CMI Masterclass: Flow Through and Critical Minerals

written by Jeff Todd | December 12, 2023

The recent Critical Minerals Institute (CMI) Masterclass, hosted by Tracy Weslosky, featured an in-depth discussion on the intricacies and opportunities of flow-through financing, particularly in the context of critical minerals. The panel included Peter Nicholson from Wealth Group (WCPD Inc.), Jean-Philippe (J.P.) Côté from Fasken, and Peter Clausi from Silver Bullet Mines Corp. (TSXV: SBMI | OTCQB: SBMCF) and CBLT Inc. (TSXV: CBLT), who provided valuable insights into this complex financing model.

Peter Nicholson elaborated on the evolution of the charitable flow-through model in financing, a model that has grown significantly since 2006. He emphasized its benefits in mitigating risks and offering tax advantages, particularly for high net worth individuals. He emphasized how the charitable flow-through model has grown to dominate the market, explaining its resilience during financial downturns and its importance in the current market.

Peter Clausi clarified the terminology and functioning of flow-through shares. These shares are designed as a tax benefit, enabling losses from mining exploration to be passed to investors. He underscored that these are a creation of the Income Tax Act, not affecting corporate or stock exchange structures.

J.P. Côté discussed the tax benefits associated with investing in companies exploring critical minerals, such as uranium. He highlighted the changes in tax credits, especially for critical minerals, and the implications of these incentives for exploration companies.

The panel also delved into the role of liquidity providers in the flow-through model, discussing the current market trends. They explored the challenges and opportunities for both investors and companies, especially considering recent markets and the growing focus on critical minerals.

There was a discussion on the increasing global interest in critical minerals, emphasizing the potential for institutional investors to play a more active role in this sector. The panelists also discussed the necessity for better understanding and utilization of flow-through financing among these investors.

From a legal and regulatory standpoint, J.P. Côté and Peter Clausi offered insights into the complexities of flow-through financing. They discussed the nuances of qualifying for critical minerals and the potential for future legislative adjustments in this area.

For investors looking to leverage flow-through financing in critical minerals, the session provided strategic advice. This included guidance on how to approach brokers and identify promising investment opportunities in this sector.

The discussion concluded with thoughts on the future of flow-through financing. The panelists pondered its trajectory, especially considering political and economic changes, and the possibility of including sectors like renewable energy in this financing model.

To access the complete video, click here

For more information on the Critical Minerals Institute or becoming a CMI Member, click here

Unlocking the Potential of Critical Minerals and Flow-Through Shares with Wealth Group's Peter Nicholson

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In the InvestorNews interview, the Critical Minerals Institute (CMI) President Brandon Colwell spoke with Peter Nicholson, Founder and President of Wealth Group (WCPD Inc.), about flow-through shares and the benefits of being a critical mineral company. Peter explained that flow-through shares have been part of Canada's tax code since 1954 and are encouraged by the government as they support exploration and mining, crucial for transitioning to zero carbon. These shares allow investors to claim 100% tax deductions on their investments, supporting small exploration companies with high risk.

WCPD's Peter Nicholson on Flow-Through and the Rising Demand for Critical Minerals

written by Jeff Todd | December 12, 2023

With tax season on the horizon, many investors find themselves grappling with their financial strategies, especially in the realm of flow-through and the burgeoning demand for critical minerals. In a recent InvestorNews interview hosted by Tracy Weslosky, the Founder and President of WCPD Inc., Peter Nicholson shared his expert insights on these pivotal topics.

If you have Tax to Pay, Flow-Through Offers a Win-Win

written by InvestorNews | December 12, 2023

Flow-through Offers an Opportunity to Reduce Taxes and Donate to Charity for High Net Worth Investors and Companies in Canada

In the InvestorIntel interview with WCPD Inc.'s Founder and President Peter Nicholson, well known for the creation of the charitable flow-through model; Tracy Weslosky asks if right now is the time for investors to investigate flow-through.

Peter Nicholson starts with: "Absolutely, and for a couple of reasons. One is that you could run out of products where there just isn't any flow-through available at any price. And secondly, the prices tend to get worse for the investors, and the donors later in the year." Adding that "because the issuers and liquidity providers that take away the risk demand higher margins on their side of the business because they know that they've got the investors, donors over the barrel because the end of the tax year is coming. This is a good time consistently after the federal budget till about September, Labour Day has always been, the best pricing for investors to buy flow-throughs."

Tracy Weslosky goes on to ask Peter Nicholson about the critical mineral tax advantages, and they discuss added provincial benefits. Peter explains that WCPD Inc. assists, in addition to high net worth individuals, holding companies and operating companies with big tax to pay. Stating that "there is no alternate minimum tax in holding companies and operating companies. So if you've got tax to pay, we can definitely help on the individual side – and on the corporate side, too."

To access the full InvestorIntel interview, click here

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About WCPD Inc.

Wealth Creation Preservation & Donation Inc.'s (WCPD Inc) financial planning strategies help increase your personal wealth by tailoring financial solutions that fit the client's personal circumstances. Their highly personalized boutique services offer unique financial solutions while working in tandem with larger financial institutions and industry partners. They do not sell products and advice based on sales targets and product launches.

In addition to Insurance Services, WCPD also offers access to some of Canada's most exciting opportunities in the resources sector, including financings for this essential sector in our economy. In particular, WCPD is a proud supporter of critical minerals, which are crucial to green technologies of the future.

To learn more about WCPD Inc., click here.

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If you have any questions surrounding the content of this interview, please contact us at +1 416 792 8228 and/or email us direct at info@investorintel.com.

Byron King's Angle to the Tax Loss Selling Season Blues

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"It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness."

Apologies to the ghost of Charles Dickens for borrowing the first line from his 1859 historical novel, *A Tale of Two Cities*. It's about the French Revolution, but that same sentiment pertains to our current era, and certainly how stock markets reflect (or mis-reflect) the economy.

Dickens highlighted political and social contrasts and contradictions. Sophisticated London versus revolutionary Paris. Plus, how science and reason were gaining traction across the world, while in another human dimension passion and bloody craziness were the rule.

Dickens and his *Two Cities* cross my mind every year around this time, in late November and the first couple of weeks of December. Predictable as phases of the moon, there's always an annual market sell-down known as "tax loss selling season."

We definitely see this phenomenon in mining shares, and if you've been around for even a short while you know the drill.

Towards the end of the year many investors, funds, etc. sell mining shares that have done well, to book gains in the winners.

Then they sell shares in different companies to book losses. The idea is to rebalance portfolios, take money off the table and absorb losses as a tax shelter.

You want contrasts and contradictions? The best of times and worst of times? Voila!

On the one hand, a long list of wonderful companies bleeds red on the screen, based on share price declines. Ugh, you think. What a takedown.

Yet if you follow many of these declining plays, the back-stories have never been better. Great assets, experienced and savvy technical teams, strong management, money in the bank. Yet people are hitting the sell-button and share prices are sliding.

Well, there's another way to look at it too. If you follow the right kinds of companies and know the stories — assets, capabilities, management — you can find bargain basement plays.

The idea is to shop now and pick up discounted shares. Then ride the gains that typically come with the new year, aka the "January effect."

For example, look at a large, well-run company like **Agnico Eagle Mines Limited** (NYSE: AEM | TSX: AEM), with a market cap of $11.8 billion. It's a solid gold mining play for any long-term investor. The company has no serious problems in any news.

Yet in just the past month the Agnico share price has slipped from over $57 to the $47 range. That's definitely not reflective of the company, its assets or people. It's just sellers taking money off the table towards the end of 2021. Yet by about March 2022 that $10 down-move will more than likely be fully restored and then some.

Agnico is a buy just now.

Or look at a much smaller company like **Group Ten Metals Inc.** (TSX.V: PGE | OTCQB: PGEZF), an early-stage explorer with a market cap of a mere $45 million. It controls a vast spread of mineral claims in the legendary Stillwater district of Montana, adjacent to mighty **Sibanye-Stillwater Ltd.** (NYSE: SBSW), with a market cap of $8.9 billion.

Group Ten has identified significant nickel, copper and platinum group metals (including rhodium), along with cobalt, chrome and gold. The company just released a very solid resource estimate, with one version summing up to over 6 million ounces of "palladium equivalent," leading to a nice uptick in share price back in October.

Yet in the past month, Group Ten shares have drifted down by about 25%. And that's despite the fact that almost none of the drilling results from the 2021 field season have yet been reported. The company expects to release additional mineralogical (good) news in January and February, which will likely strengthen the share price.

Another buy. W company with great assets, a strong technical and management team, money in the bank, and phenomenal location in mining-friendly Montana, smack next to a multibillion-dollar giant. And just now, in early December, the shares are on discount.

Or how about two other, underappreciated rare earth (RE, REEs, Rare Earths, Critical Material) companies, currently in similar sell-down territory, namely **Defense Metals Corp.** (TSXV: DEFN | OTCQB: DFMTF) and **Appia Rare Earths & Uranium Corp.** (CSE: API | OTCQB: APAAF).

Defense Metals is working on a large project in British Columbia involving a rock type called "carbonatite," which in this case is filled with high grade RE mineralization. After three field seasons (2019 – 2021), Defense has a good handle on the deposit. Management just released a splendid preliminary economic analysis that shows excellent numbers in terms of tonnes/grade, value, return on investment, etc.

Yet shares are down about 25% in the past month, while the company has yet to release results from the 2021 drilling program. If you follow the RE space, here's a bargain buy.

And Appia is working on another, very extensive RE deposit in northern Saskatchewan. It's based on a mineral called "monazite," in high demand across the world for rare earth minerals.

Indeed, Appia's deposit may be among the highest-grade monazite plays anywhere, certainly in North America and competitive with the best plays elsewhere in the world. The ore body is near-surface as well, which simplifies the mining angle. And the company has an arrangement with uranium processors in Saskatchewan to deal with any issues of radionuclides in the ore.

Yet despite this setup, shares are down over 40% in recent weeks. Another bargain play, now on sale at year end.

With all the companies above, from big Agnico to much smaller Group Ten, Defense Metals and Appia Rare Earths and Uranium, we are looking at temporary, seasonal selloffs. For long-term investors, the shares are a bargain. Even for traders who are looking to buy now and sell into the new year, it's a setup for a gain.

In other words, we have a relatively short window in early December to buy into any number of beaten-down plays. Or to turn Charles Dickens around and take a more upbeat view of the opportunity which is right in front of you, "It is the worst of times, yet also the best of times.”

That’s all for now… Thank you for reading.