



# Resource Exploration and Development Private Placement LP

Priority Access to Private Placements Across the Mining Industry

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September 30, 2024

**Sprott**

For Accredited Investors Only

# A Global Leader in Precious Metals and Critical Materials Investments

# Sprott

US\$33.4B in AUM<sup>1</sup>

Sprott (SII) is publicly listed on the NYSE and TSX

Exchange Listed Products	Managed Equities	Private Strategies
<b>\$27.8 Billion AUM</b>	<b>\$3.3 Billion AUM</b>	<b>\$2.4 Billion AUM</b>
<ul style="list-style-type: none"><li>Physical Bullion Trusts (NYSE Arca &amp; TSX Listed)</li><li>Physical Uranium Trust (TSX Listed)</li><li>Physical Copper Trust (TSX Listed)</li><li>Sprott Critical Materials ETFs (Nasdaq or NYSE Arca Listed)</li><li>Gold Mining Equity ETFs (NYSE Arca Listed)</li></ul>	<ul style="list-style-type: none"><li>Flagship U.S. Gold Equity Mutual Fund</li><li>Closed-End Value Fund (Nasdaq)</li><li>Sprott Critical Materials Strategy</li><li>Sprott Concentrated M&amp;A Strategy</li></ul>	<ul style="list-style-type: none"><li>Bespoke credit investments to mining and resource companies</li></ul>

<sup>1</sup>Sprott AUM as of September 30, 2024.

# Investment Strategy

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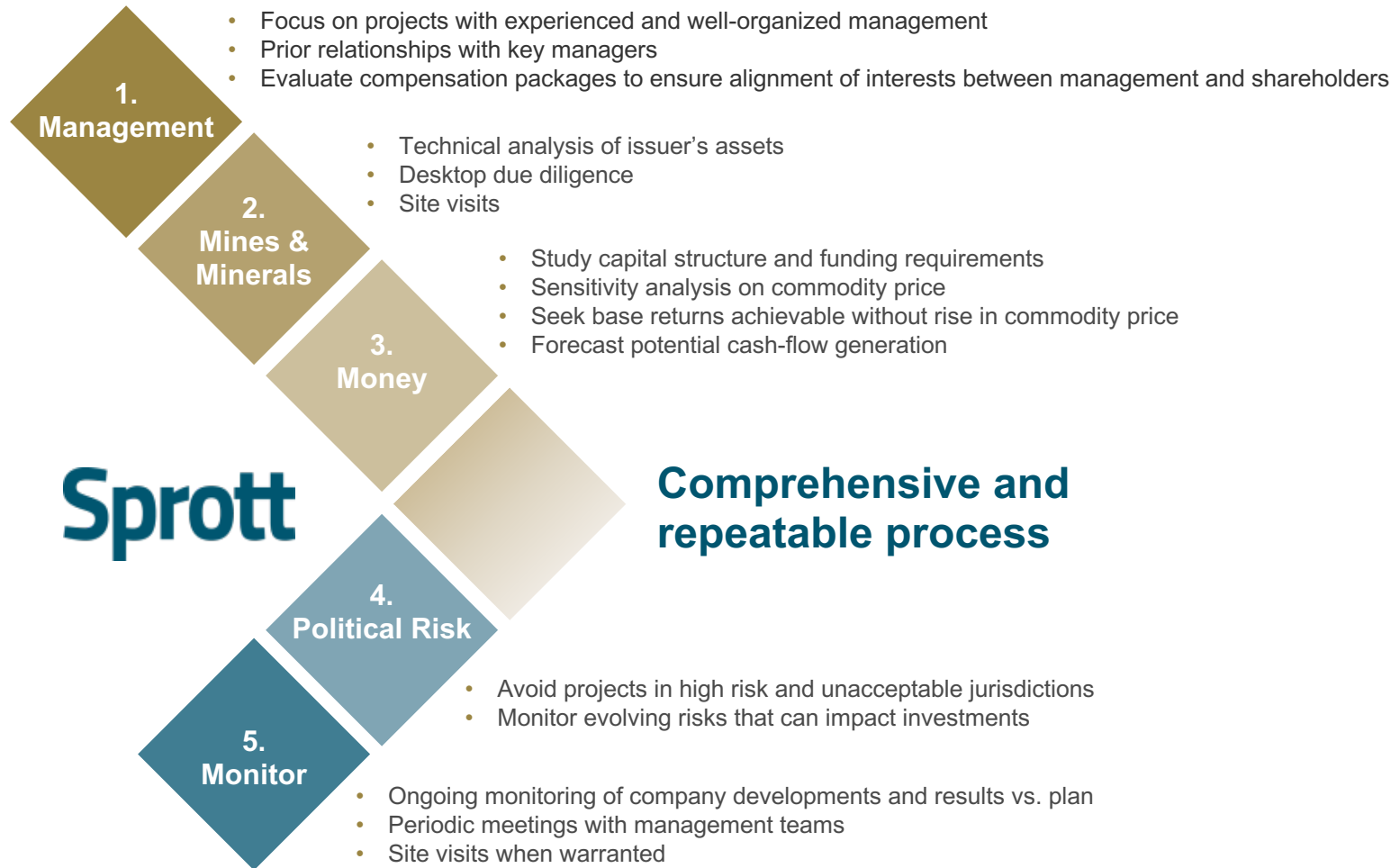
The Fund seeks to deliver long-term capital appreciation through the origination of, and participation in, favorably priced private placement (PP) opportunities in natural resource companies.

- **Focus** on precious and base metals opportunities with opportunistic exposure to energy, strategic metals and bulk commodities.
- **Strategic identification** and access to early-stage exploration and mineral development opportunities with asymmetrical risk/reward profiles.
- **Selecting** businesses run by management teams who are aligned with shareholders.
- **Analysis** using probability-weighted risk/reward decisions for determining investment decision and allocation size.

There is no guarantee that the investment strategy will be profitable or that any fund objectives will be met.

# Investment Process

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## Why Resource Exploration and Development LP?

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- **Priority** in obtaining private placement offerings.
- Exposure to **more** offerings, many of which are limited only to institutional investors.
- **Actively managed** and monitored by a team of experienced portfolio managers.
- Venture capital risk-reward profile.
- Seek to capitalize on the cyclical swings that have historically categorized the commodity markets.
- **Eliminates** paperwork hassles – no more subscription agreement and legend removal forms.

Investing in private funds also carries several risks. Please see the Important Disclosure section at the end of this presentation.

# What is a Private Placement?

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A sale of security directly to private investors, rather than as part of a public offering.

It is the primary method for early-stage companies to fund their Exploration & Development activities.

***The ultimate goal is to unlock value for shareholders.***

There is no guarantee that the investment strategy will be profitable or that any fund objectives will be met.

## Potential Benefits of a Private Placement

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- Private placement units may include;
  - Share purchase warrants.
  - Shares at a discount to market prices.
- Allows us to negotiate terms directly with issuer.
- Enables strategic positioning and liquidity in thinly traded securities.
- Establishes strong relationship with issuer management to help shape the *Use of Proceeds*.
- Enables investors to get on the ground floor of investments.

Investing in private funds also carries several risks. Please see the Important Disclosure section at the end of this presentation.

# Warrants – the Power of Leverage

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- Warrants are the right, but not the obligation, to purchase additional shares of stock at a predetermined price for a specific period of time.
- When successful, they provide greater leverage to the upside than a normal investor would get through on-market purchases for NO additional capital outlay on day one.



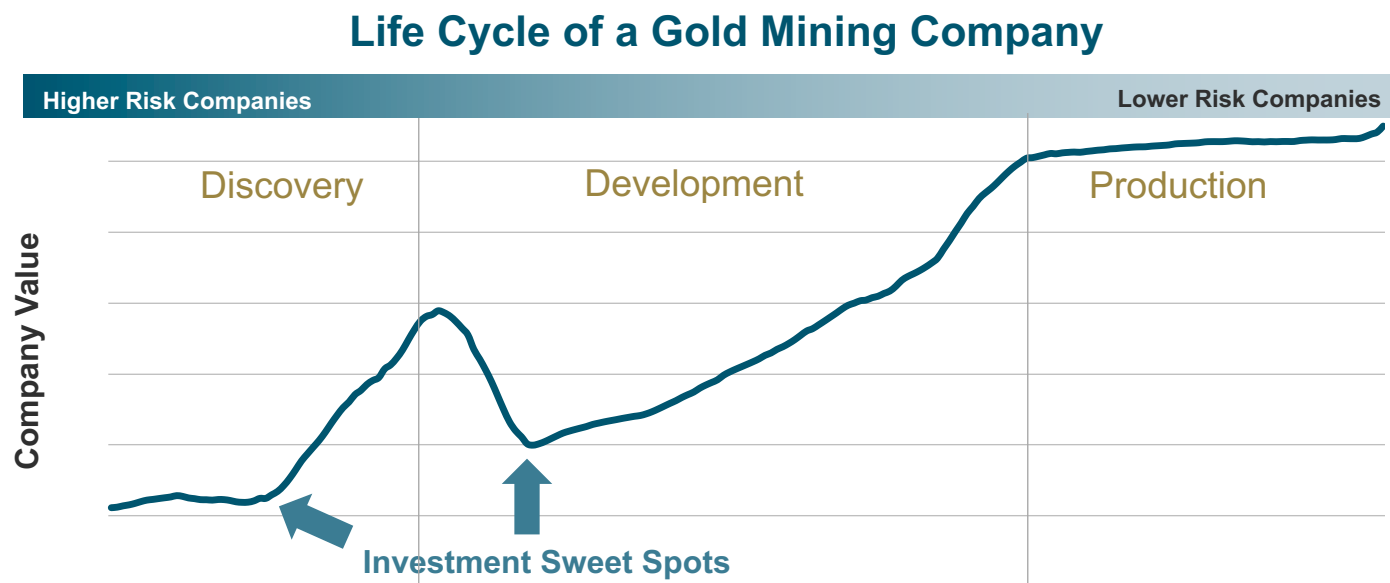
# Life Cycle of a Mining Company

## Discovery

- Although geologic and share dilution risks are highest at this stage, it is also where the greatest upside reward potential can be found.

## Development

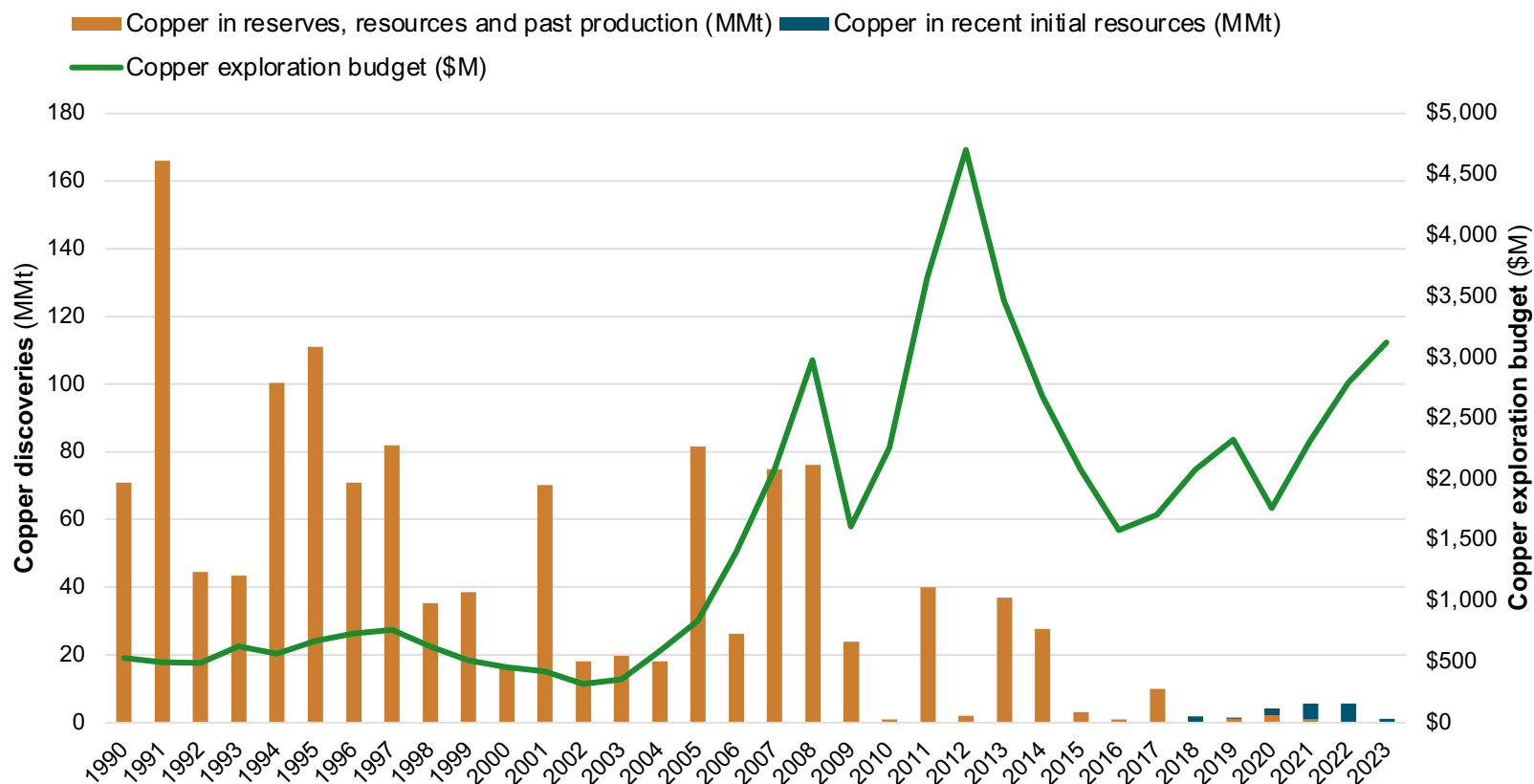
- Risks shift to permitting challenges, metallurgical studies, economic assessments and construction risks. This is also where takeover premiums can occur as projects overcome these challenges.



The graphic shown above is included only to illustrate the generic life cycle of a gold mining company and time periods during the life cycle, generally, that we believe to be the most opportune for potential investment. "Investment Sweet Spots" do not refer to an actual investment in any actual company, and there is no guarantee any investment in a gold mining company (at any point in its life cycle) was or will be profitable.

# Discoveries are Rare and Increasingly Valuable

## Major Copper Discoveries (1990–2023)



Data as of June 11, 2024.

MMt = million metric tons; \$/t = dollars per metric ton

Source: S&P Global Market Intelligence.

# Specialists with Niche Experience

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## 1 Leader in Space

- Sprott is a global leader in the junior mining space leading hundreds of structured financing investments in the last decade.
- Many of these in recent years were done through the Carlsbad Investment Committee, managers of the RED LP.

## 2 Utilize Reputation

- We believe Sprott's reputation and deep industry relationships built over decades have led to proprietary deal flow origination.
- May allow exposure to a wider range of opportunities than the average investor.

## 3 Technical Awareness

- Assess capital structure and future funding requirements.
- Inhouse geoscientists help to flag risks not easily identifiable by untrained eyes.
- Internal sensitivity analysis using discounted commodity prices.

## 4 Industry Experience

- We believe a team with **deep industry knowledge and contacts** can better navigate the risks of the junior resource sector.

# Investment Committee as Portfolio Managers

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## We Believe Better Analysis Leads to Better Deals

- Sprott Asset Management USA is a boutique investment firm founded by Rick Rule and acquired by Sprott in 2011.
- With over 30 years experience in the junior mining sector, we've seen many cycles across many commodities.
- The *Investment Committee* is drawn from geoscientists, portfolio managers and senior investment executives—each with a unique skill set complementary to the group.
- This partnership provides an effective structure to pool client capital under a disciplined investment rationale.
- We believe the combined experience of the team extends beyond what an individual PM could accomplish in terms of breadth and depth of experience. The methodology for identifying quality investments includes:
  - Proactively engaging with company management teams.
  - Conducting site visits to better understand asset potential as early as possible.
  - Leverage the global industry network cultivated by the group alongside the proprietary deal flow that comes directly to Sprott.
  - Use in-house financial and resource industry specialists available to Sprott to assist in a detailed understanding of project potential and risks.

# Carlsbad Investment Committee Members

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**Eric Angeli**, Portfolio Manager (*Chair*)

Portfolio Manager and Financial Adviser with over 15 years experience advising and managing capital for institutions and HNW retail with a focus on the energy and mining sector.



**Jason Stevens**, CFA, Portfolio Manager

Portfolio Manager of the Sprott Real Asset Value+ Strategy and has spent over 15 years advising clients on private equity and debt investments in natural resources-related businesses and partnerships.



**Sam Broom**, Portfolio Manager

Geologist and Senior Investment Adviser with over a decade of experience working in natural resources, initially as a geologist for an Australian mining engineering firm and then in the financial markets as an investment adviser servicing HNW retail and family offices



**Mishka vom Dorp**, Portfolio Manager

Portfolio manager and senior investment executive with over 10 years of experience investing and advising clients on the natural resource sector.

\*Full bios in appendix.

# Sprott's Deal Generation

Sprott transacted on over 150 deals worth in aggregate over \$2.5B\* since 2020.

\*In NAV at time of purchase

The description of Sprott's deal generation is included only to illustrate the breadth of its investing experience and is not illustrative of any particular investment outcome. There is no guarantee any transacted deal was or will be profitable and may not be representative of any future transactions engaged in by Sprott Asset Management USA, Inc.

Reflects all private security transactions deals in which client assets were placed during relevant years for the three Sprott registered entities, SCP, SGRIL, SAM USA.

# Partnership Details

INVESTMENT MANAGER	SPROTT ASSET MANAGEMENT USA, INC.
Portfolio Manager	Carlsbad Investment Committee
Investment Mandates	Primarily focused on private placement offerings in the natural resource space
Fund Structure	Open-Ended, long-only
Investor Entry Periods	Biannually (Dec 31st and June 30th)
Target Fund Size	\$100m +
Redemptions	12 month lockup; thereafter quarterly with total redemptions per quarter limited to 25% of fund NAV
Eligible Investors	LP Fund is limited to 99 Qualified Client Investors* QP Fund is limited to 2,000 Qualified Purchaser Investors**
Minimum Investment	\$250,000
Management Fee***	\$250k to \$499k - 1.50%
	\$500k to \$999k - 1.25%
	+\$1m - 1.00%
Performance Fee	20% of net profits, includes a high water mark
Reporting	Annual audited financial statements available within 120 days following end of year; semi-annual unaudited reports; quarterly tax information

\*Qualified Clients must be able to submit verification of \$2.2m of investible assets or \$1.1m in advisory assets managed by Sprott Asset Management USA, Inc.

\*\*Qualified Purchasers must submit verification of \$5m of investible assets.

\*\*\*Management fee breakpoints are based on committed capital and will be charged on called capital.



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# Appendices

# Investment Committee and Adviser Bios

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**Eric Angeli** has been a portfolio manager and investment adviser with Sprott for over 15 years, carving out a specialty focus investing in early stage exploration and development of natural resources. He manages capital for high net worth individuals and institutional investors wanting exposure to hard assets and commodities. Prior to joining Sprott, Eric worked alongside Rick Rule at Global Resource Investments, a boutique broker-dealer, which was acquired by Sprott in 2011. He grew up in the suburbs of New Jersey and holds BA degrees in finance and international business from NYU Stern School of Business.

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**Jason J. Stevens**, CFA, is an Investment Adviser Representative with Sprott Asset Management USA and an Investment Executive with Sprott Global Resource Investments Ltd. Mr. Stevens also acts as Portfolio Manager of the Sprott Real Asset Value+ Strategy and is a member of the Sprott Asset Management USA Investment Committee. Jason has been with the firm since 2002. Originally recruited onto Sprott's trading desk, he has a robust understanding of the domestic and foreign equity, commodity, and currency markets. Alongside his investing and trading experience in the public markets, Mr. Stevens has spent over 15 years advising clients on private equity and debt investments in natural resources-related businesses and partnerships.

Mr. Stevens is a CFA® charterholder and a member of both the CFA Society of San Diego and the CFA Institute. The CFA® designation is globally recognized and attests to a charterholder's success in a rigorous and comprehensive study program in the field of investment management and research analysis. Mr. Stevens has been featured on industry sites such as Reuters, ProActive Investors, and Financial Poise.

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**Sam Broom** joined Sprott Global in early 2016 having spent his early career working as an engineering geologist in the consulting industry, both in his native New Zealand and in Australia. During his time in Australia, Sam became heavily involved in the mining industry and gained extensive experience across a wide range of industry sub-sectors.

It was during his time in the Australian mining industry that Mr. Broom gained a passion for both the natural resources industries and the markets that support them. Now, he leverages his practical, firsthand knowledge of how these industries operate with his geological expertise and analytical skills honed through years working in the engineering sector, to find the best investment opportunities around the globe.

Mr. Broom also has a keen interest in charting and other forms of technical analysis, a discipline he believes is particularly useful when dealing with highly volatile junior mining stocks that are afflicted by extreme and rapid changes in sentiment. His investment philosophy focuses on combining a sound understanding of industry and company-specific fundamentals with technical analysis to fine-tune the timing of investment decisions in order to maximize portfolio returns.

Mr. Broom received his B.S. in Honors Geology from the University of Canterbury, Christchurch, New Zealand.

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## Investment Committee Members Bios (cont.)

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**Mishka vom Dorp** is committed to analyzing all aspects of the resource market to identify and target spaces that have been overlooked by the majority of investors. Working closely with the members of his team, he conducts deep-dive due diligence using a value-orientated approach to investing while paying close attention to entry/exit strategies and risk mitigation.

Mishka began his career at Sprott USA Ltd. in early 2009 conducting extensive analysis and identifying opportunities in the resource space at a time when the sector was out of favor; this set the groundwork for a highly contrarian philosophy and investment approach. Mishka is not foreign to overlooked sectors; on behalf of the Swedish government, he led one of the most comprehensive field studies on microfinance applications in India from a company commercialization perspective, identifying factors affecting companies at the pre-IPO stage.

Mishka holds an MBA in finance and a BSB in International Business from Umeå School of Business and Economics, Sweden. He is also a registered investment adviser and holds the Series 7, SIE, 63 & 65 licensing exams. He offers both discretionary and non-discretionary managed accounts for a select list of clients and welcomes the opportunity to maintain and build your resource portfolio.

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# Important Disclosure

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Investing in private funds also carries several risks. Here are some key points to consider:

**Liquidity Risk:** Private fund investments do not trade publicly, making it difficult to liquidate a position.

**Unquoted Investments:** Since private fund investments do not have a publicly quoted price, they may be riskier than publicly traded securities.

**Market Risk:** Many of the companies invested in are unproven, which can lead to losses if they fail to live up to the hype.

**Investment Minimum:** Private fund investing often has high investment minimums, which can magnify gains but also magnify losses.

**Competitive Environment Risk, Agency Risk, Risk of Capital, Government Regulatory Risk, Taxation Risk, and Valuation Risk.**

Overall, the risk profile of private fund investments is higher than that of other asset classes. An investment in a private fund is highly speculative and involves a high degree of risk as well as the potential loss of your entire investment.

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Generally, natural resources investments are more volatile on a daily basis and have higher headline risk than other sectors as they tend to be more sensitive to economic data, political and regulatory events as well as underlying commodity prices. Natural resource investments are influenced by the price of underlying commodities like oil, gas, metals, coal, etc.; several of which trade on various exchanges and have price fluctuations based on short-term dynamics partly driven by demand/supply and also by investment flows. Natural resource investments tend to react more sensitively to global events and economic data than other sectors, whether it is a natural disaster like an earthquake, political upheaval in the Middle East or release of employment data in the U.S. Past performance is no guarantee of future returns. Sprott Asset Management USA, Inc., affiliates, family, friends, employees, associates, and others may hold positions in the securities it recommends to clients, and may sell the same at any time.