

**Probity Mining 2024 Short Duration Flow-Through  
Limited Partnership**

2024 Semi-Annual Management  
Report of Fund Performance

# Probity Mining 2024 Short Duration Flow-Through Limited Partnership

## 2024 Semi-Annual Management Report of Fund Performance

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This semi-annual management report of fund performance contains financial highlights but does not contain the complete semi-annual financial statements of Probity Mining 2024 Short Duration Flow-Through Limited Partnership (the “Partnership”). You can get a copy of the financial statements at no cost in the following ways; by calling Qwest Investment Fund Management Ltd. (the “Manager”) at (604) 602-1142 or 1-866-602-1142; by writing to the Manager at, Suite 702, 1030 West Georgia Street, Vancouver, BC V6E 2Y3; by e-mailing the Manager at [info@qwestfunds.com](mailto:info@qwestfunds.com); or by viewing the information on SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact the Manager to request a copy of the Partnership’s proxy voting policies and procedures, proxy voting disclosure records, or quarterly portfolio disclosures.

### Management Discussion of Fund Performance

#### Results of Operations

The Partnership commenced operations on March 26, 2024. During the period ended June 30, 2024, the Partnership issued 83,820 Class A – National Class units, 11,000 Class A – British Columbia units, 29,700 Class A – Quebec units, 120,950 Class F – National Class units, 6,000 Class F – British Columbia units, 8,000 Class F – Quebec units, and 1 Class P unit. As at June 30, 2024, all classes of units issued were outstanding.

Total expenses incurred by the Partnership for the period from commencement of operations on March 26, 2024 to June 30, 2024 were \$ 562,521, comprised mainly of \$ 446,632 in issue costs, \$ 47,292 in administrative fees, \$ 34,290 in legal fees, \$ 12,600 in fund manager fee, and \$ 11,516 in filing fees.

Unrealized appreciation of investments for the period ended June 30, 2024 was \$ 5,729.

At June 30, 2024, net assets attributable to Limited Partners for Class A – National Class units was \$ 634,980 or \$ 7.58 per unit, for Class A – British Columbia units was \$ 86,181 or \$ 7.83 per unit, for Class A – Quebec units was \$ 237,607 or \$ 8.00 per unit, for Class F – National Class units was \$ 961,934 or \$ 7.95 per unit, for Class F – British Columbia units was \$ 49,633 or \$ 8.27 per unit, and for Class F – Quebec units was \$ 67,573 or \$ 8.45 per unit.

#### Recent Developments

In the first half of 2024, the general performance of tracked commodity prices has been strong. Copper prices surged significantly, reaching a peak of \$11,464 per tonne in May. This rally was driven by tight supply conditions, including production cuts from major mines and increased demand from the renewable energy sector and electric vehicle production. By the end of June, prices had pulled back to around \$9,648 per tonne. This decline was attributed to weaker manufacturing data globally and increased inventories in China, which indicated a temporary softening of demand. Year to date, copper prices have increased by 18%.

The gold market experienced significant growth in the first half of 2024, driven by a combination of economic, geopolitical, and market factors. Gold prices reached an all-time high of \$2,450 per ounce on May 20th and posted a 15% return year to date. Central banks, particularly in China, continued to buy gold in significant quantities. This trend of bolstering gold reserves along with strong Chinese and European investor sentiment has provided substantial support to gold prices.

As for battery metals, nickel prices in the first half of 2024 exhibited notable volatility, influenced by various market dynamics. Nickel started the year at \$16,600 per tonne and remained relatively stable through January and February. However, March saw a spike in prices, reaching a quarterly high of \$18,165 on March 13, before falling below \$17,000 by the end of the month. Year to date, nickel prices increased by a modest 3%. Indonesia – the world’s largest nickel producer – increased its production of the metal by 25% in Q1 year-on-year, contributing to market oversupply and price volatility, while China, the second-largest producer, grew production by 2% over the same period. The lithium price underperformed other metals’ prices and declined by 5% year to date. The price drop was attributed to high inventories and reduced downstream battery production despite strong EV sales in Q1.

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### Recent Developments (continued)

The uranium price declined by 6% year to date after a spectacular performance in 2023. Prices remain at multi-year highs, however, supported by supply constraints and bolstered demand. Supply challenges mainly include the US ban on Russian imports, production challenges in Kazakhstan, and a shortage of sulfuric acid, which is an input for uranium extraction. Meanwhile, increased commitments to nuclear power as part of the global energy transition supported demand.

The S&P/TSX Venture Metals and Mining Index continued its volatility in the first half of the year. The venture index declined by 15%, touching a multi-year low in February before ending the year-to-date period down 4%.

The availability of risky capital continues to be a challenge in light of the high-interest-rate environment. Global central banks have been aggressively raising rates from early 2022 to mid-2023 to lower inflation and meet policy targets. In the first half of 2024, global inflation has shown signs of easing but remains elevated compared to pre-pandemic levels. According to the International Monetary Fund (IMF), global inflation is projected to decline from 6.8% in 2023 to 5.9% in 2024, reflecting a gradual reduction in price pressures.

The Federal Reserve has maintained a restrictive monetary policy stance, keeping the federal funds rate at 5.25-5.50% since July 2023. The Fed's commitment to returning inflation to its 2% target remains strong, and it has indicated that it will not reduce the target range until there is greater confidence that inflation is moving sustainably toward this goal. The likelihood of rate cuts has increased, with market expectations suggesting potential rate reductions by September 2024, contingent on continued progress in lowering inflation. The Bank of Canada lowered the interest rate by 25 bps in June, making Canada the first among the G7 nations to make this move since the recent round of hikes began. Looking ahead, the IMF projects that global inflation will continue to decline, reaching 4.5% in 2025 and 3.7% by 2026, and global GDP growth to remain stable at around 3.1-3.2% in 2024 and 2025, similar to 2023 levels.

Persistent high inflation, geopolitical tensions, and modest global economic growth are likely to put pressure on commodity prices in 2024. However, the urgency to combat climate change through global initiatives should translate into increased demand for "Green Metals," which include copper, nickel, and lithium, among others. This increased demand could provide some pricing support for these metals. Despite the near-term challenges, the Investment Advisor and Fund Manager believe we are in a secular bull market for industrial commodities as they are needed to achieve the long-term global decarbonization goals.

While inflation is showing some signs of improvement, it remains at elevated levels. Despite progress in central banks' efforts at controlling inflation, they are also slowing down the global economy. The Investment Advisor and Fund Manager believe that economic and geopolitical uncertainty coupled with inflation pressures should cause gold to outperform other asset classes over the medium term. However, implementing monetary tightening programs will likely be measured and muted by the challenge of avoiding a possible recession. Thus, volatility in the gold price is expected in the near term. Gold is generally seen as a haven in times of economic and geopolitical uncertainty.

As for uranium, advancements in nuclear power utilization should support the commodity's price, although short-term trading may create volatility as low trading volumes determine the spot price.

The limited partnership's exploration investments provide exposure to various commodities, with the most significant exposure being in gold. In 2024, mineral exploration and deposit appraisal expenses are expected to increase by 5.1% to \$4.1 billion compared to 2023. However, this is still below the \$4.4 billion spent in 2022. Gold exploration is expected to remain the highest expense for a single commodity. Spending on critical minerals exploration is expected to increase compared to prior years. In April 2022, the government announced a doubling of the mineral exploration tax credit to 30% for targeted critical minerals. Additionally, the first critical minerals strategy includes initiatives totaling \$3.8 billion over an eight-year period.

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### Financial Highlights

The following tables show selected key financial information about the Partnership and are intended to help you understand the Partnership's financial performance for the past period. This information is derived from the Partnership's financial statements.

#### *Net Assets per Limited Partnership unit <sup>(1)</sup>*

Net Assets attributable to Limited Partners for Class A - National Class, per unit	June 30, 2024
<b>Initial NAV</b>	<b>\$ 10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	-
Total expenses	(2.36)
Realized gains (losses)	-
Unrealized gains (losses)	(0.07)
<b>Total Increase (decrease) from operations <sup>(2)</sup></b>	<b>(2.42)</b>
<b>Distributions:</b>	
From dividends	-
From capital gains	-
<b>Total distributions</b>	<b>-</b>
<b>Net assets attributable to holders of redeemable shares at end of period</b>	<b>7.58</b>

Net Assets attributable to Limited Partners for Class A - British Columbia, per unit	June 30, 2024
<b>Initial NAV</b>	<b>\$ 10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	-
Total expenses	(2.40)
Realized gains (losses)	-
Unrealized gains (losses)	0.24
<b>Total Increase (decrease) from operations <sup>(2)</sup></b>	<b>(2.17)</b>
<b>Distributions:</b>	
From dividends	-
From capital gains	-
<b>Total distributions</b>	<b>-</b>
<b>Net assets attributable to holders of redeemable shares at end of period</b>	<b>7.83</b>

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**Financial Highlights (continued)**

<b>Net Assets attributable to Limited Partners for Class A - Quebec, per unit</b>		<b>June 30, 2024</b>
<b>Initial NAV</b>	<b>\$</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>		
Total revenue		-
Total expenses		(2.40)
Realized gains (losses)		-
Unrealized gains (losses)		0.40
<b>Total Increase (decrease) from operations <sup>(2)</sup></b>		<b>(2.00)</b>
<b>Distributions:</b>		
From dividends		-
From capital gains		-
<b>Total distributions</b>		<b>-</b>
<b>Net assets attributable to holders of redeemable shares at end of period</b>		<b>8.00</b>
<b>Net Assets attributable to Limited Partners for Class F - National Class, per unit</b>		<b>June 30, 2024</b>
<b>Initial NAV</b>	<b>\$</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>		
Total revenue		-
Total expenses		(1.98)
Realized gains (losses)		-
Unrealized gains (losses)		(0.07)
<b>Total Increase (decrease) from operations <sup>(2)</sup></b>		<b>(2.05)</b>
<b>Distributions:</b>		
From dividends		-
From capital gains		-
<b>Total distributions</b>		<b>-</b>
<b>Net assets attributable to holders of redeemable shares at end of period</b>		<b>7.95</b>

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### Financial Highlights (continued)

Net Assets attributable to Limited Partners for Class F - British Columbia, per unit	June 30, 2024
<b>Initial NAV</b>	<b>\$ 10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	-
Total expenses	(1.98)
Realized gains (losses)	-
Unrealized gains (losses)	0.25
<b>Total Increase (decrease) from operations <sup>(2)</sup></b>	<b>(1.73)</b>
<b>Distributions:</b>	
From dividends	-
From capital gains	-
<b>Total distributions</b>	<b>-</b>
<b>Net assets attributable to holders of redeemable shares at end of period</b>	<b>8.27</b>

Net Assets attributable to Limited Partners for Class F - Quebec, per unit	June 30, 2024
<b>Initial NAV</b>	<b>\$ 10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	-
Total expenses	(1.98)
Realized gains (losses)	-
Unrealized gains (losses)	0.42
<b>Total Increase (decrease) from operations <sup>(2)</sup></b>	<b>(1.55)</b>
<b>Distributions:</b>	
From dividends	-
From capital gains	-
<b>Total distributions</b>	<b>-</b>
<b>Net assets attributable to holders of redeemable shares at end of period</b>	<b>8.45</b>

<sup>(1)</sup> This information is derived from the Partnership's June 30, 2024 (unaudited) financial statements. The net assets per security presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

<sup>(2)</sup> The Partnership is a closed-end partnership and no additional units can be issued after the completion of the final closing. In addition, no Partnership units can be redeemed until the time of dissolution of the Partnership. As a result, the units issued and outstanding as of the completion of the final closing were used to calculate the net assets attributable to limited partners as at June 30, 2024 and the increase (decrease) from operations for the period from commencement on March 26, 2024 to June 30, 2024.

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**Ratios and Supplemental Data**

<b>Class A - National Class</b>	<b>June 30, 2024</b>
Total net asset value (000's)	\$635
Number of mutual fund shares outstanding	83,820
Management expense ratio <sup>(1)</sup>	12.41%
Management expense ratio before absorption (1)	12.41%
Portfolio turnover rate <sup>(2)</sup>	0.00%
Trading expense ratio <sup>(3)</sup>	0.00%
Net asset value per share	\$7.58

<b>Class A - British Columbia</b>	<b>June 30, 2024</b>
Total net asset value (000's)	\$86
Number of mutual fund shares outstanding	11,000
Management expense ratio <sup>(1)</sup>	12.23%
Management expense ratio before absorption (1)	12.23%
Portfolio turnover rate <sup>(2)</sup>	0.00%
Trading expense ratio <sup>(3)</sup>	0.00%
Net asset value per share	\$7.83

<b>Class A - Quebec</b>	<b>June 30, 2024</b>
Total net asset value (000's)	\$238
Number of mutual fund shares outstanding	29,700
Management expense ratio <sup>(1)</sup>	12.12%
Management expense ratio before absorption (1)	12.12%
Portfolio turnover rate <sup>(2)</sup>	0.00%
Trading expense ratio <sup>(3)</sup>	0.00%
Net asset value per share	\$8.00

<b>Class F - National Class</b>	<b>June 30, 2024</b>
Total net asset value (000's)	\$962
Number of mutual fund shares outstanding	120,950
Management expense ratio <sup>(1)</sup>	12.15%
Management expense ratio before absorption (1)	12.15%
Portfolio turnover rate <sup>(2)</sup>	0.00%
Trading expense ratio <sup>(3)</sup>	0.00%
Net asset value per share	\$7.95

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**Ratios and Supplemental Data (continued)**

<b>Class F - British Columbia</b>	<b>June 30, 2024</b>
Total net asset value (000's)	\$50
Number of mutual fund shares outstanding	6,000
Management expense ratio <sup>(1)</sup>	11.94%
Management expense ratio before absorption (1)	11.94%
Portfolio turnover rate <sup>(2)</sup>	0.00%
Trading expense ratio <sup>(3)</sup>	0.00%
Net asset value per share	\$8.27

<b>Class F - Quebec</b>	<b>June 30, 2024</b>
Total net asset value (000's)	\$68
Number of mutual fund shares outstanding	8,000
Management expense ratio <sup>(1)</sup>	11.82%
Management expense ratio before absorption (1)	11.82%
Portfolio turnover rate <sup>(2)</sup>	0.00%
Trading expense ratio <sup>(3)</sup>	0.00%
Net asset value per share	\$8.45

<sup>(1)</sup> Management expense ratio ("MER") is based on total expenses less commissions for the stated period and is expressed as an annualized percentage of monthly average net assets during the period.

<sup>(2)</sup> The portfolio turnover rate indicates how actively the Manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Partnership buying and selling all the securities in its portfolio once in the course of the period. The higher a portfolio turnover rate is in a period, the greater the trading costs payable by the Partnership in the period, and the greater the chance of an investor receiving taxable capital gain in the period. There is not necessarily a relationship between turnover rate and the performance of a portfolio.

<sup>(3)</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as a percentage of average net assets during the period.

**Management Fees**

There is no management fees.



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### Summary of Investment Portfolio

As at June 30, 2024, the net assets attributable to limited partnership units was CAD 2,037,928. Below is a breakdown of the investment portfolio as at June 30, 2024, by sector of all the 11 securities and as a percentage of the aggregate net asset value of the securities in the investment portfolio:

<b>Top Holdings</b>	<b>% of Net Assets</b>	<b>Sector/Subgroup</b>	<b>% of Net Assets</b>
Sirios Resources Inc.	10.57	Mining	59.16
Tower Resources Ltd.	9.06	Cash	43.37
Rackla Metals Inc.	8.08	Other assets net of liabilities	(2.53)
Spanish Mountain Gold Ltd.	6.95		100.00
TDG Gold Corp.	6.44		
Tower Resources Ltd. (Warrants)	5.44		
Nine Mile Metals Ltd.	5.35		
Rackla Metals Inc. (Warrants)	3.34		
TDG Gold Corp. (Warrants)	1.55		
Nine Mile Metals Ltd. (Warrants)	1.44		
Spanish Mountain Gold Ltd. (Warrants)	0.95		

The summary of investment portfolio may change due to ongoing portfolio transactions of the investment fund. A quarterly update is available at [www.qwestfunds.com](http://www.qwestfunds.com).

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### **Caution Regarding Forward-looking Statements**

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts, but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Partnership may invest in and the risks detailed from time to time in the Fund's simplified prospectus. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, management of the Partnership does not undertake, and specifically disclaims any intention or obligation to update or revise any forward-looking statements, future events or otherwise, unless required by applicable law.