

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933 (the "1933 Act"), as amended, or any state securities laws. Accordingly these securities may not be offered or sold by the Underwriters within the United States of America or to or for the account of U.S. Persons (as such term is defined in Regulation S under the 1933 Act) except in accordance with the Underwriting Agreement (as defined herein) and pursuant to transactions exempt from registration under the U.S. Securities Act and under the securities laws of any applicable state. See "Plan of Distribution". **Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Amtelecom Income Fund, 18 Sydenham Street East, Aylmer, Ontario, N5H 3E7, telephone (519) 773-1282 and are also available electronically at www.sedar.com. For the purposes of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained without charge from the Secretary of Amtelecom Income Fund at the above-mentioned address and telephone number and is also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

August 24, 2006



AMTELECOM INCOME FUND

\$15,000,050

1,153,850 Units

This is an offering (the "Offering") of 1,153,850 trust units (the "Units") of Amtelecom Income Fund (the "Fund"). The issued and outstanding Units are listed on the Toronto Stock Exchange (the "TSX") under the trading symbol "AMT.UN". On August 14, 2006, the last trading day prior to the public announcement of the Offering, the closing price of the Units on the TSX was \$13.50 per Unit. On August 23, 2006 the closing price of the Units on the TSX was \$12.91 per Unit. The TSX has conditionally approved the listing of the Units to be distributed under this short form prospectus. Listing will be subject to the Fund fulfilling all of the listing requirements of the TSX on or prior to November 13, 2006. The terms of the Offering were determined by negotiation between Amtelecom, on behalf of the Fund, and Canaccord Capital Corporation, CIBC World Markets Inc., Spratt Securities Inc. and TD Securities Inc. (collectively, the "Underwriters").

Price: \$13.00 Per Unit

	Price to the Public	Underwriters' Fee	Net Proceeds to the Fund⁽¹⁾
Per Unit.....	\$13.00	\$0.65	\$12.35
Total Units ⁽²⁾	<u>\$15,000,050</u>	<u>\$750,002.50</u>	<u>\$14,250,047.50</u>

Notes:

- (1) Before deducting the expenses of the Offering which are estimated to be approximately \$535,000 and will be paid by the Fund out of the proceeds of the Offering.
- (2) The Fund has granted to the Underwriters an option (the "Over-Allotment Option"), exercisable for a period of 30 days following the closing date of the Offering, to purchase up to an additional 173,077 Units at a price of \$13.00 per Unit to cover over-allotments, if any. This short form prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Units to be issued or sold upon exercise of the Over-Allotment Option. Unless the context otherwise requires, reference herein to "Offering" and "Units" assumes the exercise of the Over-Allotment Option. If the Underwriters exercise the Over-Allotment Option in full, the total price to the public, Underwriters' fee and net proceeds to the Fund will be \$17,250,051, \$862,502.55 and \$16,387,548.45, respectively. See "Plan of Distribution."

S&P has reaffirmed the stability rating of SR-3 to the distributable cash flow of the Fund and a profile assessment of moderately aggressive to the Fund's distributions. Income funds rated as SR-3 are considered by S&P to have a high level of stability in distributions relative to other rated Canadian income funds. See "Description of Units — Rating of Units".

The Underwriters, as principals, conditionally offer the Units, subject to prior sale, if, as and when issued by the Fund and delivered to and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Fund by Cassels Brock & Blackwell LLP and on behalf of the Underwriters by Goodmans LLP.

The after-tax return for any Units owned by holders of Units ("Unitholders") subject to Canadian income tax can be made up of both a return on and a return of capital. That composition may change over time, thus affecting the after-tax return to Unitholders. Income is generally taxed as ordinary income or as dividends in the hands of a Unitholder. Returns of capital are generally non-taxable to a Unitholder (but reduce the Unitholder's cost base in the Unit for tax purposes).

A return on an investment in the Fund is not comparable to the return on an investment in a fixed-income security. The recovery of an initial investment in the Fund is at risk, and the anticipated return on such investment is based on many performance assumptions. Although the Fund intends to make distributions of its available cash to Unitholders, these cash distributions may be reduced or suspended. The actual amount distributed will depend on numerous factors, including the general condition of the telecommunications market and the regulatory, competitive and technological environment in which the Fund's subsidiaries operate. In addition, the market value of the Units may decline in various instances, including if the Fund's cash distributions decrease in the future, and that decline may be material.

An investment in the Units is subject to a number of risks that should be considered by a prospective investor. Cash distributions on the Units are not guaranteed and will be entirely derived from the business operated by related entities of the Fund and from the ability of each such entity to make distributions on its securities, which is subject to a number of risks. For these and other risk factors, see "Risk Factors". It is important for an investor to consider the particular risk factors that may affect the industry in which it is investing, and therefore the stability of the distributions paid by the Fund. This section also describes management's assessment of those risks as well as the potential consequences to an investor if a risk should occur.

The Canadian chartered bank affiliate of CIBC World Markets Inc. is a lender to affiliates of the Fund under existing Credit Facilities (as such term is hereinafter defined). A portion of such Credit Facilities was used by Amtelecom and Amtelecom Holdings Limited Partnership to finance the acquisition of People's (as hereinafter defined) and a portion of the Credit Facilities will be repaid out of the proceeds of the Offering. Consequently, the Fund may be considered a connected issuer of CIBC World Markets Inc. under applicable securities laws in certain Canadian provinces. See "Plan of Distribution" and "Relationship Between the Fund and Certain of the Underwriters".

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Units at levels other than those which might otherwise prevail on the open market. See "Plan of Distribution".

The Fund is not a trust company or registered under applicable legislation governing trust companies and does not carry on or intend to carry on the business of a trust company. The Fund qualifies as a mutual fund trust for the purposes of the *Income Tax Act* (Canada) and offers and sells its Units to the public. Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that statute or any other legislation.

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Book-entry only certificates representing the Units will be issued in registered form to The Canadian Depository for Securities Limited ("CDS") or its nominee as registered global securities and will be deposited with CDS on the date of issue of the Units, which is expected to occur on or about August 31, 2006, or such later date as the Fund and the Underwriters may agree, but in any event no later than September 15, 2006. Provided the Offering closes on or prior to August 31, 2006, subscribers who complete their purchase of Units from the Underwriters and continue to own such Units on August 31, 2006 will be eligible to receive the distribution of Amtelecom Income Fund payable on September 15, 2006. Holders of Units will not be entitled to receive physical certificates representing their ownership. See "Plan of Distribution".

The registered and head office of the Fund is located at 18 Sydenham Street East, Aylmer, Ontario, N5H 2W1.

TABLE OF CONTENTS

DOCUMENTS INCORPORATED BY REFERENCE.....	4	CANADIAN FEDERAL INCOME TAX CONSIDERATIONS.....	20
FORWARD LOOKING STATEMENTS	5	RISK FACTORS	24
NON-GAAP MEASURES	5	ELIGIBILITY FOR INVESTMENT.....	25
GLOSSARY OF TERMS.....	6	RELATIONSHIP BETWEEN THE FUND AND CERTAIN OF THE UNDERWRITERS	25
THE FUND	9	INTERESTS OF EXPERTS.....	25
DESCRIPTION OF THE BUSINESS.....	10	AUDITORS, TRANSFER AGENT AND REGISTRAR	25
RECENT DEVELOPMENTS	13	EXEMPTIONS FROM NATIONAL INSTRUMENT 44-101	26
CONSOLIDATED CAPITALIZATION OF THE FUND.....	14	STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION.....	26
CREDIT FACILITIES	14	AUDITORS' CONSENT	1
DISTRIBUTION HISTORY	15	AUDITORS' CONSENT	2
USE OF PROCEEDS	15	CERTIFICATE OF THE FUND.....	1
DESCRIPTION OF UNITS	15	CERTIFICATE OF THE UNDERWRITERS.....	2
PLAN OF DISTRIBUTION.....	17		
LIMITATION ON NON-RESIDENT OWNERSHIP	19		

Prospective investors should rely only on the information contained or incorporated by reference in this short form prospectus. The Fund has not authorized anyone to provide different information. If an investor is provided with different or inconsistent information, he or she should not rely on it. The Fund is not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. Prospective investors should assume that the information appearing in this short form prospectus is accurate as of the date on the front cover of this short form prospectus only, regardless of the time of delivery of this short form prospectus or of any sale of the Units. Certain information contained in this short form prospectus concerning companies other than the Fund or its subsidiaries has been derived from publicly available sources. No representation is made with respect to the accuracy of this information.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents of the Fund, filed with the securities commissions or similar authorities in each of the provinces of Canada, are specifically incorporated by reference into and form an integral part of this short form prospectus:

1. the revised annual information form of the Fund dated March 10, 2006;
2. the management information circular of the Fund dated March 29, 2006 issued in connection with the meeting of Unitholders held on May 10, 2006;
3. the audited consolidated financial statements of the Fund for the year ended December 31, 2005, together with the notes thereto and the auditors' report thereon included at pages 37 to 49 of the Fund's 2005 annual report to Unitholders;
4. management's discussion and analysis of the financial condition and operations of the Fund for the year ended December 31, 2005 included on pages 20 to 36 of the Fund's 2005 annual report to Unitholders;
5. the unaudited consolidated financial statements of the Fund for the three and six month period ended June 30, 2006 together with the notes thereto;
6. management's discussion and analysis of the financial conditions and operations of the Fund for the six month period ended June 30, 2006;
7. the material change report of the Fund dated January 13, 2006 announcing certain amendments to the terms of the acquisition of People's;
8. the material change report of the Fund dated January 24, 2006 announcing the closing of the acquisition of People's;
9. the business acquisition report of the Fund dated April 6, 2006 relating to the acquisition of People's; and
10. the material change report of the Fund dated August 22, 2006 relating to the Offering.

All annual information forms, material change reports (excluding confidential reports), unaudited consolidated interim financial statements, audited annual consolidated financial statements, interim and annual management's discussion and analysis, business acquisition reports and information circulars which are filed by the Fund with a securities commission or similar authority in any of the provinces of Canada after the date of this short form prospectus and prior to the termination of the Offering, shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes that statement. Any such modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be considered in its unmodified or superseded form to constitute part of this short form prospectus; rather only

such statement as so modified or superseded shall be considered to constitute part of this short form prospectus.

FORWARD LOOKING STATEMENTS

Certain statements contained in this short form prospectus, and in certain documents incorporated by reference herein, constitute “forward-looking statements”. When used herein and therein, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “expect”, and similar expressions, as they relate to the Fund or its management, are intended to identify forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors outside of management’s control that could cause actual results to differ materially from those expressed in the forward-looking statements. A discussion of such risk factors is referred to under the heading “Risk Factors”. The Fund assumes no responsibility for the accuracy and completeness of the forward-looking statements and the Fund does not undertake any obligations to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

NON-GAAP MEASURES

Investors are cautioned that EBITDA is a non-GAAP financial measure which does not have any standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers.

GLOSSARY OF TERMS

“affiliate” or **“associate”** when used to indicate a relationship with a person or company have the same meanings as set forth in *National Instrument 45-106 – Prospectus and Registration Exemptions*, adopted by the Ontario Securities Commission.

“AI” means Amtelecom Inc., a company incorporated pursuant to the laws of the Province of Ontario and an indirect wholly-owned subsidiary of the Fund.

“AIF” means the revised annual information form of the Fund dated March 10, 2006.

“Acquisition Facility” has the meaning ascribed thereto under the heading “Credit Facilities”.

“Amended and Restated Credit Agreement” has the meaning ascribed thereto under the heading “Credit Facilities”.

“Amtelecom” or the **“Company”** means Amtelecom Communications Inc., a company incorporated pursuant to the laws of the Province of Ontario and a wholly owned subsidiary of the Fund.

“Amtelecom Notes” means interest-bearing notes of Amtelecom issued pursuant to the Note Indenture.

“Amtelecom Shares” means common shares in the capital of Amtelecom.

“BAR” means the business acquisition report of the Fund dated April 6, 2006 relating to the acquisition of People’s.

“Broadcasting Act” means the *Broadcasting Act* (Canada), as amended and the regulations thereto.

“business day” means any day other than a Saturday, Sunday or statutory holiday in the City of Toronto, Ontario.

“Cable” means Amtelecom Cable Inc., a company incorporated pursuant to the laws of the Province of Ontario and an indirect wholly-owned subsidiary of the Fund.

“Calling Features” includes call waiting, call forwarding, three way calling, speed dialling, call return, name and number display, call screening, call blocking, visual call waiting and call tracing.

“CDS” means the Canadian Depository for Securities Limited.

“Company” or **“Amtelecom”** means Amtelecom Communications Inc., a company incorporated pursuant to the laws of the Province of Ontario and a wholly owned subsidiary of the Fund.

“Credit Facilities” has the meaning ascribed thereto under the heading “Credit Facilities”.

“CRTC” means the Canadian Radio-television and Telecommunications Commission, an agency of the Government of Canada.

“Declaration of Trust” means the declaration of trust dated as of January 14, 2003, as amended and restated as of February 25, 2003, pursuant to which the Fund was created, as further amended, supplemented or restated from time to time.

“Fund” means Amtelecom Income Fund, an unincorporated, open-ended limited purpose trust established under the laws of Ontario pursuant to the Declaration of Trust.

“ILEC” (“incumbent local exchange carrier”) means a company providing local switched services and which has or previously had a monopoly on local services in a specific geographical area.

“incumbent” means a company which has or previously had a monopoly on local or long distance services in a specific geographical area.

“Independent ILECs” or **“SILEC’s”** refers to the thirty-eight small incumbent telecommunications services providers located primarily in Ontario and Quebec but with one in British Columbia. These carriers are those incumbents (other than Bell Canada, Telus Corporation, Télébec Limited Partnership, Telus Communications (Québec) Inc. and Bell Aliant Regional Communications Limited Partnership), that have significantly smaller customer bases and generally operate in geographic areas with lower population densities.

“IPD” has the meaning ascribed thereto under the heading “Debt Private Placement”.

“IPD Loan Agreement” has the meaning ascribed thereto under the heading “Debt Private Placement”.

“Lenders” has the meaning ascribed thereto under the heading “Credit Facilities”.

“NAS” means network access services, which generally refers to the number of lines to a customer.

“Non-Resident” means a non-resident of Canada within the meaning of the Tax Act.

“Offering” means the offering of the Units pursuant to this short form prospectus.

“person” means any individual, partnership, association, body corporate, trust, joint venture, trustee, executor, administrator, legal representative, government, regulatory authority or other entity.

“Plans” means trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans, each as defined in the Tax Act.

“People’s” means People’s Tel Limited Partnership or its predecessor People’s Communications Inc.

“People’s Acquireco” means 2087267 Ontario Ltd.

“People’s Acquisition” means the acquisition of People’s pursuant to the People’s Purchase Agreement.

“People’s Purchase Agreement” means the arrangement agreement made as of December 5, 2005 among the Fund, People’s Acquireco and People’s.

“Radiocommunication Act” means the *Radiocommunication Act* (Canada), as amended, and the regulations thereto.

“Revolving Credit Facility” has the meaning ascribed thereto under the heading “Credit Facilities”.

“S&P” means Standard & Poor’s Inc., a division of The McGraw-Hill Companies, Inc.

“Tax Act” means the *Income Tax Act* (Canada) and the regulations enacted thereunder.

“Telecommunications Act” means the *Telecommunications Act* (Canada), as amended, and the regulations thereto.

“Term Facility” has the meaning ascribed thereto under the heading “Credit Facilities”.

“Transfer Agent” means CIBC Mellon Trust Company.

“Trustees” means the trustees of the Fund appointed from time to time.

“TSX” means the Toronto Stock Exchange.

“Underwriters” means Canaccord Capital Corporation, CIBC World Markets Inc., Sprott Securities Inc. and TD Securities Inc.

“Unit” means a trust unit of the Fund, each such unit representing an equal undivided beneficial interest in the Fund.

“Unitholders” means the holders from time to time of the Units.

“U.S.” or **“United States”** means the United States of America.

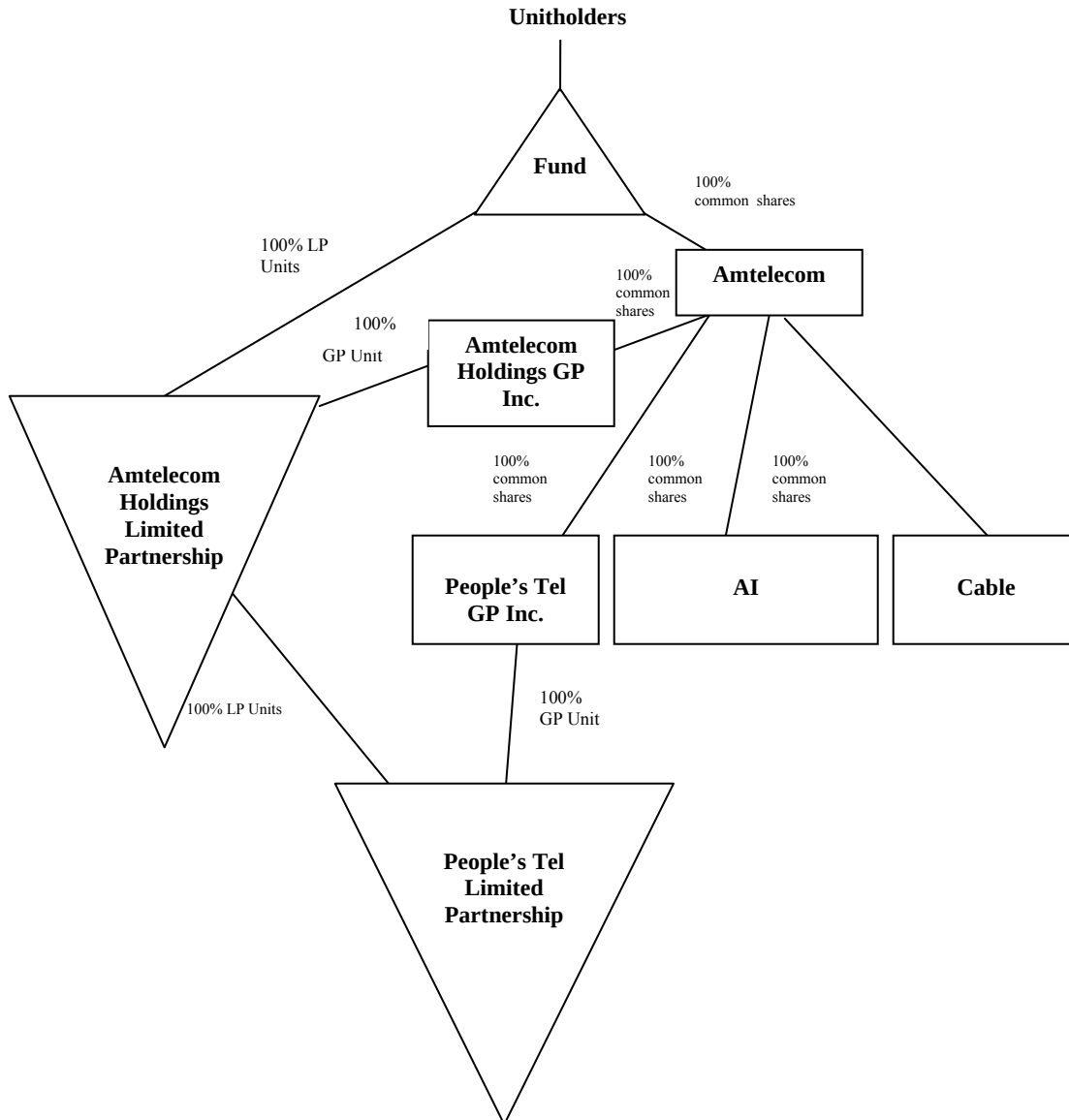
Unless otherwise indicated in this short form prospectus, all references to “dollars” and “\$” are to Canadian dollars.

THE FUND

The Fund is an unincorporated, open-ended limited purpose trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. The Fund was created to invest in entities involved in the telecommunications or cable television businesses, Internet or data transmission services or other businesses as may be approved from time to time by the Trustees.

The head office of the Fund is located at 18 Sydenham Street East, Aylmer, Ontario, N5H 2W1.

The following chart sets out the structure of the Fund.



DESCRIPTION OF THE BUSINESS

Description of the Business of Amtelecom

Amtelecom is the successor to an independent telephone company that commenced operations in 1902 in Aylmer, Ontario and it was the first, and for many years the only, telecommunications services provider in Canada to be granted a licence to operate a cable television distribution undertaking within its local telephone service areas. The Company is classified by the CRTC as a small incumbent local exchange carrier (SILEC) and provides both local and long distance telephone services to several communities in south-western and central Ontario. The Company is the incumbent local telephone services provider in its territories and while these territories were opened to local competition as of March 29, 2006 through Telecom Decision CRTC 2006-14 *“Revised regulatory framework for the Small incumbent local exchange carriers”*, with the exception of limited competition-like activity such as cellular service, the Company currently enjoys a virtual monopoly position in the provision of local services as there is no *bona fide* competitor operating in the Company’s territories. The Company’s incumbent territories represent approximately 3,700 square kilometres, with approximately 21,500 residential and business network access services (NAS) as at December 31, 2005.

In addition, the Company provides cable television services to approximately 8,900 subscribers of which approximately 2,700 are located within its incumbent telephone service areas as at December 31, 2005. The Company provides basic services, optional tiered specialty services and various premium television service packages in each of its systems. The Company offers a wider breadth of analogue as well as digital cable services including pay per view, Canadian and U.S. television networks from different time zones (time-shift networks), high definition television (“HDTV”) and personal video recorder (“PVR”) services in certain of its systems which are interconnected and represent approximately 90% of the current cable customer base.

The Company also provides dial up, high speed and wireless Internet services to subscribers. High speed Internet services are offered in each of the Company’s telephone service areas as well as in most of its cable television service areas. Fixed wireless broadband (high speed Internet) services are offered in the rural areas of Elgin County, the upper tier municipality in which the Town of Aylmer is situated. The Company had approximately 1,100 dial up subscribers and approximately 6,100 high speed and wireless Internet subscribers as at December 31, 2005.

The Company focuses on increasing its penetration of services offered in each of its markets and as appropriate, in those areas that are contiguous with its current service areas where the potential for economic growth remains consistent. The telephone service areas currently served by the Company include three local telephone exchanges in Elgin County including the Town of Aylmer and the surrounding area which is located southeast of London, one exchange in each of the village of Coldwater and the surrounding area which is located west of Orillia and the village of Cambray and area, located west of Lindsay, two exchanges located in the southeastern portion of Manitoulin Island and four exchanges on the northern Bruce Peninsula. The acquisition of People’s expanded the Company’s service market to include three additional local exchanges comprising approximately 487 square kilometres in the towns of Forest and Arkona and their surrounding areas located east of Sarnia. See “Description of the Business of People’s” and “Recent Developments - Acquisition of People’s”.

To date, the Company has been the monopoly provider of local telephone services in its telephone service areas and management expects that competitive activities for local service, allowed as of March 29, 2006 through Telecom Decision CRTC 2006-14, will be limited due to the high cost of over-building network facilities in its rural territories and to the fact that such territories are sparsely populated. The Company is somewhat further insulated from competition as the most likely competition comes from cable television networks which the Company also owns and operates in much of its local telephone service areas. In most cases where the Company does not own the local cable network in its telephone service areas, management believes that the local cable network is not sufficiently robust at the present time to offer competitive telephone services. In respect of the Company’s other service offerings, competition to date has likewise been limited due to the high cost of building facilities and the low population densities in the Company’s territories. The Company is able to leverage its position as the incumbent local telephone services provider by offering a full suite of telecommunications services, thereby maximizing the return on its network investment by increasing revenue per unit. In response to a change in the provision of long distance services previously provided through a billing and collection arrangement between Bell Canada and the

Company in 2003, Amtelecom directly entered the long distance services market in its territories as a reseller of such services. Consistent with the experience of other Independent ILECs in territories where this change had previously occurred, the Company has captured in excess of 74% of the eligible market as at December 31, 2005. Beginning in 2005, the Company has the ability to offer its long distance service outside of its local telephone territories to virtually any telephone customer in the country. The Company holds a dominant Internet services market share in its local area. The Company bundles various combinations of its services (e.g., high speed Internet, digital cable television and long distance) in all of its markets.

The revenue of the Company for the fiscal years ended December 31, 2005 and 2004 by service categories is shown in the table below (in thousands of dollars):

	<u>Year ended December 31</u>	
	<u>2005</u>	<u>2004</u>
Telecommunications revenues:		
Telecommunications services	\$14,450	\$13,806
Direct Toll	912	4,026
National Contribution Fund Subsidy	<u>2,681</u>	<u>3,077</u>
Telecommunications revenues	<u>\$18,043</u>	<u>\$20,909</u>
Cable television services	\$2,889	\$2,886
Internet services	<u>\$2,794</u>	<u>\$2,008</u>
	<u>\$23,726</u>	<u>\$25,803</u>

The reduction in telecommunications revenues in 2005 relative to 2004 was due to a reduction in direct toll and contribution subsidy in 2005. In addition, the 2004 telecommunications services revenues include \$800 thousand of direct toll revenue which resulted from the reversal of a reserve accrued in prior periods.

Description of the Business of People's

People's commenced operations as a SILEC in Forest, Ontario in 1906. People's is the incumbent provider of telecommunications services to three local exchanges serving several communities in southwestern Ontario and provided local telephone services to approximately 5,200 residential and business NAS as at December 31, 2005. In addition, People's provides dial up and high speed Internet services both within its local telephone service areas and beyond, including primarily the City of Sarnia and surrounding region. People's also provides wireless broadband services over unlicensed spectrum in the Forest and Sarnia areas. As at December 31, 2005, People's had approximately 2,700 dial up Internet subscribers and approximately 1,900 high speed and wireless Internet subscribers.

The telephone service areas currently served by People's include the towns of Forest and Arkona and surrounding communities located east of Sarnia. To date, People's has been the monopoly provider of local telephone services in its territories and while local competition was allowed as of March 29, 2006 through Telecom Decision CRTC 2006-14, management expects that competitive activities are limited due to the high cost of building network facilities in these territories and to the fact that most of these territories are sparsely populated. Consistent with all telephone territories in Canada, People's territories are fully open to long distance competition. People's is the current dominant provider of long distance services to People's local customers with 90% of the local market as at December 31, 2005.

Competition in the provision of Internet services, both inside and outside People's local telephone service areas, currently comes from alternative dial up ISPs and wireless and facilities based high speed ISPs. In respect of People's high speed Internet service offerings in the built up areas of Forest and Arkona, competition currently exists from the local cable television provider. People's estimates that, as at December 31, 2005, its market share within its telephone service areas was approximately 19%.

People's is able to leverage its position as the incumbent local services provider by offering a broad range of local and long distance telephone services and Internet services, thereby maximizing the return on its network

investment by increasing revenue per unit. People's is also focused on providing and enhancing a wide range of digital switching, network functions and customer services, including Calling Features.

The revenue of People's for the fiscal years ended December 31, 2005 and 2004 by service categories is shown in the table below (in thousands of dollars):

	<u>Year ended December 31</u>	
	<u>2005</u>	<u>2004</u>
Telecommunications revenue		
Telecommunication services	\$4,740	\$4,319
Direct Toll	267	526
National Contribution Fund Subsidy	810	906
Telecommunication revenue	\$5,817	\$5,751
Internet revenue	1,946	1,776
Total revenue	<u>\$7,763</u>	<u>\$7,527</u>

Management expects to achieve certain synergies through the integration of People's, which significantly expands the number of customers and geographic areas served by the Fund. While there can be no assurance that its objectives will be achieved, management expects that the People's acquisition will be accretive to distributable cash.

Management Incentive Plans

In addition to the long-term incentive plan more particularly described in the management information circular of the Fund dated March 29, 2006, under the heading "Executive Compensation – Long-Term Incentive Plan", the board of directors of ACI also has discretion to provide bonuses to members of senior management. The board of directors approves a bonus range based on a percentage of salary for each member of senior management on an annual basis. The amount of the bonus paid to a member of senior management is based on the achievement of personal goals and meeting certain EBITDA targets, as approved by the board of directors.

Fund Undertaking

The Fund has provided an undertaking to the securities regulatory authorities in each of the provinces of Canada, pursuant to which it undertakes to do the following:

- (i) in complying with its reporting issuer obligations, the Fund will treat each of Amtelecom Communications Inc. ("Amtelecom"), Amtelecom Inc. ("AI"), Amtelecom Cable Inc. ("Cable"), Amtelecom Holdings Limited Partnership ("AHLP") and People's Tel Limited Partnership ("PTLP"), its operating entities, as subsidiaries of the Fund; however, if generally accepted accounting principles prohibit the consolidation of financial information of such entities and the Fund, and for as long as any of such entities (including any of their respective significant business interests) represent a significant asset of the Fund, the Fund will provide unitholders with separate financial statements and related management's discussion and analysis for each of such entities (including information about any of their respective significant business interests),
- (ii) for so long as the Fund is a reporting issuer, the Fund will take the appropriate measures to require each person who would be an insider of Amtelecom, AI, Cable, AHLP or PTLP if each of such entities was a reporting issuer to: (a) file insider reports about trades in units of the Fund (including securities which are exchangeable into units of the trust) and (b) comply with statutory prohibitions against insider trading, and
- (iii) the Fund will annually certify that it has complied with this undertaking, and file the certificate on SEDAR concurrently with the filing of its annual financial statements.

RECENT DEVELOPMENTS

Acquisition of People's

The Fund, People's Acquireco and People's entered into the People's Purchase Agreement made as of December 5, 2005, as amended, pursuant to which the Fund indirectly acquired all of the issued and outstanding common shares of People's for total consideration of approximately \$25.6 million in cash, which was financed through the Acquisition Facility. The People's Acquisition was completed on January 24, 2006.

The People's Acquisition is described in greater detail in each of the AIF and the BAR, each of which have been incorporated by reference into this short form prospectus. The BAR also contains audited annual financial statements of People's for the years ended December 31, 2005 and December 31, 2004 and unaudited pro forma consolidated financial statements of the Fund after giving effect to the People's Acquisition.

Implementation of Rights Plan

On March 27, 2006 the Fund adopted a unitholders' rights plan, which was approved by the Unitholders at the unitholders' meeting held on May 10, 2006.

Debt Private Placement

Amtelecom and Amtelecom Holdings Limited Partnership, as borrowers, entered into a loan agreement (the "IPD Loan Agreement") dated as of May 9, 2006 with Integrated Private Debt Fund LP ("IPD") whereby IPD established a \$20 million secured term debt facility for the borrowers at a fixed rate of interest of 7.24%, plus an applicable margin of up to 0.50% per annum determined based on the ability of the borrowers to meet certain financial covenants provided for therein. As security for the extension of the debt facility, the Fund and certain subsidiaries of Amtelecom provided guarantees and security to IPD. The IPD Loan Agreement provides for the borrowers to make monthly payments of interest only while the principal amount of the loan is repayable in full on May 15, 2016. The IPD Loan Agreement contains certain restrictive covenants, including restrictions on the ability of Amtelecom and Amtelecom Holdings Limited Partnership to make distributions in prescribed circumstances. Proceeds were used to repay \$19.8 million outstanding under the Acquisition Facility comprising part of the Credit Facilities and to fix a significant portion of Amtelecom's existing floating rate debt.

Tax Ruling

On July 6, 2006, the Fund filed a request for an advance tax ruling from the CRA to allow it to reorganize its current organizational structure that contains both corporate entities and partnerships to a simpler fund-on-partnership flow through structure. Any such reorganization will also be subject to Unitholder approval.

CONSOLIDATED CAPITALIZATION OF THE FUND

The following table sets out the consolidated capitalization of the Fund as at December 31, 2005, and as at June 30, 2006 both before and after giving effect to the Offering (but not the exercise of the Over-Allotment Option). This table should be read in conjunction with the Fund's audited consolidated financial statements for the year ended December 31, 2005, together with the notes thereto, and the unaudited consolidated financial statements for the period ended June 30, 2006, together with the notes thereto, incorporated by reference, in this short form prospectus.

<u>Designation</u>	<u>Authorized</u>	<u>As at December 31, 2005</u>	<u>As at June 30, 2006</u> (Unaudited)	<u>As at June 30, 2006 After Giving Effect to the Offering</u> (Unaudited)
(Dollar amounts are in thousands)				
Units.....	Unlimited	\$54,830 (5,957,500 Units)	\$54,830 (5,957,500 Units)	\$68,545 (7,111,350 Units)
Long-Term Debt ⁽¹⁾⁽²⁾	N/A	\$15,000	\$40,805	\$27,090

Notes:

- (1) Includes current portion.
- (2) Long-term debt consists of the following:
 - (a) \$15.0 million under the Fund's Term Facility, which bears interest at a rate of 6.81% per annum;
 - (b) \$5.805 million under the Fund's Acquisition Facility, which bears interest at a rate of 7.75% per annum.
 - (c) \$20.0 million in senior secured long-term debt at a fixed rate of interest of 7.24% per annum.

CREDIT FACILITIES

On January 24, 2006, Amtelecom and Amtelecom Holdings Limited Partnership, as borrowers, entered into a second amended and restated credit agreement (the "Amended and Restated Credit Agreement") with a syndicate of banks (collectively, the "Lenders") in respect of its senior secured credit facilities (collectively, the "Credit Facilities"). The aggregate maximum amount of the Credit Facilities is \$52 million and is comprised of (i) a revolving credit facility in the maximum principal amount of \$5 million, subject to borrowing base requirements, the proceeds of which are to be used for operating purposes (the "Revolving Credit Facility"); (ii) a \$17 million term credit facility to fund capital expenses (the "Term Facility"); and (iii) a \$30 million revolving facility for financing acquisitions (the "Acquisition Facility"), of which approximately \$25 million was drawn down for the acquisition of People's (and \$19,814,437.08 of which was repaid from the proceeds of the loan advanced pursuant to the IPD Credit Agreement). The Revolving Credit Facility and Acquisition Facility are each subject to annual review and renewal by the Lenders and the Lenders have agreed to consider any request of the borrowers to increase the aggregate amount of the Revolving Credit Facility to an aggregate maximum principal amount of \$10 million. The Term Facility has two years remaining on an initial term of four years with a relevant repayment date of November 26, 2008. No principal payments are required to be made in respect of the Term Facility until such date, except for mandatory prepayments out of the net proceeds of any permitted disposition of assets worth in excess of \$2.0 million debt or insurance each as more particularly described in the Amended and Restated Credit Agreement. Interest accrues on accommodations made in respect of the Revolving Credit Facility and Term Facility in the form of prime rate or base rate advances at a floating rate of interest between 0.75% and 1.5% above Canadian prime rate. The Credit Facilities are guaranteed by a guarantee from each of the Fund, Amtelecom, AI, Cable, Amtelecom Holdings Limited Partnership, Amtelecom Holdings GP Inc., People's and People's Tel GP Inc. and are secured by security interests over all or substantially all of the assets of the Fund and its subsidiaries. The Credit Facilities are subject to customary terms, conditions and covenants including negative covenants with respect to incurring additional indebtedness and/or granting security or encumbrances over assets without the prior written consent of the Lenders. A standby fee is payable on the undrawn portion of each facility.

Concurrent with entering into the IPD Loan Agreement, Amtelecom, Amtelecom Holdings Limited Partnership, each of the guarantors of the Credit Facilities, the Lenders and IPD entered into an intercreditor agreement dated May 9, 2006 whereby the rights of the Lenders and IPD vis-à-vis each other are set out in detail.

DISTRIBUTION HISTORY

The Fund declared 13 consecutive monthly distributions of \$0.979 per Unit for each full month from the completion of the Fund's initial public offering on March 6, 2003 until May 2004 at which time the Fund increased its monthly distributions to \$0.10 per Unit. Since May, 2004, the Fund has declared monthly distributions of \$0.10 per Unit for each full month. On August 15, 2006, the Fund announced a cash distribution for the month ending August 31, 2006 of \$0.10 per Unit payable on September 15, 2006 to Unitholders of record at the close of business on August 31, 2006.

The Fund intends to continue to make distributions on the 15th day of each month (or the first business day thereafter) to holders of Units of record on the immediately preceding record date. The full particulars of the distribution policy of the Fund are set out on pages 30 and 31 of the AIF.

USE OF PROCEEDS

The net proceeds of the Offering, after deducting the fees payable to the Underwriters and the estimated expenses of the Offering payable by the Fund, will be \$15,852,548. The net proceeds of the Offering will be used to repay the balance of the Acquisition Facility in the amount of approximately \$5.8 million and to repay approximately \$10 million of the Term Facility. The Acquisition Facility was used in connection with the acquisition of People's and the Term Facility was used in connection with the initial public offering and the acquisition of the business of AI and Cable.

While the Fund intends to use the net proceeds as stated above, there may be circumstances where a reallocation of the funds may be advisable for sound business reasons.

DESCRIPTION OF UNITS

The beneficial interests in the Fund are divided into Units, which are entitled to the rights and subject to the limitations, restrictions and conditions set out in the Declaration of Trust, as summarized herein. As of the date hereof, an aggregate of 5,957,500 Units were issued and outstanding.

Units

An unlimited number of Units may be created and issued pursuant to the Declaration of Trust. Each Unit is transferable and represents an equal undivided beneficial interest in any distributions from the Fund, whether of net income, net realized capital gains or other amounts, and in any net assets of the Fund in the event of termination or winding-up of the Fund and entitles the holder thereof to one vote at all meetings of Unitholders for each Unit held. Except for certain redemption rights, the Units have no conversion, retraction, redemption or pre-emptive rights.

All Units have equal rights and privileges and are not subject to future calls or assessments.

The Units do not represent a traditional investment and should not be viewed by investors as "shares" of the Fund. As holders of Units in the Fund, the Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions.

The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Issuance of Units

The Declaration of Trust provides that Units or rights to acquire Units may be issued at the times, to the persons, for the consideration and on the terms and conditions that the Trustees determine. Units may be issued in satisfaction of any non-cash distribution of the Fund to Unitholders on a pro rata basis. The Declaration of Trust also

provides that immediately after any pro rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution. In this case, each certificate representing a number of Units prior to the non-cash distribution will be deemed to represent the same number of Units after the non-cash distribution and the consolidation.

Rating of the Units

On August 17, 2006, Standard & Poor's Inc. ("S&P") reaffirmed the stability rating of SR-3 to the distributable cash flow of the Fund and a profile assessment of moderately aggressive to the Fund's distributions. Income Fund rated as SR-3 are considered by S&P to have a high level of stability in distributions relative to other rated Canadian income funds.

The rating is based on a rating scale developed by S&P which characterizes the stability of cash flow generated by a business. S&P's stability analysis encompasses the variability and sustainability of a cash distribution stream in the medium to longer term with a single stability rating of SR-1 through SR-7. Variability in the distribution stream refers to changes in the distribution from period to period over a business cycle, whereas sustainability of the distribution stream refers to the length of time that distributions can likely be made. Together, these two characteristics are referred to by S&P as the stability profile of the issuer. The stability rating scale is organized such that a rating of SR-1 signifies the lowest level of cash distribution variability and the highest level of cash distribution sustainability, while a rating of SR-7 signifies the highest level of variability and the highest amount of uncertainty in the sustainability of the cash distribution stream. The distribution profile assessment considers an income fund's distribution policy in the context of its cash flow dynamics, and comments on the ability of a fund to maintain a given level of distributions, expressed on a seven-step scale, ranging from very conservative to very aggressive. The distribution profile assessment takes into account, among other factors, how aggressive or conservative the income fund's distribution policy is relative to the variability of its distributable cash flow generation. A rating is not a recommendation to buy, sell or hold any security and may be subject to revision or withdrawal at any time by S&P.

Specifically, issuers rated as SR-3 are considered by S&P to have a high level of stability in distributions relative to other rated Canadian income funds.

Redemption Right

Units are redeemable by the Fund at any time on demand by the holders thereof. Upon receipt of a written redemption notice by the Fund in a form reasonably acceptable to the Trustees and any other evidence that the Trustees may reasonably require, together with any certificates representing the Units to be redeemed and written instructions as to the number of Units to be redeemed, all rights to and under the Units tendered for redemption will be surrendered, and the holder thereof will be entitled to receive a price per Unit (the "Redemption Price") equal to the lesser of:

- (a) 90% of the "market price" of the Units on the date on which the Units were tendered to the Fund for redemption (the "Redemption Date"); and
- (b) 100% of the "closing market price" of the Units on the Redemption Date.

For the purposes of this calculation, "market price" shall be an amount equal to the weighted average price per Unit at which the Units traded on the principal exchange on which the Units are listed (or, if the Units are not listed on any exchange, on the principal market through which the Units are quoted for trading) during the next five trading days during which the Units traded on such exchange or market immediately following the Redemption Date. The "closing market price" shall be: (i) an amount equal to the closing price of the Units on the principal exchange on which the Units are listed (or, if the Units are not listed on any exchange, on the principal market through which the Units are quoted for trading) if there was a trade on the date on which the Units were tendered for redemption and the exchange or market provides a closing price; or (ii) an amount equal to the average of the highest and lowest price of the Units on the principal exchange on which such units are listed (or, if the Units are not listed on any exchange, on the principal market through which the Units are quoted for trading) if there was trading on the date on

which the Units were tendered for redemption and the exchange or other market provides only the highest and lowest trading prices of the Units traded on a particular day; or (iii) the average of the last bid and last ask prices on the principal exchange on which Units are listed (or, if the Units are not listed on any exchange, on the principal market through which the Units are quoted for trading) if there was no trading on the date which the Units were tendered for redemption. The principal exchange or principal market through which the Units are listed or quoted for trading shall be the exchange or market on which the greatest volume of Units were traded during the relevant period or, if such is not determinable, the exchange or market designated by the Trustees in their absolute discretion. If the principal exchange or market on which the Units are listed or quoted for trading was not open for trading on the date on which the Units were tendered for redemption, then the reference date shall be the last day on which such principal exchange or market was open for trading. Except as described below, the Redemption Price payable in respect of the Units tendered for redemption during any month is to be paid by cheque, drawn on a Canadian chartered bank or trust company in lawful money of Canada, payable to or to the order of the former Unitholder who exercised the right of redemption within five Business Days after the end of the calendar month in which the Units were tendered for redemption.

Payments made by the Fund of the Redemption Price will conclusively be deemed to have been made upon the mailing of a cheque in a postage pre-paid envelope addressed to the former Unitholder and/or any party having a security interest unless such cheque is dishonoured upon presentment. Upon such payment, the Fund will be discharged from all liability to the former Unitholder in respect of the Units redeemed.

Unitholders will not be entitled to receive a cash payment for the Redemption Price upon the redemption of their Units if:

- (a) the total amount payable by the Fund in respect of the Units and all other Units tendered for redemption prior thereto in the same calendar month exceeds \$50,000, or such higher amount as the Trustees may, in their sole discretion, permit in respect of any calendar month;
- (b) at the time the Units are tendered for redemption, the outstanding Units are not listed for trading or quoted on or through any stock exchange or market which the Trustees consider, in their opinion, provides representative fair market value prices for the Units; or
- (c) the normal trading of the outstanding Units is suspended or halted on any stock exchange on which the Units are listed for trading or, if not so listed, on any market through which the Units are quoted for trading, on the date that such Units were tendered to the Fund for redemption or for more than five trading days during the ten trading-day period immediately prior to the date on which such Units were tendered to the Fund for redemption.

With respect to Units which are not redeemable for cash payment as a result of the foregoing limitations, the Redemption Price for such Units shall, subject to any applicable regulatory approvals, be paid and satisfied by way of a distribution *in specie* of Fund property. In the case of ACI Notes, no ACI Notes in integral multiples of less than \$100 will be distributed and, where the number of ACI Notes to be received by a Unitholder includes a fraction, such number shall be rounded to the next lowest whole number. The Fund shall be entitled to all interest paid or accrued and unpaid on the ACI Notes being transferred, to and including the date of transfer thereof.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated August 18, 2006 (the "Underwriting Agreement") among the Fund and the Underwriters, the Fund has agreed to issue and sell and the Underwriters have agreed to purchase, as principals, on the closing date, being August 31, 2006 or any other date as may be agreed upon by the Fund and the Underwriters, but in any event not later than September 15, 2006, subject to the conditions stipulated in the Underwriting Agreement, 1,153,850 Units. The Units are offered hereby at a price of \$13.00 per Unit for total gross consideration of \$15,000,050, payable in cash to the Fund against delivery by the Fund of global certificates evidencing the Units. The Units are being offered to the public in all of the provinces of Canada. The offering price of the Units was determined by negotiations between Amtelecom, on behalf of the Fund, and the Underwriters. The Underwriting Agreement provides that the Fund will pay the Underwriters' fee of \$0.65 per Unit for Units issued

and sold by the Fund, for an aggregate fee payable by the Fund of \$750,002.50, in consideration for their services in connection with the Offering.

The Fund has granted to the Underwriters the Over-Allotment Option, exercisable for a period of 30 days following the closing date of the Offering, to purchase up to an additional 173,077 Units at a price of \$13.00 per Unit to cover over-allotments, if any. This short form prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Units to be issued or sold upon exercise of the Over-Allotment Option. If the Underwriters exercise the Over-Allotment Option in full, the total price to the public, Underwriters' fee and net proceeds to the Fund will be \$17,250,051, \$862,502.55 and \$16,387,548.45, respectively. Pursuant to a decision of the Ontario Securities Commission dated August 10, 2006, the Fund and the Underwriters were granted relief from the prospectus requirements of the *Securities Act* (Ontario) for pre-marketing of the Over-Allotment Option.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint and may be terminated at their discretion in certain stated circumstances and upon the occurrence of certain stated events. Under the terms of the Underwriting Agreement, the Underwriters may be entitled to indemnification by the Fund against certain liabilities, including liabilities for misrepresentations in this short form prospectus. If an Underwriter fails to purchase the Units which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase any such Units. The Underwriters are, however, obligated to take up and pay for all Units if any securities are purchased under the Underwriting Agreement.

The Canadian chartered bank affiliate of CIBC World Markets Inc. is a lender to affiliates of the Fund under existing Credit Facilities. A portion of such Credit Facilities was used by Amtelecom and Amtelecom Holdings Limited Partnership to finance the acquisition of People's and a portion of the Credit Facilities will be repaid out of the proceeds of the Offering. Consequently, the Fund may be considered a connected issuer of CIBC World Markets Inc. under applicable securities laws in certain Canadian provinces.

Pursuant to policy statements of the Ontario Securities Commission and the Québec Autorité des marchés financiers, the Underwriters may not, throughout the period of distribution, bid for or purchase Units. The foregoing restriction is subject to certain exceptions including:

- (a) a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market making activities; and
- (b) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of such securities.

In connection with this Offering, the Underwriters may, subject to applicable laws, over-allot Units or effect transactions which stabilize or maintain the market price of the Units at levels other than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Fund has agreed that it will not, without prior consent of Canaccord Capital Corporation, issue, any Units or securities convertible into, or exchangeable or exercisable to acquire Units (other than the issuance of securities offered in connection with Unit compensation arrangements, Units issuable upon the exchange of securities currently outstanding or in connection with existing commitments to issue securities) or agree to do so or publicly announce any intention to do so for 90 days following the closing of the Offering.

The Units have not been and will not be registered under the United States Securities Act of 1933, (the "U.S. Securities Act") as amended, and accordingly may not be offered or sold within the United States (as such term is defined in Regulation S under the U.S. Securities Act) except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. However, the Underwriting Agreement permits the Underwriters to offer the Units for sale by the Fund to substituted purchasers in the United States that are institutional accredited investors that satisfy the criteria set forth in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the U.S. Securities Act ("Regulation D"), pursuant to and in accordance with Rule 506 of Regulation D.

Moreover, the Underwriting Agreement provides that the Underwriters will offer and sell the Units outside the United States only in accordance with Regulation S under the U.S. Securities Act.

The Units are issued in “book-entry only” form and must be purchased or transferred through a CDS participant. The Fund will cause a global certificate or certificates representing any Units to be delivered to, and registered in the name of, CDS or its nominee. All rights of Unitholders must be exercised through, and all payments or other property to which such holder is entitled will be made or delivered by, CDS or the CDS participant through which the Unitholder holds such Units. Each person who acquires Units will receive only a customer confirmation of purchase from the Underwriter or registered dealer from or through which the Units are acquired in accordance with the practices and procedures of that Underwriter or registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS is responsible for establishing and maintaining book-entry accounts for its CDS participants having interests in the Units. See “Description of Units”.

The TSX has conditionally approved the listing of the Units to be distributed under the short form prospectus. Listing will be subject to the Fund fulfilling all of the listing requirements of the TSX on or prior to November 13, 2006.

There are constraints imposed on the ownership of Units to ensure that the Fund has a required level of Canadian ownership. See “Limitation on Non-Resident Ownership”.

LIMITATION ON NON-RESIDENT OWNERSHIP

In order for the Fund to maintain its status as a mutual fund trust under the Tax Act, the Fund must not be established or maintained primarily for the benefit of Non-Residents. Accordingly, the Declaration of Trust provides that at no time may Non-Residents be the beneficial Unitholders of that number of Units entitling the holders, in the aggregate, to more than 49% of the votes attached to all outstanding Units. The Transfer Agent or the Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident.

If the Transfer Agent or the Trustees become aware that the beneficial Unitholders of the Units entitling the holders to more than 49% of the votes attached to all outstanding Units are, or may be, Non-Residents or that such a situation is imminent, the Transfer Agent or the Trustees may make a public announcement thereof and will not accept a subscription for any Units from or issue or register a transfer of Units to a person unless the person provides a declaration that the person, and the beneficial Unitholder, if any, are not Non-Residents. If, notwithstanding the foregoing, the Transfer Agent or the Trustees determine that Units entitling the holders to more than 49% of the votes attaching to all outstanding Units are held or beneficially owned by Non-Residents, the Transfer Agent may send a notice to Non-Resident Unitholders and beneficial Unitholders, if any, chosen in inverse order to the order of acquisition or registration or in such manner as the Transfer Agent may consider equitable and practicable, requiring them to sell, within a specified period of not less than 60 days, all or a portion of their Units. If the Unitholders receiving such notice have not sold the specified number of Units then outstanding or provided the Transfer Agent or the Trustees with satisfactory evidence that they and the beneficial owners, if any, are not Non-Residents within such period, the Transfer Agent or the Trustees may, on behalf of such Unitholders, sell such Units and, in the interim shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be Unitholders and their rights shall be limited to receiving the net proceeds of such sale.

In addition, the Telecommunications Act, the Broadcasting Act, the Radiocommunication Act, the regulations thereunder and the directions by the federal cabinet to the CRTC also impose limitations on non-Canadian ownership of Units and provide the Fund with certain powers to maintain compliance with non-Canadian ownership requirements. In connection with such regulations, the Declaration of Trust includes a provision prohibiting non-Canadians from owning or controlling greater than 33 ¹/₃% of the Units.

The Fund must ensure that it complies at all times with Canadian ownership and control regulations that relate to the Fund and its subsidiaries. For these purposes, the Trustees and Amtelecom, as the administrator of the Fund, shall be entitled to use all remedies available under the Canadian ownership and control regulations. Such remedies may include without limitation any one or more of the following:

- (a) refusing to accept any subscription for Units from a non-Canadian;
- (b) refusing to allow any transfer of Units to a non-Canadian to be recorded in the Fund's registers;
- (c) suspending the rights of a non-Canadian holder of Units to vote at a meeting of Unitholders or otherwise vote the Units; and
- (d) selling, repurchasing or redeeming any Units held by a non-Canadian,

in accordance with the procedures contained in the Canadian ownership and control regulations.

At any time that non-Canadians own and control or control the right to vote more than 20% of the Units, neither the Fund nor its directors, will control or influence, and the Fund will ensure that neither ACI nor its directors will control or influence, the programming decisions of Cable or any successors thereto.

By acceptance of a Unit certificate or upon receipt of a customer confirmation from a registered dealer that is a CDS participant, Unitholders are deemed to acknowledge and agree to be bound by the provisions of the Declaration of Trust relating to Canadian ownership and control regulations.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Cassels Brock & Blackwell LLP, counsel to the Fund, and Goodmans LLP, counsel to the Underwriters, the following is, as of the date of this prospectus, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a holder who acquires Units pursuant to this Offering and who, for purposes of the Tax Act, at all relevant times, is an individual, a trust or a corporation that is resident in Canada, deals at arm's length and is not affiliated with the Fund and acquires and holds Units as capital property. Generally, the Units will be considered to be capital property to a holder provided that the holder does not hold the Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain holders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to treat their Units as capital property by making an election under subsection 39(4) of the Tax Act.

This summary is not applicable to a holder of Units that is a "financial institution" (as defined in the Tax Act for purposes of the mark-to-market rules), a "specified financial institution" or an investor an interest in which is a "tax shelter investment" (all as defined in the Tax Act).

This summary is based upon the provisions of the Tax Act and the regulations thereunder (the "Regulations") in force at the date of this prospectus and counsel's understanding of the current published administrative and assessing practices of the Canada Revenue Agency (the "CRA") and takes into account all specific proposals to amend the Tax Act and the Regulations which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this prospectus (the "Tax Proposals"). There can be no assurance that any Tax Proposals will be implemented in their current form or at all. This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Units and, except for the Tax Proposals does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, and does not take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed in this prospectus.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal or tax advice to any prospective holder of Units and no representations with respect to the income tax consequences to any such holder are made. Prospective holders should consult their own tax advisors for advice with respect to the income and capital tax consequences to them of acquiring, holding and disposing of Units, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

Status of the Fund

The Fund has advised counsel that it qualifies as a mutual fund trust under the provisions of the Tax Act and has filed an election under the Tax Act to be deemed to qualify as a mutual fund trust from inception. The Fund has provided a factual certificate to support such advice. The balance of this summary and the opinions expressed below under “Eligibility for Investment” assume that the Fund qualifies as a mutual fund trust at all relevant times. If the Fund were not to qualify as a mutual fund trust, the federal income tax considerations described below would, in some respects, be materially different.

Currently, a trust will not be considered to be a mutual fund trust if it is established or maintained primarily for the benefit of Non-Residents unless all or substantially all of its property is property other than taxable Canadian property as defined in the Tax Act. On September 16, 2004, the Minister of Finance (Canada) released draft amendments to the Tax Act. Under the draft amendments, a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more Non-Residents and partnerships that are not Canadian partnerships (or any combination thereof), is more than 50% of the aggregate fair market value of all the units issued by the trust where more than 10% (based on fair market value) of the trust’s property is taxable Canadian property or certain other types of property. If the draft amendments are enacted as proposed, and if, at any time, more than 50% of the aggregate fair market value of Units were held by Non-Residents and partnerships that are not Canadian partnerships (or any combination thereof), the Fund would thereafter cease to be a mutual fund trust. The draft amendments do not currently provide any means of rectifying a loss of mutual fund trust status. On December 6, 2004, a Notice of Ways and Means Motion, including other changes affecting mutual fund trusts, was tabled which did not include the proposed changes referred to above. In a concurrent release, the Department of Finance (Canada) announced that implementation of the proposed changes would be suspended so as to allow further consultation with interested parties. On December 6, 2004, the Department of Finance (Canada)’s press release indicated (a) that the September 16, 2004 proposal was not then being proceeded with, and (b) that further discussions would be pursued with the private sector concerning the appropriate Canadian tax treatment of non-residents investing in resource property through mutual funds.

If the Fund ceases to qualify as a mutual fund trust, the Fund may be required to pay tax under Part XII.2 of the Tax Act. The payment of Part XII.2 tax by the Fund may have adverse tax consequences for certain Unitholders.

Provided that the Fund maintains its status as a mutual fund trust under the Tax Act or continues to qualify as a registered investment for purposes of the Tax Act, the Units, will be qualified investments for Plans. Plans will generally not be liable for tax in respect of any distributions received from the Fund or any capital gain realized on the disposition of any Units. If the Fund ceases to qualify as a mutual fund trust and as a registered investment the Units will cease to be qualified investments for Plans which would have adverse tax consequences to Plans and their annuitants or beneficiaries.

Taxation of the Fund

The taxation year of the Fund is the calendar year. In each taxation year, the Fund will be subject to tax under Part I of the Tax Act on its income for the year, including net realized taxable capital gains less the portion thereof that it deducts in respect of the amounts paid or payable in the year to Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the Fund or if the Unitholder is entitled in that year to enforce payment of the amount.

The Fund will include in its income for each taxation year all interest on the Amtelecom Notes that accrues to the Fund to the end of the year, or that becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year.

The Fund will also include in computing its income any net income or loss allocated to it by Amtelecom Holdings Limited Partnership in respect of any fiscal period of the partnership ending in a taxation year of the Fund.

In addition, the Fund will include in its income any dividends received on the Amtelecom Shares. Any amount paid to the Fund in respect of the Amtelecom Shares (other than an amount that is a return of capital for purposes of the Tax Act) will generally constitute a dividend to the Fund. Any amount paid to the Fund on a

repurchase of the Amtelecom Shares that is in excess of the paid-up capital of those shares will be deemed to be a dividend to the Fund. Provided that such amounts are distributed to Unitholders and appropriate designations are made by the Fund, all amounts which would otherwise be included in its income as dividends received on the Amtelecom Shares will be deemed to have been received as dividends by the Unitholders and not to have been received as dividends by the Fund.

A distribution by the Fund of Amtelecom Shares, Amtelecom Notes or interests in Amtelecom Holdings Limited Partnership upon a redemption of Units under the provisions of the Declaration of Trust will be treated as a disposition by the Fund of the securities so distributed for proceeds of disposition equal to their fair market value. The Fund's proceeds from the disposition of Amtelecom Notes will be reduced by any accrued but unpaid interest in respect of those Amtelecom Notes, which interest will generally be included in the Fund's income in the year of disposition to the extent that it was not included in the Fund's income in a previous year. The Fund will realize a capital gain (or a capital loss) to the extent that the proceeds from the disposition exceed (or are less than) the adjusted cost base of the relevant property and any reasonable costs of disposition. The tax consequences to the Fund of a distribution by the Fund of property other than Amtelecom Shares, Amtelecom Notes or interests in Amtelecom Holdings Limited Partnership upon a redemption of Units will depend on the nature of the property so distributed.

In computing its income, the Fund may deduct reasonable administrative costs, interest and other expenses incurred by it for the purpose of earning income. The Fund may also deduct from its income for the year a portion of the expenses incurred by the Fund to issue Units in connection with this Offering. The portion of those issue expenses deductible by the Fund in a taxation year is 20% of those issue expenses.

Under the Declaration of Trust, an amount equal to all of the income of the Fund, together with the non-taxable portion of any net capital gain realized by the Fund, but excluding: (i) capital gains arising on a distribution in specie of Amtelecom Shares, Amtelecom Notes or other capital property on redemption of Units; and (ii) accrued interest on distributed Amtelecom Notes, which are allocated by the Fund to redeeming Unitholders, will be payable in the year to the holders of the Units by way of cash distributions, subject to the exceptions described below. Also excluded from the computation of distributable cash are capital gains, the tax on which may be offset by capital losses carried forward from prior years or is recoverable by the Fund. Income of the Fund which is applied to fund redemptions of Units for cash or is otherwise unavailable for cash distributions will be distributed to Unitholders in the form of additional Units. Income of the Fund payable to Unitholders, whether in cash, additional Units or otherwise will generally be deductible by the Fund in computing its taxable income.

The Fund will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of Units during the year (the "capital gains refund"). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the Fund's tax liability for that taxation year arising as a result of the distribution of Amtelecom Shares, Amtelecom Notes or other capital property on the redemption of Units. The Declaration of Trust provides that all or a portion of any capital gain realized by the Fund as a result of that redemption may, at the discretion of the Trustees, be treated as a capital gain payable to the redeeming Unitholder. The taxable portion of any such gain will be deductible by the Fund. In addition, certain accrued interest on the Amtelecom Notes distributed to a redeeming Unitholder as part of redemption proceeds will be treated as an amount paid to that Unitholder and will be deductible by the Fund.

Counsel has been advised that the Fund intends to make sufficient distributions of its net income for tax purposes and net realized capital gains so that the Fund will generally not be liable in any year for income tax under Part I of the Tax Act.

Taxation of Unitholders

Fund Distributions

A Unitholder will generally be required to include in income for a particular taxation year the portion of the net income of the Fund for a taxation year, including net realized taxable capital gains, that is paid or payable to the Unitholder in the particular taxation year, whether that amount is received in cash, additional Units or otherwise.

Provided that appropriate designations are made by the Fund, that portion of its taxable dividends received from taxable Canadian corporations and net taxable capital gains as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from Amtelecom, the normal gross-up and dividend tax credit provisions will be applicable in respect of Unitholders who are individuals, the refundable tax under Part IV of the Tax Act will be payable by Unitholders that are private corporations and certain other corporations controlled directly or indirectly by or for the benefit of an individual or related group of individuals, and the deduction of such dividends in computing taxable income will be available to Unitholders that are corporations.

On June 29, 2006, the Minister of Finance released draft legislation which is intended to enhance the dividend gross-up and tax credit mechanism applicable to certain “eligible dividends” payable by corporations resident in Canada after 2005. Under the draft legislation, a dividend will be eligible for the enhanced gross-up and dividend tax credit if the dividend recipient receives written notice from the paying corporation designating the dividend as an “eligible dividend”. There may be limitations on the ability of a corporation to designate dividends as “eligible dividends”. There can be no assurance that the draft legislation will be enacted into law in the form proposed or at all.

In addition, the Fund will make similar designations in respect of its income from foreign sources so that, for the purpose of computing any foreign tax credit to a Unitholder, the Unitholder will be deemed to have paid as tax to a government of a foreign country, that portion of the taxes paid by the Fund to that country that is equal to the Unitholder’s share of the Fund’s income from sources in that country. A Unitholder will be entitled to claim a foreign tax credit as a deduction from Canadian taxes or as a deduction in computing income, subject to the rules in the Tax Act. Unitholders will be advised each year of the composition of amounts distributed to them.

The non-taxable portion of any net realized capital gains of the Fund that is paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder’s income for the year. Any other amount in excess of the net income of the Fund that is paid or payable to a Unitholder in that year will not generally be included in the Unitholder’s income for the year. However, where such other amount is paid or payable to a Unitholder (other than as proceeds in respect of the redemption of Units), the Unitholder will be required to reduce the adjusted cost base of the Units by that amount. To the extent that the adjusted cost base of a Unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Unitholder will then be nil. The taxation of capital gains is described below under “Taxation of Capital Gains and Capital Losses”.

The cost to a Unitholder of additional Units received in lieu of a cash distribution of income will be the amount of income distributed by the issue of those Units. For the purpose of calculating the adjusted cost base to a Unitholder of Units, when a Unit is acquired the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Unitholder as capital property immediately before that acquisition.

Dispositions of Units

On the disposition or deemed disposition of a Unit whether on a redemption as set out in the Declaration of Trust or otherwise, the Unitholder will realize a capital gain (or capital loss) equal to the amount by which the Unitholder’s proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include the amount of capital gains or accrued interest on distributed Amtelecom Notes allocated by the Fund to a Unitholder who redeems Units owned by such Unitholder as permitted under the Declaration of Trust. The taxation of capital gains and capital losses are described below under “Taxation of Capital Gains and Capital Losses”.

Where Units are redeemed by the distribution of Amtelecom Shares, Amtelecom Notes or interests in Amtelecom Holdings Limited Partnership to a redeeming Unitholder, the proceeds of disposition to the Unitholder of the Units will be equal to the fair market value of the securities so distributed less any portion of the capital gain realized by the Fund as a result of the redemption of those Units which has been allocated by the Fund to the Unitholder and, in the case of Amtelecom Notes, any accrued interest on those Amtelecom Notes. Where a capital gain realized by the Fund as a result of the distribution of Amtelecom Shares, Amtelecom Notes or interests in

Amtelecom Holdings Limited Partnership on the redemption of Units has been allocated by the Fund to a redeeming Unitholder and an appropriate designation has been made, the Unitholder will be required to include in income the taxable portion of the capital gain so allocated. Interest accrued in the taxation year of the Fund in which the redemption occurs but which has not been paid at the time of redemption will be treated as an amount of income paid to the Unitholder and therefore will be included in the Unitholder's income in the year the Unit is redeemed. The cost of any Amtelecom Shares, Amtelecom Notes or interests in Amtelecom Holdings Limited Partnership distributed by the Fund to a Unitholder upon a redemption of Units as permitted under the Declaration of Trust will be equal to the fair market value of that security at the time of the distribution less, in the case of an Amtelecom Note, any accrued interest on that Amtelecom Note. The Unitholder will thereafter be required to include in income interest on any Amtelecom Note so distributed in accordance with the provisions of the Tax Act. To the extent that the Unitholder is thereafter required to include in income any interest accrued to the date of the acquisition of an Amtelecom Note by the Unitholder, an offsetting deduction will be available. The tax consequences to the Unitholder where Units are redeemed by the distribution of property other than Amtelecom Shares, Amtelecom Notes or interests in Amtelecom Holdings Limited Partnership will depend on the nature of the property so distributed.

Taxation of Capital Gains and Capital Losses

One-half of any capital gain ("taxable capital gain") realized by a holder will generally be included in the holder's income as a taxable capital gain in the year of disposition. One-half of any capital loss ("allowable capital loss") generally must be deducted from taxable capital gains for the year of disposition. Any allowable capital losses in excess of taxable capital gains for the year of disposition may generally be carried back up to three years or forward indefinitely and deducted against net taxable capital gains in such other years to the extent and under the circumstances described in the Tax Act.

A holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 2/3% on its "aggregate investment income" for the year which will include an amount in respect of taxable capital gains.

Where a holder is a corporation, the amount of any capital loss arising on the disposition of a Unit may be reduced by the amount of dividends from Amtelecom, previously designated by the Fund to the Unitholder to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Units or where a trust or partnership of which a corporation is a beneficiary or a member is a member of a partnership or a beneficiary of a trust that owns Units. Unitholders to whom these rules may be relevant should consult their own tax advisors.

Alternative Minimum Tax

In general terms, net income of the Fund paid or payable to a Unitholder who is an individual or a trust, other than certain specified trusts, that is designated as taxable dividends or as net realized capital gains and capital gains realized on the disposition of Units may increase the Unitholder's liability for alternative minimum tax.

RISK FACTORS

Prospective investors should carefully consider the risk factors set forth on pages 37 to 43 of the AIF, including risks related to the Company and the industry in which the Company operates, regulatory risks, technology risks, risks relating to the structure of the Fund, tax-related risks, as well as, the competition risk set out below.

Competition

Through Telecom Decision CRTC 2006-14 "*Revised regulatory framework for the Small incumbent local exchange carriers*" the Company's incumbent local telephone territories were opened to local competition as of

March 29, 2006. Although management does not expect the Company to be significantly affected, and to date no *bona fide* local competitors have entered the territories of the Company, the entry of competitors into the Company's territories or an increased intensity of competition could cause the Company to lose customers or, either of which could have an adverse effect on the Company's results of operations. The most likely source of any serious competitive threat to the local telephone services of the Company is from cable television providers and, following the implementation of local number portability in March 2007, the risk of competition from wireless telecommunications providers could increase as well. A segment of AI's and People's customer base can also be served by a cable operator other than the Company.

ELIGIBILITY FOR INVESTMENT

In the opinion of Cassels Brock & Blackwell LLP, counsel to the Fund, and Goodmans LLP, counsel to the Underwriters, subject to the qualifications and assumptions discussed under the heading "Canadian Federal Income Tax Considerations", the Units will be qualified investments under the Tax Act for Plans. If the Fund ceases to qualify as a mutual fund trust, the Units will cease to be qualified investments for those Plans.

An Amtelecom Share, Amtelecom Note or other property received as a result of a redemption of Units may not be a qualified investment for a Plan which could give rise to adverse consequences to the Plan or the annuitant under the Plan. Accordingly, Plans that own Units should consult their own tax advisors before deciding to exercise the redemption rights attached to the Units under the provisions of the Declaration of Trust.

RELATIONSHIP BETWEEN THE FUND AND CERTAIN OF THE UNDERWRITERS

In connection with this Offering, the Fund may be considered a "connected issuer" to CIBC World Markets Inc. under applicable securities laws. CIBC World Markets Inc. is an affiliate of a Canadian chartered bank which is a lender to Amtelecom under the Credit Facilities.

As at August 17, 2006, approximately \$41.3 million was outstanding under the Credit Facilities. Amtelecom is in full compliance with all material terms of the agreement governing the Credit Facilities and none of the lenders have waived any material breach by Amtelecom since its execution. Neither the financial position of the Fund and Amtelecom nor the value of the security under the Credit Facilities has changed substantially since the indebtedness under the Credit Facilities was incurred.

The decision to distribute the Units offered hereby and the determination of the terms of the Offering were made through negotiations between Amtelecom, on behalf of the Fund, and the Underwriters. The lenders under the Credit Facilities did not have any involvement in such decision or determination, but have been advised of the issuance and the terms thereof. As a consequence of this issuance, CIBC World Markets Inc. will receive its share of the Underwriters' fee and the lenders will receive a repayment of a portion of Amtelecom's outstanding indebtedness as described under "Use of Proceeds".

INTERESTS OF EXPERTS

Certain legal matters in connection with this Offering will be passed upon on behalf of the Fund by Cassels Brock & Blackwell LLP and on behalf of the Underwriters by Goodmans LLP. As at the date hereof, the partners and associates of Cassels Brock & Blackwell LLP, and the partners and associates of Goodmans LLP collectively beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Fund.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Fund are KPMG LLP, London, Ontario.

The transfer agent and registrar for the Units is CIBC Mellon Trust Company at its principal office in Toronto, Ontario.

EXEMPTIONS FROM NATIONAL INSTRUMENT 44-101

Pursuant to a decision of the Autorité des marchés financiers dated August 16, 2006, the Fund was granted relief from the requirement that all documents incorporated by reference into the preliminary short form prospectus must be in both the French and English languages. For the purposes of the preliminary short form prospectus only, the Company was not required to file French versions of the documents incorporated by reference therein.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

AUDITORS' CONSENT

To the Board of Trustees of Amtelecom Income Fund

We have read the short form prospectus dated August 24, 2006 relating to the sale and issue of trust units of Amtelecom Income Fund (the "Fund"). We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the Unitholders of the Fund on the consolidated balance sheets of the Fund as at December 31, 2005 and 2004 and the consolidated statements of earnings and accumulated earnings and cash flows for the years ended December 31, 2005 and 2004. Our report is dated February 10, 2006.

(signed) KPMG LLP, Chartered Accountants

London, Canada
August 24, 2006

AUDITORS' CONSENT

To the Board of Trustees of Amtelecom Income Fund

We have read the short form prospectus of Amtelecom Income Fund (the "Fund") dated August 24, 2006 relating to the issue and sale of Units. We have complied with Canadian generally accepted standards for auditors' involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the shareholders of People's Communications Inc. on the consolidated balance sheets of People's Communications Inc. as at December 31, 2005 and 2004 and the consolidated statements of earnings, retained earnings and cash flows for the years ended December 31, 2005 and 2004. Our report is dated February 20, 2006.

(signed) Collins Barrow, Chartered Accountants

Sarnia, Canada
August 24, 2006

CERTIFICATE OF THE FUND

Dated: August 24, 2006

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador. For the purpose of the Province of Québec, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

AMTELECOM INCOME FUND by its administrator Amtelecom Communications Inc.

By: (signed) MICHAEL J. ANDREWS
Chief Executive Officer

By: (signed) DAVID BRONICHESKI
Chief Financial Officer

By: (signed) STEPHEN G. SLOAN
Director

By: (signed) STANLEY M. STEWART
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: August 24, 2006

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador. For the purpose of the Province of Québec, to our knowledge, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

CANACCORD CAPITAL CORPORATION

By: (Signed) ROBERT P. CHALMERS

CIBC WORLD MARKETS INC.

By: (Signed) KEVIN W. DALTON

SPROTT SECURITIES INC.

By: (Signed) MARC MURNAGHAN

TD SECURITIES INC.

By: (Signed) JEREMY M.C. WALKER