



**Nations Royalty Corp.**

(formerly Vega Mining Inc.)

Management's Discussion and Analysis

May 31, 2024

(Presented in Canadian Dollars)

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This Management's Discussion and Analysis ("MD&A") of Nations Royalty Corp. (formerly Vega Mining Inc.) (the "Company") has been prepared by management as at September 25, 2024, and should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended May 31, 2024 and 2023, and the related notes contained therein, which have been prepared in accordance with International Financial Reporting Standards (IFRS). This MD&A is presented in Canadian Dollars, which is also the Company's functional currency.

**Description of Business**

The Company was incorporated on November 21, 2007, under the Business Corporations Act (British Columbia). The Company changed its name to Nations Royalty Corp. on May 3, 2024. The Company's head office is located at Suite 3123 - 595 Burrard Street, Vancouver, British Columbia, V7X 1J1 and its registered and records office is located at Suite 2500 - 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3.

**Reverse Takeover Transaction**

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

Concurrently with, and as a condition to, completion of the Transaction, 1445146 B.C. LTD. ("Finco"), a wholly-owned subsidiary of the Company, completed a private placement (the "Concurrent Financing") on April 9, 2024, of 11,111,112 subscription receipts (each, a "Subscription Receipt") at a price of \$0.90 per Subscription Receipt, for gross proceeds of \$10,000,001. All proceeds of the Concurrent Financing were held in escrow pending satisfaction of the closing conditions to the Transaction. Upon satisfaction of the escrow conditions, immediately prior to completion of the Transaction on June 18, 2024, each Subscription Receipt was automatically converted into one common share of Finco and the funds held in escrow were transferred to the Company's unrestricted bank account.

Subsequent to year end, on June 18, 2024, the Transaction was completed by way of a three-cornered amalgamation under the provisions of the Business Corporations Act (British Columbia) whereby Finco amalgamated with Nations Acquisitions Corp., a wholly-owned subsidiary of the Nisga'a Nation formed to hold the Royalties prior to closing and having had no other assets or material financial liabilities or obligations, with the resulting company being named Nass Valley Area Royalty Holdings Corp. ("Nass Valley Area Royalty"). All of the issued and outstanding shares of Nass Valley Area Royalty following the amalgamation were immediately exchanged for common shares of the Company on a one-for-one basis (the "Consideration Shares"). The Consideration Shares and most of the currently existing Company shares are subject to voluntary pooling restrictions and will be released over a period of 36 months from completion of the Transaction. Pursuant to the Transaction, the Company issued an aggregate of 111,100,000 common shares to the Nisga'a Nation in consideration for the assignment of the Royalties.

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

As at May 31, 2024, \$120,182 of expenditures relating to the Transaction has been recorded as deferred financing costs, which are netted against subscription receipts on the statement of financial position (May 31, 2023 - \$nil).

Following completion of the Transaction, the Company's common shares were approved for listing on Tier 2 of the TSX Venture Exchange and commenced trading on June 21, 2024, under the symbol 'NRC'.

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**Annual Results**

The information below has been extracted from the Company's audited annual consolidated financial statements:

Years Ended	May 31, 2024 (\$)	May 31, 2023 (\$)	May 31, 2022 (\$)
Total revenues	Nil	Nil	Nil
Net loss	(1,285,275)	(246,187)	(63,081)
Net loss per share	(0.06)	(0.54)	(0.24)
Total assets	10,083,139	898,618	Nil

**Quarterly Results**

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

	May 31, 2024 (\$)	February 29, 2024 (\$)	November 30, 2023 (\$)	August 31, 2023 (\$)
Revenues	Nil	Nil	Nil	Nil
Loss and comprehensive loss	(751,340)	(220,419)	(216,241)	(97,275)
Loss per share, basic and diluted	(0.03)	(0.01)	(0.01)	(0.00)

	May 31, 2023 (\$)	February 28, 2023 (\$)	November 30, 2022 (\$)	August 31, 2022 (\$)
Revenues	Nil	Nil	Nil	Nil
Loss and comprehensive loss	(62,162)	(50,452)	(79,544)	(54,029)
Loss per share, basic and diluted	(0.06)	(0.18)	(0.30)	(0.20)

**Results for the three months ended May 31, 2024 and 2023**

The Company reported loss and comprehensive loss of \$751,340 for the three months ended May 31, 2024, compared to loss and comprehensive loss of \$62,162 for the three months ended May 31, 2023. The increase in loss and comprehensive loss during the three months ended May 31, 2024, as compared to the prior comparable period, was primarily due to increased legal and accounting fees, travel, and marketing incurred in relation to the Transaction.

**Results for the years ended May 31, 2024 and 2023**

The Company reported loss and comprehensive loss of \$1,285,275 for the year ended May 31, 2024, compared to loss and comprehensive loss of \$246,187 for the year ended May 31, 2023. The increase in loss and comprehensive loss during the year ended May 31, 2024, as compared to the prior comparable period, was primarily due to increased legal and accounting fees, travel, and marketing incurred in relation to the Transaction.

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**Liquidity and Capital Resources**

The Company had a working capital deficit (current assets less current liabilities) of \$863,378 at May 31, 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. The Company has relied principally upon the issuance of equity securities.

Upon completion of the Transaction, the funds held in escrow were transferred to the Company's unrestricted bank account (see *Reverse Takeover Transaction* above).

**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 consists of personnel having the authority and responsibility for planning, directing, and controlling the activities of the Company, which are the directors and executive officers of the Company.

Compensation to key management:

	Three months ended May 31,	
	2024	2023
	(\$)	(\$)
Salary	-	-
Consulting fees	100,000	-
Share-based compensation	16,017	-
	<b>116,017</b>	-

**Share Capital**

As at May 31, 2024, the Company had the following:

- 22,519,525 common shares outstanding
- 700,000 options outstanding
- Nil warrants outstanding

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

- 144,730,637 common shares outstanding
- 10,700,000 options outstanding
- Nil warrants outstanding

**Off-Balance Sheet Arrangements**

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

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**Adoption of New and Amended Accounting Standards**

Please refer to the audited annual consolidated financial statements of the Company for the years ended May 31, 2024 and 2023, and the related notes contained therein.

**Financial Instruments**

Please refer to the audited annual consolidated financial statements of the Company for the years ended May 31, 2024 and 2023, and the related notes contained therein.

**Proposed Transactions**

There are no proposed transactions as at the date of this MD&A.

**Contingencies**

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

**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**

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

**Management and Board of Directors**

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

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

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

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

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

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

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

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

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

**Outlook**

Additional information relating to the Company is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).