



**NOVA ROYALTY CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

## GENERAL

This management's discussion and analysis ("MD&A") for Nova Royalty Corp. (the "Company" or "Nova") is intended to help the reader understand the significant factors that have affected Nova's performance and such factors that may affect its future performance. This MD&A, which has been prepared as of March 23, 2023, should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2022 and the related notes contained therewith. The Company reports its financial position, financial performance and cash flows in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). All dollar amounts included in the following MD&A are in Canadian dollars ("CAD") except where otherwise noted.

Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.NovaRoyalty.com](http://www.NovaRoyalty.com). Documents and websites referred to in this MD&A are not part of this MD&A and are not incorporated by reference herein.

## COMPANY OVERVIEW

Nova is a royalty company that is focused on acquiring copper and nickel metal purchase agreements, Net Smelter Return Royalties ("NSRs"), Gross Value Return Royalties ("GVRs"), Net Proceeds Royalties ("NPRs"), Net Profit Interests ("NPIs"), Gross Proceeds Royalties ("GPRs"), Gross Overriding Return Royalties ("GORs"), and non-operating interests in mining projects that provide the right to the holder of a percentage of the gross revenue from metals produced from the project or a percentage of the gross revenue from metals produced from the project after deducting specified costs, if any, respectively. The Company's common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "NOVR" and the OTCQB Venture Market ("OTCQB") under the symbol "NOVRF". The head office and principal address is 501 - 543 Granville Street, Vancouver, British Columbia, Canada. Nova's focus on nickel and copper provides exposure to the generational shift from fossil fuels to clean energy and the broader electrification thesis.

The Company continues to review the operations of its acquired royalty interests to understand their policies and procedures around the coronavirus ("COVID-19") pandemic. Each operation will make decisions according to their local situation and applicable laws, as well as considering the health and safety of their employees. There can be no assurance that the related mining projects to our royalty interests will remain operational, or operate at expected levels, for the duration of the COVID-19 pandemic.

## COMPANY HIGHLIGHTS

During the year ended December 31, 2022 and subsequently, the Company:

- increased the number of royalties held by the Company to 22 through the acquisition of the following projects:
  - 0.135% NSR on the Copper World and Rosemont projects in Arizona, USA. Nova was also granted a Right of First Refusal ("ROFR") in respect to an additional 0.540% NSR covering the same area as the 0.135% NSR; and
  - rights to a portion of a 0.5% 10-year NPI (16.7% representing 0.08325% effective interest) on the Josemaria project in San Juan, Argentina. Nova was also granted a ROFR in respect to an additional 16.7% of the NPI
- for the year ended December 31, 2022, recognized revenue of \$1,996,632 (2021 – \$703,044), from its NSR interests, primarily related to the Aranzazu NSR;
- from inception on February 26, 2021 to termination on November 28, 2022, the Company had distributed 3,002,600 common shares under the 2021 ATM Program (as defined below) at an average price of \$2.87 per share for gross proceeds of \$8,612,326, with aggregate commissions paid to the agents of \$215,308, resulting in aggregate proceeds net of commissions of \$8,397,018; and
- on November 17, 2022, filed a short form base shelf prospectus (the "Base Shelf Prospectus") to enhance the Company's financial flexibility. In connection with the filing, the Company announced the 2022 ATM program (as defined below). From inception to the date of this MD&A, the Company had distributed 1,034,400 common shares under the 2022 ATM Program at an average price of \$1.45 per share for gross proceeds of \$1,499,880, with aggregate commissions paid or payable to the agents of \$37,497, resulting in aggregate proceeds net of commissions of \$1,462,383.

## SUMMARY OF ROYALTY INTERESTS

Since incorporation in June 2018 to the date of this MD&A, the Company's principal royalty assets acquired are as follows:

<b>Property</b>	<b>Asset Owner(s)</b> <sup>(1)</sup>	<b>Location</b>	<b>Metals</b>	<b>Type</b>	<b>Terms</b> <sup>(2)</sup>
Taca Taca	First Quantum	Argentina	Cu-Au-Mo	NSR	0.42%
NuevaUnión	Newmont (50%)/Teck Resources (50%)	Chile	Cu-Au	NSR	2.00% Cu
Copper World & Rosemont	Hudbay Minerals Inc.	USA	Cu-Mo-Ag	NSR	0.13% <sup>(3)</sup>
Josemaria	Lundin Mining	Argentina	Cu-Au-Ag	NPI	0.08% <sup>(4)</sup>
West Wall	Anglo American (50%)/Glencore PLC (50%)	Chile	Cu-Au-Mo	NPR	1.00%
Aranzazu	Aura Minerals Inc.	Mexico	Cu-Au-Ag	NSR	1.00%
Dumont	Waterton Global Resources Investments	Canada	Ni-Co	NSR	2.00%
Vizcachitas	Los Andes Copper	Chile	Cu-Mo	NSR	0.49-0.98%;

<sup>(1)</sup> 100% ownership, unless otherwise stated.

<sup>(2)</sup> NSR/NPR applicable on all metals, unless otherwise stated.

<sup>(3)</sup> Nova was granted a right of first refusal ("ROFR") in respect to an additional 0.540% NSR covering the same area as the 0.135% NSR on the Copper World & Rosemont properties.

<sup>(4)</sup> Nova expects to acquire approximately 16.7% of a 0.5% 10-year NPI (effectively 0.08325%), with a ROFR over an additional 16.7%.

### Taca Taca Project

Nova owns a 0.42% NSR on the Taca Taca copper-gold-molybdenum project, owned by First Quantum Minerals Ltd. ("First Quantum"; TSX: FM). This NSR is a part of a broader, existing 1.50% NSR on Taca Taca, where the remaining 1.08% is held by Franco-Nevada Corporation. Taca Taca is a porphyry copper-gold-molybdenum project located in northwestern Argentina in the Puna (Altiplano) region of Salta Province, approximately 55 kilometers east of the Chilean border and 90 kilometers east of Escondida, the world's largest copper mine. The project is located 10 kilometers from the railway line that connects Salta with Antofagasta, with previous studies showing available local power and water sources for the operation of the project.

On November 30, 2020, First Quantum published a NI 43-101 Technical Report on Taca Taca, which was subsequently updated in March 2021 to include additional financial disclosure. The updated report documented an updated Mineral Resource model and a maiden Mineral Reserve estimate of 7.7 million tonnes of contained copper, derived from an open pit mine design and plan, which contemplates ore processing throughput of up to 60 million tonnes per annum through a conventional flotation circuit with a mine life of approximately 32 years. The recovered copper reaches a peak of approximately 275,000 tonnes per annum within the first ten years of operations.

First Quantum is continuing pre-development and feasibility activities at Taca Taca. Taca Taca is envisaged to have a similar mine design and plant configuration as First Quantum's other large throughput mines, such as Sentinel, Cobre Panama, and the planned S3 expansion at Kansanshi, which will allow First Quantum to leverage continuous learnings from the design and execution of these operations in the development of Taca Taca.<sup>1</sup> During the second quarter of 2021, First Quantum submitted two environmental permits regarding key infrastructure at Taca Taca. The primary Environmental and Social Impact Assessment ("ESIA") for Taca Taca was submitted to the Secretariat of Mining of Salta Province in 2019 and approval of the ESIA is anticipated in 2023. Water supply studies and pump tests to support the application for a water permit advanced steadily in 2022 and are expected to be completed in 2023. In November 2022, the Salta Production Minister signed Resolution 191/2022, approving the environmental pre-feasibility for the Taca Taca 345 kilovolt power line development. The power line development still requires detailed construction permits, but the main environmental aspects of its development have been approved.<sup>2</sup>

As of December 31, 2022, First Quantum last reported proven & probable mineral reserves at Taca Taca of 1,758.5 million tonnes at 0.44% Copper, 0.09 g/t gold, and 0.012% molybdenum<sup>3</sup>.

<sup>1</sup> Source: First Quantum Minerals 2021 Annual Report, Capital Markets Day Presentation dated January 2022 and Capital Markets Day Call Transcript dated January 18, 2022.

<sup>2</sup> Source: First Quantum Minerals Management's Discussion and Analysis for the year ended December 31, 2022.

<sup>3</sup> Source: First Quantum Amended and Restated Technical Report NI 43-101 dated March 30, 2021.

## **NuevaUnión Project**

Nova owns a 2.0% copper NSR on the NuevaUnión project in Chile, which is a 50-50 joint venture between Teck Resources Limited ("Teck"; TSX: TECK.A and TECK.B) and Newmont Corporation ("Newmont"; NYSE: NEM). The NSR is on a portion of the project that relates to copper revenues from the Cantarito Claim within the La Fortuna deposit. In 2019, Teck disclosed that the NuevaUnión joint venture continued to advance a Feasibility Study, which Teck expected to be completed in Q1 2020. Teck recently reported that work in 2023 will be focused on establishing a development plan for the project.<sup>4</sup>

As of December 31, 2022, Teck last reported proven & probable reserves at the La Fortuna deposit of 682.2 million tonnes at 0.51% copper and 0.47 g/t gold.

## **Copper World & Rosemont Projects**

In January 2022, Nova acquired a 0.135% NSR on the Copper World and Rosemont copper projects in Arizona, USA, (the "Copper World & Rosemont Royalty") 100% owned by Hudbay Minerals Inc. ("Hudbay"; TSX: HBM and NYSE: HBM). Nova was also granted a ROFR in respect to an additional 0.540% NSR covering the same area as the Copper World & Rosemont Royalty. The Copper World & Rosemont Royalty covers all metals, including copper, molybdenum, silver, and gold extracted from the majority of mining claims covering Copper World and Rosemont. Specifically, 132 patented claims (all the patented claims associated with Copper World and Rosemont), 603 unpatented claims, and one parcel of fee associated land are covered by the Copper World & Rosemont Royalty.

In June 2022, Hudbay released the results of a preliminary economic assessment ("PEA") for the Copper World Complex, which includes both the recently discovered Copper World deposit and the Rosemont deposit. The PEA contemplates a two-phased mine plan with an after-tax net present value (10%) of US\$1,296 million and generates an 18% IRR at US\$3.50/lb copper. Phase I reflects a stand-alone operation on private land and patented mining claims over a 16-year mine life with average annual copper production of approximately 86,000 tonnes at cash costs and sustaining cash costs of US\$1.15 and US\$1.44 per pound of copper, respectively. Phase II expands mining activities onto federal land and extends the mine life to 44 years with average annual copper production of approximately 101,000 tonnes at cash costs and sustaining cash costs of US\$1.11 and US\$1.42 per pound of copper, respectively.<sup>5</sup>

Copper World requires state and local permits for Phase I. Hudbay reported that, on September 21, 2022, an application for an Aquifer Protection Permit was submitted to the Arizona Department of Environmental Quality ("ADEQ"), and on October 21, 2022, an application for an Air Quality Permit was submitted to the ADEQ.<sup>6</sup> Hudbay reported that it expects to receive these two remaining state permits in 2023. The other key state permit, the Mined Land Reclamation Plan, was received in 2022 and in January 2023, Hudbay received an approved right-of-way from the State Land Department that will allow for infrastructure such as roads, pipelines, and powerlines to connect between properties in Hudbay's private land package at Copper World.<sup>7</sup>

Hudbay reported that it is continuing to advance pre-feasibility activities for Phase I of the Copper World Complex, which is expected to include conversion of inferred mineral resources to measured and indicated, optimization of the layout and sequencing of the processing facilities, and the evaluation of other upside opportunities. Pre-feasibility level engineering for the main processing facility, as well as geotechnical and hydrogeological site investigation activities were completed by December 31, 2022. Metallurgical test work continued into 2023, the results of which are being analyzed as part of Hudbay's concentrate leaching tradeoff evaluations. Hudbay expects to release a pre-feasibility study ("PFS") in the second quarter of 2023.<sup>8</sup>

Upon receipt of state permits, Hudbay reported that it expects to conduct a bulk sampling program to continue to de-risk the Copper World Complex by testing grade continuity, variable cut-off effectiveness, and metallurgical strategies. Hudbay also reported that, following receipt of the state permits, Hudbay intends to initiate a minority joint venture partner process, which will allow the potential joint venture partner to participate in definitive feasibility study activities in 2024.<sup>9</sup>

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<sup>4</sup> Source: Teck Resources Limited 2022 Management's Discussion and Analysis.

<sup>5</sup> Source: Hudbay Minerals Inc. Management's Discussion and Analysis for the three and six months ended June 30, 2022.

<sup>6</sup> Source: Hudbay Minerals Inc. Management's Discussion and Analysis for the three and nine months ended September 30, 2022.

<sup>7</sup> Source: Hudbay Minerals Inc. Management's Discussion and Analysis for the year ended December 31, 2022.

<sup>8</sup> Source: Hudbay Minerals Inc. Management's Discussion and Analysis for the year ended December 31, 2022.

<sup>9</sup> Source: Hudbay Minerals Inc. Management's Discussion and Analysis for the year ended December 31, 2022.

As of December 31, 2022, Hudbay last reported measured and indicated resources at the Copper World Complex of 1,173 million tonnes at 0.41% copper and inferred resources at the Copper World Complex of 262 million tonnes at 0.37% copper. Hudbay also reported that contained copper in measured and indicated resources increased by 17% and contained copper in inferred resources increased by 328%, as compared to the mineral resources included in the 2017 feasibility study published by Hudbay for the Rosemont project.<sup>10</sup>

### **Josemaria Project**

In May 2022, Nova secured the right to acquire a portion of an existing 0.5% 10-year NPI royalty (the "Josemaria Royalty") on the Josemaria copper-gold-silver project in San Juan, Argentina ("Josemaria"), owned by Lundin Mining Corporation ("Lundin Mining"; TSX:LUN and Nasdaq Stockholm: LUMI), (the "Josemaria Transaction"). Nova was also granted a ROFR in respect to an additional portion of the Josemaria Royalty. The Josemaria Royalty, in its entirety, comprises a lump-sum payment of US\$2.0 million, payable within six months of the completion of the second full year of mine operations, and a 0.5% NPI royalty over Josemaria for a period of 10 years. The Josemaria Royalty covers the vast majority (99.7%) of the area of the current mineral reserve estimate for Josemaria. In addition to Josemaria, the Royalty covers a number of other mining tenements in the Vicuña region.

The portion of the Josemaria Royalty that will be acquired by Nova (the "Royalty Portion") is subject to the finalization of an estate partitioning process in Argentina. The Josemaria Transaction is not expected to close until the conclusion of the estate partitioning process. However, through the Josemaria Transaction, Nova has secured rights to future ownership of the Royalty Portion at a predetermined price.

The total purchase price for 100% of the Royalty (the "Total Royalty Price") is US\$13.7 million, payable at the achievement of future milestones, plus additional advanced payments of US\$100,000. The total consideration payable by Nova (the "Transaction Consideration") will be calculated by adjusting the Total Royalty Price for the Royalty Portion on a pro rata basis. Nova currently expects to acquire approximately 16.7% of the Royalty (approximately 0.08325% NPI) for total aggregate consideration of US\$2.4 million (including the advanced payments), with a ROFR over an additional 16.7% of the Josemaria Royalty (approximately 0.08325% NPI). Payments in connection with the Transaction will be as follows:

- Advanced payments totaling US\$100,000
- 50% of the Transaction Consideration, payable in cash 30 business days following the receipt of notice that Nova has been recorded as sole titleholder of the Royalty Portion with the relevant mining authority
- 25% of the Transaction Consideration, payable in cash 30 business days following commencement of construction at Josemaria, provided, however, that the estate partitioning has first been finalized
- 25% of the Transaction Consideration, payable in cash 30 business days following the 12-month anniversary of commercial production at Josemaria, provided, however, that the estate partitioning has first been finalized

Josemaria is 100% owned by Lundin Mining and is located in the San Juan Province of Argentina, approximately 9km east of the Chile-Argentina border. Josemaria is currently expected to employ conventional truck and shovel open pit mining, with conventional primary crushing, grinding and flotation to produce a gold-rich copper concentrate. Over a 19-year mine life, average annual production is forecast to be 131,000 tonnes of copper, 224,000 oz of gold and 1.0 million oz of silver at an average total cash cost of US\$1.55/lb copper equivalent.<sup>11</sup>

Lundin Mining acquired Josemaria through its acquisition of Josemaria Resources, which closed in April 2022. On April 11, 2022, the mining authority of San Juan, Argentina approved the Environmental Social Impact Assessment for Josemaria. Lundin Mining has reported that the Josemaria project team is working with national and provincial authorities in Argentina to progress the project through the next stages of development and associated approvals. Lundin Mining also reported that it is advancing work towards a baseline capital cost estimate and project execution schedule. Plant engineering, including procurement of long-lead equipment, is ongoing, and was 38% complete as of December 31, 2022. Early works continue onsite, including the preparation of platforms for the camp, commissioning of additional fuel storage, and expansion of the existing camp. Pre-construction early works including internal access roads and the completion of phase 1 of a new camp were also advanced during 2022. Lundin Mining reported that it submitted the environmental impact assessment for a new power line, while permitting works and agreements regarding power supply, concentrate logistics, infrastructure funding and a project construction union agreement continue to progress.<sup>12</sup>

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<sup>10</sup> Source: Hudbay NI 43-101 Technical Report entitled "Preliminary Economic Assessment Copper World Complex, Pima County, Arizona USA" effective as of May 1, 2022.

<sup>11</sup> Source: press release titled "Lundin Mining to Acquire Josemaria Resources, Meaningfully Increasing Copper and Gold Growth Profile" published by Lundin Mining Corporation dated December 20, 2021.

<sup>12</sup> Source: Lundin Mining Management's Discussion and Analysis for the year ended December 31, 2022.

Lundin Mining reported that it spent US\$237.4 million on Josemaria during 2022 and intends to spend approximately US\$400 million on Josemaria during 2023.<sup>13</sup>

Additionally, Lundin Mining reported that approximately 30,600 meters of drilling has been completed at Josemaria since a 2020 Mineral Resource and Mineral Reserve Estimate was published by Josemaria Resources, the results of which will be incorporated into a new estimate to be published by Lundin Mining.<sup>14</sup>

As of December 31, 2022, Lundin Mining last reported proven and probable reserves at Josemaria of 1,012 million tonnes at 0.30% copper, 0.22 g/t gold, and 0.94 g/t silver.<sup>15</sup>

### **West Wall Project**

In June 2021, Nova acquired rights to a 1.0% NPR on the West Wall copper-gold-molybdenum project located in the central Chilean Andes, owned by a 50-50 joint venture between Anglo American PLC ("Anglo American"; LSE: AAL) and Glencore PLC ("Glencore"; LSE: GLEN). Cash consideration of US\$4.2 million was paid on closing of the acquisition on June 18, 2021.

Under the terms of the West Wall acquisition, Sociedad Minera Auromín Limitada ("Auromín") assigned the Company all of the rights granted to Auromín (the "Participation"), as defined in a Participation Agreement between Auromín and a subsidiary of Anglo American, concerning West Wall and other mining tenements established as designated areas in the surrounding region ("Participation Agreement").

The Participation Agreement provides that, upon the fulfillment of certain conditions, including Anglo American making a production decision at West Wall, a Sociedad Contractual Minera ("SCM") will be incorporated, and into which the mining tenements corresponding to the project will be transferred. The owner of the Participation will be issued shares in the SCM, which will give such owner an 8.0% interest in the SCM. Subsequently, if one or more mines are brought into production for West Wall or another designated area, Anglo American will repurchase from the owner of the Participation the shares in the SCM that correspond to a 7.0% interest in the SCM for a predetermined price, leaving the owner of the Participation with a 1.0% interest in the SCM, which entitles the owner to a 1.0% net proceeds of production royalty from West Wall. A SCM will be similarly established for any other designated area within the scope of the Participation Agreement, giving the owner of the Participation the same rights as stated above with respect to such designated areas.

All payments resulting from the repurchase by Anglo American of the 7.0% interest in the SCM will be reimbursed in full to Auromín. The Company will retain sole ownership of 1.0% of the shares in the SCM, which entitle the owner of such shares to the 1.0% net proceeds of production royalty from the project or such other designated area, as the case may be, which will not be subject to repurchase by Anglo American.

As of December 31, 2022, Glencore last reported indicated resources at West Wall of 861 million tonnes at 0.51% copper, 0.01% molybdenum and 0.05 g/t gold and inferred resources at West Wall of 1,100 million tonnes at 0.42% copper, 0.01% molybdenum and 0.05 g/t gold<sup>16</sup>.

### **Aranzazu Mine**

In August 2021, Nova acquired a 1.0% NSR on the Aranzazu copper-gold-silver mine (the "Aranzazu Royalty") owned by Aura Minerals Inc. ("Aura"; TSX: ORA). Consideration of US\$8,000,000 cash and US\$1,000,000 in common shares of the Company was paid on upon closing of the acquisition.

Aranzazu is a copper-gold-silver deposit located within the Municipality of Concepcion del Oro in the State of Zacatecas, Mexico, approximately 250 kilometers to the southwest of the city of Zacatecas. The current mine at Aranzazu has been in operation since 1962, with documented evidence of mining in the area dating back nearly 500 years. Aura is the sole owner and operator of Aranzazu, having assumed ownership in 2010. In 2014, Aura closed the mine to re-engineer and re-develop various aspects of the operation. The mine reopened in 2018 and attained commercial production in December 2018, since which time Aura has improved the efficiency of the operation. The Aranzazu operation comprises an underground mine using long hole open stoping and an on-site plant, which produces copper concentrate with gold and silver by-product via conventional flotation processing.

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<sup>13</sup> Source: Lundin Mining Management's Discussion and Analysis for the year ended December 31, 2022.

<sup>14</sup> Source: Lundin Mining Management's Discussion and Analysis for the year ended December 31, 2022.

<sup>15</sup> Source: press release titled "Lundin Mining to Acquire Josemaria Resources, Meaningfully Increasing Copper and Gold Growth Profile" published by Lundin Mining Corporation dated December 20, 2021.

<sup>16</sup> Source: Glencore Reserves & Resource statement as at December 31, 2022.

During H2 2021, Aura achieved a throughput expansion at Aranzazu, increasing capacity by approximately 30% to 100,000 tonnes per month. As a result of this expansion, Aranzazu hit record production in Q3 2021, achieving monthly average ore mined and processed of 103,000 tonnes during the quarter. Aranzazu subsequently delivered another quarter of record production in Q4 2021. Operating metrics in 2022 remained consistent with the expanded production achieved in 2021.

Aura disclosed that Aranzazu sold 13.8 million lbs copper equivalent ("CuEq") at cash costs of US\$1.47/lb CuEq during Q4 2022. CuEq sales were 14% higher than in Q4 2021, and 9% higher than in Q3 2022. For the year ended December 31, 2022, Aura reported that Aranzazu sold 52.3 million lbs CuEq at cash costs of US\$1.51/lb CuEq. CuEq sales were 16% higher than for the year ended December 31, 2021, reflecting a full year of operations at expanded throughput capacity.<sup>17</sup>

Aura reported that it expects to produce between 101,000 – 116,000 gold equivalent ounces ("GEO") at Aranzazu during 2023. Aranzazu produced 111,531 GEO during the year ended December 31, 2022. Additionally, Aura reported that it is advancing several promising targets near existing mine workings to expand the life of mine at Aranzazu, including at the Glory Hole Zone, El Cobre, Limestone Bridge and Cabrestante. Aura expects to continue infill drilling and additional geological work at these target areas in 2023.<sup>18</sup>

Nova is entitled to 1.0% of the net smelter returns on all products sold at Aranzazu, less certain allowable deductions, provided that the monthly average price per pound of copper, as quoted by the London Metals Exchange, equals or exceeds US\$2.00/lb. Aranzazu currently receives revenue from the sale of copper concentrate, including payment for gold and silver by-products, all of which is subject to the Aranzazu Royalty. Nova expects to receive Aranzazu Royalty payments on a semi-annual basis in accordance with the terms of the Aranzazu Royalty.

As of December 31, 2022, Aura last reported proven and probable reserves at Aranzazu of 6.4 million tonnes at 1.38% copper, 0.97 g/t gold and 18.82 g/t silver.<sup>19</sup>

### **Dumont Project**

Nova owns a 2.0% NSR on the Dumont nickel-cobalt project located in Quebec. The NSR is on a portion of the deposit, representing approximately 21% of the measured & indicated resources as of July 11, 2019. The Dumont project is wholly owned by Waterton Global Resource Investments ("Waterton"), which on July 28, 2020, completed the buyout of the 28% interest of Karora Resources Inc. ("Karora"), for total consideration of up to \$48 million. In July 2019, Karora published proven and probable reserves of 1,028 million tonnes grading 0.27% nickel and 107 ppm cobalt, measured resources of 372 million tonnes grading 0.28% nickel and 112 ppm cobalt and indicated resources of 1,293 million tonnes grading 0.26% nickel and 106 ppm cobalt<sup>20</sup>. Waterton has the option to buy back one half of the NSR for \$1,000,000.

### **Vizcachitas Project**

Nova owns a 0.98% NSR on open pit operations and 0.49% NSR on underground operations on the San Jose 1/3000 claim which represents approximately 50% of the project within the Vizcachitas copper-molybdenum porphyry project in Central Chile. Vizcachitas is 100% owned by Los Andes Copper ("LAC"; TSX-V: LA). In June 2019, Los Andes Copper completed a Preliminary Economic Assessment outlining a 45-year open-pit mine life at a throughput of 110,000 tonnes per day. The project is located in an area with developed infrastructure and is within 100 kilometers of three major operating mines, Los Pelambres owned by Antofagasta PLC (LSE: ANTO), Andina, owned by Codelco and Los Bronces, owned by Anglo American (LSE: AAL).

During 2021, LAC received all permits and permissions necessary to commence drilling activities at Vizcachitas, allowing LAC to undertake the drilling program needed to complete a PFS. LAC announced that additional drilling commenced at Vizcachitas on November 10, 2021.<sup>21</sup> In March 2022, LAC announced a plan to temporarily suspend drilling at Vizcachitas in response to a Second Environmental Court decree granting a preliminary injunction on LAC's drilling activities.<sup>22</sup> In July 2022, the Second Environmental Court revised the preliminary injunction issued in March, allowing drilling activities to continue at Vizcachitas. LAC previously announced that, prior to the Second Environmental Court injunction in March 2022, sufficient drilling had been completed in order to provide an updated

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<sup>17</sup> Source: *Aura Management's Discussion and Analysis for the three and twelve months ended December 31, 2022.*

<sup>18</sup> Source: *Aura Management's Discussion and Analysis for the three and twelve months ended December 31, 2022.*

<sup>19</sup> Source: *Aura Annual Information Form for the year ended December 31, 2021.*

<sup>20</sup> Source: *Dumont Feasibility Study Technical Report NI 43-101 dated July 11, 2019.*

<sup>21</sup> Source: *press release titled "Los Andes Copper Starts Additional Drilling Program at Vizcachitas Copper Project in Chile" published by Los Andes Copper Ltd. dated November 10, 2021.*

<sup>22</sup> Source: *press release titled "Los Andes Copper Announces Plan to Temporarily Suspend Drilling" published by Los Andes Copper Ltd. dated March 21, 2022.*

resource estimation and complete a PFS.<sup>23</sup> The Second Environmental Court's revised decision in June 2022 will allow LAC to pursue its original plan of further delineating extensions of the mineralized body at Vizcachitas concurrently with activities related to the PFS.<sup>24</sup>

On September 29, 2022, LAC announced that it continued to advance the PFS with initial resource modelling for mine plan optimization ongoing. Work on general engineering, infrastructure planning, plant design, and environmental considerations is also ongoing. LAC reported that it expects to resume drilling in Q4 2022, with the objective of expanding resources at Vizcachitas beyond those currently being considered in the PFS.<sup>25</sup>

As of December 31, 2022, LAC last reported measured & indicated mineral resources at Vizcachitas of 1,284 million tonnes at 0.40% copper and 0.014% molybdenum<sup>26</sup>.

Subsequent to the year ended December 31, 2022, LAC announced the results of a positive PFS and a maiden reserve estimate at Vizcachitas on February 23, 2023. The PFS contemplates conventional open pit mining, crushing, grinding and flotation to produce a copper-silver concentrate and molybdenum concentrate product. Over an initial 26-year mine life, average annual production is forecast to be 152,883 tonnes of copper at C1 cash costs of US\$1.25/lb Cu, with average annual production of 183,017 tonnes of copper at C1 cash costs of US\$0.93/lb Cu over the first 8 years. The PFS contemplates an after tax US\$2.8 billion NPV<sub>8%</sub> and IRR of 24%. On February 23, 2023 LAC announced an initial proven and probable mineral reserves for Vizcachitas of 1,220 million tonnes at 0.36% copper, 136 ppm molybdenum and 1.1 g/t silver. LAC also reported measured & indicated resources at Vizcachitas of 1,541 million tonnes at 0.38% copper, 155 ppm molybdenum, and 1.1 g/t silver.<sup>27</sup>

### Other Royalties

Nova owns other royalties in multiple mineral camps in Canada (principally in Ontario and British Columbia) and USA. The Company will disclose additional information pertaining to the royalties as they show an increase in materiality to the Company. Their listing appears below.

<b>Property</b>	<b>Asset Owner(s)</b>	<b>Location</b>	<b>Metals</b>	<b>NSR %<sup>(1)</sup></b>
Twin Metals	Antofagasta PLC	USA	Cu-Ni-PGM	2.4% Cu-Ni
Janice Lake <sup>(2)</sup>	Rio Tinto/Forum Energy JV (100%)	Canada	Cu-Ag	1.0%
Wollaston <sup>(2)</sup>	Transition Metals Corp. (100%)	Canada	Cu-Ag	1.0%
Dundonald	Class 1 Nickel (100%)	Canada	Ni	1.25%
Bancroft	Transition Metals Corp. (100%)	Canada	Ni-Cu-PGM	1.0%
Maude Lake	Transition Metals Corp. (100%)	Canada	Ni-Cu-PGM	1.0%
Saturday Night	Transition Metals Corp. (100%)	Canada	Ni-Cu-PGM	1.0%
Copper King	Pacific Empire Minerals (100%)	Canada	Cu-Au	1.0%
Nub East	Pacific Empire Minerals (100%)	Canada	Cu-Au	1.0%
NWT	Pacific Empire Minerals (100%)	Canada	Cu-Au	1.0%
Pinnacle	Pacific Empire Minerals (100%)	Canada	Cu-Au	1.0%
Homathko	Transition Metals Corp. (100%)	Canada	Au	1.0%
Elephant Head <sup>(3)</sup>	Canadian Gold Miner (100%)	Canada	Au	1.0%
West Matachewan <sup>(3)</sup>	Laurion/Canadian Gold Miner (100%)	Canada	Au	1.0%

<sup>(1)</sup> NSR applicable on all metals, unless otherwise stated.

<sup>(2)</sup> Part of the Wollaston Copper Belt Exploration Royalties.

<sup>(3)</sup> NSR subject to a buyback of 0.5% for \$750,000

### Twin Metals Project

Nova owns a 2.4% NSR<sup>28</sup> on a portion of the Twin Metals copper-nickel-platinum group metals project, owned by Antofagasta PLC through its subsidiary, Twin Metals Minnesota ("TMM").

<sup>23</sup> Source: press release titled "Los Andes Copper Corporate Update" published by Los Andes Copper Ltd. on March 29, 2022.

<sup>24</sup> Source: press release titled "Los Andes Copper Announces Decision by the Environmental Court Reinstating Drilling Permit" published by Los Andes Copper Ltd. dated July 21, 2022.

<sup>25</sup> Source: press release titled "Los Andes Copper Project Update" published by Los Andes Copper Ltd. Dated September 29, 2022.

<sup>26</sup> Source: Los Andes Copper Technical Report NI 43-101 dated June 13, 2019.

<sup>27</sup> Source: press release titled "Los Andes Copper Announces Positive PFS for Vizcachitas with a US\$2.77 Billion Post-Tax NPV and 24% IRR" published by Los Andes Copper Ltd. Dated February 23, 2023.

<sup>28</sup> The total royalty payable is ½ of the U.S. Government royalty, which was most recently quoted at 4.8%. The U.S. government royalty is subject to change, which would change the royalty payable to Nova. The royalty currently payable to Nova is calculated in the following formula: 4.8% \* ½ \* 1/3 \* ore mined \* grade mined \* applicable prices of copper and nickel. The royalty is calculated on the basis of contained metal in ore by multiplying ore mined by the grade of the material – and does not subtract the usual deductions due to recoveries, payabilities, TC/RCS, and other applicable operating costs. The 1/3 multiplier in the royalty calculation formula is the mechanism by which those usual costs are captured.

In September 2021, the United States Forest Service ("USFS") submitted an application to withdraw approximately 225,000 acres of land in the Superior National Forest from the scope of federal mineral leasing laws, subject to valid existing rights. In October 2021, the United States Bureau of Land Management ("BLM") rejected Twin Metals' Preference Right Lease Applications ("PRLAs") and Prospecting Permit Applications ("PPAs"). In January 2022, the United States Department of the Interior cancelled Twin Metals' MNES-1352 and MNES-1353 federal mineral leases. The PRLAs and federal mineral leases form a significant proportion of the mineral resources contained within Twin Metals' current project plan and, accordingly, it was determined that these events collectively represented an impairment indicator of the Company's royalty interest in the project.

Prior to the resulting impairment assessment being performed, as at December 31, 2021 the Company had capitalized acquisition and due diligence costs as royalty interests on the statement of financial position of \$2,661,221. The capitalized costs reflected the historical costs of acquiring the Twin Metals royalty interest and therefore did not reflect an estimate of the commercial potential of the project as at December 31, 2021.

As of December 31, 2022, Antofagasta last reported measured and indicated resources at the TMM Project of 1,293 million tonnes at 0.57% copper and 0.18% nickel.<sup>29</sup>

## **FINANCIAL CONDITION, LIQUIDITY, AND CAPITAL RESOURCES**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

As at December 31, 2022, the Company had a cash balance and working capital deficit of \$1,087,378 and \$222,373 (2021: \$962,745 and \$313,563), respectively. Cash increased due to net cash provided by financing activities of \$4,656,137 (2021: \$29,982,021), partially offset by cash used in operating and investing activities of \$2,140,558 (2021: \$4,494,744) and \$2,368,309 (2021: \$29,889,705), respectively. Cash provided by financing activities primarily related to the issuance of common shares and the convertible loan facility, while cash used in investing activities primarily related to the acquisitions of royalty interests. As at the date of this MD&A, the Company had a cash balance of \$3,615,721.

### **Convertible loan facility**

In February 2021, all principal and interest related to the initial advance of \$3,500,000 on the Company's convertible debt financing was converted into 3,535,691 common shares. In addition, the Company received an additional \$5,000,000 in convertible debt financing with a conversion price of \$5.67 per common share, based on a 20% premium above the 30-day VWAP of Nova's common shares on the TSX-V on the date of issuance. Concurrently, the Company entered into an amended and restated convertible debt agreement, which increased the remaining funds available under the convertible loan facility from \$4,500,000 to a total of \$20,000,000. Under the amended and restated convertible loan agreement, the Company is required to maintain a cash balance of at least \$500,000 at all times.

In January 2022, an advance of \$1,500,000 was drawn on the convertible loan facility with a conversion price of \$3.51 per common share, based on a 20% premium above the 30-day VWAP of Nova's common shares on the TSX-V on the date of announcement of the acquisition of the Company's Copper World and Rosemont royalty.

In May 2022, an advance of \$1,500,000 was drawn on the convertible loan facility with a conversion price of \$2.74 per common share, based on a 20% premium above the 30-day VWAP of Nova's common shares on the TSX-V on the date of announcement of the acquisition of the Company's Josemaria royalty.

As at the date of this MD&A, there is \$15,500,000 available to the Company remaining on the convertible loan facility, which accrues interest at 8% and a standby charge of 1.5% per annum, and is secured by all of the Company's present and after acquired property and assets. Amounts drawn under the convertible loan facility mature October 7, 2024 and are convertible at the option of the lender. Beedie retains a first ranking security interest in all of the Company's present and after acquired property and assets. Beedie may restrict the use of funds under the convertible loan facility for the purpose of funding acquisitions. Subsequent to December 31, 2022, the Company entered into an amendment to the convertible loan facility (see events after reporting date below).

See "Risks and Uncertainties" and "Forward looking statements" in this MD&A for risks related to the Company's expectations and ability to obtain sources of funding. There has been no change in approach to managing capital in the past twelve months. Management estimates it has sufficient cash, available credit, and access to equity to continue operations over the next 12 months. The Company's continuing operations and the ability of the Company to meet commitments in the longer term are dependent on the realization of cash generating royalty interests and upon the ability of the Company to continue to raise additional debt or equity financing.

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<sup>29</sup> Source: Antofagasta PLC 2021 Annual Report.

Management of cash balances is based on internal investment guidelines. Cash is deposited with a major Canadian financial institution. Cash required for immediate operations is held in a chequing account and excess funds may be invested in accordance with the Company's capital resource objectives.

#### **At-the-market equity program**

In February 2021, the Company established an at-the-market ("ATM") equity program (the "2021 ATM Program"). Under the 2021 ATM Program, the Company could distribute up to \$25,000,000 in common shares of the Company on the TSX-V. The common shares were sold by the Company, through the agents, to the public from time to time, at the Company's discretion, at the prevailing market price at the time of sale. The net proceeds from the 2021 ATM Program have been used to finance the future purchase of royalties and streams and for general working capital purposes. The distribution agreement between the Company and its agents may be terminated at any time by the Company or the agents and if not so terminated was to terminate upon the earlier of (a) the date that the aggregate gross sales proceeds of the Offered Shares sold under the ATM equity program reaches the aggregate amount of \$25,000,000; or (b) November 1, 2022. The 2021 ATM program was extended to November 28, 2022, and expired on that date. For additional details about the 2021 ATM Program, please see the press release by the Company dated February 26, 2021 and available on SEDAR at [www.sedar.com](http://www.sedar.com).

In November 2022, on termination of the 2021 ATM program, the Company established a new ATM equity program (the "2022 ATM Program"). Under the 2022 ATM Program, the Company can distribute up to \$25,000,000 in common shares of the Company (the "Offered Shares") on the TSX-V. The Offered Shares are sold by the Company, through the agents, to the public from time to time, at the Company's discretion, at the prevailing market price at the time of sale. The net proceeds from the 2022 ATM Program will be used to finance future purchases of royalties and streams and for general working capital purposes. The distribution agreement between the Company and its agents may be terminated at any time by the Company or the agents and if not so terminated is to terminate upon the earlier of (a) the date that the aggregate gross sales proceeds of the Offered Shares sold under the 2022 ATM program reaches the aggregate amount of \$25,000,000; or (b) December 18, 2024. For additional details about the 2022 ATM Program, please see the press release by the Company dated February 26, 2021 and available on SEDAR at [www.sedar.com](http://www.sedar.com).

For the year ended December 31, 2022, the Company had distributed 1,123,300 common shares under the 2021 ATM Program and distributed Nil common shares under the 2022 ATM Program. Subsequent to December 31, 2022 the Company distributed 1,034,400 common shares under the 2022 ATM Program (see events after reporting date below).

The Company has raised \$36,696,881 by way of (i) a prospectus supplement, dated November 13, 2020, qualifying up to \$12,542,500 in common shares (as a result of the full exercise of the over-allotment option, the aggregate proceeds was \$14,423,875); (ii) a prospectus supplement, dated February 26, 2021, qualifying up to \$25,000,000 in common shares; (iii) a prospectus supplement, dated August 18, 2021, qualifying up to \$12,713,580 in common shares (as a result of the partial exercise of the over-allotment option, the aggregate proceeds was \$13,660,680); and (iv) a prospectus supplement, dated November 18, 2022, qualifying up to \$25,000,000 in common shares.

The principal purposes for the use of the proceeds were provided in the applicable prospectus supplements under the heading "Use of Proceeds". An analysis of the actual use of net proceeds and any material variances from the applicable prospectus supplement are set out below.

<b>Item</b>	<b>Approximate amount distributed through December 31, 2022</b>	<b>Explanation and impact of variance, as applicable</b>
Royalty acquisition - Taca Taca	\$ 12,067,573	Purchase price and transaction costs were within reasonable expectations.
Royalty acquisition - West Wall	\$ 5,209,967	Not applicable.
Royalty acquisition - Aranzazu	\$ 10,637,614	Purchase price and transaction costs were within reasonable expectations.
Corporate including salaries and G&A	\$ 5,942,103	Variance due to over-allotments in the November 2020 and August 2021 financings; corporate expenditures were in line with expectations.

## Operating activities

Cash used in operating activities was \$2,140,558 (2021: \$4,494,744) for the year ended December 31, 2022 and represents expenditures primarily related to general and administrative expenses, partially offset by Aranzazu royalty proceeds collected in March and August 2022. There were no significant royalty proceeds received in 2021, contributing to the higher net cash used in operations in 2021 than in 2022.

## Investing activities

Cash used in investing activities for the year ended December 31, 2022 was \$2,368,309 (2021: \$29,889,705). Cash used in investing activities related to acquisitions of royalty interests and is highly dependent on the timing and acquisition of royalty interests. In 2021 the Company closed the Aranzazu, West Wall and Vizcachitas royalty acquisitions and made payments related to the Taca Taca acquisition. In 2022 the Company closed the Josemaria and Copper World/Rosemont royalty acquisitions and made a payment related to the Taca Taca acquisition.

## Financing activities

Cash provided by financing activities for the year ended December 31, 2022 was \$4,656,137 (2021: \$29,982,021) which included gross proceeds of \$2,020,871 (2021: \$26,820,550) from the issuance of common shares under the ATM equity programs and from exercise of stock options and share purchase warrants. The Company received \$2,975,634 (2021: \$4,703,939) net of transaction costs on the issuance of convertible debt. Typically, the Company tries to limit its financing activities to match cash required for acquisitions and operations, which resulted in higher cash provided by financing activities in 2021 compared to 2022.

## RESULTS OF OPERATIONS AND SELECTED FINANCIAL INFORMATION

### Selected annual information

The following table provides selected annual financial information for the applicable three years leading up to December 31, 2022:

For the year-ended	December 31 2022	December 31 2021	December 31 2020
Revenue	\$ 1,996,632	\$ 703,044	\$ 2,063
General and administrative expenses <sup>(1)</sup>	3,843,641	3,383,657	2,023,448
Share-based payments	3,696,551	2,886,380	1,361,349
Net loss for the year	7,896,228	9,424,264	3,420,989
Loss per share: basic and diluted	0.09	0.12	0.11
Total assets	88,149,018	85,819,208	35,497,810
Total non-current liabilities	9,151,616	4,898,593	3,663,958

<sup>(1)</sup> Excludes share-based payments

### For the year ended December 31, 2022 compared to year ended December 31, 2021

For the year ended December 31, 2022, the Company incurred a net loss of \$7,896,228 (2021: \$9,424,264). The loss for the period was comprised of royalty revenue of \$1,996,632 (2021: \$703,044), depletion expense of \$1,200,840 (2021: \$395,829), general and administration expenditures of \$3,843,641 (2021: \$3,383,657), share based compensation of \$3,696,551 (2021: \$2,886,380), interest, standby charges and accretion on convertible debentures of \$1,084,677 (2021: \$838,036), impairment of royalty interest of \$Nil (2021: \$2,661,221) and deferred income tax recovery of \$5,486 (2021: \$8,553). Some items to note include the following:

- revenue from royalty interests of \$1,996,632 (2021: \$703,044), where the increase related to the revenue from the Aranzazu NSR for a full year in 2022 versus a partial year in 2021 after acquisition in August of 2021;
- consulting fees of \$1,614,073 (2021: \$1,265,812), where the increase over 2021 was related to increased activities related to the Company's ongoing royalty acquisition initiatives and personnel recruitment costs;
- office and administration of \$1,662,767 (2021: \$1,420,822), where the increase over 2021 related to increases in the number of salaried employees, higher level of travel activities, enhancement in information technology and other areas of operations, and higher insurance costs;
- share-based payments of \$3,696,551 (2021: \$2,886,380), where the increase was as a result of the vesting of the stock option issuances in August 2021 and July 2022;

- interest, standby charges and accretion on convertible debentures of \$1,084,677 (2021: \$838,036), where the increase related to a higher principal balance on the convertible loan facility in 2022 as compared to 2021; and
- impairment of royalty interest in 2021 related to the Company's Twin Metals royalty as described above, and no impairment charges were recorded in regard to the Company's royalty interests in 2022.

### For the year ended December 31, 2021 compared to year ended December 31, 2020

For the year ended December 31, 2021, the Company incurred a net loss of \$9,424,264 (2020: \$3,420,989). The loss for the period was comprised of royalty revenue of \$703,044 (2020: \$2,063), depletion expense of \$395,829 (2020: \$Nil), general and administration expenditures of \$3,383,657 (2020: \$2,023,448), share-based payments of \$2,886,380 (2020: \$1,361,349), interest, standby charges and accretion on convertible debenture of \$838,036 (2020: \$90,598), impairment of royalty interest of \$2,661,221 and deferred income tax recovery of \$8,553 (2020: \$46,808). Some items to note include the following:

- revenue from royalty interests of \$703,044 (2020: \$2,063) primarily related to the revenue from the Aranzazu NSR from the closing date of the acquisition (August 27, 2021) to December 31, 2021;
- consulting fees during the year-ended December 31, 2021 were \$1,265,812 (2020: \$632,724), where the increase over the comparative period was related to increased activities related to the Company's royalty acquisition activities (such as ongoing review and management of a growing royalty portfolio and review of potential acquisition targets) and director and management fees;
- interest expense on convertible debenture of \$838,036 (2020: \$90,598), where the increase was as a result of a larger principal balance of convertible debenture over the comparative period; and
- impairment of royalty interest related to the Company's Twin Metals royalty as described above.

### Summary of quarterly results

The following table provides selected interim financial information for the applicable past quarters leading up to December 31, 2022:

	December 31	September 30	June 30	March 31
For the three months ended	2022	2022	2022	2022
Revenue	\$ 508,170	\$ 344,155	\$ 470,788	\$ 673,519
General and administrative expenses <sup>(1)</sup>	1,009,362	1,030,752	973,199	830,328
Share-based payments	683,126	935,954	940,201	1,137,270
Net loss for the period	1,877,717	2,314,723	1,956,266	1,747,522
Loss per share: basic and diluted	0.02	0.03	0.02	0.02
	December 31	September 30	June 30	March 31
For the three months ended	2021	2021	2021	2021
Revenue	\$ 517,076	\$ 181,900	\$ 1,995	\$ 2,073
General and administrative expenses <sup>(1)</sup>	1,361,152	694,222	687,600	640,683
Share-based payments	1,247,044	796,766	547,135	295,434
Net loss for the period	5,244,180	1,676,971	1,353,220	1,149,893
Loss per share: basic and diluted	0.06	0.02	0.02	0.02

<sup>(1)</sup> Excludes share-based payments

The Company's net loss varies mainly due to the level of operations activities and due diligence undertaken on new prospects, as well as the timing of share-based payments.

The increase in revenue during the three months ended September 30, 2021 relates to the Company's acquisition of the Aranzazu NSR in August 2021.

The increase in net loss for the period ended December 31, 2021 compared to the period ended September 30, 2021 was primarily the result of an impairment charge on the Company's Twin Metals royalty, as described above.

General and administrative expenses increased during the period ended December 31, 2021 compared to September 30, 2021 as a result of management bonus accruals.

The changes to share-based payments are the result of stock option grants in August 2021 and July 2022, and the ending of the first anniversary vesting period of the August 2021 stock option grant during the period ended September 30, 2022.

### For the three months ended December 31, 2022

For the three months ended December 31, 2022, the Company incurred a net loss of \$1,877,717 (2021: \$5,244,180). The loss for the quarter was comprised of royalty revenue of \$508,170 (2021: \$517,076), depletion expense of \$367,166 (2021: \$294,105), general and administration expenditures of \$1,009,362 (2021: \$1,361,152), share-based payments of \$683,126 (2021: \$1,247,044), interest, standby charge and accretion on convertible debenture of \$327,666 (2021: \$210,128), impairment of royalty interest of \$Nil (2021: \$2,661,221) and deferred income tax expense of \$7,914 (2021: \$3,875). Some items to note include the following:

- consulting fees of \$436,182 (2021: \$400,648), where the increase over the comparative period was related to activities related to the Company's ongoing royalty acquisition initiatives. In addition, deferred acquisition costs of \$246,205 (2021 - \$Nil) were expensed as management determined two of its proposed acquisitions would not complete;
- office and administration of \$477,416 (2021: \$849,068), where the decrease related to lower management bonuses, travel and office expenses; and
- share based compensation of \$683,126 (2021: \$1,247,044), where the decrease was the result of the ending of the first year vesting periods for options granted in February and August 2021.
- impairment of royalty interest related to the Company's Twin Metals royalty as described above.

### TRANSACTIONS WITH RELATED PARTIES

The Company entered into certain transactions with key management personnel, which the Company has defined as Officers and Directors of the Company. The aggregate value of these transactions and outstanding balances are as follows:

Year ended December 31, 2022	Salary or fees	Share-based payments	Total
Management	\$ 208,464	\$ 596,422	\$ 804,886
Directors	406,257	1,684,809	2,091,066
	\$ 614,721	\$ 2,281,231	\$ 2,895,952

  

Year ended December 31, 2021	Salary or fees	Share-based payments	Total
Management	\$ 579,330	\$ 437,471	\$ 1,016,801
Directors	296,425	1,399,313	1,695,738
	\$ 875,755	\$ 1,836,784	\$ 2,712,539

Included in the table above, during the year ended December 31, 2022, the Company paid or accrued \$150,116 (2021 - \$117,800) to a director for oversight function provided by the ATM committee.

In addition to the amounts in the table above, during the year ended December 31, 2022, the Company paid or accrued \$180,000 (2021 - \$180,000) to Seabord Services Corp. ("Seabord"). Seabord provides the following services: A Chief Financial Officer ("CFO"), a Corporate Secretary, accounting and administration staff, and office space to the Company. The CFO and Corporate Secretary are employees of Seabord and are not paid directly by the Company.

As at December 31, 2022, included in accounts payable and accrued liabilities is \$109,092 (2021 - \$489,997) payable to key management personnel for fees and reimbursable expenses. In addition, as at December 31, 2022, the Company has a commitment to issue 57,144 (2021 - 57,144) common shares, to Seabord for services rendered during 2020, valued at \$28,572 (2021 - \$28,572), before the Company's public listing was completed.

## COMMITMENTS

As at December 31, 2022, the Company may be required to make the following contingent payments related to its royalty interests (including milestone payments) subject to certain achievements being met related to these royalty acquisitions:

- NuevaUnión: US\$3,000,000 upon achievement of commercial production with 50% to be paid in each of cash and common shares of the Company;
- Twin Metals: US\$4,000,000 upon the completion of certain milestones with respect to the project with 50% to be paid in each of cash and common shares of the Company;
- Janice Lake: \$1,000,000 in cash upon the completion of a bankable feasibility study or the commencement of commercial production on the property; and a further \$1,000,000 in common shares of the Company if the projected annual production of the property is at least 30,000 tonnes of contained copper for a minimum of 10 years;
- Taca Taca: US\$4,000,000 payable in cash due within 10 days after the date of the commencement of commercial production;
- Vizcachitas: US\$6,000,000 upon achievement of certain project milestones payable in common shares of the Company, where US\$1,500,000 of that is due upon the disclosure of a pre-feasibility study prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects with respect to the Vizcachitas project which includes the San Jose 1/3000 exploitation concession. LAC announced the results of a pre-feasibility study on February 23, 2023 and management expects the milestone payment to be due on publishing of the report within 45 days of the announcement;
- Josemaria: US\$2,355,904 payable in cash upon completion of certain milestone with respect to the royalty registration process, completion of certain milestone with respect to the project, and achievement of commercial production; and
- Copper World & Rosemont: approximately US\$3,000,000 payable in cash at the later of (i) 12 months following the announcement of the commencement of production from the royalty area and (ii) the receipt by the Company of the first three payments under the royalty.

For further details, please refer to the Company's consolidated financial statements for the year ended December 31, 2022 on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company has limited revenues and may need to raise additional capital to fund additional payment obligations (including the contingent and milestone payments listed above) pursuant to certain of its royalty acquisitions, to fund additional acquisitions, and for general corporate purposes. For any capital requirement not covered by the cash flows from royalties and streams, the Company may: issue new shares through the 2022 ATM Program or other public and/or private placements; draw down additional funds under the loan facility; enter into new debt agreements; or sell assets.

## OFF BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

## EVENTS AFTER REPORTING DATE

Subsequent to December 31, 2022, the Company:

- Issued 1,034,400 common shares under the 2022 ATM Program for gross proceeds of \$1,499,880 and with aggregate share issuance costs paid of \$37,497;
- Issued 1,347,500 stock options with an exercise price of \$1.47 per option;
- Issued 1,907,500 RSUs at a price of \$1.47 per RSU;
- Settled 238,934 RSUs through the issuance of 238,934 common shares;
- Issued 636,963 common shares on the cashless exercise of 760,000 stock options with an exercise price of \$0.25 per option;

- Entered into an agreement to acquire an additional 0.03% NSR royalty on Hudbay's Copper World/Rosemont Project for up to US\$1,400,000 in cash and common shares of the Company;
- Drew down \$1,500,000 under its existing amended and restated convertible loan facility with Beedie. The drawdown is convertible into common shares of the Company at a conversion price of \$1.7852 per common shares; and
- Entered into an amendment to the Beedie convertible loan facility to accrue the interest for the period from October 1, 2022 to September 30, 2023 to principal at an interest rate of 8.5% for that period. Under the amended agreement, the Company will begin to pay cash interest on its outstanding principal for the period commencing on October 1, 2023, at which point the interest rate will revert to 8.0% as per the original facility.

## **OUTSTANDING SHARE DATA**

The Company's authorized share capital consists of an unlimited number of common shares and preferred shares without par value. As at the date of this MD&A, the Company has 88,629,106 common shares issued and outstanding. There are also 6,407,500 stock options with expiry dates ranging from March 1, 2024 to February 22, 2028 and 2,179,200 RSUs with vesting dates up to February 22, 2027.

## **ACCOUNTING PRONOUNCEMENTS**

### **Accounting standards adopted during the period**

Please refer to the Company's consolidated financial statements for the year ended December 31, 2022 on SEDAR at [www.sedar.com](http://www.sedar.com). There were no new accounting standards adopted during the year ended December 31, 2022.

### **Accounting pronouncements not yet effective**

Please refer to the Company's consolidated financial statements for the year ended December 31, 2022 on SEDAR at [www.sedar.com](http://www.sedar.com). There were no accounting pronouncements not yet effective that would materially impact the Company during the year ended December 31, 2022.

## **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the financial statements in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The Company's significant accounting policies and critical accounting estimates and judgements are disclosed in Note 2 of the annual financial statements for the year ended December 31, 2022.

## **RISK AND CAPITAL MANAGEMENT: FINANCIAL INSTRUMENTS**

Please refer to the Company's consolidated financial statements for the year ended December 31, 2022 on SEDAR at [www.sedar.com](http://www.sedar.com).

## **QUALIFIED PERSON**

Technical information contained in this MD&A has been reviewed and approved by Christian Rios, AIPG Certified Professional Geologist, Advisor to Nova and a Qualified Person as defined in National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101").

## **CAUTIONARY STATEMENT REGARDING MINERAL RESERVE AND RESOURCE ESTIMATES**

Unless otherwise indicated, all of the mineral reserves and mineral resources disclosed in this MD&A have been prepared in accordance with NI 43-101. Canadian standards for public disclosure of scientific and technical information concerning mineral projects differ significantly from the requirements of the U.S. Securities and Exchange Commission under subpart 1300 of Regulation S-K (the "**SEC Modernization Rules**"). The Company is not currently subject to the SEC Modernization Rules. Accordingly, the scientific and technical information contained in this MD&A, including estimates of mineral reserves and mineral resources, may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC Modernization Rules.

## **RISKS FACTORS**

The Company's ability to generate revenues and profits from its natural resource properties is subject to a number of risks and uncertainties. For a full discussion on the risk factors affecting the Company, please refer to the Company's Annual Information Form for the year ended December 31, 2022 dated March 23, 2023, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **CAUTIONARY STATEMENT REGARDING THIRD-PARTY INFORMATION**

Except where otherwise stated, the disclosure in this MD&A relating to properties and operations on the properties in which Nova holds or proposes to acquire a royalty or other interest is based on information publicly disclosed by the owners or operators of these properties and information/data available in the public domain as at the date hereof, and none of this information has been independently verified by Nova. Specifically, as a royalty holder, Nova has limited, if any, access to properties included in its asset portfolio. The Company may from time to time receive operating information from the owners and operators of the mining properties, which it is not permitted to disclose to the public. Nova is dependent on, (i) the operators of the mining properties and their qualified persons to provide information to Nova, or (ii) publicly available information to prepare disclosure pertaining to properties and operations on the properties on which the Company holds royalty or other interests, and generally has limited or no ability to independently verify such information. Although the Company does not have any knowledge that such information may not be accurate, there can be no assurance that such third-party information is complete or accurate. Some reported public information in respect of a mining property may relate to a larger property area than the area covered by Nova's royalty or other interest. Nova's royalty or other interests may cover less than 100% of a specific mining property and sometimes may only apply to a portion of the publicly reported mineral reserves, mineral resources and or production from a mining property.

## **CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS**

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities legislation. The forward-looking statements herein are made as of the date of this MD&A only and the Company does not assume any obligation to update or revise them to reflect new information, estimates or opinions, future events or results or otherwise, except as required by applicable law.

Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budgets", "scheduled", "estimates", "forecasts", "predicts", "projects", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information in this MD&A includes, but is not limited to, statements with respect to future events or future performance of Nova, disclosure regarding any payments to be paid to Nova by property owners or operators of mining projects pursuant to net smelter returns and other royalty agreements of Nova, management's expectations regarding Nova's growth, results of operations, estimated future revenues, carrying value of assets, future dividends, and requirements for and availability of additional capital, production estimates, production costs and revenue, future demand for and prices of commodities, expected mining sequences, business prospects and opportunities, statements with respect to entering into the Distribution Agreement, filing of the prospectus supplement, the future issuance of Offered Shares sold under the 2022 ATM Program, other statements regarding the impact of the COVID-19 pandemic and measures taken to reduce the spread of COVID-19 on the Company's operations and overall business, statements regarding the temporary duration of the COVID-19 pandemic. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management.

Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. A number of factors could cause actual events or results to differ materially from any forward-looking statements, including, without limitation: fluctuations in the prices of the primary commodities that drive royalty agreements; fluctuations in the value of the U.S. dollar and any other currency in which revenue may be generated, relative to the Canadian dollar; changes in national and local government legislation, including permitting and licensing regimes and taxation policies and the enforcement thereof; regulatory, political or economic developments in any of the countries where properties in which the Company holds a royalty interest are located or through which they are held, measures taken by the Company, governments or partner operators in response to the COVID-19 pandemic or otherwise that, individually or in the aggregate, materially affect the Company's ability to operate its business, risks related to the operators of the properties in which the Company holds a royalty interest, including changes in the ownership and control of such operators; risks related to acquiring, investing in or developing resource projects; risks applicable to owners and operators of properties in which Nova holds an interest; risks related to operating in countries with developing economies; risks related to mining operations, including risks related to international operations, government and environmental regulation, delays in mine construction and operations, actual results of mining and current exploration activities, conclusions of economic evaluations and changes in project parameters as plans are refined; influence of

macroeconomic developments; business opportunities that become available to, or are pursued by the Company; that payment in respect of Royalties may be delayed or may never be made; that some Royalties may be subject to confidentiality arrangements that limit or prohibit disclosure regarding those Royalties; reduced access to debt and equity capital; litigation; title, permit or license disputes related to interests on any of the properties in which the Company holds a royalty interest; whether or not the Company is determined to have "passive foreign investment company" ("PFIC") status as defined in Section 1297 of the United States Internal Revenue Code of 1986, as amended; the ability to maintain adequate controls as required by law; potential changes in Canadian tax treatment of offshore revenues (if any); that Nova may not be able to enter into the Equity Distribution Agreement; that Nova may not sell any of the Offered Shares or may raise less than the maximum offering amount under the 2022 ATM Program; risks associated with operating in areas that are presently, or were formerly, inhabited or used by indigenous peoples; that Nova is required, in certain jurisdictions, to allow individuals from that jurisdiction to hold nominal interests in Nova's subsidiaries in that jurisdiction; the volatility of the stock market; that existing securityholders may be diluted; risks related to Nova's public disclosure obligations; risks associated with future sales or issuances of debt or equity securities; that there can be no assurance that an active trading market for Nova's securities will be sustained; risks related to the enforcement of civil judgments against Nova; the potential changes in the mining laws in Chile; excessive cost escalation as well as development, permitting, infrastructure, operating or technical difficulties on any of the properties in which the Company holds a royalty interest; the possibility that actual mineral content may differ from the reserves and resources contained in technical reports; that Nova may not be able to obtain adequate financing in the future; rate and timing of production differences from resource estimates, other technical reports and mine plans; risks and hazards associated with the business of development and mining on any of the properties in which the Company holds a royalty interest, including, but not limited to unusual or unexpected geological and metallurgical conditions, slope failures or cave-ins, flooding and other natural disasters, terrorism, civil unrest or an outbreak of contagious diseases including COVID-19; the integration of acquired assets; as well as other factors identified and as described in more detail under the heading "Risk Factors" in this MD&A and the Company's Annual Information Form for the year ended December 31, 2022 dated March 20, 2022.

The forward-looking statements contained in this MD&A are based on reasonable assumptions that have been made by management as at the date of such information and is subject to unknown risks, uncertainties and other factors that may cause the actual actions, events or results to be materially different from those expressed or implied by such forward-looking information, including, without limitation: the impact of general business and economic conditions; the ongoing operation of the properties in which the Company holds a royalty interest by the owners or operators of such properties in a manner consistent with past practice; the accuracy of public statements and disclosures made by the owners or operators of such underlying properties; no material adverse change in the market price of the commodities that underlie the asset portfolio; the Company's ongoing income and assets relating to determination of its PFIC status; the Company's ability to attract and retain skilled personnel and directors; no material changes to existing tax treatment; no adverse development in respect of any significant property in which the Company holds a royalty interest; the accuracy of publicly disclosed expectations for the development of underlying properties that are not yet in production; the world-wide economic and social impact of COVID-19 is managed and the duration and extent of the coronavirus pandemic is minimized or not long-term; disruptions related to the COVID-19 pandemic or other health and safety issues, or the responses of governments, communities, partner operators, the Company and others to such pandemic or other issues; integration of acquired assets; actual results of mining and current exploration activities; conclusions of economic evaluations and changes in project parameters as plans continue to be refined; problems inherent to the marketability of precious metals; stock market volatility; competition; and the absence of any other factors that could cause actions, events or results to differ from those anticipated, estimated or intended.

Although Nova has attempted to identify important factors that could cause actual actions, events or results to differ materially from those contained in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Investors are cautioned that forward-looking statements are not guarantees of future performance. The Company cannot assure investors that actual results will be consistent with these forward-looking statements. Accordingly, investors should not place undue reliance on forward-looking statements or information.

This MD&A contains future-orientated information and financial outlook information (collectively, "FOFI") about the Company's revenues from royalty interests, other projects which are subject to the same assumptions, risk factors, limitations and qualifications set forth in the above paragraphs. FOFI contained in this MD&A was made as of the date of this MD&A and was provided for the purpose of providing further information about the Company's anticipated business operations. Nova disclaims any intention or obligation to update or revise any FOFI contained in this MD&A, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. FOFI contained in this MD&A should not be used for the purposes other than for which it is disclosed herein.