Equifund presents an original research report on...

Nevada Canyon Gold Corporation

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Nevada Canyon Gold

Contents

Deal Summary

Offering Type	Regulation A+
Valuation	$6.9m
Unit Price	$0.80 Unit (1 RSU + 1 Warrant @ $1.20 Strike Price)
Fundraising Goal	$10 million
Uplisting Strategy	NYSE/American
Target Exit Value	$300m+
Investment Minimum	$500
Industry/Sector	Metals Royalties & Streaming

The Big Idea in 60 Seconds

As we enter what looks like the most predicted recession of all time, analysts are calling for new all-time-highs for gold ...

Starting 2023, a growing chorus of analysts were projecting gold at $2,050, $2,500, even $4,000 per ounce by the end of 2023. As of May 5th, on the heels of three major bank failures, gold hit a new all time high of $2,085.40 an ounce.

So if you count yourself among those who believe gold will continue its upward climb from here, the question you should be asking is *"What's the best way to play the trend?"*

Trading physical gold in the short and medium term can be difficult and costly. For investors looking for a way to turn a small bet on gold prices going higher into potentially extraordinary gains, you might consider buying gold futures, options contracts or junior mining stocks but each has its risks.

Futures and options can be complicated and extremely risky for investors who do not have a deep understanding of the derivatives markets. While mining stocks may appear to be surging, they tend to be far more volatile than most investors can stomach.

But what if there was a way to make a bet on gold that potentially offered ***the downside protection of physical gold, the predictable cash flow of real estate, and the upside potential of technology stocks?***

Today's presentation is dedicated to exploring the macroeconomic factors that may continue to push gold prices higher...

Why institutional investors prefer this little known asset class when seeking superior risk-adjusted returns in the gold markets ...

And why retail capital could be the "missing element" behind a business model that generates **more revenue per employee than any other group in the S&P 500**, as noted by Value Walk in October 2021.

NGLD is Seeking $10m in Equity Capital to Acquire New Assets

Nevada Canyon Gold Corporation is a publicly traded Gold Royalty & Streaming company (OTC: NGLD) headquartered in Reno, Nevada.

NGLD seeks to create shareholder value by offering an alternative financing agreement to junior mining companies that guarantees the rights to future cash flows on metals production.

Management's plan is to generate near-term revenue through mineral property sales, and generate long-term revenue through life-of-mine royalties and streams.

The business model also includes the purchase of existing royalties from third parties, as well as optioned sales of properties that provide ongoing revenue and eventual royalties.

Business Description

Unlike other Royalty and Streaming (R&S) companies that target large producing mines, **NGLD believes they've found a viable opportunity to finance smaller properties that are in the production, pre-production, and exploration stages.**

Management indicates they don't want to own equity positions in mining companies. Instead, the goal is to:

- Acquire R&S contracts on the properties, entitling NGLD to both a percentage of all future revenue and metal production in perpetuity,

- Gain a controlling interest of the gold resources in the ground, providing management the ability to sell the property on behalf of both parties.

- Expand the reportable resource base and assemble drill-ready land packages for mining companies to explore and develop, then

- Sell the package for short-term cash infusions, while retaining the R&S assets for long-term appreciation.

Because the explicit terms of each R&S contract may vary, we'll use ***"Gold Cash Flow Contracts "*** to refer broadly to the specific type of Royalty & Streaming contracts management is seeking to acquire on properties in the production, pre-production, and exploration stages.

Gold Cash Flow Contracts allow the company to operate as a precious metals streaming company. A precious metals streaming company provides up-front capital for mine development in exchange for a percentage of the precious metals output at a below-market cost, in some instances up to an 80% discount to market. NGLD can then sell what it receives from its partners at market prices and retain the difference as profit.

Management's ultimate goal is to get properties into production to realize the potential future cash flows of these ***Gold Cash Flow Contracts.***

However, it's important for all potential investors to understand that shareholder value is not solely dependent on mines going into production.

Because of how ***Gold Cash Flow Contracts*** are typically structured, any expansion of the resource base is assumed under the contract. This means that as the resource base is expanded, investors get exposure to the increase in asset value.

Similar to the private equity "roll up" strategy, NGLD seeks to acquire smaller parcels of resources, and combine them into a larger and consolidated package, then sell to a more established producer.

As part of their financing terms, Management, in effect, acquires control over the resource for $0, with the goal of selling it later for $100-$200/oz. This means for every 100,000 oz of gold NGLD gains control of, this represents $10m - $20m of potential asset value if the company can achieve its goal of selling for between $100 and $200 per oz.

Assuming a 51% ownership, this means NGLD could earn as much as $5m - $10m from the sale of the resource, while retaining possession of the ***Gold Cash Flow Contracts***.

While there are no guarantees of future gains, Management is seeking to acquire ***Gold Cash Flow Contracts*** with a potential to increase in value by a factor of 3-10x the initial purchase price.

Management believes this creates a win-win-win across the entire value chain.

> *According to management, they have identified numerous gold and silver streaming opportunities, which are not tied to the performance of any one producer. Most importantly, streaming companies are instant beneficiaries of rising physical metal prices.*
>
> *For example, the average cash cost per gold equivalent ounce ("GEO") is $400 for Nevada based on comparable operating streaming Companies.*
>
> *This offers investors cost predictability, direct leverage to increasing precious metals prices in a high-quality asset base within Nevada.*
>
> *This portion of management's business model offers investors commodity price leverage and exploration upside*

> *but with a much lower risk profile than a traditional mining company.*

Generally speaking, the types of exploration projects Management is pursuing are usually too small for typical investment banks to seriously underwrite. This means these small projects have an extremely difficult time acquiring capital and are often under capitalized. Management believes they offer these juniors a more friendly capital partner than they'd find elsewhere.

On the other side of the transaction, any potential acquirer would potentially get the benefit of a consolidated, drill-ready land package that can start moving into production.

For shareholders in NGLD, Management believes this can provide an investment vehicle that offers a private-equity-like strategy without the traditional 2% management fee and 20% carried interest.

Management Summary

Alan Day (CEO) is considered one of the top mineral property landmen in the State of Nevada. With 30 years of experience in the industry, Alan has a unique knowledge of the claims available in the region. Alan has likely staked – or visited – many of the potential properties and he has access to a significant amount of historical reports.

Robert F. List (Director) served as Governor of Nevada as well as Attorney General and District Attorney of Carson City.

Jeffrey Cocks (Chairman of the Board) is a seasoned veteran of 30 years, hailing from both the financial and natural resources industries. He has managed numerous multi-million dollar exploration programs for natural resource companies around the world.

Ryan McMillan (VP of Operations) rounds out the management team. He shares his extensive career experience in business development, corporate finance, and investor relations. During his career, Ryan has advised on multinational corporate mergers and acquisitions, debt and equity financings, and IPOs.

Current Assets

The company currently has six (6) assets in its portfolio and according to Yahoo Finance, has an enterprise value of $16.27m, and a market capitalization of $19.16m as of May 10, 2023.

	Unit Price	$0.80	Stock Price							
	Strike Price	$1.20								
	Shares	Cost Basis	$0.80	$1	$1.50	$2	$2.50	$3	$3.50	$4
Value of Shares	1000	$800.00	$800	$1,000	$1,500	$2,000	$2,500	$3,000	$3,500	$4,000
Difference			$0	$200	$700	$1,200	$1,700	$2,200	$2,700	$3,200
% Gain			0%	25%	88%	150%	213%	275%	338%	400%
Value of Warrants	1000	$1,200.00	$800	$1,000	$1,500	$2,000	$2,500	$3,000	$3,500	$4,000
Difference			-$400	-$200	$300	$800	$1,300	$1,800	$2,300	$2,800
% Gain			-33%	-17%	25%	67%	108%	150%	192%	233%
Total Value	2000	$2,000.00	$1,600	$2,000	$3,000	$4,000	$5,000	$6,000	$7,000	$8,000
Total Difference			-$400	$0	$1,000	$2,000	$3,000	$4,000	$5,000	$6,000
% Gain			-20%	0%	50%	100%	150%	200%	250%	300%

This chart should not be considered a promise or guarantee of future return. This investment tool is used to demonstrate the potential returns based on possible future public stock price(s) and $.80 for the cost of the unit; unit includes one (1) restricted stock unit and one (1) warrant with a $1.20 strike price.

Now, they have a pipeline of around 10 additional properties.

- For full list of current assets, please refer to the offering circular

The Offering

The Company is offering (the "Offering") 12,500,000 units – consisting of one common share and one warrant to purchase one common share at an exercise price of $1.20 – at an offering price of $0.80 per unit pursuant to this Offering Statement.

While the stock price in the public markets is ultimately subject to the market forces of supply and demand, management's financial models suggest that every $1 invested into additional contracts may potentially create an additional $1.5 - $10 in asset value (see "Case Study: Olinghouse Project" for more details). However, there is no guarantee of positive returns.

Net Present Value of the company is highly sensitive to the price of gold. If gold prices increase (decrease), this has the potential to increase (decrease) ...

- The value of the underlying properties;
- The cash flow from the assets acquired (referred to broadly as ***Gold Cash Flow Contracts***); and
- The overall liquidity in the market for these assets

Valuing R&S companies requires a different approach than valuing mining companies using price to net asset value (P/NAV).

Exploration and development companies find their value from the assets/ounces they can prove; for these reasons, the P/NAV is used to determine the ***fair market value (FMV)*** of the company.

	MkCap (M)	Revenue (M)	E&E Assets (M)	Rev x	MI[1] x
Majors					
Franco Nevada	$ 30,523	$ 1,316	$ 4,928	23.20x	6.19x
Royal Gold	$ 9,300	$ 6,032	$ 3,237	1.54x	2.87x
Mid Tier					
Osisko Gold Royalties ($CAD)	$ 4,316	$ 218	$ 1,378	19.82x	3.13x
Sandstorm Gold	$ 1,828	$ 149	$ 1,781	12.29x	1.03x
Juniors					
Metalla	$ 269	$ 2	$ 121	111.95x	2.23x
Star Royalties	$ 23	$ 1	$ 24	16.34x	0.96x
Empress Royalty	$ 29	$ 2	$ 19	15.73x	1.51x

All financial statement figures are as of the latest year end financial report. Market cap figures as of May 5, 2023

[1] *Mineral Interests (MI) refers to royalty, streaming, mineral and deposit assets.*

However, because royalty and streaming entities depend on the cash flow that comes from the production and sale of mineral ounces, a ***discounted cash flow (DCF)*** is a better method for determining valuation.

The key factors for calculating the DCF are:

1. How many ounces are in the resources and reserves report?

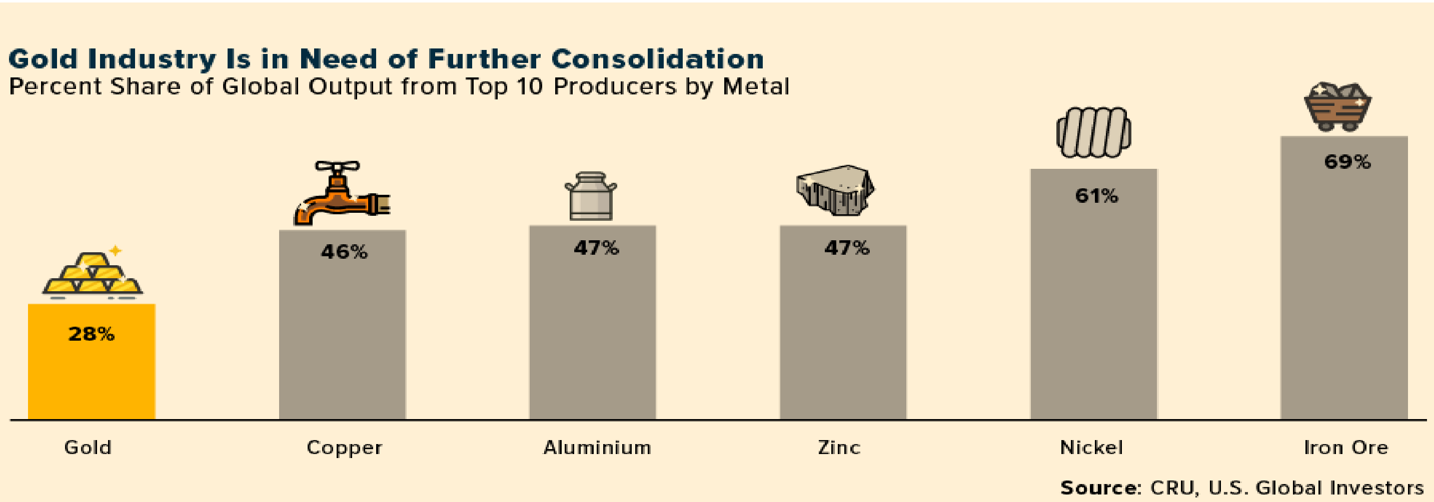
2. How long will it take to get the asset into production (which, in turn, creates cash flow)?

3. What is the estimated profit per ounce mined (i.e. the spot price of gold minus the operating costs to extract it)?

For these reasons, we believe the most useful way to understand valuations is based on current **exploration and evaluation (E&E)** assets.

Similar to other industries, as the company matures, investors are willing to assign higher multiples as the certainty of future cash flows increases.

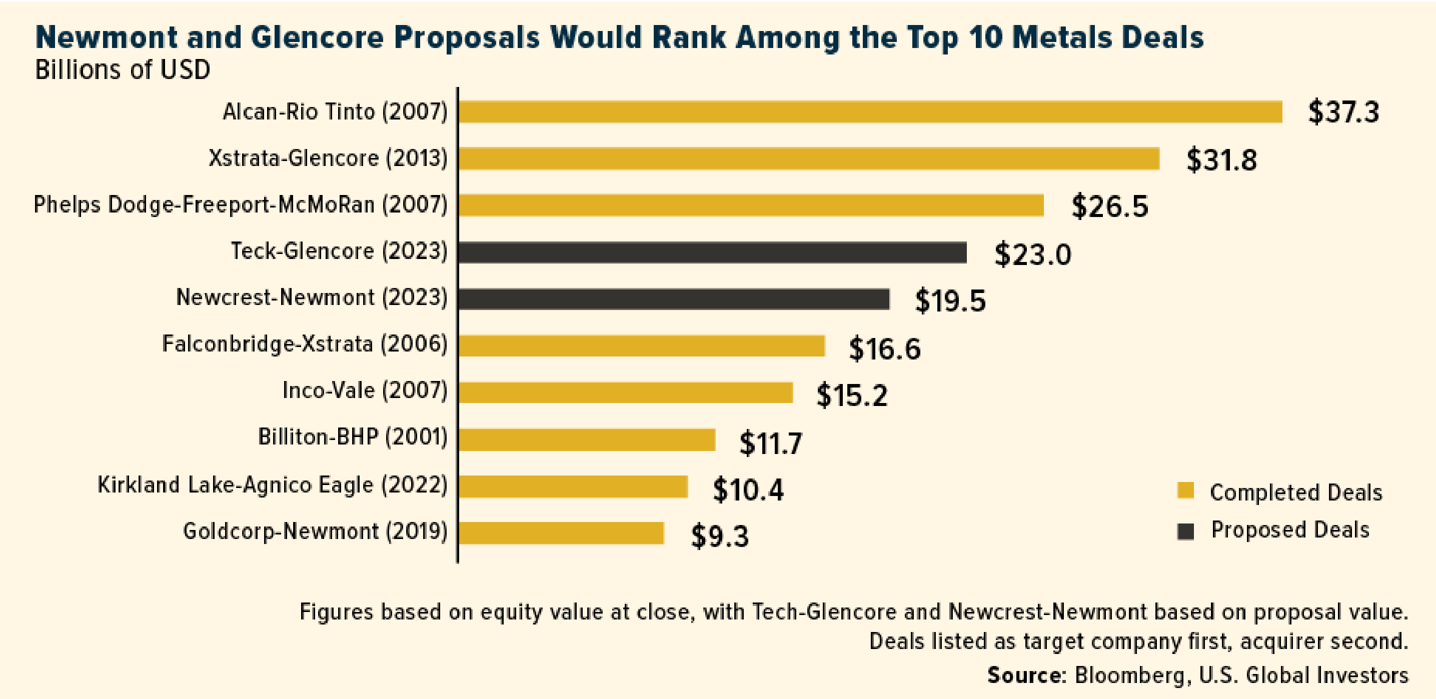
The majors – which primarily own royalties on assets in production – are valued at a 2.8x-6x multiple; Mid tier producers – which have a combination of royalties on producing and non-producing assets –



seem to trade in the 1x-3x range; Juniors – who tend to own royalties on assets in pre-production – seem to trade in the 1-2.2x range.

Investment Thesis

Management believes the $391bn gold mining industry is going through a period of consolidation.



Today, gold is one of the most fragmented mining industries and we believe is ripe for continued consolidation.

The chart below, courtesy of metals and mining consultancy firm CRU Group, shows the global share of output from each metal's Top 10 Producers.

Gold is at the bottom, with its top ten (10) producers responsible for only 28% of global output – of which the top four (4) producers account for nearly 20% of global output. By comparison, the top ten (10) iron ore producers generate nearly 70% of the world's supply.

In 2019, many analysts and market participants heralded the Newmont-Goldcorp $9.3bn merger as the beginning of a new era of gold consolidation.

This sentiment has been amplified with the pending $17bn Newmont-Newcrest deal that would create a gold mining company with global reach that includes twenty-three (23) mines in ten (10) countries.

If successful, it would represent one of the top ten (10) metals deals ever completed, and could potentially serve as a catalyst for continuing consolidation.

Changes in Supply and Demand in the Gold Markets

Since the early 1970s, the volume of gold produced each year has tripled; the amount of gold bought annually has quadrupled; and gold markets have flourished across the globe.

GOLDHUB

2022 gold demand almost matched the 2011 record

Data to 31 December 2022.
Source: Metals Focus, World Gold Council

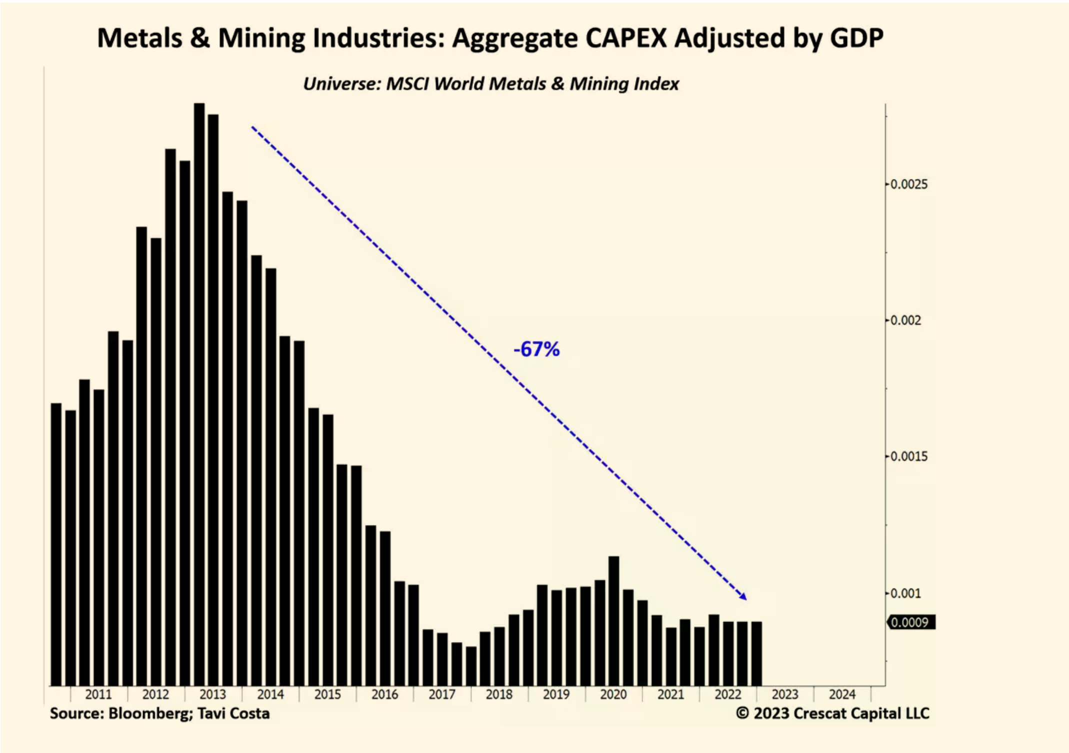
Gold is now bought by a far more diverse set of consumers and investors than at any previous time in history. In 2022, gold demand soared by 18% – an 11-year high – off the back of "colossal central bank purchases, aided by vigorous retail investor buying," according to the World Gold Council.

Investment demand for gold increased by 10% to 1,107 tons, while holdings of gold ETFs saw smaller outflows in 2022 than in the previous year.

Jewelry consumption dropped 3% in 2022 to 2,086 tons, with the weakness concentrated in the fourth quarter as gold prices rallied.

Although gold production has continued to increase, there is a severe shortage of new gold discoveries that may threaten the long term supply.

According to Eric Saderholm, president of American Pacific Mining in April 2023 in an interview with S&P Global.



"I don't see any major discoveries coming on. There were none in 2021 and very few smaller discoveries from 2020 to 2023. So it seems to be shaping up as a year where gold mining companies will exploit what they have if permitted and ready to go.

A lot of your [gold reserves] making a lot of money, regardless of the gold price, over the last 40 years have been mined out. Supply is not going to go up this year and production has gone down roughly 2% to 3% over the last decade."

Prior to COVID-19, the mining sector was already struggling to cope with the impact of a decade of declining CapEx on production.

The last two secular bull markets for gold happened on the back of multi-year declines in metal production. Today, this has been amplified by the shift of mining resources toward battery metals as part of the Green Revolution.

NGLD Sees an Opportunity to Become a ~$250m R&S company within the next 3-5 years

According to management, NGLD is pursuing a similar growth strategy employed by ***Ely Gold Royalties.***

Ely held a sizable portfolio of resource properties in the Western United States – mostly Nevada – that it makes available to sell outright or through a four-year option contract.

Trey Wasser, Ely Gold's former president and CEO, told Streetwise Reports on 9/6/19, *“Our model is much more scalable than the traditional joint venture model, as we have no property/exploration management responsibilities. This allows us to build a much larger portfolio that is constantly generating new royalties.*

It also allows us to keep our overhead very low and operate just like a royalty company. This keeps the company’s cash flow positive.

We, in turn, then can actively seek and purchase additional existing third-party royalties. This is how Ely Gold is transitioning into North America’s newest gold royalty company.”

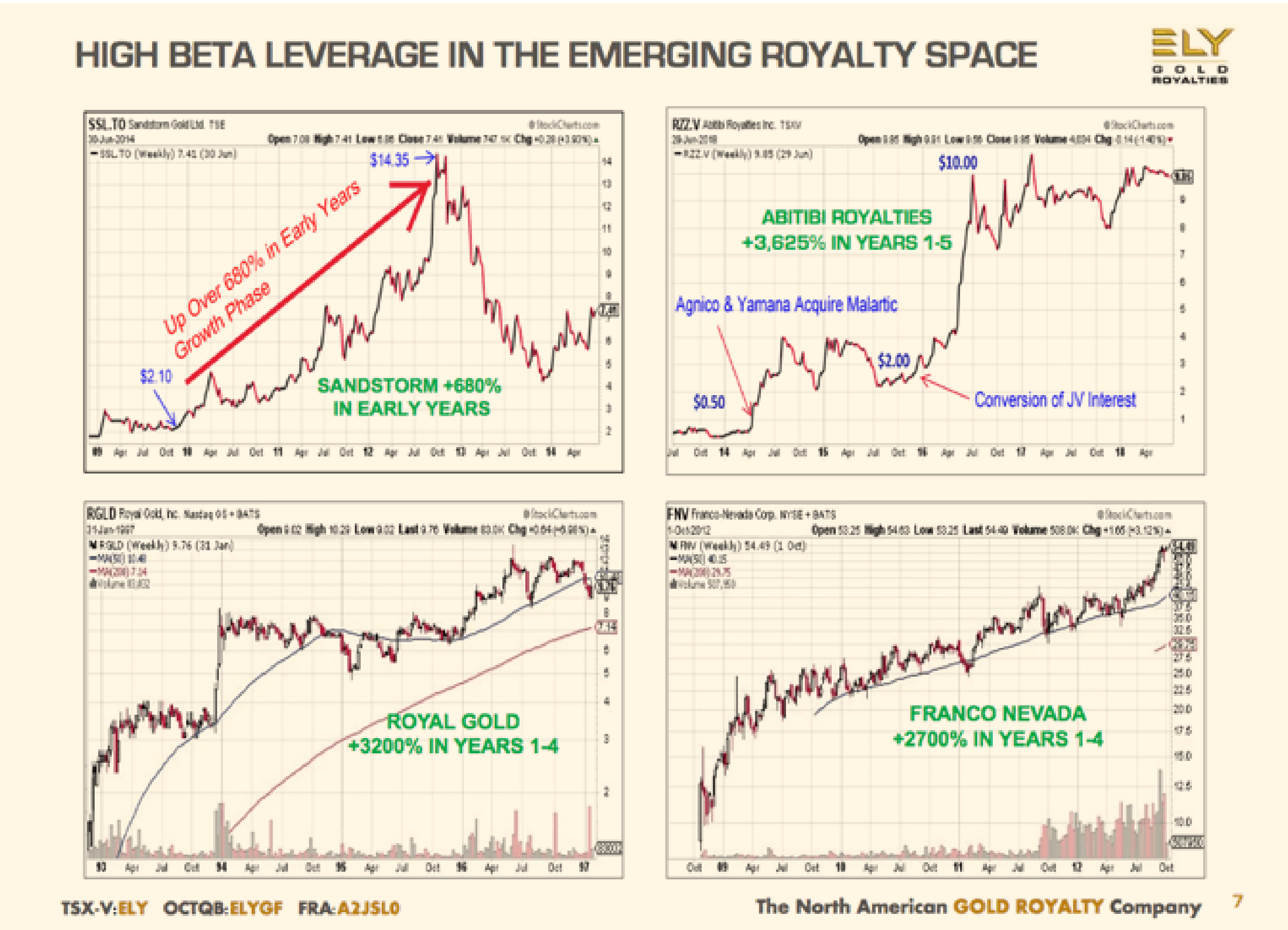
Ely Gold went from 1 royalty to 45 royalties between 2017 – 2020. During this period the stock grew from roughly $0.11 per share to as much as $1.50 per share – a gain of almost 1,260%.

Gold Royalty (NYSE/Amex: GROY) acquired Ely Gold for a premium of approximately 42% to Ely Gold shareholders (based on the 30-day volume weighted average price of the Gold Royalty shares and Ely shares ending on June 18, 2021).

Under the terms, each of the Ely shares had the option to receive either C$1.46 in cash, or 0.2450 of a Gold Royalty common share. The maximum aggregate cash consideration was C$84 million and a maximum aggregate 41.5 million Gold Royalty shares. Assuming this maximum aggregate, the share exchange ratio implied a mix of C$0.42 in cash plus 0.1742 of a Gold Royalty share per Ely share on a fully diluted, in-the-money, and fully pro-rated basis.

Because NGLD functions as a non-bank lender to gold exploration projects, the company's ability to scale is primarily limited by the number of viable opportunities and the cost of capital.

The R&S business model provides the ability to diversify over many royalties, achieve high profit margins (80%+), incur no



ongoing capital requirements or exploration costs (but do get exploration upside).

As a result, it is often significantly easier to scale as compared to the high cost of building a gold mine.

As a result, there is often a substantial rewards for getting in early on a high-growth royalty company; Some of today's most successful companies started out with a very low stock price/ market cap but were able to successfully (and quickly) scale the business:

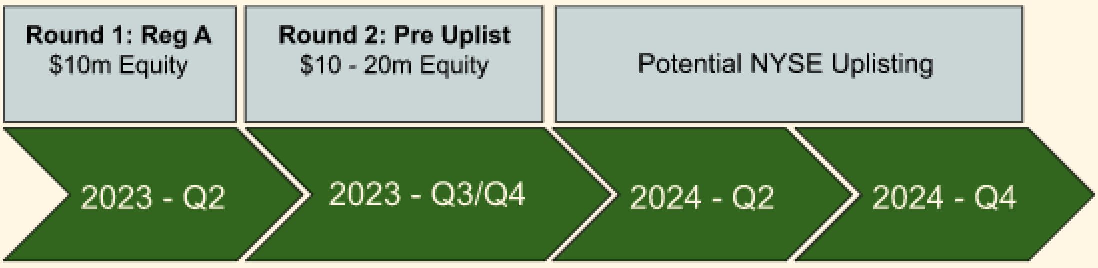
Sandstorm Gold (SAND) was a significant (winner with nearly 700% gains from 2009 to 2013, as well as larger streaming/royalty peers Franco-Nevada (FNV) and Royal Gold (RGLD) as several of these companies saw their stock price increase by 20X or more in just 2-3 years' time.

While rising gold prices contributed to these gains, these companies have greatly outperformed the typical mining company.

Management seeks to finance projects that represent at least a 1:1 cash conversion to E&E asset, with a potential for 3-10x returns over the following five years.

This means that every $1 spent acquiring a ***Golden Cashflow Contract*** should yield at least $1 worth of book value, and thereby providing a reasonable measure of downside protection and significant upside possibility.

For more information on how management forecasts the potential financial performance of ***Gold Cash Flow Contracts*** , please refer to the "Olinghouse Case Study" at the end of this page.



All information in this image should be considered hypothetical. There is no guarantee the company will complete an uplisting or otherwise deliver positive returns. NGLD intends to list its securities on a national exchange and doing so entails significant ongoing corporate obligations including but not limited to disclosure, filing and notification requirements, as well compliance with applicable continued quantitative and qualitative listing standards. Any investment should be considered high-risk and speculative in nature. The investment is suitable only for persons who can afford to lose their entire investment.

Capital Requirements & Uplisting Strategy: From OTC to NYSE American

Management believes they could effectively deploy as much as $100m - $250m in capital over the next 3-5 years. Currently, management is seeking $10m in financing in order to execute on

NYSE AMERICAN INITIAL LISTING STANDARDS

Required to meet one of the following:

	Standard 1	Standard 2	Standard 3	Standard 4a	Standard 4b
Pre-tax income[1]	$750,000	-	-	-	-
Market cap	-	-	$50MM	$75MM	-
Total assets and total revenue[1]	-	-	-	-	$75MM
Market value of public float	$3MM	$15MM	$15MM	$20MM	$20MM
Stockholders' equity	$4MM	$4MM	$4MM	-	-
Minimum price	$3	$3	$2	$3	$3
Operating history	-	2 years	-	-	-

And one of the following:

	Option 1	Option 2	Option 3
Public shareholders[2]	800	400	400
Public float[2]	500,000	1,000,000	500,000
Daily trading volume (6 months prior)	-	-	2,000 shares

Please see continued listing standards and NYSE American Company Guide for full details including governance standards
1. Requirement must be satisfied in either the last fiscal year or 2 out of 3 most recent fiscal years
2. Public shareholders and public float do not include shareholders or shares held directly or indirectly by any officer, director, controlling shareholder or other concentrated (i.e. 10 percent or greater), affiliated or family holdings.

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existing deals in pipeline and prepare the company for an uplisting 12-18 months following the close of this round of financing.

In order to meet the uplisting requirements, NGLD will need to meet a combination of requirements to qualify for the NYSE American (see chart below).

- **400 public shareholders:** NGLD anticipates it will acquire all of these shareholders as part of the current Reg A financing

- **A public float of 1m shares worth $15m:** NGLD currently has a public float of 3.71m shares. Management anticipates that following the completion of this offering, the post money valuation would imply an added $10m in additional market cap, above its current market cap of ~$17m-18m as of May 10th, 2023 (subject to change with market fluctuations). In addition, $10m in new equity investment would automatically trigger the $4m in shareholder equity requirement

- **$3 share price:** This is a function of market cap / total shares outstanding. It is not uncommon for companies pursuing an uplisting to initiate a reverse stock split in order to bring the bid price up into this range, and NGLD may consider this option as part of the uplisting strategy

Currently, Nevada Canyon Gold Company trades on the over-the-counter (OTC) market under the stock ticker ***"NGLD"*** at ~$1.70 per share and is valued at a market cap of ~$17m-18m as of May 10th, 2023 (subject to change with market fluctuations).

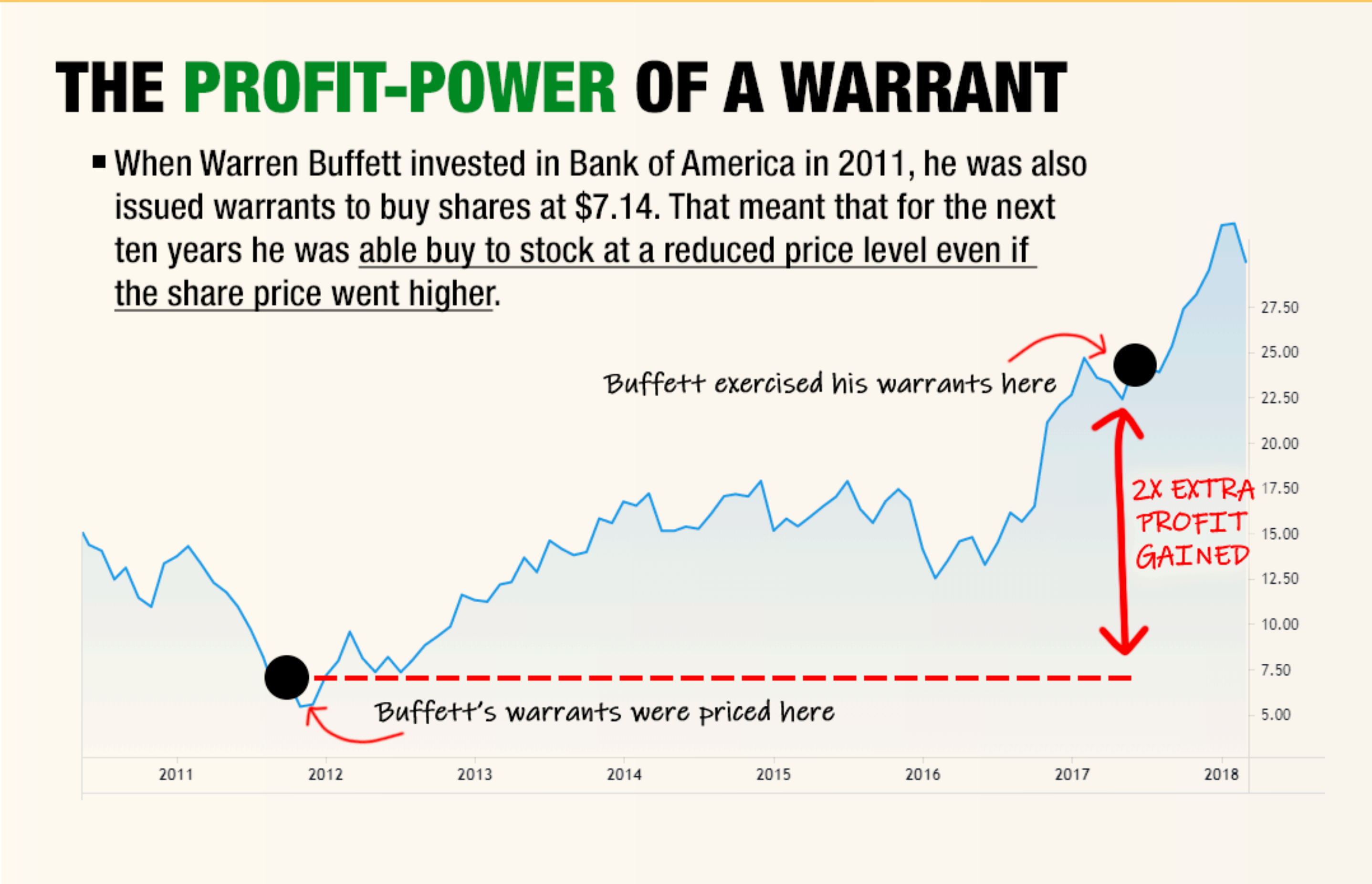
If this current Regulation A offering is fully subscribed – and all warrants exercised (see below for details) – this would represent ~$25m in total capital raised. Assuming all cash is recognized as an additional $1 in market cap, and the current market cap of ~$18m is reasonable, this would imply a post money market cap of ~$43m.

Depending on a variety of factors, this would either immediately qualify NGLD for uplisting if they are able to sufficiently claim 2 years of operating history, or put them within ~$10m of asset value to meet the $50m market cap requirement.

For this reason, management will likely seek to raise additional capital in order to build the required asset value to complete an uplisting.

A Bonus Warrant for All Shares Purchased

NGLD is currently offering investors a unit for $0.80 per unit that consists of one (1) share of common stock and one warrant with a $1.20 Strike Price.



This information is used strictly for illustrative purposes only. This does not infer any potential gains on the Nevada Canyon Gold Corp $1.20 strike price warrants at any time.

You may not be familiar with warrants, but these are what Wall Street insiders often negotiate when they're doing deals.

For example, Warren Buffett – who made a deal to invest in the publicly traded Bank of America, acquired warrants for BAC common stock at an exercise price of $7.14 each as part of the transaction.

Eventually, the stock reached $24.32 per share, and **the Oracle of Omaha netted a 240% gain... *turning a $5 billion investment into $17 billion.***

Of course, we're not promising you're going to make billions of dollars or see a 240% gain....

But this opportunity to have ***"double dip"*** is exactly what the insiders on Wall Street often negotiate when they do deals.

In exchange for the potentially advantageous price and terms of this offering, all common shares purchased will have an 180-day lockup before they can be deposited into brokerage accounts. All common shares obtained by exercising the warrants have no lockup period.

How The Coming Commodity Supercycle Could Lead to A New Era For Gold

According to Goldman Sachs – and a growing chorus of other analysts, including Laith Khalaf of AJ Bell in July 2022, S&P Global in January 2023, and Will Rhind of GraniteShares in April 2023 – we could be looking at a once-in-a-generation bull market in the original source of all wealth… commodities.

Just as commodity markets have been dominated by the dollar in 2022, Goldman Sachs analysts expect them to be shaped by underinvestment in 2023.

From a fundamental perspective, the 2023 outlook for most commodities is more bullish than at any time since Goldman Sachs first presented their thesis in October 2020.

The rapid increase in the cost of capital reduces incentives to hold physical inventories or paper risk, leading to distorted price discovery as financial markets react faster than the real economy

S&P GSCI Total Return Index/S&P 500 Ratio, 01/1971-03/2023

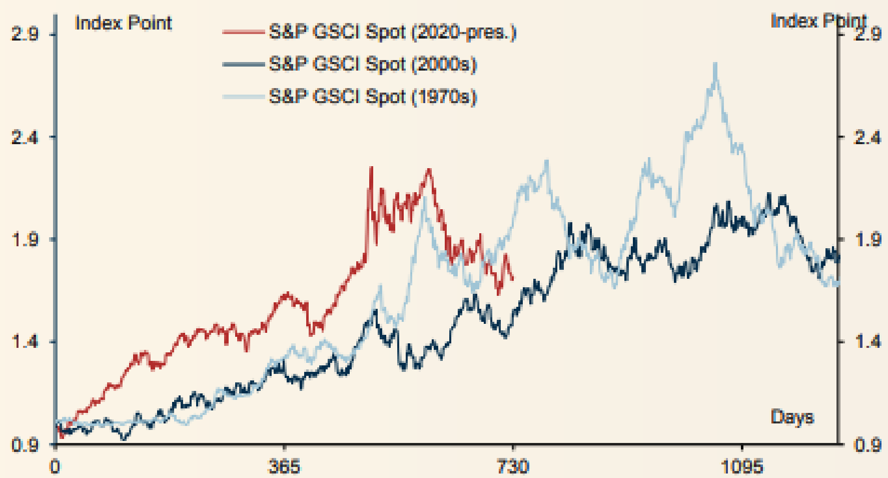
Source: Dr. Torsten Dennin, Reuters Eikon, Incrementum AG

This creates markets that are simply unprepared for growth in 2023, setting the possible foundation for what's known as a **Supercycle:** a "decades-long, above-trend movement in a wide range of base material prices" caused by a structural change in supply and demand.

Commodity prices – unlike financial markets – perform an economic function of balancing supply and demand. Once high prices have rebalanced the market in the short term, high prices are no longer needed, sending prices downward as we witnessed in late 2022.

Exhibit 5: Supercycles are a series of price spikes, not a smooth trend higher

Indexed performance of the S&P GSCI across supercycles



Source: Bloomberg, Goldman Sachs Global Investment Research

However, because the growing demand for base materials will likely outpace our current supply, the law of supply and demand points to one thing: **prices must go up!**

We're already beginning to see confirmation of this trend as inflation roars, geopolitical conflicts flare, and rising interest rates put significant pressure on pretty much everything.

In 2022 commodities finished the year as the best performing asset class with ~20% returns, despite recent price declines as liquidity dries up.

According to Jeff Curie, global head of commodities research at Goldman Sachs, during the firm's January 16, 2023 Global Strategy Conference:

> *What do rate hikes do? They raise the cost of capital and you deleverage. What's one of the best ways to deleverage? You run your inventories down. Inventories of almost every primary commodity are at critically low levels. People can't afford to hold it. Part of this fear of recession"*

In practice, this removes a key buffer against fundamental shocks on prices while **raising price volatility and lowering the willingness or ability of investors to get exposure** to commodity derivatives—exactly as we saw in March of 2022.

In the wake of the recent regional bank failures, it's unknown whether liquidity will continue to decrease in commodities, or if capital will come flooding in.

However, for investors who believe in the Commodity Supercycle thesis, and seek to capture profits, there's one major question that needs an answer

What could trigger the next upward movement in commodity prices in 2023?

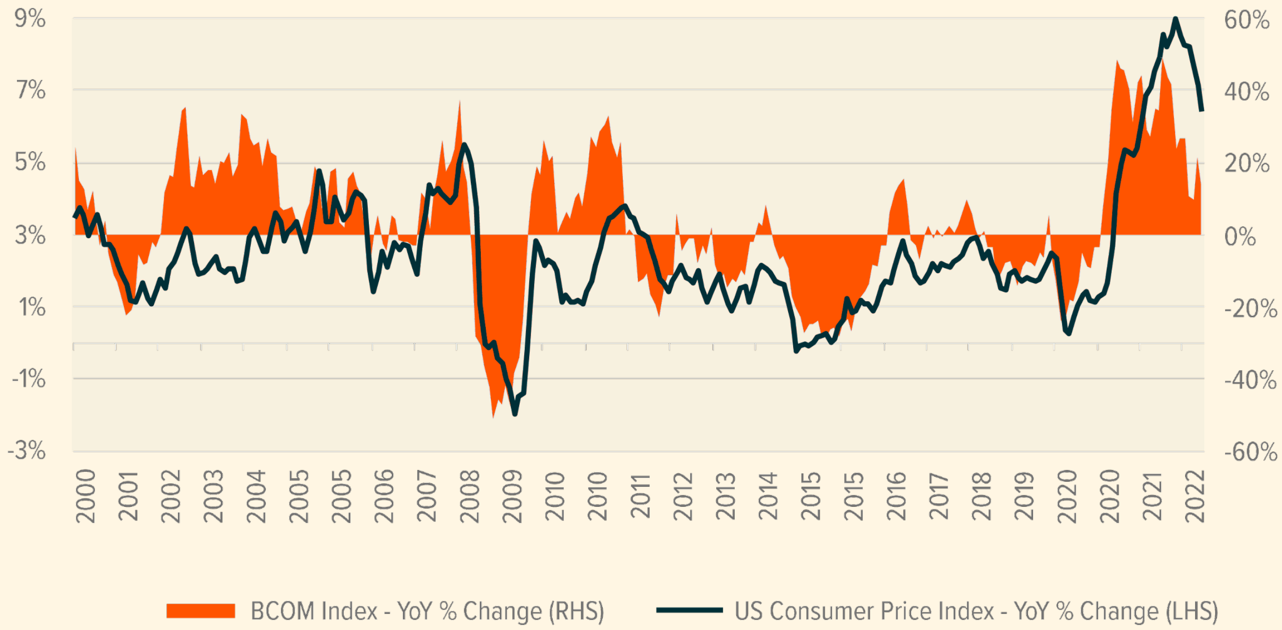
Broadly speaking, we see three logical catalysts that could drive the next wave up in commodity prices; *Inflation, the Reopening of China, and Resource Nationalism.*

Potential Catalyst #1) Inflation

Commodities prices tend to fluctuate at a rate that is inversely proportional to the strength of the U.S. dollar, a universal standard for commodity pricing. Due to their inherent value, commodities can be viewed as a hedge against inflation and tend to gain value when consumer prices rise.

COMMODITIES AND US INFLATION IS OFTEN POSITIVELY CORRELATED

Sources: Global X ETFs with information derived from Bloomberg LP. (n.d.). PX_LAST function, Commodities asset class represented by BCOM Index and US Inflation represented by US Consumer Price Index [data set].
Data from 29th December 2000 to 30th December 2022. Unit: Year on Year Percent Change.



Potential Catalyst #2) The Reopening of China

One of the most talked about catalysts for commodities is the reopening of China after nearly three years of "Zero Covid" policy.

According to the Economist: *"Increased demand for energy and commodities will [likely] be felt around the world. The great reconnecting of China with the outside world marks the end of an era: that of the global pandemic."*

Goldman Sachs recently stated in a note to clients. *"We recommend investors own mining stocks, which are levered to China growth through rising metals prices."*

While analysts are broadly bullish about commodities, metals have one huge – and often mispriced – risk factor that could send prices soaring ...

Potential Catalyst #3) Resource Nationalism

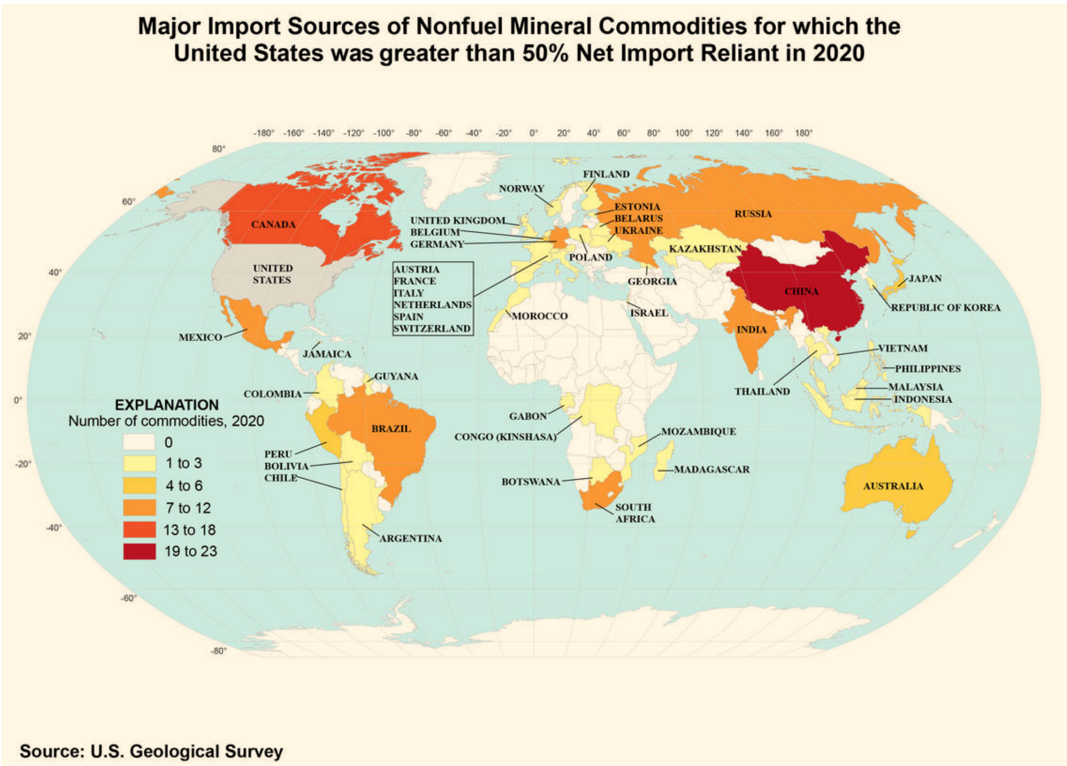
While investors may see battery metals – like lithium, nickel, and cobalt – as the most exciting growth opportunity of the decade, these metals are increasingly being seen as “critical minerals” and face the threat of ***resource nationalism***; a move that could shut out foreign investors from these opportunities entirely.

We’re already seeing this happen as Chile’s President Gabriel Boric Announced he would nationalize the country’s lithium industry, as reported by Reuters in April 2023.

The shock move would, in time, transfer control of Chile’s vast lithium operations from industry giants Sociedad Química y Minera de Chile (NYSE: SQM) and Albemarle Corp (NYSE: ALB) to a separate state-owned company.

This is a huge problem for America, which has underinvested in mining and process capacity for years and is forced to import a significant amount of these critical resources from increasingly hostile nations.

The United States continues to rely on foreign sources for some raw and processed mineral materials, including some critical minerals. This map shows the countries that supply mineral commodities for which the United States was more than 50% net import reliant in 2020.



However, what we lack in battery metals, we make up for in one of the world's most valuable metals that can be converted into any currency at a moment's notice.

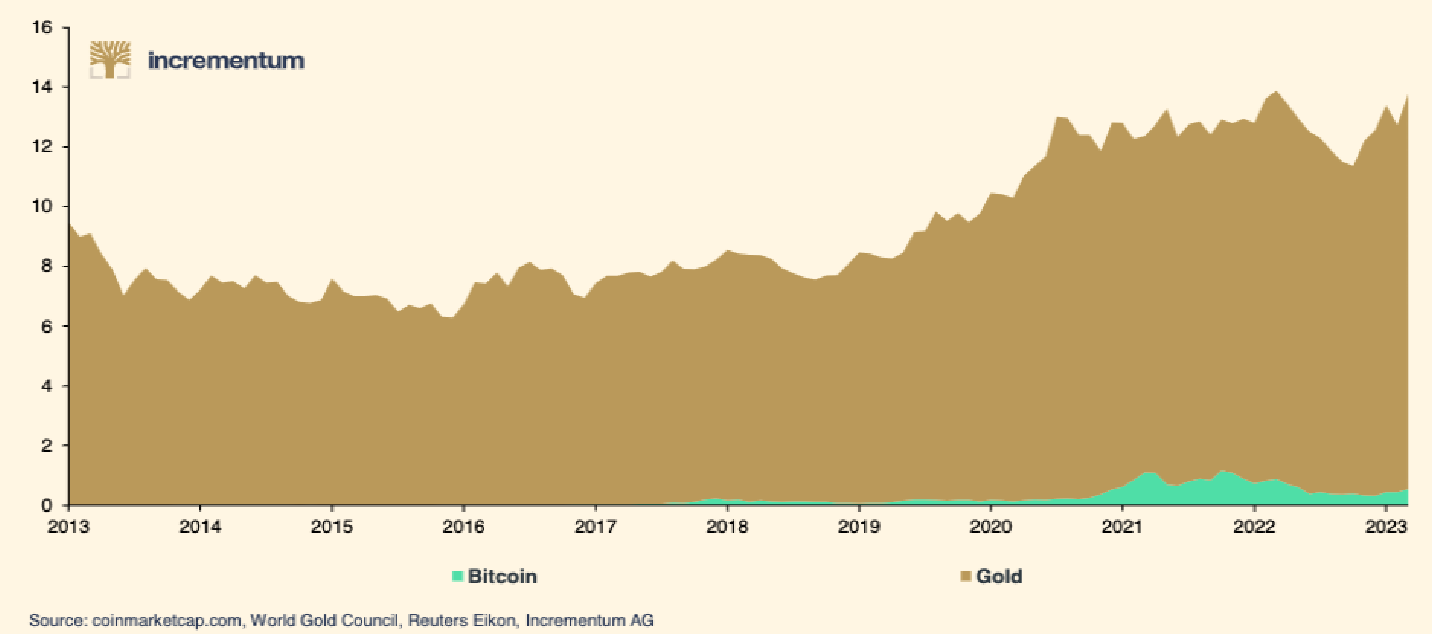
A metal that has historically been the inflation hedge of choice for investors around the world, many of whom are underweight in their asset allocation models, is … **Gold!**

The ~$14.73 TRILLION Global Gold Market

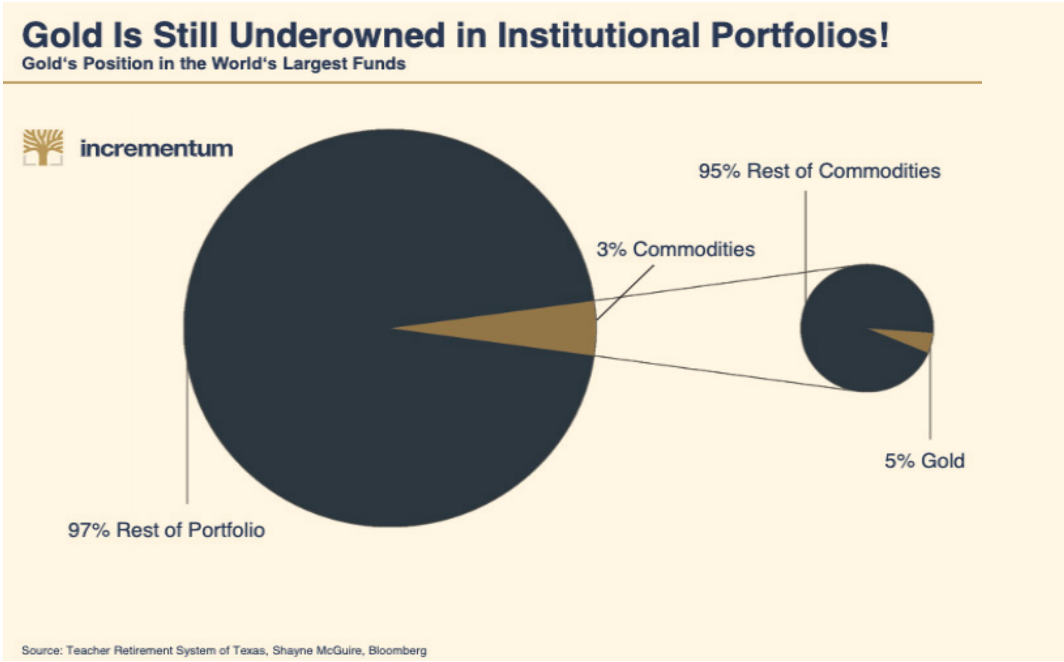
The best estimates currently available suggest that around 208,874 tons (or ~ 7,365,882,077 ounces of gold has been mined throughout history, of which around two-thirds has been mined since 1950.

At the current spot price of ~$2,000 gold, this equals roughly $14,731,764,155,920 in above ground value.

Market Capitalization of Bitcoin, and Gold, in USD trn, 01/2013-03/2023



Today, the world's largest funds have ~3% allocation towards commodities. Of that, ~5% is allocated towards gold.



And if you believe:

- Inflation is inevitable…
- The Commodity Supercycle will create a structural change in demand for commodities (including gold)…
- Geopolitical conflict will continue to cause dramatic changes in supply chains…
- Investors everywhere will continue to see gold as the defensive asset of choice …

The only question remaining is this:

Is there enough supply to meet demand?

Regardless of your personal views on gold – a proven store of value or a silly shiny metal – the economic case for gold is simple: there's more demand than supply.

An annual 500 metric-ton shortfall is unsustainable, and will likely put upward pressure on gold prices for the foreseeable future.

GLOBAL MINE PRODUCTION OF GOLD

3,200 mt

GLOBAL GOLD DEMAND

3,759.6 mt

According to Economics 101, when demand is greater than supply, price will go up, or a substitute will be used.

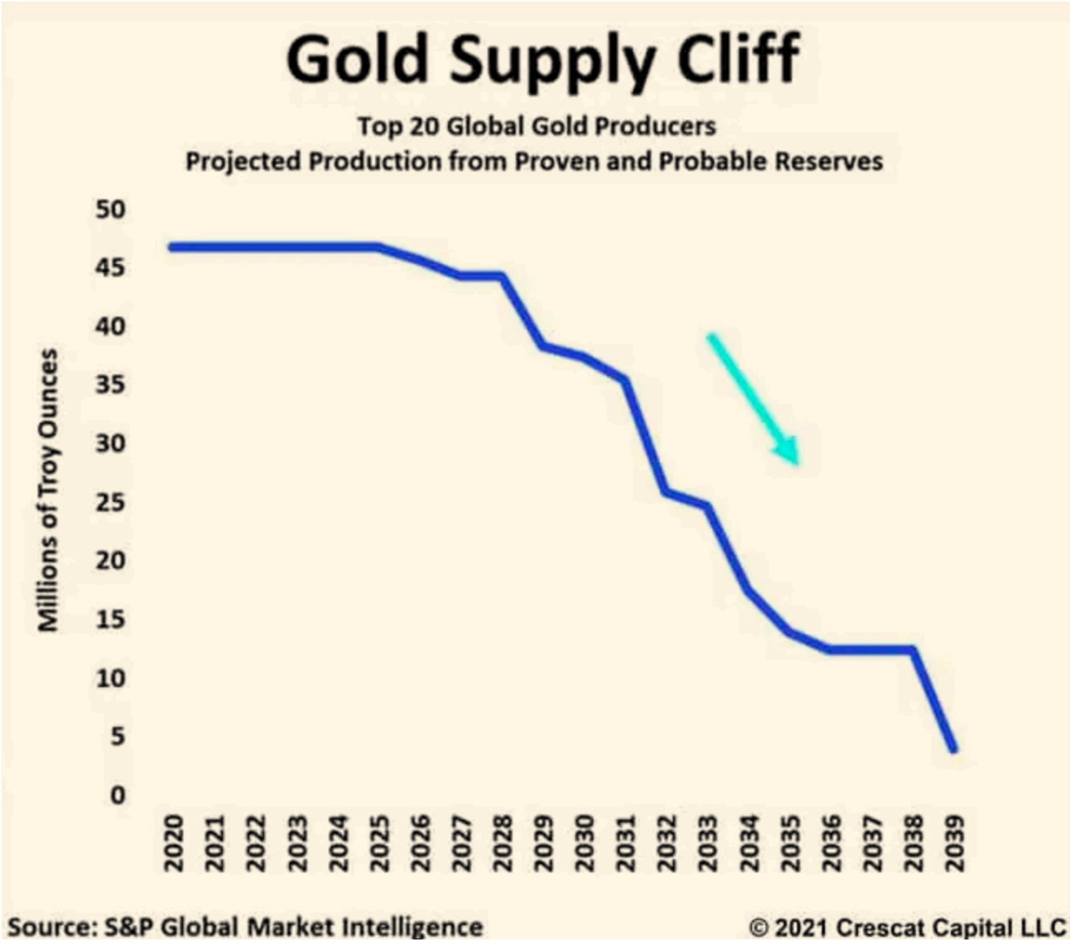
However, for many investors, there is simply "no gold like gold" and no substitute is accepted.

From 2011 - 2021, the U.S. has been a net exporter of gold (with the exception of 2020). However, every year we mine less gold; In 2021, domestic gold mine production was estimated to be 180 tons, 7% less than that in 2020.

These looming shortages could one day threaten the economic security of the United States.

It's called the "Gold Supply Cliff"... and this growing imbalance of supply and demand is putting serious pressure on the world's top gold mining companies.

The “Gold Supply Cliff” is an industry term for the dwindling amounts of gold it is possible to mine profitably – even at higher gold prices.

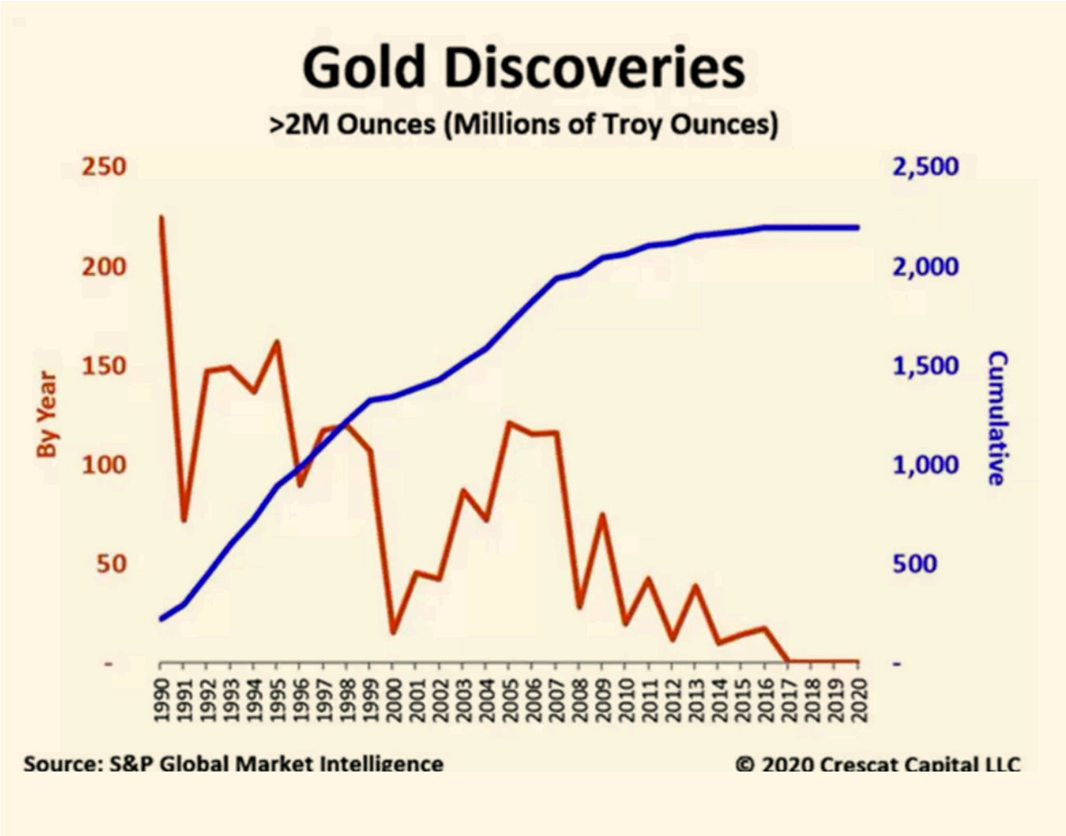


How did this happen?

As a business model, most majors like to let the junior mining companies take all the risk of finding new deposits. Then, once the juniors have struck gold, they’ll buy the reserves and develop the mine.

When new deposits are being found, the “growth through acquisitions” model works well. However, for the past 20 years, explorers have failed to find a single deposit above 30 million troy ounces. Over the previous three years, there have been zero gold discoveries above 2 million troy ounces.

And the markets are noticing; The price of gold climbed from its January 2016 low of $1,064/oz to a new all-time high of $2,035 in August 2020. However, despite this increase, exploration budgets have steadily decreased since 2012.


Gold Discoveries
>2M Ounces (Millions of Troy Ounces)
By Year
Cumulative
250
200
150
100
50
-
2,500
2,000
1,500
1,000
500
-
1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020
Source: S&P Global Market Intelligence
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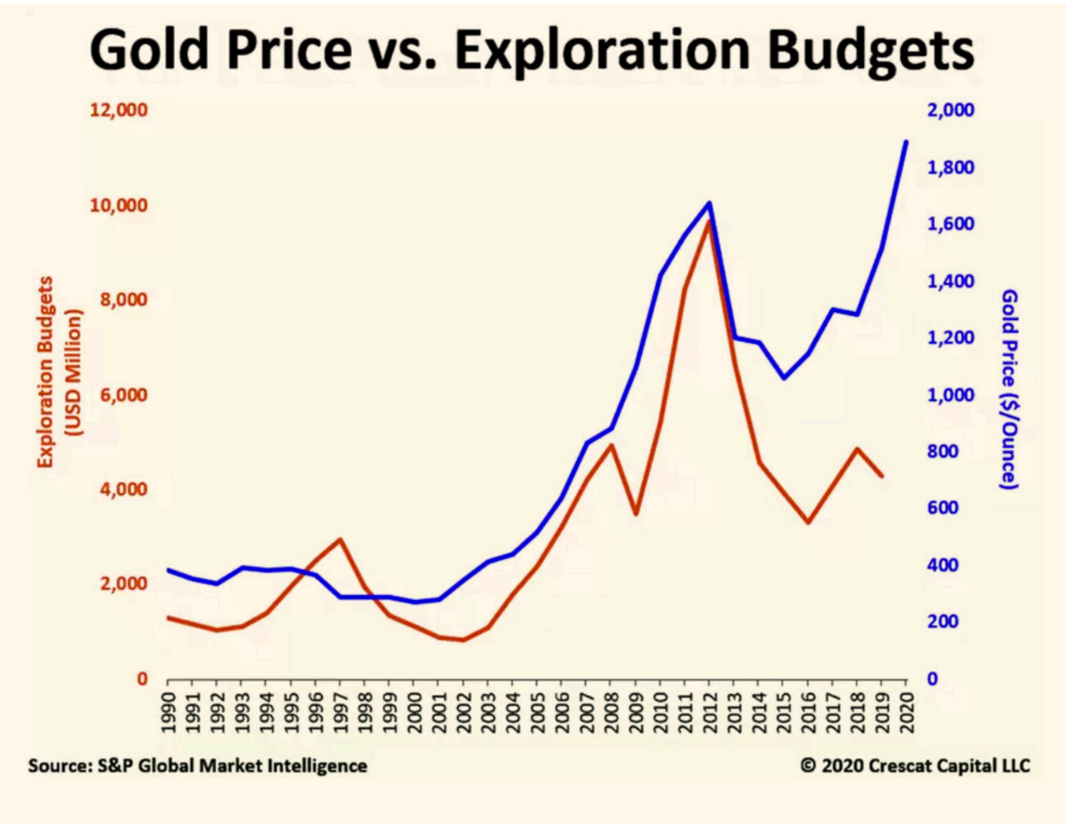
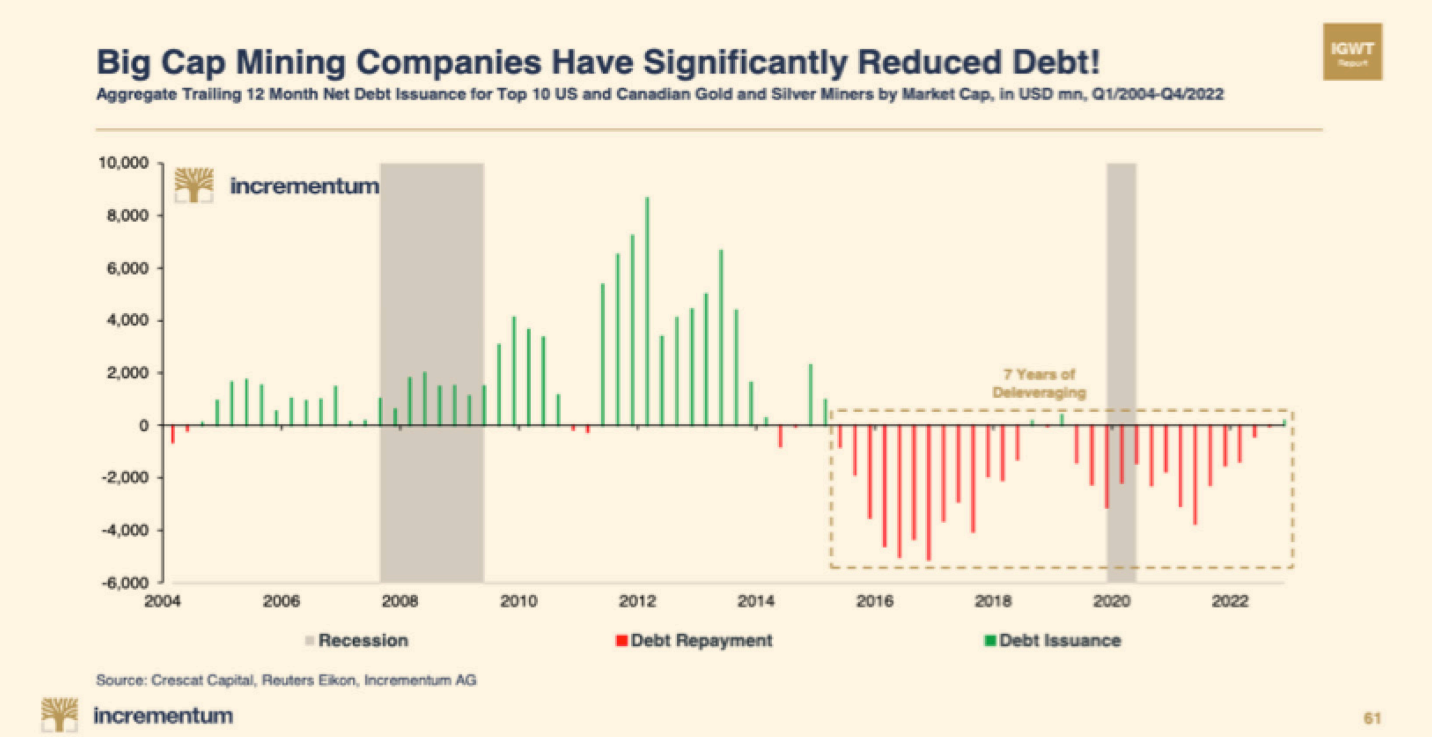

Gold Price vs. Exploration Budgets
Exploration Budgets (USD Million)
Gold Price ($/Ounce)
12,000
10,000
8,000
6,000
4,000
2,000
0
2,000
1,800
1,600
1,400
1,200
1,000
800
600
400
200
0
1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020
Source: S&P Global Market Intelligence
© 2020 Crescat Capital LLC

Why? After crashing from 2011 highs to a 2013 low of $1,180, it was too expensive to explore for new deposits. Instead, they focused on mining existing deposits.

Many mining companies – who were overleveraged with bloated cost structures – were forced into dramatic cost-cutting, paying down debt, and often the firing of exploration teams.

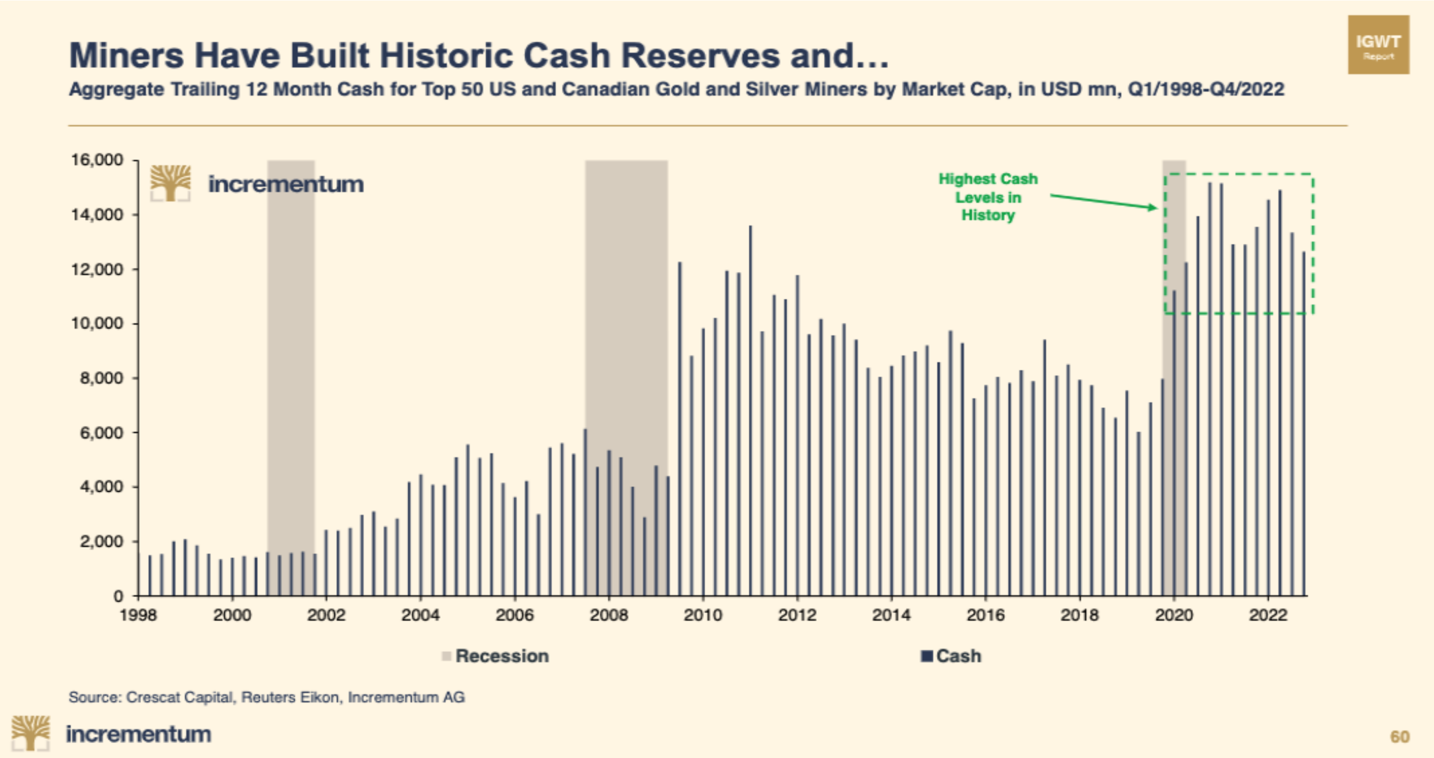


"Precious metals producers are printing money at a fever pace. You can see that for a decade straight, the industry was a black hole for capital. Now, the sector has strung together multiple massive quarters and bolstered battered balance sheets." - Marin Katusa

As gold prices soared in 2020, major gold producers accelerated production of existing resources, taking advantage of higher prices … Today, gold miners are seeing record cash flows and cash reserves.

The tradeoff? Miners are exhausting their existing reserves and resources.

The small number of mines that can generate more than 10 million troy ounces – known as world-class deposits – are running dry. Because of this large imbalance of "gold demand" vs "gold supply," experts and analysts are sounding the alarm …



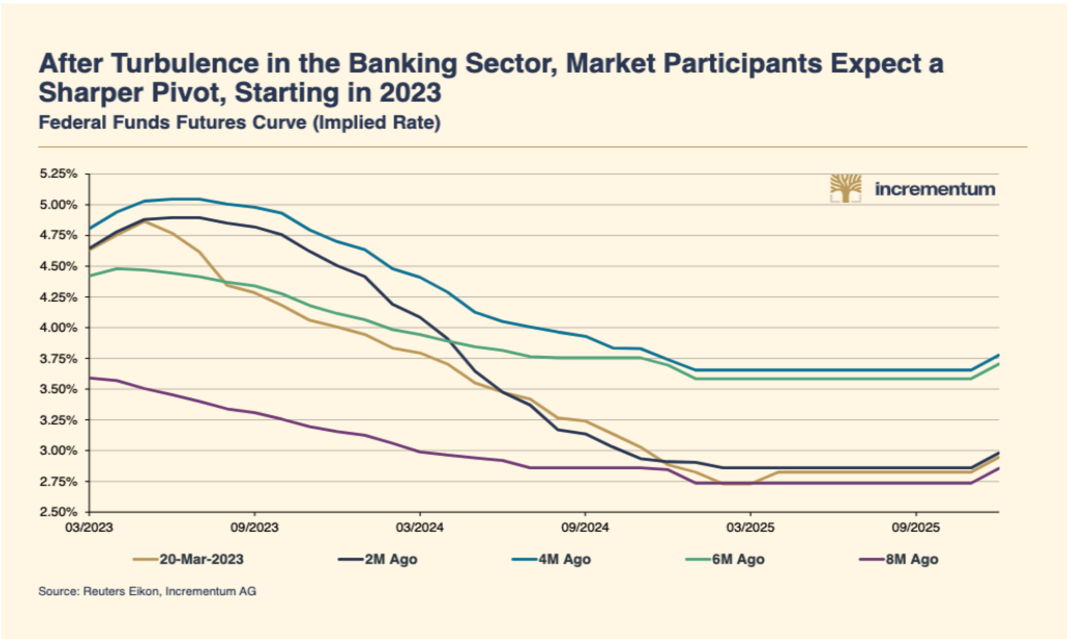
The world is running out of new gold!

After a decade of disappointing price action in gold markets, more recently investor interest in the yellow metal has been increasing, and prices are rising.

According to S&P Global Market Intelligence (S&P), global exploration budgets rose 16% in 2022, following a 34% rebound in 2021. S&P added that while allocations for most commodities increased in 2022, budgets for gold and copper posted the largest dollar increases, while energy transition efforts saw lithium increase to its highest total ever.

After some volatility through 2021-22, gold is currently trading between $1,950 - $2,001 as of May 9, 2023.

And the hotly debated "Will The Fed Pivot?" seems to be increasingly priced into analyst assumptions (and is largely regarded as a bullish sign for gold prices).



But the bullish case for gold comes with a simple question for all investors...

What has to happen for the market to confirm the trend and capture investor interest in 2023?

For investors seeking to capture outsized returns, the commonly cited Reid Hoffman quote about “being contrarian and right” is only half the story.

If you plan on exiting your positions for more than your cost basis, at some point, the market has to agree with your thesis and price the asset higher.

For over a decade, we’ve seen chronic underinvestment in the resources sector, in favor of technology. To buy mining stocks in favor of tech stocks was – to some degree – the ultimate contrarian bet.

However, because gold prices are more influenced by sentiment than industrial usage (compared to silver, platinum, and palladium), something needs to happen for the gold narrative to “cross the chasm” into the mainstream, and enter into a persistent upward trend.

According to Goldman Sachs's 2023 Commodity Outlook published in December 2022:

> *"The main focus in 2023 is whether a new capex cycle will begin, which depends on attracting capital through better relative returns. The drop in new economy valuations and rising commodity prices are moving capital towards commodities, energy, and industrial firms.*
>
> *A three-year track record is crucial for persistent capex as management needs investor rewards for expansion plans.*
>
> *In the last cycle (2011-2020), US E&P's destroyed $0.54 for every dollar invested, while battery metal producers, not exposed to prior supercycles, enjoy investor confidence. The return of capex will drive the next leg higher, but only sustainable higher returns in 2023 can confirm this."*

As we've already discussed, gold miners have seen record cash flows and cash reserves over the previous two years. Another solid year of performance in 2023 could help anchor the bullish narrative for gold, driving investor sentiment and fund flows.

According to GlobalX ETFs November 2022 Gold Outlook:

> *"Macro factors signal we are likely in a late-cycle economic environment, with persistently high inflation across the global economy. When economic expansions are close to their peak, gold prices often increase.*
>
> *Gold's biggest gains typically occur in the final stages of expansions because gold's long-term price dynamics are cyclical given its appeal as a store of value."*

Will 2023 be the year that gold finally breaks out and investors rotate away from technology stocks and into materials?

In the next section, we'll discuss the current state of the gold markets, the structural changes we're seeing in demand, and why North America could become the biggest winner in the next decade of gold.

The $392 Billion Gold Mining Market

Gold mining is a global business with operations on every continent, except Antarctica. It's extracted from mines of widely varying types and scale.

At a country level, China was the largest producer in the world in 2020, accounting for ~11% of total global production.

Country	Tonnes
China	368.3
Russian Federation	331.1
Australia	327.8
United States	190.2
Canada	170.6
Ghana	138.7
Brazil	107.0
Uzbekistan	101.6
Mexico	101.6
Indonesia	100.9
South Africa	99.2

With growing geopolitical tensions in the Russia/Ukraine conflict – along with China's near monopoly on rare earth minerals – there's a growing possibility that global metals supply chains will go through a period of instability.

For this reason, we potentially could see new trading arrangements in North America; combined, the U.S., Canada, and Mexico produced ~461 tons in 2020, making it the world's largest single block of gold producers.

Even though the U.S. has only a small fraction of global gold reserves, many investors are completely unaware of the risks hidden inside some of the largest gold mining companies in the world.

Mispriced Jurisdictional Risk

In the pursuit of outsized returns, our approach is to look for areas with mispriced risk factors. One of the biggest risks we see are in the way mineral assets are priced across the world's major mining jurisdictions.

In today's markets, mineral assets are valued at roughly the same multiple, regardless of where those assets are located.

This means an asset in Turkey is valued the same as a comparable asset in Ghana, which is valued the same as a comparable asset in the U.S.

However, simple logic reveals why this doesn't make any sense; Why isn't a domestically located mineral deposit valued higher than one in a hostile, foreign nation?

Now, with the recent conflict between Ukraine and Russia, North American investors are recognizing the value of securing North American natural resource supplies via its own supply lines.

In our opinion, this means

- **The U.S.**, the world's **4th** largest gold producer (190.2 tonnes),
- **Canada**, the world's **5th** largest gold producer (170.6 tonnes), and
- **Mexico**, the world's **9th** largest gold producer (101.6 tonnes)...

...will potentially become a lot more attractive to North American investors. [source]

In particular, the State of Nevada.

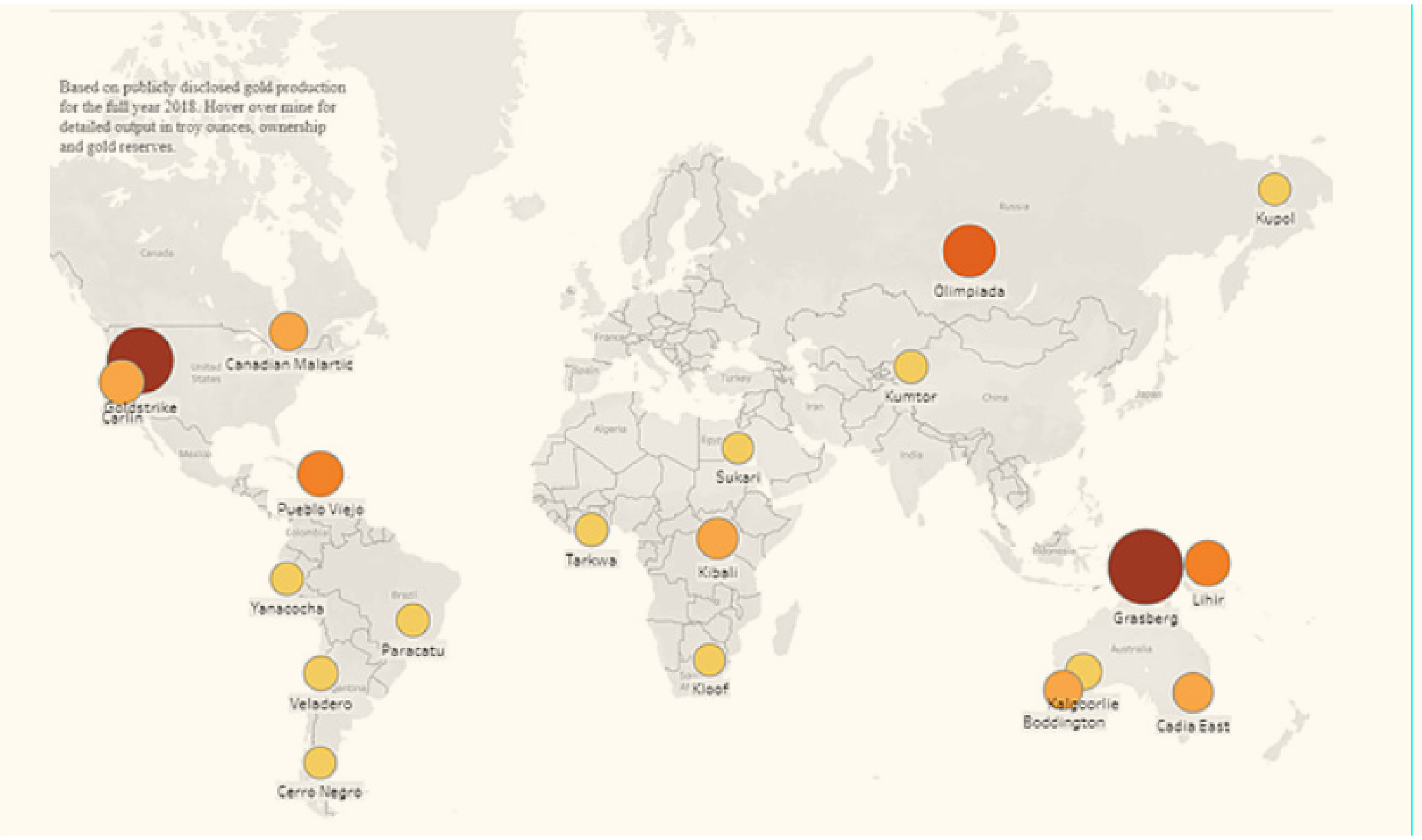
Nevada: America's Real "Golden State"

At the time of publishing, the single largest gold mine in the world is located in Nevada.

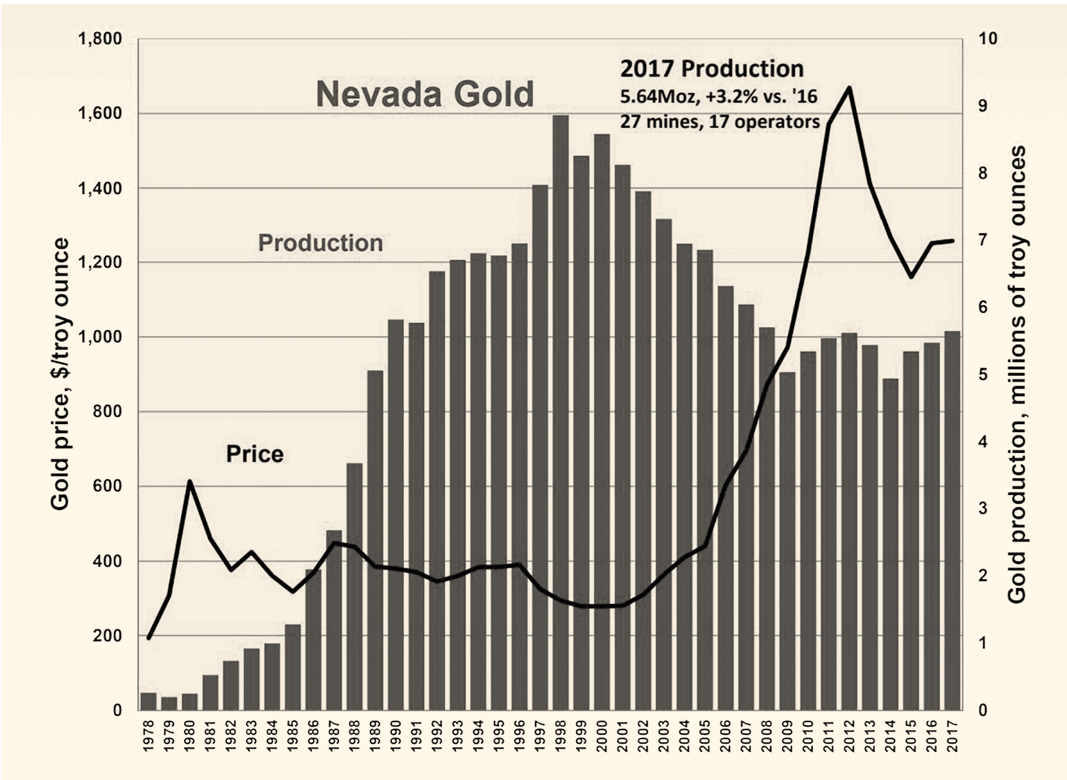
In March 2019, after decades of fierce competition in Nevada, the two largest gold mining companies – **Barrick** and **Newmont –** shocked the gold industry when they announced the formation of a jointly owned company: **Nevada Gold Mines** (NGM). [source]

The two companies combined most of their Nevada mines and water rights into a joint venture, estimated to produce $500 million in average annual pre-tax synergies in the first five years of operations. Over a 20-year period, the combination is projected to capture a total $5 billion pre-tax net present value. [source]

The Nevada complex is now the world's single-largest gold producer, with an output of more than four million ounces in 2018, and an estimated 48 million ounces of reserves. In 2020,



according to state data, Nevada Gold Mines accounted for about 75% of Nevada's gold production.



According to the ***U.S. Geological Survey (USGS)***, Nevada is the 4th largest gold producer in the world, behind China, Australia, and Russia, and represents 4.4% of global production. [source]

Furthermore, USGS data shows Nevada holds proven and probable gold reserves in excess of 54 million ounces; At ~$1,900/oz, this represents $102.6bn in gold.

Even though Nevada has undergone several cycles of exploration and development since the mid-1800s, explorers still see potential for more ore to be found, especially at depth.

This can be attributed to the fact that most of the low hanging fruit – the shallow, multi-million-ounce oxide deposits – have been discovered and mined out. New discoveries are coming from deeper deposits that are more difficult to find.

New discoveries, such as Nevada Gold Mine's recent discovery of the huge 15 million-ounce Goldrush deposit, tend to result from *rethinking the geology of previously mined areas and drilling underneath the near surface mineralization*.

Therefore, many Nevada explorers are going deeper to find high-grade, refractory deposits. Others are focusing on underexplored areas, in hopes of new major discoveries.

According to James Buskard, President and CEO of Nevada Exploration, in Global Business Reports, Nevada Mining 2022:

> *"These valley basins have been under-explored due to **a historic lack of specialized undercover exploration tools**."*

A renewed interest in mining – plus new innovations in mining technology – could prove to be a boon.

Nevada: A Top Mining Jurisdiction

Nevada has well-defined mining regulatory frameworks, and effective coordination between federal, state and local regulatory bodies.

Thanks to this – and the other factors already discussed – Nevada is a regular top contender in the Fraser Institute's ranking of the **world's most attractive mining destinations**. Between 2017 - 2021, Nevada was ranked either 3rd or 1st best mining jurisdiction in the world.

Investment Attractiveness Index

2021 Rank	Location	2020 Rank	2021 Rank	Index Score
1	Western Australia	4	90.2	▲
2	Saskatchewan	3	88.3	▲
3	**Nevada (U.S.)**	**1**	**87.6**	▼
4	Alaska (U.S.)	5	87.2	▲
5	Arizona (U.S.)	2	86.4	▼

Source: Fraser Institute Annual Survey of Mining Companies (2021)

In recent years, BLM – and other members of the mining industry – have placed great emphasis on front-loading the various baseline studies and other information collection aspects associated with the environmental review and permitting processes for mining projects.

This approach has been effective in producing project proposals that are more effectively planned, timelier, and more predictable in their permitting processes.

These factors – along with Nevada's low net profits tax and no income tax – create a highly desirable jurisdiction for both mining companies and their investors.

What makes gold mining different from other commodity producers?

There are core differences between gold mining and other resource extraction industries. Oil, in particular, is a high-risk/high-reward, often binary process: An oil driller either hits a gusher or they don't.

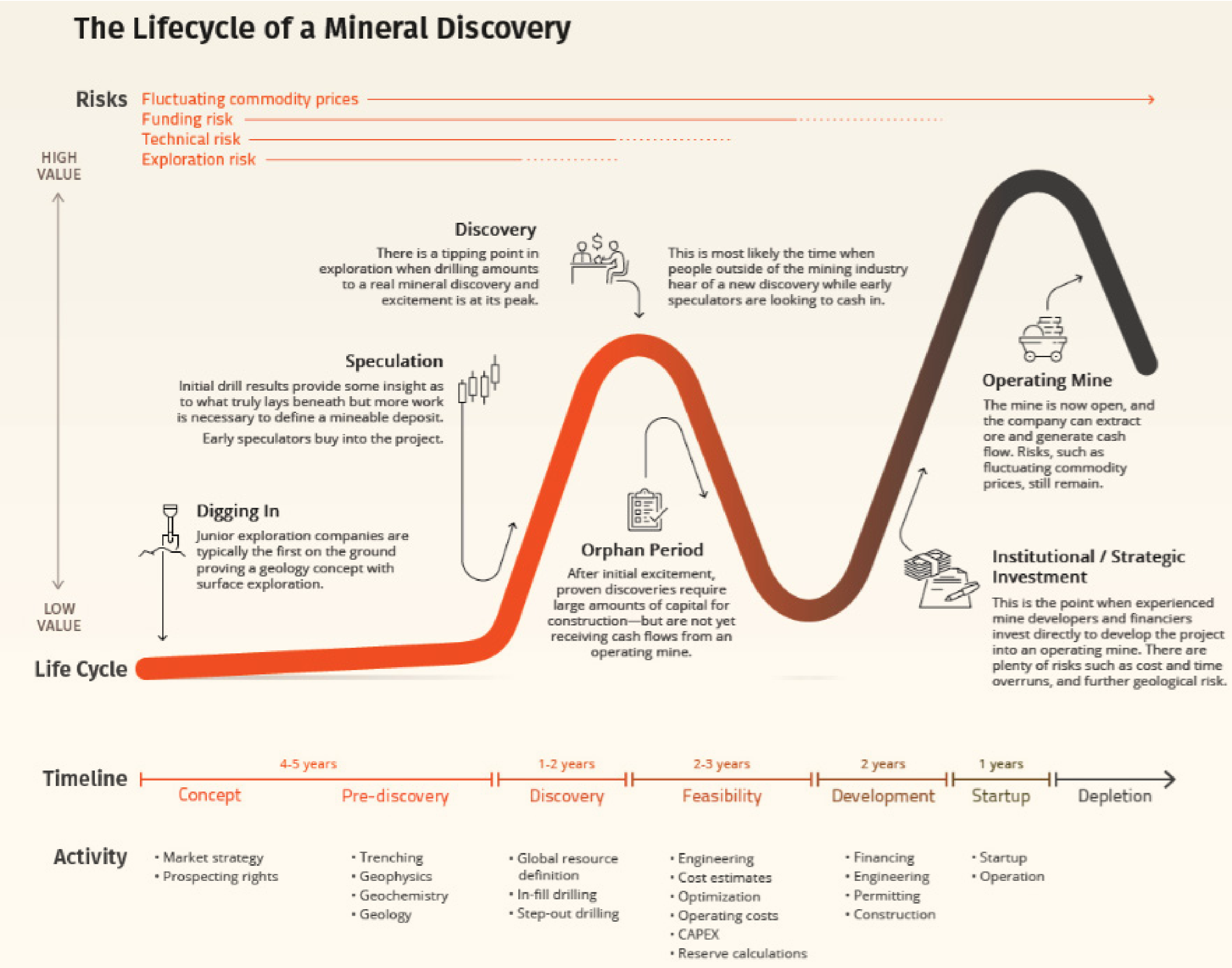
Mining metals – like gold – is a more iterative process, averaging 10 to 20 years before potential mines start producing refinable ore.

Thirty years ago, Pierre Lassonde – a founder of Franco-Nevada, the first gold royalty company – created his famed ***Lassonde Curve.***

The Lassonde Curve models the life of a mining company – from exploration to production – and helps investors gauge market value through each stage of the process. This helps speculative investors understand the mining process, and how value is created.

Beyond precious metals, the Lassonde Curve has become a staple across the mining industry, where mining tends to follow the same 7-step process.

1. **Concept**. The deposit is not much more than theory at this point. Geologists work to test the theory, locating the deposit – if it is there at all. The area is surveyed using a range of geochemical and sampling technology. When confident that the area might be mined profitably, they move to the next step in the process.



The Lassonde Curve models the life of a mining company – from exploration to production – and helps investors gauge market value through each stage of the process.

2. **Pre-Discovery**. This is where speculative excitement can begin. Geologists coordinate test drilling to establish mineral potentials in the deposit area. The key method is taking below-ground cross-sections (drill core), and having them analyzed for mineral content. Drill cores with good mineral content can lead to further exploration, aimed at the discovery of a mineable deposit.

3. **Discovery**. When exploration reveals “enough” mineable minerals, new studies are produced to indicate if mining could be profitable. This changes the business model creating new challenges, such as profitability, construction, and financing.

4. **Feasibility**. Having demonstrated the deposit's potential, investors then evaluate whether to advance the project. Speculators often pile in during this "orphan period" while uncertainties about the project remain keeping more conservative investors away.

5. **Development**. A rare outcome, as most mineral deposits never make it this far. The next step is a production plan for the mine, including raising capital and building a team. Many risks still remain in the form of construction, budget, and timelines.

6. **Startup/Production**. An even rarer outcome for a mineral discovery. The company begins processing ore and generating revenue. Analysts continue to re-rate the deposit, seeking additional funds from institutional investors and the general public. Existing investors can choose to exit here or wait for potential increases in revenues and dividends.

7. **Depletion**. While a rare few last centuries, most mines are depleted in a matter of decades. As grade levels decline, operations wind down, and the remaining investors seek exits.

As projects are pushed slowly up the value chain through ongoing iterations, this means that:

- Valuations can increase incrementally before building working mines.

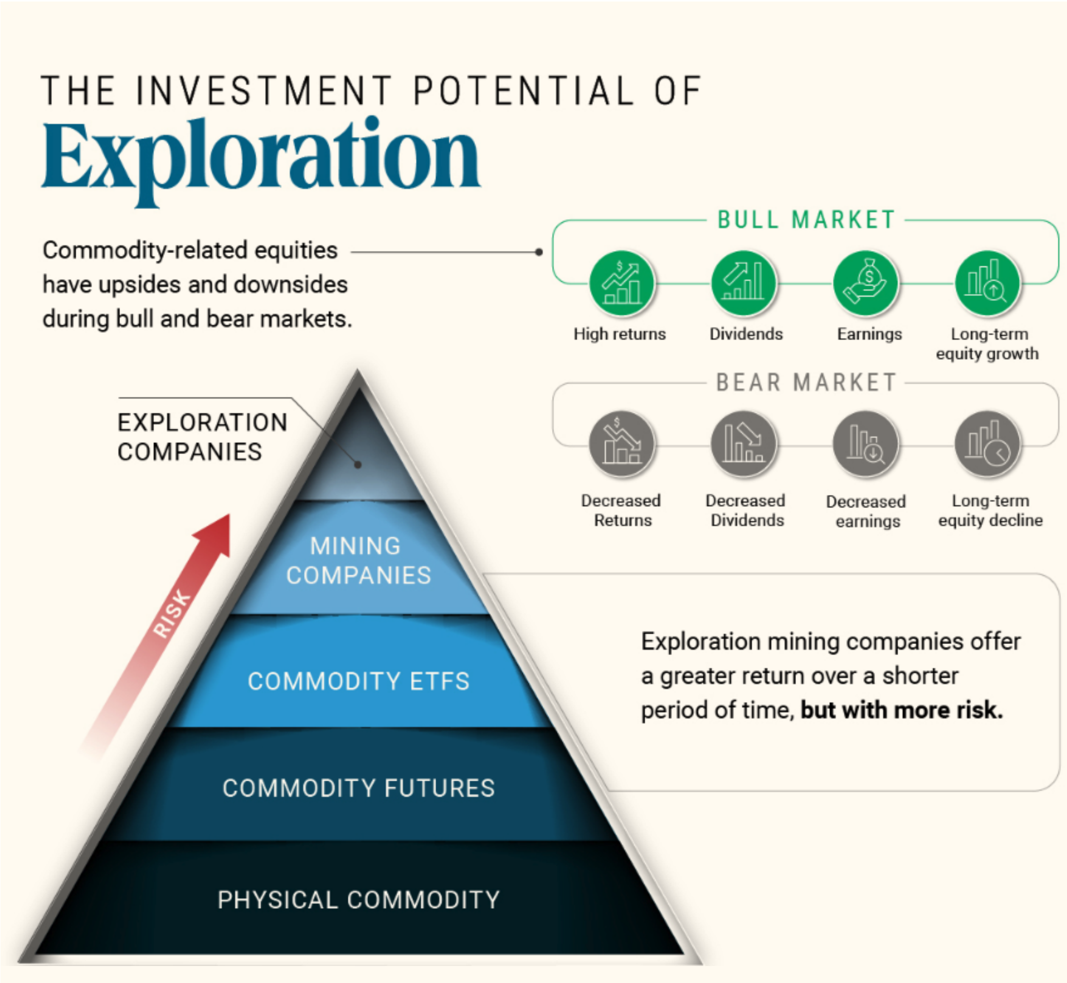
- Miners can make realistic exploration and drilling budgets

Each one of these moments is an opportunity for investors to enter into one of these projects and attempt to capture returns.

A new way to capture the upside potential of junior gold miners

For investors looking to capture potential gains inherent in the gold markets, junior mining companies arguably provide the highest potential rewards.

However, they also come with extraordinary operational risk. Not only do they have to bear the upfront cost of finding a workable mineral asset, they then have to extract those minerals before they can generate revenue (let alone profit).



Because of this risk profile – along with a general dislike for mining companies in capital markets – there are limited financing opportunities for junior mining companies.

The end result? Junior miners can find themselves stuck between the proverbial “rock and a hard place” – they need money to develop the property, but they can’t get access to capital until the property is further developed.

According to NGLD management:

> *“A typical junior mining company will find an asset that has promise… raise capital to explore the property… and then raise more money to develop it.*
>
> *To secure financing, they have to go to a very small number of brokers who will fund these types of deals. However, these brokers are not long term investors; in our opinion their business model is to dump their shares as soon as they can, which inevitably causes the share price to crater from the selling activity.*
>
> *These financiers are the biggest problem in these deals and are the primary reason why mine operators – and retail investors – tend to have far greater risks, both short term and long term.”*

Now, to be fair…

There’s no reliable way to remove the most obvious risk in mining operations: Whether the mining company can successfully find and develop a mineral asset into a fully producing mine, and sustain production over the long term.

But what if there was a way to decrease one of the most controllable forms of risk…

The mining company is unable to execute on their business plan, because they run out of capital – and are potentially unable to secure additional capital – due to predatory financing arrangements.

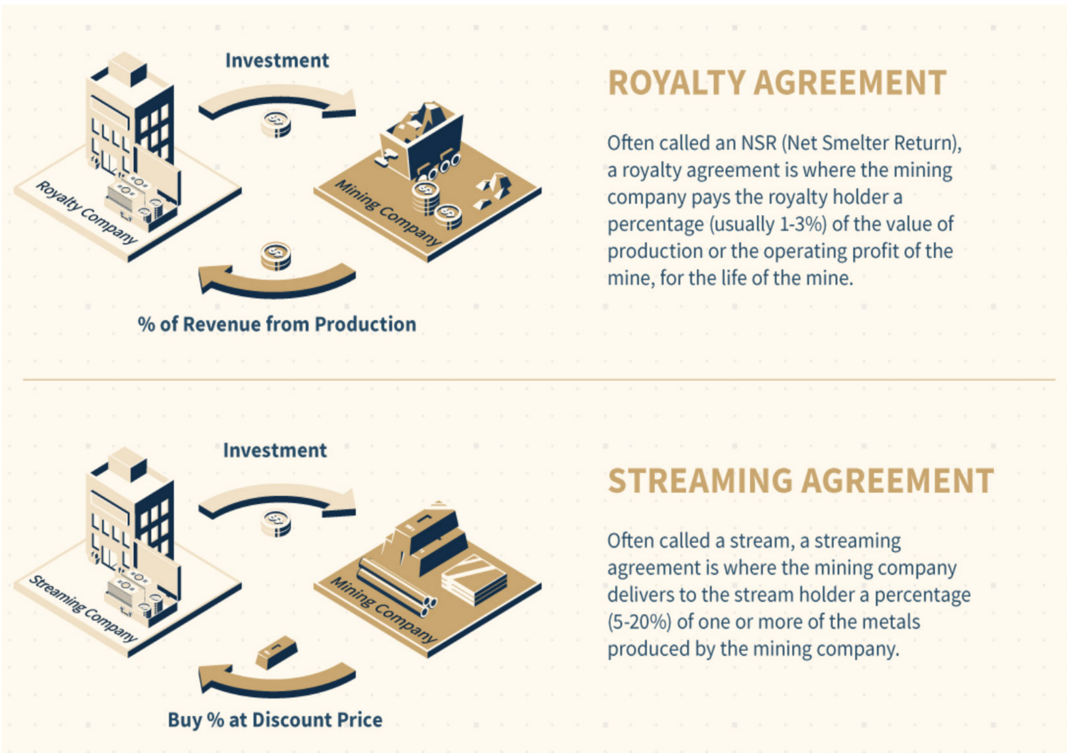
That's exactly why alternative financing agreements – like ***Gold Cash Flow Contracts*** – provide a "win-win" solution for junior mining companies and investors.

In exchange for a non-dilutive source of capital today, the mining company agrees to give investors a long-term, annuity-like repayment with two forms of downside protection… and a small chance at exponential upside.

Here's how it works…

As long as the mine is producing, investors are entitled to a portion of either the revenue generated by the company (a ***royalty***)… or the actual metal production at a discounted price (a ***stream***).

Generally speaking, royalties are created when a junior explorer needs money to continue exploring his land package. Streams are created when a mine developer needs to raise capital to build a mine.



This means…

- It doesn't matter if the mine is profitable or not.

As long as gold is being mined, investors who own ***Gold Cash Flow Contracts*** still get paid.

It doesn't matter if the mining company runs out of money and crushes equity and debt holders.

Gold Cash Flow Contracts cannot be discharged in bankruptcy. They're attached to the property until all contractual conditions are met.

This also means that if the property is ever sold to another mining company, and brought into production… The ***Golden Cash Flow Contract*** stays attached and investors still get paid.

In fact …

- It doesn't matter if any gold is ever produced from the property. ***Investors can still potentially get paid!***

Why? It all has to do with the way ***Gold Cash Flow Contracts*** are structured. Unlike an options contract that gives holders the right to purchase an asset at a specified price, for a specified duration of time, but can also expire worthless…

Gold Cash Flow Contracts are valued relative to the property's reserve and resource reports, as well as its potential future cash flows.

This means that aside from instances of fraud – or the price of gold dropping so low that the property is unprofitable to mine (known as ***"impairment"***) – the ***Gold Cash Flow Contracts*** have the potential to retain value.

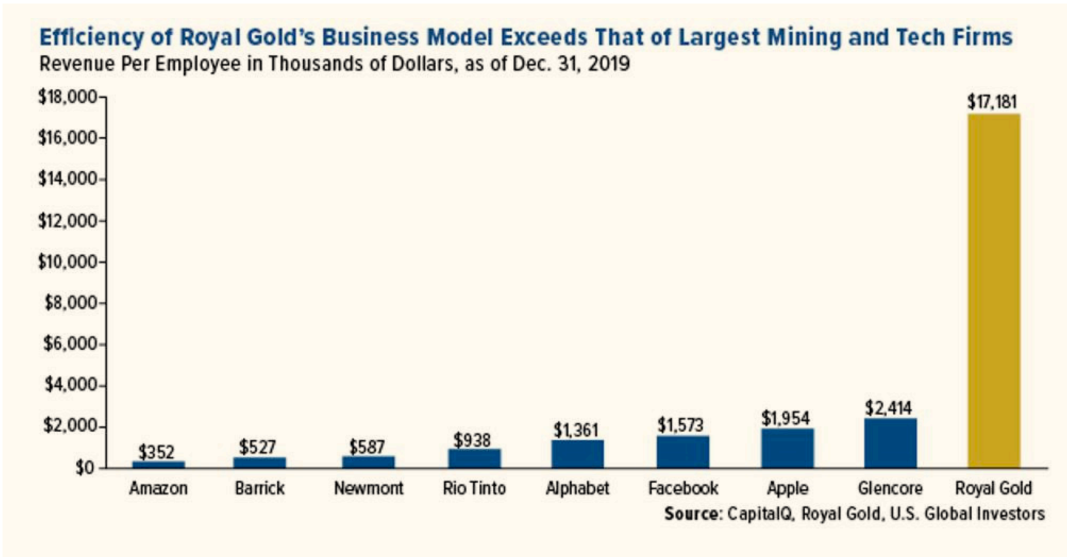
To be clear, all investments carry some sort of risk. ***Gold Cash Flow Contracts*** are not a sure thing, and there is potential for the loss of some or all of the principal invested.

However, this financing strategy creates a compelling value proposition for shareholders in the current macroeconomic environment: **downside protection, cash flows, and significant potential upside.**

More revenue per employee than every S&P 500 group according to Value Walk in October 2021.

For example, in 2019, Royal Gold – one of the world's leading precious metals stream and royalty companies – generated over $499 million in revenue [source], and with just 29 employees: ***an unbelievable $17 million in revenue per employee.***

In 2019, Royal Gold generated an unbelievable $17 million in revenue per employee – many times more what some of the world's largest mining and tech firms generated on a per-employee basis.

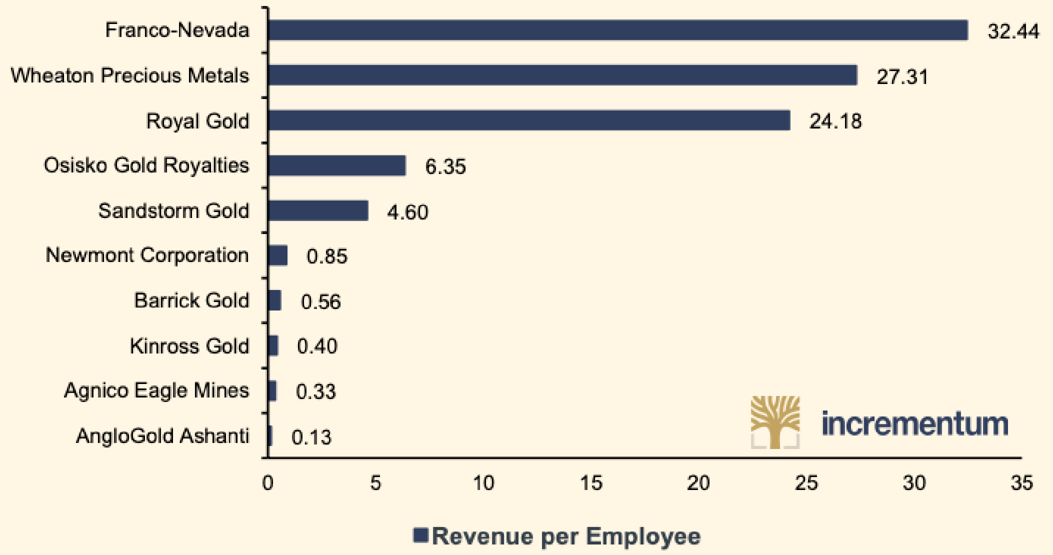


The world's biggest R&S company, Franco-Nevada, had only 40 employees at the end of 2021, while its revenue was nearly $1.3bn. This amounts to $32.4m per employee.

For comparison, the world's biggest gold miner, Newmont Corporation, had 14,400 employees and revenues of $12.2bn, or roughly $850,000 per employee.

It's a beautiful low-cost setup that – coupled with a diverse portfolio of revenue generating assets – is a large part of the reason why the R&S business model has been so successful… even when their underlying commodities have underperformed.

Revenue per Employee, in USD mn, FY2021



Source: Own processing, Macrotrends, Seeking Alpha, Incrementum AG

Embedded Optionality

For investors, R&S companies provide commodity-price leverage – known as *"Embedded Optionality"* – and exposure to the underlying commodities and price movements.

Not only would each ounce of gold produced be worth more, it could potentially bring reserves into play that weren't profitable to mine at lower gold prices... further increasing the value of the R&S contract in place.

	Operating Companies	Gold Bullion ETF	**Royalty Companies**
Leverage to Gold Price	✓	✗	✓
No or Limited Exposure to Operating Costs	✗	✓	✓
No Capital Costs	✗	✓	✓
Exploration & Expansion Upside At No Extra Cost	✗	✗	✓
Highly Diversified Asset Portfolio	✓	✗	✓
Ability to Grow without Increased Management	✗	✗	✓
Low Overhead Costs	✗	✓	✓

Royalty companies provide attractive leverage to gold

This means if gold prices go up, profits could be substantial.

Not only would each ounce of gold produced be worth more, it could potentially bring reserves into play that weren't profitable to mine at lower gold prices... further increasing the value of the R&S contract.

According to David Cole, CEO of EMX Royalty Corporation in a 2021 interview with Cambridge House International:

> *"[Gold Cash Flow Contracts] are fantastic financial instruments because of that* ***embedded optionality,*** *commodity optionality, price optionality... but more important is discovery optionality.*
>
> *Other types of optionality people don't think about is the establishment of more infrastructure, cheaper electricity, advancement of metallurgical technologies, engineering technologies.*
>
> *All of which are to the benefit of the [investor] because it* ***increases the resources in the ground, increases the reserve, increases production over time, at no cost to the royalty holder.***
>
> *It's those aspects of embedded optionality – like on the Carlin Trend and some of the first [Gold Cash Flow Contracts] Franco Nevada acquired – would be preeminent examples of those optionalities all coming in to help them multiply and win in a huge way."*

This means if the mining company uses funds to expand the resources and reserves, the value of the ***Gold Cash Flow Contracts*** goes up.

If the price of gold goes up, every ounce of gold mined is worth more, and the value of the ***Gold Cash Flow Contracts*** goes up.

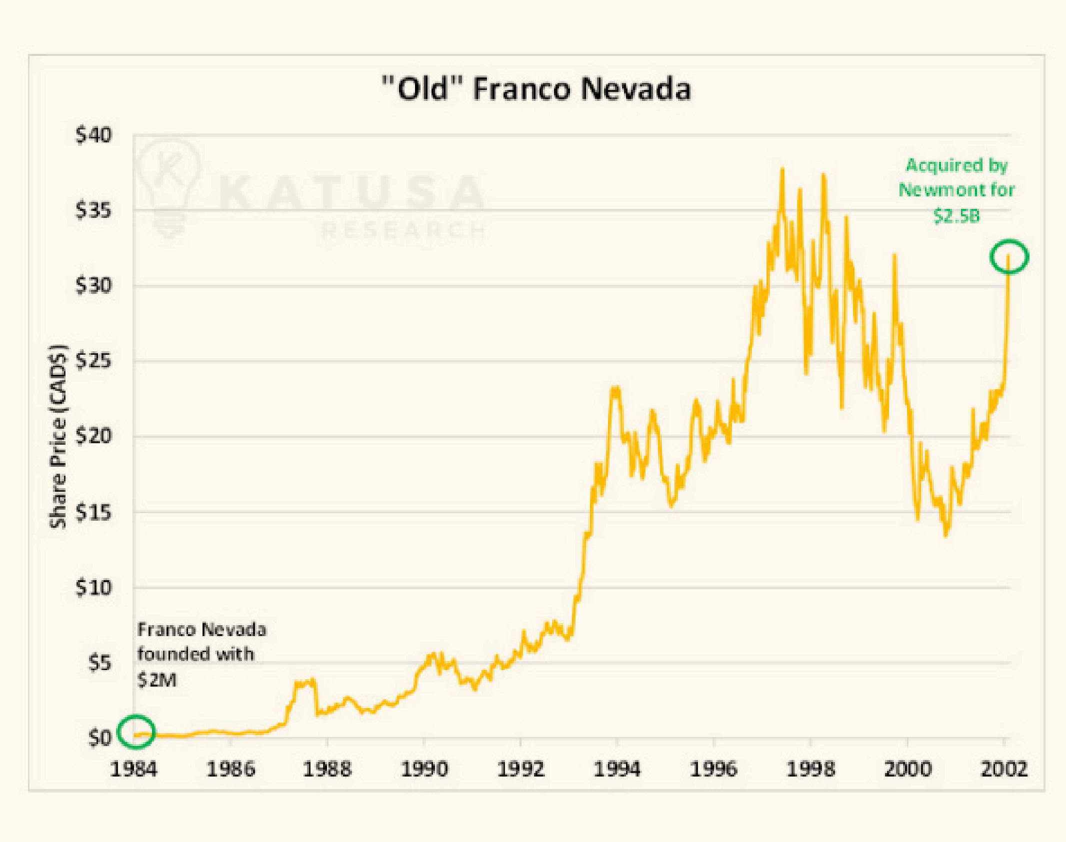
And if the higher gold prices – combined with new mining technologies – can bring reserves into play that weren't profitable to mine at lower gold prices… the value of the ***Gold Cash Flow Contracts*** goes up.

That's exactly what happened in 1985 when Lassonde made the first ever ***Golden Cash Flow Contract***.

Lassonde made a $2m bet – roughly half of the cash in treasury – to acquire a 4% royalty on the Goldstrike mine (which is still in production today). Today, that single investment has produced $800 million in revenue and is expected to make $1.2 billion in total profits… an astronomical 59,990% return. [source]

This single ***Golden Cash Flow Contract*** served as the foundation for one of the best performing "gold stocks" in history; Franco-Nevada delivered a 15,614% return over 18 years for its shareholders… while gold returned essentially 0% over the same time frame.

"Old" Franco Nevada's incredible rise from CAD$0.21 per share and a market capitalization of CAD$2 million, to the eventual buy out by Newmont for CAD$2.5 billion at over CAD$33 per share – a 15,614% return in 18 years!



According to Lassonde in a 2021 King World News interview:

> *"We grew the company at 36 percent compounded for 19 years in a row.*
>
> *Even Warren Buffet doesn't have a record of 36 percent per year compounded."*

When asked about the success of Franco-Nevada and its business model, Pierre Lassonde responded:

> *"We get a free perpetual option on the discoveries made on the land by the operators, and we get a free perpetual option on the price of gold.*
>
> *It's the optionality value of the land, the value of the operator spending money on our land, and the optionality to higher gold prices. And that is worth so much money.*
>
> *When you buy a stream, on the other hand, you get price optionality. You're buying, say, 100,000 ounces of gold for the next 25 years. So you get optionality on the price of the commodity, but you don't get much optionality on the land."*

Put another way; They were able to secure a ***Golden Cash Flow Contract*** on promising properties… got "lucky" on the embedded optionality portion of the play… and leveraged that success into more success.

That's why McKinsey recently wrote…

> *"While the growth in private debt and equity has been below expectations, one form of alternative financing that has blossomed has been [Gold Cash Flow Contracts].*
>
> *Expansion in this form of alternative financing, coupled with increasing focus on growth by management teams, leads*

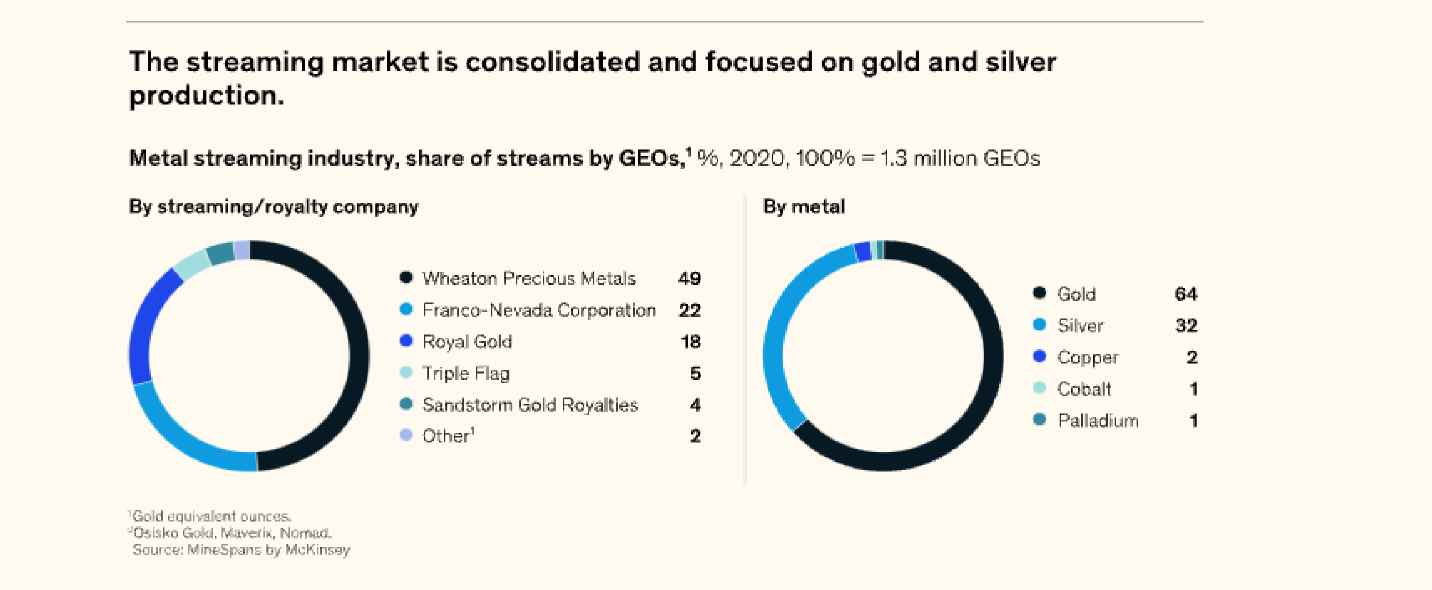
> *us to believe that* ***[Gold Cash Flow Contracts are] poised for strong growth over the next decade."***

Which might lead you to ask the obvious question…

If this is such a good strategy, why isn't everyone doing this?

According to an April 2021 report from McKinsey & Company…

> *"Different reasons exist for sellers to enter into streaming and royalty contracts, but these are usually related to market capitalization and project development status.*
>
> *In the case of large and midcap miners, the decision to enter into streaming-and-royalty contracts has historically been driven by the need to improve balance-sheet leverage; for small and junior miners, the decision is usually motivated by the need to fund the development of a specific project.*
>
> *The current structure of the streaming-and-royalty sellers market is quite fragmented:* ***the top five sellers represent about 50 percent of the market, while small and junior miners make up 25 to 30 percent of the total market. – source?***
>
> *Today, the top three buyers — Wheaton Precious Metals, Franco-Nevada Corporation, and Royal Gold — represent approximately 80% of the total value of streaming-and-royalty contracts as defined by volume of gold equivalent ounces (GEOs).*



However, the majors are mostly interested in acquiring R&S contracts on larger producing mines. And these assets are in high demand, and are difficult to acquire at favorable valuations.

According to David Cole, CEO of EMX Royalty Corporation, in a 2021 interview with Cambridge House International:

> *"In the early days, royalties were created by prospects who would sell their properties and keep a cut off the top of production in the future.*
>
> *That has evolved where the big royalty companies have become financing institutions. They are providing financing via royalties and streams – which are similar financial instruments – to finance the advancement of production.*

Mr. Cole also admits that buying ***Gold Cash Flow Contracts*** is a tough business. Plenty of investors are aware of the many benefits they carry, and as a result, the "blue chip" contracts on large producing mines trade at premiums.

But NGLD isn't looking to compete against these major players for the "blue chip" contracts.

According to NGLD management…

> *"It's really expensive to buy a fully "de-risked" income stream that comes from a producing mine.*
>
> *That's why we're looking to capture the up and coming supply before they become the next blue chip contracts.*
>
> *Nevada Canyon's focus will be acquiring royalties on **smaller producing properties, pre-production, exploration or pre-resource properties**, creating a royalty package by aggregating them under one roof, and selling the consolidated package."*

At first glance, targeting smaller and earlier stage properties carries substantially higher risk.

However, for investors looking to generate outsized returns…

NGLD's approach is to look for speculative investments that have misunderstood – and therefore, mispriced – risk factors.

That's why Nevada Canyon Gold Corporation is targeting small properties in the State of Nevada that have:

- Existing resources and reserves,
- Development on the properties has happened in the past, or is in progress now, and
- Potential to expand resources and reserves by 1m+ GEOs

Why? Because there are so few competitors, management believes they're in a position to negotiate ***Gold Cash Flow Contracts*** that could be sold for at least what they paid for them …

And if done correctly, they have the potential to generate excellent risk-adjusted returns

Market Summary

Interest rates, deflation/inflation, and sentiment all have an impact on the price of gold in the short term. However, it is management's opinion that the price of gold will continue to rise over the next 3-5 years.

For this reason, management believes this presents what could be a perfect setup for R&S companies, thanks to their opportunistic nature.

If gold prices go down in the near term, this provides an excellent entry point to secure valuable royalties at competitive rates. If they continue to climb, it means there could be a significant upswing in the price of gold that might pay R&S investors handsomely.

While you certainly could choose to invest in any of the ~20 precious metals R&S companies currently trading in public markets...

From a purely mathematical standpoint, the upside potential of a small company (like NGLD) is far greater than an established major. **For investors looking for a speculative R&S opportunity, we'd like to present for your consideration...**

Nevada Canyon Gold Corporation

Unlike other R&S companies that target large producing mines, NGLD believes they've found a viable opportunity in financing smaller properties in the production or pre-production stages.

NGLD plans to stake and/or assemble drill-ready land packages for mining companies to explore and develop, then sell those claims while retaining a royalty.

This strategy can bypass risk, the expense of exploration programs, and/or large production capital costs, while keeping overhead low.

NGLD will also seek to option exploration properties to mining or exploration companies for staged payments to the Company, while retaining a royalty.

Shareholder value is highly leveraged to the price of gold. As prices increase, management sees the opportunity for growth in…

- the value of the properties,
- the cash flow from the portfolio's ***Gold Cash Flow Contracts*** ,
- equity investments in mid-tier/junior companies, and
- a higher market valuation (i.e., re-rating) a growing royalty portfolio, as it scales in size.

This multi-level business model offers a significant improvement to the typical project-generator/joint-venture model. It allows the Company to maintain a large property portfolio, while generating significant deal flow.

Management indicates they have "vast contacts within the mining industry, and extensive experience in mineral property acquisitions and divestitures, with over 30-years experience operating in Nevada."

Management also believes this gives them the unique ability to assemble valuable land packages near producing mines, which can then be sold to the mine operators, while retaining a life-of-mine royalty.

NGLD's Underwriting Model

For investors seeking promising mineral deposits, the best place to look is near other existing deposits. According to Mitchell Krebs, President & CEO of Coeur Mining in Global Business Report on Nevada Mining 2022…

> *"Within an extractive industry, every day that you mine you deplete your asset base. Unless you invest in replacing what you mine, by definition you are shrinking your business. We invest not only to replace what we mine but also to expand our resource base to drive a longer mine life.*
>
> *When a company has invested hundreds of millions of dollars into mining infrastructure, and worked to create a good climate within the local economy, it is advantageous to build upon this base rather than start anew.*
>
> *We believe the best way to do so is by continuing to drill around existing infrastructure, and we allocate 85% of our exploration investment into the areas surrounding our existing operations.*
>
> *By combining our commitment to exploration with larger infrastructure that enables us to capture the economies of scale, we are seeking stronger business outcomes"*

For these reasons, NGLD looks for promising small properties that are near larger producing mines.

Depending on where in the asset life cycle the deposit is, management can determine how to properly structure ***Gold Cash Flow Contracts*** in effort to provide a "win-win" for all parties involved.

Broadly speaking, there are three main types of *Gold Cash Flow Contracts* (of which the same property could have multiple contracts at the same time, or sequentially, as it moves through its development)

Royalties

Management acquires and divest royalty interests from both companies and individuals, then packages them to command a higher combined valuation.

Management then seeks to sell the higher valuation royalty packages to larger royalty companies, creating a nice profit margin in the process.

Streaming

Precious metal streams are obtained by providing capital to protect operators and explorers by selling the Company a portion of their current or future precious metal production.

The capital provided is used for funding exploration work, mine development, construction, or expansion... all without incurring dilution to their share structure, or debt to their balance sheets.

Exploration Accelerator

Management looks for undervalued or distressed mineral exploration properties and provides investment capital, along with its geological and engineering expertise.

Royalty Value by Development Stage

Production

1% (NSR) royalty on 1m oz Gold deposit of a producing (Mine) property has a current market value of approx. $9m or 50% of the total gross value (10,000 oz's @ $1900 oz = $19m).

Pre-Production

1% (NSR) royalty on 1m oz Gold deposit of a pre-production (fully permitted) property value is approx. $1m in a combination of cash and Nevada Canyon share equity.

Exploration

1% (NSR) royalty on 1m oz Gold resource, exploration property is approx. $500K in a combination of cash and Nevada Canyon share equity.

Pre-Resource

1% (NSR) royalty on 100K oz initial Gold resource (1000 oz's), exploration property is approx. $50K in a combination of cash and Nevada Canyon share equity. (Potential initial value of 1000oz @ $1800 oz = $1.9m)

Management then looks to add value to the projects by increasing the geological potential of the properties. If the project proves viable, management sells the property to other mining companies, ideally for a profit… without all the large capital expenditures incurred by the exploration company.

As a bonus, NGLD can create – and retain – a royalty (or stream) on the property.

But there's one major problem that has to be solved to unlock this opportunity: deal flow!

For investors looking to buy ***Gold Cash Flow Contracts*** , the five biggest problems are…

- Locating properties with known mineral assets,
- Understanding what work has already been perform on the property, and what resources and reserves they have in place,
- Predicting the future potential of the property to determine potential upside
- Determining who owns what on the property, in order to make an offer
- Negotiating a contract at – or below – fair market value, ideally using stock as payment, in order to be efficient with cash reserves

In countries like Canada, there's a national database of claims that makes it relatively straightforward for investors to find information…

In order to keep mining claims active and in good standing, claimants must file an "assessment report" describing any exploration – and its costs – each year. If they don't, the claim will be forfeited.

However, the U.S. doesn't require this level of reporting.

According to the Bureau of Land Management (BLM) – a division of the U.S. Department of the Interior, responsible for managing one in every 10 acres of land in the U.S., and approximately 30% of the nation's minerals...

> *"Claimants are required to pay an annual maintenance fee on or before September 1 of every year to continue to hold their mining claim, mill site or tunnel site.*
>
> ***Paying the maintenance fee replaces the requirement of performing annual assessment work on your mining claim."***

At the time of writing, investors can find data on 244,492 active, filed, and submitted mining claims, within the state by using the Nevada Division of Minerals Open Data Site.

However, these records don't necessarily require complete – or accurate – information.

Why? Because all of that data isn't stored online in digital format. It's stored in paper records at the ***county recorder's office, county clerk's office, or borough office***.

The end result? Finding quality ***Gold Cash Flow Contracts*** – that can be acquired at, or below, fair market value – can feel like looking for a needle in a haystack.

According to NGLD management…

> *"This takes people and connections to make the business model work. And to do that, you need boots on the ground in Nevada."*

Together, NGLD's Management team has a simple strategy for creating shareholder value:

> *"We start by purchasing an options contract on promising properties that need financing.*
>
> *A high majority of these will not produce returns. However, a small portion will move up the risk curve and we expect them to provide a significant return on capital invested.*
>
> *This means we can get a seat at the table of these properties… get a multi-year look at the property while it starts to play out… and buy into only the best ones, once they've proven themselves."*

And the team has already proven they can turn small investments into promising **Gold Cash Flow Contracts**.

Case Study: The Olinghouse Project

For example: On December 21, 2021 NGLD announced they had signed an exclusive ***Option to Purchase*** agreement to acquire a 1% net smelter returns royalty (NSR) on the Olinghouse Project.

The historic geologic resource contained ***695,128 ounces of gold*** at an average grade of 0.0381oz/ton gold at a 0.01 oz/ton cut-off. The property has had no modern exploration since the Alta Gold bankruptcy in 2000.

Assuming Gold at ~$1,900 an ounce, if all 695,128 ounces of gold were produced and sold at this price, it would represent a total metal value of $1,320,743,200

This means a 1% royalty would be worth $13,207,432 in total potential lifetime earnings.

To exercise their *Option to Purchase*, NGLD would need to provide:

1. An initial cash option payment of $200,000 upon execution of the definitive agreement. [currently paid]

2. $2,000,000 which can be paid by NGLD in either cash, or 2,000,000 common shares [share purchase assumes 10-Day VWAP Calculation is more than $1.25 per share].

Put another way, for a total investment of ~$2.2 million, NGLD can acquire ~$13.2 million in potential future cash flows assuming gold is at or above $1,900/oz.

If the mine was fully operational, a ***Golden Cash Flow Contract*** could be valued at up to 75% of the estimated future cash flows (known as the ***"discount rate"***).

Note: *The assumed discounted rates, as discussed herein, have been prepared internally by NGLD management, using various industry comparative standard comparatives such as, but not* *limited to, discounts for: Discovery Risks to reach Economic Viability, Land Position (Infrastructure Risk), Long Development Schedule, Environmental and Permitting Risks, Operator Financing Risk, Production Schedule, Resource Quality, and Net Recoverable Gold. Actual results could differ significantly, due to several factors outside of NGLD management's control.*

If this contract were valued at a 75% discount, NGLD would effectively generate a ***450% profit, once the option is fully exercised.***

However, because the Oilinghouse is not currently producing – but has a proven history of production – management believes the fair market value of this contract to be valued at 25% of the estimated future cash flows.

Gold @ $1,900/oz			
Baseline	Discount Rate (Assumes 1% NSR)		
Ounces	25%	50%	75%
695,128.00	$3,301,858.00	$6,603,716.00	$9,905,574.00
Investment	Return on Investment		
$2,200,000	150.08%	300.17%	450.25%

This means the ~$2.2m invested could be worth an estimated $3.3 million – ***a 150% return on investment, once the option is fully exercised and assuming market conditions above.***

This doesn't take into account any expansion of the proven gold resources!

This means this specific contract could potentially see a significant increase in value, thanks to a combination of two factors:

1. Future drill results could expand the resources and reserve estimates, increasing the potential future cash flows.

2. As the mine moves closer to production – and then into production – the discount rate could climb from 25% towards 75%.

Management's financial model suggests that if all Gold is sold at an average of $1,900/oz, ~1m of additional ounces of resources are discovered, and the property goes into full production…

The initial $2.2m investment could be worth up to $24,130,000… a 1,097% return! (see chart below for assumptions).

However, if gold prices reach some analyst forecasts of $2,500, management's financial model suggests **the initial $2.2m investment could be worth up to $31,783,650… a 1,444% return!** ***(see chart below for assumptions)***

While there is no guarantee that this specific ***Golden Cash Flow Contract*** will generate these hypothetical returns, it demonstrates how this asset may provide ***the chance at speculative upside potential, with a reasonable assumption of downside protection.***

Gold @ $2,500/oz			
Baseline	Discount Rate (Assumes 1% NSR)		
Ounces	25%	50%	75%
695,128.00	$4,344,550.00	$8,689,100.00	$13,033,650.00
Investment	**Return on Investment**		
$2,200,000	197.48%	394.96%	592.44%
(+)300,000 GEOs	Discount Rate (Assumes 1% NSR)		
Ounces	25%	50%	75%
995,128.00	$6,219,550.00	$12,439,100.00	$18,658,650.00
Investment	**Return on Investment**		
$2,200,000	282.71%	565.41%	848.12%
(+)700,000 GEOs	Discount Rate (Assumes 1% NSR)		
Ounces	25%	50%	75%
1,395,128.00	$8,719,550.00	$17,439,100.00	$26,158,650.00
Investment	**Return on Investment**		
$2,200,000	396.34%	792.69%	1189.03%
(+)1 million GEOs	Discount Rate (Assumes 1% NSR)		
Ounces	25%	50%	75%
1,695,128.00	$10,594,550.00	$21,189,100.00	$31,783,650.00
Investment	**Return on Investment**		
$2,200,000	481.57%	963.14%	1444.71%

We thank you in advance for your interest in Nevada Canyon Gold Corporation.

If you have any additional questions you'd like to ask the Nevada Canyon Gold Corporation management team, please direct all questions to the Q&A forum at the bottom of their Regulation A+ offering located here.

Sincerely,

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