

# TERRA 2024 SHORT-TERM FLOW-THROUGH LP

A Tax-Advantaged Investment Redeemable June 2025 or sooner

## WHY TERRA

Terra has a successful 19-year track record, investing in more than 700 flow-through issues for over 6,000 investors. The average after-tax return is between 32% and 60% on rollover (see Table 2).

## EXPERT PORTFOLIO MANAGER

Portfolio investments are managed by Cypress Capital Management Ltd., which manages over \$4.5 billion in assets. The manager has a particularly strong capability in the junior & intermediate resource sectors where the majority of flow-through investments occur.

## REASONS TO INVEST

- > **Government-endorsed** tax benefits
- > **Strong return potential** in critical mineral & gold investments (see below)
- > **Actively managed** to reduce risk and increase opportunity
- > **Low break-even NAV:** see Table 1
- > **Early liquidity** in June 2025 or sooner

## ADDITIONAL INVESTOR OPTIONS

- > **Utilize capital losses** to eliminate capital gains on redemption & enhance returns
- > **Reinvest:** re-cycle capital and compound tax savings (Table 2)
- > **Retain** to defer capital gains and participate in future potential upside
- > **Carry-back:** invest more this year & carry-back excess deductions to recoup 2021~2023 taxes

Diversification by Mineral & Metal



## FUNDSEV CODES

FE: TER 324; NL: TER 424  
Minimum investment: \$5,000

## INVESTOR ELIGIBILITY

ACCREDITED - ALL PROVINCES  
ELIGIBLE - BC, AB

## CLOSINGS

APRIL 30, MAY 31 & JUNE 17,  
subject to availability

## INVESTMENT OVERVIEW

Investors seeking to substantially reduce taxes on 2024 personal or corporate income should consider the Terra 2024 Short-Term Flow-Through LP ( Terra LP ). **For a \$10,000 investment, individuals can reduce their 2024 taxes by up to \$7,473**, or 75% of the amount invested in a Terra LP (Table 1).

The partnership will invest in an actively managed portfolio of 25 to 35 publicly traded mining flow-through shares, which provide federal & provincial tax benefits including: (1) Canadian exploration expenses; (2) federal 30% critical mineral exploration tax credit for critical mineral investments in cobalt, copper, graphite, lithium, nickel & uranium or (3) federal 15% mineral exploration tax credit for investments in gold & silver; and (4) provincial tax incentives for exploration in BC, SK, MB, ON & QC. The partnership also has a low break-even between 35% and 49% of the invested amount (Table 1).

The investment is **redeemable June 2025** or sooner, and seeks to provide investors attractive after-tax returns (Table 2).

**Table 1: 2024 Tax Savings & Break-even - Class A**

Investors receive substantial tax benefits and recoup the majority of their investment through tax savings (similar to a repayment of capital), which substantially lowers the break-even point.

| Investments                                     | Gold, Copper, Silver | Lithium          | Uranium          | Gold, Nickel, Silver, Cobalt | Lithium, Gold, Graphite | Gold             |
|---|----------------------|------------------|------------------|------------------------------|-------------------------|------------------|
| Investments by province - %                     | 30%                  | -                | 10%              | 30%                          | 30%                     | -                |
| Province  | BC                   | AB               | SK               | ON                           | QC                      | NS               |
| <b>A. Investment</b>                            | <b>\$10,000</b>      | <b>\$10,000</b>  | <b>\$10,000</b>  | <b>\$10,000</b>              | <b>\$10,000</b>         | <b>\$10,000</b>  |
| B. Tax Rate (highest marginal rate)             | 53.5%                | 48%              | 47.5%            | 53.53%                       | 53.31%                  | 54%              |
| C. CEE & other tax deductions                   | (\$9,400)            | (\$9,400)        | (\$9,400)        | (\$9,400)                    | (\$9,400)               | (\$9,400)        |
| D. CEE & other tax savings ( B x C )            | (\$5,029)            | (\$4,512)        | (\$4,465)        | (\$5,032)                    | (\$5,011)               | (\$5,076)        |
| E. Federal CMETC tax credit <sup>1</sup>        | (1,269)              | (1,350)          | (1,310)          | (1,330)                      | (1,350)                 | (1,350)          |
| F. Federal METC tax credit <sup>1</sup>         | (635)                | (675)            | (655)            | (665)                        | (675)                   | (675)            |
| G. Provincial tax credit / savings <sup>2</sup> | (540)                | -                | (270)            | (135)                        | (139)                   | -                |
| <b>H. 2024 Tax Savings - \$ ( D thru G )</b>    | <b>(\$7,473)</b>     | <b>(\$6,537)</b> | <b>(\$6,699)</b> | <b>(\$7,161)</b>             | <b>(\$7,175)</b>        | <b>(\$7,101)</b> |
| I. Tax credit inclusion - 2025 <sup>3</sup>     | 1,307                | 972              | 1,061            | 1,140                        | 558                     | 1,094            |
| J. Other tax savings - 2025 - 2028              | (786)                | (706)            | (698)            | (787)                        | (784)                   | (794)            |
| K. Net Tax Savings ( H + I + J )                | (6,952)              | (6,271)          | (6,336)          | (6,808)                      | (7,401)                 | (6,801)          |
| L. Net Cost / Money at-risk ( A + K )           | \$3,048              | \$3,729          | \$3,664          | \$3,192                      | \$2,599                 | \$3,199          |
| M. Break-even NAV                               | \$4,162              | \$4,907          | \$4,805          | \$4,358                      | \$3,544                 | \$4,382          |
| N. Break-even NAV - %                           | 42%                  | 49%              | 48%              | 44%                          | 35%                     | 44%              |

1. Assumes highest marginal tax rates and \$4,500 of investments qualify for the federal 30% CMETC and \$4,500 of investments qualify for the federal 15% METC. 2. Additional provincial tax credits (i.e. BC, SK, MB, ON) or tax deductions (QC) are determined by the share of investments made in each province. 3. Tax credits are only available to individuals (except trusts) & taxable as income in 2025. 4. Capital gains inclusion rate for individuals is 50% on the first \$250,000 of annual gains and 66.7% of annual gains over \$250,000.

**Table 2: Past Performance - per \$25 investment - Class A**

| Terra LP          | Rollover Date | Months to Rollover | NAV            | After-Tax Return |            |            |             |            |
|-------------------|---------------|--------------------|----------------|------------------|------------|------------|-------------|------------|
|                   |               |                    |                | BC               | AB         | ON         | QC          | NS         |
| <b>Terra 2023</b> | TBD           | TBD                | <b>\$20.16</b> | <b>93%</b>       | <b>64%</b> | <b>83%</b> | <b>124%</b> | <b>84%</b> |
| Terra 2022        | June 2023     | 6 months           | \$14.81        | 30%              | 14%        | 25%        | 57%         | 25%        |
| Terra 2021        | Sept 2022     | 9 months           | \$12.22        | -2%              | -12%       | -5%        | 1%          | -5%        |
| Terra 2020        | April 2021    | 4 months           | \$25.45        | 103%             | 77%        | 93%        | 114%        | 92%        |
| Terra 2019        | June 2020     | 6 months           | \$20.91        | 54%              | 41%        | 52%        | 72%         | 51%        |
| Terra 2018        | April 2019    | 4 months           | \$18.24        | 19%              | 17%        | 25%        | 30%         | 26%        |
| Terra 2017        | June 2018     | 6 months           | \$16.59        | 8%               | 8%         | 17%        | 26%         | 17%        |
| Terra 2016        | June 2017     | 6 months           | \$17.63        | 13%              | 13%        | 21%        | 20%         | 22%        |
| Terra 2015        | June 2016     | 6 months           | \$26.21        | 81%              | 65%        | 91%        | 96%         | 92%        |
| <b>Averages</b>   | -             | <b>5.9 months</b>  | <b>\$19.13</b> | <b>44%</b>       | <b>32%</b> | <b>45%</b> | <b>60%</b>  | <b>45%</b> |

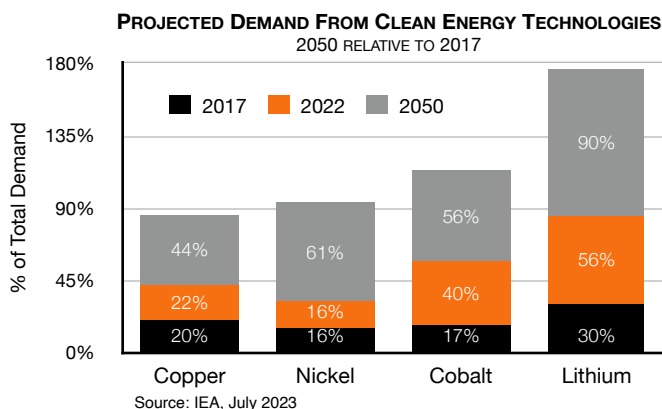
After-tax returns are for Class A units on rollover or December 31, 2023 and assume the highest marginal tax rate for each province. Months to rollover is from first fiscal year-end. Past performance does not guarantee future results.

This summary is for information purposes only and does not constitute an offer to sell nor a solicitation to buy the securities referred to herein. Investors should read the Offering Memorandum, including the risk factors before making an investment decision. By acceptance hereof, the reader agrees that they will not transmit, reproduce or make available this summary or any information contained herein to the public or press. Securities legislation in all provinces & territories prohibit such distribution. The information contained herein, while obtained from sources that are believed to be reliable, is not guaranteed as to accuracy or completeness. Actual tax deductions & tax credits may be more or less and are subject to alternative minimum tax including federal AMT of 20.5% in 2024 and beyond. Past performance does not guarantee future results.. Consult your financial advisor to ensure this investment is suitable for you and obtain independent advice from an expert tax advisor. Last update: April 18, 2024.

# WHY CRITICAL MINERAL & GOLD MINERS ARE ATTRACTIVE INVESTMENTS

## Growing Critical Mineral Demand

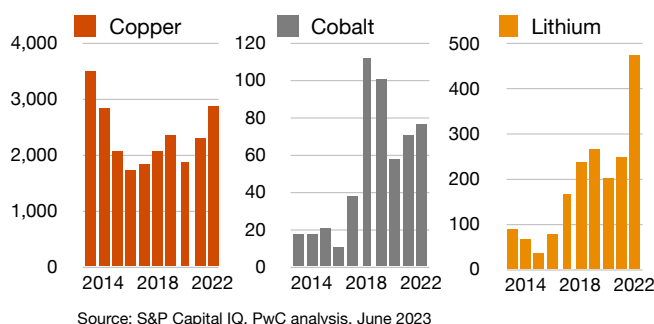
Transitioning to the clean energy economy will be as reliant on natural resources as our current economy. Instead of oil, coal and natural gas, we'll need lithium, nickel, cobalt and manganese for Electric Vehicle's (EV's) and battery storage... and copper for just about everything. According to the International Energy Agency (IEA), lithium is projected to see the fastest growth, followed by cobalt, nickel and copper (see graph). In 2022, the share of clean energy applications in total demand reached 56% for lithium and 40% for cobalt, up from 30% and 17% respectively in 2017. The market size of key energy transition minerals – copper, lithium, nickel, cobalt and graphite – also doubled over 5 years, reaching USD 320 billion in 2022.



## Increasing Emphasis on Discovery

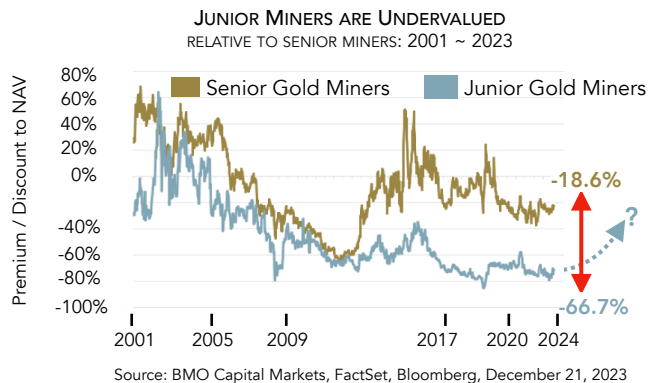
Over the past decade, lower commodity prices and limited access to capital have curtailed resource exploration and development. New mines often take decades to achieve commercial production. The International Energy Agency (IEA) forecasts that soaring EV battery demand will require 50 new lithium projects, 60 nickel mines and 17 cobalt developments by 2030. Given projected supply shortfalls of critical minerals, continued investment to discover new critical mineral deposits will be essential to accelerate and sustain the energy transition. Junior companies with attractive critical mineral exploration projects will become acquisition targets as more senior miners seek to acquire these assets to power future growth.

## Exploration spending on three key commodities ( US \$m )



## Gold Mining Stocks are Undervalued

Gold and gold stocks are well positioned to rise further with growing geopolitical tensions, mounting global debt, declining interest rates and concerns about reserve currencies. Relative to the gold bullion price, precious metals mining stocks have underperformed. Exploration and development gold mining companies currently trade at extreme discounts to senior gold miners (see graph). Junior gold mining stocks typically outperform both senior gold miners and gold bullion after a period of consolidation. With declining reserves, senior gold miners will look to replace & add to their reserves by taking over junior miners with promising developments.



## Commodities & Resource Equities are Cheap

Commodities and natural resource equities have never been cheaper relative to financial assets, making commodities an attractive investment opportunity (see graph). As the graph shows, the most extreme periods of commodity undervaluation took place in 1929, 1969, 1999 and 2020. Periods of commodity undervaluation usually precede the beginning of a new resource cycle and provide good entry points for resource investors. For these and other reasons (including underinvestment in mines causing supply to lag demand), Terra believes many resource companies offer an attractive investment opportunity for investors as they currently trade below their intrinsic value.

