MJG Capital

To: MJG Capital Limited Partners
From: Matt Geiger
Date: January 20, 2025
Subject: MJG Partnership Letter – January 2025

Below is set forth MJG Capital Fund, LP's performance through December 31, 2024.

<u>6 Month Performance</u>	
MJG Capital Fund, LP (net of all fees and expenses)	(6.64) %
S&P 500 (with dividends included)	8.44 %
S&P/TSX Venture Composite Index	4.92 %
<u>1 Year Performance</u>	
MJG Capital Fund, LP (net of all fees and expenses)	6.76 %
S&P 500 (with dividends included)	25.02 %
S&P/TSX Venture Composite Index	8.13 %
<u>3 Year Performance</u>	
MJG Capital Fund, LP (net of all fees and expenses)	(24.00) %
S&P 500 (with dividends included)	29.29 %
S&P/TSX Venture Composite Index	(36.34) %
<u>5 Year Performance</u>	
MJG Capital Fund, LP (net of all fees and expenses)	69.50 %
S&P 500 (with dividends included)	97.02 %
S&P/TSX Venture Composite Index	3.52 %
<u>10 Year Performance</u>	
MJG Capital Fund, LP (net of all fees and expenses)	209.39 %
S&P 500 (with dividends included)	242.54 %
S&P/TSX Venture Composite Index	(14.04) %
<u>Performance Since Inception (9/1/11)</u>	
MJG Capital Fund, LP (net of all fees and expenses)	(5.81) %
S&P 500 (with dividends included)	521.72 %
S&P/TSX Venture Composite Index	(66.98) %

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

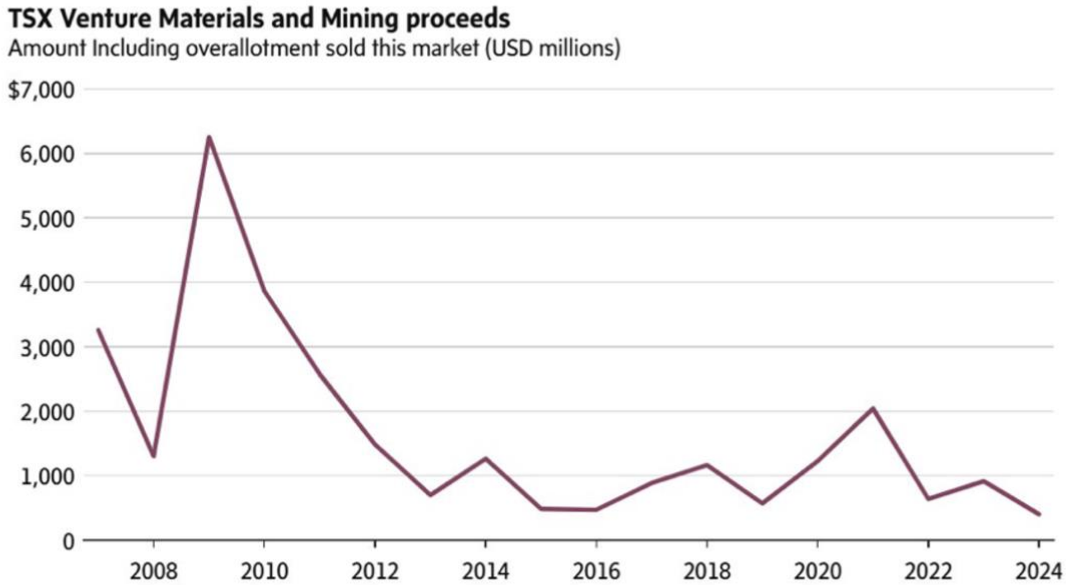
The MJG partnership was formed roughly thirteen years ago, with returns detailed on the previous page. The S&P 500 represents the alternative investment of choice, while the TSX Venture is the closest proxy to the universe of resource equities that fits the MJG investment mandate.

The MJG partnership was unable to sustain its momentum from the front half of 2024, falling 6.64% net of fees and expenses in H2 2024. While the partnership did return 6.76% for the whole of 2024, this is a bitterly disappointing result to report considering that YTD performance reached a high-water mark of roughly +30% in late October before a sharp drawdown in the final ten weeks of the year – starting with the sector-wide fallout from the Newmont earnings miss on October 24th and further compounded by acute strength in the US Dollar on the back of Donald Trump's reelection in early November.

Similar price action was seen across the mining complex. The GDX, an ETF comprised of the world's largest gold producers, peaked at +43% YTD in late October before closing the year up 9%. The GDXJ, an ETF comprised of small and midsized gold producers, followed the same trajectory – up 47% YTD in late October before closing the year up 13%. The COPX, an ETF holding the world's largest copper miners, was +30% YTD as recently as early October before limping to a +2% return by year end. The TSX Venture, a proxy for the pre-revenue junior miners, peaked at +13% in October before ending the year up 8%. It's said that misery loves company, and there was plenty of it to go around as the year drew to a close, from the largest of the diversified miners to the smallest of junior exploration companies.

The fact remains that the investments du jour of recent years – high-flying tech stocks, cryptocurrencies, large cap US equities more generally – continue to make money for the masses and, until this changes, unloved and out of favor asset classes such as natural resource equities will remain just that, unloved and out of favor. This is not to say that there weren't green shoots evident throughout the year, namely a powerful 27% move in the price of bellwether metal gold and a flurry of mining M&A activity to a degree not seen in over a decade. Had someone informed this fund manager going into 2024 that these two dynamics would play out simultaneously, he would have anticipated investment returns more akin to 2020 – when the MJG partnership returned 113.20% over the course of that year – and not the insipid single digit gain that ensued.

Alas, we soldier forth, armed with the knowledge that the mining sector has now been starved of capital for the better part of a decade. In a particularly stark illustration of this phenomenon, the below graphic shows the precipitous drop off in funds raised by the TSXV-listed junior miners largely responsible for exploring and developing the next generation of mineral deposits. This same dynamic is playing out amongst the world's forty largest miners, who in recent years have invested less than 30% of EBITDA into capital expenditures compared to 60-80% of EBITDA between the 2012-2015 period (according to a recent study by PwC).



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This neglect of the old economy – the extractive industries very much included – threatens to become a society-wide problem for the western world. As $3.5 trillion in investor capital sloshes around in cryptocurrencies, critical industries like mining, energy, infrastructure, agriculture, and manufacturing have faced years of chronic underinvestment. This will have far-reaching implications: shortages of the essential minerals necessary for the energy transition, stagnation in food production, reliance on foreign adversaries for the production of military hardware, and inadequate critical infrastructure to support economic growth. The neglect of these old economy industries creates a systemic risk that jeopardizes our long-term resilience and prosperity. Unfortunately given the current trajectory, it's hard not to conclude that real pain must be felt before this problem is recognized for what it is, let alone addressed through years of sustained investment.

Given time, "the worm will turn" in the words of a longtime MJG limited partner. In the meantime, there remains opportunity for outsized returns by investing in skilled, well-incentivized teams focused on assets that provide enough scale to matter. This is demonstrated by MJG partnership investments such as Lara Exploration and Kenorland Minerals, respectively up 168% and 97% over the course of 2024. Wins such as these can more than sustain an investment portfolio, as the wait continues for sector-wide tailwinds to emerge.

This letter's *Market Musings* section provides commentary on investing via private placement and includes a list of fifteen specific circumstances that should cause investors to pass on, or at least seriously reconsider, a given deal.

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 fifteen publicly traded positions and two private investments.

This letter's *Featured Investment* is Korxy Copper (TSXV: KRY). Updates on the following MJG partnership holdings featured in previous letters are also included: Ridgeline Minerals (TSXV: RDG), Altius Minerals (TSX: ALS), Kenorland Minerals (TSXV: KLD), Bravo Mining (TSXV: BRVO), Star Royalties (TSXV: STRR), Elemental Altus (TSXV: ELE), Lara Exploration (TSXV: LRA), and Sama Resources (TSXV: SME).

Market Musings

Buyer Beware: When To Pass On A Private Placement

A private placement is a means to raise capital where companies sell securities—such as shares or bonds—directly to pre-selected investors, typically accredited individuals or institutions, rather than through a public offering. Private placements serve as the lifeblood of the junior mining industry, as junior miners often lack revenue streams to fund operations and instead rely on this method as a primary source of financing for exploration and development activities in what is an extremely capital-intensive industry.

Private placements can offer several advantages to junior mining companies:

- **Speed and Cost Efficiency:** The process is faster and less expensive than public offerings, as it avoids extensive regulatory filings and underwriting costs.

- **Flexibility in Terms:** Companies can structure deals to include incentives like warrants, which provide investors the option to purchase additional shares at a set price within a specific timeframe, or discounts to the prevailing share price.

- **Targeted Investors:** The company has full control over which investors participate, in theory allowing for the selection of supportive and reputable investors to fill out the offering.

The MJG partnership has participated in over ninety private placements since its inception, with eleven of the partnership's seventeen current investments initiated in this manner. Ultimately, the decision-making process on whether to participate in a private placement is similar to deciding whether to purchase a company's shares on the open market. The company must possess (a) a skilled and well-incentivized management team operating within its circle of competence, (b) a quality project with enough scale – or, in the case of an exploration-stage project, the potential for enough scale – to matter, (c) a serviceable financial structure, (d) upcoming catalysts with the potential to drive a step-change in value, (e) an attractive valuation relative to fair or expected value, and (f) an investable jurisdiction and target commodity. Without each of these factors in place, no private placement – irrespective of the terms on offer – is worthy of participation for the discerning investor.

With this said, even in cases where each of the above criteria is met, there are a number of specific circumstances that should cause one to pass on, or at least seriously reconsider, a given deal. The below list contains fifteen specific circumstances that should cause investors to say "no" to participating in a private placement, even if the opportunity looks appealing otherwise. This list has been informed by nearly fifteen years of direct experience investing in private placements, as well as the experiences of trusted members of my network.

In this exercise, we are employing what can be thought of as a *negative art*. In the words of Ben Graham, a negative art is “the process of exclusion and rejection, rather than search and acceptance” where there is “no such thing as being unduly captious or exacting” in one’s selection. There is a vast opportunity set of private placements in a given year, with 1,093 private placement financings in 2024 by TSX Venture-listed mining issuers alone (according to the TMX’s Market Intelligence Report). As such, a false negative is preferable to a false positive as there will always be another deal to consider.

<u>The List</u>

Participants

1. **Board & Management Participation:** Key members of board and management are not participating in the private placement.

2. **Major Shareholder Participation:** Major existing shareholders, whether institutional or strategic, are not taking at least their pro-rata allocation of the private placement.

3. **Warrant Clippers:** Other participants in the private placement are known to systematically clip warrants.

4. **Check Swaps:** Other participants in the private placement are engaging in a check swap with the company.

Pricing

5. **Priced At Significant Premium:** The private placement is being conducted at a significant premium to previous private placements without a significant company-specific development justifying the uplift in valuation.

6. **Promotional Push:** The private placement is announced just after a significant share price re-rate driven by promotion.

7. **Option Grant Pre-Financing:** Management and board members are issued options shortly before the financing is announced at a discount to the private placement pricing.

8. **Lesser Warrant Terms:** The private placement includes warrant terms that are less favorable than in previous financings without a significant company-specific development justifying the inferior deal terms.

Timing

9. **Proximity To Previous Private Placement:** The private placement is priced less than four months after the company’s most recently closed financing.

10. **Escrow Conflict:** The private placement's four-month hold period coincides with an escrow release for management or other parties.

11. **Expiration of In-The-Money Warrants:** The private placement's four-month hold period coincides with the expiration of deeply in-the-money warrants from a previous financing.

12. **Bad News In The Offing:** The private placement is announced just shortly before an expected significant catalyst that the company is already sufficiently funded for.

Use of Proceeds

13. **"Keep The Lights On" Financing:** The company isn't raising enough capital to answer at least one significant unanswered question before needing to finance again.

14. **Paying Off Liabilities:** The proceeds of the private placement are to be used primarily to pay off liabilities, such as accrued salaries for management or property payments.

15. **Paid Promotion:** The proceeds of the private placement are to be used primarily for paid promotion.

The presence of one or more of the above conditions can be used to rule out participation in, or at least invite careful reconsideration of, a given deal. There is however room for nuance to be applied and while some of the points above, such as a surprise financing announcement just before an expected significant share price catalyst, are absolute dealbreakers, others aren't necessarily so.

For instance, in the case of a CEO with double digit ownership and the vast majority of his or her net worth already invested in the company, it may not make sense to entirely rule out writing a check due to the lack of the CEO's participation. Or a situation where there will be deeply in-the-money warrants expiring within the four-month hold period, but the number of warrants is utterly inconsequential relative to the company's total share count and average trading volume. Or the edge case of a company explicitly pursuing an "optionality" business model, where the whole premise of this business model -- typically employed with large, low-grade deposits that are out of the money at current metal prices – is to in essence do nothing other than "keeping the lights on", minimizing spend to the utmost degree in wait of an improvement in metal prices. The specifics of each deal are unique, and it is appropriate to exercise discretion when circumstances dictate.

And, of course, the avoidance of these fifteen conditions is far from a guarantee of ultimate success in a private placement investment; there are many additional variables to consider, while the role of chance plays an uncomfortably large part as well. But as an investor, the goal is to stack the odds in your favor to the utmost extent possible. Avoiding participation in private placements 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 fifteen publicly traded positions, two private investments, and seven sets of out-of-the-money warrants (each valued at $0 for portfolio valuation purposes).

For the first time since its inception, the MJG partnership has gone a full seven months without initiating a new position. For context, the partnership underwent an aggressive period of capital deployment in late 2023 and early 2024 making four new investments in quick succession and, in the process, going from a double-digit cash position to fully deployed. This fully deployed status continued throughout much of the year and, apart from the addition of Koryx Copper to the portfolio via a June 2024 private placement, no new investments have been made since this flurry of activity roughly twelve months ago. This is not to say that there hasn't been plenty of activity over the recent period, with the partnership liquidating four positions while adding to no less than six existing positions on the open market since the July 2024 MJG partnership letter.

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.

We do however continually monitor our exposure to specific commodities, jurisdictions, and business models to manage risk within the MJG portfolio. There are a few notes on this front. First, copper remains our highest weighting by metal by a significant margin, at 36% of the MJG portfolio. While this clearly indicates a positive bias towards copper for the coming years, it should be emphasized that each of these copper-focused investments present the opportunity for share price appreciation (through the drill bit, permitting success, and/or M&A activity) even were the copper price to remain at current levels in perpetuity.

Second, due to outperformance between two different positions, the MJG partnership's exposure to ag minerals at 17% of the weighted portfolio is higher than at any point since July 2021. This positioning should serve the partnership well going forward. While there have been glimmers of a price recovery in recent months, potash and phosphate markets remain deeply depressed after a brief spike in Q2 2022 on the back of Russia's invasion of Ukraine gave way to a multi-year collapse in prices. While the two ag mineral investments held by the MJG partnership both present opportunity for share price appreciation in the existing pricing environment, a tailwind of rising potash and phosphate prices certainly would be warmly welcomed.

Finally, it is worth noting that the MJG partnership's combined exposure to prospect generation and exploration-stage companies is higher than it has been since mid-year 2020. This is less a concerted strategy and more a symptom of outperformance amongst specific holdings, with Lara Exploration and Kenorland Minerals two concrete examples. With this already heavy exposure to exploration-stage names in mind, it may make sense for development and production-stage companies to be prioritized when seeking out new investments in the coming year.

Provided below is a snapshot of the MJG partnership investments as of December 31, 2024.

Allocation by Commodity	
Precious Metals	
Gold	18%
PGMs	10%
Silver	7%
Energy Metals	
Copper	36%
Nickel	3%
Rare Earths	2%
Uranium	1%
Ag Minerals	
Phosphate	10%
Potash	7%
Carbon Credits	
Regenerative Agriculture	6%
Cash & Cash Equivalents	0%

Allocation by Jurisdiction	
Canada	32%
United States	30%
Brazil	21%
Australia	5%
Côte d'Ivoire	3%
Namibia	3%
Egypt	2%
Estonia	2%
Serbia	2%
Cash & Cash Equivalents	0%

Allocation by Business Model	
Prospect Generation	31%
Exploration	23%
Development	25%
Production	2%
Royalty/Streaming	19%
Cash & Cash Equivalents	0%

Featured Investment

Koryx Copper (TSXV: KRY)

Koryx Copper is the MJG partnership's most recently initiated position via a private placement priced at C$0.60 (split-adjusted) that closed in June 2024. Subsequent open market purchases, as recently as earlier this month, have lifted the MJG cost basis to approximately C$0.78 per Koryx share.

Koryx is a development-stage company focused on advancing the Haib Copper Project in Namibia. Koryx's prospects as a company changed dramatically in mid 2024 with the introduction of Heye Daun and Alan Friedman, fresh off the sale of Osino Resources and its Twin Hills Project for C$368 million. As will be discussed in further detail, there is perhaps no management team within the junior mining arena with a hotter hand at the moment, and the duo's involvement in Koryx is the principal reason for the MJG partnership's investment.

The company's goal is simple – to advance the Haib Project through a Feasibility Study by the end of 2026. At this point, the project can either be sold at a premium to a copper producer to take forward or advanced to production by the Koryx team. The company checks all the boxes that the MJG partnership looks for in an investment, including (a) a skilled, well-incentivized management team, (b) a project that clearly possesses enough scale to matter, (c) a serviceable financial structure, (d) a number of upcoming catalysts with the potential to drive a step-change in value, (e) an attractive valuation both relative to peers and on an absolute basis, and (f) an investable jurisdiction and target commodity.

No pre-revenue mining venture is without its risks and, in the case of Koryx, the big question mark is whether the project's relatively low grade can support a profitable mining operation in the current copper price environment. While Heye and Alan – who would have had their pick of the litter of new opportunities post the Osino exit – are no doubt already convinced that the answer is yes, it will be incumbent on the Koryx team to definitively prove this to the market over the coming twenty-four months.

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.

The specifics of the Haib Copper Project are then covered in further detail, followed by a discussion of the company's current valuation.

This *Featured Investment* concludes with the potential share price catalysts anticipated over the coming twenty-four months, along with some parting thoughts on the value proposition presented to Koryx Copper shareholders.

Company Background

The Koryx Copper story as we know it began in August 2016, when an existing shell company named Jet Gold closed the acquisition of a 30% interest in the Haib Copper Project from mining heavyweight Teck Resources in exchange for 45 million Jet Gold shares. In early 2017, the company – since re-named Deep-South Resources – announced the acquisition from Teck of the remaining 70% of Haib in exchange for 35% of Deep-South's share capital, C$400,000 in staged cash payments, and a 1.5% NSR (with a 0.5% buyback for C$2 million).

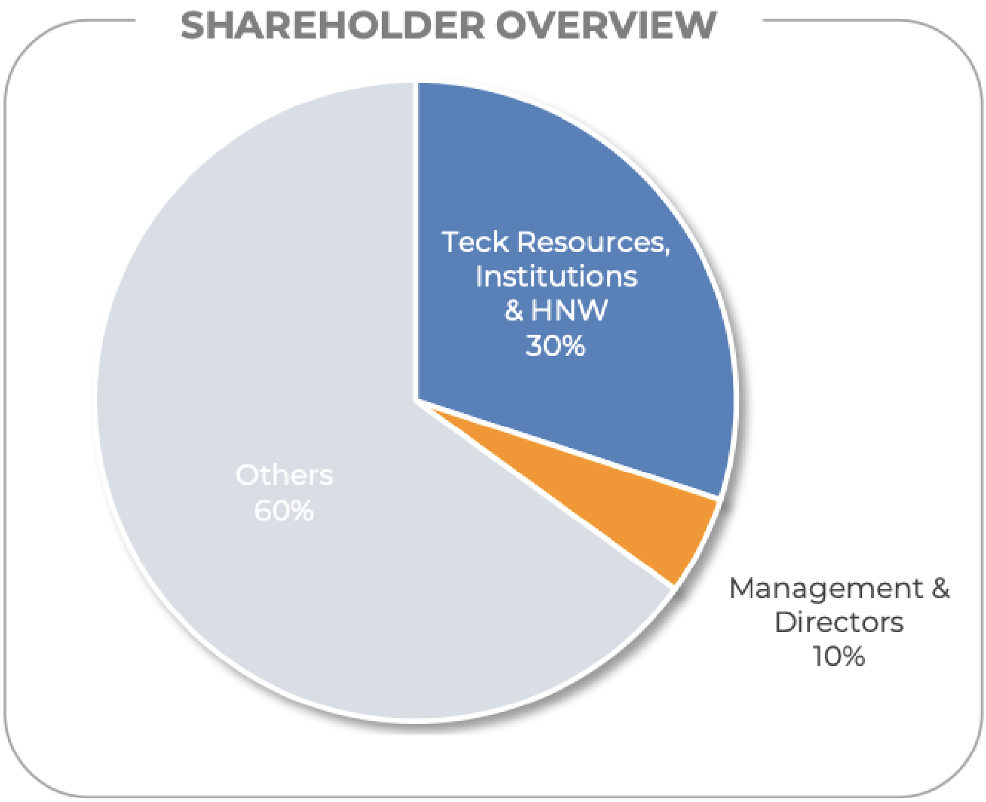
Upon completion of the Haib acquisition, Deep-South proceeded to spend much of the next seven years largely spinning its wheels. The company, which envisioned an exclusively bio-leach operation at Haib, was unsuccessful in securing the necessary capital to tangibly advance the project while also spending much of 2021-2023 battling the Namibian Ministry of Mines over the validity of Haib's mineral license. While Deep-South did ultimately prevail in this court battle (with the Haib license formally renewed in July 2023 after a ruling from the High Court of Namibia siding with Deep-South a few months prior), the company limped into 2024 with a sub-C$10 million market capitalization and an exhausted shareholder base.

It is at this point that the story is turned on its head with the introduction of Heye Daun and Alan Friedman, who formally joined as Executive Chairman and Lead Independent Director, respectively, on September 4th but had been working behind the scenes since earlier in the spring. Heye is a Namibian-born mining engineer with three successful exits to his name over the past fifteen years. He was a co-founder and President of Auryx Gold, which advanced the Otjikoto Gold Project before its sale in 2012 to B2Gold for C$180 million. He then led the turn-around and subsequent merger of Ecuador Gold & Copper with Odin Mining, a Ross Beaty-backed company, to form Lumina Gold. Most recently, Heye was co-founder and CEO of Osino Resources until its sale to Shanjin International Gold in August 2024 for C$368 million.

Alan Friedman is a South African-trained, Toronto-based lawyer with over twenty-five years of public markets experience. Alan sits on the Senior Council of Advisors of the Canada-Africa Chamber of Business and was a co-founder alongside Heye of both Auryx Gold and Osino Resources before their subsequent sales for nearly C$550 million in total. Of particular significance is that both Auryx's Otjikoto and Osino's Twin Hills are Namibia-based assets, so this is a jurisdiction where Alan and Heye have already had repeat successes.

Not to be overlooked is that over 80% of the Koryx team is now ex-Osino personnel. Key players that will be recognized by former Osino shareholders include director Charles Loots, CFO Tony da Silva, Head of Project Development Charles Creasy, Senior Metallurgical Consultant Steve Burks, and VP Exploration Jon Andrew. While not part of the original Osino team, the recent appointment of Trevor Faber as COO was another coup for the company. Prior to his role at Koryx, Trevor oversaw the successful construction of the Bisie Tin Mine in the DRC as the COO at Alphamin Resources between 2015 and 2021.

Koryx's revamped board and management team are well-incentivized at roughly 10% ownership in the company, with the bulk of this ownership stake acquired between a C$0.60 placement that closed in June 2024, a C$1.10 placement that closed in November 2024, and open market buying over the past 6-9 months. Other shareholders of note, all of which entered upon Heye and Alan's introduction to the story, include Ross Beaty, Extract Capital, RCF, Mackenzie Investments, Ixios Asset Management, and Commodity Discovery Fund. Teck also continues to hold a passive 7% stake in Koryx, a legacy position from the 2016 and 2017 transactions discussed previously.



Source: Koryx Copper Corporate Presentation. November 2024.

The company sits at approximately 82.9 million shares on a fully diluted basis. There is a non-negligible overhang of 10.9 million warrants exercisable at C$0.50 included in this figure, an unfortunate reality of Heye, Alan, and company inheriting an existing vehicle. Neither of the recent financings at C$0.60 and C$1.10 included warrants and, given the ample access to capital of the current leadership group, it is highly unlikely that Koryx will ever again issue a warrant in conjunction with future capital raises.

Koryx's current cash position is an enviable ~C$17 million, after C$18 million was raised via a private placement at C$1.10 in mid-November. This affords the company flexibility to raise additional funds opportunistically and, while the current working capital position will not be enough to take Haib through a Feasibility Study in late 2026, it should be sufficient to see the project through the Prefeasibility Study slated for late 2025. Between planned drilling, metallurgical work, an updated PEA, and a Prefeasibility Study over the coming twelve months, there are numerous catalysts in the calendar that could serve to re-rate the share price ahead of the next financing.

Haib Copper Project

For all intents and purposes, the fortunes of Koryx shareholders will rise or fall with the Haib Copper Project in Namibia, and this is where the company will be allocating the lion's share of its attention and resources in the coming years. It should be noted, however, that the company also holds the option to acquire 80% interests in two prospective, early-stage licenses in the Zambian Copperbelt. While the Zambian assets could in theory drive value for Koryx, either through their continued advancement by the company or through divestment/partnership with a third party, we'll confine our focus to the Haib Project for the purposes of this write up.

Project Background

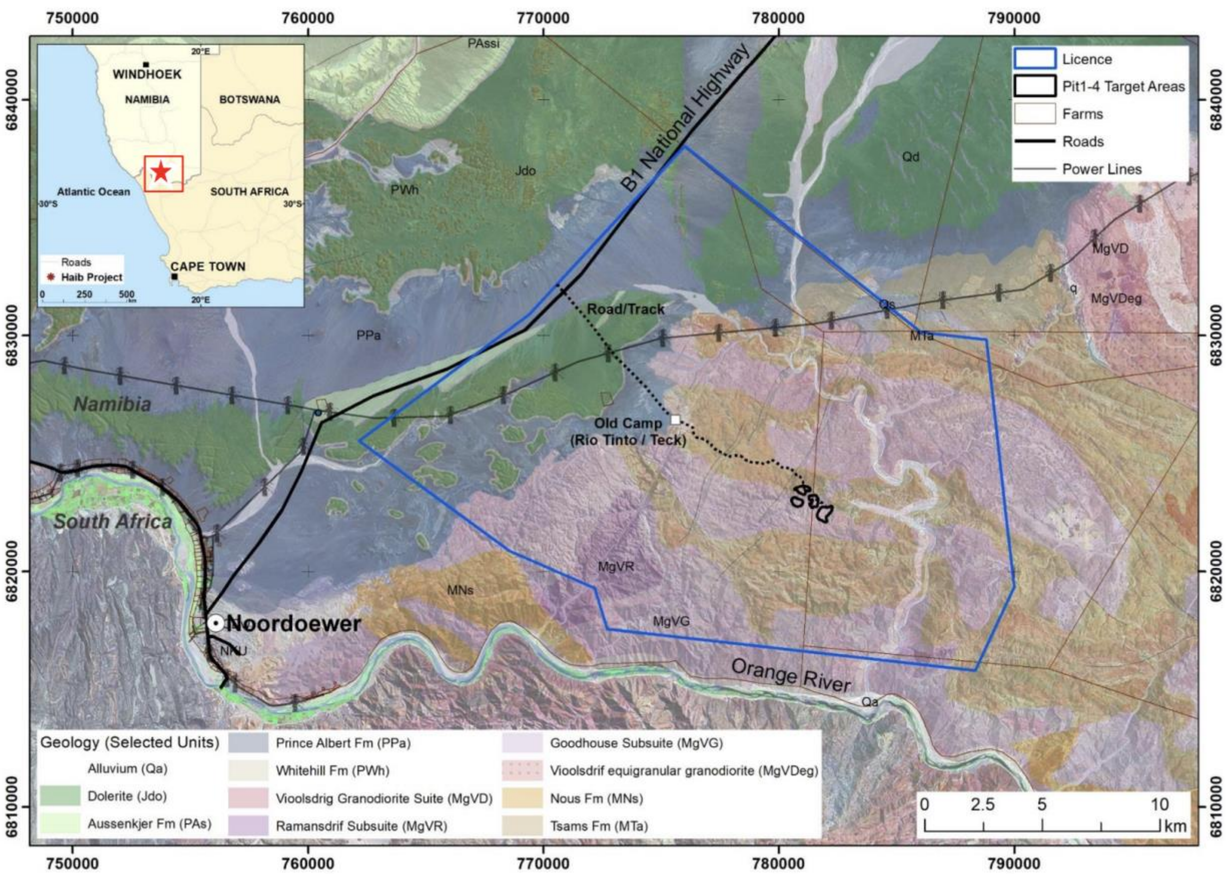
Koryx Copper's flagship asset is the Haib Copper Project, located in the Karas region of southern Namibia near the Orange River and the South African border. The project is one of the largest undeveloped copper porphyry deposits in Africa and among the few Paleoproterozoic porphyry systems globally. The deposit was originally discovered in the late 1800's by German prospectors, who identified the deposit based on copper staining in a dry riverbed and mined small amounts of high-grade carbonate ore. After World War II, a prospector by the name of George Swanson conducted a small-scale mining and tank leaching operation and apparently sold over 6,000 tonnes of high-grade copper at grades of up to 18% to a South African counterparty.

Modern exploration began in the 1960's when Falconbridge and then South Africa's King Resources drilled a combined thirty-two holes to examine the deposit's sulphide potential. Rio Tinto took over Haib in the 1970's and, along with geochemical, chip sampling, IP, and resistivity surveys, drilled 120 diamond drill holes for 45,903 meters in total. (The original drill core from this program remains on site to this day.) Based on this work, Rio produced a historical resource estimate of 374 million tonnes at 0.37% Cu. The project then passed hands between Venmyn Rand Pty Ltd, who was the first of these groups to experiment with bacterial leaching at Haib in the early 1990's, and then a joint venture between Rand Merchant Bank of South Africa and Great Fitzroy Mines of Australia before finding its way to Teck Resources in 2008. Between 2011-2015, Teck funded soil sampling, geophysical surveying, mapping, and 14,250 meters of drilling. (All told, over 78,000 meters of drilling have been completed at Haib since the 1970's.) At this point, Teck – which had also been active exploring for gold in Namibia over the previous decade – made a company-wide decision to exit the country, and the Haib asset shortly thereafter found its way into the current Koryx vehicle.

Location

In addition to the significant amount of historic work that can be leveraged by Koryx, the Haib Project's strongest attributes are its location, including proximity to infrastructure, and its scale. The project benefits from Namibia's reputation as a mining-friendly jurisdiction, with Namibia currently alongside Morocco and Ivory Coast as the most desirable jurisdictions in Africa in which to operate. Namibia provides a stable regulatory environment, transparent permitting processes, and predictable fiscal terms, with a 37.5% corporate tax rate and a 3% royalty. The country has proven friendly to both western and Chinese interests – most recently demonstrated by Osino's sale to Shanjin in August 2024 – affording Koryx a full playing field of potential suitors if/when it is time to monetize Haib. And as previously mentioned, there is no group better qualified for the task at hand given this team's multiple prior successes in country.

The Haib Project is situated in a sparsely populated region of Namibia just north of the South African border. There is no overlap of the project footprint with agricultural interests, while biodiversity is limited to "sparse semi-desert shrubs and grasses with some stunted trees" according to a 2016 technical report. Unlike many of the world's most consequential copper development projects, Haib sits at a low altitude – with topographic elevations within the mineral resource area varying from 320m to 640m above sea level – and is easily accessible. As seen in the below image, the northwestern boundary of the land package runs parallel to the B1 National Highway and the only road construction required in a production scenario is an upgrade to the existing 12-kilometer access road to site. Per the 2016 technical report, the nearest rail link is "the Grunau station, some 120 kilometers north of the Haib. The area between the Haib and Grunau is almost completely flat and the local rail authority has confirmed that a link could be laid relatively easily; this would provide access to either the port of Luderitz or the port of Walvis Bay."



Source: Koryx Copper Corporate Presentation. November 2024.

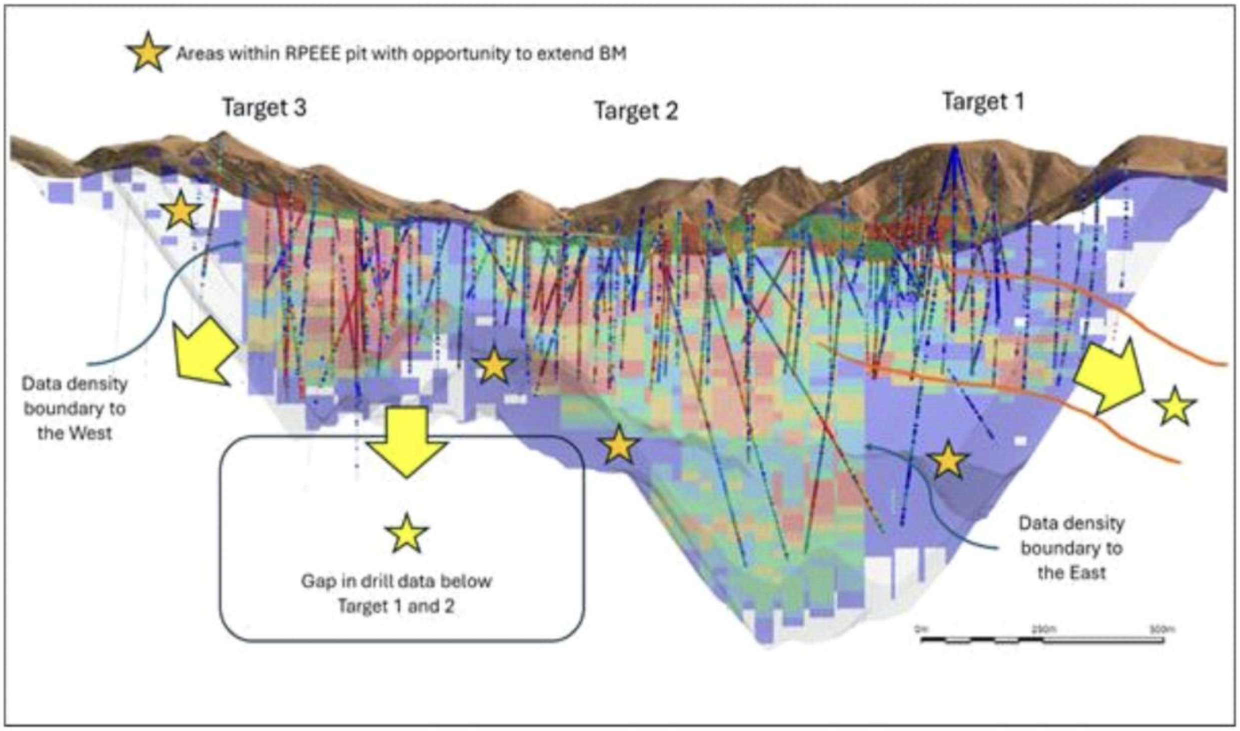
Two additional infrastructural advantages include power and water. An 85-kilometer link to the national power grid will be required should the project be developed, which should be readily permittable and not prohibitive from a cost perspective. While imports satisfy the majority of Namibia's electricity needs, over 95% of the electricity that is generated in country comes from hydropower and solar. Koryx is also exploring opportunities for integrating renewable energy solutions, presumably photovoltaic solar, into Haib's power requirements to further burnish the project's ESG credentials.

Water is currently available in large amounts from the Orange River, which fortuitously lies fifteen kilometers south of the main Haib deposit. Piped water from the Orange River has been identified by the company as the most feasible source of process water for a future mining operation, with annual water demand estimated at 2.4–5 million cubic meters depending on the final processing design. There is precedent for mining operations drawing water directly from the Orange River, including the Rosh Pinah and Skorpion Zinc mines. Discussions are ongoing with Department of Water Affairs (DWA) to secure an abstraction permit from the Orange River, while alternate pipeline routes are being evaluated as a contingency.

Scale of Resource

Haib's other defining characteristic is its immense scale, with the project ranking among the twenty largest undeveloped copper resources globally not controlled by a major mining company. As of a September 2024 resource update, the project hosts upwards of 5.7 billion pounds of copper, within an indicated resource of 414 million tonnes grading 0.35% Cu and an inferred resource of 345 million tonnes grading 0.33% Cu at a 0.25% cut-off. While impressive in its own right, this latest resource figure undersells the project on at least three different fronts. The first is that the historic drilling seen at the project was predominantly vertical, haphazardly spaced, and seemingly ignored important structural features. Recent drilling has significantly improved resource quality, with grades increasing by 10–15% due to better targeting of high-grade structural zones that were overlooked in historical vertical drilling campaigns.

The second is evident in the below cross section, with drilling in the Target 2 and Target 3 areas limited to approximately 350 meters depth below surface. In these areas the block model is clearly constrained at depth by the lack of drill data, which in turn limits the shape of the overall pit shell. (This compares to the pit shell reaching a maximum depth of 800 meters below the Target 1 area.) This significant gap in drill data below Target 2 and Target 3 is set to be addressed in the 8,200-meter Phase II drill program that commenced in mid-November 2024. According to a November 15th news release, the Phase II program's objective is "initially to improve quality by targeting additional higher grades, but as soon as the required manpower and infrastructure is in place, the Company intends to significantly expand this drill program to also target mineral resource growth and infill drilling". Should all go to plan, the company realistically will be able to announce a combined resource of over 1 billion tonnes (from the current 759 million tonnes indicated and inferred) by the time of the next mineral resource update.



Source: Koryx Copper News Release. September 10, 2024.

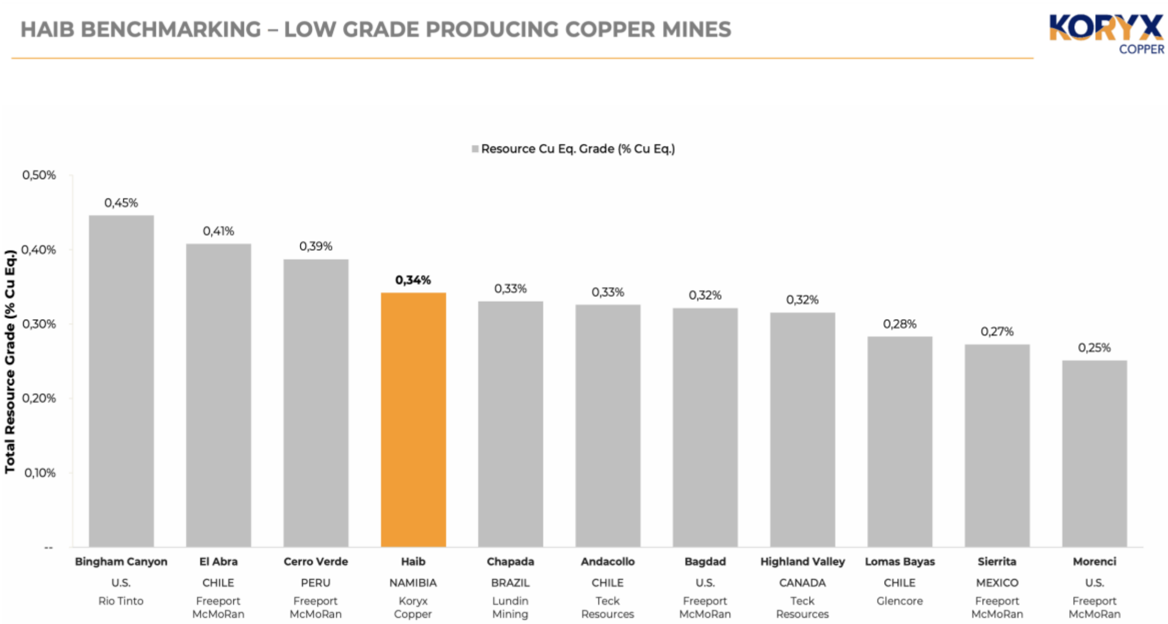
Third, and perhaps most importantly, the mineral resource as it stands entirely ignores the deposit's sizable molybdenum and gold credits. This is due to previous operators, prior to Teck and Deep-South, ignoring the molybdenum and gold entirely. While both of these metals have been assayed for in the most recent 20,000 meters of drilling at the project, they were treated as afterthoughts by Deep-South given that neither would have been recoverable in the exclusively bio-leach flowsheet envisioned by the company. The new Koryx team, however, has shifted toward a hybrid approach combining conventional milling and flotation for the higher-grade material (with the cut off likely to be 0.25% CuEq) while bio-leaching the lower-grade material. This will allow for the recovery of molybdenum and gold from the higher-grade material and is also expected to improve overall recoveries and reduce operational risks. Based on drill assays to date, the inclusion of molybdenum and gold is set to boost Haib's grade to approximately 0.42% CuEq, a roughly 20% increase in contained metal from the copper-only status quo.

Questions on Grade

This is now an appropriate juncture to address the biggest knock against Haib's economic viability at current metal prices, which is the project's relatively low grade. It is undoubtedly true that this is not a high-grade deposit by the standards of open-pit copper development projects globally, and ultimately it is incumbent on the Koryx team to demonstrate to skeptics that this will not be a showstopper for the project – with the updated PEA expected in Q3 2025, incorporating the hybrid flowsheet detailed above, serving as a key litmus test. In the meantime, there are several arguments in defense of the project on the grade front.

This first is that grade, while significant, is only one of many variables in determining a given project's economic viability. The orebody size and geometry, mining method, metallurgical recoveries, labor costs, power costs, infrastructure access, and taxes/royalties are but a few of the dozens of inputs required to determine how much it will cost to build a mine and how much it will cost to operate. Then, of course, there's the question of whether said project can receive the necessary permits and social license to begin with. Myopic focus on grade disregards these other relevant factors and, as we've discussed, the Haib Project has much going for it on many fronts – particularly in terms of its location, including its proximity to infrastructure, and significant scale.

The second is that, as seen in the below graphic, the grade of the Haib Project stacks up quite well relative to currently producing low-grade, open-pit copper mines, with each of the ten comps listed comfortably profitable at spot copper prices. This will be particularly true when the aforementioned molybdenum and gold credits are included within the Haib resource grade, as this should see Haib move to second position amongst the operations listed (behind only Rio Tinto's Bingham Canyon) in terms of CuEq total resource grade. While higher would be better, it certainly would not be unprecedented to see a project of Haib's grade put into production.



Source: Koryx Copper Corporate Presentation. November 2024.

The third point pertains to the management team that has chosen to take this asset on, and their consistent track record of aggressively pushing forward readily developable projects and then selling them on to bigger parties when the time is right. Heye and Alan have never embraced the "optionality" business model and would not have stepped into the Koryx story if they thought Haib needed copper at $6 or $8 per pound before the project became economically viable. While it is in theory possible that they've misjudged the case, bet against this team at one's own peril – particularly when the asset in question is located in Namibia, a jurisdiction that they know ever so well. The Koryx team is convinced that Haib can and will be built in the current metals cycle, and the implicit bet being made by Koryx shareholders is that they will be proven correct in this assessment.

Next Steps

The Koryx team plans to advance Haib at breakneck speed, aided by the already advanced nature of the project and the company's recently fortified treasury. As already mentioned, a Phase II drill program for 8,200 meters is in progress, with first assays likely to be released in short order. A Phase III drill program for 19,000 meters will commence immediately thereafter, with one of the primary aims of the program to bring molybdenum and gold for the first time into the Haib resource. Concurrent with the drilling, a Phase II metallurgical program is underway to demonstrate the amenability of Haib's higher-grade material to conventional milling and flotation. Full results from the metallurgical program are expected by the end of Q2 2025. (A new phase of bio-leach test work is also being contemplated by the company, though a timeline has yet to be defined on this front.)

Next an updated PEA is expected in early Q3 2025, with the "ultimate aim of the enhanced PEA… to de-risk the Haib metallurgical processing philosophy by relying principally on conventional milling and flotation and the production of a low impurity, higher grade concentrate, in addition to the further development of the bacterial heap-leaching flowsheet which was previously described in the currently published PEA." This updated PEA will be the first publicly released economic study incorporating conventional milling and flotation at Haib and will give the market a brand-new look at the project's potential economics. A Prefeasibility Study is set to follow in late 2025, before a Feasibility Study is released in late 2026.

On the permitting front, the company plans to apply for a Mining License on the heels of the updated PEA in Q3 2025, with expectations for approval of the Mining License by the Namibian government in late 2026. While it is an audacious timeline given how recently the new Koryx management team stepped into the frame, if all goes to plan, the Haib Copper Project could be in line for a construction decision as soon as early 2027.

Valuation

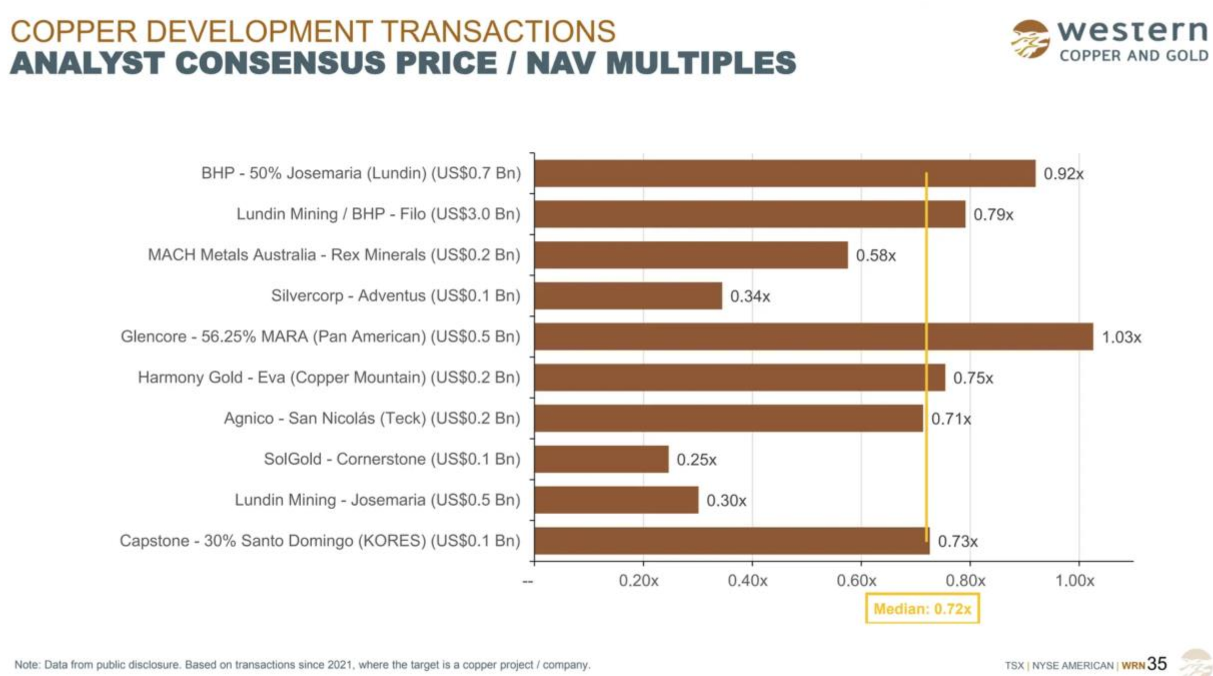
At its current C$1.00 share price, Koryx sports a fully diluted market capitalization of approximately C$83 million and an enterprise value of approximately C$61 million (assuming that all outstanding warrants are ultimately exercised). The Koryx share price had the sixth best performance of all publicly traded miners globally last year according to Luc ten Have's Resource 100 database, with the company posting a 400% share price increase over the course of 2024.

From a valuation perspective, the company sits in what can be described as no man's land until the updated PEA's release in Q3 2025. While it is true that a PEA was published for the Haib Project in December 2020, this document is now four years stale and, more significantly, envisioned a bio-leach only operation that has limited relevance given the company's plan to integrate conventional milling and flotation going forward. At this point, it would be foolhardy to place much weight on this previously released economic study.

What we do know is that, due to the introduction of milling and flotation into the Haib flowsheet, there will be a significant increase from the US$341 million initial capex figure reflected in the bio-leach only PEA from 2020 – with the initial capex of the newly envisioned operation likely to fall in the vicinity of US$800 million to US$1 billion. Furthermore, if the Koryx team is correct in its assessment that Haib is indeed viable in the current copper price environment, investors will see a Profitability Index (after-tax NPV divided by initial capex) of 1.0 at the absolute minimum.

Let's for the sake of argument assume an initial capex of US$900 million and US$950 million after-tax NPV at $4.00 copper and 8% discount rate, among other reasonable assumptions. In this hypothetical, the Koryx team will have demonstrated the project's viability (through the admittedly narrow lens of a Profitability Index) but by the slimmest of margins. In situations such as these, when a PEA-stage project appears viable on paper but not by an overwhelmingly decisive margin, a 0.1x NAV multiple (i.e., a 90% discount to after-tax NPV) is more or less appropriate absent obvious pitfalls on the permitting or social license front. This scenario outlined would suggest a US$95 million implied valuation for Haib at the PEA-stage, equivalent to a C$1.66 per KRY share on a fully diluted basis at the current exchange rate.

To take this thought experiment a step further, let's now presume that Heye, Alan, and their team successfully advance the Haib Project through a Feasibility Study in late 2026 and then transact on the asset, just as they have in their previous two deals. This would likely entail an additional C$20-25 million in funding beyond the money raised to date. While the Koryx management team undoubtedly plans to raise the necessary capital at a significantly higher share price, we'll say out of conservatism that C$25 million is ultimately raised at C$1.10 per share – the same pricing as Koryx's most recent financing – bringing the company's fully diluted share count to just above 105 million.



Source: Western Copper and Gold Corporate Presentation. December 2024.

Next, we'll consider the transaction multiples achieved in recent M&A involving development stage copper assets. The above chart, courtesy of Western Copper and Gold, displays the ten major copper development transactions since 2021 – with NAV multiples ranging from ranging from 0.25x in the case of SolGold's merger with Cornerstone to as high as 1.03x in the case of Glencore's acquisition of a 56.25% stake in the MARA Project from Pan American.

While the sale of Haib at the median 0.72x multiple would certainly be welcomed by KRY shareholders, we'll assume a deal at a 0.25x multiple which is the very lower bound for the transactions highlighted above. At the US$950 million NPV discussed previously, this would yield a tidy C$344 million sales figure at the current exchange rate – coincidentally not at all far off from the C$368 million price tag at which Osino Resources and its Twin Hills Project was just sold. Such an outcome would be equivalent to C$3.28 per Koryx share, when incorporating the enlarged 105 million fully diluted share count contemplated above.

Of course, it's distinctly possible that the Koryx team is unsuccessful in proving Haib economic in the current copper price environment, in which all discussed above goes out the window. Or, similarly, the team is successful in demonstrating Haib's economic viability in upcoming economic studies but unable to transact on the asset for one reason or another, perhaps a due to disastrous permitting outcome or the fall from grace of Namibia as one of Africa's most desirable mining jurisdictions. These are all risks that Koryx shareholders are incurring. But by the same token, the upside on offer – even at a transaction multiple at the very lower bound of what we've seen for copper development assets in recent years -- is plainly evident, while a wait of 2-3 years to see if the Koryx team can pull this off is well within bounds for a reasonably patient investor.

Upcoming Milestones

Provided below are the expected milestones from Koryx over the coming twenty-four months. While there will be at least 27,000 meters of drilling to keep the market entertained over the coming months, it is the two economic studies expected in the back half of the year that are most likely to serve as share price catalysts.

- Phase II drill results (8,200 meters) **by end Q1 2025**
- Phase II metallurgical test results **by end Q2 2025**
- Phase III drill results (19,000 meters) **by end Q2 2025**
- Updated PEA announced **by end Q3 2025**
- Application for Mining License submitted **by end Q3 2025**
- Prefeasibility Study announced **by end 2025**

- Feasibility Study announced **by end 2026**
- Mining License approval by Namibia Ministry of Mines **by end 2026**

Conclusion

Koryx Copper presents a compelling investment case centered on the Haib Copper Project, one of Africa's largest undeveloped porphyry deposits. The company's revitalized leadership under Heye Daun and Alan Friedman, both with proven track records in Namibia, has quickly transformed Koryx into a credible player within the copper development space. The company plans to push forward this already advanced asset at a blistering pace, with the possibility of either a construction decision or, more likely, a sale to a larger party as soon as early 2027. In the words of Heye, the Koryx team's "sweet spot is in the permitting, de-risking, and advancing - getting it ready to be built...that's when the big players come in because they don't want to deal with the early stages."

While questions remain around the project's relatively low grade, the Koryx team is confident that Haib will be proven viable in the current copper price environment given its proximity to infrastructure, immense scale, and through the integration of conventional milling and flotation allowing for higher recoveries as well healthy molybdenum and gold credits. Absent a marked increase in the copper price, the success of an investment in Koryx Copper will hinge on this assessment being proven correct over the coming twenty-four months.

Featured Investment Updates

Over the course of previous MJG partnership letters, *Featured Investment* write-ups have been included for twenty-seven 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 eight 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.

Ridgeline Minerals (TSXV: RDG)

Featured In: **July 2024**
Average Cost Per Share: **C$0.16**
Current Market Price (January 17, 2025): **C$0.15**

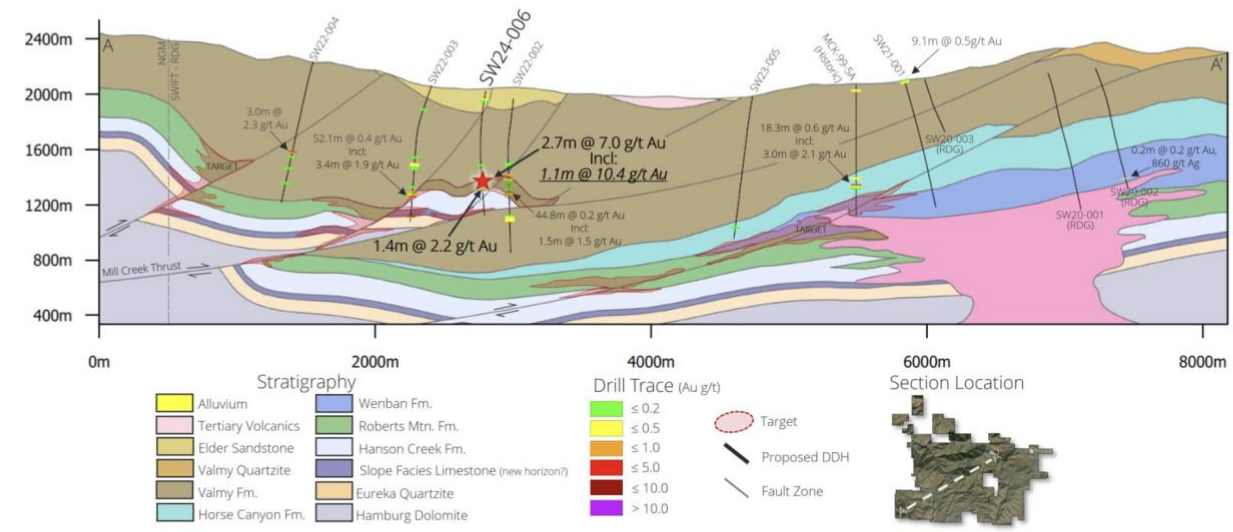
Ridgeline Minerals was the *Featured Investment* in the most recent MJG partnership letter. The position was first initiated in a September 2022 private placement priced at C$0.20. The partnership followed on with its investment in two subsequent financings in April 2023 at C$0.20 and May 2024 at C$0.12, as well as a series of purchases on the open market. The partnership's cost basis sits at C$0.16, just above the current RDG share price of C$0.15.

The fact that the Ridgeline share price is unmoved from its level six months ago frankly speaks to the despondent state of the junior mining market. The latter half of 2024 was objectively a highly successful period for Ridgeline, with two developments in particular standing out, and it must grate CEO Chad Peters and his team that the company's efforts have failed to be rewarded with an uplift in valuation. This however is the fickle and unforgiving nature of the mineral exploration business and, with the understanding that market conditions can turn on a dime, it is incumbent on the Ridgeline team to keep their heads down and continue executing on the company's hybrid generator business model to best of their ability.

Before discussing the company's plans for the coming year, we'll touch on the two big news items from recent months. The first was an earn-in agreement with South32 announced in late August, with the deal allowing for South32 to acquire an 80% interest in Ridgeline's Selena Project by incurring US$20 million in expenditures over an eight-year period. South32 becomes the second mining heavyweight to partner with Ridgeline, complementing the existing partnerships with Nevada Gold Mines at the Swift and Black Ridge projects.

South32 serves as an ideal partner for Selena given the company's experience with CRD-style deposits, most notably its Hermosa Project in southern Arizona which is currently under construction. Ridgeline, which will remain the project operator with a 10% management fee for at least the first US$10 million in expenditures, and its new partner will now attempt to demonstrate that sufficient CRD tonnage exists at Selena – with intercepts of 6.1m at 1,137 g/t AgEq, 4.6m at 770 g/t AgEq, and 3m at 605 g/t AgEq in previous 100%-funded drilling by Ridgeline already hinting at potentially economic grades. Importantly, the earn-in agreement stipulates a minimum spend commitment of US$2 million by August 2026, with Ridgeline guiding for an initial South32-funded drill program to commence in mid-2025.

The South32 deal was followed by the November 7th announcement that Nevada Gold Mines (NGM) had encountered high-grade gold in drilling at Ridgeline's Swift Project, highlighted by 1.1m grading 10.4 g/t Au within 2.7m grading 7.0 g/t Au from 676m. The hole in question, SW24-006, was first of the 2024 drill program and sixth hole drilled by NGM since stepping into the fold at the Swift Project in August 2021.



Source: Ridgeline Minerals News Release. November 7, 2024.

Albeit narrow, this result is highly consequential for the future of the project – enough so that Barrick chose to highlight it within its Q3 2024 MD&A, describing the intercept as "significant". Ridgeline and NGM had already known that an extensive gold system existed at Swift within the right host rocks, as past drilling had encountered wide intercepts such as 51m at 0.19 g/t Au, 37m at 0.29 g/t Au, and 49m at 0.45 g/t Au within the Roberts Mountain Formation. Until SW24-006, the unanswered question was whether the Swift system carried the grades necessary to be economic at such depths. This has now been answered definitively in the affirmative, and now it is a question of putting the pieces together and coupling the previously observed widths with the recently discovered grades. There remains one hole outstanding from the 2024 drill program, with final assays expected in Q1 2025. It is important to note that NGM must spend another US$11.8 million between now and December 2026 (for a total of US$20 million) to earn an initial 60% interest in the project.

Looking forward to the coming year, 2025 is set to be the busiest year since the company's inception by quite a margin, with the potential for up to five projects to be drilled. On the partner funded front, NGM is required to spend just under US$12 million at Swift over the next twenty-four months – suggesting a US$5-6 million budget next year at Swift, assuming that NGM wants to avoid a last-minute scramble in 2026 to fulfill its initial earn-in requirement. Similarly, NGM must spend an additional US$1 million at Ridgeline's Black Ridge Project by December 31, 2025, which in theory can be satisfied with a 1-2 hole program given the substantial depth of the prospective host rocks. Finally, there is the Selena Project where an initial South32-funded drill program is expected to commence in mid-2025. While budgets have yet to be firmed up in the cases of Swift and Selena, there is an easy line of sight on US$8 million in partner funded expenditures between these three projects in the coming year – which would be a twofold increase from the US$4 million spent on Ridgeline's behalf in 2024 and equivalent to over 70% of the current Ridgeline market capitalization.

Furthermore, the Ridgeline team has clearly stated its intention to conduct maiden drill programs on a 100%-basis at both its Big Blue Project (2000 meters across 2-3 holes) and the recently staked Atlas Project (800 meters across 3-5 holes) in 2025. This will require additional funding, likely in the ballpark of C$3 million, to be raised in the coming months before such programs can go ahead.

Included below are the expected Ridgeline milestones over the course of 2025. At Ridgeline's modest market capitalization of C$16 million, an unexpected assay result from any of these five drill programs has the potential to significantly move the company's share price.

- Drill results from hole SW24-007 at Swift Project from NGM **by end Q1 2025**
- Maiden drill results (2000 meters) at Big Blue Project **by end Q2 2025**
- Maiden drill results (800 meters) at Atlas Project **by end Q3 2025**
- Phase I drill results at Selena Project from South32 **by Q3 2025**
- Phase I drill results at Black Ridge Project from NGM **by end 2025**
- Phase IV drill results at Swift Project from NGM **by end 2025**

Since its formation in 2018, the Ridgeline team has demonstrated the ability to both secure highly prospective projects within world-class mineral trends and bring name brand partners into the fold. With this said, the company's efforts have yet to yield a game changing discovery and the RDG share price – having run up to as high as C$0.77 in spring 2021 on the back of its IPO – has languished as a result. An investment in Ridgeline at this juncture is a wager that the company's dogged efforts will be rewarded with such a discovery, either in collaboration with partners or at one of the company's 100%-owned projects.

This of course is a highly speculative bet, as the odds of success in grassroots mineral exploration are slim. The MJG partnership is nonetheless holding firm with its investment in Ridgeline, with the belief that the odds can be bent in one's favor by backing talented, ethical, and narrowly focused teams while leveraging the balance sheets of larger counterparties to test bold geological theses.

Altius Minerals (TSX: ALS)

Featured In: **January 2024**
Average Cost Per Share: **C$11.88**
Current Market Price (January 17, 2025): **C$28.64**

Altius Minerals was the *Featured Investment* in the January 2024 MJG partnership letter. The Altius position was first initiated at C$7.90 per share in April 2020, with subsequent open market purchases increasing the MJG partnership's cost basis to C$11.88 per share.

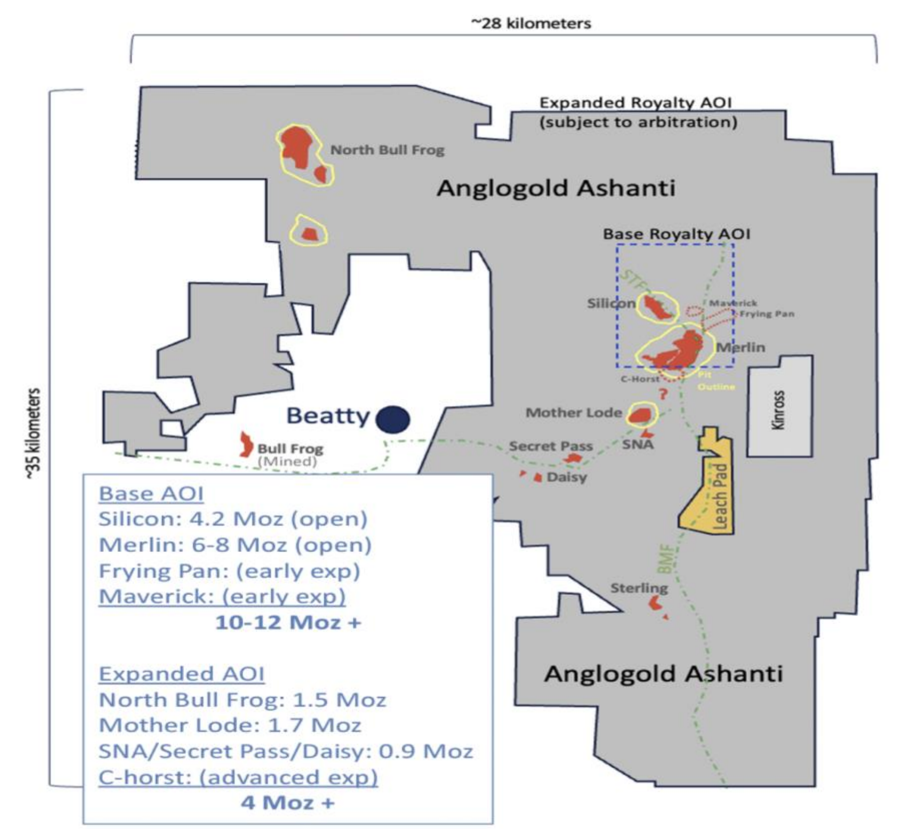
Altius was a top performer within the MJG portfolio last year, with the ALS share price increasing by 44% over the course of 2024. While there are plenty of moving parts to the Altius story, this share price outperformance can be primarily attributed to the market's increasing – and long belated – recognition of the significance of the company's 1.5% NSR at AngloGold's Expanded Silicon Project (ESP) in southern Nevada, as well as the distinct possibility that some or all of this royalty is monetized in the near future. (As will be discussed shortly, there was an extremely consequential development relating to this royalty just earlier this month.)

There have been three particularly significant developments for Altius since the July 2024 partnership letter. The first was the sale of all outstanding shares of Altius Renewable Royalties (ARR), excluding the 57% of the company held by Altius Minerals, for C$12.00 per share to Northampton Capital Partners. This transaction, announced on September 12th before its closing on December 5th, reflected a 28% premium to ARR minority shareholders from the pre-announcement share price. While there was some initial consternation amongst ARR minority shareholders, the rationale for the deal is clear. ARR is the undisputed first mover in the renewable royalty space and, to press its advantage, hundreds of millions if not billions in additional capital will need to be raised in the years ahead. While ARR's share price was holding up remarkably well relative to publicly traded renewable energy peers, the fact remained that, at the prevailing pre-deal ARR share price, the cost of capital in public markets was markedly higher than what was available in private markets. In partnership with Northampton, ARR's aggressive growth plans can now be funded without being subject to the whims of public markets. At the C$12.00 transaction price, Altius's 17.9 million share position (plus a number of in-the-money ARR warrants) is worth approximately C$235 million, equivalent to just under 18% of the current Altius market capitalization.

The second development of note was the December 18th announcement by Champion Iron that it had entered into a binding agreement with Nippon Steel and Sojitz for the joint ownership and development of the Kami Iron Ore Project, over which Altius holds a 3% GRR. The agreement stipulates that Nippon Steel and Sojitz will contribute an initial US$245 million for a 49% interest in the project, advancing Kami through a Definitive Feasibility Study due in mid 2026. Should the partners make a positive FID upon completion of the Definitive Feasibility Study, Nippon Steel and Sojitz will then fund an additional US$245 million towards development before the three partners contribute the remainder of the capital requirements on a pro-rata basis. Kami is expected to have an extensive 48-month construction period, suggesting first production in 2030 in a best-case scenario.

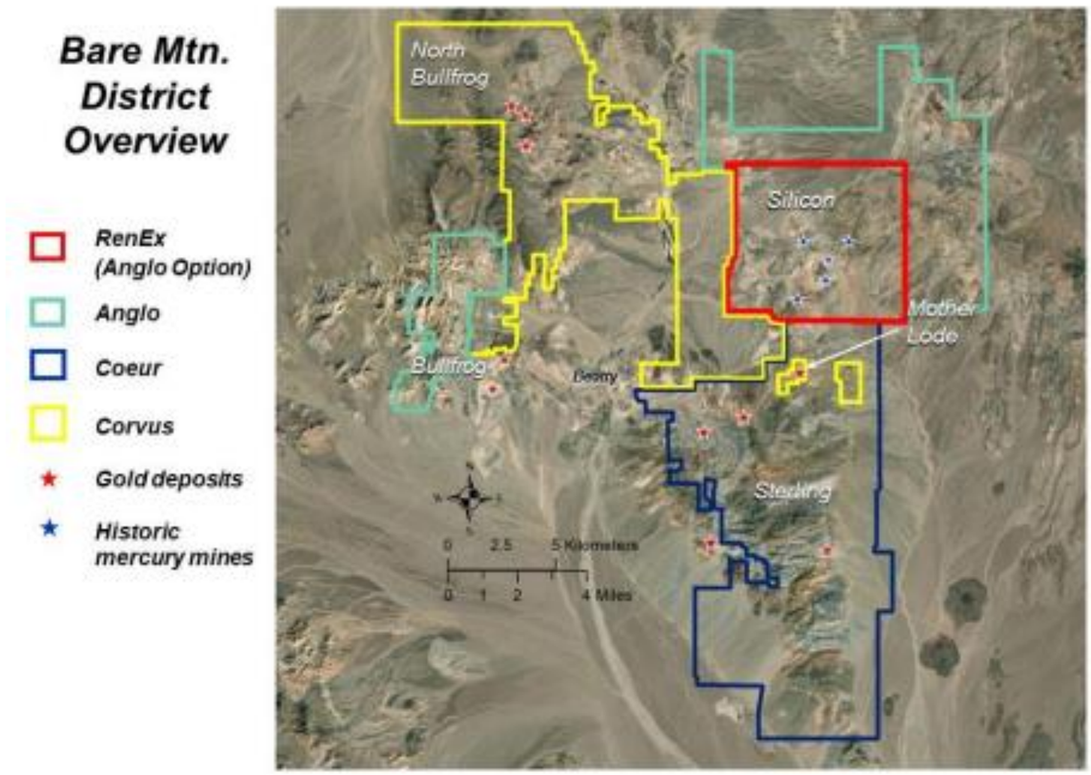
While it does not guarantee Kami's ultimate development, this strategic partnership between Champion Iron, Nippon Steel, and Sojitz does serve as a significant de-risking for the asset and, in turn, Altius's 3% GRR. A power deal announced the week prior between the provinces Quebec and Newfoundland adds further momentum, as the stated goal of one of the joint hydroelectric projects on the table – with construction set to commence as soon as this year – is to get more power into the Labrador Trough for the region's iron ore players, Champion Iron included. Kami has the potential to be Altius's single highest paying royalty at C$45-50 million per annum, based on the production profile contemplated in the January 2024 Prefeasibility Study and reflecting spot iron ore pricing, a $34 DR premium, and the topline 20% provincial royalty tax.

Returning to the 1.5% NSR at the Expanded Silicon Project, Altius announced on January 10th a long-awaited decision from an Arbitration Tribunal relating to the extents of its royalty interests within this emerging gold district. The decision, albeit only a "Partial Award", does provide clarity on a couple of fronts. The first is that Altius has been awarded a "significant expansion of its royalty rights in all directions around the Base AOI area, including for several kilometers along projected northwest and northeast trend extensions of structures that it believes represent important geological controls on mineralization at both Silicon and Merlin, as well as over extensive areas within the district to the south of the Base AOI that have seen limited exploration to date." This confirms that the Altius 1.5% royalty definitively covers the full 13.3-million-ounce resource between the Silicon and Merlin deposits (as seen in the below map), as well as the district's most promising "blue sky" exploration ground surrounding Silicon and Merlin that has yet to be systematically explored.



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

The Partial Award was not however the slam-dunk win that Altius and its shareholders may have hoped for, with the Arbitration Tribunal also deciding that "Certain lands that were acquired by AGA from third party entities, including Coeur Sterling, Inc. and Corvus Gold, Inc., with a staking date prior to the date of the Royalty Agreement [in February 2015] are excluded from the royalty by virtue of the Partial Award. These lands host several historically identified mineralized areas including the North Bullfrog and Motherlode areas." This means that the Altius royalty will not benefit from near-term royalty revenue at North Bullfrog, where first production is expected to commence as soon as late 2025, and that portions of the ground within the claim blocks previously owned by Corvus and Coeur (displayed in yellow and blue, respectively, in the below map from a March 2019 Renaissance Gold press release) staked *before* the signing of the Royalty Agreement in February 2015 will be excluded from the Altius royalty.



Source: Renaissance Gold News Release. March 27, 2019.

This leaves uncertainty regarding thousands of individual claim units that were staked *after* the February 2015 cut-off date, and the Arbitration Tribunal "has directed the parties, within the next 60 days, to jointly submit a detailed list of the various individual claim units believed to be subject to the royalty. If the parties report that any issues exist between them in itemizing or specifying the mining claims subject to the royalty, then the Tribunal will decide them and subsequently issue its final award." Absent some sort of compromise between Altius and AngloGold in the coming sixty days, it seems that another several months could pass before the Arbitration Tribunal rules on the remaining disputed ground.

Despite the remaining uncertainty and mixed nature of the result, the Altius share price traded up 3.3% on the day that the Partial Award was announced and is up an additional 2.5% in the five trading days since. This positive response to the Partial Award is likely due to a few factors. The first is that the market simply does not like uncertainty, so it perhaps should not be surprising that the AngloGold share price traded up on the day of the Partial Award decision as well. The second is that market participants may have been overly pessimistic regarding Altius's chances in arbitration, with some investors possibly concerned that Altius wouldn't be awarded any of the Expanded AOI ground to begin with or even questioning whether the Base AOI itself was in jeopardy. Any such concerns have now been put to rest. The third is that Altius has been clear in its communications with the market that a sale of this royalty – whether partial or whole – is under serious consideration, and this Partial Award gets us one step closer to such a decision point. (It's even possible that Altius chooses to formally commence a sale process immediately, given that the remaining claims in dispute are relatively inconsequential to the overall value of the royalty.) Time will tell if/when Altius chooses to transact, with the ESP royalty set to remain the single biggest driver of the ALS share price until such a decision is made.

Provided below are the expected milestones for Altius and its partners over the coming twenty-four months. The most significant potential share price catalyst – a full or partial sale of the 1.5% NSR at the Expanded Silicon Project – is not included, given the uncertainty on both timing and whether it will go ahead at all.

- Final Award from Arbitration Tribunal regarding ESP royalty boundary **by end Q2 2025**
- Silvercorp Metals breaks ground at Curipamba Project (2% NSR) **by end Q2 2025**
- Prefeasibility Study at Expanded Silicon Project (1.5% NSR) from AngloGold **by end 2025**
- Definitive Feasibility Study at Kami Project (3% GRR) from Champion Iron **by end Q2 2026**
- First royalty revenue at Curipamba Project (2% NSR) received from Silvercorp **by end 2026**

Altius Minerals remains a quintessential compounder, with a portfolio of royalty interests that will outlive anybody reading this write up and a founder/operator team who (a) understands the value of what the company has and (b) is intent on not screwing things up. While in the near-term the share price is likely to fluctuate based on developments regarding its ESP royalty, it must be stressed that Altius's deep and diversified royalty portfolio puts the company on firm footing for the coming decades, irrespective of whether it ever again makes a royalty acquisition or generates a new royalty of value from its internal prospect generation unit. The MJG partnership will continue to hold this position as a core, long-term holding.

Kenorland Minerals (TSXV: KLD)

Featured In: **July 2023**
Average Cost Per Share: **C$0.59**
Current Market Price (January 17, 2025): **C$1.21**

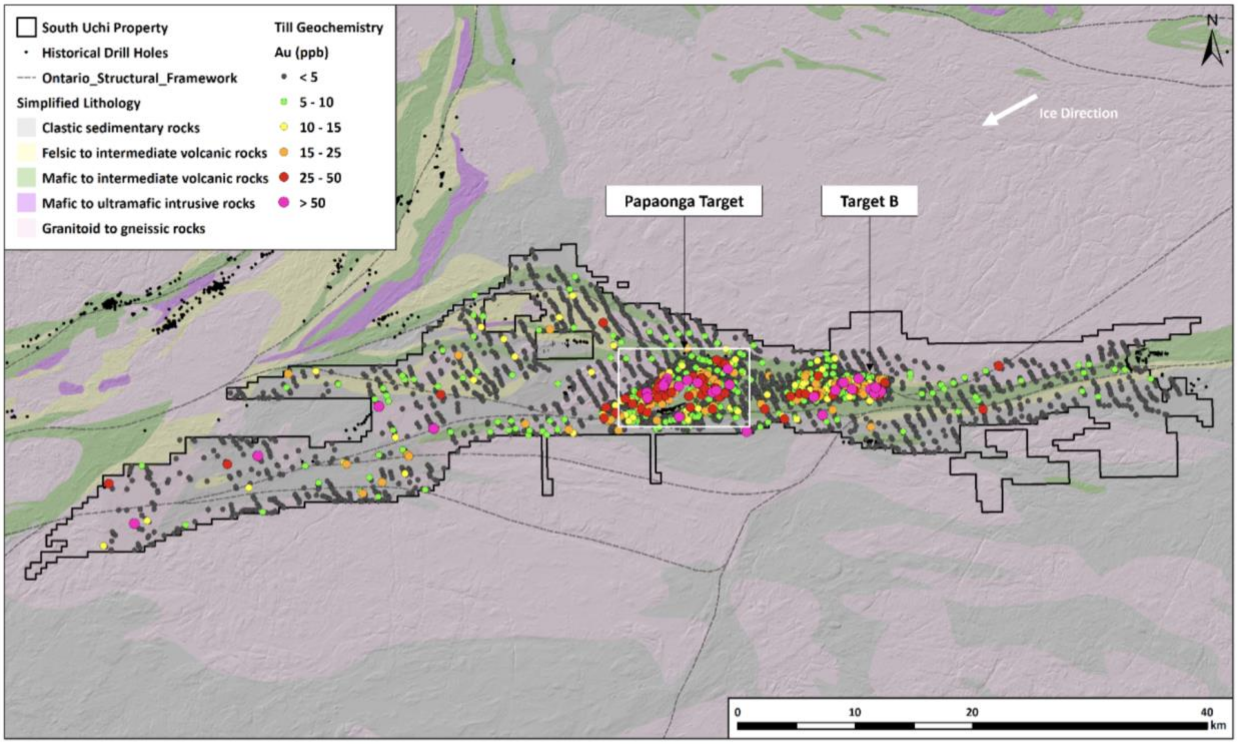
Kenorland Minerals was the *Featured Investment* in the July 2023 MJG partnership letter. The company has been a MJG holding since a February 2020 financing at C$0.25 while the company was still private. The partnership's cost basis has increased to C$0.59 after participation in a subsequent financing at C$1.00, as well as consistent open market purchases.

Kenorland has continued to see the fruits of its labor rewarded, with the KLD share price increasing by 26% since the mid-year MJG partnership letter and by 97% over the full course of 2024. It is fair to say that much of this move was driven by the conversion earlier this year of a 20% project-level interest in the Frotet Gold Project to a 4% NSR, which has been duly recognized by the market as a fantastic deal for the company and its shareholders.

Even considering the dramatic share price re-rate, one can continue to make the argument that the current Kenorland valuation is entirely justified by this single royalty. The Frotet Project's now 100%-owner Sumitomo retains a 0.75% buydown right on the royalty for C$13 million, with simple math suggesting a value of just over C$69 million for the full 4% based on this buydown right. This compares to Kenorland's current enterprise value of C$67 million, reflecting the company's fully diluted market capitalization of C$108 million, cash and equity interests of C$29 million, and up to C$12 million in proceeds should all outstanding options be exercised. Through this lens, the rest of the Kenorland business comes for free.

This is unwarranted, as beyond the Frotet Project, Kenorland is expecting at least three partner funded drill programs to commence within the next six months. This includes a Phase II program of up to 3,500 meters at the Chebistuan Project funded by Newmont, a Phase I program at the Hunter Project funded by Centerra Gold, and a Phase I program at the South Uchi Project funded by Kenorland's newest earn-in partner Auranova Resources. (There is also the outside chance for a maiden drill program at the South Thompson Nickel Project, over which Kenorland holds a 2% NSR, should partner Evolution Nickel raise the prerequisite C$4 million in financing to close the transaction with Kenorland.)

While each of these drill campaigns hold the potential to yield a significant discovery, it is the upcoming work by Auranova at the South Uchi Project that is perhaps most interesting. South Uchi was previously optioned to Barrick Gold, which spent a substantial sum (US$4.3 million) over a sixteen-month period on geochemical surveying, mapping, and a detailed drill-for-till program before hastily handing the project back to Kenorland in January 2023. The Kenorland team subsequently identified a five-kilometer by eight-kilometer gold geochemical anomaly, now named the Papaonga target, that appears to have been overlooked by Barrick.



Source: Kenorland Minerals News Release. December 2, 2024.

On December 2nd, onto the scene stepped Auranova – a high-powered private vehicle backed by Tom Obradovich, Tim Young, and Chris Taylor of Great Bear fame. A team of this caliber will have no trouble raising capital and is expected to hit the ground running at South Uchi – with the potential for a 15,000 meter plus drill program to commence in short order. Should the Auranova team find what it is seeking, Kenorland is positioned to be rewarded on multiple fronts, including (a) a 2% NSR covering the full South Uchi land package, (b) a 19.9% equity stake in Auranova that is non-dilutable until Auranova raises a minimum of C$10 million, and (c) a 30% free-carried project-level interest through the completion of a PEA. The fact that these advantageous terms were agreed to speaks to the Auranova team's excitement about the potential at South Uchi, as well as the competitive tension that likely existed in negotiations.

Included below is a summary of the many Kenorland milestones expected over the coming twelve months. There also remains the distinct possibility that the company further monetizes and/or partners out additional projects from its 100%-owned portfolio, with the Flora, Western Wabigoon, and Algoman Projects in Northwestern Ontario at the top of the list.

- Evolution Nickel raises C$4m + closes transaction for South Thompson Project **by end Q1 2025**
- Drill results (20,000 meters) from winter program at Frotet Project **by end Q2 2025**
- Phase I drill results at South Uchi Project funded by Auranova **by end Q2 2025**
- Phase II drill results (3,500 meters) at Chebistuan Project funded by Newmont **by end Q2 2025**

- Phase I drill results at Hunter Project funded by Centerra Gold **by end Q2 2025**
- Sumitomo becomes operator at the Frotet Project **by end Q2 2025**
- Maiden Resource Estimate at Frotet Project **by end 2025**
- Completion of environmental and technical baseline studies at Frotet Project **by end 2025**
- Koulou Gold goes public (10% owned by Kenorland) **by end 2025**

The Kenorland team continues to execute on the prospect and royalty generation business model at an elite level, with its shareholders being rewarded for these efforts. Despite the significant re-rate in the KLD share price over the past twelve months, the company still isn't receiving much, if any, value for its business beyond the 4% NSR at Frotet. This will surely change with good fortune at any of the partner-funded drill programs expected over the coming year, with the MJG partnership eagerly awaiting first assays from multiple projects in Q2 2025.

Bravo Mining (TSXV: BRVO)

Featured In: **January 2023**
Average Cost Per Share: **US$0.50**
Current Market Price (January 17, 2025): **C$1.60**

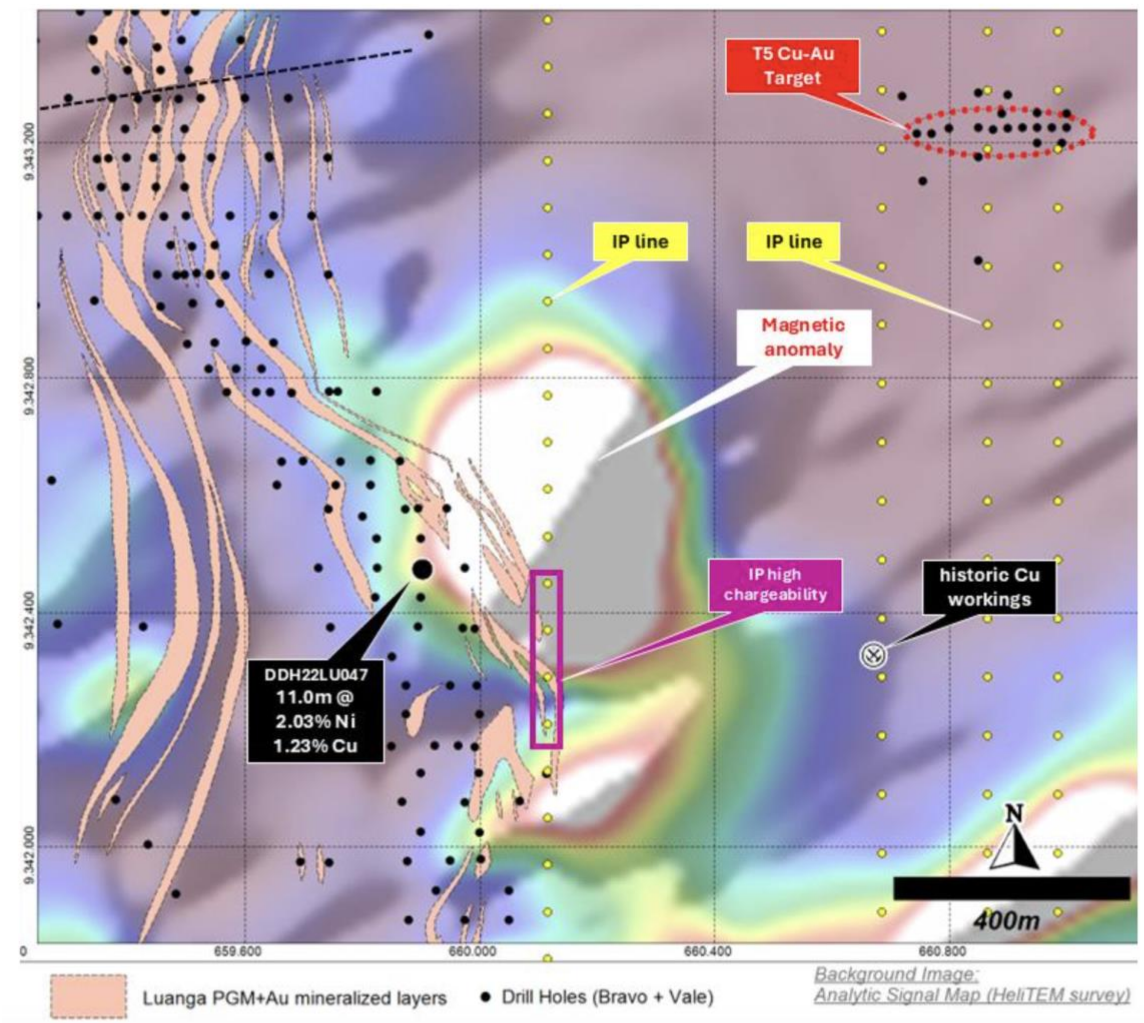
Bravo Mining was the *Featured Investment* in the January 2023 MJG partnership letter. The position was first initiated in Bravo's pre-IPO financing at US$0.50 in early 2022. While the MJG partnership did take roughly 115% of its cost basis off the table when the BRVO share price was north of C$4.00 in mid 2023, Bravo remains among the five largest holdings within the MJG portfolio.

The past six months have been bleak for Bravo and its shareholders, with the BRVO share price plunging by 57% since the mid-year 2024 MJG partnership letter. The reason for this decline is plainly evident. Bravo saw its share price spike by nearly 100% in late Q2 2024 on the back of an unexpected IOCG-style copper intercept at its Luanga Project, with hole DDH2405T002 at the T5 target intercepting 11.48 meters of 14.3% Cu and 3.3 g/t Au from 165 meters depth. This was a truly world-class drill intercept, and speculators understandably piled into the Bravo story with the expectation that the company was on the cusp of delineating a significant copper discovery. In the period since, however, subsequent drilling – a total of eighteen holes up dip, down dip, and along strike from DDH2405T002 – has been unable to replicate this extraordinary result, and consensus has formed that the T5 deposit is too small to be of import. As a result, the excitement around T5 has fizzled with the Bravo share price suffering as a result.

With this said, the extent of the share price decline has been quite remarkable. Bravo was trading at C$2.23 per share on May 27th, the day before DDH2405T002 was announced to the market. Prior to the May 28th press release, the company was being valued solely for its development-stage Luanga PGM-Au-Ni deposit, with perhaps a slight premium thrown in for the discovery potential of Luanga's feeder zone on the broader land package. Any IOCG potential was not remotely on the radar, given that Luanga's previous owners Vale had ruled this out – mistakenly, in hindsight – as a possibility. Keeping this in mind, the fact that the Bravo share price has declined so far below the pre-discovery share price of C$2.23 is surprising. The market seems to be entirely ruling out further IOCG potential on the property, which as will be discussed shortly is probably a mistake, while also judging that the Luanga deposit itself (as well as the associated feeder zone exploration potential) is worth 28% less than it was eight months ago. This is unduly harsh, but it is the reality that Bravo and its shareholders currently face.

If there is a saving grace, it is that the company remains exceptionally well positioned from a working capital perspective – with Bravo's reported cash position sitting at US$26.1 million as of September 30th. (Extrapolating from the Q3 2024 burn rate, the current cash position is likely closer to US$24 million.) This affords 2-3 years of runway at the current work rate, insulating the company from dilution at these depressed share price levels. Full credit is due to management for opportunistically raising capital when it was available previously, with Bravo's last financing conducted in mid 2023 when C$25 million was raised at a C$3.50 share price.

Absent a sharp turnaround in PGM prices, the company will rely primarily on the drill bit to turn its fortunes around. In the coming weeks, Bravo is expected to release assay results from the remaining four holes drilled at the T5 target in the 2024 program, as well as assay results from at least twenty-nine holes from last year's definition drilling program at the main Luanga deposit (which is expected to feed into a resource update later this quarter). Perhaps most interestingly, Bravo announced in a mid-November press release that it had identified "a large circular magnetic anomaly, which lies between numerous important mineralized features in the T5 region" and "appears as an exciting drill target for a potential blind source to a larger system driving these events". While remaining highly speculative at this stage, the company's excitement surrounding this anomaly stems from its central location between the T5 target to the northeast, recently identified historic copper workings to east, and previously intercepted hydrothermal alteration that exists below Luanga in the footwall to the immediate west.



Source: Bravo Mining News Release. November 19, 2024.

While Bravo has so far remained cagey on the timeline, it is distinctly possible that a drill rig is already in the process of testing this anomaly. In a best-case scenario, this anomaly proves to be the source of the IOCG mineralization previously observed at the T5 target – with Bravo CEO Luis Acevedo and President

Simon Mottram adamant that the grades and widths encountered at T5 simply do not come out of nowhere. It is likely that a fence of 5-6 drill holes will be necessary to either confirm or kill the prospectivity of this large circular magnetic anomaly, and first assay results from the target can be reasonably expected in Q1 2025.

Included below are the key milestones expected from Bravo over the coming twelve months. As can be seen, the company is set for a substantial amount of news flow over the coming ninety days – with drill results at the large circular magnetic anomaly holding the potential to be a significant share price catalyst.

- Remaining drill results from 25,000-meter definition drilling program at Luanga **by end Q1 2025**
- Drill results (4 holes) at T5 Target **by end Q1 2025**
- First drill results from large circular magnetic anomaly **by end Q1 2025**
- Additional trenching results (6 or more trenches) at Luanga Deposit **by end Q1 2025**
- Updated mineral resource estimate at Luanga Deposit **by end Q1 2025**
- Preliminary License ("LP") environmental permit received **by end Q2 2025**

As stated in the January 2024 MJG partnership letter, *"Bravo is a bet on the right people, in the right place, with the right asset"*. This hasn't changed, despite the share price vicissitudes of the last year. The MJG partnership will remain patient with its position, confident in Bravo's leadership and the underlying potential of the Luanga Project – both in terms of the steadily advancing PGM-Au-Ni deposit as well as the exploration upside that exists on the broader land package.

Star Royalties (TSXV: STRR)

Featured In: **July 2022**
Average Cost Per Share: **C$0.40**
Current Market Price (January 17, 2025): **C$0.29**

Star Royalties was featured in the July 2022 MJG partnership letter. Star has been a MJG holding since a September 2020 financing when the company was still private. Open market purchases, as recently as in August, have lowered the partnership's cost basis to C$0.40 (from C$0.41 at the time of the last MJG partnership letter).

The Star Royalties story remains very much the same since the July 2024 MJG partnership letter, with one notable exception. The company is best thought of as a sum of the parts story with two distinct businesses, each on their own worth more than the current C$22 million market capitalization. The first is Green Star, a carbon credit royalty and streaming joint venture alongside Agnico Eagle and Cenovus Energy. In December 2023, Cenovus Energy – after nearly a year of due diligence – invested C$21.2 million into Green Star at a roughly C$82 million post-money valuation. Post Cenovus investment, Star Royalties owns 45.9% of Green Star. Given STRR's 77.4 million share count, this implies a value of C$0.49 per share for the company's stake in Green Star. Under the assumption that Cenovus paid a fair price in the December 2023 transaction, the STRR share price would need to rise nearly 69% from current levels before the 45.9% ownership of Green Star is fairly reflected.

Separately, Star Royalties also owns a portfolio of mineral royalties acquired in three separate deals between October 2020 and September 2021. The book value of these mineral royalties is approximately C$29 million, after adjusting for the C$4.55 million in proceeds that Star received back from Sabre Gold when the Copperstone gold stream was renegotiated in November 2023. Regrettably, two of these three investments – Copperstone and Elk Gold – have performed far below initial expectations, with the company and its share price having been punished as a result. (This is despite the gold price appreciating by approximately 45% in the period since these acquisitions were made.)

Star Royalties finds itself as a hybrid carbon credit and precious metal royalty/streaming company, which is frankly a worst of both worlds situation. There are few investors out there that are equally enthusiastic about these two asset classes – with precious metal royalty and streaming enthusiasts holding Star's track record on mineral royalty purchases against the company and looking elsewhere, and believers in the long-term future of carbon credits seeking pure play exposure. While management has not been shy in stating publicly over the past year that it is seriously considering monetizing the mineral royalty side of its business and going "all-in" on Green Star, to date this has yet to occur.

This may be on the cusp of changing, however. The "notable exception" alluded to earlier was the October 28th announcement that Sabre Gold Mines, the owner of the Copperstone Gold Mine over which Star Royalties holds a 4% life-of-mine gold stream, had agreed to be taken over by junior gold producer Minera Alamos in all-share deal – with Sabre Gold shareholders overwhelmingly approving the deal on January 14th and the transaction set to formally close on January 27th. So long as it was held within Sabre Gold, the Copperstone asset had in effect no chance of advancing into production – with Sabre Gold a mortally wounded vehicle with tired shareholders and total liabilities that exceeded the company's pre-deal market capitalization. This changes overnight once this transaction is consummated, given Minera Alamos's in-house mine building expertise and access to capital as a preexisting producer. In fact, Minera Alamos President Doug Ramshaw is on the record stating that the company plans to have the mine up and running in early 2026 – a short but not entirely unrealistic timeline given Copperstone's status as a past-producing mine. Post deal close, the next step for Minera Alamos is to nail down a construction financing package in the range of US$25-30 million, which could occur as soon as later this quarter.

From the perspective of Star Royalties, the significance of this transaction cannot be overstated. Prior to the October 28th deal announcement, the company's 4% life-of-mine gold stream at Copperstone was in stream purgatory, with no line of sight to first cashflow. Star and its shareholders can now expect first revenue within the next 12-15 months, with the 4% LOM stream set to generate over US$3 million per annum assuming spot gold prices and the 40,000 ounces of annual production contemplated in the most recent Copperstone economic study. Beyond the near-term cash flow, the transaction also provides Star Royalties with a meaningful equity position in Minera Alamos, with Star to own 9.6 million shares of Minera Alamos upon the deal's close worth approximately C$2.6 million at the current MAI share price.

Perhaps most consequently, this change of ownership at Copperstone could well serve as the catalyst Star management has been waiting for to market its mineral royalty/streaming portfolio to potential buyers. It should be emphasized that there is no guarantee of such a transaction, as an acceptable offer for the mineral portfolio may not ultimately emerge and/or a decision may be made at the board level that market conditions aren't yet ripe for a carbon-only focus. Time will tell which direction Star decides to take but, should the company choose to go the monetization route, shareholders can anticipate a transaction price that is at least equal to the company's current market capitalization.

Provided below are the expected milestones for Star Royalties and Green Star over the coming eighteen months. The most significant potential near-term catalyst, a sale of the mineral royalty/streaming portfolio, is not included in the below items due to the uncertainty on both timing and whether it will go ahead at all.

- Minera Alamos secures construction financing package at Copperstone **by end Q1 2025**
- CarbonNOW regenerative agriculture program receives third-party verification **by end Q3 2025**
- First carbon credit issuance from CarbonNOW regenerative agriculture program **by end Q3 2025**
- First revenue at Copperstone (4% LOM stream) received from Mineral Alamos **by end Q1 2026**

Somewhat remarkably, after an initial run-up on the back of the Copperstone transaction, the STRR share price is now lower than it was just before the deal was announced. This provides an attractive potential entry point to investors intrigued by the value proposition on offer. (It should be noted that

Star’s largest shareholder ICM continues to methodically accumulate on the open market, having purchased 2,532,500 shares within the past six months.) It may also signal to Star management that dramatic changes are necessary to the company’s approach to shake the share price from its current malaise. The MJG partnership will continue to hold its full position, at least until the combined value of Star’s two businesses are more fairly reflected in the company’s valuation.

Elemental Altus (TSXV: ELE)

Featured In: **January 2022**
Average Cost Per Share: **C$1.36**
Current Market Price (January 17, 2025): **C$1.16**

Altus Strategies was the *Featured Investment* in the January 2022 MJG partnership letter, with updates continuing in subsequent letters after Elemental Altus was formed in the 2022 merger with Elemental Royalties. The MJG partnership has added modestly to its Elemental Altus position in recent months, reducing its post-merger cost basis from C$1.38 to C$1.36 per share.

In a year in which the gold price rose nearly 30%, it's somewhat confounding that the ELE share price appreciated by a meager 5% over the course of 2024. This was not a phenomenon unique to Elemental, with many of its precious metal-focused junior royalty peers suffering similarly acute underperformance in what should have been a banner year. Some will argue that this points to an inherent weakness in the junior royalty business model, with too few royalty assets under one roof to justify the prerequisite overhead necessary to sustain a publicly listed royalty vehicle. There is some validity to this argument, and the space would almost assuredly benefit from consolidation in the months and years ahead. Others will suggest that this stark dichotomy in performance between the junior royalty players and underlying metal prices presents a clear investment opportunity. The truth is that these points are not mutually exclusive, with the two camps probably both correct.

It is my understanding that the Elemental team and its key shareholders are very much open to joining forces with one or more of the company's similarly sized peers. However, what makes perfect sense on paper need not happen in practice, and to date such a deal has remained elusive. This of course hasn't stopped Elemental from executing on its core business and, while not yet reflected in the share price, there were two particularly noteworthy developments over the past six months.

The most significant was an October 16th announcement from the company that it had acquired from AlphaStream, a deep-pocketed Abu Dhabi-based investment group led by Prashant Francis, a portfolio of twenty-four existing royalties in exchange for a 14% equity stake in Elemental. The deal makes sense on multiple levels. The first is that Elemental is already intimately familiar with the royalties in question. As way of background, AlphaStream had teamed up with Altus Strategies in 2022 (prior to the merger with Elemental) to acquire this royalty package from Newcrest for a combined US$37.5 million, with the two groups splitting the royalty interests on a 50/50 basis. This latest deal between AlphaStream and Elemental in essence reunites the divided royalty interests, doubling Elemental's percentage royalty interest on key cash flowing assets such as the Bonikro Project in the Ivory Coast and the Ballarat and SKO mines in Australia. This will result in an immediate bump of approximately US$6 million in royalty revenue in FY 2025, an increase of approximately 25% from the pre-deal 2025 forecast.

Additionally, the deal adds another marquee shareholder to Elemental's already illustrious registry, with AlphaStream settling behind La Mancha as Elemental's second largest shareholder and Prashant Francis joining Elemental's board alongside counterparts from La Mancha and the Discovery Group. If there was any question before the AlphaStream deal, one can now definitively say that there is no company within the junior royalty space with a stronger group of backers than Elemental.

The second key development pertains to Elemental's uncapped 2% NSR at the Karlawinda Gold Project in Western Australia, with Karlawinda arguably Elemental's single most valuable royalty interest at approximately 20% of NAV. (The other contender is the 0.473% NSR at Lundin Mining's Caserones Mine in northern Chile.) Karlawinda's operator Capricorn Metals announced on October 30th that it had approved a major A$120 million expansion at the asset, with the aim to increase average annual gold production to 150,000 ounces – a 30% increase from the midpoint of FY 2025 production guidance. This expansion project is slated for completion in mid 2026, at which point Elemental and its shareholders can expect to benefit from the uplift in gold production entirely on its partner's dime. It is circumstances such as these that illustrate the beauty of the mineral royalty business model.

Included below are the expected milestones for Elemental Altus and its royalty counterparties over the coming eighteen months. The most significant near-term catalyst is the first royalty check from Allied Gold's Korali-Sud deposit, formerly known as Diba. While Allied Gold began operations and stockpiling at Korali-Sud in Q2 2024, a delay in the timing of gold shipments means that Elemental has yet to see first revenue from its 2-3% NSR. Confirmation of an initial royalty payment would go a long way in reassuring the market that this royalty will pay out as expected.

- First royalty revenue at Korali-Sud (2-3% NSR) received from Allied Gold **by end Q1 2025**
- PEA at Mactung Project (4% NSR) from Fireweed Metals **by end Q1 2025**
- Drill results (12,900 meters) at Caserones from Lundin Mining **by end Q1 2025**
- Updated Life of Mine Plan at Caserones from Lundin Mining **by end Q1 2025**
- US$9.8m payment related to the Ming Gold Stream sale **by end April 2025**
- Prefeasibility Study at Cactus Project (0.68% NSR) from Arizona Sonoran **by end Q2 2025**
- Feasibility Study at Cactus Project (0.68% NSR) from Arizona Sonoran **by end 2025**
- Karlawinda expansion to 6.5 Mtpa (from current 4-4.5m Mtpa) completed **by end Q2 2026**

The MJG partnership will remain patient with its Elemental Altus position, with the expectation that the company's methodical efforts to build out its business will ultimately be rewarded. This may take the form of increased market recognition as higher metal prices reflect in future financial results, an unexpected discovery by one of its royalty counterparties (with approximately US$150 million spent on exploration last year on Elemental's behalf), or a premium takeover offer by a larger party as the valuation disconnect continues to widen between the junior and mid-tier/senior royalty players. Absent a dramatic share price re-rate, the MJG partnership is likely to further add to its Elemental Altus position in the months ahead.

Lara Exploration (TSXV: LRA)

Featured In: **January 2020**
Average Cost Per Share: **C$0.67**
Current Market Price (January 17, 2025): **C$1.58**

Lara Exploration was the *Featured Investment* in the January 2020 MJG partnership letter. The position was first initiated in November 2019 at C$0.44 per share. Subsequent open market purchases have lifted the MJG cost basis to approximately C$0.67 per share.

Lara was the single best performer within the MJG portfolio in 2024, with the LRA share price increasing by 168% over the course of the year. Much credit is due to CEO Simon Ingram, who has revitalized the Lara story since stepping into his role just over a year ago. As discussed in the July 2024 MJG partnership letter, the company also received a healthy dose of good fortune when former earn-in partner Capstone Mining relinquished the Planalto Project in October 2023 when the copper price was trading closer to $3.60 per pound.

The big news item from Lara in recent months was the Maiden Resource Estimate (MRE) for Planalto announced on October 9th, which preceded a 50% move in the share price within a matter of weeks. The MRE, informed by 25,337 meters of drilling over 81 diamond drill holes, outlined a high-grade core of 125.4 million tonnes averaging 0.55% CuEq in addition to 76.3 million tonnes of lower-grade host rock mineralization averaging 0.22% CuEq. The full extent of the MRE is sulphide mineralization and, importantly, entirely amenable to open-pit mining – with a max depth on the pit shell of approximately 300 meters at $10,000/t copper. Other attributes include a low strip ratio at 1.67 and, as seen in the image below, a remarkably stable pit shell at a wide range of copper prices.

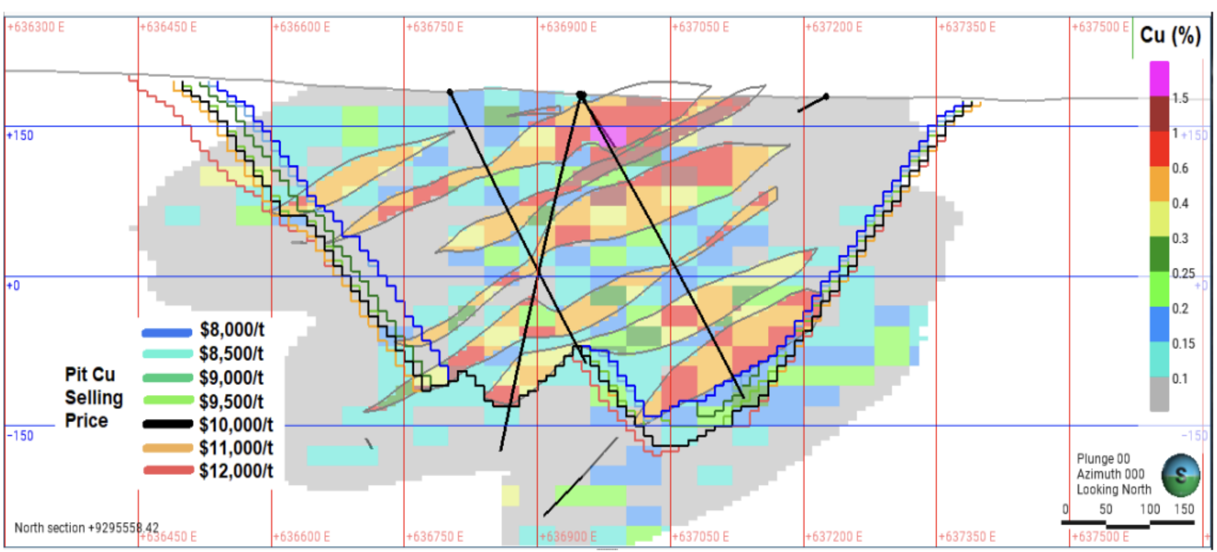
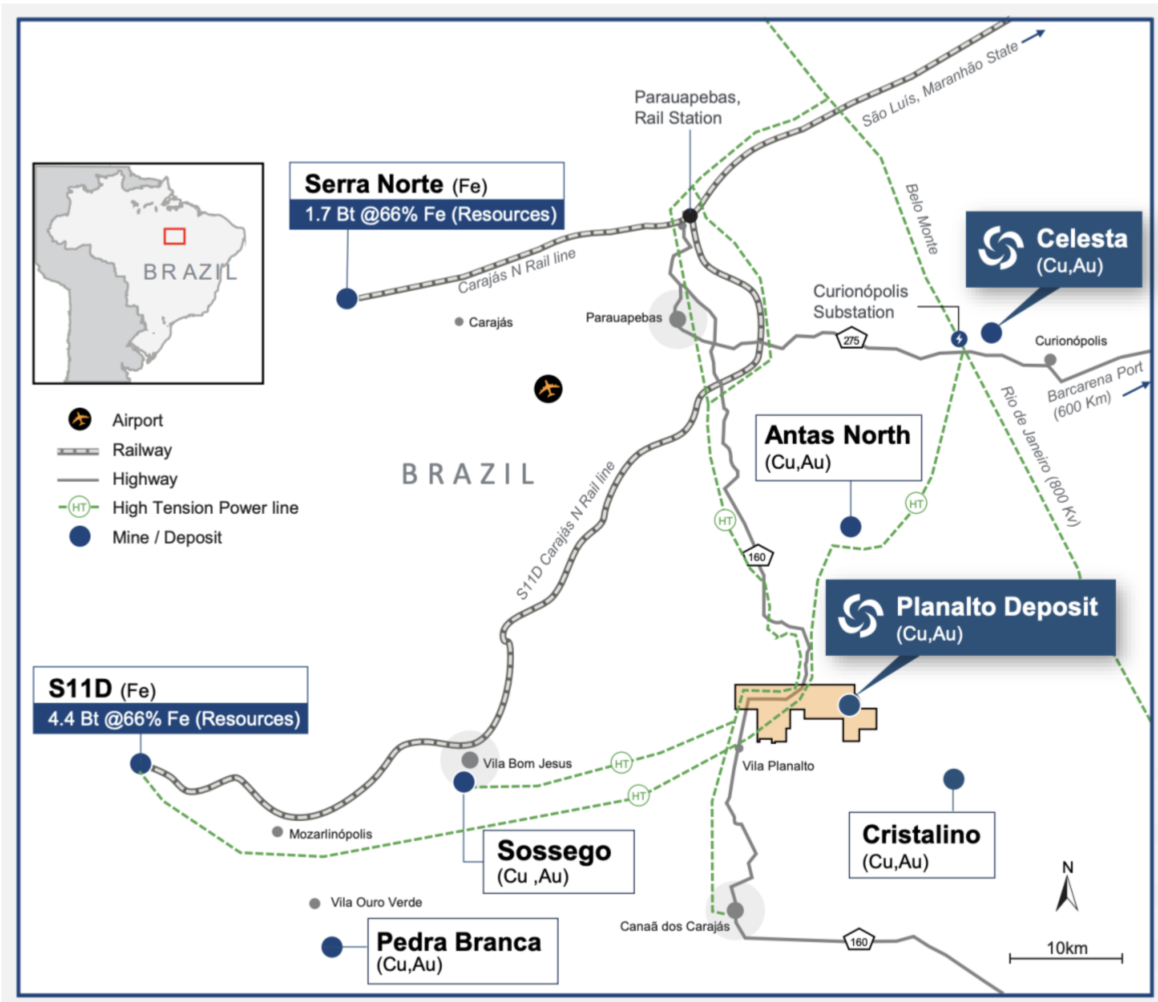


Figure 14-48: Cross-section 9295558 N – pit optimization sensitivity analysis.
Source: GE21, 2024.

Source: Planalto MRE Technical Report. October 16, 2024.

Based on the market's reaction, it is clear that the MRE surprised to the upside – particularly in terms of its size at over 200 million tonnes indicated and inferred. The Planalto Project had previously been dismissed in some quarters as being too small to be of import and, while it will never be classified as a Tier 1 project, the MRE suggests a tidy, mid-sized operation capable of being advanced into production in relatively short order given its open-pit nature, straightforward metallurgy, and location in the heart of the Carajás Mineral Province. As seen in the map below, the project benefits from a paved highway and two high tension powerlines that run through the broader Planalto land package. There is also a proposed rail link to run between Sossego and Cristalino which, if constructed, would pass just to the south of the project.



Source: Lara Exploration Corporate Presentation. December 2024.

Developments at the Planalto Project will continue to be the primary driver of the Lara share price for the foreseeable future, with the potential for the asset to be sold as soon as this year should the right offer emerge. Somewhat fortuitously, BHP is in the midst of a well-publicized strategic process in which it is soliciting bids for the nearby Antas North, Pedra Branca, and Santa Lucia assets. Any potential buyer of these assets – particularly Santa Lucia, a small but high-grade open-pit development project only 22 kilometers by road from Planalto – would be remiss not have a close look at Planalto given the clear operational synergies. The BHP strategic process also offers the possibility that a brand-new group enters the district, providing competitive tension with existing players who may already have their eyes on Planalto.

In terms of next steps, Lara sits at an interesting decision point. The company can either look to sell the project as is, or alternatively sweeten the Planalto proposition by conducting additional drilling. There appears to be plenty of low hanging fruit, including (a) further drilling out the areas where mining is set to begin, (b) drilling out areas currently classified as waste where mineralization is almost certainly present, (c) stepping out from the edges of the current pit shell to increase near-surface resources, and (d) drilling out the Silica Cap where there is the distinct potential for additional 0.50% CuEq material. Furthermore, if the company wants to get especially aggressive, there are at least half a dozen regional targets that have yet to be drill tested. The most likely scenario at this point seems to be a modestly sized drill program focused on the “low hanging fruit” described above funded by the company’s existing treasury – which has recently increased to C$5.5 million on the back of C$2.7 million in warrant exercise proceeds and the October 2024 sale of the Curionópolis Iron Project for approximately US$2 million.

Provided below are the anticipated Lara milestones expected over the coming twelve months. (Please note that the expectation of further drilling at Planalto is speculative at this point.) While all eyes will be on Planalto for the time being, one must not forget that the company retains a diverse portfolio of nine royalties, two minority interests, and two joint ventures with large mining companies, with eighteen projects in total.

- Drill results announced at Planalto Project **by end Q2 2025**
- First royalty revenue at Celesta Mine (2% NSR + 5% NPI) from Tessarema **by end Q2 2025**
- Bifox Ltd lists on ASX w/ US$570,000 payment due to Lara **by end 2025**
- First royalty revenue from Bahia Inglesia (2% NSR) from Bifox Ltd **by end 2025**

2025 is shaping up to be an exciting year for Lara and its shareholders. The company appears on the cusp of a meaningful transaction at its Planalto Project, though the timing any such deal will of course be dependent upon market conditions among other factors. In a best-case scenario, the Lara team will successfully monetize Planalto at a significant premium to the current share price – with the rest of the portfolio remaining for further value creation. The MJG partnership plans to be there through the end game, in whichever form that takes.

Sama Resources (TSXV: SME)

Featured In: **January 2018**
Average Cost Per Share: **C$0.14**
Current Price (January 17, 2025): **C$0.09**

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. (While not reflected in this C$0.14 cost basis figure, Sama's spin-out of SRQ Resources in August 2023 – and the subsequent sale of the SRQ shares by the MJG partnership – lowers our effective cost basis to roughly C$0.12.) Sama remains the single longest held position within the MJG partnership portfolio.

After accounting for its C$10.6 million equity position in Falcon Energy Materials (formerly SRG Mining) and C$1.6 million cash position, Sama's enterprise value sits at C$7.6 million which is lower than at any point since the MJG partnership has held its position. This is not entirely unjustified. Progress at the Samapleu-Grata Nickel-Copper Project in the Ivory Coast has slowed to a standstill since partner Ivanhoe Electric completed its C$25 million earn-in for a 60% stake in the project in late March 2024, while the price of nickel now sits near a five year low after collapsing 25% since mid-May 2024. Needless to say, a stagnant project coupled with a collapse in the price of its focus metal is not conducive to share price appreciation for a development stage junior miner.

Given Sama's limited liquidity and the size of the MJG position, the partnership is locked into this investment for the foreseeable future, in essence waiting for one of two things to turn the company's fortunes around. The first is the sale of Samapleu to a party willing to take the project forward. With its 60% earn-in complete, the Samapleu Project is now for all intents and purposes controlled by Ivanhoe Electric, with Ivanhoe Electric making clear in recent communications that its full focus is on its US-based assets and 50/50 joint venture with Ma'aden in Saudi Arabia. As such, Samapleu would appear to be firmly on the selling block, with the recent surge of interest in the Ivory Coast as a mining destination potentially helpful to the cause. The Samapleu Project has conservatively seen C$50 million in historic expenditures since it was originally staked in 2008 and, should the project be sold for this figure and not a penny more, Sama would receive just over C$0.09 per share in value for its 40% stake – with another C$0.055 per share remaining in cash and Falcon Energy Materials shares (at the current FLCN share price of C$0.70).

The second potential driver of the SME share price is the degree to which Falcon Energy Materials is successful in executing on its plans over the coming twelve months, given that the C$10.6 million equity position in FLCN covers over half of Sama's current market capitalization. Falcon, alongside its strategic technical partner Hensen Graphite & Carbon Corporation, endeavors to build an Anode Plant in Morocco capable of the spheroidization, purification, and coating of natural graphite – with the resulting CSPG anode material to be sold into the European and North American battery material supply chain. Falcon in November 2024 released a PEA for the Anode Plant suggesting superb economics, including a modest initial capital cost of US$73 million, an after-tax NPV_8 of US$1,149 million, an after-tax IRR of 82%, and a 1-year payback at consensus CSPG pricing.

The market, however, appears skeptical of Falcon's plans with the company currently being assigned a 0.05x NAV multiple for the Anode Plant. (This ignores any value for the company's Feasibility-stage Lola Graphite Project in Guinea.) The Falcon team, led by CEO Matthieu Bos and backed by 24% shareholder La Mancha, aims to sure up confidence in the proposed Anode Plant over the next six months through a series of initiatives. These include (a) the announcement in Q1 2025 of a "Commercial Partner" responsible for the integration of Falcon within the battery supply chain, including the qualification of the CSPG product to end-user specifications, (b) the site selection and purchase of the approximately 8 hectares of land required for the Anode Plant, (c) the construction of a C$1-2 million Pilot Plant that should be operational in Q2 2025, and (d) the release of a Feasibility Study for an integrated Lola and Anode Plant operation in late Q2 2025. Should all go to plan, the Falcon team expects to be in position to secure a financing package for the Anode Plant in the latter half of 2025 followed by a 15-month construction and commissioning period.

Given the current 0.05x NAV multiple and the relatively short timeframe to bring the Anode Plant into production, there is the potential for the Falcon share price to increase many times over should the market begin to gain confidence in the project's economics and chances of moving forward. Due to the outsized equity stake, a re-rating for Falcon Energy Materials over the coming year would serve to benefit the SME share price irrespective of developments, or the lack thereof, at the Samapleu Project in the Ivory Coast.

Provided below are the Sama-relevant milestones expected in 2025. Given the ongoing pause in activity at Samapleu, each of the below are related to Falcon Energy Materials and its ambitious plans for the coming year.

- "Commercial Partner" announced for Anode Plant **by end Q1 2025**
- Site selection for Anode Plant **by end Q1 2025**
- C$1-2 million Pilot Plant operational **by end Q2 2025**
- Feasibility Study announced for integrated Lola and Anode Plant operation **by end Q2 2025**
- Construction financing package secured for Anode Plant **by end H2 2025**

Between the pause in activity at Samapleu and the trajectory of the nickel price, 2024 was an abysmal year for Sama and its shareholders. If there is one saving grace, it is that the company – between its C$1.6 million cash balance, C$10.6 million equity stake in Falcon Energy Materials, recently announced C$700,000 drilling contract with SODEMI in the Ivory Coast, and modest overhead of C$225,000 per quarter – remains fully insulated from additional dilution at the currently depressed share price. For the coming year, the fortunes of SME shareholders will hinge on whether a willing buyer steps forward for Samapleu as well as the degree to which Falcon Energy Materials is successful in executing on its plans.

Featured Investments (Since Sold)			
Company	**Featured In**	**Average Cost Basis**	**Average Exit Price**
Strategic Resources (TSXV: SR)	July 2021	C$1.98	C$0.61
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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