

# TERRA 2024 SHORT-TERM FLOW-THROUGH LP

## FINANCIAL ASPECTS FOR INVESTORS - PER \$1,000 INVESTMENT - CLASS A

For a \$1,000 investment, individuals receive up to \$747 in tax savings in 2024, or 75% of the capital invested (Table 1) and the potential to earn an attractive after-tax return (Table 2). The Terra LP is also very tax efficient because proceeds received on redemption are considered a capital gain and investors with capital losses can offset the capital gain to eliminate capital gains tax, increase returns & lower the break-even (Table 3).

**TABLE 1: 2024 TAX SAVINGS & NET COST**

The Terra LP provides federal & provincial tax benefits including: (1) Canadian exploration expenses (CEE); (2) the federal 30% critical mineral exploration tax credit (CMETC) for critical mineral investments in cobalt, copper, graphite, lithium, nickel & uranium or (3) the federal 15% mineral exploration tax credit (METC) for precious metal investments in gold and silver; and (4) provincial tax incentives for exploration in BC, SK, MB, ON & QC, as determined by the share of investments made in each province.

Critical Minerals & Precious Metals: targeted investments	Copper, Gold, Silver	Lithium	Uranium	Gold, Nickel, Silver, Cobalt	Lithium, Gold, Graphite	Gold
Investments by province - %	30%	-	10%	30%	30%	-
	BC	AB	SK	ON	QC	NS
<b>A. Investment</b>	<b>\$1,000</b>	<b>\$1,000</b>	<b>\$1,000</b>	<b>\$1,000</b>	<b>\$1,000</b>	<b>\$1,000</b>
B. CEE & other tax deductions - 2024	\$940	\$940	\$940	\$940	\$940	\$940
C. Tax Rate <sup>1</sup>	53.5%	48%	47.5%	53.53%	53.31%	54%
D. CEE & other tax savings (B x C)	\$503	\$451	\$447	\$503	\$501	\$508
E. Federal CMETC tax credit <sup>2</sup>	127	135	131	133	135	135
F. Federal METC tax credit <sup>2</sup>	63	68	65	66	68	68
G. Provincial tax credit /savings <sup>2</sup>	54	-	27	14	14	-
<b>H. Tax Savings - 2024 (D + E + F + G)</b>	<b>\$747</b>	<b>\$654</b>	<b>\$670</b>	<b>\$716</b>	<b>\$718</b>	<b>\$710</b>
I. Tax credit income inclusion - 2025 <sup>3</sup>	(131)	(97)	(106)	(114)	(56)	(109)
J. Other tax savings - 2025 - 2028	79	71	70	79	78	79
K. Net Tax Savings (H + I + J)	695	627	634	681	740	680
<b>L. Net Cost / Money at-risk (A + K)</b>	<b>\$305</b>	<b>\$373</b>	<b>\$366</b>	<b>\$319</b>	<b>\$260</b>	<b>\$320</b>

<sup>1</sup> Highest marginal tax rates apply. <sup>2</sup> Assumes \$450 of flow-through investments qualify for the federal CMETC and \$450 of flow-through investments qualify for the federal METC. Provincial tax credits slightly reduce federal CMETC & METC tax credits. <sup>3</sup> Provincial tax credits or tax deductions are determined by the share of investments made in each province and assumed to be: BC:30%; SK:10%; ON:30%; & QC:30%. Tax credits are only available to individuals (except trusts) & taxable as income in 2025.

**TABLE 2: RATE OF RETURN**

Investors recoup the majority of their investment through tax savings (similar to a repayment of capital), which reduces the net cost. After-tax returns are attractive even with a NAV on redemption less than the initial investment because of the low net cost.

	BC	AB	SK	ON	QC	NS
A. NAV on Redemption <sup>3</sup>	\$800	\$800	\$800	\$800	\$800	\$800
B. Capital Gains Tax (A x 50% x tax rate)	(214)	(192)	(190)	(214)	(213)	(216)
C. Net Cost / Money at-Risk (L)	(305)	(373)	(366)	(319)	(260)	(320)
D. Cumulative Return - \$ (A + B + C)	\$281	\$235	\$244	\$267	\$327	\$264
<b>E. After-Tax Rate of Return - % (D / C x -1) <sup>4</sup></b>	<b>92%</b>	<b>63%</b>	<b>66%</b>	<b>84%</b>	<b>126%</b>	<b>83%</b>

<sup>3</sup> NAV on Redemption is estimated at 80% of the initial investment and subject to capital gains tax. <sup>4</sup> After-Tax Rate of Return for each province is equal to the Cumulative Return divided by Net Cost / Money at-Risk.

**TABLE 3: BREAK-EVEN NAV**

The "break-even NAV" is the net asset value required on redemption such that, after paying capital gains tax and deducting the net cost of the investment, the investor makes neither a profit nor a loss. If capital losses are available to offset the capital gain in full, no capital gains tax is owing on redemption and the breakeven NAV for the investment is equal to its net cost.

	BC	AB	SK	ON	QC	NS
<b>A. Break-even NAV required on redemption <sup>1</sup></b>	<b>\$416</b>	<b>\$491</b>	<b>\$480</b>	<b>\$436</b>	<b>\$354</b>	<b>\$438</b>
B. Capital gains tax (A x 50% x tax rate)	(111)	(118)	(114)	(117)	(94)	(118)
C. Net Cost / Capital at-Risk (L)	(305)	(373)	(366)	(319)	(260)	(320)
D. Profit / Loss (A + B + C)	\$0	\$0	\$0	\$0	\$0	\$0

<sup>1</sup> Assumes adjusted cost base is zero and highest marginal tax rates apply.

Investors should refer to the Offering Memorandum for a more detailed description. Figures are for illustrative purposes only and are not intended as a forecast of future events. 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. Tax rates & capital gains inclusion are subject to change. Last update: January 10, 2024.