquisitions Corp.

Statement of Financial Position

Expressed in Canadian Dollars, unless otherwise stated

| | Note | | March 31, 2024 |
|---|---|---|---|
| **Current assets** | | | |
| Cash | | $ | 1 |
| **Total assets** | | | 1 |
| **Shareholder’s equity** | | | |
| Share capital | 6 | | 1 |
| **Total shareholders' equity** | | $ | 1 |

Nature of operations and going concern (Note 1)
Reverse takeover transaction (Note 2)
Subsequent events (Notes 2 & 8)

Approved on behalf of the Board of Directors

“Charles Morven” (signed)

*Director*

The accompanying notes are an integral part of the financial statements.

# Nations Acquisitions Corp.

Statement of Changes in Shareholders' Equity
For the period from October 19, 2023 (date of incorporation), to March 31, 2024
Expressed in Canadian dollars, unless otherwise stated

| | | Common Shares | | | | | |
|---|---|---|---|---|---|---|---|
| | **Note** | **Shares** | | **Amount** | | **Deficit** | | **Shareholders' Equity** |
| Issuance of share upon incorporation, on October 19, 2023 | 6 | 1 | $ | 1 | $ | -- | $ | 1 |
| **Balance, March 31, 2024** | | 1 | $ | 1 | $ | -- | $ | 1 |

# Nations Acquisitions Corp.

Statement of Cash Flows
For the period from October 19, 2023 (date of incorporation), to March 31, 2024
Expressed in Canadian dollars, unless otherwise stated

| | Note | | Period from October 19, 2023 (date of incorporation), to March 31, 2024 |
|---|---|---|---|
| **Cash flows provided by financing activities** | | | |
| Proceeds for share issuance | 6 | | 1 |
| | | | 1 |
| Increase in cash | | | 1 |
| Cash, beginning of the period | | | -- |
| Cash, end of the period | | $ | 1 |

## 1. Nature of operations and going concern

Nations Acquisitions Corp. (“Nationsco” or the “Corporation”) was incorporated on October 19, 2023, under the British Columbia Business Corporations Act (the “BCBCA”). The Corporation is a wholly owned subsidiary of Nisga’a Nation (the “Nationsco Shareholder”), as represented by the Nisga’a Lisims Government, which was formed for the purpose of assigning Nisga’a Nations’s royalty interests to the Corporation and the completion of the Transaction (refer to Note 2). As at March 31, 2024, the Corporation’s registered office was located at 10-595 Howe Street, Vancouver, British Columbia, Canada.

The Corporation has not commenced commercial operations and has no assets. Given the nature of the activities, no separate segmented information is reported. The Corporation's continuing operations, as intended, is dependent on the assignment of the royalty interest from Nisga’a Nation, the Concurrent Financing (defined below – refer to Note 2) and the completion of the Transaction. The financial statements have been prepared assuming the Corporation will continue on a going-concern basis.

## 2. Amalgamation – Nationsco and Vega Mining Inc.

On February 1, 2024, Nisga’a Nation and Vega Mining Inc. (“Vega” or “Nations Royalty”) executed an agreement for the proposed sale of royalty interest assets owned by Nisga’a Nation to Vega in exchange for common shares of Vega as consideration (the “Transaction”). On May 3, 2024, Vega changed its name to Nations Royalty Corp (“Nations Royalty”). The Transaction is expected to be completed by way of a three-cornered amalgamation under the provisions of the BCBCA, whereby a wholly-owned subsidiary of Nations Royalty, 1445146 B.C. Ltd. (“Finco”), will amalgamate with Nationsco. The Transaction will result in a “Reverse Take-Over” of Nations Royalty under the policies of the TSX Venture Exchange (“TSX-V”). Upon completion of the Transaction, Nations Royalty will be majority owned by the Nisga’a Nation. Refer to Note 8 for further information.

The Transaction is expected to close in the 2nd quarter of 2024 of the calendar year. The completion of the Transaction is subject to certain closing conditions set out in the amalgamation agreement, including, but not limited to: (i) Finco having completed the Concurrent Financing (completed – refer to note 8(a)); (ii) receipt of all applicable shareholder approvals, including Nationsco’s shareholder approval and the Finco shareholders approval (iii) receipt of TSX-V approval; (iv) Nations Royalty having completed the Share Consolidation (completed – refer to Note 8 (b)); (v) the absence of any material change or change in a material fact which might reasonably be expected to have a material adverse effect on the financial and operational conditions or the assets of each of the parties to the amalgamation agreement; and (vi) certain other conditions typical in a transaction of this nature.

The Share Consolidation refers to the consolidation of all of the issued and outstanding Nations Royalty common shares on the basis of one post-consolidation Nations Royalty common share for every two previously outstanding Nations Royalty common shares (refer to Note 8(b)). Concurrently with, and as a condition to completion of the Transaction, Finco completed a private placement (the “Concurrent Financing”) of 11,111,112 subscription receipts (each, a “Subscription Receipt”) at a price of $0.90 per Subscription Receipt, for gross proceeds of $10 million (refer to Note 8(a)).

Through the Transaction, Nisga’a Nation will assign the following royalties interests to the Corporation (referred within as “Annual Payments” or “Royalty Interests”):

- Kitsault Royalty;
- Brucejack Royalty;
- KSM Royalty; and
- Premier Gold and Red Mountain Royalty.

## 3. Statement of compliance

The financial statements of the Corporation are prepared in accordance with International Financial Reporting Standards (“IFRS”). The financial statements were approved by the Corporation’s director on June 14, 2024**.**

## 4. Material accounting policies

a) Basis of presentation

The financial statements have been prepared on an accrual basis and historical cost basis. The preparation of the financial statements, in compliance with IFRS, requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Corporation's accounting policies. The financial statements are prepared in Canadian dollars, with all amounts rounded to the nearest dollar, unless otherwise stated.

b) Cash

Cash is subject to insignificant changes in value. Cash is recorded at amortized cost.

## 5. New and amended IFRS accounting standards

Certain pronouncements were issued by the International Accounting Standards Board (the "IASB") that are mandatory for accounting periods commencing on or after January 1, 2023. Many are not applicable or do not have a significant impact on the Corporation and have been excluded.

New and amended IFRS Accounting Standard that are effective for the current period

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement and IFRS Practice Statement 2: Making Materiality Judgements—Disclosure of Accounting Policies: In February 2021, the IASB issued `Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments are effective for year ends beginning on or after January 1, 2023. The Corporation has adopted the amendment.

## 6. Share capital

The Corporation is authorized to issue an unlimited number of common shares without par value. The issued and outstanding common shares consist of the following:

| | | **March 31, 2024** |
|---|---|---|
| Number of shares | | 1 |
| Share capital value | $ | 1 |

For the period ended March 31, 2024: The Corporation issued one common share for $0.0001 rounded for presentation purposes.

## 7. Financial instruments

Fair value hierarchy and fair value

As at March 31, 2024, the Corporation did not have any financial instruments measured at fair value and classification within the fair value hierarchy. As at March 31, 2024, the carrying and fair value amounts of the Corporation's financial instruments are approximately equivalent due to the relatively short periods to maturity of these instruments.

A summary of the Corporation's risk exposure as it relates to financial instruments is reflected below:

i) Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is limited to the carrying value amount on the statement of financial position. The Corporation's maximum exposure to credit risk as at March 31, 2024, is the carrying value of cash.

**8. Subsequent events**

Subsequent to March 31, 2024:

(a) On April 9, 2024, Nations Royalty announced it closed its previously announced private placement offering (the "Offering" or "Concurrent Financing"), through Finco, of 11,111,112 Subscription Receipts of Finco at a price of $0.90 per Subscription Receipt for gross proceeds of $10,000,001. As consideration for services provided in connection with the Offering, Finco will pay a cash commission in an amount equal to 6% of the aggregate gross proceeds of the Offering, except with respect to subscribers on the "president's list" of Nations Royalty for which a cash commission equal to 2% will be paid, which will be paid to the agents out of the escrowed funds upon satisfaction of the escrow release conditions.

(b) On April 16, 2024, Nations Royalty consolidated the outstanding common shares on the basis of two (2) pre-consolidation shares for one (1) post-consolidation share (the "Share Consolidation"). As a result of the Share Consolidation, the numbers of issued and outstanding common shares of Nations Royalty has been reduced from 45,039,055 to 22,519,525.

(c) Subsequent to March 31, 2024, in connection with the Transaction, Nationsco entered into the following Annual Payment Direction Agreements:

- On June 8, 2024, Nationsco entered into an agreement with Pretium Resources Inc. and the Nationsco Shareholder (the "Brucejack Annual Payment Direction Agreement") and obtained the right to be paid the Brucejack Annual Payment for each relevant year following the closing of the Transaction;
- On June 10, 2024, Nationsco entered into an agreement with KSM Mining ULC., a subsidiary of Seabridge Gold Inc., and the Nationsco Shareholder (the "KSM Annual Payment Direction Agreement") and obtained the right to be paid the KSM Annual Payment each relevant year following the closing of the Transaction;
- On June 10, 2024, Nationsco entered into an agreement with Ascot Resources Ltd. and the Nationsco Shareholder (the "Premier Gold and Red Mountain Annual Payment Direction Agreement") and obtained the right to be paid the Premier Gold and Red Mountain Annual Payment for each relevant year following the closing of the Transaction; and
- On June 7, 2024, Nationsco entered into an agreement with Avanti Kitsault Mine Ltd. and the Nationsco Shareholder (the "Kitsault Annual Payment Direction Agreement") and obtained the right to be paid the Kitsault Annual Payment for each relevant year to following the closing of the Transaction.

# SCHEDULE E

## Management's Discussion and Analysis of Nationsco

## for the period from incorporation on October 19, 2023 to March 31, 2024

# Nations Acquisitions Corp.

Management's Discussion and Analysis

For the period from incorporation on October 19, 2023 to March 31, 2024

The following discussion is management's assessment and analysis of the results and financial condition of Nations Acquisitions Corp. (the "Corporation" or "Nationsco"), and should be read in conjunction with the accompanying audited financial statements and related notes for the period of October 19, 2023, incorporation date, to March 31, 2024 (the "Financial Statements"). The preparation of the Financial Statements is in accordance with International Financial Reporting Standards ("IFRS") and all figures are reported in Canadian dollars unless otherwise indicated. The information included in this MD&A is as of June 14, 2024.

**Description of business**

Nationsco was incorporated pursuant to the provisions of the British Columbia Business Corporation Act ("BCBCA") on October 19, 2023 under the name "Nations Acquisitions Corp." Nationsco was incorporated for the purpose of acquiring the rights to certain annual benefit payment entitlements in Benefit Agreements (the "Annual Payments" or "Royalty Interests") that 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 in the capital of Nations Royalty and completing the Transaction (defined below). The address of Nationsco's registered is 10th Floor, 595 Howe Street, Vancouver, BC, V6C 2T5. Nationsco is wholly-owned by the Nisga'a Nation (the "Nastionsco Shareholder"), and has no subsidiaries.

**Reverse Takeover Transaction**

On February 1, 2024, Nations Royalty Corp. (formerly Vega Mining Inc., "Nations Royalty" or "Resulting Issuer"), 1445146 B.C. Ltd. a wholly owned subsidiary of Nations Royalty ("Finco"), Nationsco and the Nationsco Shareholder entered into the definitive amalgamation agreement (the "Transaction"). In accordance with the Transaction, Nations Royalty will acquire all of the outstanding common shares of Nationsco and Finco by way of a "three-cornered" amalgamation among Nations Royalty, Finco and Nationsco. Pursuant to the terms of the Transaction, Finco and Nationsco will amalgamate under BCBCA, which will be a wholly-owned subsidiary of the Resulting Issuer. Each issued and outstanding Nationsco common share will be cancelled and the Nationsco Shareholder will receive one Resulting Issuer common share for each Nationsco common share held immediately prior to the Transaction becoming effective. In addition, each Finco Subscription Receipt (refer to "Subsequent Events to March 31, 2024" section) will convert into one Finco common share immediately prior to the Transaction, and each Finco Shareholder will receive one (1) Resulting Issuer common share for each Finco common share held, and each Finco common share will be cancelled. Nations Royalty was formerly Vega Mining Inc. before changing its name on May 3, 2024.

The Transaction is expected to close in the second quarter of 2024. The completion of the Transaction is subject to certain closing conditions set out in the amalgamation agreement, including, but not limited to: (i) Finco having completed the Concurrent Financing of 11,111,112 Subscription Receipts for gross proceeds of $10,000,001 – completed on April 9, 2024 (refer to "Subsequent Events to March 31, 2024" section); (ii) receipt of all applicable shareholder approvals, including Nationsco's shareholder approval and the Finco shareholders approval (iii) receipt of TSX-V approval; (iv) Nations Royalty having completed the Share Consolidation – completed on April 16, 2024 (refer to "Subsequent Events to March 31, 2024" section); (v) the absence of any material change or change in a material fact which might reasonably be expected to have a material adverse effect on the financial and operational conditions or the assets of each of the parties to the amalgamation agreement; and (vi) certain other conditions typical in a transaction of this nature.

As at the date of the filing statement, Nations Royalty has 22,519,525 post-Consolidation Nations Royalty Shares issued and outstanding and 700,000 Nations Royalty Options outstanding (on a post-Consolidation basis). Nationsco has 111,100,000 Nationsco common shares issued and outstanding, and Finco has 11,111,112 Finco subscription receipts outstanding. Based on the number of Finco common shares and Nationsco common shares to be issued and outstanding on the closing of the Transaction, it is expected that the Resulting Issuer will issue an aggregate of 122,211,112 Resulting Issuer common shares pursuant to the Transaction. It is expected that the Resulting Issuer will have approximately 144,730,637 Resulting Issuer common shares issued and outstanding and 10,700,000 Resulting Issuer stock options outstanding upon completion of the Transaction. It is expected that following the completion of the Transaction, the Nationsco Shareholder will hold approximately 76.76% of the outstanding Resulting Issuer common shares.

**Royalty interest acquisition**

Through the Transaction, Nisga'a Nation will assign the following royalties interests to the Corporation (referred within as "Annual Payments" or "Royalty Interests"):

*Brucejack Annual Payments (the "Brucejack Royalty")*

Nisga'a Nation and Pretium Resources Inc. ("Pretium") entered into a Cooperation and Benefits agreement on April 1, 2015, for the Brucejack mine. The Brucejack mine is an underground gold mine located 65 km north of Stewart, British Columbia. The Brucejack mine commenced commercial production in June of 2017, and since then, payments have been made under the Brucejack Cooperation and Benefits Agreement. As at December 31, 2023, Nisga'a Nation has received $3,209,324 (March 31, 2023 - $2,708,998) in Annual Payments. On November 6, 2023, Newmont Corporation acquired Newcrest Mining Ltd, which included Pretium's Brucejack mine.

Subsequent to March 31, 2024, on June 8, 2024, pursuant to the Brucejack Annual Payment Direction Agreement, the Nisga'a Nation irrevocably directs Pretium to pay the Brucejack Annual Payment to Nationsco for the duration of the Brucejack Benefits Agreement. The Brucejack Annual Payment is an annual payment equal to a percentage of the mineral tax payable by Pretium in each year under the Mineral Tax Act in respect of the Brucejack Mine.

The Brucejack Annual Payment Direction Agreement will automatically terminate (a) upon Nations Royalty becoming insolvent, bankrupt or wound up; or (b) the Nisga'a Nation and Nationsco providing joint notice to Pretium terminating the Brucejack Annual Payment Direction Agreement. In the event of termination of the Brucejack Annual Payment Direction Agreement, the direction shall become void and have no effect and the Brucejack Annual Payment shall thereafter be made to the Nisga'a Nation.

*KSM Annual Payment Agreement (the "KSM Royalty")*

Nisga'a Nation and Seabridge Gold Inc. ("Seabridge Gold") entered into a Benefits agreement on June 16, 2014, for the KSM project. The KSM project is a gold, copper, silver and molybdenum mine development of Seabridge Gold located approximately 65 kilometres northwest of Stewart, British Columbia. The KSM Annual Payment is an annual payment equal to

- subject to the below, 11% of the amount of tax payable by Seabridge Gold in each calendar year under the Mineral Tax Act for the KSM project; and
- 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 (or, if the Mineral Tax Act is amended or repealed, would have been payable) of Seabridge Gold in each calendar year under the Mineral Tax Act for the KSM project.

Subsequent to March 31, 2024, on June 10, 2024, pursuant to the KSM Annual Payment Direction Agreement, the Nisga'a Nation irrevocably directs KSM Mining ULC. ("KSM"), a subsidiary of Seabridge Gold, to pay the KSM Annual Payment to Nationsco for the duration of the KSM Benefits Agreement.

The KSM Annual Payment Direction Agreement will automatically terminate (a) upon Nations Royalty becoming insolvent, bankrupt or wound up; or (b) the Nisga'a Nation and Nationsco providing joint notice to Seabridge Gold terminating the KSM Annual Payment Direction Agreement. In the event of termination of the KSM Annual Payment Direction Agreement, the direction shall become void and have no effect and the KSM Annual Payment shall thereafter be made to the Nisga'a Nation.

*Premier Gold and Red Mountain Annual Payments (the "Premier Gold and Red Mountain Royalty")*

Nisga'a Nation and Ascot Resources Inc. ("Ascot") entered into a Benefits agreement on July 15, 2021, for the Premier Gold and Red Mountain projects. The Premier Gold project is an underground gold-silver mine development project located approximately 25 km from Stewart, British Columbia. The Red Mountain project is an underground gold-silver mine development located approximately eight (8) kilometres northeast of Stewart, British Columbia. Ascot purchased the Red Mountain project on March 28, 2019, from IDM Mining Ltd.

The Premier Gold and Red Mountain Annual Payment is an amount equal to:

- 20% 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; and
- for each calendar year after the calendar year in which debt is advanced under project funding agreements, 25% of the mineral tax payable by the Ascot in each calendar year under the Mineral Tax Act for each of the Premier Gold and Red Mountain projects.

Subsequent to March 31, 2024, on June 10, 2024, pursuant to the Premier Gold and Red Mountain Annual Payment Direction Agreement, the Nisga'a Nation irrevocably directs Ascot to pay the Premier Gold and Red Mountain Annual Payment to Nationsco for the duration of the Premier Gold and Red Mountain Benefits Agreement. The Premier Gold and Red Mountain Annual Payment is an annual payment equal to a percentage of the mineral tax payable by Ascot in each year under the Mineral Tax Act in respect of the Red Mountain and Premier Gold projects owned by Ascot.

The Premier Gold and Red Mountain Annual Payment Direction Agreement will automatically terminate (a) upon Nations Royalty becoming insolvent, bankrupt or wound up; or (b) the Nisga'a Nation and Nationsco providing joint notice to Ascot terminating the Premier Gold and Red Mountain Annual Payment Direction Agreement. In the event of termination of the Premier Gold and Red Mountain Annual Payment Direction Agreement, the direction shall become void and have no effect and the Premier Gold and Red

Mountain Annual Payment shall thereafter be made to the Nisga'a Nation.

*Kitsault Annual Payments (the "Kitsault Royalty")*

The Kitsault project is an exploration-stage fully permitted brownfield site owned by New Moly LLC., a corporation majority-owned by Resource Capital Fund VI L.P. The Kitsault project is located in northwestern British Columbia within the Regional District of Kitimat-Stikine, approximately 140km northeast of Prince Rupert. Nisga'a Nation and Avanti Kitsault Mine Ltd. ("Avanti"), a subsidiary of New Moly LLC, entered into a Cooperation and Benefits agreement on May 30, 2014. The Kitsault Annual Payment is the greater of the following:

- A minimum royalty of $1,000,000 (the "Minimum Royalty"), unless the NSR is greater than the Minimum Royalty;
- NSR is determined by multiplying the net smelter return the calendar year by the applicable NSR Rate. The NSR Rate is as follows:

  Avg Molybdenum price ("AMP") during calendar year = NSR Rate

  AMP < US$10 / lbs = NSR Rate of 0.0%

  AMP ≥ US$10 / lbs and ≤ US$15 / lbs = NSR Rate of 0.5%

  AMP ≥ US$15 / lbs and ≤ US$20 / lbs = NSR Rate of 1.0%

  AMP ≥ US$20s = NSR Rate of 2.0%

The net smelter return is, in respect of each calendar year, the total of all gross revenue received or accrued by Avanti from the sales of all molybdenum produced from the Avanti Kitsault mine less the following:

(i) all smelting, refining and treatment costs or charges and penalties at the smeller or refinery including deductions charged for metal losses and penalties for impurities;

(ii) transportation costs for production from the property to the place of benefaction, processing and treatment and then to the place of delivery including shipping, freight, handling and expenses;

(iii) all sampling, assaying and representation charges in connection with sampling and assaying carried out after the product has been removed from the mine site; and

(iv) sales charges and taxes.

Subsequent to March 31, 2024, on June 7, 2024, pursuant to the Kitsault Annual Payment Direction Agreement, the Nisga'a Nation irrevocably directs Avanti to pay the Kitsault Annual Payment to Nationsco for the duration of the Kitsault Benefits Agreement.

The Kitsault Annual Payment Direction Agreement will automatically terminate (a) upon Nations Royalty becoming insolvent, bankrupt or wound up; or (b) the Nisga'a Nation and Nationsco providing notice to Avanti terminating the Kitsault Annual Payment Direction Agreement, which requires the agreement of Nationsco. In the event of termination of the Kitsault Annual Payment Direction Agreement, the direction shall become void and have no effect and the Kitsault Annual Payment shall thereafter be made to the Nisga'a Nation.

**Overall Performance and Results of Operations**

The Corporation is a holding company and had total assets of $1 and share capital of $1.

**Liquidity and Capital Resources**

The Corporation had working capital of $1 as at March 31, 2024.

**Summary of Quarterly Results**

The Corporation has not provided quarterly information as it is not a reporting issuer and this is the Corporation's first MD&A.

**Outstanding Share Data**

As at March 31, 2024, and the date of this report, there was 1 common share issued and outstanding.

**New and amended IFRS Accounting Standards**

Certain pronouncements were issued by the International Accounting Standards Board (the "IASB") that are mandatory for accounting periods commencing on or after January 1, 2023. Many are not applicable or do not have a significant impact on the

Corporation and have been excluded.

New and amended IFRS Accounting Standards that are effective for the current period:

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement and IFRS Practice Statement 2: Making Materiality Judgements—Disclosure of Accounting Policies: In February 2021, the IASB issued `Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments are effective for year ends beginning on or after January 1, 2023. The Corporation has early adopted the amendment.

**Critical Accounting Estimates and Judgements**

The preparation of the financial statement requires management to make judgments, estimates and assumptions that affect the application of accounting policies. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statement is included in the notes to the financial statement where applicable. Actual results may differ from the estimates.

**Subsequent Events to March 31, 2024**

(a) On April 9, 2024, Nations Royalty announced it closed its previously announced private placement offering (the "Offering" or "Concurrent Financing"), through its wholly-owned subsidiary, Finco, of 11,111,112 subscription receipts of Finco at a price of $0.90 per subscription receipt ("Subscription Receipts") for gross proceeds of $10,000,001. As consideration for services provided in connection with the Offering, Finco will pay a cash commission in an amount equal to 6% of the aggregate gross proceeds of the Offering, except with respect to subscribers on the "president's list" of the Nations Royalty for which a cash commission equal to 2%, which will be paid to the agents out of the escrowed funds upon satisfaction of the escrow release conditions.

(b) On April 16, 2024, Nations Royalty consolidated the outstanding common shares on the basis of two (2) pre-consolidation shares for one (1) post-consolidation share ("Share Consolidation"). As a result of the Share Consolidation, the numbers of issued and outstanding common shares of Nations Royalty has been reduced from 45,039,055 to 22,519,525.

(c) On May 3, 2024, Nations Royalty announced, in connection with the Transaction, it has completed its continuance from the BCBCA to the Canada Business Corporations Act, and has changed its name from 'Vega Mining Inc.' to 'Nations Royalty Corp.', effective May 3, 2024.

**Risks and Uncertainties**

The Corporation is a holding company incorporated to complete the Transaction. Certain factors could materially affect the Corporation financial condition and/or future operating results, and could cause actual events to differ materially from those described in forward-looking statements made by or relating to the Corporation. Refer within this MD&A to the "Cautionary Note Regarding Forward-Looking Statements" for more information, the Financial Instruments section and the "Risk Factors" section found in the filing statement dated June 14, 2024 for a discussion of risk factors relevant to the Corporation and the Resulting Issuer. The reader should carefully consider these risks as well as the information disclosed in the Corporation's Financial statements.

**Financial Instruments**

<u>Fair value hierarchy and fair value</u>

As at March 31, 2024, the Corporation did not have any financial instruments measured at fair value and classification within the fair value hierarchy. As at March 31, 2024, the carrying and fair value amounts of the Corporation's financial instruments, being cash, are approximately equivalent due to the relatively short periods to maturity of these instruments.

A summary of the Corporation's risk exposure as it relates to financial instruments is reflected below:

i) Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is limited to the carrying value amount on the statement of financial position. The Corporation's maximum exposure to credit risk as at March 31, 2024, is the carrying value of cash.

### Off-balance sheet Items

There are no significant off-balance sheet arrangements.

### Related Party Transaction

On February 1, 2024, Nations Royalty, Finco, Nationsco and the Nisga'a Nation Nationsco Shareholder entered into the Transaction. In connection with the Transaction, Nisga'a Nation will assign the Royalty Interests to Nationsco (refer to Subsequent events to March 31, 2024). There are no other significant related party transactions.

### Approval

As at the date of this MD&A, the Director has approved the disclosure contained in this MD&A.

### Cautionary Note Regarding Forward-Looking Statements

This MD&A contains "forward-looking statements" (also referred to as "forward-looking information") within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this MD&A that address activities, events or developments that the Corporation expect or anticipate will or may occur in the future, including, without limitation, statements about; closing of the Transaction, and timing and amounts of Annual Payments; and other such matters are forward-looking statements. When used in this MD&A, the words "estimate," "plan," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements.

Forward-looking information and statements are based on estimates and assumptions made by management in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as factors that management believes are appropriate. Forward-looking information and statements are made based upon certain assumptions and other important factors that could cause the actual results, performances or achievements of the Corporation to be materially different from future results, performances or achievements expressed or implied by such information or statements. Such information and statements are based on numerous assumptions including, among others, that the results of planned operator activities are as anticipated, the assignment of the Royalty interest, the timing of the closing of the Transaction, and that general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed on reasonable terms.

Forward-looking information and statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although management of the Corporation believe that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Corporation cannot guarantee future results, levels of activity, performance, or achievements. Some of the risks and other factors, some of which are beyond the control of the Corporation, which could cause results to differ materially from those expressed in the forward-looking statements contained in this MD&A and the filing statement. Refer to the "Cautionary Note Regarding Forward-Looking Information" and the "Risk Factors" within the filing statement dated June 14, 2024 for a discussion of risk factors relevant to the Corporation.

Although the Corporation has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

**SCHEDULE F**

**Audited Carve-Out Financial Statements**
**of the Nationsco Shareholder Contributed Assets**
**as at March 31, 2023 and 2022, and April 1, 2021 and for the years ended March 31, 2023 and 2022**

**and**

**Unaudited Condensed Carve-out Interim Financial Statements**
**of the Nationsco Shareholder Contributed Assets**
**as at December 31, 2023 and for the three and nine months ended December 31, 2023 and 2022**

# NATIONSCO SHAREHOLDER CONTRIBUTED ASSETS

Carve-Out Financial Statements

As at and for the years ended March 31, 2023, and 2022 and as at April 1, 2021 (audited)

Expressed in Canadian dollars

Deloitte
410 W. Georgia Street
Vancouver BC V6B 0S7
Canada

Tel: 604-669-4466
Fax: 604-685-0395
www.deloitte.ca

# Independent Auditor's Report

To the Nationsco Shareholder

## Opinion

We have audited the carve-out financial statements of Nationsco Shareholder Contributed Assets (the "Contributed Assets"), which comprise the carve-out statements of financial position as at March 31, 2023, March 31, 2022 and April 1, 2021, and the carve-out statements of income and comprehensive income, changes in net parent investment and cash flows for the years ending March 31, 2023 and 2022, and notes to the carve-out financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Contributed Assets as at March 31, 2023, March 31 2022 and April 1,2021 and its financial performance and its cash flows for the years ending March 31, 2023 and 2022 in accordance with International Financial Reporting Standards ("IFRS").

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Contributed Assets in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we will have fulfilled our ethical responsibility in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Contributed Assets' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Contributed Assets or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Contributed Assets' 'financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Contributed Assets' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Contributed Assets'' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Contributed Assets to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Vancouver, British Columbia
June 14, 2024

**Nationsco Shareholder Contributed Assets**
Carve-out Statements of Financial Position
As at March 31, 2023, and 2022 and April 1, 2021
Expressed in Canadian Dollars, unless otherwise stated

| | Notes | | March 31, 2023 | | March 31, 2022 | | April 1, 2021 |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| **Current assets** | | | | | | | |
| Amounts receivable | 8 | $ | 600,126 | $ | 695,921 | $ | 925,997 |
| **Non-current assets** | | | | | | | |
| Due from parent | 7 | | 2,708,998 | | 2,013,231 | | 1,242,573 |
| **Total Assets** | | | 3,309,124 | | 2,709,152 | | 2,168,570 |
| **Owner's Equity** | | | | | | | |
| Net parent investment | | $ | 3,309,124 | $ | 2,709,152 | $ | 2,168,570 |
| Nature of operations and going concern | 1 | | | | | | |
| Royalty Interests | 3,4 & 6 | | | | | | |
| Subsequent events | 1,10 | | | | | | |

Approved on behalf of the Nisga'a Nation

*"Eva Clayton"*
**Nisga'a Lisims Government Executive: President**

*"Charles Morven"*
**Nisga'a Lisims Government Executive: Secretary-Treasurer**

*"Terry Holt"*
**Nisga'a Lisims Government Executive: Chief Financial Officer**

The accompanying notes form an integral part of these carve-out financial statements.

## Nationsco Shareholder Contributed Assets

Carve-out Statements of Income and Comprehensive Income
For the years ended March 31, 2023 and 2022
Expressed in Canadian dollars, unless otherwise stated

| | For the years ended | |
|---|---|---|
| | **March 31, 2023** | **March 31, 2022** |
| **Royalty income** | $ 599,972 | $ 540,582 |
| **Net income and comprehensive income** | $ 599,972 | $ 540,582 |

The accompanying notes form an integral part of these carve-out financial statements.

## Nationsco Shareholder Contributed Assets

Carve-out Statements of Changes in Net Parent Investment
For the years ended March 31, 2023, and 2022
Expressed in Canadian dollars, unless otherwise stated

| | | Net parent investment |
|---|---|---|
| **Balance, April 1, 2021** | $ | 2,168,570 |
| Net income and comprehensive income for the year | | 540,582 |
| **Balance, March 31, 2022** | | 2,709,152 |
| Net income and comprehensive income for the year | | 599,972 |
| **Balance, March 31, 2023** | $ | 3,309,124 |

## Nationsco Shareholder Contributed Assets

Carve-out Statements of Cash Flows
For the years ended March 31, 2023, and 2022
Expressed in Canadian dollars, unless otherwise stated

| | Note | For the years ended March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| **Cash flows provided by (used for) operating activities** | | | |
| Net income for the period | | $ 599,972 | $ 540,582 |
| Changes in non-cash working capital | | | |
| Decrease in amounts receivable | | 95,795 | 230,076 |
| Increase in due from parent | 7 | (695,767) | (770,658) |
| Net cash outflows from operating activities | | -- | -- |
| | | | |
| Increase (decrease) in cash and cash equivalents | | -- | -- |
| Cash, beginning of the year | | -- | -- |
| Cash, end of the year | | $ -- | $ -- |

## 1. Nature of operations, corporate transaction and going concern

These carve-out financial statements ("Carve-out Financial Statements"), have been prepared in connection with an agreement dated February 1, 2024, between the Nisga'a Nation (the "Nationsco Shareholder"), as represented by the Nisga'a Lisims Government, and Vega Mining Inc. ("Vega" or "Nations Royalty") for the proposed sale of royalty interest assets owned by the Nationsco Shareholder to Vega in exchange for common shares of Vega as consideration (the "Transaction").

The Transaction is expected to be completed by way of a three-cornered amalgamation under the provisions of the Business Corporations Act (British Columbia) whereby a wholly-owned subsidiary of Vega, 1445146 B.C. Ltd ("Finco"), will amalgamate with Nations Acquisitions Corp. ("Nationsco"), a wholly-owned subsidiary of the Nationsco Shareholder formed to hold various royalty interests prior to closing. The Transaction will result in a "Reverse Take-Over" of Vega under the policies of the TSX Venture Exchange ("TSX-V"). Upon completion of the Transaction, Vega will be majority owned by the Nationsco Shareholder and will be continue as Nations Royalty Corp. On May 3, 2024, Vega changed its name to Nations Royalty Corp. ("Nations Royalty"). Refer to Note 10 for further information.

Through the Transaction, Nations Royalty will indirectly acquire the following royalty interests from Nationsco Shareholder (referred herein as the "Nationsco Shareholder Contributed Assets" or the "Annual Payments"):

- Kitsault Royalty;
- Brucejack Royalty;
- KSM Royalty; and
- Premier Gold and Red Mountain Royalty.

The Transaction is expected to close in the 2nd quarter of 2024. The completion of the Transaction is subject to certain closing conditions set out in the amalgamation agreement, including, but not limited to: (i) Finco having completed the Concurrent Financing of 11,111,112 subscription receipts for gross proceeds of $10,000,001 (completed - refer to Note 10 (a)) ; (ii) receipt of all applicable shareholder approvals, including Nationsco Shareholder approval and the Finco shareholder approval (iii) receipt of TSX-V approval; (iv) the Nations Royalty having completed the Share Consolidation (completed – refer to Note 10(b)); (v) the absence of any material change or change in a material fact which might reasonably be expected to have a material adverse effect on the financial and operational conditions or the assets of each of the parties to the amalgamation agreement; and (vi) certain other conditions typical in a transaction of this nature.

These Carve-out Financial Statements reflect the activities and assets of the Nationsco Shareholder Contributed Assets (the "Business") in connection with the Transaction on a "carve-out" basis, rather than representing the actual legal structure. For all periods presented in these Carve-out Financial Statements, the economic activities related to the Nationsco Shareholder Contributed Assets are presented as at the dates and for the periods when they were under common control. The Carve-out Financial Statements have been prepared for the purpose of presenting the financial position, results of operations and cash flows of the Nationsco Shareholder Contributed Assets on a stand-alone basis.

The Carve-out Financial Statements have been extracted from historical accounting records of Nationsco Shareholder with estimates used, when necessary, for certain allocations.

- The carve-out statements of financial position reflect the assets recorded by Nationsco Shareholder which have been assigned to the Business on the basis that they are specifically identifiable and attributable to the Business;
- The carve-out statements of income and comprehensive income include royalty income based on specifically identifiable activities attributable to the Business. There are no identifiable expenses to allocate against the royalty income; and
- The net parent investment represents the Nationsco Shareholder's historical investment in the Business and includes accumulated net income or losses attributable to the Nationsco Shareholder.

The Carve-Out Financial Statements have been prepared assuming the Business will continue on a going-concern basis and be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at and for the year ended March 31, 2023, the Business reported net income of $599,972 (year ended March 31, 2022 - $540,582), had net parent investment of $3,309,124 (March 31, 2022 - $2,709,152), and had working capital of $600,126 (March 31, 2022 - $695,921) at that date. As at March 31, 2023, the Business had no cash and its amounts receivable will be assumed by the Nationsco Shareholder until the transaction is closed.

Management believes the assumptions underlying the Carve-out Financial Statements are systematic, rational and reasonable. The Carve-out Financial Statements may not be indicative of the Business's future performance and they do not necessarily reflect what its results of operations, financial position and cash flows would have been, had the Business operated as an independent entity and had it presented stand-alone financial statements for the years ended March 31, 2023 and 2022.

## 2. Statement of compliance

These Carve-out Financial Statements of the Business are prepared in accordance with International Financial Reporting Standards ("IFRS"). Nisga'a Lisims Government Executive approved the Carve-out Financial Statements on June 14, 2024.

## 3. Significant accounting policies

a) Basis of presentation

These Carve-out Financial Statements have been prepared on a going concern basis and historical cost convention. The preparation of the Carve-out Financial Statements, in compliance with IFRS, requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Business's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the Carve-out Financial Statements are disclosed in Note 4. These Carve-out Financial Statements are prepared in Canadian dollars, which is the Business's functional and reporting currency, unless otherwise stated.

b) Net parent investment and intercompany balances

The Net parent investment consists of the carve-out Business's accumulated net income. Cash is deposited to the Business's parent bank accounts on receipt and no cash is held by the Business.

Intercompany balances between the Business and Nationsco Shareholder are neither expected to be settled or collected from Nationsco Shareholder.

c) Royalty income

Royalty Income represents amounts received or receivable from Royalty Interests under Benefits agreements ("Royalty Interests" or "Annual Payments"). Royalty income is based on:

- Annual ongoing payments: Annual Payments based on a percentage of the annual Mineral Tax Payable under the relevant Mineral Tax Act; and
- Net Smelter Royalty (the "NSR"): Payments are calculated by multiplying the net smelter return for the calendar year by the applicable NSR rate.

Royalty Income is measured at the fair value of the consideration received or receivable when management can reliably estimate the amount under the terms of the Annual Payments. Specifically, Royalty Income is recognized in accordance with the terms of the underlying Annual Payments agreements subject to the following:

- The pervasive evidence of the existence of the arrangements;
- The risks and rewards have been transferred;
- The receivable is fixed or determinable; and
- The collectability is reasonably assured.

In some instances, the Business may not have access to sufficient information to make a reasonable estimate of consideration to which it expects to be entitled, in which case revenue is not recognized until such time as information becomes available.

d) Royalty Interests

Royalties consist of acquired interests pursuant to Annual Payments. The Business's rights to certain annual benefit payment entitlements in Benefit Agreements, the Nisga'a Nation has in place in respect of mines and projects within the Golden Triangle Area located in northwest British Columbia, are recognized as Royalty Interests. The Business has recognized Royalty Interest at a measurement basis of $nil due to specific circumstances surrounding the acquisition of these assets, as described below:

- the Royalty Interests was acquired in a non-monetary exchange in recognition that the Nisga'a Nation has Treaty Rights and Interests; and
- the Royalty Interests fair value cannot be reliably determined at the time of inception of the Annual Payments due to the respective royalty projects having not commenced development or operation.

e) Financial instruments

The Business's financial instruments consist of amounts receivable. These financial instruments are initially recorded at fair value and designated when amounts receivables relate to receivables from Royalty Income. These amounts receivables are non-interest bearing and are recognized at fair value and are subsequently measured at amortized cost. The Business applied the simplified approach to determining expected credit losses, which requires expected lifetime losses to be recognized upon initial recognition of the amounts receivable.

The Business has elected to measure loss allowances for amounts receivable and contract assets at an amount equal to lifetime expected credit losses ("ECLs"). The maximum period considered when estimating ECLs is the maximum contractual period over which the Business is exposed to credit risk. Loss allowances for financial assets are deducted from the gross carrying amount of the assets. Impairment losses on financial assets are presented under "other expenses" in the carve-out financial statements of income and comprehensive income. The Business does not have any financial assets that contain a significant financing component.

f) Income tax

Under the Nationsco Shareholder Taxation Agreements (defined below), the Nationsco Shareholder is a legal person. The Nationsco Shareholder Taxation Agreements have the force of law under the Nisga'a Final Agreement Act – (Canada) and the Nisga'a Final Agreement Act (British Columbia) (together the "Nationsco Shareholder Taxation Agreements"). Under the Nationsco Shareholder Taxation Agreements, the Nationsco Shareholder is exempt from income tax as it is a "public" body performing the function of government in Canada.

## 4. Critical accounting estimates and judgments

The preparation of these Carve-out Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosures of contingencies. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Carve-out Financial Statements is included in the notes to these Carve-out Financial Statements where applicable. Actual results may differ from these estimates. The Business has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made where actual results may differ from these estimates under different assumptions and conditions and may materially affect the Business's financial results or statements of financial position reported in future periods.

a) Royalty Interests

Royalty Interests consist of acquired royalties pursuant to Annual Payments. Each Royalty Interest has its own unique terms and judgement is required to assess the appropriate accounting treatment. The determination of whether an acquisition should be accounted for as a Royalty Interest or a financial instrument requires the consideration of factors such as (i) the terms of the agreement; (ii) the applicability of the own use exemption under IFRS 9; (iii) whether there is a contractual commitment to repay amounts under the Royalty Interest and (iv) the expected timing and amount of future payments of the Royalty Interest with the respective Annual Payments.

Management has exercised judgement in concluding that the acquisitions are Royalty Interests which should be valued at a nil basis in accordance with the requirements of IFRS, considering the legal and contractual framework governing the Nationsco Shareholder rights. In each case, the Royalty Interest was acquired by the Nationsco Shareholder for $nil in consideration for the rights to Royalty Interests in Benefit Agreements the Nisga'a Nation has in place in respect of mines and projects within the Golden Triangle Area located in northwest British Columbia to which the Nisga'a Treaty Rights and Interests apply. Management judged the Royalty Interests were acquired for nil consideration as the fair value cannot be reliably determined at the time of inception of the Annual Payments due to royalty projects having not commenced development or operation and Nationsco Shareholder acquired the Royalty Interests for nil value.

b) Royalty income estimates

The Business estimates its royalty income based on the mineral tax payable or paid for the properties underlying the Business interests. Each operator provides estimates of the royalty income on an on-going basis, with estimates reconciled annually to the mineral tax return. In the event the operator is unable to provide royalty income estimates within the required times, the Business will estimate the royalty income based on public disclosures, where available, of financial and operational results disclosed or provided by the respective operator.

## 5. Adoption of new or revised IFRSs and IFRSs not yet effective

Certain pronouncements were issued by the International Accounting Standards Board (the "IASB") that are mandatory for accounting periods commencing on or after January 1, 2023. Many are not applicable or do not have a significant impact on the Business and have been excluded.

*Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement and IFRS Practice Statement 2: Making Materiality Judgements—Disclosure of Accounting Policies:* In February 2021, the IASB issued `Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments are effective for year ends beginning on or after January 1, 2023. The Business has not early adopted the amendments and its expected that the adoption of the amendments would not have a material impact on the Business.

*Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimate:*- In February 2021, the IASB issued `Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023. The Business has not early adopted the amendments and its expected that the adoption of the amendments would not have a material impact on the Business.

*Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)*

The amendments to IAS 1, clarifies the presentation of liabilities. The classification of liabilities as current or noncurrent is based on contractual rights that are in existence at the end of the reporting period and is affected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendment also introduces a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendment issued in October 2022 also clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The Business has not early adopted this amendment and the adoption of this amendment is not expected to have a material impact on the Business.

## 6. Royalty interests

As at March 31, 2023, the Royalty Interests held by the Business are summarized below.

*Brucejack Annual Payments* ( the "*Brucejack Royalty")*

Nisga'a Nation and Pretium Resources Inc. ("Pretium") entered into a Cooperation and Benefits agreement on April 1, 2015. The Brucejack Mine is an underground gold mine located 65 km north of Stewart, British Columbia. The Brucejack Mine commenced commercial production in June of 2017, and since then, payments have been made under the Brucejack Benefits Agreement. As at March 31, 2023, Nisga'a Nation had received $2,708,998 in Annual Payments (March 31, 2022 - $2,013,231). On November 6, 2023, Newmont Corporation acquired Newcrest Mining Ltd, which included Pretium's Brucejack mine.

*Kitsault Annual Payments (the "Kitsault Royalty")*

The Kitsault project is an exploration-stage fully permitted brownfield site owned by New Moly LLC., a corporation majority-owned by Resource Capital Fund VI L.P. The Kitsault project is located in northwestern British Columbia within the Regional District of Kitimat-Stikine, approximately 140km northeast of Prince Rupert.

Expressed in Canadian dollars, unless otherwise stated

Nisga'a Nation and Avanti Kitsault Mine Ltd. ("Avanti") entered into a Cooperation and Benefits agreement on May 30, 2014, for an NSR. The Kitsault Annual Payment is the greater of the following:

- A minimum royalty of $1,000,000 (the "Minimum Royalty"), unless the NSR is greater than the Minimum Royalty;
- NSR is determined by multiplying the net smelter return for the calendar year by the applicable NSR Rate. The NSR Rate is as follows:

  Avg Molybdenum price ("AMP") during calendar year = NSR Rate

  AMP < US$10 / lbs = NSR rate of 0.0%

  AMP ≥ US$10 / lbs and ≤ US$15 / lbs = NSR rate of 0.5%

  AMP ≥ US$15 / lbs and ≤ US$20 / lbs = NSR rate of 1.0%

  AMP ≥ US$20s = NSR rate of 2.0%

The net smelter return is, in respect of each calendar year, the total of all gross revenue received or accrued by Avanti from the sales of all molybdenum produced from the Avanti Kitsault mine less the following:

(i) all smelting, refining and treatment costs or charges and penalties at the smeller or refinery including deductions charged for metal losses and penalties for impurities;

(ii) transportation costs for production from the property to the place of benefaction, processing and treatment and then to the place of delivery including shipping, freight, handling and expenses;

(iii) all sampling, assaying and representation charges in connection with sampling and assaying carried out after the product has been removed from the mine site; and

(iv) sales charges and taxes.

*KSM Annual Payments* (the "*KSM Royalty")*

The KSM project is a gold, copper, silver and molybdenum mine development of Seabridge Gold Inc. ("Seabridge Gold") located approximately 65 kilometres northwest of Stewart, British Columbia. Nisga'a Nation and Seabridge Gold entered into a Benefits agreement on June 16, 2014.

The KSM Annual Payment is an annual payment equal to

- subject to the below, 11% of the amount of tax payable by Seabridge Gold in each calendar year under the Mineral Tax Act for the KSM project; and
- 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 (or, if the Mineral Tax Act is amended or repealed, would have been payable) by Seabridge Gold in each calendar year under the Mineral Tax Act for the KSM project.

*Premier Gold and Red Mountain Annual Payments* (the "*Premier Gold and Red Mountain Royalty")*

The Premier Gold project is an underground gold-silver mine development project located approximately 25 km from Stewart, British Columbia. The Red Mountain project is an underground gold-silver mine development located approximately eight (8) kilometres northeast of Stewart, British Columbia. Nisga'a Nation and Ascot Resources Ltd. ("Ascot") entered into a Benefits agreement on July 15, 2021. The Premier Gold and Red Mountain Annual Payment is an amount equal to:

- 20% 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; and
- for each calendar year after the calendar year in which debt is advanced under 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.

## 7. Due from parent

| | | |
|---|---|---|
| Balance, April 1, 2021 | $ | 1,242,573 |
| Transfers to the parent | | 770,658 |

Expressed in Canadian dollars, unless otherwise stated

| | | |
|---|---|---|
| Balance, March 31, 2022 | | 2,013,231 |
| Transfers to the parent | | 695,767 |
| Balance, March 31, 2023 | $ | 2,708,998 |

Due from parent represents transfers from the Business to the parent, the Nationsco Shareholder. Cash is collected by Nationsco Shareholder and no cash is held by the Business.

## 8. Financial instruments

*Fair values*

The carrying values of amounts receivable approximated their fair values because of the short-term nature of these financial instruments. The classifications of the financial instruments are shown in the table below:

| **Amortized costs** | | **March 31, 2023** | | **March 31, 2022** | | **April 1, 2021** |
|---|---|---|---|---|---|---|
| Amounts receivable | $ | 600,126 | $ | 695,921 | $ | 925,997 |

Management of financial risk

The Business's financial instruments are exposed to certain financial risks including credit, and liquidity risks.

Credit risk

Credit risk is the risk of potential loss to the Business if the counterparty to a financial instrument fails to meet its contractual obligations. The Business's credit risk is primarily attributable to its financial assets of amounts receivable in the ordinary course of business. Specifically, the Business's amounts receivable is subject to the credit risk of the counterparties who own and operate the mines underlying the Royalty Interests.

The Business's largest counterparty accounted for 100% of income for the year ended March 31, 2023 (2022: 100%). The highest balances of amounts receivable outstanding was for the same counterparty and amounted to 100% of the Business's amounts receivable as at March 31, 2023 (2022: 100%). There is no other significant concentration of counterparty credit risk.

This concentration represents a significant risk to the Business's financial performance and exposes it to potential fluctuations in the counterparty's business or creditworthiness. The Business receives royalty payments on an annual basis and the risk associated with collection of Royalty Interests is minimal as the royalty payments are based for taxes on mines in operation and producing cash flows. The loss of this counterparty, or reduced royalty income from this counterparty, may result in a significant impact on the Business's income and results of operations, and the Business's growth could be limited.

Liquidity risk

Liquidity risk is the risk that the Business will not be able to meet the obligations associated with its financial liabilities. The Nisga'a Nation manages the liquidity risk by continuously monitoring actual and projected cash flows, taking into account the requirements related to its working capital commitment. The Nisga'a Lisims Government Executive reviews and approves any material transaction out of the ordinary course of business, including acquisitions or other major investment or divestitures. As at March 31, 2023, the Business had amounts receivable of $600,126 (March 31, 2022 - $695,921) and current liabilities of $nil (March 31, 2022 - $nil). The Business does not hold any cash as all cash is held and controlled by the Nationsco Shareholder. No cash from past royalty will be distributed to Nations Royalty.

## 9. Management of capital and commitments

Management of capital

Nisga'a Nation's objectives when managing capital of the Business is to safeguard its ability to continue as a going concern in order to manage the Annual Payments. In order to facilitate the management of its capital requirements, the Nationsco Shareholder prepares annual budgets that are updated as necessary depending on a range of factors, including successful capital deployment and general industry conditions. The Nisga'a Lisims Government Executive reviews the annual budgets. There were no changes to the management of capital by the Business during the year ended March 31, 2023.

## 10. Subsequent events

Subsequent to March 31, 2023:

(a) On April 9, 2024, Nations Royalty announced it closed its previously announced private placement offering (the "Offering" or "Concurrent Financing"), through its wholly-owned subsidiary Finco, of 11,111,112 subscription receipts of Finco at a price of $0.90 per subscription receipt for gross proceeds of $10,000,001. As consideration for services provided in connection with the Offering, Finco will pay a cash commission in an amount equal to 6% of the aggregate gross proceeds of the Offering, except with respect to subscribers on the "president's list" of the Nations Royalty for which a cash commission equal to 2% will be paid. The commissions will be paid to the agents out of the escrowed funds upon satisfaction of the escrow release conditions which includes and not limited to; the required approvals for the Transaction and the completion of the Transaction (refer to Note 1).

(b) On April 16, 2024, Nations Royalty consolidated the outstanding common shares on the basis of two (2) pre-consolidation shares for one (1) post-consolidation share (the "Share Consolidation"). As a result of the Share Consolidation, the numbers of issued and outstanding common shares of Nations Royalty has been reduced from 45,039,055 to 22,519,525.

(c) Subsequent to March 31, 2023, in connection with the Transaction, Nationsco entered into the following Annual Payment Direction Agreements:

- On June 8, 2024, Nationsco entered into an agreement with Pretium Resources Inc. and the Nationsco Shareholder (the "Brucejack Annual Payment Direction Agreement") and obtained the right to be paid the Brucejack Annual Payment for each relevant year following the closing of the Transaction;
- On June 10, 2024, Nationsco entered into an agreement with KSM Mining ULC. ("KSM"), a subsidiary of Seabridge Gold Inc., and the Nationsco Shareholder (the "KSM Annual Payment Direction Agreement") and obtained the right to be paid the KSM Annual Payment each relevant year following the closing of the Transaction;
- On June 10, 2024, Nationsco entered into an agreement with Ascot Resources Ltd. and the Nationsco Shareholder (the "Premier Gold and Red Mountain Annual Payment Direction Agreement") and obtained the right to be paid the Premier Gold and Red Mountain Annual Payment for each relevant year following the closing of the Transaction; and
- On June 7, 2024, Nationsco entered into an agreement with Avanti Kitsault Mine Ltd. and the Nationsco Shareholder (the "Kitsault Annual Payment Direction Agreement") and obtained the right to be paid the Kitsault Annual Payment for each relevant year to following the closing of the Transaction.

# NATIONSCO SHAREHOLDER CONTRIBUTED ASSETS

Condensed Carve-out Interim Financial Statements
Unaudited

For the three and nine months ended December 31, 2023, and 2022

Expressed in Canadian dollars

Expressed in Canadian dollars, unless otherwise stated

| | Notes | As at December 31, 2023 | As at March 31, 2023 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Amounts receivable | 8 | $ 413,365 | $ 600,126 |
| **Non-current assets** | | | |
| Due from parent | 7 | 3,209,324 | 2,708,998 |
| **Total Assets** | | 3,622,689 | 3,309,124 |
| **Owner's Equity** | | | |
| Net parent investment | | $ 3,622,689 | $ 3,309,124 |
| Nature of operations and going concern | 1 | | |
| Subsequent events | 1,10 | | |

Approved on behalf of the Executive Committee

*"Eva Clayton"*
**Nisga'a Lisims Government Executive: President**

*"Charles Morven"*
**Nisga'a Lisims Government Executive - Secretary-Treasurer**

*"Terry Holt"*
**Nisga'a Lisims Government Executive: Chief Financial Officer**

## Nationsco Shareholder Contributed Assets

Condensed Carve-out Interim Income and Comprehensive Income – unaudited
For the three and nine months ended December 31, 2023, and 2022
Expressed in Canadian dollars, unless otherwise stated

| | Three months ended December 31 | | Nine months ended December 31 | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| **Royalty income** | $ 74,122 | $ 107,203 | $ 313,565 | $ 456,096 |
| **Net income and comprehensive income** | $ 74,122 | $ 107,203 | $ 313,565 | $ 456,096 |

The accompanying notes are an integral part of these condensed carve-out interim financial statements.

## Nationsco Shareholder Contributed Assets

Condensed Carve-out Interim Statements of Changes in Net Parent Investment – unaudited
For the nine months ended December 31, 2023, and 2022
Expressed in Canadian dollars, unless otherwise stated

| | | Net parent investment |
|---|---|---|
| **Balance, March 31, 2023** | $ | 3,309,124 |
| Net income and comprehensive income for the period | | 313,565 |
| **Balance, December 31, 2023** | $ | 3,622,689 |

| | | Net parent investment |
|---|---|---|
| **Balance, March 31, 2022** | $ | 2,836,188 |
| Net income and comprehensive income for the period | | 456,096 |
| **Balance, December 31, 2022** | $ | 3,292,284 |

The accompanying notes are an integral part of these condensed carve-out interim financial statements.

## Nationsco Shareholder Contributed Assets

Condensed Carve-out Interim Statements of Cash Flows - unaudited
For the nine months December 31, 2023, and 2022
Expressed in Canadian dollars, unless otherwise stated

| | Note | For the nine months ended December 31, 2023 | 2022 |
|---|---|---|---|
| **Cash flows provided by (used for) operating activities** | | | |
| Net income for the period | | $ 313,565 | $ 456,096 |
| Changes in non-cash working capital | | | |
| Decrease in amounts receivable | | 186,761 | 239,671 |
| Increase in due from parent | 7 | (500,326) | (695,767) |
| Net cash outflows from operating activities | | -- | -- |
| Increase (decrease) in cash and cash equivalents | | -- | -- |
| Cash, beginning of the period | | -- | -- |
| Cash, end of the period | | $ -- | $ -- |

The accompanying notes are an integral part of these condensed carve-out interim financial statements.

## 1. Nature of operations, corporate transaction and going concern

These condensed carve-out Interim Financial Statements ("Carve-out Interim Financial Statements") have been prepared in connection with an agreement dated February 1, 2024, between the Nisga'a Nation (the "Nationsco Shareholder"), as represented by the Nisga'a Lisims Government, and Vega Mining Inc. ("Vega" or "Nations Royalty") for the proposed sale of royalty interest assets owned by Nationsco Shareholder to Vega in exchange for common shares of Vega as consideration (the "Transaction").

The Transaction is expected to be completed by way of a three-cornered amalgamation under the provisions of the Business Corporations Act (British Columbia) whereby a wholly-owned subsidiary of Vega, , 1445146 B.C. Ltd ("Finco"), will amalgamate with Nations Acquisitions Corp. ("Nationsco"), a wholly-owned subsidiary of the Nationsco Shareholder formed to hold various royalties prior to closing. The Transaction will result in a "Reverse Take-Over" of Vega under the policies of the TSX Venture Exchange ("TSX-V"). Upon completion of the Transaction, Vega will be majority owned by the Nationsco Shareholder and will be continue as Nations Royalty Corp. On May 3, 2024, Vega changed its name to Nations Royalty Corp. ("Nations Royalty"). Refer to Note 10 for further information.

Through the Transaction, Nations Royalty will indirectly acquire the following royalties from Nationsco Shareholder (referred to herein as the "Nationsco Shareholder Contributed Assets" or the "Annual Payments"):

- Kitsault Royalty;
- Brucejack Royalty;
- KSM Royalty; and
- Premier Gold and Red Mountain Royalty.

The Transaction is expected to close in the 2nd quarter of 2024. The completion of the Transaction is subject to certain closing conditions set out in the amalgamation agreement, including, but not limited to: (i) Finco having completed the Concurrent Financing of 11,111,112 subscription receipts for gross proceeds of $10,000,001 (completed - refer to Note 10 (a)); (ii) receipt of all applicable shareholder approvals, including Nationsco Shareholder approval and the Finco shareholder approval (iii) receipt of TSX-V approval; (iv) the Nations Royalty having completed the Share Consolidation (completed – refer to Note 10(b)) (v) the absence of any material change or change in a material fact which might reasonably be expected to have a material adverse effect on the financial and operational conditions or the assets of each of the parties to the amalgamation agreement; and (vi) certain other conditions typical in a transaction of this nature.

These Carve-out Interim Financial Statements reflect the activities and assets of the Nationsco Shareholder Contributed Assets (the "Business") in connection with the Transaction on a "carve-out" basis, rather than representing the actual legal structure. For all periods presented in these Carve-out Interim Financial Statements, the economic activities related to the Nationsco Shareholder Contributed Assets are presented as at the dates and for the periods when they were under common control. The Carve-out Interim Financial Statements have been prepared for the purpose of presenting the financial position, results of operations and cash flows of the Nationsco Shareholder Contributed Assets on a stand-alone basis.

The Carve-out Interim Financial Statements have been extracted from historical accounting records of the Nationsco Shareholder with estimates used, when necessary, for certain allocations.

- The carve-out interim statements of financial position reflect the assets recorded by Nationsco Shareholder which have been assigned to the Business on the basis that they are specifically identifiable and attributable to the Business;
- The carve-out interim statements of income and comprehensive income for income specifically identifiable activities attributable to the Business. There are no identifiable expenses to allocate against the royalty income; and
- The net parent investment represents the Nationsco Shareholder's historical investment in the Business and includes accumulated net income or losses attributable to the Nationsco Shareholder.

The Carve-out Interim Financial Statements have been prepared assuming the Business will continue on a going-concern basis and be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at and for the nine months ended December 31, 2023, the Business reported net income of $313,565 (nine months ended December 31, 2022 - $456,096), had a net parent investment of $3,622,689 (March 31, 2023 - $3,309,124), and had working capital of $413,365 (March 31, 2022 - $600,126) at that date. As at December 31, 2023, the Business had no cash and its amounts receivables will be assumed by the Nationsco Shareholder until the Transaction is closed.

Management believes the assumptions underlying the Carve-out Interim Financial Statements are systematic, rational and reasonable. The Carve-out Interim Financial Statements may not be indicative of the Business's future performance and they do not necessarily reflect what its results of operations, financial position and cash flows would have been had the Business operated as an independent entity and had it presented stand-alone financial statements for the three and nine months ended December 31, 2023 and 2022.

## 2. Statement of compliance and basis of preparation

The Business prepares its Carve-Out Interim Financial Statements in accordance with International Financial Reporting Standards ("IFRS"). The Carve-out Interim Financial Statements have been prepared in accordance with International Accounting Standards (IAS) 34 - Interim Financial Reporting and they follow the same accounting policies and methods of application as the Business's most recent audited carve-out annual financial statements. Accordingly, they should be read in conjunction with the Business's most recent audited carve-out annual financial statements.

The Carve-out Interim Financial Statements have been prepared on a historical cost basis, modified where applicable. In addition, the Carve-out Interim Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information. The Carve-out Interim Financial Statements are presented in Canadian Dollars, which is also the Business's functional and reporting currency, unless otherwise stated. Nisga'a Lisims Government Executive approved the Carve-out Interim Financial Statements on June 14, 2024.

## 3. Material accounting policies

These Carve-out Interim Financial Statements have been prepared using the same accounting policies and methods of computation as the annual financial statements of the Business as at and for the year ended March 31, 2023, except for adopted accounting policies as identified in Note 5. The Carve-out Interim Financial Statements should be read in conjunction with the audited annual financial statements for the year ended March 31, 2023.

## 4. Critical accounting estimates and judgments

The preparation of these Carve-out Interim Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosures of contingencies. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Carve-out Interim Financial Statements is included in the notes to these Carve-out Interim Financial Statements where applicable. Actual results may differ from these estimates. The Business has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made where actual results may differ from these estimates under different assumptions and conditions and may materially affect the Business's financial results or statements of financial position reported in future periods.

a) Royalty Interests

Royalty Interests consist of acquired royalties rights pursuant to Annual Payments. Each Royalty Interest has its own unique terms and judgement is required to assess the appropriate accounting treatment. The determination of whether an acquisition should be accounted for as a Royalty Interest or a financial instrument requires the consideration of factors such as (i) the terms of the agreement; (ii) the applicability of the own use exemption under IFRS 9; (iii) whether there is a contractual commitment to repay amounts under the Royalty Interest and (iv) the expected timing and amount of future payments of the Royalty Interest with the respective Annual Payments.

Management has exercised judgement in concluding that the acquisitions are Royalty Interests which should be valued at a nil basis in accordance with the requirements of IFRS, considering the legal and contractual framework governing the Nationsco Shareholder rights. In each case, the Royalty Interest was acquired by the Nationsco Shareholder for $nil in consideration for the rights to Royalties Interests in Benefit Agreements the Nisga'a Nation has in place in respect of mines and projects within the Golden Triangle Area located in northwest British Columbia to which the Nisga'a Treaty Rights and Interests apply. Management judged the Royalty Interests were acquired for nil consideration as the fair value cannot be reliably determined at the time of inception of the Annual Payments due to royalty projects having not commenced development or operation and Nationsco Shareholder acquired the Royalty Interests for nil value.

b) Royalty income estimates

The Business estimates its royalty income based on the mineral tax payable or paid for the properties underlying the Business interests. Each operator provides estimates of the royalty income on an on-going basis with estimates reconciled annually to the mineral tax return. In the event the operator is unable to provide royalty income estimates within the required timeframes, the Business will estimate the royalty income based on public disclosures, where available, of financial and operational results disclosed or provided by the respective operator.

## 5. Adoption of new or revised IFRSs and IFRSs not yet effective

Certain pronouncements were issued by the International Accounting Standards Board (the "IASB") that are mandatory for accounting periods commencing on or after January 1, 2023. Many are not applicable or do not have a significant impact on the Business and have been excluded.

Adopted

*Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement and IFRS Practice Statement 2: Making Materiality Judgements—Disclosure of Accounting Policies*: In February 2021, the IASB issued `Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. This amendment did not have a material impact on the Business's financial statements.

*Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimate:* In February 2021, the IASB issued `Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023. The Business concluded that adopting this amendment did not have a material impact on its Carve-out Interim Financial Statements.

Not yet effective

*Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)*

The amendments to IAS 1, clarifies the presentation of liabilities. The classification of liabilities as current or noncurrent is based on contractual rights that are in existence at the end of the reporting period and is affected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendment also introduces a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendment issued in October 2022 also clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The adoption of this amendment is not expected to have a material impact on the Business.

## 6. Royalty interests

As at December 31, 2023, the Royalty Interests held by the Business are summarized below.

*Brucejack Annual Payments* ( the "*Brucejack Royalty")*

Nisga'a Nation and Pretium Resources Inc. ("Pretium") entered into a Cooperation and Benefits agreement on April 1, 2015. The Brucejack Mine is an underground gold mine located 65 km north of Stewart, British Columbia. The Brucejack Mine commenced commercial production in June of 2017, and since then, payments have been made under the Brucejack Benefits Agreement. As at December 31, 2023, Nisga'a Nation had received $3,209,324 (March 31, 2023 - $2,708,998) in Annual Payments. On November 6, 2023, Newmont Corporation acquired Newcrest Mining Ltd, which included Pretium's Brucejack mine.

*Kitsault Annual Payments (the "Kitsault Royalty")*

The Kitsault project is an exploration-stage fully permitted brownfield site owned by New Moly LLC, a corporation majority-owned by Resource Capital Fund VI L.P. The Kitsault project is located in northwestern British Columbia within the Regional District of Kitimat-Stikine, approximately 140km northeast of Prince Rupert.

Nisga'a Nation and Avanti Kitsault Mine Ltd. ("Avanti") entered into a Cooperation and Benefits agreement on May 30, 2014, for a Net Smelter Royalty ("NSR"). The Kitsault Annual Payment is the greater of the following:

- A minimum royalty of $1,000,000 (the "Minimum Royalty"), unless the NSR is greater than the Minimum Royalty;
- NSR is determined by multiplying the net smelter return for the calendar year by the applicable NSR Rate. The NSR rate is as follows:

  Avg Molybdenum price ("AMP") during calendar year = NSR Rate

  AMP < US$10 / lbs = NSR rate of 0.0%

  AMP ≥ US$10 / lbs and ≤ US$15 / lbs = NSR rate of 0.5%

  AMP ≥ US$15 / lbs and ≤ US$20 / lbs = NSR rate of 1.0%

  AMP ≥ US$20s = NSR rate of 2.0%

The net smelter return is, in respect of each calendar year, the total of all gross revenue received or accrued by Avanti from the sales of all molybdenum produced from the Avanti Kitsault mine less the following:

(i) all smelting, refining and treatment costs or charges and penalties at the smeller or refinery including deductions charged for metal losses and penalties for impurities;

(ii) transportation costs for production from the property to the place of benefaction, processing and treatment and then to the place of delivery including shipping, freight, handling and expenses;

(iii) all sampling, assaying and representation charges in connection with sampling and assaying carried out after the product has been removed from the mine site; and

(iv) sales charges and taxes.

*KSM Annual Payments* (the "*KSM Royalty")*

The KSM project is a gold, copper, silver and molybdenum mine development of Seabridge Gold Inc. ("Seabridge Gold") located approximately 65 kilometres northwest of Stewart, British Columbia. Nisga'a Nation and Seabridge Gold entered into a Benefits agreement on June 16, 2014.

The KSM Annual Payment is an annual payment equal to

- subject to the below, 11% of the amount of tax payable by Seabridge Gold in each calendar year under the Mineral Tax Act for the KSM project; and
- 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 (or, if the Mineral Tax Act is amended or repealed, would have been payable) by Seabridge Gold in each calendar year under the Mineral Tax Act for the KSM project.

*Premier Gold and Red Mountain Annual Payments* (the "*Premier Gold and Red Mountain Royalty")*

The Premier Gold project is an underground gold-silver mine development project located approximately 25 km from Stewart, British Columbia. The Red Mountain project is an underground gold-silver mine development located approximately eight (8) kilometres northeast of Stewart, British Columbia.

Nisga'a Nation and Ascot Resources Ltd. ("Ascot") entered into a Benefits agreement on July 15, 2021. The Premier Gold and Red Mountain Annual Payment is an amount equal to:

- 20% 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; and

Expressed in Canadian dollars, unless otherwise stated

- for each calendar year after the calendar year in which debt is advanced under 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.

## 7. Due from parent

| | | |
|---|---|---|
| Balance, March 31, 2022 | $ | 2,013,231 |
| Transfers to the parent | | 695,767 |
| Balance, December 31, 2022 | | 2,708,998 |
| | | |
| Balance, March 31, 2023 | $ | 2,708,998 |
| Transfers to the parent | | 500,326 |
| Balance, December 31, 2023 | $ | 3,209,324 |

Due from parent represents transfers from the Business to the parent, the Nationsco Shareholder. Cash is collected by the Nationsco Shareholder and no cash is held by the Business.

## 8. Financial instruments

*Fair values*

The carrying values of amounts receivable approximated their fair values because of the short-term nature of these financial instruments. The classifications of the financial instruments are shown in the table below:

| **Amortized costs** | | **December 31, 2023** | | **March 31, 2023** |
|---|---|---|---|---|
| Amounts receivable | $ | 413,365 | $ | 600,126 |

Management of financial risk

The Business’s financial instruments are exposed to certain financial risks including credit, and liquidity risks.

Credit risk

Credit risk is the risk of potential loss to the Business if the counterparty to a financial instrument fails to meet its contractual obligations. The Business's credit risk is primarily attributable to its financial assets of amounts receivable in the ordinary course of business. Specifically, the Business’s amounts receivable are subject to the credit risk of the counterparties who own and operate the mines underlying Royalty Interests.

The Business’s largest counterparty accounted for 100% of income for the nine months ended December 31, 2023 (nine months ended December 31, 2022: 100%). The highest balances of amounts receivables outstanding were for the same counterparty and amounted to 100% of the Business’s amounts receivable as at December 31, 2023 (March 31, 2023: 100%). There is no other significant concentration of counterparty credit risk.

This concentration represents a significant risk to the Business's financial performance and exposes it to potential fluctuations in the counterparty's business or creditworthiness. The Business receives royalty payments on an annual basis and the risk associated with collection of Royalty Interests is minimal as the royalty payments are based for taxes on mines in operation and producing cash flows. The loss of this counterparty, or reduced royalty income from this counterparty, may result in a significant impact on the Business income and results of operations, and the Business’s growth could be limited.

Liquidity risk

Liquidity risk is the risk that the Business will not be able to meet the obligations associated with its financial liabilities. The Nisga’a Nation manages the liquidity risk by continuously monitoring actual and projected cash flows, taking into account the requirements related to its working capital. The Nisga’a Lisims Government Executive reviews and approves any material transaction out of the ordinary course of business, including acquisitions or other major investment or divestitures. As at December 31, 2023, the Business had amounts receivable of $413,365 (March 31, 2023 - $600,126) and had no liabilities (March 31, 2023 - $nil). The Business does not hold any cash as all cash is held and controlled by the Nationsco Shareholder. No cash from past royalty income will be distributed to Nations Royalty on closing of the Transaction.

## 9. Management of capital

Nisga'a Nation's objectives when managing capital of Business is to safeguard its ability to continue as a going concern in order to manage the Annual Payments. In order to facilitate the management of its capital requirements, the Nationsco Shareholder prepares annual budgets that are updated as necessary depending on a range of factors, including successful capital deployment and general industry conditions. The Nisga'a Lisims Government Executive reviews the annual budgets. There were no changes to the management of capital by the Business during the nine months ended December 31, 2023.

## 10. Subsequent Events

Subsequent to December 31, 2023:

(a) On April 9, 2024, Nations Royalty announced it closed its previously announced private placement offering (the "Offering" or "Concurrent Financing"), through its wholly-owned subsidiary Finco, of 11,111,112 subscription receipts of Finco at a price of $0.90 per subscription receipt for gross proceeds of $10,000,001. As consideration for services provided in connection with the Offering, Finco will pay a cash commission in an amount equal to 6% of the aggregate gross proceeds of the Offering, except with respect to subscribers on the "president's list" of the Nations Royalty for which a cash commission equal to 2% will be paid. The commissions will be paid to the agents out of the escrowed funds upon satisfaction of the escrow release conditions which includes and not limited to; the required approvals for the Transaction and the completion of the Transaction (refer to Note 1).

(b) On April 16, 2024, Nations Royalty consolidated the outstanding common shares on the basis of two (2) pre-consolidation shares for one (1) post-consolidation share (the "Share Consolidation"). As a result of the Share Consolidation, the numbers of issued and outstanding common shares of Nations Royalty has been reduced from 45,039,055 to 22,519,525.

(c) Subsequent to December 31, 2023, in connection with the Transaction, Nationsco entered into the following Annual Payment Direction Agreements:

- On June 8, 2024, Nationsco entered into an agreement with Pretium Resources Inc. and the Nationsco Shareholder (the "Brucejack Annual Payment Direction Agreement") and obtained the right to be paid the Brucejack Annual Payment for each relevant year following the closing of the Transaction;
- On June 10, 2024, Nationsco entered into an agreement with KSM Mining ULC. ("KSM"), a subsidiary of Seabridge Gold Inc., and the Nationsco Shareholder (the "KSM Annual Payment Direction Agreement") and obtained the right to be paid the KSM Annual Payment each relevant year following the closing of the Transaction;
- On June 10, 2024, Nationsco entered into an agreement with Ascot Resources Ltd. and the Nationsco Shareholder (the "Premier Gold and Red Mountain Annual Payment Direction Agreement") and obtained the right to be paid the Premier Gold and Red Mountain Annual Payment for each relevant year following the closing of the Transaction; and
- On June 7, 2024, Nationsco entered into an agreement with Avanti Kitsault Mine Ltd. and the Nationsco Shareholder (the "Kitsault Annual Payment Direction Agreement") and obtained the right to be paid the Kitsault Annual Payment for each relevant year to following the closing of the Transaction.

# SCHEDULE G

## Management's Discussion and Analysis of the Nationsco Shareholder Contributed Assets

**for the years ended March 31, 2023**

**and**

**for the three and nine months ended December 31, 2023**

# NATIONSCO SHAREHOLDER CONTRIBUTED ASSETS

## Management's Discussion and Analysis

## For the year ended March 31, 2023

*The audited carve-out financial statements and related notes for the years ended March 31, 2023 and 2022,and April 1, 2021 (the "Carve-out Financial Statements") represent the activities and assets of the Nationsco Shareholder Contributed Assets (the "Business"), as represented by the Nisga'a Lisims Government, rather than representing the legal structure. The Carve-out Financial Statements of the Business have been prepared for the purpose of presenting the financial position, results of operations and cash flows of the Business on a stand-alone basis.*

*The following management's discussion and analysis ("MD&A") of the operations and financial position of the Business for the year ended March 31, 2023 should be read in conjunction with the Carve-out Financial Statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS does not provide guidance for the preparation of carve-out financial statements, and accordingly in preparing the Carve-out Financial Statements, certain accounting conventions commonly used for the preparation of historical financial statements have been applied. Management is responsible for the preparation of the Carve-out Financial Statements and other financial information relating to the Business included in this MD&A. All monetary amounts included in this MD&A are expressed in Canadian dollars, the reporting and functional currency of the Business, unless otherwise noted. This MD&A contains forward-looking statements and should be read in conjunction with the risk factors described in the "Cautionary Note Regarding Forward- Looking Statements" section. The information included in this MD&A is as of June 14, 2024.*

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**Overview – Proposed transaction and the Carve-out Financial Statements**

The Carve-out Financial Statements, have been prepared in connection with an agreement dated February 1, 2024, between the Nisga’a Nation (the “Nationsco Shareholder”), as represented by the Nisga'a Lisims Government, and Nations Royalty Corp. (formerly Vega Mining Inc., “Nations Royalty”) pursuant to which, among other things, Nations Royalty will acquire from the Nisga’a Nation the rights to certain annual benefit payment entitlements (the “Royalties”) in Benefit 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 in the capital of Nations Royalty (the “Transaction”).

On May 3, 2024, Nations Royalty Corp. announced, in connection with the Transaction, it had completed its continuance from the Business Corporations Act (British Columbia) to the Canada Business Corporations Act, and has changed its name from ‘Vega Mining Inc.’ to ‘Nations Royalty Corp.’, effective May 3, 2024.

The Transaction is expected to be completed by way of a three-cornered amalgamation under the provisions of the Business Corporations Act (British Columbia) whereby a wholly-owned subsidiary of Nations Royalty, 1445146 B.C. Ltd. (“Finco”), will amalgamate with Nations Acquisitions Corp. (“Nationsco”), a wholly-owned subsidiary of the Nationsco Shareholder formed to acquire the rights to the Royalties prior to closing the Transaction. The Transaction will result in a “Reverse Take-Over” of Nations Royalty under the policies of the TSX Venture Exchange (the “TSX-V”). Upon completion of the Transaction, Nations Royalty will be majority owned by the Nationsco Shareholder and will continue the operations under the name of Nations Royalty Corp.

The Transaction is expected to close in the second quarter of 2024. The completion of the Transaction is subject to certain closing conditions set out in the amalgamation agreement, including, but not limited to: (i) Finco having completed the concurrent financing of 11,111,112 subscription receipts for gross proceeds of $10,000,001 – completed on April 9, 2024 (refer to section “Subsequent events to March 31, 2023”); (ii) receipt of all applicable shareholder approvals, including Nationsco shareholder approval and the Finco shareholders approval (iii) receipt of TSX-V approval; (iv) Nations Royalty having completed the Share Consolidation – completed on April 16, 2024 (refer to section “Subsequent events to March 31, 2023”); (v) the absence of any material change or change in a material fact which might reasonably be expected to have a material adverse effect on the financial and operational conditions or the assets of each of the parties to the amalgamation agreement; and (vi) certain other conditions typical in a transaction of this nature.

The Royalties acquired by Nations Royalty in the Transaction include the following (referenced within as “Nationsco Shareholder Contributed Assets” or the “Annual Payments”):

- the annual benefit payment payable to the Nationsco Shareholder pursuant to the Cooperation and Benefits Agreement between Avanti Kitsault Mine Ltd. (“Avanti”) and the Nationsco Shareholder dated May 30, 2014 (the “Kitsault Annual Payment”);
- the annual benefit payment payable to the Nationsco Shareholder pursuant to the Cooperation and Benefits Agreement between Pretium Resources Inc. (“Pretium”) and the Nationsco Shareholder dated April 1, 2015 (the “Brucejack Annual Payment”);
- the annual benefit payment payable to the Nationsco Shareholder pursuant to the Benefits Agreement between the Nationsco Shareholder and Seabridge Gold Inc. (“Seabridge Gold”) dated June 16, 2014 (the “KSM Annual Payment”); and
- the annual benefit payment payable to the Nationsco Shareholder pursuant to the Benefits Agreement between the Nationsco Shareholder and Ascot Resources Ltd. (“Ascot”) dated July 15, 2021 (the “Premier Gold and Red Mountain Annual Payment”).

In connection with the Transaction, Nationsco entered into the following Annual Payment Direction Agreements:

- On June 8, 2024, Nationsco entered into an agreement with Pretium and the Nationsco Shareholder (the “Brucejack Annual Payment Direction Agreement”) and obtained the right to be paid the Brucejack Annual Payment for each relevant year following the closing of the Transaction;
- On June 10, 2024, Nationsco entered into an agreement with KSM Mining ULC. (“KSM”), a subsidiary of Seabridge Gold, and the Nationsco Shareholder (the “KSM Annual Payment Direction Agreement”) and obtained the right to be paid the KSM Annual Payment for each relevant year following the closing of the Transaction;
- On June 10, 2024, Nationsco entered into an agreement with Ascot and the Nationsco Shareholder (the Premier Gold and Red Mountain Annual Payment Direction Agreement”) and obtained the right to be paid the Premier Gold and Red Mountain Annual Payment for each relevant year following the closing of the Transaction; and
- On June 7, 2024, Nationsco entered into an agreement with Avanti and the Nationsco Shareholder (the “Kitsault Annual Payment Direction Agreement”) and obtained the right to be paid the Kitsault Annual Payment for each relevant year to following the closing of the Transaction.
- Refer to the “Description of the Business” section for further information on each of the Annual Payments terms.

The Business’s rights to the Annual Payments are recognized as royalty interests (“Royalty Interests”) in recognition that the Nisga'a Nation has Treaty Rights and Interests in place in respect of mines and projects within the Golden Triangle Area located in northwest British Columbia. For accounting purposes, the Business has recognized Royalty Interests at a measurement basis of $nil due to specific circumstances surrounding the acquisition of these rights, as described below:

- the Royalty Interests was acquired in a non-monetary exchange in recognition that the Nisga'a Nation has Treaty Rights and Interests; and
- the Royalty Interests fair value cannot be reliably determined at the time of inception of the Annual Payments due to the respective royalty projects having not commenced development or operation.

The Business accounts for royalty income from amounts received or receivable from Royalty Interests under the Annual Payments agreements. Royalty income is based on:

- Annual ongoing payments: Annual Payments based on a percentage of the annual mineral tax payable under the relevant Mineral Tax Act (“Mineral Tax Act”); and
- Net Smelter Royalty (the “NSR”): Payments are calculated by multiplying the net smelter return for the calendar year by the applicable NSR rate.

Royalty income is measured at the fair value of the consideration received or receivable when management can reliably estimate the amount under the terms of the Annual Payments.

The Carve-out Financial Statements reflect the activities and assets of the Nationsco Shareholder Contributed Assets in connection with the Transaction on a “carve-out” basis, rather than representing the actual legal structure. For all periods presented in the Carve-out Financial Statements, the economic activities related to the Nationsco Shareholder Contributed Assets are presented on a basis as at the dates and for the periods when they were under common control. The Carve-out Financial Statements have been prepared for the purpose of presenting the financial position, results of operations and cash flows of the Nationsco Shareholder Contributed Assets on a stand-alone basis. The Carve-out Financial Statements have been extracted from historical accounting records of Nationsco Shareholder with estimates used, when necessary, for certain allocations.

- The carve-out statements of financial position reflect the assets recorded by Nationsco Shareholder which have been assigned to the Business on the basis that they are specifically identifiable and attributable to the Business;
- The carve-out statements of income and comprehensive income include the Nationsco Shareholder’s royalty income specifically identifiable activities attributable to the Business. There are no identifiable expenses to allocate against the royalty income; and
- The net parent investment represents the Nationsco Shareholder’s historical investment in the Business and includes accumulated net income or losses attributable to the Nationsco Shareholder.

The Carve-out Financial Statements may not be indicative of the Business’s future performance and they do not necessarily reflect what its results of operations, financial position and cash flows would have been had the Business operated as an independent entity and had it presented stand-alone financial statements for the years ended March 31, 2023, and 2022.

**Business overview**

Description of the Business – Annual Payments

The Business’s activities are controlled by the Nationsco Shareholder, being the Nisga’a Nation. The Annual Payments agreements or Royalty Interests held by Nationsco Shareholder as of the date of this MD&A are summarized below.

*Brucejack Annual Payments (the “Brucejack Royalty”)*

Nisga’a Nation and Pretium entered into a Cooperation and Benefits agreement on April 1, 2015, for the Brucejack mine. The Brucejack Mine is an underground gold mine located 65 km north of Stewart, British Columbia. The Brucejack Mine commenced commercial production in June of 2017, and since then, payments have been made under the Brucejack Cooperation and Benefits Agreement. As at March 31, 2023, the Nisga’a Nation has collected on behalf of the Business $2,708,998 (March 31, 2022 - $2,013,231) in Annual Payments. On November 6, 2023, Newmont Corporation acquired Newcrest Mining Ltd, which included Pretium’s Brucejack mine.

Subsequent to March 31, 2023, on June 8, 2024, pursuant to the Brucejack Annual Payment Direction Agreement, the Nisga’a Nation irrevocably directs Pretium to pay the Brucejack Annual Payment to Nationsco for the duration of the Brucejack Benefits Agreement. The Brucejack Annual Payment is an annual payment equal to a percentage of the mineral tax payable by Pretium in each year under the Mineral Tax Act in respect of the Brucejack Mine.

The Brucejack Annual Payment Direction Agreement will automatically terminate (a) upon Nations Royalty becoming insolvent, bankrupt or wound up; or (b) the Nisga’a Nation and Nationsco providing joint notice to Pretium terminating the Brucejack Annual Payment Direction Agreement. In the event of termination of the Brucejack Annual Payment Direction Agreement, the direction shall become void and have no effect and the Brucejack Annual Payment shall thereafter be made to the Nisga’a Nation.

*KSM Annual Payment Agreement (the "KSM Royalty")*

Nisga'a Nation and Seabridge Gold entered into a Benefits agreement on June 16, 2014, for the KSM project. The KSM project is a gold, copper, silver and molybdenum mine development of Seabridge Gold located approximately 65 kilometres northwest of Stewart, British Columbia. The KSM Annual Payment is an annual payment equal to:

- subject to the below, 11% of the amount of tax payable by Seabridge Gold in each calendar year under the Mineral Tax Act for the KSM Project; and
- 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 (or, if the Mineral Tax Act is amended or repealed, would have been payable) by Seabridge Gold in each calendar year under the Mineral Tax Act for the KSM Project.

Subsequent to March 31, 2023, on June 10, 2024, pursuant to the KSM Annual Payment Direction Agreement, the Nisga'a Nation irrevocably directs KSM to pay the KSM Annual Payment to Nationsco for the duration of the KSM Benefits Agreement.

The KSM Annual Payment Direction Agreement will automatically terminate (a) upon Nations Royalty becoming insolvent, bankrupt or wound up; or (b) the Nisga'a Nation and Nationsco providing joint notice to Seabridge Gold terminating the KSM Annual Payment Direction Agreement. In the event of termination of the KSM Annual Payment Direction Agreement, the direction shall become void and have no effect and the KSM Annual Payment shall thereafter be made to the Nisga'a Nation.

*Premier Gold and Red Mountain Annual Payments (the "Premier Gold and Red Mountain Royalty")*

Nisga'a Nation and Ascot entered into a Benefits agreement on July 15, 2021, for the Premier Gold and Red Mountain projects. The Premier Gold project is an underground gold-silver mine development project located approximately 25 km from Stewart, British Columbia. The Red Mountain project is an underground gold-silver mine development located approximately eight (8) kilometres northeast of Stewart, British Columbia. Ascot purchased the Red Mountain project on March 28, 2019, from IDM Mining Ltd.

The Premier Gold and Red Mountain Annual Payment is an amount equal to:

- 20% 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; and
- for each calendar year after the calendar year in which debt is advanced under the certain project funding agreements, 25% of the mineral tax payable by the Ascot in each calendar year under the Mineral Tax Act for each of the Premier Gold and Red Mountain projects.

Subsequent to March 31, 2023, on June 10, 2024, pursuant to the Premier Gold and Red Mountain Annual Payment Direction Agreement, the Nisga'a Nation irrevocably directs Ascot to pay the Premier Gold and Red Mountain Annual Payment to Nationsco for the duration of the Premier Gold and Red Mountain Benefits Agreement. The Premier Gold and Red Mountain Annual Payment is an annual payment equal to a percentage of the mineral tax payable by Ascot in each year under the Mineral Tax Act in respect of the Red Mountain and Premier Gold projects owned by Ascot.

The Premier Gold and Red Mountain Annual Payment Direction Agreement will automatically terminate (a) upon Nations Royalty becoming insolvent, bankrupt or wound up; or (b) the Nisga'a Nation and Nationsco providing joint notice to Ascot terminating the Premier Gold and Red Mountain Annual Payment Direction Agreement. In the event of termination of the Premier Gold and Red Mountain Annual Payment Direction Agreement, the direction shall become void and have no effect and the Premier Gold and Red Mountain Annual Payment shall thereafter be made to the Nisga'a Nation.

*Kitsault Annual Payments (the "Kitsault Royalty")*

Nisga'a Nation and Avanti entered into a Cooperation and Benefits agreement on May 30, 2014, for the Kitsault project. The Kitsault project is an exploration-stage fully permitted brownfield site owned by New Moly LLC, a corporation majority-owned by Resource Capital Fund VI L.P. The Kitsault project is located in northwestern British Columbia within the Regional District of Kitimat-Stikine, approximately 140km northeast of Prince Rupert.

The Kitsault Annual Payment is the greater of the following:

- A minimum royalty of $1,000,000 (the "Minimum Royalty"), unless the NSR is greater than the Minimum Royalty;
- NSR is determined by multiplying the net smelter return for the calendar year by the applicable NSR rate. The NSR rate is as follows:

  Avg Molybdenum price (AMP) during calendar year = NSR Rate

  AMP < US$10 / lbs = NSR Rate of 0.0%

  AMP ≥ US$10 / lbs and ≤ US$15 / lbs = NSR Rate of 0.5%

  AMP ≥ US$15 / lbs and ≤ US$20 / lbs = NSR Rate of 1.0%

  AMP ≥ US$20s = NSR Rate of 2.0%

The net smelter return is, in respect of each calendar year, the total of all gross revenue received or accrued by Avanti from the sales of all molybdenum produced from the Avanti Kitsault mine less the following:

(i) all smelting, refining and treatment costs or charges and penalties at the smeller or refinery including deductions charged for metal losses and penalties for impurities;

(ii) transportation costs for production from the property to the place of benefaction, processing and treatment and then to the place of delivery including shipping, freight, handling and expenses;

(iii) all sampling, assaying and representation charges in connection with sampling and assaying carried out after the product has been removed from the mine site; and

(iv) sales charges and taxes.

Subsequent to March 31, 2023, on June 7, 2024, pursuant to the Kitsault Annual Payment Direction Agreement, the Nisga'a Nation irrevocably directs Avanti to pay the Kitsault Annual Payment to Nationsco for the duration of the Kitsault Benefits Agreement. The Kitsault Annual Payment Direction Agreement will automatically terminate (a) upon Nations Royalty becoming insolvent, bankrupt or wound up; or (b) the Nisga'a Nation and Nationsco providing notice to Avanti terminating the Kitsault Annual Payment Direction Agreement, which requires the agreement of Nationsco. In the event of termination of the Kitsault Annual Payment Direction Agreement, the direction shall become void and have no effect and the Kitsault Annual Payment shall thereafter be made to the Nisga'a Nation.

**Selected financial information**

Financial performance

*Carve-out Statements of Net Income*

The following table presents summarized carve-out statements of income for the years ended March 31, 2023 (Fiscal 2023) and 2022 (Fiscal 2022):

| | | Fiscal 2023 | | Fiscal 2022 |
|---|---|---|---|---|
| **Royalty income** | $ | 599,972 | $ | 540,582 |
| **Net and comprehensive income** | $ | 599,972 | $ | 540,582 |

*Summary*

- Royalty income for Fiscal 2023 of $599,972 increased by $59,390 compared to $540,582 in Fiscal 2022; and
- Fiscal 2023 and Fiscal 2022 the Business had net cash flows of $nil.

*Net income – royalty income*

Royalty income is based on the Brucejack operator's British Columbia Mineral Tax. Royalty income from producing mines will fluctuate due to a combination of gold ounces produced and sold and the average sales price and production cost per ounce of gold. In Fiscal 2023, the increase in royalty income was driven by the Brucejack mine results. Driving the change was the increase of gold ounces sold in Fiscal 2023 compared to Fiscal 2022 gold ounces sold.

*Cash flow*

The net cash flows used in operating activities in Fiscal 2023 and Fiscal 2022 amounted to $nil. Cash deposits for royalty income are deposited to the Business's parent bank accounts, and no cash is held by the Business. Subsequent to the Transaction closing, cash payments will be deposited with the Business.

Financial position

The following table presents the summarized carve-out statements of financial position as at March 31, 2023 and 2022, and April 1, 2021:

| | | March 31, 2023 | | March 31, 2022 | | April 1, 2021 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Amounts receivable | $ | 600,126 | $ | 695,921 | $ | 925,997 |
| Due from parent | | 2,708,998 | | 2,013,231 | | 1,242,573 |
| **Total Assets** | | 3,309,124 | | 2,709,152 | | 2,168,570 |
| **Owner's Equity** | | | | | | |
| Net parent investment | $ | 3,309,124 | $ | 2,709,152 | $ | 2,168,570 |

*Summary*

- Amounts receivable as of March 31, 2023, was $600,126, decreased by $95,795, compared to $695,921 on March 31, 2022. The amounts receivable as of March 31, 2022, was $695,921, compared to $925,997 on April 1, 2021, a decrease of $230,076.
- The amount due from parent as of March 31, 2023, was $2,708,998, increased by $695,767, compared to $2,013,231 on March 31, 2022. The amount due from the parent as of March 31, 2022, was $2,013,231, compared to $1,242,573 on April 1, 2021, an increase of $770,658.
- Net parent investment as of March 31, 2023, was $3,309,124, increased of $599,972, compared to $2,709,152, as of March 31, 2022. As of March 31, 2022, net parent investment increased by $540,582 from $2,168,570 as of April 1, 2021.

*Amounts receivable: As at March 31, 2023 and 2022*

As at March 31, 2023, the decrease in amounts receivable of $95,795 is a factor of opening balance increased by the Fiscal 2023 income accrual of $599,972, and offset by the Fiscal 2023 royalty income cash payment of $695,767. As at March 31, 2022, the decrease in amounts receivable of $230,076 is a factor of opening balance increased with the Fiscal 2022 income accrual of $540,582, and offset by the Fiscal 2022 royalty income cash payment of $770,658.

*Due from parent and net parent investment: As at March 31, 2023 and 2022*

The net movement between these accounts from March 31, 2022 to March 31, 2023, represents the movement in amounts receivables, as net parent investment reflects the royalty income for the current period, and due from parent represents the royalty income cash payments deposited in the parent's bank account in the same period.

**Basis of presentation of the Carve-out Financial Statements and accounting policies**

The Carve-out Financial Statements for the year ended March 31, 2023 have been prepared in accordance with IFRS. The significant accounting policies of the Business are detailed in the notes to the audited Carve-out Financial Statements for the year ended March 31, 2023. The accounting policies, methods of computation and presentation applied in the Carve-out Financial Statements are consistent with those of the previous financial year, except for the adoption of amendments to accounting standards, and new accounting standards, identified in the section "Changes in accounting policies including initial adoption".

**Changes in accounting policies including initial adoption**

Certain pronouncements were issued by the International Accounting Standards Board (the "IASB") that are mandatory for accounting periods commencing on or after January 1, 2023. Many are not applicable or do not have a significant impact on the Business and have been excluded.

Not yet effective

*Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement and IFRS Practice Statement 2: Making Materiality Judgements—Disclosure of Accounting Policies*: In February 2021, the IASB issued `Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.The amendments are effective for year ends beginning on or after January 1, 2023. . The Business has not early adopted the amendments and its expected that the implementation of the amendments would not have a material impact on the business.

*Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimate*:- In February 2021, the IASB issued `Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023. The Business has not early adopted the amendments and its expected that the implementation of the amendments would not have a material impact on the business.

*Classification of Liabilities as Current or Non-Current (Amendments to IAS 1):* The amendments to IAS 1, clarifies the presentation of liabilities. The classification of liabilities as current or noncurrent is based on contractual rights that are in existence at the end of the reporting period and is affected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendment also introduces a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendment issued in October 2022 also clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The Business has not early adopted this amendment and the implementation of this amendment is not expected to have a material impact on the Business.

**Critical accounting estimates and judgements**

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

The Business has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made where actual results may differ from these estimates under different assumptions and conditions and may materially affect the Business's financial results or statements of financial position reported in future periods.

a) Royalty Interests

Royalty Interests consist of acquired Royalties rights pursuant to the Annual Payments. Each Royalty Interest has its own unique terms and judgement is required to assess the appropriate accounting treatment. The determination of whether an acquisition should be accounted for as a Royalty Interest or a financial instrument requires the consideration of factors such as (i) the terms of the agreement; (ii) the applicability of the own use exemption under IFRS 9; (iii) whether there is a contractual commitment to repay amounts under the Royalty Interest and (iv) the expected timing and amount of future payments of the royalty with the respective the Annual Payments.

Management has exercised judgement in concluding that the acquisitions are Royalty Interests which should be valued at a nil basis in accordance with the requirements of IFRS, considering the legal and contractual framework governing the Nationsco Shareholder rights. In each case, the Royalty Interests were acquired by the Nationsco Shareholder for $nil consideration for the rights to certain Royalties in Annual Payment agreements the Nisga'a Nation has in place in respect of mines and projects within the Golden Triangle Area located in northwest British Columbia to which the Nisga'a Treaty Rights and Interests apply. Management judged the Royalty Interests were acquired for nil consideration as the fair value could not be reliably determined at the time of inception of the Annual Payments due to royalty projects having not commenced development or operation and Nationsco Shareholder acquired the Royalty Interests for $nil value.

b) Royalty income estimates

The Business estimates its royalty income based on the mineral tax payable or paid for the properties underlying the Business interests. Each operator provides estimates of the royalty income on an on-going basis with estimates reconciled annually to the Mineral Tax return. In the event the operator is unable to provide royalty income estimates within the required timeframes, the Business will estimate the royalty income based on public disclosures, where available, of financial and operational results disclosed or provided by the respective operator.

**Subsequent events to March 31, 2023**

(a) On April 9, 2024, Nations Royalty announced it closed its previously announced private placement offering (the "Offering" or "Concurrent Financing"), through its wholly-owned subsidiary, Finco, of 11,111,112 subscription receipts of Finco at a price of $0.90 per subscription receipt for gross proceeds of $10,000,001. As consideration for services provided in connection with the Offering, Finco will pay a cash commission in an amount equal to 6% of the aggregate gross proceeds of the Offering, except with respect to subscribers on the "president's list" of the Nations Royalty for which a cash commission equal to 2%, which will be paid to the agents out of the escrowed funds upon satisfaction of the escrow release conditions.

(b) On April 16, 2024, Nations Royalty consolidated the outstanding common shares on the basis of two (2) pre-consolidation shares for one (1) post-consolidation share (the "Share Consolidation"). As a result of the Share Consolidation, the numbers of issued and outstanding common shares of Nations Royalty has been reduced from 45,039,055 to 22,519,525.

**Transactions with related parties**

The Business has related party transactions with its parent. The transactions pertain to cash deposits related to royalty income which are deposited to the Business's parent bank accounts and no cash is held by the Business. For the Fiscal 2023, the Business's parent received $695,767 in cash for royalty income (Fiscal 2022 - $770,658).

**Summary of quarterly results**

As at the date of this MD&A, the Business was not a reporting issuer and was not required to file quarterly financial statements. The Business has excluded quarterly summary table for this MD&A included within the filing statement.

**Liquidity**

The Nationsco Shareholder manages its liquidity by continuously monitoring actual operational results taking into account the requirements related to its investment and working capital commitments and matching the maturity profile of financial assets and liabilities. The Nisga'a Lisims Government Executive reviews and approves any material transaction out of the ordinary course of business, including acquisitions or other major investment or divestitures. The Business does not hold any cash as all cash is held and controlled by the Nationsco Shareholder. Cash will not be distributed to Nationsco until subsequent to the closing of the Transaction. Refer to Financial instruments section for information on liquidity risk. As at March 31, 2023, the Business had amounts receivable of $600,126 (March 31, 2022 - $695,921) and current liabilities of $nil (March 31, 2022 - $nil).

**Capital resources, contractual obligations and commitments**

For the year ended March 31, 2023 and 2022, the Business did not incur capital expenditures. As at March 31, 2023, there were no material contractual obligations and commitments.

**Off-balance sheet items**

There are no significant off-balance sheet arrangements.

**Risks and uncertainties**

The Business, being the management of Royalty Interests, involves a high degree of risk, due to the underlying interest in mining, development and exploration projects controlled by third parties. Certain factors, including but not limited to the ones below, could materially affect financial condition and/or future operating results of the Business, and could cause actual events to differ materially from those described in forward-looking statements made by or relating to the Business. Refer to the *"Cautionary Note Regarding Forward-Looking Statements"* and the Financial Instruments section within this MD&A and the “Risk Factors” section found in the filing statement dated June 14, 2024 for a discussion of risk factors relevant to the Business and the resulting issuer. The reader should carefully consider these risks as well as the information disclosed in the Carve-out Financial statements.

**Financial instruments**

Fair values

The carrying values of amounts receivable approximated their fair values because of the short-term nature of these financial instruments. The classifications of the financial instruments are shown in the table below:

| **Amortized costs** | **March 31, 2023** | **March 31, 2022** | **April 1, 2021** |
|---|---|---|---|
| Amounts receivable | $ 600,126 | $ 695,921 | $ 925,997 |

Management of financial risk

The Business’s financial instruments are exposed to certain financial risks including credit, and liquidity risks.

Credit risk

Credit risk is the risk of potential loss to the Business if the counterparty to a financial instrument fails to meet its contractual obligations. The Business's credit risk is primarily attributable to its financial assets of amounts receivable in the ordinary course of business. Specifically, the Business’s amounts receivable is subject to the credit risk of the counterparties who own and operate the mines underlying the Royalty Interests.

The Business’s largest counterparty accounted for 100% of royalty income for the year ended March 31, 2023 (2022: 100%). The highest balance of amounts receivable outstanding was for the same counterparty and amounted to 100% of the Business’s amounts receivable as at March 31, 2023 (2022: 100%).

This concentration represents a significant risk to the Business's financial performance and exposes it to potential fluctuations in the counterparty's business or creditworthiness. The Business receives royalty payments on an annual basis and the risk associated with collection of Royalties is minimal as the royalty payments are based for taxes on mines in operation and producing cash flows. The loss of this counterparty, or reduced royalty income from this counterparty, may result in a significant impact on the Business’s income and results of operations, and the Business’s growth could be limited.

Liquidity risk

Liquidity risk is the risk that the Business will not be able to meet the obligations associated with its financial liabilities. The Nisga’a Nation manages the liquidity risk by continuously monitoring actual and projected cash flows, taking into account the requirements related to its investments and working capital commitments. The Nisga’a Lisims Government Executive reviews and approves any material transaction out of the ordinary course of business, including acquisitions or other major investment or divestitures. As at March 31, 2023, the Business had amounts receivable of $600,126 (March 31, 2022 - $695,921) and had no liabilities (March 31, 2022 - $nil). The Business does not hold any cash as all cash is held and controlled by the Nationsco Shareholder. Cash will not be distributed to Nations Royalty on closing of the Transaction.

**Internal control disclosure**

In November 2007, the Canadian Securities Administrators exempted issuers on the TSX-V, such as the Business, from certifying disclosure controls and procedures, as well as internal controls over financial reporting as of December 31, 2007, and thereafter. The Business makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109.

**Approval**

As at the date of this MD&A, the Nisga’a Lisims Government Executive approved the disclosure contained in this MD&A.

**Cautionary Note Regarding Forward-Looking Statements**

This MD&A contains “forward-looking statements” (also referred to as “forward-looking information”) within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this MD&A that address activities, events or developments that the Business expect or anticipate will or may occur in the future, including, without limitation, statements about; sources, and proposed uses of funds; capital and operating cost estimates, the timing and amounts of Annual Payments; expectations regarding the ability to raise capital for future activities; and other such matters are forward-looking statements. When used in this MD&A, the words “estimate,” “plan,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements.

Forward-looking information and statements are based on estimates and assumptions made by management in light of management’s experience and perception of historical trends, current conditions and expected future developments, as well as factors that management believes are appropriate. Forward-looking information and statements are made based upon certain assumptions and other important factors that could cause the actual results, performances or achievements of the Business to be materially different from future results, performances or achievements expressed or implied by such information or statements. Such information and statements are based on numerous assumptions including, among others, that the results of planned operator activities are as anticipated, the price of gold, and that general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed on reasonable terms.

Forward-looking information and statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Business to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although management of the Business believe that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Business cannot guarantee future results, levels of activity, performance, or achievements. Some of the risks and other factors, some of which are beyond the control of the Business, Nations Royalty, Nationsco and the Resulting Issuer, which could cause results to differ materially from those expressed in the forward-looking statements contained in this MD&A and the filing statement. Refer to the "Cautionary Note Regarding Forward-Looking Information" and the “Risk Factors” within the filing statement dated June 14, 2024, for a discussion of risk factors relevant to the Business and the resulting issuer.

Although the Business has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

# NATIONSCO SHAREHOLDER CONTRIBUTED ASSETS

## Management's Discussion and Analysis

For the three and nine months ended December 31, 2023

*The unaudited condensed carve-out condensed interim financial statements and related notes for the three and nine months ended December 31, 2023 and 2022, (the "Carve-out Financial Statements") represent the activities and assets of the Nationsco Shareholder Contributed Assets (the "Business"), as represented by the Nisga'a Lisims Government, rather than representing the legal structure. The Carve-out Financial Statements of the Business have been prepared for the purpose of presenting the financial position, results of operations and cash flows of the Business on a stand-alone basis.*

*The following interim management's discussion and analysis ("MD&A") of the operations and financial position of the Business for the three and nine months ended December 31, 2023, should be read in conjunction with the Business's Carve-out Financial Statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. IFRS does not provide guidance for the preparation of carve-out financial statements, and accordingly in preparing the Carve-out Financial Statements, certain accounting conventions commonly used for the preparation of historical financial statements have been applied. Management is responsible for the preparation of the Carve-out Financial Statements and other financial information relating to the Business included in this MD&A. All monetary amounts included in this MD&A are expressed in Canadian dollars, the reporting and functional currency of the Business, unless otherwise noted. This MD&A contains forward-looking statements and should be read in conjunction with the risk factors described in the "Cautionary Note Regarding Forward- Looking Statements" section. The information included in this MD&A is as of June 14, 2024.*

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**Overview – Proposed transaction and Carve-out Financial Statements**

The Carve-out Financial Statements, have been prepared in connection with an agreement dated February 1, 2024, between the Nisga'a Nation (the "Nationsco Shareholder"), as represented by the Nisga'a Lisims Government, and Nations Royalty Corp. (formerly Vega Mining Inc., "Nations Royalty") pursuant to which, among other things, Nations Royalty will acquire from the Nisga'a Nation the rights to certain annual benefit payment entitlements (the "Royalties") in Benefit 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 in the capital of Nations Royalty (the "Transaction").

On May 3, 2024, Nations Royalty Corp. announced, in connection with the Transaction, it had completed its continuance from the Business Corporations Act (British Columbia) to the Canada Business Corporations Act, and has changed its name from 'Vega Mining Inc.' to 'Nations Royalty Corp.', effective May 3, 2024.

The Transaction is expected to be completed by way of a three-cornered amalgamation under the provisions of the Business Corporations Act (British Columbia) whereby a wholly-owned subsidiary of Nations Royalty, 1445146 B.C. Ltd. ("Finco"), will amalgamate with Nations Acquisitions Corp. ("Nationsco"), a wholly-owned subsidiary of the Nationsco Shareholder formed to acquire the rights to the Royalties prior to closing the Transaction. The Transaction will result in a "Reverse Take-Over" of Nations Royalty under the policies of the TSX Venture Exchange (the "TSX-V"). Upon completion of the Transaction, Nations Royalty will be majority owned by the Nationsco Shareholder and will continue the operations under the name of Nations Royalty Corp.

The Transaction is expected to close in the second quarter of 2024. The completion of the Transaction is subject to certain closing conditions set out in the amalgamation agreement, including, but not limited to: (i) Finco having completed the concurrent financing of 11,111,112 subscription receipts for gross proceeds of $10,000,001 – completed on April 9, 2024 (refer to section "Subsequent events to December 31, 2023"); (ii) receipt of all applicable shareholder approvals, including Nationsco shareholder approval and the Finco shareholders approval (iii) receipt of TSX-V approval; (iv) Nations Royalty having completed the Share Consolidation – completed on April 16, 2024 (refer to section "Subsequent events to December 31, 2023"); (v) the absence of any material change or change in a material fact which might reasonably be expected to have a material adverse effect on the financial and operational conditions or the assets of each of the parties to the amalgamation agreement; and (vi) certain other conditions typical in a transaction of this nature.

The Royalties acquired by Nations Royalty in the Transaction include the following (referenced within as "Nationsco Shareholder Contributed Assets" or the "Annual Payments"):

- the annual benefit payment payable to the Nationsco Shareholder pursuant to the Cooperation and Benefits Agreement between Pretium Resources Inc. ("Pretium") and the Nationsco Shareholder dated April 1, 2015 (the "Brucejack Annual Payment");
- the annual benefit payment payable to the Nationsco Shareholder pursuant to the Benefits Agreement between the Nationsco Shareholder and Seabridge Gold Inc. ("Seabridge Gold") dated June 16, 2014 (the "KSM Annual Payment");
- the annual benefit payment payable to the Nationsco Shareholder pursuant to the Benefits Agreement between the Nationsco Shareholder and Ascot Resources Ltd. ("Ascot") dated July 15, 2021 (the "Premier Gold and Red Mountain Annual Payment"); and
- the annual benefit payment payable to the Nationsco Shareholder pursuant to the Cooperation and Benefits Agreement between Avanti Kitsault Mine Ltd. ("Avanti") and the Nationsco Shareholder dated May 30, 2014 (the "Kitsault Annual Payment").

In connection with the Transaction, Nationsco entered into the following Annual Payment Direction Agreements:

- On June 8, 2024, Nationsco entered into an agreement with Pretium and the Nationsco Shareholder (the "Brucejack Annual Payment Direction Agreement") and obtained the right to be paid the Brucejack Annual Payment for each relevant year following the closing of the Transaction;
- On June 10, 2024, Nationsco entered into an agreement with KSM Mining ULC. ("KSM"), a subsidiary of Seabridge Gold, and the Nationsco Shareholder (the "KSM Annual Payment Direction Agreement") and obtained the right to be paid the KSM Annual Payment each relevant year following the closing of the Transaction;
- On June 10, 2024, Nationsco entered into an agreement with Ascot and the Nationsco Shareholder (the "Premier Gold and Red Mountain Annual Payment Direction Agreement") and obtained the right to be paid the Premier Gold and Red Mountain Annual Payment for each relevant year following the closing of the Transaction; and
- On June 7, 2024, Nationsco entered into an agreement with Avanti and the Nationsco Shareholder (the "Kitsault Annual Payment Direction Agreement") and obtained the right to be paid the Kitsault Annual Payment for each relevant year to following the closing of the Transaction.
- Refer to the "Description of the Business" section for further information on each of the Annual Payments terms.

The Business's rights to the Annual Payments are recognized as royalty interests ("Royalty Interests") in recognition that the Nisga'a Nation has Treaty Rights and Interests in place in respect of mines and projects within the Golden Triangle

Area located in northwest British Columbia. For accounting purposes, the Business has recognized Royalty Interests at a measurement basis of $nil due to specific circumstances surrounding the acquisition of these rights, as described below:

- the Royalty Interests was acquired in a non-monetary exchange in recognition that the Nisga'a Nation has Treaty Rights and Interests; and
- the Royalty Interests fair value cannot be reliably determined at the time of inception of the Annual Payments due to the respective royalty projects having not commenced development or operation.

The Business accounts for royalty income from amounts received or receivable from Royalty Interests under the Annual Payments agreements. Royalty income is based on:

- Annual ongoing payments: Annual Payments based on a percentage of the annual mineral tax payable under the relevant Mineral Tax Act ("Mineral Tax Act"); and
- Net Smelter Royalty (the "NSR"): Payments are calculated by multiplying the net smelter return for the calendar year by the applicable NSR rate.

Royalty income is measured at the fair value of the consideration received or receivable when management can reliably estimate the amount under the terms of the Annual Payments.

The Carve-out Financial Statements reflect the activities and assets of the Nationsco Shareholder Contributed Assets in connection with the Transaction on a "carve-out" basis, rather than representing the actual legal structure. For all periods presented in the Carve-out Financial Statements, the economic activities related to the Nationsco Shareholder Contributed Assets are presented on a basis as at the dates and for the periods when they were under common control. The Carve-out Financial Statements have been prepared for the purpose of presenting the financial position, results of operations and cash flows of the Nationsco Shareholder Contributed Assets on a stand-alone basis. The Carve-out Financial Statements have been extracted from historical accounting records of Nationsco Shareholder with estimates used, when necessary, for certain allocations.

- The carve-out statements of financial position reflect the assets recorded by Nationsco Shareholder which have been assigned to the Business on the basis that they are specifically identifiable and attributable to the Business;
- The carve-out statements of income and comprehensive income include the Nationsco Shareholder's royalty income specifically identifiable activities attributable to the Business. There are no identifiable expenses to allocate against the royalty income; and
- The net parent investment represents the Nationsco Shareholder's historical investment in the Business and includes accumulated net income or losses attributable to the Nationsco Shareholder.

The Carve-out Financial Statements may not be indicative of the Business's future performance and they do not necessarily reflect what its results of operations, financial position and cash flows would have been had the Business operated as an independent entity and had it presented stand-alone financial statements for the three and nine months ended December 31, 2023 and 2022.

**Business overview**

<u>Description of the Business – Annual Payments</u>

The Business's activities are controlled by the Nationsco Shareholder, being the Nisga'a Nation. The Annual Payments agreements or Royalty Interests held by Nationsco Shareholder as of the date of this MD&A are summarized below.

*Brucejack Annual Payments (the "Brucejack Royalty")*

Nisga'a Nation and Pretium entered into a Cooperation and Benefits agreement on April 1, 2015, for the Brucejack mine. The Brucejack Mine is an underground gold mine located 65 km north of Stewart, British Columbia. The Brucejack Mine commenced commercial production in June of 2017, and since then, payments have been made under the Brucejack Cooperation and Benefits Agreement. As at December 31, 2023, Nisga'a Nation has collected on behalf of the Business $3,209,324 (March 31, 2023 - $2,708,998) in Annual Payments. On November 6, 2023, Newmont Corporation acquired Newcrest Mining Ltd, which included Pretium's Brucejack mine.

Subsequent to December 31, 2023, on June 8, 2024, pursuant to the Brucejack Annual Payment Direction Agreement, the Nisga'a Nation irrevocably directs Pretium to pay the Brucejack Annual Payment to Nationsco for the duration of the Brucejack Benefits Agreement. The Brucejack Annual Payment is an annual payment equal to a percentage of the mineral tax payable by Pretium in each year under the Mineral Tax Act in respect of the Brucejack Mine.

The Brucejack Annual Payment Direction Agreement will automatically terminate (a) upon Nations Royalty becoming insolvent, bankrupt or wound up; or (b) the Nisga'a Nation and Nationsco providing joint notice to Pretium terminating the Brucejack Annual Payment Direction Agreement. In the event of termination of the Brucejack Annual Payment Direction Agreement, the direction shall become void and have no effect and the Brucejack Annual Payment shall thereafter be made to the Nisga'a Nation.

*KSM Annual Payment Agreement (the "KSM Royalty")*

Nisga'a Nation and Seabridge Gold entered into a Benefits agreement on June 16, 2014, for the KSM project. The KSM project is a gold, copper, silver and molybdenum mine development of Seabridge Gold located approximately 65 kilometres northwest of Stewart, British Columbia. The KSM Annual Payment is an annual payment equal to

- subject to the below, 11% of the amount of tax payable by Seabridge Gold in each calendar year under the Mineral Tax Act for the KSM Project; and
- 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 (or, if the Mineral Tax Act is amended or repealed, would have been payable) of Seabridge Gold in each calendar year under the Mineral Tax Act for the KSM project.

Subsequent to December 31, 2023, on June 10, 2024, pursuant to the KSM Annual Payment Direction Agreement, the Nisga'a Nation irrevocably directs KSM to pay the KSM Annual Payment to Nationsco for the duration of the KSM Benefits Agreement.

The KSM Annual Payment Direction Agreement will automatically terminate (a) upon Nations Royalty becoming insolvent, bankrupt or wound up; or (b) the Nisga'a Nation and Nationsco providing joint notice to Seabridge Gold terminating the KSM Annual Payment Direction Agreement. In the event of termination of the KSM Annual Payment Direction Agreement, the direction shall become void and have no effect and the KSM Annual Payment shall thereafter be made to the Nisga'a Nation.

*Premier Gold and Red Mountain Annual Payments (the "Premier Gold and Red Mountain Royalty")*

Nisga'a Nation and Ascot entered into a Benefits agreement on July 15, 2021, for the Premier Gold and Red Mountain projects. The Premier Gold project is an underground gold-silver mine development project located approximately 25 km from Stewart, British Columbia. The Red Mountain project is an underground gold-silver mine development located approximately eight (8) kilometres northeast of Stewart, British Columbia. Ascot purchased the Red Mountain project on March 28, 2019, from IDM Mining Ltd.

The Premier Gold and Red Mountain Annual Payment is an amount equal to:

- 20% 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; and
- for each calendar year after the calendar year in which debt is advanced under project funding agreements, 25% of the mineral tax payable by the Ascot in each calendar year under the Mineral Tax Act for each of the Premier Gold and Red Mountain projects.

Subsequent to December 31, 2023, on June 10, 2024, pursuant to the Premier Gold and Red Mountain Annual Payment Direction Agreement, the Nisga'a Nation irrevocably directs Ascot to pay the Premier Gold and Red Mountain Annual Payment to Nationsco for the duration of the Premier Gold and Red Mountain Benefits Agreement. The Premier Gold and Red Mountain Annual Payment is an annual payment equal to a percentage of the mineral tax payable by Ascot in each year under the Mineral Tax Act in respect of the Red Mountain and Premier Gold projects owned by Ascot.

The Premier Gold and Red Mountain Annual Payment Direction Agreement will automatically terminate (a) upon Nations Royalty becoming insolvent, bankrupt or wound up; or (b) the Nisga'a Nation and Nationsco providing joint notice to Ascot terminating the Premier Gold and Red Mountain Annual Payment Direction Agreement. In the event of termination of the Premier Gold and Red Mountain Annual Payment Direction Agreement, the direction shall become void and have no effect and the Premier Gold and Red Mountain Annual Payment shall thereafter be made to the Nisga'a Nation.

*Kitsault Annual Payments (the "Kitsault Royalty")*

Nisga'a Nation and Avanti entered into a Cooperation and Benefits agreement on May 30, 2014, for the Kitsault project. The Kitsault project is an exploration-stage fully permitted brownfield site owned by New Moly LLC, a corporation majority-owned by Resource Capital Fund VI L.P. The Kitsault project is located in northwestern British Columbia within the Regional District of Kitimat-Stikine, approximately 140km northeast of Prince Rupert.

The Kitsault Annual Payment is the greater of the following:

- A minimum royalty of $1,000,000 (the "Minimum Royalty"), unless the NSR is greater than the Minimum Royalty;
- NSR is determined by multiplying the net smelter return  the calendar year by the applicable NSR Rate. The NSR Rate is as follows:

  Avg Molybdenum price ("AMP") during calendar year = NSR Rate

  AMP $<$ US$10 / lbs = NSR Rate of 0.0%

  AMP $\geq$ US$10 / lbs and $\leq$ US$15 / lbs = NSR Rate of 0.5%

  AMP $\geq$ US$15 / lbs and $\leq$ US$20 / lbs = NSR Rate of 1.0%

  AMP $\geq$ US$20s = NSR Rate of 2.0%

The net smelter return is, in respect of each calendar year, the total of all gross revenue received or accrued by Avanti from the sales of all molybdenum produced from the Avanti Kitsault mine less the following:

(i) all smelting, refining and treatment costs or charges and penalties at the smeller or refinery including deductions charged for metal losses and penalties for impurities;

(ii) transportation costs for production from the property to the place of benefaction, processing and treatment and then to the place of delivery including shipping, freight, handling and expenses;

(iii) all sampling, assaying and representation charges in connection with sampling and assaying carried out after the product has been removed from the mine site; and

(iv) sales charges and taxes.

Subsequent to December 31 2023, on June 7, 2024, pursuant to the Kitsault Annual Payment Direction Agreement, the Nisga'a Nation irrevocably directs Avanti to pay the Kitsault Annual Payment to Nationsco for the duration of the Kitsault Benefits Agreement.

The Kitsault Annual Payment Direction Agreement will automatically terminate (a) upon Nations Royalty becoming insolvent, bankrupt or wound up; or (b) the Nisga'a Nation and Nationsco providing notice to Avanti terminating the Kitsault Annual Payment Direction Agreement, which requires the agreement of Nationsco. In the event of termination of the Kitsault Annual Payment Direction Agreement, the direction shall become void and have no effect and the Kitsault Annual Payment shall thereafter be made to the Nisga'a Nation.

**Selected financial information**

Financial performance

*Carve-out Statements of Net Income*

The following table presents summarized carve-out statements of income for the three and nine months ended December 31, 2023 and 2022:

| | Three months ended December 31 | | Nine months ended December 31 | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| **Royalty income** | $ 74,122 | $ 107,203 | $ 313,565 | $ 456,096 |
| **Net income and comprehensive income** | $ 74,122 | $ 107,203 | $ 313,565 | $ 456,096 |

Three months ended December 31, 2023 (Q3 2024) compared to three months ended December 31, 2022 (Q3 2023)

*Summary*

(i) Q3 2024 Royalty income of $74,122 decreased by $33,081 from $107,203 in Q3 2023.

Net income – royalty income

Royalty income is based on the Brucejack operator's British Columbia mineral tax. Net royalty income from producing royalties will fluctuate due to a combination of gold ounces produced and sold and the average sales price and production cost per ounce of gold. In Q3 2024, the decrease in royalty income was driven by the Brucejack mine results. Driving the change was the decrease of gold ounces sold in Q3 2024 compared to Q3 2023 gold ounces sold.

Nine months ended December 31, 2023 (YTD 2024) compared to nine months ended December 31, 2022 (YTD 2023)

*Summary*

- YTD 2024 Royalty income of $313,565 decreased by $142,531 from $456,096 in YTD 2023; and
- YTD 2024 and YTD 2023, the Business had net cash flows of $nil.

Net income – royalty income

In YTD 2024, the decrease in royalty income was driven by the Brucejack mine results. Driving the change was the decrease of gold ounces sold in YTD 2024 compared to YTD 2023 gold ounces sold.

Cash flow

The net cash flows used in operating activities in YTD 2024 and YTD 2023 amounted to $nil. Cash deposits related to royalty income are deposited to the Business's parent bank accounts, and no cash is held by the Business. Subsequent to the Transaction closing, cash payments will be deposited with the Business.

Financial position

The following table presents summarized carve-out statements of financial position as at December 31, 2023, and March 31, 2023:

| | | As at December 31, 2023 | | As at March 31, 2023 |
|---|---|---|---|---|
| **Assets** | | | | |
| Amounts receivable | $ | 413,365 | $ | 600,126 |
| Due from parent | | 3,209,324 | | 2,708,998 |
| **Total assets** | | 3,622,689 | | 3,309,124 |
| **Owner's equity** | | | | |
| Net parent investment | $ | 3,622,689 | $ | 3,309,124 |

*Summary*

- Amounts receivable as of December 31, 2023, was $413,365, decreased by $89,970, compared to March 31, 2023, of $600,126.
- The amount due from parent as of December 31, 2023, was $3,209,324, increased by $500,326, compared to March 31, 2023.
- Net parent investment as of December 31, 2023, was $3,622,689, decreased by $313,565, compared to March 31, 2023, of $3,309,124.

*Amounts receivable*

As at December 31, 2023 and March 31, 2023

The decrease in amounts receivable is a factor of royalty income accrual of $313,565 for YTD Q3 2024, and offset with royalty income cash payments of $500,326. The royalty income cash payments represent income for a prior calendar year as required by the Annual Payments agreements.

*Due from parent and net parent investment*

As at December 31, 2023, and March 31, 2023

The net movement between these accounts from March 31, 2023 to December 31, 2023, represents the movement in amounts receivable as net parent investment reflects the royalty income for the current period, and due from the parent represents the royalty income cash payments deposited in the parent's bank account in the same period.

**Basis of presentation of the Carve-out Financial Statements and accounting policies**

The Carve-out Financial Statements for the three and nine months ended December 31, 2023 have been prepared in accordance with the IFRS. The accounting policies of the Business are detailed in the notes to the audited carve-out financial statements for the year ended March 31, 2023. The accounting policies, methods of computation and presentation applied in the Carve-out Financial Statements are consistent with those of the previous financial year, except for the adoption of amendments to accounting standards, and new accounting standards, identified in the section "Changes in accounting policies including initial adoption".

**Changes in accounting policies including initial adoption**

Certain pronouncements were issued by the International Accounting Standards Board (the "IASB") that are mandatory for accounting periods commencing on or after January 1, 2023. Many are not applicable or do not have a significant impact on the Business and have been excluded.

*Adopted*

*Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement and IFRS Practice Statement 2: Making Materiality Judgements—Disclosure of Accounting Policies*: In February 2021, the IASB issued `Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments are effective for year ends beginning on or after January 1, 2023. The Business assessed the impact on adopting this amendment on its Carve-out Financial Statements and concluded there was no significant impact on adoption.

*Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimate*:- In February 2021, the IASB issued `Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023. The Business assessed the impact on adopting this amendment on its Carve-out Financial Statements and concluded there was no significant impact on adoption.

*Not yet effective*

*Classification of Liabilities as Current or Non-Current (Amendments to IAS 1):* The amendments to IAS 1, clarifies the presentation of liabilities. The classification of liabilities as current or noncurrent is based on contractual rights that are in existence at the end of the reporting period and is affected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendment also introduces a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendment issued in October 2022 also clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The implementation of this amendment is not expected to have a material impact on the Business.

**Critical accounting estimates and judgements**

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

The Business has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made where actual results may differ from these estimates under different assumptions and conditions and may materially affect the Business's financial results or statements of financial position reported in future periods.

a) Royalty Interests

Royalty Interests consist of acquired Royalties rights pursuant to the Annual Payments. Each Royalty Interest has its own unique terms and judgement is required to assess the appropriate accounting treatment. The determination of whether an acquisition should be accounted for as a Royalty Interest or a financial instrument requires the consideration of factors such as (i) the terms of the agreement; (ii) the applicability of the own use exemption under IFRS 9; (iii) whether there is a contractual commitment to repay amounts under the Royalty Interests and (iv) the expected timing and amount of future payments of the royalty with the respective the Annual Payments.

Management has exercised judgement in concluding that the acquisitions are Royalty Interests which should be valued at a nil basis in accordance with the requirements of IFRS, considering the legal and contractual framework governing the Nationsco Shareholder rights. In each case, the Royalty Interests were acquired by the Nationsco Shareholder for $nil consideration for the rights to certain Royalties in Annual Payment agreements the Nisga'a Nation has in place in respect of mines and projects within the Golden Triangle Area located in northwest British Columbia to which the Nisga'a Treaty Rights and Interests apply. Management judged the Royalty Interests were acquired for nil consideration as the fair value could not be reliably determined at the time of inception of the Annual Payments due to royalty projects having not commenced development or operation and Nationsco Shareholder acquired the Royalty Interests for nil value.

b) Royalty income estimates

The Business estimates its royalty income based on the mineral tax payable or paid for the properties underlying the Business interests. Each operator provides estimates of the royalty income on an on-going basis with estimates reconciled annually to the Mineral Tax return. In the event the operator is unable to provide royalty income estimates within the required timeframes, the Business will estimate the royalty income based on public disclosures, where available, of financial and operational results disclosed or provided by the respective operator.

**Subsequent events to December 31, 2023**

(a) On April 9, 2024, Nations Royalty (formerly Vega Mining Inc.) announced it closed its previously announced private placement offering (the "Offering" or "Concurrent Financing"), through its wholly-owned subsidiary, Finco, of 11,111,112 subscription receipts of Finco at a price of $0.90 per subscription receipt for gross proceeds of $10,000,001. As consideration for services provided in connection with the Offering, Finco will pay a cash commission in an amount equal to 6% of the aggregate gross proceeds of the Offering, except with respect to subscribers on the "president's list" of the Nations Royalty for which a cash commission equal to 2%, which will be paid to the agents out of the escrowed funds upon satisfaction of the escrow release conditions.

(b) On April 16, 2024, Nations Royalty consolidated the outstanding common shares on the basis of two (2) pre-consolidation shares for one (1) post-consolidation share ("Share Consolidation"). As a result of the Share Consolidation, the numbers of issued and outstanding common shares of Nations Royalty has been reduced from 45,039,055 to 22,519,525.

**Transactions with related parties**

The Business has related party transactions with its parent. The transactions pertain to cash deposits related to royalty income which are deposited to the Business's parent bank accounts and no cash is held by the Business. For the YTD 2024, the Business's parent received $500,326 in cash for royalty income (YTD 2023 - $695,767) .

**Summary of quarterly results**

At the date of this MD&A, the Business was not a reporting issuer it had not filed any prior quarterly financial statements, and the Business has excluded quarterly summary table for this MD&A included within the filing statement.

**Liquidity**

The Nationsco Shareholder manages its liquidity by continuously monitoring actual operational results taking into account the requirements related to its investment and working capital commitments and matching the maturity profile of financial assets and liabilities. The Nisga'a Lisims Government Executive reviews and approves any material transaction out of the ordinary course of business, including acquisitions or other major investment or divestitures. The Business does not hold any cash as all cash is held and controlled by the Nationsco Shareholder. Cash will not be distributed to Nationsco until subsequent to the closing of the Transaction. Refer to Financial instruments section for information on liquidity risk. As at December 31, 2023, the Business had amounts receivable of $413,365 (March 31, 2023 - $600,126) and current liabilities of $nil (March 31, 2023 - $nil).

**Capital resources, contractual obligations and commitments**

For the nine months ended December 31, 2023 and 2022, the Business did not incur capital expenditures. As at December 31, 2023, there were no material contractual obligations and commitments.

**Off-balance sheet items**

There are no significant off-balance sheet arrangements.

**Risks and uncertainties**

The Business, being the management of Royalty Interests, involves a high degree of risk, due to the underlying interest in mining, development and exploration projects controlled by third parties. Certain factors, including but not limited to the ones below, could materially affect financial condition and/or future operating results of the Business, and could cause actual events to differ materially from those described in forward-looking statements made by or relating to the Business. Refer to the "Cautionary Note Regarding Forward-Looking Statements" and the Financial Instruments section within this MD&A and the "Risk Factors" section found in the filing statement dated June 14, 2024 for a discussion of risk factors relevant to the Business. The reader should carefully consider these risks as well as the information disclosed in the Carve-out Financial statements.

**Financial instruments**

Fair values

The carrying values of amounts receivable approximated their fair values because of the short-term nature of these financial instruments. The classifications of the financial instruments are shown in the table below:

| **Amortized costs** | **December 31, 2023** | **March 31, 2023** |
|---|---|---|
| Amounts receivable | $ 413,365 | $ 600,126 |

Management of financial risk

The Business's financial instruments are exposed to certain financial risks including credit, and liquidity risks.

Credit risk

Credit risk is the risk of potential loss to the Business if the counterparty to a financial instrument fails to meet its contractual obligations. The Business's credit risk is primarily attributable to its financial assets of amounts receivable in the ordinary course of business. Specifically, the Business's amounts receivable is subject to the credit risk of the counterparties who own and operate the mines underlying the Royalty Interests.

The Business's largest counterparty accounted for 100% of royalty income for the nine months ended December 31, 2023 (nine months ended December 31, 2022: 100%). The highest balances of amounts receivables outstanding were for the same counterparty and amounted to 100% of the Business's amounts receivable as at December 31, 2023 (March 31, 2023: 100%).

This concentration represents a significant risk to the Business's financial performance and exposes it to potential fluctuations in the counterparty's business or creditworthiness. The Business receives royalty payments on an annual basis and the risk associated with collection of Royalties is minimal as the royalty payments are based for taxes on mines in operation and producing cash flows. The loss of this counterparty, or reduced royalty income from this counterparty, may result in a significant impact on the Business's income and results of operations, and the Business's growth could be limited.

Liquidity risk

Liquidity risk is the risk that the Business will not be able to meet the obligations associated with its financial liabilities. The Nisga'a Nation manages the liquidity risk by continuously monitoring actual and projected cash flows, taking into account the requirements related to its investment and working capital commitments. The Nisga'a Lisims Government Executive reviews and approves any material transaction out of the ordinary course of business, including acquisitions or other major investment or divestitures. As at December 31, 2023, the Business had amounts receivable of $413,365 (March 31, 2023 - $600,126) and had no liabilities (December 31, 2023 - $nil). The Business does not hold any cash as all cash is held and controlled by the Nationsco Shareholder. Cash will not be distributed to Nations Royalty on closing of the Transaction.

**Internal control disclosure**

In November 2007, the Canadian Securities Administrators exempted issuers on the TSX-V, such as the Business, from certifying disclosure controls and procedures, as well as internal controls over financial reporting as of December 31, 2007, and thereafter. The Business makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109.

**Approval**

As at the date of this MD&A, the Nisga'a Lisims Government Executive approved the disclosure contained in this MD&A.

**Cautionary Note Regarding Forward-Looking Statements**

This MD&A contains "forward-looking statements" (also referred to as "forward-looking information") within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this MD&A that address activities, events or developments that the Business expect or anticipate will or may occur in the future, including, without limitation, statements about; sources, and proposed uses of funds; capital and operating cost estimates, the timing and amounts of Annual Payments, expectations regarding the ability to raise capital for future activities; and other such matters are forward-looking statements. When used in this MD&A, the words "estimate," "plan," "anticipate," "expect," "intend", "believe" and similar expressions are intended to identify forward-looking statements.

Forward-looking information and statements are based on estimates and assumptions made by management in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as factors that management believes are appropriate. Forward-looking information and statements are made based upon certain assumptions and other important factors that could cause the actual results, performances or achievements of the Business to be materially different from future results, performances or achievements expressed or implied by such information or statements. Such information and statements are based on numerous assumptions including, among others, that the results of planned operator activities are as anticipated, the price of gold, and that general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed on reasonable terms.

Forward-looking information and statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Business to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although management of the Business believe that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Business cannot guarantee future results, levels of activity, performance, or achievements. Some of the risks and other factors, some of which are beyond the control of the Business, Nations Royalty, Nationsco and the Resulting Issuer, which could cause results to differ materially from those expressed in the forward-looking statements contained in this MD&A and the filing statement. Refer to the "Cautionary Note Regarding Forward-Looking Information" and the "Risk Factors" within the filing statement dated June 14, 2024 for a discussion of risk factors relevant to the Business and the resulting issuer.

Although the Business has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

# SCHEDULE H

## Resulting Issuer Option Plan

# NATION ROYALTY CORP.

## INCENTIVE STOCK OPTION PLAN

**June 7, 2024**

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## ARTICLE 1
## DEFINITIONS AND INTERPRETATION

### 1.1 Defined Terms

For the purposes of this Plan, the following terms shall have the following meanings:

(a) "**Accelerated Vesting Event**" means the occurrence of any one of the following events:

(i) a take-over bid (as defined under applicable Securities Laws) is made for Common Shares or Convertible Securities which, if successful would result (assuming the conversion, exchange or exercise of the Convertible Securities, if any, that are the subject of the take-over bid) in any Person or Persons acting jointly or in concert (as determined under applicable Securities Laws) or Persons associated or affiliated with such Person or Persons (as determined under applicable Securities Laws) beneficially, directly or indirectly, owning shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for the first time to cast at least 50% of the votes attaching to all shares in the capital of the Corporation that may be cast to elect Directors;

(ii) the acquisition or continuing ownership by any Person or Persons acting jointly or in concert (as determined under applicable Securities Laws), directly or indirectly, of Common Shares or of Convertible Securities, which, when added to all other securities of the Corporation at the time held by such Person or Persons, Persons associated with such person or persons, or persons affiliated with such Person or Persons (as determined under applicable Securities Laws) (collectively, the "**Acquirors**"), and assuming the conversion, exchange or exercise of Convertible Securities beneficially owned by the Acquirors, results in the Acquirors beneficially owning shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for the first time to cast at least 50% of the votes attaching to all shares in the capital of the Corporation that may be cast to elect Directors;

(iii) an amalgamation, merger, arrangement or other business combination (a "**Business Combination**") involving the Corporation receives the approval of, or is accepted by, the securityholders of the Corporation (or all classes of securityholders whose approval or acceptance is required) or, if their approval or acceptance is not required in the circumstances, is approved or accepted by the Corporation and as a result of that Business Combination, parties to the Business Combination or securityholders of the parties to the Business Combination, other than the securityholders of the Corporation, own, directly or indirectly, shares of the continuing entity that entitle the holders thereof to cast at least 50% of the votes attaching to all shares in the capital of the continuing entity that may be cast to elect Directors;

(b) "**Affiliate**" shall have the meaning ascribed thereto by the Exchange Policies;

(c) "**Associate**" shall have the meaning ascribed thereto by the Exchange Policies;

(d) "**Board**" means the board of directors of the Corporation or, as applicable, a committee consisting of not less than 3 directors of the Corporation duly appointed to administer this Plan;

(e) "**Charitable Stock Option**" means an Option under this Plan granted by the Corporation to an Eligible Charitable Organization;

(f) "**Charitable Organization**" means "charitable organization" as defined in the *Income Tax Act* (Canada) from time to time;

(g) "**Common Shares**" means the common shares in the capital of the Corporation;

(h) "**Consultant**" means, in relation to the Corporation, an individual (other than a Director, Officer or Employee of the Corporation or of any of its subsidiaries) or corporation that:

(i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to any of its subsidiaries, other than services provided in relation to a Distribution;

(ii) provides the services under a written contract between the Corporation or any of its subsidiaries and the individual or the Corporation, as the case may be; and

(iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or of any of its subsidiaries.

(i) "**Consultant Company**" means a Consultant that is a corporation;

(j) "**Convertible Securities**" means any security of the Corporation which is convertible into Common Shares;

(k) "**Corporation**" means Nation Royalty Corp. and its successor entities;

(l) "**Director**" means a director (as defined under Securities Laws) of the Corporation or of any of its subsidiaries;

(m) "**Disinterested Shareholder Approval**" means approval by a majority of the votes cast by shareholders of the Corporation at the shareholders' meeting excluding those votes attaching to voting shares of the Corporation beneficially owned by:

(i) the Persons that hold or will hold the Security Based Compensation in question; and

(ii) Associates and Affiliates of those Persons.

(n) "**Distribution**" has the meaning ascribed thereto by the Exchange;

(o) "**Eligible Charitable Organization**" means:

(i) any Charitable Organization or Public Foundation which is a Registered Charity, but is not a Private Foundation; or

(ii) a Registered National Arts Service Organization;

(p) "**Eligible Person**" means

(i) a Director, Officer, Employee, Consultant or Management Company Employee of the Corporation or its subsidiaries, if any, at the time the option is granted, and includes companies that are wholly owned by Eligible Persons; or

(ii) an Eligible Charitable Organization at the time the Option is granted;

(q) "**Employee**" means:

(i) an individual who is considered an employee of the Corporation or its subsidiary under the *Income Tax Act* (Canada) and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source;

(ii) an individual who works full-time for the Corporation or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and methods of work as an employee of the Corporation or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source; or

(iii) an individual who works for the Corporation or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and methods of work as an employee of the Corporation, as the case may be, but for whom income tax deductions are not made at source.

(r) "**Exchange**" means the TSX Venture Exchange or the NEX board of the TSX Venture Exchange, as the context requires, and any successor entity or the Toronto Stock Exchange on which the Common Shares may be listed;

(s) "**Exchange Policies**" means the policies, rules and procedures in place on the Exchange on which the Common Shares are listed;

(t) "**Exchange Hold Period**" has the meaning ascribed thereto in the Exchange Policies;

(u) "**Expiry Date**" means the last day of the term for an Option, as set by the Board at the time of grant in accordance with section 5.2 and, if applicable, as amended from time to time;

(v) "**Governmental Authorities**" means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law, rule or regulation-making organizations or entities:

(i) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or

(ii) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

(w) "**Insider**" means

(i) a director or senior officer of the Corporation;

(ii) a director or senior officer of a company that is an Insider or subsidiary of the Corporation;

(iii) 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 Corporation; or

(iv) the Corporation itself if it holds any of its own securities.

(x) "**Investor Relations Activities**" has the meaning ascribed thereto in the Exchange Policies;

(y) "**Investor Relations Service Provider**" includes any Consultant that performs Investor Relations Activities and any Director, Officer, Employee or Management Company Employee whose role and duties primarily consist of Investor Relations Activities;

(z) "**Listed Shares**" are defined in section 1.1(g);

(aa) "**Management Company Employee**" means an individual employed by a corporation providing management services to the Corporation, which services are required for the ongoing successful operation of the business enterprise of the Corporation;

(bb) "**Material Information**" has the meaning ascribed thereto in the Exchange Policies;

(cc) "**Officer**" means an officer (as defined under Securities Laws) of the Corporation or of any of its subsidiaries;

(dd) "**Option**" means a non-transferable and non-assignable option to purchase Common Shares granted to an Eligible Person pursuant to the terms of this Plan;

(ee) "**Optionee**" means an Eligible Person of an Option granted by the Corporation;

(ff) "**Person**" means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, Governmental Authority, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;

(gg) "**Plan**" means this incentive stock option plan;

(hh) "**Private Foundation**" means "private foundation" as defined in the *Income Tax Act* (Canada) as amended from time to time;

(ii) "**Public Foundation**" means "public foundation" as defined in the *Income Tax Act* (Canada) as amended from time to time;

(jj) "**Registered Charity**" means "registered charity" as defined in the *Income Tax Act* (Canada) as amended from time to time;

(kk) "**Registered National Arts Service Organization**" means “registered national arts service organization" as defined in the *Income Tax Act* (Canada) as amended from time to time;

(ll) "**Securities Laws**" means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to the Corporation;

(mm) "**Security Based Compensation Plan**" has the meaning ascribed thereto in the Exchange Policies; and

(nn) "**Termination Date**" means the date on which an Optionee ceases to be an Eligible Person.

## 1.2 Interpretation

References to the outstanding Common Shares at any point in time shall be computed on a non-diluted basis.

# ARTICLE 2
# ESTABLISHMENT OF PLAN

## 2.1 Purpose

The purpose of this Plan is to advance the interests of the Corporation, through the grant of Options, by:

(a) providing an incentive mechanism to foster the interest of Eligible Persons in the success of the Corporation, its Affiliates and its subsidiaries, if any;

(b) encouraging Eligible Persons to remain with the Corporation, its Affiliates or its subsidiaries, if any; and

(c) attracting new Directors, Officers, Employees and Consultants.

## 2.2 Shares Reserved

(a) The aggregate number of Common Shares that may be reserved for issuance pursuant to Options shall not exceed 10% of the issued and outstanding Common Shares as at the date of grant of an Option, LESS the aggregate number of Common Shares then reserved for issuance pursuant to any other Security Based Compensation Plan of the Corporation. For greater certainty, if an Option is surrendered, terminated or expires without being exercised, the Common Shares reserved for issuance pursuant to such Option shall be available for new Options granted under this Plan. If the Corporation is listed on the NEX board of the TSX Venture Exchange, the maximum number of Options that may be reserved for issuance or issued in any 12 month period shall not exceed 10% of the issued and outstanding Common Shares of the Corporation as at the date of grant.

(b) If there is a change in the issued and outstanding Common Shares by reason of any adjustment, other than in connection with a share consolidation or split, the Board shall make, as it shall deem advisable and subject to the prior acceptance of the Exchange, if necessary, including adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization, appropriate substitution and/or adjustment in:

   (i) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to this Plan;

   (ii) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to any outstanding unexercised Options, and in the exercise price for such shares or other securities or property; and

   (iii) accelerated vesting related to Investor Relations vesting provisions are subject to the prior approval of the Exchange, and if the Corporation undertakes an arrangement or is amalgamated, merged or combined with another corporation, the Board shall make such provision for the protection of the rights of Optionees as it shall deem advisable.

(c) No fractional Common Shares shall be reserved for issuance under this Plan and the Board may determine the manner in which an Option, insofar as it relates to the acquisition of a fractional Common Share, shall be treated.

(d) The Corporation shall, at all times while this Plan is in effect, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of this Plan.

(e) Share capital adjustments are subject to prior approval of the Exchange, if the Corporation is listed on the Exchange at the time, except where they relate to consolidations or splits.

**2.3 Non-Exclusivity**

Nothing contained herein shall prevent the Board from adopting such other incentive or compensation arrangements as it shall deem advisable.

**2.4 Effective Date**

This Plan shall be subject to the approval of any regulatory authority whose approval is required and any required shareholder approval. Any Options granted under this Plan prior to such approvals being given shall be conditional upon such approvals being given, and no such Options may be exercised unless and until such approvals are given.

## ARTICLE 3
## ADMINISTRATION OF PLAN

**3.1 Administration**

(a) This Plan shall be administered by the Board or any committee established by the Board for the purpose of administering this Plan. Subject to the provisions of this Plan, the Board shall have the authority:

(i) to determine the Eligible Persons to whom Options are granted, to grant such Options, and to determine any terms and conditions, limitations and restrictions in respect of any particular Option grant, including but not limited to the nature and duration of the restrictions, if any, to be imposed upon the acquisition, sale or other disposition of Common Shares acquired upon exercise of the Option, and the nature of the events and the duration of the period, if any, in which any Optionee's rights in respect of an Option or Common Shares acquired upon exercise of an Option may be forfeited; and

(ii) to interpret the terms of this Plan, to make all such determinations and take all such other actions in connection with the implementation, operation and administration of this Plan, and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to this Plan, as it shall from time to time deem advisable, including without limitation for the purpose of ensuring compliance with Section 3.3 and 3.4 hereof.

(b) The Board's interpretations, determinations, guidelines, rules and regulations shall be conclusive and binding upon the Corporation, Eligible Persons, Optionees and all other Persons.

(c) For stock options granted to Directors, Officers, Employees, Consultants or Management Company Employees, the Corporation and the Optionee are responsible for ensuring and confirming that the Optionee is a bona fide Director, Officer, Employee, Consultant or Management Company Employee, as the case may be.

**3.2 Amendment, Suspension and Termination**

The Board may amend, subject to the approvals of any regulatory authority and shareholders whose approvals are required, suspend or terminate this Plan or any provision herein. No such amendment, suspension or termination shall alter or impair any outstanding unexercised Options or any rights without the consent of such Optionee. If this Plan is suspended or terminated, the provisions of this Plan and any administrative guidelines, rules and regulations relating to this Plan shall continue in effect for the duration of such time as any Option remains outstanding.

**3.3 Compliance with Laws**

(a) This Plan, the grant and exercise of Options hereunder and the Corporation's obligation to sell, issue and deliver any Common Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, policies, rules and regulations, to the policies, rules and regulations of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading and to such approvals by any Governmental Authority as may, in the opinion of counsel to the Corporation, be required. The Corporation shall not be obligated by the existence of this Plan or any provision of this Plan or the grant or exercise of Options hereunder to sell, issue or deliver Common Shares upon exercise of Options in violation of such laws, policies, rules and regulations or any condition or requirement of such approvals.

(b) No Option shall be granted and no Common Shares sold, issued or delivered hereunder where such grant, sale, issue or delivery would require registration or other qualification of this Plan or of the Common Shares under the applicable Securities Laws of any foreign jurisdiction, and any purported grant of any Option or any sale, issue and delivery of Common Shares hereunder in violation of this provision shall be void. In addition, the Corporation shall have no obligation to sell, issue or deliver any Common Shares hereunder unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading.

(c) Common Shares sold, issued and delivered to Optionees pursuant to the exercise of Options shall be subject to restrictions on resale and transfer under applicable Securities Laws and the requirements of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading, and any certificates representing such Common Shares shall bear, as required, a restrictive legend in respect thereof.

(d) All Options granted to Insiders and Consultants of the Corporation, and all Options granted with an exercise price that is less than the applicable Market Price for the Common Shares (as defined by the Exchange Policies) at the date of grant, to the extent permitted by this Plan, will be subject to the Exchange Hold Period, and will bear a legend indicating such hold period.

**3.4 Tax Withholdings**

(a) Notwithstanding any other provision contained herein, in connection with the exercise of an Option by an Optionee from time to time, as a condition to such exercise the Corporation shall require such Optionee to pay to the Corporation or the relevant Affiliate an amount as necessary so as to ensure that the Corporation or such Affiliate, as applicable, is in compliance with the applicable provisions of any federal, provincial or local laws relating to the withholding of tax or other required deductions relating to the exercise of such Options. In addition, the Corporation or the relevant Affiliate, as applicable shall be entitled to withhold from any amount payable to an Optionee, either under this Plan or otherwise, such amount as may be necessary so as to ensure that the Corporation or the relevant Affiliate is in compliance with the applicable provisions of any federal, provincial, local or foreign laws relating to the withholding of tax or other required deductions relating to the exercise of such Options. The Corporation may also satisfy any liability for any such withholding obligations, on such terms and conditions as the Corporation may determine in its discretion, by (a) requiring an Optionee, as a condition to the exercise of any Options, to make such arrangements as the Corporation may require so that the Corporation can satisfy such withholding obligations including, without limitation, requiring the Optionee to remit to the Corporation in advance, or reimburse the Corporation for, any such withholding obligations or (b) selling on the Optionee's behalf, or requiring the Optionee to sell, any Shares acquired by the Optionee under the Plan, or retaining any amount which would otherwise be payable to the Optionee in connection with any such sale.

## ARTICLE 4
## OPTION GRANTS

### 4.1 Eligibility and Multiple Grants

Options shall only be granted to Eligible Persons. An Eligible Person may receive Options on more than one occasion and may receive separate Options, with differing terms, on any one or more occasions, subject to the limitations set forth herein.

### 4.2 Option Agreement

Every Option shall be evidenced by an option agreement executed by the Corporation and the Optionee. In the event of any discrepancy between this Plan and an option agreement, the provisions of this Plan shall govern.

### 4.3 Limitation on Grants and Exercises

(a) **To Insiders.** The aggregate number of Options granted or issued in any 12 month period to Insiders (as a group) pursuant to this Plan and any other Security Based Compensation Plan must not exceed 10% of the issued shares of the Corporation, calculated as at the date of grant (unless the Corporation has obtained the requisite Disinterested Shareholder Approval). In addition, the maximum number of Common Shares issuable pursuant to this Plan and any other Security Based Compensation Plan granted or issued to Insiders (as a group) must not exceed 10% of the issued shares of the Corporation at any point in time (unless the Corporation has obtained the requisite Disinterested Shareholder Approval).

(b) **To any one Person.** The aggregate number of Options granted or issued in any 12 month period to any one Person (and companies wholly owned by that Person) pursuant to this Plan and any other Security Based Compensation Plan must not exceed 5% of the issued shares of the Corporation, calculated as at the date of grant (unless the Corporation has obtained the requisite Disinterested Shareholder Approval).

(c) **To Consultants.** The aggregate number of Options granted or issued in any 12 month period to any one Consultant pursuant to this Plan and any other Security Based Compensation Plan must not exceed 2% of the issued shares of the Corporation, calculated as at the date of grant.

(d) **To Investor Relations Service Providers.** The aggregate number of Options granted or issued in any 12 month period to all Investor Relations Service Providers pursuant to this Plan must not exceed 2% of the issued shares of the Corporation, calculated as at the date of grant. If the Corporation is listed on the NEX board of the TSX Venture Exchange, no Options are permitted to be granted to Investor Relations Service Providers.

(e) **To Eligible Charitable Organizations.** The maximum aggregate number of Listed Shares of the Issuer that are issuable pursuant to all outstanding Charitable Stock Options must not exceed 1% of the Issued Shares of the Issuer, calculated as at the date the Charitable Stock Option is granted to the Eligible Charitable Organization.

## ARTICLE 5
## OPTION TERMS

### 5.1 Exercise Price

(a) Subject to a minimum exercise price of $0.05 per Common Share, the exercise price per Common Share for an Option shall be determined by the Directors or their delegates if any, but will in no event be less than Market Price for the Common Shares (as defined by the Exchange Policies) at the date of grant.

(b) A minimum exercise price cannot be established unless the Options are allocated to particular Persons.

### 5.2 Expiry Date; Additional Terms

(a) Every Option granted shall, unless sooner terminated, have a term not exceeding and shall therefore expire no later than 10 years after the date of grant (subject to extension where the expiry date falls within a "blackout period", pursuant to section 5.7) hereof.

(b) A Charitable Stock Option must expire on or before the earlier of:

  (i) the date that is 10 years from the date of grant of the Charitable Stock Option; and

  (ii) the 90th day following the date that the holder of the Charitable Stock Option ceases to be an Eligible Organization.

(c) Disinterested Shareholder Approval will be obtained for any reduction in the exercise price of Options, or the extension of the term of an Option, if the Optionee is an Insider of the Corporation at the time of the proposed amendment.

### 5.3 Vesting

(a) Subject to section 5.3(b) herein and otherwise in compliance with the Exchange Policies, if the Corporation is listed on the Exchange at the time, the Board shall determine the manner in which an Option shall vest and become exercisable.

(b) Options granted to any Investor Relations Service Provider must vest in stages over a period of not less than 12 months such that:

  (i) no more than 1/4 of the Options vest no sooner than three months after the Options were granted;

  (ii) no more than another 1/4 of the Options vest no sooner than six months after the Options were granted;

  (iii) no more than another 1/4 of the Options vest no sooner than nine months after the Options were granted; and

  (iv) the remainder of the Options vest no sooner than 12 months after the Options were granted.

### 5.4 Accelerated Vesting Event

Subject to section 2.2(b) and in compliance with the Exchange Policies, upon the occurrence of an Accelerated Vesting Event, the Board will have the power, at its sole discretion and subject to the prior acceptance of the Exchange, to make such changes to the terms of Options as it considers fair and appropriate in the circumstances, including but not limited to:

(a) accelerating the vesting of Options, conditionally or unconditionally;

(b) terminating every Option if under the transaction giving rise to the Accelerated Vesting Event, options in replacement of the Options are proposed to be granted to or exchanged with the holders of Options, which replacement options treat the holders of Options in a manner which the Board considers fair and appropriate in the circumstances having regard to the treatment of holders of Shares under such transaction;

(c) otherwise modifying the terms of any Option to assist the holder to tender into any take-over bid or other transaction constituting an Accelerated Vesting Event; or

(d) following the successful completion of such Accelerated Vesting Event, terminating any Option to the extent it has not been exercised prior to successful completion of the Accelerated Vesting Event. The determination of the Board in respect of any such Accelerated Vesting Event shall for the purposes of this Plan be final, conclusive and binding.

**5.5 Non-Assignability**

Options may not be assigned or transferred.

**5.6 Ceasing to be Eligible Person**

(a) If an Optionee who is a Director, Officer, Employee, Consultant or Management Company Employee is terminated for cause, each Option held by such Optionee shall terminate and therefore cease to be exercisable upon such termination for cause.

(b) If an Optionee dies prior to otherwise ceasing to be an Eligible Person, each Option held by such Optionee shall be exercisable by the heirs or administrators of such Optionee and shall terminate and therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is twelve months from the date of the Optionee's death.

(c) Unless an option agreement specifies otherwise, if an Optionee ceases to be an Eligible Person for any reason other than death or termination for cause, each Option held by the Optionee other than an Investor Relations Service Provider will cease to be exercisable 90 days after the Termination Date or for a "reasonable period" after the Optionee ceases to serve in such capacity, as determined by the Board, with such “reasonable period” not exceeding 12 months following the Termination Date. For Investor Relations Service Providers, Options shall cease to be exercisable 30 days after the Termination Date.

(d) If any portion of an Option is not vested at the time an Optionee ceases, for any reason whatsoever, to be an Eligible Person, such unvested portion of the Option may not be thereafter exercised by the Optionee or its legal representative, as the case may be, provided that the Board may, in its discretion, thereafter permit the Optionee or its legal representative, as the case may be, to exercise all or any part of such unvested portion of the Option that would have vested prior to the time such Option otherwise terminates.

**5.7 Blackout Periods**

An Option will be automatically extended past the expiry date of an Option governed by the Plan if such expiry date falls within a period (a “**blackout period**”) during which the Corporation prohibits Optionees from exercising their Options provided that the following requirements are satisfied:

(a) The blackout period must be formally imposed by the Corporation pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information. For greater certainty, in the absence of the Corporation formally imposing a blackout period, the expiry date of any Options will not be automatically extended in any circumstances.

(b) The blackout period must expire following the general disclosure of the undisclosed Material Information. The expiry date of the affected Options can be extended to no later than ten (10) business days after the expiry of the blackout period.

(c) The automatic extension of an Optionee’s Options will not be permitted where the Optionee or the Corporation is subject to a cease trade order (or similar order under Securities Laws) in respect of the Corporation’s securities.

(d) The automatic extension is available to all Eligible Persons under the Plan under the same terms and conditions.

## ARTICLE 6
## EXERCISE PROCEDURE

### 6.1 Exercise Procedure

An Option may be exercised from time to time, and shall be deemed to be validly exercised by the Optionee only upon the Optionee's delivery to the Corporation at its head office of:

(a) a written notice of exercise addressed to the Corporate Secretary of the Corporation, specifying the number of Common Shares with respect to which the Option is being exercised;

(b) a signed option agreement with respect to the Option being exercised;

(c) a certified cheque or bank draft made payable to the Corporation for the aggregate exercise price for the number of Common Shares with respect to which the Option is being exercised, together with the amount necessary to satisfy any applicable tax withholding or remittance obligations under applicable Securities Laws; and

(d) documents containing such representations, warranties, agreements and undertakings, including such as to the Optionee's future dealings in such Common Shares, as counsel to the Corporation reasonably determines to be necessary or advisable in order to comply with or safeguard against the violation of Securities Laws of any jurisdiction;

and on the business day following, the Optionee shall be deemed to be a holder of record of the Common Shares with respect to which the Option is being exercised, and thereafter the Corporation shall, within a reasonable amount of time, cause certificates for such Common Shares to be issued and delivered to the Optionee.

## ARTICLE 7
## AMENDMENT OF OPTIONS

### 7.1 Consent to Amend

The Board may amend any Option with the consent of the affected Optionee and the Exchange, including any shareholder approval required by the Exchange. For greater certainty, Disinterested Shareholder Approval is required for any reduction in the exercise price of an Option or the extension of the term of an Option if the Optionee is an Insider at the time of the proposed amendment.

### 7.2 Amendment Subject to Approval

If the amendment of an Option requires Exchange and shareholder approvals, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

## ARTICLE 8
## MISCELLANEOUS

### 8.1 No Rights as Shareholder

Nothing in this Plan or any Option shall confer upon an Optionee any rights as a shareholder of the Corporation with respect to any of the Common Shares underlying an Option unless and until such Optionee shall have become the holder of such Common Shares upon exercise of such Option in accordance with the terms of the Plan.

### 8.2 No Right to Employment

Nothing in this Plan or any Option shall confer upon an Optionee any right to continue in the employ of the Corporation or any Affiliate or affect in any way the right of the Corporation or any Affiliate to terminate the Optionee's employment, with or without cause, at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Affiliate to extend the employment of any Optionee beyond the time which the Optionee would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Affiliate, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Affiliate.

### 8.3 Governing Law

This Plan, all option agreements, the grant and exercise of Options hereunder, and the sale, issue and delivery of Common Shares hereunder upon exercise of Options shall be, as applicable, governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The Courts of the Province of British Columbia shall have the exclusive jurisdiction to hear and decide any disputes or other matters arising herefrom.

# SCHEDULE I

## Audit Committee Charter

**NATIONS ROYALTY CORP.**
**(the "Company")**

# CHARTER OF THE AUDIT COMMITTEE

## 1. MANDATE

The primary function of the audit committee (the "**Committee**") is to assist the Board of Directors (the "**Board**") in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. The Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements;
- review and appraise the performance of the Company's external auditor; and
- provide an open avenue of communication among the Company's auditor, financial and senior management and the Board.

## 2. COMPOSITION

The Board will appoint from among their membership an audit committee after each annual meeting of the shareholders of the Company. The audit committee will consist of a minimum of three directors.

*2.1 Independence*

A majority of the members of the audit committee must be "independent" (as defined in Sec. 1.4 of National Instrument 52-110 (Audit Committees)) ("**NI 52-110**").

*2.2 Expertise of Committee Members*

A majority of the members of the audit committee must be "financially literate" (as defined in Sec. 1.6 of NI 52-110) or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the committee must have accounting or related financial management expertise.

## 3. MEETINGS

The Committee shall meet in accordance with a schedule established each year by the Board, and at other times that the Committee may determine. Committee shall meet at least annually with the Company's Chief Financial Officer and external auditors in separate executive sessions.

a) Except as expressly provided in this Audit Committee Charter (the "**Charter**") or the Articles of the Company, the Committee shall fix its own rules of procedure.

b) At all meetings of the Committee, the presence of a majority of the members will constitute a quorum for the transaction of the business and the vote of a majority of the members present shall be the act of the Committee.

c) Members of the Committee may participate in a meeting of the Committee by conference telephone or similar communications equipment by means of which all people participating in the meeting can hear each other and participation in such a meeting will constitute presence in person at such a meeting.

d) Any action required or permitted to be taken at any meeting of the Committee may be taken without a meeting if all of its members consent in writing to the action and such writing is filed with the records of proceedings of the Committee.

e) Directors not on the Committee may attend meetings at the discretion of the Committee. At the invitation of the Chair, members of management and outside consultants shall attend Committee meetings.

## 4. ROLES AND RESPONSIBILITIES

The audit committee shall fulfil the following roles and discharge the following responsibilities:

### *4.1 External Audit*

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, or performing other audit, review or attest services, including the resolution of disagreements between management and the external auditors regarding financial reporting. In carrying out this duty, the audit committee shall:

(a) recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;

(b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;

(c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;

(d) review and recommend to the Board the compensation to be paid to the external auditors;

(d) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards; and

(e) an audit committee must review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

### *4.2 Internal Control*

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the audit committee shall:

(a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company; and

(b) ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

### *4.3 Financial Reporting*

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

*General*

(a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and

(b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

*Annual Financial Statements*

(a) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;

(b) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and

(c) review management’s discussion & analysis respecting the annual reporting period prior to its release to the public.

*Interim Financial Statements*

(a) review and approve the interim financial statements prior to their release to the public; and

(b) review management’s discussion & analysis respecting the interim reporting period prior to its release to the public.

*Release of Financial Information*

(a) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public. An audit committee must be satisfied that adequate procedures are in place for the review of the Company’s public disclosure of financial information extracted or derived from the Company’s financial statements, and must periodically assess the adequacy of those procedures

### *4.4 Non-Audit Services*

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the audit committee.

*Delegation of Authority*

(a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

*De-Minimis Non-Audit Services*

(a) The audit committee may satisfy the requirement for the pre-approval of non-audit services if:

(i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or

(ii) the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

*Pre-Approval Policies and Procedures*

(a) The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:

(i) the pre-approval policies and procedures are detailed as to the particular service;

(ii) the audit committee is informed of each non-audit service; and

(iii) the procedures do not include delegation of the audit committee's responsibilities to management.

*4.5 Other Responsibilities*

The audit committee shall:

(a) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;

(b) establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

(c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;

(d) review the policies and procedures in effect for considering officers' expenses and perquisites;

(e) perform other oversight functions as requested by the Board; and

(f) review and update this Charter and receive approval of changes to this Charter from the Board.

*4.6 Reporting Responsibilities*

The audit committee shall regularly update the Board about committee activities and make appropriate recommendations.

## 5. RESOURCES AND AUTHORITY OF THE AUDIT COMMITTEE

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to:

(a) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(b) set and pay the compensation for any advisors employed by the audit committee; and

(c) communicate directly with the internal and external auditors.

## 6. GUIDANCE – ROLES & RESPONSIBILITIES

The following guidance is intended to provide the Audit Committee members with additional guidance on fulfilment of their roles and responsibilities on the committee:

### *6.1 Internal Control*

(a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;

(b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and

(c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

### *6.2 Financial Reporting*

*General*

(a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and

(b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and

(c) understand industry best practices and the Company's adoption of them.

*Annual Financial Statements*

(a) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its shares;

(b) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;

(c) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;

(d) consider management's handling of proposed audit adjustments identified by the external auditors; and

(e) ensure that the external auditors communicate all required matters to the committee.

*Interim Financial Statements*

(a) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;

(b) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and

(c) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:

(i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;

(ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financials statements are consistent with changes in the Company's operations and financing practices;

(iii) generally accepted accounting principles have been consistently applied;

(iv) there are any actual or proposed changes in accounting or financial reporting practices;

(v) there are any significant or unusual events or transactions;

(vi) the Company's financial and operating controls are functioning effectively;

(vii) the Company has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and

(viii) the interim financial statements contain adequate and appropriate disclosures.

*6.3 Compliance with Laws and Regulations*

(a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";

(b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and

(c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

*6.4 Other Responsibilities*

(a) review, with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements.

**CERTIFICATE OF NATIONS ROYALTY**

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of Nations Royalty Corp. assuming completion of the Transaction.

DATED: June 14, 2024

| | |
|---|---|
| *"Robert J. McLeod"* | *"Anthony M. Robinson"* |
| Robert J. McLeod | Anthony M. Robinson |
| Interim Chief Executive Officer | Chief Financial Officer |

**ON BEHALF OF THE BOARD OF DIRECTORS**

| | |
|---|---|
| *"Alex Morrison"* | *"Alicia Lyn Krywaniuk"* |
| Alex Morrison | Alicia Lyn Krywaniuk |

**CERTIFICATE OF NATIONSCO**

The foregoing as it relates to Nations Acquisitions Corp. constitutes full, true and plain disclosure of all material facts relating to the securities of Nations Acquisitions Corp.

DATED: June 14, 2024

*"Charles Morven"*
Charles Morven
President and Secretary-Treasurer

**ON BEHALF OF THE BOARD OF DIRECTORS**

*"Charles Morven"*
Charles Morven
Sole Director

## ACKNOWLEDGMENT OF PERSONAL INFORMATION

"**Personal Information**" means any information about an identifiable individual, and includes information contained in any Items in the attached filing statement that are analogous to Items 4.2, 11, 13.1, 16, 18.2, 19.2, 24, 25, 27, 32.3, 33, 34, 35, 36, 37, 38, 39, 41 and 42 of the Exchange Form 3D2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information by the undersigned to the TSXV (as defined in Appendix 6B) pursuant to the Form 3D2; and

(b) the collection, use and disclosure of Personal Information by the TSXV for the purposes described in Appendix 6B or as otherwise identified by the TSXV, from time to time.

DATED: June 14, 2024

ON BEHALF OF NATIONS ROYALTY CORP.

*"Alicia Krywaniuk"*
Name: Alicia Krywaniuk
Title: Director