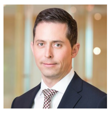
Ninepoint Flow-Through Mid Year Update

Q2 2022 Commentary

Investment Team



Jason Mayer, CFA, MBA
Senior Portfolio Manager,
Sprott Asset Management -
Sub-Advisor

Resource Market Update

The most impactful market events in the first half of 2022 were the Russian-Ukraine war, surging inflation, Fed tightening and China's Covid lockdowns. Early in the year, the Russian-Ukraine war drove both resource prices and resource equities, higher. Supply side concerns were front and center since Russia is a net exporter of numerous commodities. However, the market quickly shifted focus to potential demand destruction as China repeatedly locked down major cities and the Fed tightened financial conditions to address inflation which hit multi-decade highs. Resource equities gave up their early year gains then some. The exception were energy stocks which continued to hit multi-year highs into May but then sharply reversed in June as recession fears became entrenched. How bad was the second quarter for resource equities? From their April highs, the GDXJ (junior gold miners ETF) and XME (metals and mining ETF) were down 36% and 33%, respectively, while XLE (energy ETF) declined 20% from its June 8th peak.

Microcap resource stocks, which comprise majorly of flow-through portfolios, sold off disproportionately as broader markets corrected and the Fed's tightening reduced liquidity while sparking recession fears. And the worst performing sector amongst the microcap correcting equities were the gold microcap stocks, which constitute mostly of the flow-through investment universe. This is quite frustrating considering the performance of gold bullion. In H1/22, gold bullion returned -1.2% yet the GDX (gold miners ETF) and GDXJ were down 14.5% and 23.7%, respectively.

Although H1/22 was difficult for resource equities, a lack of excess capacity and underlying supply side constraints will persist and should drive commodity prices higher over the medium to long term. Increasing political instability, lower quality deposits, lack of investment, onerous regulatory environments and ESG concerns have all conspired to impair the future supply of essential commodities such as oil, natural gas, base metals and other materials like uranium. This backdrop should limit any cyclical correction to the lower end of the historic range although the severity and duration of a downturn and subsequent recovery will be dependent on the magnitude of any economic downturn.

Ninepoint 2021 Flow-Through Update

The fund exited the quarter weighted as follows: 54% precious metals, 27% base metals, 14% uranium and 4% energy. Micro and small cap precious metal and base metal equities sold off dramatically in H1/22 as a result of the aforementioned macro-economic factors. Since the beginning of 2021, the inception year of the 2021 Flow-Through fund, gold bullion has returned -4.8% while the GDX and GDXJ have fallen 24% and 41%, respectively. We have always stressed to clients that commodities and resource equities are incredibly volatile. Performance of the flow-through funds will range from spectacular to awful. After two years of posting double digit after-tax returns in the 2019 and 2020 flow-through limited partnerships, the small cap resource trade has had a difficult stretch. While digesting the performance of the 2021 LPs, I would like to remind investors of my track record and the need to evaluate returns on an after-tax basis. I would also like to remind clients of the importance to remain committed to the flow-through strategy during poorly performing periods because the product track record clearly illustrates the benefit of consistent participation.

Terminated LPs

ISSUE	After-Tax Return±	Ninepoint/ Sprott†	Peer Group
2013 LP	23%	$18.41	$16.07 [1]
2014 LP	-17%	$12.31	$10.23 [2]
2014 II LP	57%	$24.77	$11.60 [3]
2015 LP	51%	$24.09	$19.51 [4]
2016 LP	54%	$22.16	$19.52 [5]
2016 II LP	154%	$35.33	$16.36 [6]
2017 LP	-17%	$11.14	$11.48 [7]
2017 II LP	-3%	$12.76	$10.62 [8]
2018 LP	0%	$13.34	$12.87 [9]
2018 II LP	5%	$13.51	$14.92 [10]
2019 LP	162%	$33.76	$25.19 [11]
2019 II LP	150%	$32.38	$26.32 [12]
2020 LP	130%	$29.73	$24.64 [13]
2020 II LP	111%	$27.02	$28.13 [14]
AVERAGE	**61%**	**$22.19**	**$17.68**

±Represents the after-tax return (net of fees) on capital at risk for the term of the LP for a resident of Ontario subject to the highest marginal tax rate.

†NAV per unit on Transfer Date
Source: SEDAR, Fund press release and/or Prospectus. Based on a $25 issue NAV.
Referring to Class A for each respective LP (National Class, as applicable)

Investors are routinely fixated on pre-tax returns. This is surprising considering investors rarely capture those returns on an after-tax basis as most investors are taxed on capital gains and income. When evaluating the returns of a flow-through fund the only meaningful measure of performance is on an after-tax basis considering it is a tax mitigating product. Although after-tax return figures are not calculated until the fund is terminated, investors should consider some of the following points when gauging how the investment is performing on an after-tax basis. Many investors incorrectly evaluate the performance of the fund based on the initial investment of $25/unit thereby not accounting for any of the tax benefits.

It is also important to remember the $25/unit is not adjusted for initial fees, premiums paid to acquire flow-through shares or tax benefits. Most importantly, it is critical that investors understand how impactful the tax benefits are to the per unit economics. As disclosed in the 2021 Flow-Through LP prospectus, the breakeven point on an after-tax basis for an Ontario investor taxed at the highest marginal rate is approximately $12.40/unit. The bogey for a flow-through fund is the after-tax breakeven point, not the $25/unit initial offering price. Investors need to understand this in order to correctly evaluate the performance of any flow-through fund.

On June 30, 2022 the Before-Tax Net Asset Value (NAV) for the Ninepoint 2021 Flow Through National Class was $11.27 (Series A) and Ninepoint 2021 Flow Through Quebec Class was $7.06 (Series A).

Ninepoint 2021 Short Duration Flow-Through Update

The fund exited the quarter weighted as follows: 63% precious metals, 23% base metals and 14% uranium. Micro and small cap precious metal and base metal equities sold off dramatically in H1/22 as a result of the aforementioned macro-economic factors. Since the fund's September 2021 inception, gold bullion has returned -0.354% while the GDX and GDXJ have fallen 16% and 26%, respectively. We have always stressed to clients that commodities and resource equities are incredibly volatile. Performance of the flow-through funds will range from spectacular to awful. After two years of posting double digit after-tax returns in the 2019 and 2020 flow-through limited partnerships, the small cap resource trade has had a difficult stretch. While digesting the performance of the 2021 LPs, I would like to remind investors of my track record and the need to evaluate returns on an after-tax basis. I would also like to remind clients of the importance to remain committed to the flow-through strategy during poorly performing periods because the product track record clearly illustrates the benefit of consistent participation.

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Source: SEDAR, Fund press release and/or Prospectus. Based on a $25 issue NAV.
Referring to Class A for each respective LP (National Class, as applicable)

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It is also important to remember the $25/unit is not adjusted for initial fees, premiums paid to acquire flow-through shares or tax benefits. Most importantly, it is critical that investors understand how impactful the tax benefits are to the per unit economics. As disclosed in the 2021 Flow-Through LP prospectus, the breakeven point on an after-tax basis for an Ontario investor taxed at the highest marginal rate is approximately $12.40/unit. The bogey for a flow-through fund is the after-tax breakeven point, not the $25/unit initial offering price. Investors need to understand this in order to correctly evaluate the performance of any flow-through fund

On June 30, 2022 the Before-Tax Net Asset Value (NAV) for the Ninepoint 2021 Short Duration Flow Through fund was $13.33 (Series A).

Ninepoint 2022 Flow-Through Update

The fund successfully raised $58M in April 2022. As of June 30, 2022 76% of the initial proceeds had been either invested or committed. 48% had been allocated to gold mining equities, 19% to base metal equities while uranium and other metals account for the balance. The portfolio currently consists of 36 companies with a weighted average market capitalization of $120M. The weighted average premium paid to date is 7%.

As disclosed in the 2022 Flow-Through LP prospectus, the breakeven point on an after-tax basis for an Ontario investor taxed at the highest marginal rate is approximately $12.40/unit. Note that this breakeven figure does not account for the additional tax credits for critical mineral exploration that was announced in the 2022 Canadian federal budget. The bogey for a flow-through fund is the after-tax breakeven point, not the $25/unit initial offering price. Investors need to understand this in order to correctly evaluate the performance of any flow-through fund.

On June 30, 2022 the Before-Tax Net Asset Value (NAV) for the Ninepoint 2022 Flow Through National Class was $16.41 (Series A) and Ninepoint 2022 Flow Through Quebec Class was $19.07 (Series A).

Jason Mayer CFA, MBA
Sprott Asset Management
Sub-Advisor to the Fund

References

1 Peer Group includes: Middlefield, Frontstreet, NCE, Brompton, Maple Leaf, CMP
2 Peer Group includes: Middlefield, Frontstreet, NCE, Brompton, Maple Leaf, CMP, Canoe
3 Peer Group includes: Middlefield, Frontstreet, Maple Leaf
4 Peer Group includes: Middlefield, NCE, Brompton, Maple Leaf, CMP, Canoe
5 Peer Group includes: Middlefield, NCE, Maple Leaf, CMP, Canoe
6 Peer Group includes: Marquest, Maple Leaf
7 Peer Group includes: Middlefield, Brompton, Maple Leaf, CMP
8 Peer Group includes: Middlefield, Maple Leaf
9 Peer Group includes: Middlefield, Maple Leaf, CMP
10 Peer Group includes: Maple Leaf
11 Peer Group includes: Middlefield, CMP, Maple Leaf
12 Peer Group includes: Middlefield, Maple Leaf

13 Peer Group includes: Middlefield, CMP, Maple Leaf
14 Peer Group includes: Middlefield, Maple Leaf

Series A NAV Details ($) Per Unit as at June 30, 2022 (Before Tax)

Fund Name	NAV (Series A))
Ninepoint 2021 Short Duration Flow Through	$13.33
Ninepoint 2021 Flow Through National Class	$11.27
Ninepoint 2021 Flow Through Quebec Class	$7.06
Ninepoint 2022 Flow Through National Class	$16.41
Ninepoint 2022 Flow Through Quebec Class	$19.07

The Fund is generally exposed to the following risks. See the prospectus of the Fund for a description of these risks: concentration risk; credit risk; currency risk; cybersecurity risk; derivatives risk; exchange traded funds risk; foreign investment risk; inflation risk; interest rate risk; liquidity risk; market risk; regulatory risk; securities lending, repurchase and reverse repurchase transactions risk; series risk; short selling risk; small capitalization natural resource company risk; specific issuer risk; tax risk.

Ninepoint Partners LP: Toll Free: 1.866.299.9906. DEALER SERVICES: CIBC Mellon GSSC Record Keeping Services: Toll Free: 1.877.358.0540