MJG Capital

To:	MJG Capital Limited Partners
From:	Matt Geiger
Date:	January 22, 2024
Subject:	MJG Partnership Letter – January 2024

Below is set forth MJG Capital Fund, LP's performance through December 31, 2023.

<u>6 Month Performance</u>	
MJG Capital Fund, LP (net of all fees and expenses)	(21.50) %
S&P 500 (with dividends included)	8.04 %
S&P/TSX Venture Composite Index	(11.01) %
<u>1 Year Performance</u>	
MJG Capital Fund, LP (net of all fees and expenses)	(8.70) %
S&P 500 (with dividends included)	26.29 %
S&P/TSX Venture Composite Index	(3.05) %
<u>3 Year Performance</u>	
MJG Capital Fund, LP (net of all fees and expenses)	(25.53) %
S&P 500 (with dividends included)	33.10 %
S&P/TSX Venture Composite Index	(36.84) %
<u>5 Year Performance</u>	
MJG Capital Fund, LP (net of all fees and expenses)	179.30 %
S&P 500 (with dividends included)	107.21 %
S&P/TSX Venture Composite Index	(0.77) %
<u>10 Year Performance</u>	
MJG Capital Fund, LP (net of all fees and expenses)	169.56 %
S&P 500 (with dividends included)	211.49 %
S&P/TSX Venture Composite Index	(40.66) %
<u>Performance Since Inception (9/1/11)</u>	
MJG Capital Fund, LP (net of all fees and expenses)	(11.77) %
S&P 500 (with dividends included)	397.30 %
S&P/TSX Venture Composite Index	(69.46) %

Note: All returns for MJG Capital partners are estimated and subject to the completion of an audit at a future date. The returns for each limited partner may vary depending upon the timing of their individual contributions and withdrawals.

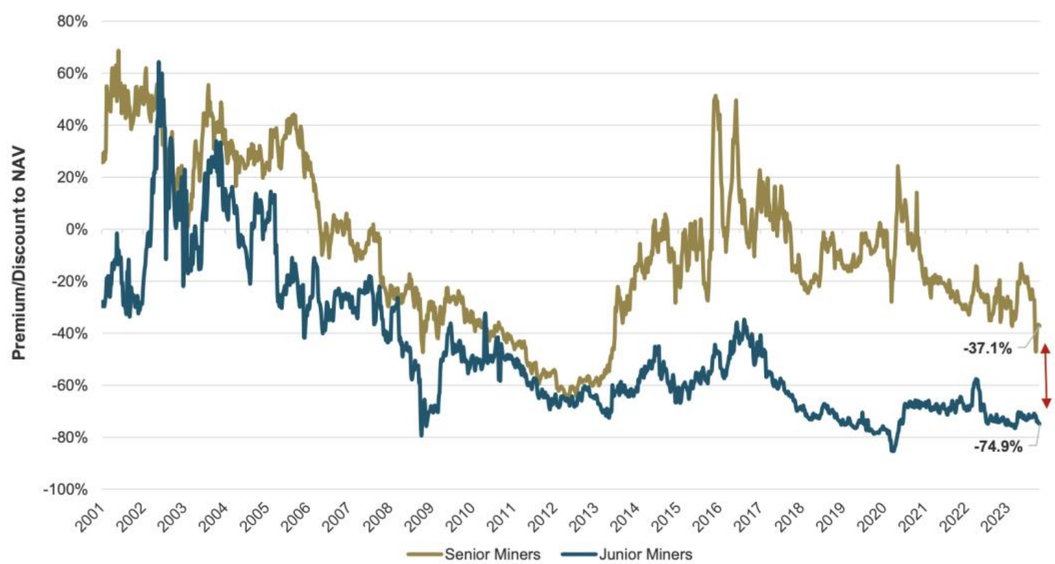
Introduction

The MJG partnership was formed roughly twelve years ago, with returns detailed on the previous page. The S&P 500 represents the alternative investment of choice, while the TSX Venture is the closest proxy to the universe of resource equities that fits the MJG investment mandate.

For the MJG partnership, the year 2023 can best be described as a tale of two halves. The front half of the year went splendidly, driven largely by a handful of outperforming positions in what was otherwise a listless junior mining market. Through the end of July, the MJG partnership's performance was neck and neck with the surging S&P 500.

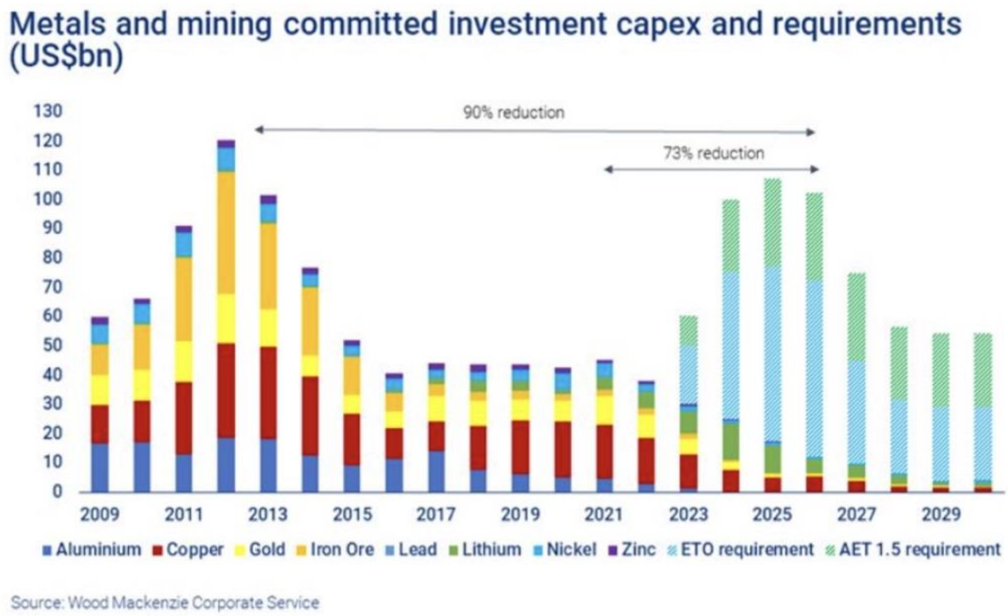
The tables turned however in the period between early August and late November, as the gains for the year evaporating entirely over the course of 120 days. This is despite the MJG partnership holding a double-digit cash position for much of this period (until we began deploying into the carnage starting in mid-October). This period can be characterized as a rush for the exits in early-stage mining equities, with investor sentiment reaching levels as despondent as in any period we've seen since the very depths of the 2011-2015 bear market.

Somewhat curiously, metal prices as well as the share prices of major mining companies largely held their ground over this same four month stretch. The share prices, for instance, of major miners BHP, Rio Tinto, Vale, Fortescue, Barrick, and Angico Eagle each exited November at higher levels than they were trading on August 1st. The gold price increased roughly 7% over the period, flirting with all-time highs as November drew to a close. Meanwhile, the price of copper – to which the MJG partnership has more exposure than any other metal – declined by a benign 1.5% over this stretch.



Source: BMO Capital Markets, FactSet. Data as of 9/22/2023. "Junior" gold mining companies generally have market capitalizations under $500 million, and are considered riskier than larger, "senior" gold mining companies which generally have market capitalizations greater than $500 million. **Past performance is no guarantee of future results.**

This brings us to a fascinating juncture as we head into 2024. As illustrated in the chart above courtesy of BMO and Sprott, junior mining equities are among the cheapest they've been on a NAV basis relative to their senior counterparts since the turn of the century. At the same time, the pain inflicted over the course of 2023 leaves investor sentiment towards the juniors as sour as we've seen it since late 2015. Bundle these two factors with nearly a decade of underinvestment across the metals complex at large, and one could hardly manufacture a more promising set up for 2024 – let alone the next number of years.



There is one potential fly in the ointment, however, and it's the euphoria currently exhibited across broader financial markets. A proper financial panic, which tends to follow such periods of euphoria as night does day, could serve to derail a resurgence amongst the juniors by perhaps another year. But should financial markets remain buoyant, one can anticipate 2024 to be a barnstormer of a year for the junior mining investors who have proven able to withstand the pain.

This letter's *Market Musings* section provides commentary on red flags to avoid when assessing the management team of an early-stage mining venture. Management is the single most important factor to consider when investing in this space.

In the *Overview of Partnership Holdings*, the MJG portfolio construction is reviewed by commodity, jurisdiction, and business model. As of December 31st, the MJG partnership held eighteen publicly traded positions and four private investments (two acquired via direct investments and two via spin-offs).

This letter's *Featured Investment* is Altius Minerals (TSX: ALS). Updates on the following partnership holdings featured in previous letters are also included: Kenorland Minerals, Bravo Mining, Star Royalties, Elemental Altus, Strategic Resources, Lara Exploration, and Sama Resources.

Market Musings

Management: Red Flags to Avoid

Management is the single most important factor when assessing an early-stage mining investment. Asset quality, valuation, company structure, pending news flow, jurisdiction, and the commodity of focus all take a back seat to this single variable. There is no shortage of examples in the long history of this industry of extraordinary opportunities being squandered by unqualified, unethical, or misaligned management teams. With this firmly in mind, the astute investor makes a practice of discarding most opportunities that cross his or her desk based solely on the people involved.

A quality management team has the following characteristics:

(a) operating within its circle of competence,
(b) focused obsessively on the task at hand,
(c) financial incentives aligned with shareholders,
(d) access to capital markets,
(e) history of value creation in previous ventures, and
(f) demonstrated track record of operating ethically.

While each of these are largely qualitative, it is incumbent on the investor to evaluate the presence or absence of the above characteristics to the utmost of his or her ability. The easiest way this can be done is for investors to simply stick with management teams that have treated them or trusted contacts well in previous deals. This is why we see the best investors in this space backing the same group of people deal after deal after deal. There are frankly no substitutes for direct experience, or the direct experience of trusted contacts.

There are however situations where one is assessing what looks like a compelling opportunity, but with a team where one does not have firsthand or close secondhand experience. In these situations, one such evaluation technique is to view management team selection as a *negative art*. In the words of Ben Graham, a negative art is "the process of exclusion and rejection, rather than of search and acceptance" where there is "no such thing as being unduly captious or exacting" in one's selection. Given the vast universe of early-stage mining investment opportunities, a false negative is always preferable to a false positive.

It is in this spirit that I've compiled, with the help of Paul Stephens, Neil Adshead, Dave Lotan, and a few other trusted investors in my network, the below list of twenty-five red flags to avoid when evaluating a junior mining management team. These twenty-five red flags fall broadly into one of the following four categories: (1) Personal Enrichment, (2) Distracted/Loss of Faith, (3) Warped Incentives, and (4) Lifestyle Company. Please note that this list is far from exhaustive and that many more obvious red flags – reams of cheap founder shares, exorbitant salaries and/or option grants, significant insider selling, compliance failures, previous illegal conduct, to name a few examples – have been excluded from the below list with an emphasis on the more obscure.

Personal Enrichment

1. A key member of management personally owns a royalty on the company's flagship project.

2. Key members of management are granted an outsized discretionary bonus for events within the company's normal course of business.

3. A key member of management receives a personal loan from the company. (Even more so if the loan is unsecured, the security is shares of the company, the interest rate is below market, and/or the term is extended several times.)

4. In the case of a spin-off, key members of management personally receive stock options and/or cheap founder shares in the spin co. (There is some nuance here, with relevant factors being whether the spin-off was warranted and whether the key players have a direct role in the management of the spin co.)

5. Management has made a practice of running cheap financings, often including a warrant sweetener, in which existing investors have been cut out of the deal. (A similar variant is modestly sized flow-through financings in late December, where the only buyers are company insiders.)

6. Management and/or board members are issued options that vest immediately.

7. Management and/or board members are issued options shortly after a private placement closes and the company's share price has declined.

Distracted / Loss of Faith

8. A key member of management assumes a management role at an unrelated company.

9. Key members of management are independently wealthy but have not made open market purchases for over a year. (There are some exceptions. One instance is where a key member of management owns over 20% of the company, or where additional share purchases would take him or her to over 20% ownership. While unlikely to persist for a full year, it's also possible that multiple extended blackout periods have prevented insider buying.)

10. The CEO relocates to a location farther from the company's flagship project than they were originally.

11. The CEO has recently gone through a contentious divorce or is in the midst of one.

12. The CEO loses a child or spouse to illness or accident.

Warped Incentives

13. The bonus structure for key members of management is tied to the company's market capitalization versus the share price.

14. Hefty change of control payments await key members of management should the company be sold. (There is some nuance here. Change of control payments should be considered alongside salary and equity ownership levels to fully determine whether incentives are warped.)

15. Property option deals and/or financings are conducted between junior companies under the same management umbrella.

16. A junior company uses the same external consultancy group for seemingly everything, including fieldwork programs, technical reports, and QP sign-offs. (This should make one question the veracity of the technical information being presented to the market and can also be indicative of kickbacks to management.)

Lifestyle Company

17. Management engages in expensive conference travel while the company has limited working capital and no pending catalysts.

18. A CEO or other key members of management insist on expensive first-class travel to conferences, roadshows, and other events.

19. There is a romantic relationship between a key member of management and another member of the company.

20. A father or mother sits on the company's board, with their child in a key decision-making role.

21. A CEO hires their child or spouse for a non-core role (often in investor relations, finance, or accounting.)

22. The company or key members of management have a clear track record of "ambulance chasing" (i.e. pivoting focus every couple of years to the latest hot commodity).

23. A company's management team and board are comprised entirely of old pals who have worked together for years. (While close personal friends can technically be "independent" under stock exchange rules, this is often not the case in practice.)

24. A company lists an excessive number of advisors, particularly those without relevant experience for the task at hand. (While somewhat subjective, this can indicate that a given company is more focused on marketing than creating tangible value.)

25. Elevated G&A and marketing budget relative to (a) market capitalization and/or (b) money put "into the ground" at the project-level. (Junior companies should be putting at least 75% of their total annual budget "into the ground".)

The presence of one or more of these red flags can be used to quickly rule out a potential investment, as well as to inform a sell decision on an existing investment. It is important to stipulate that the absence of the above does not necessarily mean that a given management team should be considered a quality group to back. For instance, there are plenty of teams that are well-incentivized and ethical with none of the above red flags but are focused on a business model, deposit-style, and/or jurisdiction far outside of its circle of competence. There are other well-intentioned teams with none of these red flags that are unable, for whatever reason, to effectively access capital markets. Such teams should be avoided as well, but for different reasons.

I understand that some of the red flags listed above may come across as overly harsh and, in a couple particular cases, even heartless. The purpose of this exercise, however, is not to pass moral judgment on those in this industry but rather to provide insight to investors who desire to maximize their odds of backing winning teams. After all, it is in the interest of the industry as a whole for capital to flow to those teams most likely to put it to good use.

Of course, the avoidance of these red flags is far from a guarantee of ultimate success in an investment; there are many additional variables to consider, while the role of chance plays an uncomfortably large part as well. But as an investor, all one can do is stack the odds in one’s favor to the best of one’s ability. Avoiding management teams with one or more of the above characteristics is a clear step that can be taken to achieve these ends.

Overview of Partnership Holdings

The MJG partnership has exposure to varied commodities, jurisdictions, and business models. As of December 31st, the partnership held eighteen publicly traded investments, four private positions (two acquired via direct investments and two via spin-offs), two sets of in-the-money warrants, and nine sets of out-of-the-money warrants (each carried at $0 for valuation purposes).

After going a full eight months without initiating a single new position, the MJG partnership was busy in Q4 2023 with three new investments over the period. Each of these was conducted via private placement, with two of the names private and one publicly traded. Up until this point, the partnership had been sitting on a double-digit cash position in wait of the next meltdown in broader financial markets. This of course has not yet occurred, which begs the question of why there was a flurry of capital deployment activity to close out the year.

The reasoning is as follows – I simply did not foresee a scenario in which the junior mining markets would crater in 2023 while broader financial markets remained intact. And yet this is exactly what has happened, with price action and sentiment as bad as we've seen it at any point since the later stages of the 2011-2015 bear market. This presented an uncomfortable dilemma on whether to plug one's nose and deploy while there was blood in the junior streets, or whether to continue to hold out for the next broader financial markets dislocation.

Clearly, the MJG partnership chose the former. Time will tell whether this proves to be a shining example of buying cheaply despite acute discomfort, or whether we jumped the gun only to see the junior market get cheaper still in the new year. The jury is still very much out. Should the broader market remain buoyant, it's not at all inconceivable for us to see a sharp rally across juniors and the mining market as a whole through at least the PDAC conference in early March. Should this occur, the emphasis will turn to rebuilding our cash position for the next rainy day.

Ultimately the MJG investment philosophy has very little to do with commodity price speculation, and everything to do with management expertise and incentivization, asset quality, company structure, upcoming catalysts, and price-to-value metrics. In essence, bottom-up investing based on company-specific fundamentals and the alignment/competence of the people involved.

With that said, we continue to monitor our exposure to specific commodities, jurisdictions, and business models to manage risk within the MJG portfolio. The partnership's portfolio construction is largely the same as it was at midyear, though our exposure to both Brazil and platinum group metals (PGMs) has moderated somewhat due to a pullback in the Bravo Mining share price in the back half of 2023. Additionally, we've seen our exposure to carbon credits double as the partnership has continued to aggressively add to its position in Star Royalties in recent months. Updates on Bravo and Star (both *Featured Investments* in previous MJG letters) are provided towards the end of this letter.

Included below is a snapshot of the MJG partnership investments as of December 31, 2023.

Allocation by Commodity	
Precious Metals	
PGMs	18%
Silver	15%
Gold	12%
Energy Metals	
Copper	21%
Nickel	4%
Vanadium	4%
Rare Earths	3%
Uranium	2%
Ag Minerals	
Phosphate	5%
Potash	4%
Carbon Credits	
Regenerative Agriculture	8%
Cash & Cash Equivalents	4%

Allocation by Jurisdiction	
Canada	28%
Brazil	23%
United States	18%
Mexico	10%
Chile	5%
Côte d'Ivoire	4%
Egypt	3%
Estonia	3%
Serbia	2%
Cash & Cash Equivalents	4%

Allocation by Business Model	
Prospect Generation	25%
Exploration	18%
Development	33%
Production	3%
Royalty/Streaming	17%
Cash & Cash Equivalents	4%

Featured Investment

Altius Minerals (TSX: ALS)

The MJG partnership first initiated a position in Altius Minerals at just below C$8.00 in April 2020 during the COVID-induced market swoon. Subsequent open market purchases have lifted the partnership's cost basis to C$10.33. Altius currently trades at C$18.54 as of January 19, 2024.

Altius Minerals is a mineral royalty company with a geographical focus primarily on Canada, the United States, and Brazil. The founder/operator team behind the vehicle has demonstrated a track record of astute capital allocation decisions over the past two and a half decades, thinking in time horizons far longer than most of its competitors. Altius also retains the capacity to organically generate mineral royalties through its prospect generation unit, providing a key differentiator to all but a few of the company's royalty peers.

While we are no strangers to royalty-focused vehicles, Altius is a bit of anomaly within the MJG portfolio – with a market capitalization an order of magnitude larger than the median partnership holding. Altius has been cash flow positive for nearly a decade now while it also pays a dividend, a trait it shares with only one other MJG holding. The company as a result is far "sleepier" than our typical investment, where an abrupt buy or sell decision may be warranted from a single news release. If the MJG limited partners and I were to go to sleep Rip Van Winkle-style for the next ten years and could only hold one name over this period, Altius would be this chosen investment.

The investment case for Altius can be summarized as follows. The company is cheap relative to its royalty peers on a P/NAV basis, despite owning a basket of mineral royalties with far longer lifespans than these same peers. At the same time, Altius at its current share price offers considerably less downside risk with just under 40% of its market capitalization covered by marketable securities. The company also benefits from two key competitive differentiators: (1) it focuses on non-precious metal royalties, a markedly less competitive sandbox than the one in which its precious metal-focused peers play and (2) as mentioned, Altius retains the ability to organically generate new royalties in a cost-effective manner due to the depth and experience of its technical team. This combination of attributes leads me to believe that on a risk-adjusted basis, there is perhaps no single vehicle better positioned for the coming commodities boom.

This *Featured Investment* begins with an overview of the company's corporate history, the background of key players, insider incentivization, financing history, share structure, and balance sheet.

Altius's diversified mineral royalty portfolio and outsized equity holdings are then described in further detail. Next, the company's current valuation is put into context relative to its precious metal royalty peers.

This *Featured Investment* concludes with the expected Altius Minerals share price catalysts over the coming years, along with some parting thoughts on the company's long-term value proposition.

Company Background

Altius Minerals was founded in 1997 by a group of geology students at Memorial University in St John's, Newfoundland. The company started out as a prospect generator, capitalizing in its early days on the staking rush surrounding the Voisey's Bay discovery in Labrador. Altius only bought its first royalty, a 0.3% NSR on Voisey's Bay itself, in 2003 for C$10 million (essentially the company's full market cap at the time). Between 2006-2009, the company successfully realized over C$160 million in proceeds from uranium assets in Labrador that Altius had staked in 2003. Altius made the transition to a proper royalty company in April 2014, when it bought eleven producing potash and coal royalties from a subsidiary of Sherritt International for C$240 million. While the company has made numerous royalty acquisitions in the decade since, the potash royalties acquired in this 2014 transaction remain the backbone of Altius to this day.

Two of the Altius co-founders, Brian Dalton and John Baker, remain integrally involved with the company's operations – with Brian having served as the Altius CEO from inception and John becoming the chairman of the company in 2006. This founder/operator dynamic is rare within the constantly evolving royalty space, and particularly so for a company that has been active for over twenty-five years. Altius has stayed true to its roots with its corporate headquarters remaining in St John's and the bulk of its management team comprised of Newfoundland natives.

Other key members of management include: Ben Lewis, the company's CFO since 2006; Lawrence Winter, a geologist who has been involved since 2006 and is currently responsible for the company's prospect generation efforts globally; Chad Wells, a geologist who has been involved since 2001 and is currently responsible for managing the company's portfolio of publicly traded equities; and Flora Wood, the company's VP Investor Relations and Sustainability since 2017. I had the pleasure of spending a few days with the executive team in St. John's this past August, providing some insight into Altius's decidedly unique culture and company ethos.

Altius also sports a sterling board of directors, comprised of a diverse array of skillsets pertinent to the mining sector. Two such examples are Andre Gaumond, a renowned Quebecois prospector and founder of Virginia Mines (sold for C$479 million in 2014), and Nicole Adshead-Bell, an experienced mining executive who most recently was a founding director of Bravo Mining (currently the MJG partnership's single largest position). In total, the company's board and management own just shy of 6% of Altius – not an insignificant figure for what is now nearly a C$1 billion company.

Beyond board and management, there are several Altius shareholders worthy of mention. Most significant is Prem Watsa's Fairfax Financial Holdings Limited, which has been an Altius shareholder since 2017 and owns just under 15% of the company through various affiliates. (Watsa is a Toronto-based billionaire and perhaps the best-known value investor in Canada today.) Edgepoint Investment Group, a

$25 billion asset manager also based out of Toronto, in turn owns just under 10% of the company. Respected mining royalty investors Adrian Day and Rick Rule have also been supporters of Brian Dalton and his team since the company's earliest days.

Capitalization Table	
Issued Common Shares[1]	47,080,737
Basic Market Capitalization[1]	$878.5 million
Cash[2, 3]	$16 million
PG Equities[2]	$44.6 million
LIORC (TSX:LIF) Equity[4]	$120 million
LRC (TSX:LIRC) Equity[5]	$50.5 million
Altius Renewables (TSX:ARR) Equity[1]	$130.6 million
Term Debt[2]	$34 million
Revolver Debt[2]	$81.6 million
Available Revolver[2]	*$93 million*

Source: Altius Minerals Corporate Presentation. January 18, 2024.

Altius sports a clean share structure with 47,080,737 shares as of January 18, 2024. (This number is subject to change due to the company's consistent NCIB share repurchases, ongoing since 2006.) In contrast to the typical junior miner, there are no warrants outstanding and only a negligible number of incentive options have been issued. For a number of years, the company did have a preferred security overhang of C$100 million stemming from Fairfax's initial investment into Altius in 2017; however, this was cleaned up in April 2022 with the Fairfax preferred securities converted into common shares.

As mentioned previously, just under 40% of Altius's current market capitalization is covered by marketable securities. After reflecting for these equity holdings and ~C$115 million in combined term and revolver debt, the company's enterprise value sits at approximately C$645 million. This compares to C$85.1 million in royalty revenue (excluding LIORC dividends and ARR royalty revenue) in 2022. If it so chooses, Altius is in the enviable position of never having to access capital markets again.

Overview of Mineral Royalty Portfolio

Altius provides exposure to twelve producing mineral royalties, seven development stage royalties, and over three dozen exploration stage royalties. In this section, we will focus on the company's four most significant royalty/streaming assets: (1) the suite of potash royalties on Nutrien and Mosaic operations in Saskatchewan, (2) the 3.7% payable copper stream on Lundin Mining's Chapada Mine in Brazil, (3) the 1.5% NSR on AngloGold Ashanti's Expanded Silicon development project in Nevada, and (4) the 3% GRR on Champion Iron's Kami development project in Labrador.

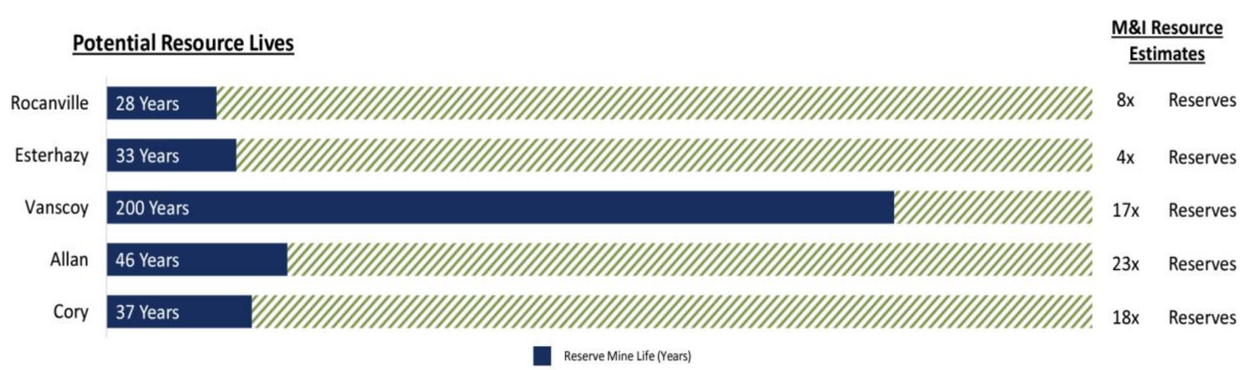
Saskatchewan Potash Royalties

Altius's cornerstone asset is a suite of revenue-based royalties covering six producing potash mines in Saskatchewan. Altius first acquired a 51% interest in the potash royalties in April 2014 as part of a larger C$233 million transaction (which also included five producing coal royalties) with a subsidiary of Sherritt International. In March 2018, Altius increased its total interest in the potash royalties to 91.3% by paying C$65 million to Liberty Metals & Mining Holdings, LLC, a party to the original transaction.

Upon the second of these transactions, the typically understated Brian Dalton could hardly contain his enthusiasm, stating in the news release that "Royalties such as these are rare and exceptional. This acquisition increases Altius's exposure to the world's premiere potash mines and to some of the best free long-term optionality to be found anywhere in the overall resource royalty sector."

These potash royalties are indeed exceptional in a few respects. The first is the strength of the counterparties, with five of the mines (Rocanville, Vanscoy, Allan, Cory, and Patience Lake) operated by the world's largest potash producer Nutrien and one of the mines (Esterhazy) operated by The Mosaic Company. For those uninitiated, these are two first-in-class western fertilizer producers with US$28 billion and US$12 billion market caps respectively. Altius gets to piggyback off these companies' exceptionally strong balance sheets and operational expertise in potash production.

The second and most significant differentiator relative to the typical mineral royalty are the extraordinarily long mine lives that characterize these assets. As seen in the below graphic, the reserve mine life ranges from 28 years at Rocanville to a full 200 years at Vanscoy. Should the M&I resources of these operations be converted into reserves at a future date, we are looking at 165 years of production at Esterhazy on the low end to a staggering 3,600 years for Vanscoy. While the term "generational asset" is criminally overused in the world of mining, it certainly applies in this case.



Source: Altius Minerals Investor Day Presentation. May 16, 2023.

Third, as a result of the extraordinary lifespans of these assets, there is the repeated brownfield expansion potential inherent to these operations – with potential future production pulled forward through capacity expansions. The last such period of serious expansion capital expenditures occurred between 2009 and 2016, when $11 billion was spent across the six mines. As a result, the market share of these six mines has grown from 17% to 25% of the global potash market over the past ten years – in a period in which potash supply itself grew by 25%. (This means that Altius now has royalty exposure to roughly 25% of global potash supply; a staggering figure given potash's importance to life on earth as we know it as one of the three irreplaceable inputs into inorganic fertilizer.)

Potash revenue comprised 40% of Altius's total royalty revenue in 2022, while analyst consensus is that the suite of potash royalties comprises roughly 32% of the company's NAV. In the Altius 2023 Investor Day, however, Dalton made a compelling case that the potash royalties alone could be worth well more than the company's current enterprise value of C$645 million under some relatively tame assumptions.

For context, the potash price has grown at a 5.8% CAGR since the turn of the century, while the analyst consensus is based on a flat long term potash price. By simply assuming (a) a 2.65% price CAGR, less than half the rate of what we've seen over the past twenty-three years, and (b) that Nutrien and Mosaic complete their signaled brownfield growth investments by 2031, the after-tax NPV_5 of the royalties is C$873 million – or more than double the median analyst consensus.

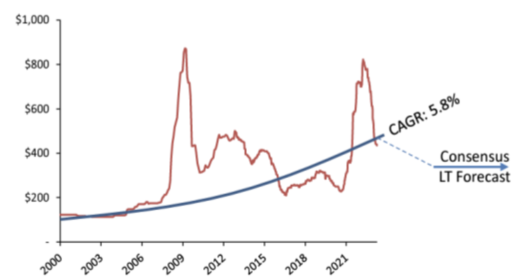
Potash Indicative Valuation Sensitivities

Asset Value

Analyst Consensus
Range: C$296 - $403 million
Median: C$379 million

Volume Sensitivities / **Price Sensitivities**

Undiscounted After-tax Cash Flow	Base Case	Growth Case
Consensus Price Deck	$2,117M	$2,117M
2.65% Price CAGR from Spot Base	$6,753M	$6,753M
5.8% Price CAGR from Spot Base	$15,757M	$15,757M
After-tax NAV5		
Consensus Price Deck	$360M	$448M
2.65% Price CAGR from Spot Base	$873M	$1,145M
5.8% Price CAGR from Spot Base	$1,609M	$2,217M



Notes: Price and volume growth scenario illustrations modelled at indicated rates until 2053 and flat thereafter - compares to current UN projected global population peak in 2086
All scenario illustrations use 33% Nutrien and Mosiac average historic Resource conversion[1] *The data and assumptions used here are for hypothetical and illustrative purposes only and do not constitute NI 43-101 compliant disclosure. The reader is cautioned and should refer to the Forward Looking Statements disclaimer*

Source: Altius Minerals Investor Day Presentation. May 16, 2023.

More aggressively, should (a) potash prices continue to grow at 5.8% CAGR in perpetuity and (b) Nutrien and Mosaic increase production at a 2.7% CAGR between 2031 and 2053 (in essence, further brownfield expansion beyond what has already been signaled), the after-tax NPV_5 soars to C$2.2 billion – or nearly six times more than the median analyst consensus.

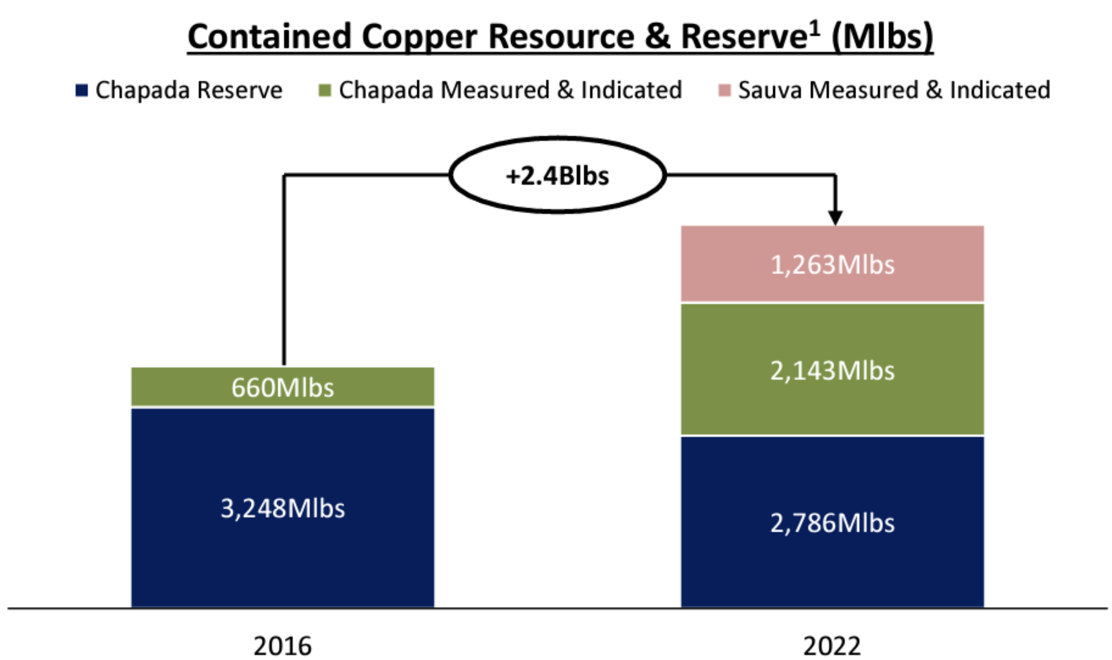
The reality is that it will take thirty years to know which of these scenarios ultimately play out. However, when compared to current analyst expectations of the value of Altius's six potash royalties (median NAV of C$379 million), the risks of a miscalculation appear to be very much to the upside.

Chapada Copper Stream

Aside from the potash royalties, Altius's most significant cash flowing asset is a stream covering Lundin Mining's Chapada Mine in Brazil. Altius acquired the Chapada stream in May 2016 for US$60 million from Yamana Gold, the owner of Chapada until the mine's sale to Lundin in spring 2019. Altius is entitled to 3.7% of the copper produced at Chapada until 75 million pounds have been received, reducing to 1.5% for the remaining life of mine. Altius pays 30% of the copper spot price for each pound received.

The Chapada stream acquisition has proved a shrewd deal for Altius on a few fronts. The first is the counter-cyclical timing of the deal, just months after the punishing mining bear market of 2011-2015 had drawn to a merciful close. (Copper at the time was trading just above $2.00 per pound.) An identical deal in today's copper-hungry royalty/streaming environment would likely fetch double this price, if not quite a bit more.

Altius has also benefited from a change of operator at the asset level. Yamana (since acquired by Pan American Silver) was a gold producer through and through, making Chapada an odd duckling within Yamana's suite of operating mines. The 2019 sale to Lundin Mining, widely regarded as one of the finest operators within the copper sphere, was a fortuitous break for Altius. Chapada is firmly Lundin's third most significant asset out of their six operating base metal mines.



Source: Altius Minerals BMO Metals & Mining Conference Presentation. February 2023.

Perhaps most significant is the resource and reserve growth that we have witnessed in the eight years since Altius purchased the Chapada stream. Remarkably, despite the mine churning out over one billion pounds of copper over this period, the Chapada M&I resources inclusive of reserves have grown by roughly 58% over this period (as of the most recent mineral resource and reserve estimate in February 2023). This growth has been aided by the Saúva discovery, first announced by Lundin in February 2022, located approximately 15 kilometers north of the Chapada ore body and well within Altius's copper stream footprint. Saúva is now being evaluated by Lundin within the context of broader Chapada expansion studies, with an illustrative chart included in Lundin's Q4 2022 results presentation suggesting the potential for a more than doubling of copper production from 2022 levels with Saúva included.

Whether or not the expansion comes to fruition, the Chapada stream will remain a core asset for Altius for many decades – affording ALS shareholders a healthy dose of copper exposure. The current life of mine plan (at 24 million tonnes per annum) suggests production through 2050 at Chapada. Consensus analyst estimates put the Chapada stream at roughly 20% of Altius's total NAV.

Expanded Silicon Gold Royalty

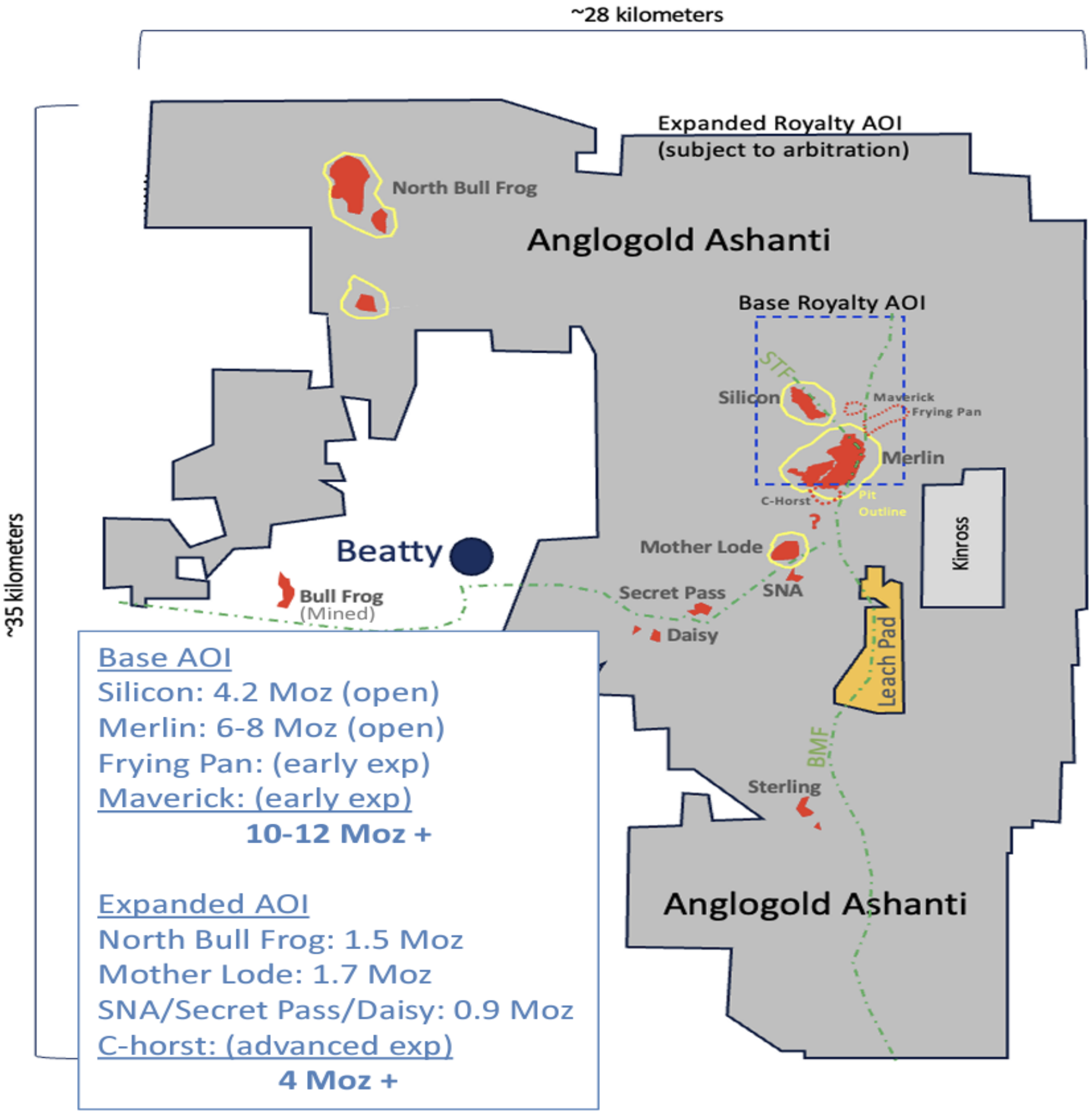
Altius's most significant development-stage royalty is a 1.5% NSR covering AngloGold's Expanded Silicon Project in Nevada's Walker Lane Trend. Given the acute focus of Altius on non-precious metal royalties, it's somewhat ironic that a gold royalty has become such as significant asset to the company. The genesis of the Expanded Silicon royalty was Altius's acquisition of Callinan Royalties Corporation for roughly US$120 million in early 2015. (Callinan itself originally acquired the Expanded Silicon royalty for a mere $250,000 in 2013.)

In the decade since Callinan's acquisition of the royalty, Expanded Silicon has become one of the most promising gold development projects globally with a combined resource of 10-12 million ounces between the Silicon and Merlin deposits alone. As noted in a recent research note from Cormark Securities, "Anglo has moved its main listing to the NYSE and its HQ to Denver (from South Africa), making clear the importance of its Nevada assets going forward (of which Silicon is the jewel)." It's simply a rare occurrence to find a gold asset of this size anywhere, let alone within one of the world's preeminent mining destinations.

AngloGold is throwing everything it has at the project, with a dozen drill rigs turning on the property today. The company is guiding for an updated resource and PEA exclusive to the Silicon and Merlin deposits within the next ninety days. A Prefeasibility Study for Silicon-Merlin (which may ultimately prove to be a single deposit) is expected sometime in 2025, with first production feasible by 2029. Meanwhile, first production from North Bull Frog (a distinct deposit in the northwest corner of the property) is expected as soon as late 2025.

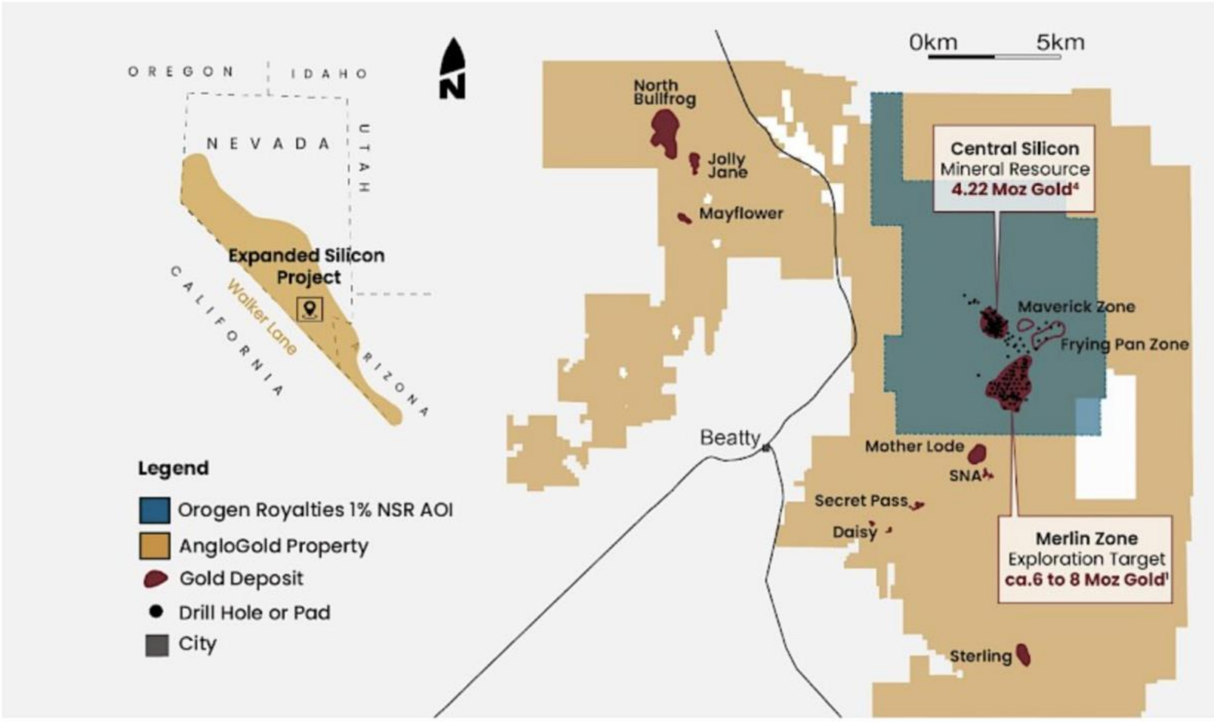
As seen in the below map, Altius's 1.5% NSR covers the entire project footprint (aside from the postage stamp claim owned by Kinross). There is however an ongoing legal fight between Altius and AngloGold over the bounds of the royalty, with a final arbitration decision expected in April 2024. It is likely that

Altius will prevail, as the royalty contract clearly stipulates that the royalty boundary is to extend to the bounds of any contiguous land package. AngloGold, however, has no downside to challenging the extent of the royalty; hence the British Columbia-based arbitration proceedings. In the highly unlikely scenario that AngloGold prevails in full, the Altius 1.5% NSR will reduce to the "Base Royalty AOI" highlighted below. This ensures royalty exposure to the 10-12 million ounces, at a minimum, held between Silicon and Merlin.



Source: Altius Minerals Investor Day Presentation. May 16, 2023.

To put the potential value of this 1.5% NSR into perspective, one can turn to Orogen Royalties (of which Altius is a 15% shareholder). Orogen itself owns a 1% NSR (as seen in the below graphic in teal) covering 97 km^2, including both the Silicon and Merlin deposits. Orogen currently has a market capitalization of roughly C$130 million, with conservatively perhaps half of the value (C$65 million) attributable to the 1% NSR at Expanded Silicon.



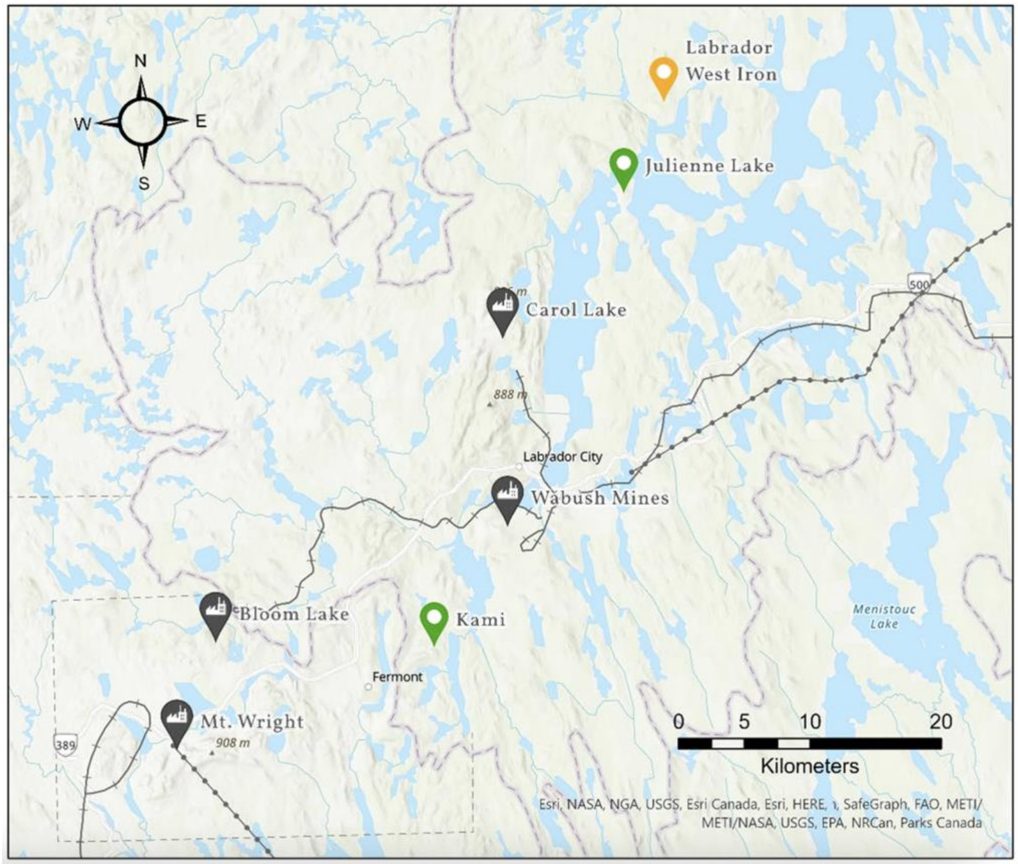
Source: Orogen Royalties Corporate Presentation. January 1, 2024.

Altius's 1.5% NSR, meanwhile, covers more than 500 km^2. Based on Orogen's current valuation, one can easily arrive at a C$195 million valuation for the Altius 1.5% NSR after adjusting for the 50% larger royalty and then doubling that number further to account for a footprint that is more than five times larger than Orogen's. In the highly unlikely scenario that AngloGold prevails in full in the arbitration proceedings, then one can reasonably assume that the value of the Altius 1.5% NSR over the "Base Royalty AOI" would be roughly equal to the Orogen 1% NSR – with the Altius royalty still 50% larger but the Orogen footprint roughly two and half times greater in this worst-case scenario.

Kami Iron Ore Royalty

A second major development-stage royalty owned by Altius is a 3% GRR on Champion Iron's Kami Project in the Labrador Trough. This royalty is a product of Altius's organic royalty generation arm, with the ground originally staked in 2006. After self-funding exploration and 6,100 meters of drilling, Altius spun out the project into a public company named Alderon Iron Ore – with Altius retaining a 3% GRR and an initial 50% equity stake in Alderon. Kami nearly reached production during the last iron ore cycle, but the project stalled after the bottom fell out of the iron ore price and Alderon declared bankruptcy in the spring of 2020.

In stepped Champion Iron in spring 2021, a C$4 billion iron ore producer who has done a remarkable job buying iron ore assets in a counter-cyclical manner and then executing operationally. As seen in the above map, Kami is only a stone's throw from Champion's flagship Bloom Lake operation. Aside from the geographical proximity, both assets are similar in their capacity to produce direct-reduced (DR) grade concentrates that can support the ongoing transition of global steelmaking towards non-coal utilizing electric arc furnace-based processes. Deposits of this kind are rare globally, with demand for DR grade concentrates set to intensify in the coming years as electric arc furnaces (EAF) increase market share (currently at approximately 30%) as a total percentage of global steel production.



Source: Altius Minerals BMO Metals & Mining Conference Presentation. February 2023.

It appears as if Kami's time has come, with the project listed on the Champion Iron website alongside Bloom Lake as a "flagship" asset and an Updated Feasibility Study expected within a matter of weeks. In a best-case scenario, Kami could see first production at an 8 million tonnes per annum run rate as soon as 2027. (This assumes a two-year construction period, with Champion Iron breaking ground at Kami in 2025.) Irrespective of the exact timing of first production, there remains the distinct possibility of the throughput doubling to 16 million tonnes per annum a few years after initial production is achieved.

Kami's historical reserve of 517 million tonnes has the potential to support a 25-year mine life at the initial 8 million tonnes per annum production rate. (It takes roughly 2.5 tonnes of ore to make one tonne of 68% concentrate). Known mineral resources add another couple of decades at least. This is a classic Altius royalty asset, with a lifespan dwarfing the typical fifteen-to-twenty-year gold mine. At current iron ore prices (and reflecting the significant premium paid for DR grade concentrates), Altius shareholders can reasonably expect US$25 million in royalty revenue per year at the 8 million tonne production rate. For context, this is a larger figure than the combined royalty revenue generated by Altius's six potash royalties in 2023.

Overview of Equity Holdings

In addition to its directly owned royalty assets, Alitus holds an outsized portfolio of marketable securities. In total, the value of these equity holdings covers roughly 40% of the company's market capitalization – a far greater figure than any of its royalty peers. Given their significance, this section will provide brief commentary on the three largest of these equity positions (Altius Renewable Royalties, Labrador Iron Ore Royalty Corporation, and Lithium Royalty Corporation) as well as the company's prospect generation portfolio. It's worth noting that, apart from the prospect generation portfolio, each of these equity holdings are in companies employing the royalty business model.

Altius Renewable Royalties (TSX: ARR)

As implied by the name, Altius Renewable Royalties (ARR) is a renewable-focused royalty company that was spawned by Altius in 2018. In essence, ARR helps fund the construction of solar and wind turbine installations in the United States in exchange for a revenue on future electricity sales – with private equity heavyweight Apollo Global Management owning 50% of the joint venture in which ARR participates. Altius owns 15,638,639 ARR shares, or approximately 58% of the company. At the current C$7.78 ARR share price, Altius's equity position is worth just over C$120 million.

In total, Altius has invested US$133 million into ARR since its founding. Altius has received flak from some quarters for deploying such a large amount of capital into ARR, rather than sticking with its bread-and-butter which is mineral royalties. It's frankly too early to say definitively whether the company's heavy deployment into ARR was a stroke of genius or a big misstep. We do know a few things however.

The first is that ARR is indisputably the first mover in financing renewable energy projects via the royalty financial instrument. In fact, it remains the only publicly traded company pursuing this specific business model. Should this mode of renewable energy financing truly take off, ARR will unquestionably be a beneficiary as the current market leader.

Second is that ARR has been a clear beneficiary of the Fed Rate high cycle beginning in March 2022, as debt financing for renewable energy projects has become markedly more expensive over the past twenty-two months. This dynamic, in concert with a cooling of equity capital available to renewable energy projects in the United States after a frenzy of excitement in 2021 upon Biden's election, has resulted in a surge of interest in what ARR has to offer.

Third, somewhat confusingly, ARR's long term prospects have less to do with the growth rate of new renewable energy projects and more to do with whether the projects that they choose to back see expanded lifespans beyond Gen 1 technology. The reality is that within 20-30 years, the projects that ARR has helped finance will see their technology become obsolete. When this occurs, one of two things can happen: (1) the solar or wind equipment can be replaced with updated technology or (2) the project can be shut down for good. The bet that ARR is inherently making is that, given the tremendous effort that is necessary to permit a renewable energy project and then connect it to the grid, the projects that they are financing will see second, third, and even fourth generation technologies deployed over the next one hundred years. Should this occur, ARR's royalty exposure will look more like an annuity – which compares nicely to the finite lifespan of the typical mineral royalty.

Fourth, it is highly likely that Altius's C$21 million investment in December 2022 will be the last investment that Altius makes into ARR. On October 31, 2023, ARR announced that it had closed a C$247 million senior secured credit financing arrangement. This affords nearly C$500 million in deployments (remember that Apollo owns the other half of ARR) before ARR needs additional capital to grow. This announcement should temper any concern that Altius will divert additional capital to fund ARR's growth.

At this point, ARR should be looked at as a long-term passive investment for Altius. Given the 58% ownership position and the conviction that the Altius brain trust has in the ARR project, this equity stake won't be disposed of anytime soon. At the same time, Altius shareholders can assume after the recent debt financing news that Altius has deployed its last cent into ARR. The real judgment day for ARR will come roughly twenty years from now when the Gen 1 technology utilized in the current investments becomes obsolete.

Labrador Iron Ore Royalty Corporation (TSX: LIF)

Altius's second largest marketable securities position is in Labrador Iron Ore Royalty Corporation (LIORC), which owns a 7% top line royalty on Rio Tinto's IOC operation. IOC is one of the finest iron ore assets globally and is similar to the Kami Project in that it produces a high-grade concentrate suitable as an EAF input. Altius owns 3,739,800 shares, or approximately 5% of LIORC. (All of these shares have been accumulated via open market purchases.) At the current LIF share price of C$32.42, Altius's stake in LIORC is worth just over C$120 million.

There isn't much to say about this equity investment other than (a) IOC fits the Altius model perfectly as a long-life, low cost, non-precious metal asset and (b) the dividends paid by LIORC, with a current yield of roughly 7.8%, is akin to an indirect royalty check on IOC operation. It seems likely that Altius will hold LIORC shares for as long as both companies exist.

Lithium Royalty Corporation (TSX: LIRC)

The third most significant equity holding is in Lithium Royalty Corp (LRC), a company that Altius funded from its very earliest days. As its name suggests, LRC is a mineral royalty company focused exclusively on lithium. LRC, which went public in March 2023, remains the only publicly traded lithium royalty company globally. Altius owns approximately 9.5% of LRC on an indirect basis through ownership in the LRC LP1 funds. This indirect ownership position is worth just over C$40 million at the current LRC share price.

LRC has proven an excellent investment for Altius, which cumulatively invested C$20 million into LRC between 2021 and 2023. Through the end of Q3 2023, LRC had returned just under C$9 million to Altius in addition to the C$40 million paper value of the indirect share ownership position. Additionally, through its investment in LRC, Altius gained direct royalty exposure to Grota do Cirillo (0.1% GRR) which reached commercial production in 2023 and has paid first royalty revenue, along with the Tres Quebradas (0.1% GRR) and Mariana (0.05% NSR) lithium projects. Tres Quebradas is expected to reach commercial production in early 2024.

Altius's plan for the equity position in LRC remains unclear. The LRC share price has declined over 50% since its March 2023 IPO, as the lithium carbonate price fell 80% over the course of 2023. Given that Altius has infinite runway if it so chooses, it seems most likely that it will wait for a bounce in the lithium price before deciding what to do with its stake in LRC.

Prospect Generator Equities

Altius also holds a basket of publicly traded companies focused on prospect generation (PG). While some of these equity positions were initiated through direct investments (via open market purchases and/or private placement participation), the bulk of the positions have originated from Altius's own PG efforts where Altius has sold projects to juniors in exchange for equity stakes and underlying royalty interests.

The most significant holding within the PG portfolio is the 15% ownership of Orogen Royalties, which comprises nearly half of the portfolio at a value of C$20 million at the current Orogen share price. (Orogen's most significant royalty asset is a 1% NSR covering the Silicon and Merlin deposits at AngloGold's Expanded Silicon Project.) This equity position, which nicely complements Altius's own royalty exposure to the Expanded Silicon Project, came about originally when Renaissance Gold – in which Altius had made a significant strategic investment – merged with Evrim Resources to become Orogen in August 2020. It is fair to expect that Altius will remain an Orogen shareholder for as long as Orogen remains a standalone company.

Orogen aside, there are sixteen equity position within the PG portfolio in which Altius also holds an underlying royalty. Examples include Champion Iron where Altius has its 3% GRR on Kami, AbraSilver where Altius has the option to purchase a 1.1% NSR at La Coipita, and Adventus Mining where Altius holds a 2% NSR at Curipamba. The PG basket also includes equity stakes in Lara Exploration and Mundoro Capital, each of which are MJG partnership holdings. The total value of the Altius PG portfolio was C$45.1 million as of year-end 2023.

Valuation

In this section, we will arrive at a fair value estimate for Altius Minerals via a sum-of-the-parts method utilizing median analyst consensus valuations. This will go to show that Altius is valued almost exactly at 1.0x NAV at its current share price, even when using analyst figures that are painfully conservative – particularly in the cases of the potash royalties and 1.5% NSR at Expanded Silicon.

We'll start with the six Saskatchewan potash royalties. As previously mentioned, these can be shown to be worth well more than the current Altius enterprise value using some relatively tame assumptions. By simply assuming a 2.65% CAGR for the potash price (which is less than half the rate of potash price increases since the turn of the century) and that Nutrien/Mosaic complete their signaled brownfield growth investments by 2031, the after-tax NPV_5 of the potash royalties is C$873 million. More aggressively, these royalty assets can be shown to be worth over C$2 billion should potash prices continue to increase at 5.8% per annum and should Nutrien and Mosaic increase production (beyond signaled brownfield expansions) by 2.7% per year between 2031 and 2053. The median analyst consensus for the value of the potash royalties is far removed from either of these numbers at C$379 million. We will use this **C$379 million** number for the sake of this exercise.

Next comes the Chapada stream, which as discussed was bought for US$60 million (equivalent to just over C$80 million at the current exchange rate) just months after the end of the 2011-2015 mining bear market. The median analyst consensus for the value of the Chapada stream is C$117 million. Even considering the depletion we've seen over the past eight years, it almost beggars belief that this stream is worth only 50% more than what Altius paid for it given that in the years since we've seen (a) the copper price nearly double, (b) the Chapada M&I resources inclusive of reserves grow by roughly 58%, and (c) a world-class operator step into the fold. Nevertheless, we will use the median analyst consensus of **C$117 million** to value Chapada.

We'll now turn to Altius's 1.5% NSR covering AngloGold's world-class Expanded Silicon Project. As touched on previously, Orogen's 1% NSR at Expanded Silicon is being valued by the market at approximately C$65 million at present. Given that (a) Altius's 1.5% NSR royalty is 50% larger and (b) the Altius royalty footprint is over five times larger than Orogen's, one can quickly arrive at the conclusion that the Altius 1.5% NSR (assuming that Altius prevails in arbitration) is worth close to C$200 million. Despite this, the current median analyst consensus for the value of Altius's royalty at Expanded Silicon is C$64 million. (One could reasonably argue that this figure would be closer to the appropriate value in the unlikely scenario that AngloGold prevails in full in the arbitration proceedings, a truly worst-case scenario.) We will use this **C$64 million** figure for the sake of this exercise.

Then there is the 3% GRR at Champion Iron's Kami Project, which in a best-case scenario could see first royalty revenue as soon as 2027. At current iron ore prices (and reflecting the significant premium paid for DR grade product), Altius would be paid approximately US$25 million in royalty revenue per year at the initial 8 million tonne production rate – with the potential for production to be doubled from there in the early 2030's. With this is mind, the median analyst consensus for the Kami royalty of **C$70 million** is far from aggressive.

In total, the median analyst consensus for these four royalty assets totals C$630 million. At current market prices, the value of the ARR, LIORC, LRC, and prospect generation equity stakes totals another C$325 million. Subtracting out Altius's net debt position of approximately C$100 million brings us to **C$855 million**, or **C$18.16 per share**.

A couple points to put this number into context. The first is that this figure assigns no value to Voisey's Bay (another cash flowing Altius royalty with a lifespan of at least another 11 years), no value to any of the dozens of pre-production royalties owned by Altius aside from Expanded Silicon and Kami, and no value to the company's prolific internal prospect generation business.

There's also the ongoing lawsuit, which has gone unmentioned to this point, against Alberta and the Canadian federal government over whether Altius is entitled compensation for the adverse impact on Altius's Genesee coal royalty of regulatory actions to phase out coal-fired power generation by 2030. (Genesee would have been a cash flowing royalty asset to Altius through at least 2055 had these regulatory actions not been taken.) While the market has almost entirely forgotten about this ongoing litigation, Altius should it prevail would receive a payout north of C$100 million for its troubles.

The second point is that royalty companies, as aficionados of the business model will be well aware, are often valued at distinct premiums to NAV. According to data from Raymond James, the six largest precious metal-focused royalty companies have an average P/NAV multiple of 1.58x – with two of these six companies currently sporting multiples above 2.0x. Given that (a) the weighted average mine life of Altius's royalty assets is markedly longer than any of these precious metal peers and (b) Altius's exposure by jurisdiction is as friendly as any of these peers, there is no question that Altius should, at the very least, be receiving this average 1.58x multiple. This would equate to a price of just over **C$28.50 per share** before Altius reaches fair value relative to royalty peers.

This is not to say that we will automatically liquidate our Altius position once the company reaches fair value. An investor mentor of mine who has made significant money trading in and out of Franco Nevada, once told me that he would have been even better served had he simply bought Franco and held on tight – irrespective of whether the stock looked fairly-priced or even expensive on an absolute or relative basis. Given the similarities in business model, asset quality, and management track record, I plan to take this advice to heart when it comes to the MJG partnership's investment in Altius. This is one of those exceptional businesses that is worth owning at a fair price.

Upcoming Milestones

Provided below are the major Altius catalysts expected over the coming few years. As can be seen, the company is not lacking in impactful news flow over the coming few months. Of the catalysts anticipated in 2024, the arbitration ruling expected in April regarding the disputed boundary of the 1.5% NSR at the Expanded Silicon Project has the greatest potential to move the Altius share price in the near term.

- Updated Resource + PEA at Silicon-Merlin (1.5% NSR) from AngloGold **by end Q1 2024**

- Feasibility Study at Kami Project (3% GRR) from Champion Iron **by end Q1 2024**

- Final arbitration ruling regarding royalty boundary at Expanded Silicon Project **by end April 2024**

- First royalty revenue at Tres Quebradas (0.1% GRR) from Zijin Mining **by end Q2 2024**
- First royalty revenue from North Bullfrog (1.5% NSR) at Expanded Silicon Project **by end 2025**
- Prefeasibility Study at Silicon-Merlin (1.5% NSR) from AngloGold **by end 2025**
- First royalty revenue at Kami Project (3% GRR) from Champion Iron **by end 2027**
- First royalty revenue from Silicon-Merlin (1.5% NSR) at Expanded Silicon Project **by end 2029**

Conclusion

As we conclude this *Featured Investment* write up, let's summarize what Altius is not. Altius is not a Ben Graham "cigar butt", nor is it a binary bet on a pending catalyst. Altius is not a vehicle to speculate on a price increase in a given metal or commodity. Altius is not a company that is likely to be taken out at a premium by a larger peer anytime soon. Nor, unlike many MJG partnership holdings, is Altius a company that provides 3-5x upside over the next couple of years should everything go to plan.

Altius instead is the quintessential compounder, with a portfolio of royalty interests that will outlive anybody reading this and a founder/operator team who (a) understands the value of what the company has and (b) is intent on not screwing things up. Altius is set with its current asset base for the coming decades, whether or not the company ever again makes an additional royalty acquisition or generates a new royalty of value from its internal prospect generation unit. This is a rare vehicle indeed in the notoriously fickle and capital-intensive world of commodity equities.

As discussed, the Altius share price could jump nearly 60% from current levels before the company reaches the average P/NAV multiple assigned to its precious metal peers. But this misses the broader point. Altius is not a name for highly valuation-sensitive investors, instead it is the type of company that should be tucked away into an investment portfolio and left to its own devices. Even more so than the typical mineral royalty company, time is very much on the company's side.

Featured Investment Updates

Over the course of previous MJG partnership letters, *Featured Investment* write-ups have been included for twenty-five different companies. These provide current and prospective limited partners a glimpse into the MJG portfolio, while also giving insight into the methodology utilized to identify undervalued securities. The MJG partnership remains invested in seven of these companies, with updates included for each of these below.

At the end of the section, the *average cost per share* and *exit price* is provided for legacy MJG holdings featured in previous partnership letters.

Kenorland Minerals (TSXV: KLD)

Featured In: **January 2023**
Average Cost Per Share: **C$0.59**
Current Market Price (January 19, 2024): **C$0.78**

Kenorland Minerals was featured in the most recent MJG partnership letter. The company has been a MJG holding since a February 2020 financing at C$0.25 while the company was still private. Participation in a subsequent financing, as well as open market purchases as recently as late December 2023, has increased our cost basis to C$0.59 per share.

With one significant exception, the Kenorland value proposition remains very similar to the one outlined in the most recent MJG partnership letter. The company's enterprise value of C$22 million continues to compare very favorably to the approximately C$19 million in partner-funded expenditures expected across the company's suite of projects in 2024. Potential downside remains relatively muted compared to the typical junior company, with nearly 60% of the KLD market capitalization covered by cash and marketable securities. Kenorland is afforded a healthy five years of runway, assuming the C$5.5 million sole-funded exploration budget expected in 2024 becomes the new normal. And the company's board and management remain very well-incentivized at 14% ownership, with this number increasing to north of 30% with insider John Tognetti included.

Just last week, however, Kenorland provided a material announcement that has changed its value proposition for the better. Up until this point, the company's most valuable asset was a 20% interest in the Frotet Project in Quebec (which I was able to visit in person this past August). While Frotet is a relatively recent gold discovery, it appears on its way to becoming a mine later this decade or early next due to the combination of grade, size, metallurgy, and location coupled with the deep pockets of partner Sumitomo Metal Mining Canada.

The problem for Kenorland is that its 20% contributing project-level interest has been viewed by many in the market as more of a liability than an asset. And to be fair, it's not entirely unreasonable to question (particularly in a depressed junior market) whether Kenorland would be able to fund its 20% share without incurring significant equity dilution as the project is pushed forward towards production in the coming years.

This all changed on January 16th when CEO Zach Flood announced that Kenorland's 20% project-level interest had been swapped for a 4% NSR (with a C$13 million buydown to 3.25%). The KLD share price reaction said it all, with the company trading up nearly 25% on the day of the announcement. The deal is beneficial for Kenorland in a couple of respects. The first is that, from this point forward, Kenorland will not have to stump up another cent towards the advancement of Frotet. Funding the project now falls entirely on Sumitomo, which is now the 100% owner of the asset. The second is that a royalty is a far more marketable financial instrument than a project-level stake, which means Kenorland will be able to realize markedly more value if/when there's a decision to sell either the Frotet royalty on its own or the company as a whole.

This is a hugely positive development for Kenorland no matter how one slices the news, and it begs the question why Sumitomo consented to such a deal. There are a few possible reasons. The first is that Sumitomo now owns 100% of the asset and no longer needs to navigate the complexities of working with a minority partner. The second is that Sumitomo has a long-term relationship with Kenorland as the company's partner of choice, which includes existing deals at the O'Sullivan and Chicobi projects (both also in Quebec) as well as the potential for future deals. And third, it certainly helped that Sumitomo is a Kenorland insider and second largest shareholder at 10% of the company.

With the Frotet royalty swap completed, Kenorland can now turn its attention to realizing value elsewhere in the portfolio. In the coming twelve months, the company expects partner-funded drill programs at a minimum of four different projects to which it has exposure (O'Sullivan, Chicobi, Rupert, and Sakassou). With the recent royalty swap ensuring that Kenorland will no longer need to budget for Frotet, the company is also embarking on its most aggressive year to date in terms of sole funded exploration – with C$5.5 million earmarked for its 100%-owned project portfolio over the course of 2024.

Included below is a summary of the milestones expected in 2024. There also remains the distinct possibility that Kenorland further monetizes and/or partners out additional projects from its 100%-owned portfolio. With this said, at the current stage of the company's lifecycle, Kenorland can afford to be particularly selective on both the partners that it chooses to work with as well as the deal terms that it chooses to consent to.

- Drill results (11,300 meters) at Frotet from Sumitomo **by end Q1 2024**
- Drill results (5,000 meters) at Rupert from Li-FT Power **by Q1 2024**
- Drill results (10,000 meters) at Sakassou from Koulou Gold **by end Q2 2024**

- Sonic drill results (75 holes) at Chicobi from Sumitomo **by end Q2 2024**

- Drill results (4,000 meters) at O'Sullivan from Sumitomo **by end 2024**

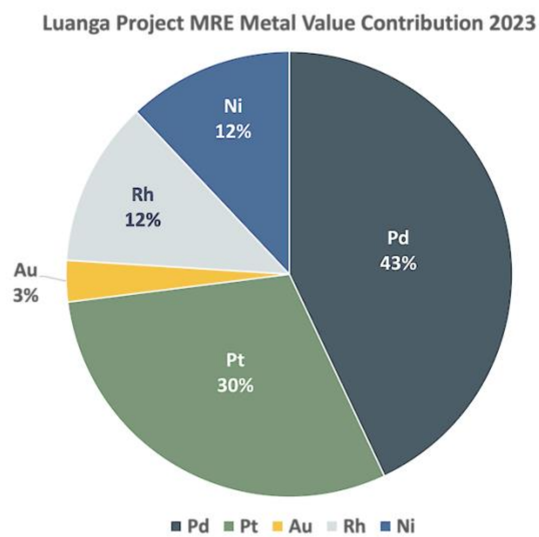
The beauty of Kenorland as a discovery vehicle, relative to the typical grassroots explorer, is that (a) the company gets multiple shots on target by virtue of its embrace of the prospect generation business model, (b) shareholders do not need to fear equity dilution, particularly in light of the recent Frotet royalty swap, and (c) potential downside from current levels is muted, due to the outsized cash and marketable securities position coupled with the residual value of the 4% NSR at Frotet. Due to the combination of these factors, the MJG partnership will remain patient with its Kenorland position.

Bravo Mining (TSXV: BRVO)

Featured In: **January 2023**
Average Cost Per Share: **US$0.50**
Current Market Price (January 19, 2024): **C$2.76**

Bravo Mining was featured in the January 2023 MJG partnership letter. Bravo has been a partnership holding since its pre-IPO financing in early 2022 at US$0.50. In the period since, the BRVO share price has more than quadrupled and currently sits as the MJG partnership's largest holding by a significant margin. The partnership sold approximately 20% of its position at prices north of C$4.00 in mid 2023; the sales however reflect MJG portfolio-specific risk management versus a diminishment of conviction in the Bravo story.

Bravo continues to plow ahead at its Luanga Project in remarkably efficient fashion. In late October, the company announced the maiden mineral resource estimate at Luanga – the first such NI 43-101 compliant resource in the project's history. It did not disappoint, with the resource outlining 4.1 million indicated palladium-equivalent ounces grading 1.75 g/t PdEq and a further 5.7 million inferred ounces grading 1.5 g/t PdEq (at a 0.5 g/t PdEq cut-off grade). Notably, these totals accounted for recoveries based on extensive test work carried out by the Bravo team over the year prior to the resource – a more conservative approach rarely taken by companies publishing a maiden resource. The project's value split by metal can be seen below.



Source: Bravo Mining news release. October 22, 2023.

The maiden resource demonstrates that sufficient scale is not a concern for the Luanga Project, with the deposit already supporting a nineteen-year mine life assuming a production profile of 10 million tonnes per annum. The Bravo team plans to update this resource in the back half of 2024, with the twin goals of (a) increasing the resource by 25% to support a roughly twenty-five-year mine life at the above production rate and (b) upgrading 50-60% of the total tonnage into the indicated category. The Bravo team believes that both goals can be achieved through the ongoing 25,000-meter Phase II drill program to be completed by midyear.

Also of significance was the announcement in early September that seventeen high-priority EM anomalies had been defined across the project footprint, with Bravo planning to test each of these with four to six drill holes per target by the end of 2024. This exploration program should be thought of entirely distinctly from the efforts to push forward the Luanga deposit towards production. The aim here is to locate the nickel and copper rich feeder structure(s) that was the source of the known mineralization seen closer to surface. The probability of success in this endeavor is admittedly low but, should the company locate one or more of these feeders, the Bravo story would transform overnight – with the size of the prize potentially in the billions of dollars.

Included below are the key milestones expected from the company over the coming twenty-four months. Of note, Bravo has recently made the decision to forgo a PEA at Luanga and go straight to a Prefeasibility Study expected in late 2025. Absent the genuine discovery of a feeder zone, the Prefeasibility Study is the most significant of these milestones as it will be the first time that economics have been wrapped around the Luanga Project.

- "Preliminary License" environmental permit received at Luanga **by end Q1 2024**
- Phase II drill results (25,000 meters) fully released at Luanga **by end Q2 2024**
- Updated resource announced at Luanga **by end 2024**
- Drill results from the seventeen high-priority feeder targets **by end 2024**
- Prefeasibility Study announced at Lunaga **by end 2025**
- Luanga receives final key mining permits **by end 2025**

Put simply, an investment in Bravo is a bet on the right people, in the right place, with the right asset. Another virtue of the company is its enviable working capital position of roughly US$35 million at year end 2023. CEO Luis Azevedo has stated publicly that the company's expected budget in 2024 will be between US$10-11 million, with another US$5 million needed to complete the Prefeasibility Study in 2025. The implication is that Bravo has the runway to get through Prefeasibility, mine permitting, and still have roughly US$20 million in the bank. This puts the company on wonderful financial footing for the coming years, entirely irrespective of market conditions.

Star Royalties (TSXV: STRR)

Featured In: **July 2022**
Average Cost Per Share: **C$0.43**
Current Market Price (January 19, 2024): **C$0.32**

Star Royalties was featured in the MJG partnership's July 2022 letter. Star has been a MJG position since a September 2020 financing when the company was still private. Open market purchases, as recently as last month, have lowered the partnership's cost basis to C$0.43 per share.

At its current share price, Star offers perhaps the most compelling value proposition of all positions held within the MJG portfolio. On December 7th, the company announced that C$40 billion oil & gas producer Cenovus Energy had invested C$21.2 million into Star's carbon credit royalty/streaming subsidiary Green Star. With its investment, Cenovus joins Agnico Eagle as the second major Canadian resource company to make a strategic investment into Green Star. The Cenovus financing was priced at a 50% premium to Agnico Eagle's C$14.13 million investment in spring 2022, resulting in both companies owning 25.9% of Green Star. This investment provides Green Star with the means to execute on its pipeline of advanced-stage opportunities into a carbon credit market that has cooled off significantly since early 2022.

Post Cenovus investment, Star Royalties itself still owns 45.9% of Green Star. Given Green Star's C$82 million post-money valuation on the back of the Cenovus investment and Star Royalties' share count of 75 million, this results in C$0.50 of value per STRR share for the stake in Green Star. In other words, assuming that Cenovus paid a fair price in the transaction last month, the STRR share price would need to rise nearly 60% from current levels before the company's ownership in Green Star is fairly reflected.

Independent of its 45.9% stake in Green Star, Star Royalties also owns a portfolio of mineral royalties that were acquired for approximately C$34 million total in three separate transactions between October 2020 and September 2021. Regrettably for Star, two of these three deals have not gone to plan – with the Copperstone Gold Mine (over which Star holds a 4% life-of-mine stream) no closer to production than it was upon the stream's acquisition in late 2020 and the Elk Gold Mine (over which Star holds a 2% NSR) about to see its operator Gold Mountain go bankrupt.

While it is clear that Star overpaid for these mineral royalties, they are far from without value – even considering the struggles outlined above. I can confidently state that Star could sell its mineral royalty portfolio tomorrow for C$17 million, or half of book value, to one of its many hungry precious metal royalty peers. While Star in recent months has not been shy in publicly stating that it plans to monetize these mineral royalties and go "all-in" on its carbon credit royalty/streaming business, it seems likely that the company will wait for higher-quality operators to step into the fold at both of these assets before doing so. If/when this occurs, Star should be able to get closer to 75% of book value when it decides to sell.

For the sake of argument, however, let's assume that Star overpaid for these assets by a full 100%. This still leaves the company with roughly C$0.23 per share of value for its portfolio of mineral royalties, far from insignificant for what is a C$0.32 stock. This results in a sum-of-the-parts value of C$0.73 per share when coupled with the value of Star's 45.9% ownership stake in Green Star (again, assuming Cenovus indeed paid a fair price in its investment last month).

This begs the question, why is there such an extreme disconnect between the current STRR share price and this sum-of-the-parts fair value figure? It likely comes down to a confluence of a few factors, namely that (a) Star is in the penalty box for overpaying for its mineral royalty portfolio, (b) the market has soured on the carbon credit thematic after the heady days of 2021 and early 2022, and (c) Star is a peculiar vehicle that offers neither pure play royalty exposure to precious metals nor carbon credits.

Let's address these in turn. To the first point, while Star did overpay for its mineral royalties, does this mean that they are entirely without value? Additionally, why would overpaying for mineral royalties justify such a sharp discount to the market value of the company's stake in Green Star on its own?

To the second point, the carbon credit market has indeed cooled off markedly over the past eighteen to twenty-four months. Even still, putting aside one's ideological biases, how sure can we be that the carbon credit thematic is dead for good? It seems quite likely that Cenovus, a C$40 billion oil and gas major who deemed Green Star a prudent investment, may know more about this market than the average investor.

The third point is the easiest to address. Star has already publicly stated its intentions of divesting its mineral royalty portfolio and tripling down on its carbon credit royalty/streaming business. From an investment perspective, the peculiarity of the vehicle seems more like a blessing than a curse. It stands to reason that, when Star decides to monetize its mineral royalty portfolio and become a pure play carbon credit vehicle, this will serve as a share price catalyst to be enjoyed by existing shareholders.

Included below are the potential milestones for Star Royalties and Green Star over the coming twenty-four months. The most significant potential catalysts, a monetization of the mineral royalty portfolio and a go-public event for Green Star, are not included in the below items due to the uncertainty regarding timing.

- CarbonNOW regenerative agriculture program receives third-party validation **by end Q3 2024**
- C$1.2 million payment from Sabre Gold **by end Q3 2024**
- CarbonNOW regenerative agriculture program receives third-party verification **by end Q1 2025**
- C$800k payment from Sabre Gold **by end Q3 2025**
- First royalty revenue from CarbonNOW regenerative agriculture program **by end 2025**
- First royalty revenue from EMS Forest Project **by end 2025**

- First royalty revenue from LSFN Forest Project **by end 2025**
- Green Star deploys a cumulative US$20.6 million into CarbonNOW **by end 2025**

Star Royalties continues to be the MJG partnership's only carbon credit-focused investment. Despite the disappointing share price performance to date, we continue to give this position a long leash – with STRR's current weighting within the MJG portfolio higher than it has been at any point. After all, the MJG partnership loves both royalties and redundant assets (i.e. the mineral royalty portfolio). In the case of this company, investors get both in one vehicle.

Elemental Altus (TSXV: ELE)

Featured In: **January 2022**
Average Cost Per Share: **C$1.39**
Current Market Price (January 19, 2024): **C$1.10**

Elemental Altus, formerly Altus Strategies until its 2022 merger with Elemental Royalties, was first featured in the January 2022 MJG partnership letter. We added modestly to our ELE position in late 2023, with the partnership's post-merger cost basis sitting at roughly C$1.39 per share.

Elemental Altus is a globally diversified royalty company with exposure to ten producing assets. Thanks to anticipated first production at Allied Gold's Diba Project (over which ELE holds a 3% NSR) within the next 3-6 months, Elemental is set to see its revenue increase by up to 50% YoY – a significantly higher growth rate than is expected from any of its junior royalty peers. Furthermore, while not yet fully appreciated by the market, total revenue over the next twenty-four months (including royalty revenue as well as one-off cash payments) can be expected to exceed well over one-third of the company's current C$245 million enterprise value. This will allow Elemental to pay down its entire US$30 million debt balance if it so chooses, while also providing additional leeway for opportunistic acquisitions.

The past few months have seen a few significant developments for the company. The first was the purchase from RCF of a 0.68% NSR on Arizona Sonoran's Cactus Project, further increasing Elemental's exposure to copper. The US$10 million transaction (which also included a 0.5% GRR on the Nyanga nickel-copper project in Gabon) sees RCF joining the Elemental register as a 5.7% shareholder. The purchase appears to have been well-timed, with Rio Tinto's Nuton LLC announcing a US$33 million investment into Arizona Sonoran just ninety days after the close of the transaction. Arizona Sonoran expects to release two separate Prefeasibility Studies at Cactus this year – one in Q1 utilizing a more traditional flowsheet and a second in late 2024 integrating Nuton's proprietary heap leach technology. In a best-case scenario, Elemental could be receiving royalty checks from its Cactus investment as soon as 2026.

Shortly thereafter, the company announced a deal with In2Metals for Elemental's 100%-owned project portfolio in Egypt's Eastern Desert (which I was able to visit in February 2023). In2Metals, a private company backed by Elemental's cornerstone shareholder La Mancha, has agreed to spend US$10 million over a four-year period advancing the expansive Egypt project portfolio. Elemental in turn receives a 1.5% NSR (with no buydown) over all current licenses and pending license applications, US$1.5 million in cash payments, the potential for a US$5 million milestone payment if/when a 3-million-ounce resource is defined, and a 19.9% equity interest in In2Metals. This transaction, in one fell swoop, both slashes Elemental's corporate overhead while also adding a large royalty to its portfolio backed by a deep-pocketed group well-suited to advance the projects on a 100%-basis. In2Metals hasn't wasted any time in getting started, with a maiden drill campaign currently underway at the Wadi Dubur property. First assay results are expected as soon as late Q1 2024.

Most recently, in late December, Elemental announced the departure of Executive Chairman Steve Poulton. Steve was the former CEO of Altus Strategies and, while with Elemental, spearheaded the company's organic royalty generation efforts. ELE shareholders owe Steve, who will remain a significant shareholder of the company himself, a debt of gratitude for his efforts. His departure indicates that Elemental has made a board-level decision to reduce (if not eliminate entirely) its royalty generation budget, with the calculus being that the expanded multiple that can be expected from reducing the company's overhead outweighs the potential long-term benefits of royalty generation.

Looking forward to 2024, included below are the potential catalysts for Elemental Altus and/or its royalty counterparties over the coming twelve months. Most significant by far is anticipated first production at Diba in the coming few months. There is also the potential for a near-term resolution regarding Elemental's US$11 million gold stream on the Ming Mine in Newfoundland. (Ming's previous operator Rambler Metals filed for creditor protection in April 2023.)

- Resolution on the Ming Gold Stream **by end Q1 2024**
- Drill results at Wadi Dubur from In2Metals **by end Q1 2024**
- Prefeasibility Study at Cactus Project from Arizona Sonoran **by end Q1 2024**
- First production at Diba Project from Allied Gold **by end Q2 2024**
- Prefeasibility Study at Cactus (with Nuton incorporated) from Arizona Sonoran **by end 2024**
- Updated resource and mine plan at Caserones from Lundin Mining **by end 2024**

In conclusion, while its not readily apparent from the stagnant ELE share price, this is a company firing on all cylinders with another transformative year ahead of it. Elemental CEO Fred Bell has earned the trust of the Elemental shareholder base, as the company has done a superb job of delivering on set expectations over a number of years now. At some point, this inward grace will be reflected in the company's market value. Absent a dramatic re-rate in the short term, the MJG partnership plans to add to its position further ahead of first production at Diba.

Strategic Resources (TSXV: SR)

Featured In: **July 2021**
Average Cost Per Share: **C$1.98**
Current Market Price (January 19, 2024): **C$0.88**

Strategic Resources was featured in the July 2021 MJG partnership letter. The partnership first initiated its position via a private placement in October 2020 priced at C$2.10 (split-adjusted). Our average cost currently sits at C$1.98 per share.

It's been another very quiet six-month period for Strategic Resources, with the company's share price suffering as a result. The extent of the share price decline has been disconcerting, considering that the public float is less than 8% after reflecting the Orion, Investissement Quebec, Lumina Group, Cree, Aurion Resources, MJG partnership, and board & management ownership positions. While perhaps overdone, the share price weakness is not unwarranted. After all, management guided upon completion of the BlackRock merger in March 2023 that a construction financing package for the shovel-ready BlackRock Project would come together by the end of 2023, and yet here we are in January 2024 with minimal progress to this end made to date.

Despite an acceleration in the "green steel" thematic over the past year, it has become clear that there is simply not the appetite from either financiers or potential acquirers to fund BlackRock's nearly C$1.5 billion initial capex bill at this point in time. As a result, in mid-November, Strategic announced that in the immediate term its focus had shifted to financing a 4 million tonne per annum iron ore pelletizer at Port Saguenay in Quebec to process third party iron ore pellet feed on a merchant basis. To be clear, this is not a 180-degree pivot – as an iron ore pelletizer at Port Saguenay was an integral part of the C$1.5 billion plan to bring BlackRock into production – but rather an attempt to advance the broader project step-by-step rather than in one fell swoop.

Based on comparable projects, the initial capital cost of the pelletizer would be in the range of US$500 million. While far from an easy lift, this is certainly more bite-sized than the initial plan of funding the BlackRock mining asset and the Saguenay pelletizer in tandem. Remember that the province of Quebec has already committed US$125 million towards the project, with the potential for federal support via the Critical Minerals Infrastructure Fund (CMIF) or otherwise.

Strategic was also handed an indirect boost with the announcement in early December that the Port of Saguenay had received C$111 million in federal and provincial funding for a new multi-user conveyor system. This will allow for iron ore pellet feed (either from BlackRock or third parties) to be transported from the Saguenay wharf to the Strategic pelletizer at the Saguenay industrial park. The implication for Strategic is that this shaves a material amount from the initial capex bill, while also potentially increasing the likelihood of additional federal support.

In a best-case scenario, Strategic will announce in the coming months the introduction of a strategic partner that provides both (a) capital towards construction of the pelletizer and (b) "feed in, feed out" marketing services. There is also the possibility of Orion and Investissement Quebec stumping up the rest of the capex bill themselves, as there is no shortage of groups willing to do the marketing services sans a capital contribution. At its current burn rate, Strategic Resources has roughly twelve months to sort this out before a “keep the lights on” financing becomes necessary.

As it stands, the SR story is not difficult to grasp. With an enterprise value of roughly C$50 million, the company is now valued at less than thirty cents on the dollar when compared to the C$180 million in historical expenditures at the BlackRock Project – or a paltry 0.025x NAV multiple considering the C$1.932 billion after-tax NPV_8 outlined in the November 2022 BlackRock Feasibility Study. (Viable feasibility-level mining projects can easily garner multiples of 0.3x NAV if not well higher, particularly those that are fully permitted as is the case with BlackRock.)

Judging by the current valuation, the market is telling us in no uncertain terms that this project will not be built or acquired anytime soon. This may ultimately prove correct; there’s no denying that even the reduced US$500 million capex bill for the pelletizer is a formidable ask for a company of this size.

With this said, the company is currently valued at less than one-third the valuation at which Ross Beaty and his network invested into the story. Those holding SR shares at current levels will be rewarded should the company and its key backers defy market consensus on the construction financing front, or alternatively engineer an exit to a larger party with the intention of building the BlackRock mine and/or the Saguenay metallurgical complex themselves. It should become abundantly clear within the next six months which direction this is heading.

Lara Exploration (TSXV: LRA)

Featured In: **January 2020**
Average Cost Per Share: **C$0.67**
Current Market Price (January 19, 2024): **C$0.63**

Lara Exploration was featured in the MJG partnership's January 2020 letter. The partnership first initiated its position at C$0.44 in November 2019. Subsequent open market purchases, as recently as earlier this month, have lifted the MJG cost basis to approximately C$0.67 per share.

There have only been two developments to the Lara story, both highly significant, since the last MJG partnership letter. The first was the announcement on October 4th that Capstone Mining, Lara's partner at the Planalto Copper Project, had decided to walk away from the project after spending US$10 million in total and relinquish 100% ownership of Planalto back to Lara. This was frankly a surprising about turn from Capstone. When I was at the project in July, there was no indication of this pending decision – with three diamond rigs turning, seventeen Capstone employees busy on site, and a PEA expected in early 2024. Clearly, this was a decision that was made by Capstone relatively suddenly.

The market did not take kindly to the news, with the LRA share price declining by over 20% between the October 4th announcement and year end. There appears to have been concern in some quarters that Capstone had encountered a critical flaw with the project, or alternatively had determined that Planalto was subeconomic. While these concerns are not entirely unreasonable given the seeming abruptness of the decision, the truth is far more anodyne. It comes down to size, with Capstone resetting its internal size threshold for development-stage projects (perhaps to 500 million or even 1 billion tonnes) in the aftermath of its recent merger with Mantos Copper. While Planalto is shaping up to be a tidy mid-sized copper project with near-term production potential, it simply is not likely to achieve the scale that the expanded Capstone is now looking for. As a result, Capstone – after nearly five years of effort and US$10 million in expenditures – decided to hand the keys back to Lara.

Upon this development, Lara CEO Miles Thompson was faced with a decision on whether to bring in a new partner at Planalto (apparently there was interest from multiple parties) or whether to advance the project on a 100%-basis. This question was answered resoundingly on January 8th, when Lara announced that Simon Ingram had been appointed as the company's CEO with Miles remaining as chairman. This was a huge coup for the company, and the LRA share price responded accordingly by gaining 35% on the day of the announcement. Simon's most recent role was the President and CEO of Reservoir Minerals, where his efforts – alongside those of Miles and Lara's VP Corporate Development Chris Macintyre – resulted in a C$500 million payday for Reservoir shareholders upon its acquisition by Nevsun Resources in mid 2016. In the time since, Simon has taken a sabbatical to spend time with his family; this will be his first management role since the Reservoir success.

Simon's mandate as the Lara CEO is clear – to push forward the Planalto Copper Project through a maiden mineral resource, PEA, permitting, and eventual sale over the coming couple of years. His expertise in mineral resource evaluation is perfectly suited for the task at hand, while his introduction into the fold has already breathed some fresh life into the Lara story. It's worth noting that Simon has been a long-time Lara shareholder, with his ownership position approaching 2.3% of the company. As such, his introduction as CEO increases board and management ownership in Lara to 18%.

Provided below are the Planalto-specific milestones likely over the coming year. Lara has guided for a maiden resource at Planalto in Q1 2024; it's possible however that the very recent CEO appointment may delay this to some degree. While the timing of a potential PEA has not yet been confirmed by the company, it's a logical next step given the amount of drilling and metallurgical work that have already been conducted at the project. Absent a sudden resolution to the long running Liberdade litigation, the activity at Planalto should be the key driver of the company's share price for the foreseeable future.

- Maiden Resource announced at Planalto **by end Q1 2024**

- PEA announced at Planalto **by end 2024**

Upon the appointment of Simon Ingram as CEO, it's looking more likely that Capstone's exit at Planalto will prove a blessing in disguise for Lara and its shareholders. Given the tremendous success he achieved in his last executive role, there's no question that Simon had his pick of the litter of opportunities now that he's decided to end his sabbatical. The fact that he has selected Lara demonstrates his conviction that Planalto can work as a standalone project. In a best-case scenario, Planalto is sold to a midtier copper producer in 2025 with Lara carving out a royalty in the process. The MJG partnership will remain patient with its position as Simon, Miles, and the rest of the Lara team work to achieve these ends.

Sama Resources (TSXV: SME)

Featured In: **January 2018**
Average Cost Per Share: **C$0.14**
Current Price (January 19, 2024): **C$0.105**

The MJG partnership first invested in Sama Resources via a C$0.10 private placement in late 2016. A subsequent warrant exercise along with open market purchases have since increased the partnership's cost basis to C$0.14 per share. Sama is the single longest held position within the MJG partnership portfolio.

After a strong front half of 2023 which saw SME up over 30% through midyear, the company's share price has come crashing back to earth in the subsequent period. The dreadful performance of the nickel price, which fell by over 40% in 2023 as the worst performing base metal by quite a wide margin, certainly hasn't helped matters for SME shareholders. But there is no question that company-specific factors have also played a role.

In August, Sama completed the spin-off of its portfolio of grassroots Quebec-based nickel prospects into SRQ Resources (TSXV: SRQ). Given the 1 for 10 distribution ratio and SRQ's current share price of C$0.19, the SRQ shares are worth approximately C$0.02 to the Sama shareholders who have held onto their SRQ shares post distribution. This was a cogent move from the company given that the Quebec assets were not receiving any value within Sama itself. Not surprisingly, however, the Sama share price – after peaking at C$0.18 in late August in the weeks after the spin-off's completion – has found itself under sustained pressure in the months since.

Perhaps more significant was the delay of the Updated PEA (set to include both Samapleu and Grata for the first time) from 2023 into Q1 2024. Admittedly, delays are all too commonplace in this sector and an additional three-to-six-month wait is far from catastrophic. The delay did however (a) perpetuate a long pattern of Sama guiding for a particular milestone only for timelines to slip and (b) remove a potentially significant catalyst from the calendar in the post-SRQ spin-off period where one could have anticipated the SME share price coming under selling pressure. Hence, the delay made it a relatively easy decision for those contemplating selling Sama for tax loss purposes to go ahead and do so.

Looking ahead, there are a number of catalysts in the calendar in the early months of 2024. Most significant of course is the Updated PEA, which will be the project's first economic study since 2020 as well as the first time that the Grata deposit will be incorporated into the economics. Grata is now larger than the Samapleu deposit; it will be interesting to see which comes first in the mine plan in the pending economic study.

Sama is also in the process of drilling out a shallow, potentially open-pit resource at its Yepleu target in the southern half of its immense land package. Thirty-one holes totaling just under 2,500 meters have been drilled to date, with 3,800 meters over approximately fifty holes budgeted for the full program.

Results from eleven of these holes have been reported to date. A maiden resource for Yepleu is expected by midyear.

While the shallow Yepleu drilling and subsequent maiden resource are unlikely to be gamechangers for the broader project, Sama is also in the process of drilling a deep hole (potentially down to 1000 meters) to further test its highest CT target at Yepleu. Assays for this drill hole should be available in the coming few months. While the expectation for this deep hole should be failure, the company's fortunes would transform overnight should CEO Marc-Antoine Audet and the rest of the team find what they are looking for at depth.

Provided below is a summary of the milestones that SME shareholders can expect in the coming six months. Given the company's outsized share ownership position in SRG Mining, major milestones expected from SRG have been included as well. At least for the next few months, the pace of news flow should remain brisk.

- Updated PEA incorporating both Samapleu and Grata deposits **by end Q1 2024**
- Drill results (3,800 meters) from shallow target at Yepleu **by end Q1 2024**
- Drill result from deep hole at highest CT target at Yepleu **by end Q1 2024**
- Ivanhoe Electric completes 60% earn-in at Samapleu Project **by end Q1 2024**
- Completion of C-ONE's C$16.9m strategic investment into SRG Mining **by end Q1 2024**
- PEA for spherical graphite conversion facility in Morocco from SRG Mining **by end Q1 2024**
- Maiden resource announced at Yepleu **by end Q2 2024**

At the current SME and SRG share prices, Sama is sitting on C$12.7 million in cash and marketable securities relative to a market capitalization of C$22 million – resulting in a sub-C$10 million enterprise value for the company. This is as cheap as we've seen Sama get on an enterprise value-basis since the MJG partnership first initiated its position.

At this valuation, one or more of the following would have a distinctly positive impact on the SME share price: (a) the nickel price rebounding after a bruising 2023, (b) an upside surprise at Samapleu through either drilling or the Updated PEA, or (c) SRG Mining, backed by La Mancha and C-ONE, successfully arranging a project financing package for Lola. While there is indeed uncertainty on each of these fronts, with over half of Sama's market capitalization now covered by cash and marketable securities, the risk/reward profile appears skewed to the upside.

Featured Investments (Since Sold)			
Company	**Featured In**	**Average Cost Basis**	**Average Exit Price**
Nova Royalty (TSXV: NOVR)	January 2021	C$0.30	C$2.21
Tonogold Resources (OTC: TNGL)	July 2020	US$0.05	US$0.04
Salazar Resources (TSXV: SRL)	July 2019	C$0.26	C$0.14
Adriatic Metals (ASX: ADT)	January 2019	A$1.07	A$2.58
Golden Valley Mines (TSXV: GZZ)	July 2018	C$6.22	C$12.56
Ardea Resources (ASX: ARL)	July 2017	A$0.58	A$0.30
Viscount Mining (TSXV: VML)	January 2017	C$0.33	C$0.29
Excelsior Mining (TSXV: MIN)	July 2016	C$0.24	C$0.66
Golden Arrow Resources (TSXV: GRG)	July 2016	C$0.24	C$0.76
Almadex Minerals (TSXV: DEX)	January 2016	C$0.16	C$1.62
Quintis Limited (ASX: QIN)	July 2015	A$1.16	A$0.00
Nevsun Resources (NYSE: NSU)	January 2015	US$2.45	US$4.42
Tsodilo Resources (TSXV: TSD)	July 2014	C$0.86	C$0.71
Lithium Americas (TSX: LAC)	January 2014	C$1.20	C$12.70
Phoscan Chemical Corp (TSX: FOS)	July 2013	C$0.29	C$0.32
Soltoro Ltd (TSX: SOL)	July 2013	C$0.48	C$0.20
South Boulder Mines (ASX: STB)	July 2012	A$0.48	A$0.28
Northern Graphite (TSXV: NGC)	January 2012	C$0.97	C$0.80

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