



**Nations Royalty Corp.**

(formerly Vega Mining Inc.)

Consolidated Financial Statements

For the Years Ended May 31, 2024 and 2023

(Presented in Canadian Dollars)

# Independent Auditor's Report

To the Shareholders and the Board of Directors of  
Nations Royalty Corp. (formerly Vega Mining Inc.)

## Opinion

We have audited the consolidated financial statements of Nations Royalty Corp. (the "Company"), which comprise the consolidated statement of financial position as at May 31, 2024 and the consolidated statement of loss and comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the year then ended, and notes to the consolidated 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 May 31, 2024, and its financial performance and its cash flows for the year 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 Matter

The financial statements for the year ended May 31, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on September 28, 2023.

## Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended May 31, 2024. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

### **Share-based compensation – Refer to Note 2 to the financial statements**

#### ***Key Audit Matter Description***

The Company has a Stock Option Plan and uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate the share-based compensation expense. Several key inputs which required judgment by management in the fair value model include share price, risk-free interest rate, exercise price, expected dividend yield, expected life, and expected share price volatility. The

Company was not listed when the options were granted, as a result more judgment was required to estimate the share price and expected share price volatility.

Auditing of the share-based compensation (“SBC”) expense is a key audit matter due to the estimation required to determine the share price and the expected share price volatility used within the Black - Scholes valuation model. This resulted in significant audit effort which included the involvement of fair value specialists.

### ***How the Key Audit Matter was Addressed in the Audit***

With the assistance of fair value specialists, our audit procedures related to the share price and expected share price volatility used to determine SBC expense included the following, among others:

- Evaluated the share price and its volatility against peer companies;
- Recalculated the fair value of the options and the associated SBC expense.

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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 Jayana Darras.

/s/ Deloitte LLP

Chartered Professional Accountants  
Vancouver, British Columbia  
September 26, 2024

**Nations Royalty Corp.**  
(formerly Vega Mining Inc.)  
Consolidated Statements of Financial Position  
(Expressed in Canadian Dollars)

	May 31, 2024 (\$)	May 31, 2023 (\$)
<b>Assets</b>		
<b>Current assets</b>		
Cash	48,736	890,606
Cash held in escrow (Notes 3(a),9)	10,000,001	-
Sales tax receivable	34,402	8,012
<b>Total assets</b>	<b>10,083,139</b>	<b>898,618</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	1,066,699	532,785
Subscription receipts (Note 9)	9,879,818	-
<b>Total liabilities</b>	<b>10,946,517</b>	<b>532,785</b>
<b>Shareholders' equity (deficit)</b>		
Share capital (Note 4)	6,078,191	6,078,191
Reserves (Note 4)	145,974	89,910
Deficit	(7,087,543)	(5,802,268)
<b>Total shareholders' equity (deficit)</b>	<b>(863,378)</b>	<b>365,833</b>
<b>Total liabilities and shareholders' equity (deficit)</b>	<b>10,083,139</b>	<b>898,618</b>

Nature of operations (Note 1)  
Subsequent events (Notes 1,4,9)

Approved and authorized for issuance by the Board of Directors:

*"Alex Morrison"*

Director

*"Robert McLeod"*

Director

*The accompanying notes are an integral part of these consolidated financial statements*

**Nations Royalty Corp.**  
(formerly Vega Mining Inc.)  
Consolidated Statements of Loss and Comprehensive Loss  
For the Years Ended May 31, 2024 and 2023  
(Expressed in Canadian Dollars)

	2024	2023
	(\$)	(\$)
<b>Expenses</b>		
Consulting	203,300	127,500
Salaries and benefits	132,166	-
Marketing	52,691	-
Office and administration	91,476	372
Professional fees	647,487	85,858
Transfer agent and filing fees	45,524	32,457
Travel	77,421	-
Share-based compensation (Notes 4(b),5)	56,064	-
	<b>(1,306,129)</b>	<b>(246,187)</b>
Interest income	20,854	-
<b>Loss and comprehensive loss</b>	<b>(1,285,275)</b>	<b>(246,187)</b>
Basic and diluted loss per share	<b>(0.06)</b>	<b>(0.54)</b>
Weighted average number of common shares outstanding - basic and diluted	<b>22,519,525</b>	452,404

*The accompanying notes are an integral part of these consolidated financial statements*

**Nations Royalty Corp.**

(formerly Vega Mining Inc.)

Consolidated Statements of Changes in Shareholders' Equity (Deficit)

(Expressed in Canadian Dollars)

	Number of shares	Share capital (\$)	Reserves (\$)	Deficit (\$)	Total shareholders' equity (deficit) (\$)
<b>At May 31, 2022</b>	269,525	5,202,984	89,910	(5,556,081)	(263,187)
Private placement	22,250,000	890,000	-	-	890,000
Share issuance costs	-	(14,793)	-	-	(14,793)
Loss and comprehensive loss	-	-	-	(246,187)	(246,187)
<b>At May 31, 2023</b>	<b>22,519,525</b>	<b>6,078,191</b>	<b>89,910</b>	<b>(5,802,268)</b>	<b>365,833</b>
<b>At May 31, 2023</b>	22,519,525	6,078,191	89,910	(5,802,268)	365,833
Share-based compensation (Notes 4(b),5)	-	-	56,064	-	56,064
Loss and comprehensive loss	-	-	-	(1,285,275)	(1,285,275)
<b>At May 31, 2024</b>	<b>22,519,525</b>	<b>6,078,191</b>	<b>145,974</b>	<b>(7,087,543)</b>	<b>(863,378)</b>

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"). The total number of shares reflect the Share Consolidation retroactively.

*The accompanying notes are an integral part of these consolidated financial statements*

**Nations Royalty Corp.**  
(formerly Vega Mining Inc.)  
Consolidated Statements of Cash Flows  
For the Years Ended May 31, 2024 and 2023  
(Expressed in Canadian Dollars)

	2024	2023
	(\$)	(\$)
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Loss	(1,285,275)	(246,187)
Items not involving cash		
Share-based compensation	56,064	-
Changes in non-cash working capital items		
Sales tax receivable	(26,390)	(8,012)
Accounts payable and accrued liabilities	424,895	269,598
	<b>(830,706)</b>	<b>15,399</b>
<b>Financing activities</b>		
Deferred financing costs	(11,164)	-
Proceeds on shares issued, net of share issuance costs	-	875,207
	<b>(11,164)</b>	<b>875,207</b>
<b>Change in cash</b>	<b>(841,870)</b>	<b>890,606</b>
<b>Cash – beginning</b>	<b>890,606</b>	<b>-</b>
<b>Cash – end</b>	<b>48,736</b>	<b>890,606</b>
<b>Non-cash investing and financing activities</b>		
Subscription receipts	10,000,001	-
Deferred financing costs included in accounts payable and accrued liabilities	109,019	-

No cash was paid for interest or income taxes during the years ended May 31, 2024 and 2023.

*The accompanying notes are an integral part of these consolidated financial statements*

## **1. NATURE OF OPERATIONS**

Nations Royalty Corp. (formerly Vega Mining Inc.) (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.

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”). These consolidated financial statements reflect the Share Consolidation retroactively.

Subsequent to year end, on June 18, 2024, the Company completed the Transaction (as defined in Note 9), pursuant to which it acquired all of the issued and outstanding shares of Nations Acquisition Corp. (“Nationsco”) in exchange for common shares of the Company. In connection with the Transaction, the Company changed its name to Nations Royalty Corp. and changed its fiscal year end from May 31 to March 31. Following completion of the Transaction, the Company’s common shares were approved for listing on Tier 2 of the TSX Venture Exchange and commenced trading on June 21, 2024, under the symbol ‘NRC’. The Company will carry on the business previously carried on by Nationsco.

## **2. BASIS OF PREPARATION**

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These consolidated financial statements are presented in Canadian Dollars, which is also the Company’s functional currency.

The Board of Directors approved these consolidated financial statements on September 25, 2024.

The preparation of these 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) Critical Accounting Judgments, 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.

The information about significant areas of judgment, estimates, and assumptions considered by management in preparing the unaudited condensed interim consolidated financial statements is as follows:

## **2. BASIS OF PREPARATION (continued)**

### Share-Based Compensation

The Company uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate share-based compensation expense. The Black-Scholes model involves several key inputs to determine fair value of an option: risk-free interest rate, exercise price, expected dividend yield, expected life, and expected share price volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate in its calculation of share-based compensation expense.

#### b) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, 1445146 B.C. LTD. (British Columbia), incorporated on October 18, 2023 ("Finco").

The financial results of the subsidiary are included in these 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**

#### a) Cash and Cash Held in Escrow

Cash consists of deposits held in banks. Cash held in escrow consists of subscription receipt deposits held in the Company trust account (Note 9). As at May 31, 2024, there was \$10,000,001 held in the Company trust account and is presented as cash held in escrow on the statement of financial position. The subscription receipts are subject to regulatory restrictions and are therefore not available for general use by the Company. The Company places its cash and cash held in escrow with institutions of high credit-worthiness.

#### 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.

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 unless they meet the requirements to be subsequently measured at amortized cost.

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.

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

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 is measured at FVTPL. 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 or 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:

<b>Financial Instrument</b>	<b>IFRS 9 Classification</b>
Cash	Amortized cost
Cash held in escrow	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Subscription receipts	Amortized cost

Subsequent Measurement

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

**Financial assets and liabilities at amortized cost**

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment, plus or minus transaction costs that are directly attributable to the acquisition or issue of the asset or liability.

c) Share-Based Payments

The Company's Stock Option Plan (Note 4(b)) allows employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as equity-settled 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.

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

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.

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 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 shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of shares outstanding when the effect is anti-dilutive.

### 3. MATERIAL ACCOUNTING POLICIES (continued)

g) 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 effective June 1, 2023. 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 and an unlimited number of preferred shares without par value.

Effective April 16, 2024, the Company completed the Share Consolidation (Note 1).

a) As at May 31, 2024, there were 22,519,525 common shares outstanding (May 31, 2023 - 22,519,525).

There were no share issuances during the year ended May 31, 2024.

During the year ended May 31, 2023, the Company issued 22,250,000 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.

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.

## Nations Royalty Corp.

(formerly Vega Mining Inc.)

Notes to the Consolidated Financial Statements

For the Years Ended May 31, 2024 and 2023

(Expressed in Canadian Dollars)

### 4. SHARE CAPITAL (continued)

During the year ended May 31, 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 year ended May 31, 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.

There were no options granted during the year ended May 31, 2023.

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, May 31, 2024	700,000	\$ 0.10

As at May 31, 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		

Subsequent to year end, on June 18, 2024, the Company granted 10,000,000 options exercisable at \$0.90 per share until June 18, 2029.

### 5. 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	-
	116,017	-

## 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 fair values of the Company's cash, cash held in escrow, and accounts payable approximate their carrying value, due to their short-term maturities and market interest rate.

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 cause a financial loss for the other party by failing to discharge an obligation. Credit risk is attributable to cash, cash held in escrow, and sales tax receivable. Cash and cash held in escrow are held with large Canadian banks. Management believes the risk of loss to be remote. The Company's sales tax receivable is comprised of amounts owing from the Government of Canada for input tax credits. Accordingly, the Company does not believe it is subject to significant credit risk.

### b) *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuing to monitor forecasted and actual cash flows. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its development plans. The Company strives to maintain sufficient liquidity to meet its short-term business requirements, taking into account its anticipated cash flows from royalty interests, its holdings in cash and its committed liabilities.

### c) *Market Risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates.

#### *I. Interest Rate Risk*

Interest rate risk consists of two components:

- (a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

**6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

Due to the short-term nature of the Company's financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values during the periods presented. Future cash flows from interest income on cash will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on the preservation of capital and liquidity. Interest rate risk is assessed as low.

**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 TAX**

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

	2024 (\$)	2023 (\$)
Loss for the year	<b>(1,285,275)</b>	(246,187)
	<b>27.00%</b>	27.00%
Expected tax recovery	<b>(347,024)</b>	(66,470)
Share issue costs	<b>(3,994)</b>	(3,995)
Change in unrecognized deferred income tax assets	<b>351,018</b>	70,465
Income tax recovery	-	-

Details of deferred income tax assets are as follows:

	2024 (\$)	2023 (\$)
Deferred tax assets		
Non-capital losses	<b>1,302,000</b>	956,000
Exploration and evaluation costs	<b>206,000</b>	206,000
Fixed assets and other	<b>4,000</b>	7,000
Unrecognized deferred income tax assets	<b>1,512,000</b>	1,169,000

The Company has unused non-capital losses of approximately \$4,822,000 that expire between 2031 and 2044.

## **9. 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, Finco (Note 2(c)) 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 (Note 3(a)). 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 Nationsco, a wholly-owned subsidiary of the Nisga'a Nation formed to hold the Royalties prior to closing and having had no other assets or material financial liabilities or obligations, with the resulting company being named Nass Valley Area Royalty Holdings Corp. ("Nass Valley Area Royalty"). All of the issued and outstanding shares of Nass Valley Area Royalty following the amalgamation were immediately exchanged for common shares of the Company on a one-for-one basis (the "Consideration Shares"). The Consideration Shares and most of the currently existing Company shares are subject to voluntary pooling restrictions and will be released over a period of 36 months from completion of the Transaction. Pursuant to the Transaction, the Company issued an aggregate of 111,100,000 common shares to the Nisga'a Nation in consideration for the assignment of the Royalties.

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

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).