

Preliminary Prospectus Dated July 27, 2005

This is a preliminary Prospectus relating to these securities, a copy of which has been filed with the Saskatchewan Financial Services Commission, but which has not yet become final for the purpose of the sale of the securities. The information contained in this Prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for this Prospectus is obtained from the Saskatchewan Financial Services Commission.

This 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. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

Initial Public Offering

49 NORTH RESOURCE FLOW-THROUGH LIMITED PARTNERSHIP

\$6,000,000 (MAXIMUM OFFERING)

\$1,500,000 (MINIMUM OFFERING)

**A MAXIMUM OF 1,200,000 AND A MINIMUM OF
300,000 LIMITED PARTNERSHIP UNITS**

Subscription Price: \$5.00 per Unit

Minimum Subscription: 500 Units - \$2,500

The Partnership: 49 North Resource Flow-Through Limited Partnership (the “Partnership”), a limited partnership established under the laws of the Province of Saskatchewan, proposes to issue limited partnership units (the “Units”) at a price of \$5.00 per Unit (the “Offering”). See “The Partnership” and see “Details of the Offering”.

Investment Objective: The Partnership has been formed to invest in a diversified portfolio (the “Portfolio”) of Flow-Through Shares (as hereafter defined) of Resource Issuers (as hereafter defined), with the focus on Resource Issuers with exploration programs in Saskatchewan; and with a view to achieving capital appreciation of the Portfolio and maximizing the tax benefits of an investment in the Units for Limited Partners (as hereafter defined). It is anticipated that not less than 95% of the Available Funds (as hereafter defined) will be invested in Flow-Through Shares of Resource Issuers that are reporting issuers (as hereafter defined), with not greater than 5% of Available Funds invested in Flow-Through Shares of Resource Issuers which are not reporting issuers and which may, therefore, be subject to continuing resale restrictions. The General Partner intends to invest the Available Funds under Flow-Through Agreements (as hereafter defined) pursuant to which the investee Resource Issuers will agree to incur and renounce to the Partnership, in amounts equal to the subscription price of the Flow-Through Shares, expenditures in respect of resource exploration and development which qualify as Canadian exploration expenses (“CEE”) including, as applicable, certain Canadian development expenses (“CDE”) which may be renounced as CEE. The Partnership will use all reasonable efforts to invest 100% of Available Funds such that the resulting CEE will be renounced by the investee Resource Issuers to the Partnership with an effective date not later than December 31, 2005. Subject to certain limitations, Limited Partners will, for income tax purposes, be entitled to claim deductions from income with respect to the CEE so renounced, and may be entitled to claim non-refundable Federal and Saskatchewan Provincial Investment Tax Credits (as hereafter defined). See “Canadian Federal Income Tax Considerations”.

Investment Strategy: Investments will be made on behalf of the Partnership in accordance with the investment objective and strategy and the Investment Guidelines (as hereafter defined) described herein. Subject thereto, the General Partner expects that the Portfolio will focus on Flow-Through Shares of Mining Issuers (as hereafter defined) and to a lesser extent on Oil and Gas Issuers (as hereafter defined) with exploration programs in

Saskatchewan; and will generally be weighted towards junior and intermediate Mining Issuers more so than Oil and Gas Issuers. The Partnership may also, but is not required to, invest up to 5% of Available Funds in Flow-Through Shares of Alternative Energy Issuers (as hereafter defined). In addition to the specific requirements and restrictions set forth in the Investment Guidelines, in making investments in Resource Issuers the General Partner will consider: (a) the experience of management; (b) the past production, exploration results and financial condition of the investee Resource Issuer; (c) pricing of the Flow-Through Shares and the relative value, liquidity and potential for growth in value of such shares; and (d) where available, engineering reports and other information relating the exploration program to be conducted by the Resource Issuer. Management of the investment Portfolio may involve the sale of Flow-Through Shares held by the Partnership and the reinvestment of the net proceeds from any such dispositions in additional securities of Resource Issuers. See "The Partnership".

The General Partner: 49 North Resource Fund Inc. is the general partner of the Partnership and has coordinated the organization of the Partnership. The General Partner will: (a) work with the Agent (as hereafter defined) in developing and implementing all aspects of the Partnership's communications, marketing and distribution strategies; and (b) manage the ongoing business and administrative affairs of the Partnership including managing the investment Portfolio of the Partnership. The General Partner is a company organized specifically to manage the affairs of the Partnership and will not carry on any other business. See "The Partnership" and see "Management of the Partnership".

Investment Manager: The General Partner proposes to retain, as a condition of closing the Offering, TMM Portfolio Management Inc., as Investment Manager for the Partnership and to delegate certain of the General Partner's responsibilities and authority with respect to the management of the Portfolio to the Investment Manager. See "The Investment Manager".

Reorganization Transaction: Subject to certain exceptions provided in the Partnership Agreement and described in this Prospectus, the Partnership will be dissolved effective March 31, 2007. However, to provide potential for liquidity and long-term growth of capital, the General Partner currently intends to propose to the Limited Partners at a meeting of the Limited Partners to be held on or about June 30, 2006, one or more alternatives to the dissolution of the Partnership, which may include, without limitation, a proposal to exchange the Partnership's assets, or the Units of the Limited Partners, for shares or other securities of a mutual fund corporation or another appropriate investment vehicle, which shares or other securities would then be distributed pro rata to the Limited Partners on a tax deferred basis prior to the dissolution of the Partnership (a "Reorganization Transaction"). If a Reorganization Transaction is not approved by Ordinary Resolution (as hereafter defined) and implemented by March 31, 2007, the Partnership will be dissolved effective that date unless such date is extended by an Extraordinary Resolution (as hereafter defined) of the Limited Partners.

	Price to Public	Agent's Fee ⁽²⁾	Net Proceeds to the Partnership ⁽³⁾
Per Unit ⁽¹⁾	\$ 5.00	\$ 0.35	\$ 4.65
Maximum Offering ⁽⁴⁾	\$6,000,000	\$440,000	\$5,560,000
Minimum Offering ⁽⁵⁾	\$1,500,000	\$ 125,000	\$1,375,000

⁽¹⁾ The subscription price per Unit was established by the General Partner in consultation with the Agent.

⁽²⁾ The Agent will be paid a commission of \$0.35 per Unit sold hereunder together with a corporate finance fee of \$20,000, \$10,000 of which is subject to the completion of the Initial Closing (as hereafter defined).

⁽³⁾ Before deducting Offering Costs estimated by the General Partner to be, in the aggregate, \$80,000 in the case of the minimum Offering, and \$100,000 in the case of the maximum Offering.

⁽⁴⁾ The maximum Offering assumes that 1,200,000 Units are sold.

⁽⁵⁾ The minimum Offering assumes that 300,000 Units are sold.

THIS IS A BLIND POOL OFFERING. The Units are speculative in nature as are the underlying securities in which the Available Funds will be invested. There is no assurance of any return on an investor's investment. An investment may be suitable only for investors who are in high marginal income tax brackets and can afford a complete loss of their investment. There can be no assurance that the General Partner's endeavours to provide liquidity through a Reorganization Transaction will be successful. Investors must rely entirely on the General Partner and Investment Manager in the investment of Available Funds. No Flow-

Through Agreements have been entered into and there is no assurance that a sufficient number of Resource Issuers will be identified to permit the Partnership to commit all Available Funds to purchase Flow-Through Shares by December 31, 2005. The Partnership does not expect to pay dividends or make other cash distributions prior to its dissolution.

The success of an investment is, to a significant degree, dependent on income tax considerations and there are numerous potential tax related risks including, without limitation, the risk that: (a) Resource Issuers will not incur or renounce CEE in an aggregate amount equal to the Available Funds; (b) tax consequences may vary depending on the particular Resource Issuers in which Available Funds are invested; (c) income tax legislation may be amended, or its interpretation changed, so as to alter fundamentally the tax consequences of holding or disposing of Units; and (d) the investment consequences to any particular investor may vary from the consequences contemplated herein based on the investor's personal circumstances. There is a possibility that investors will receive allocations of income (including taxable capital gains) from the Partnership without receiving a corresponding cash distribution with which to satisfy any resulting tax liability. If an investor's subscription price for Units is financed with borrowings or other indebtedness that is, or is deemed under the *Tax Act* (as hereafter defined) to be, limited recourse financing, the tax benefits of the investment to such investor (and possibly other investors) will be adversely affected. The Federal tax shelter identification number in respect of the Partnership is •. Issuance of the identification number is for administrative purposes only and does not in any way confirm the entitlement of any Limited Partner to claim any tax benefits associated with an investment in the Partnership. Investors are advised to consult their own tax and other professional advisors to assess the income tax and other tax implications of the investment before investing in Units. See "Canadian Federal Income Tax Considerations".

There are certain risks inherent in resource exploration and investment in the resource sector and risks associated with concentrating the Partnership's investments in the resource sector and focusing on Resource Issuers with exploration programs in Saskatchewan. Limited Partners could lose their limited liability in certain circumstances. See "Risk Factors - Limited Liability of Limited Partners". The General Partner has nominal assets. Conflicts of interest may arise and investors who are not willing to rely on the expertise, integrity, management skills and discretion of the General Partner, and the directors and officers thereof, should not purchase Units. This Prospectus contains forward-looking statements that involve risk and uncertainties.

Although the Units are transferable, there is no market through which the Units purchased under this Prospectus may be sold and none is expected to develop. Investors may not be able to resell Units purchased under this Prospectus.

Investors should carefully review the Risk Factors set forth herein and consult their own professional advisors to assess the income tax, legal and other aspects of an investment in the Units. See "Risk Factors".

Union Securities Ltd., (the "Agent"), conditionally offers the Units for sale on a best efforts basis, if, as and when subscriptions are accepted by the General Partner on behalf of the Partnership in accordance with the Partnership Agreement and in accordance with the conditions contained in the Agency Agreement referred to under "Details of the Offering - Plan of Distribution" and subject to approval of certain legal matters on behalf of the Partnership and the General Partner by McKercher McKercher & Whitmore LLP and on behalf of the Agent by McDougall Gauley LLP. Subscriptions for Units will be received subject to acceptance or rejection in whole or in part and the right is reserved to close the subscription books at any time without notice. The Initial Closing (as hereafter defined) is subject to certain conditions including the condition that subscriptions shall have been received for the minimum Offering. If less than the maximum Offering is subscribed for at the Initial Closing, subsequent Closings may be held on or before December 31, 2005. The Agent may authorize Subagents (as hereafter defined) to additionally solicit and/or receive subscriptions from investors under the Offering. The Agent, or if applicable, such Subagents, will hold subscription funds received from investors and if the Initial Closing has not occurred on or before December 31, 2005 the Offering will be withdrawn and such subscription funds will be refunded to the investors without interest or deduction.

SUMMARY OF KEY DATES

December 2, 2005	<i>Anticipated Initial Closing.</i> Investors purchase Units and pay the subscription price (\$5.00 per Unit) with a minimum subscription of 500 Units (\$2,500).
March, 2006	Limited Partners receive T5013 Statement of Partnership Income.
June 30, 2006	Approximate expected date of meeting of Limited Partners to consider Reorganization Transaction.
March 31, 2007	<i>Dissolution Date.</i> Unless this date is extended by Extraordinary Resolution of the Limited Partners, if the Partnership has not approved and implemented a Reorganization Transaction, the Partnership will be dissolved and 99.99% of the net assets of the Partnership, after paying or providing for the payment of all liabilities and liquidation expenses, will be distributed to Limited Partners and 0.01% to the General Partner.

SUBSCRIPTION PROCEDURE

An investor who wishes to subscribe for Units under this Offering must subscribe for a minimum of 500 Units (\$2,500) through the Agent or a Subagent. An investor must pay the subscription price to (and in a manner satisfactory to) and must provide to the Agent (or if applicable Subagent) such authorizations and information as may be required by the Agent or Subagent including, without limitation, that information regarding the investor that will be provided by the Agent (or Subagent) on behalf of the investor to the General Partner as described below. Subscription funds will be held by the Agent or Subagent pending Closing. Subject to the foregoing, the Agent, or if applicable Subagent, as agent for the investors, will subscribe on behalf of investors for Units and, subject to the General Partner's acceptance of such subscription and to the terms and conditions set out in this Prospectus and the Agency Agreement, will pay the subscription funds to the Partnership at Closing. See the Subscription Agreement and Power of Attorney attached as Schedule B to the Partnership Agreement included in this Prospectus.

THE ACCEPTANCE BY THE GENERAL PARTNER OF AN INVESTOR'S SUBSCRIPTION, AS AFORESAID, WHETHER IN WHOLE OR IN PART, CONSTITUTES A SUBSCRIPTION AGREEMENT BETWEEN THE INVESTOR AND THE PARTNERSHIP UPON THE TERMS AND CONDITIONS SET OUT IN THE PROSPECTUS AND IN THE PARTNERSHIP AGREEMENT, whereby the investor, among other things: (a) provides certain information to the General Partner, including such investor's full name, residential address or address for service, social insurance number or corporation account number, as the case may be, and the name and registered representative number of the representative of the Agent (or if applicable Subagent) responsible for such subscription; (b) acknowledges that he is bound by the terms of the Partnership Agreement and is liable for all obligations of a Limited Partner thereunder; (c) makes certain representations and warranties as to matters set out in the Partnership Agreement; (d) irrevocably nominates, constitutes and appoints the General Partner as his true and lawful attorney with full power and authority as set out in the Partnership Agreement; and (e) irrevocably authorizes the General Partner to file all elections deemed necessary or desirable by the General Partner to be filed under the *Tax Act* and any other applicable tax legislation in respect of any Reorganization Transaction or the dissolution of the Partnership. The Partnership Agreement includes representations and warranties on the part of the investor, including that he: (a) is not a "non-resident" of Canada for the purposes of the *Tax Act* and will maintain such status during such time as he or she continues to hold Units; (b) has not financed the subscription price for the Units through financing or other indebtedness for which recourse is or is deemed to be limited within the meaning of the *Tax Act*; (c) is not a partnership; and (d) (unless he has provided written notice to the General Partner to the contrary) is not a "financial institution" as defined in subsection 142.2(1) of the *Tax Act* and will continue to not be such a "financial institution" during such time as he continues to hold Units.

The foregoing subscription agreement shall be evidenced by delivery of the Prospectus to the investor, provided that the subscription has been accepted by the General Partner on behalf of the Partnership. An investor whose subscription is accepted by the General Partner will become a Limited Partner of the Partnership upon such investor

being entered in the Register of Limited Partners maintained by the General Partner and the Declaration (as hereafter defined) being amended to add the investor as a Limited Partner in such Declaration.

If a subscription is withdrawn or is not accepted by the General Partner, monies received but not applied towards the subscription price shall be returned to the investor without interest or deduction within 15 days following such withdrawal or rejection.

All of the Units which are issued at a Closing will be issued in registered form to the Agent (or, if applicable, Subagent) in accordance with the Book-Based System (as hereafter defined). It is anticipated a global certificate will be issued in the name of CDS (as hereafter defined) in accordance with the Book-Based System. Investors will not receive certificates in respect of the Units purchased by them and will not be entitled to any receipt or other instrument from the General Partner or from CDS in respect of their investment. Investors whose subscriptions are accepted will, however, receive a customer confirmation from the Agent or applicable Subagent through whom the Units are purchased.

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GLOSSARY

In addition to certain other terms defined elsewhere in this Prospectus, when used in this Prospectus, the following terms have the following meanings:

“**affiliate**” and “**associate**” have the meanings given those terms in the *Securities Act*.

“**Agent’s Fees**” means the corporate finance fee and commissions payable to the Agent as described under “Plan of Distribution”.

“**Auditors**” means Hergott Duval Stack & Partners LLP, Saskatoon, Saskatchewan.

“**Available Funds**” means all funds available to the Partnership after deducting from the gross proceeds of the Offering the Agent’s Fees and Offering Costs (except to the extent financed by borrowings under the Loan Facility).

“**Book-Based System**” means the system operated by or on behalf of CDS for recording holdings of securities by CDS Participants.

“**Canadian Exploration Expense**” or “**CEE**” means “Canadian exploration expense” as defined in subsection 66.1(6) of the *Tax Act*, including, without limiting the generality of the foregoing but for greater certainty and for the purposes of this Prospectus and the Partnership Agreement, “Canadian Development Expenses” (“**CDE**”) that may be renounced as CEE in accordance with subsection 66(12.601) of the *Tax Act*.

“**CDS**” means The Canadian Depository for Securities Limited or its nominee, which as at the date of this Prospectus is CDS & Co., or its successor thereto.

“**CDS Participant**” means a registered dealer or other financial intermediary participating in the CDS Book-Based System.

“**Cumulative CEE**” or “**CCEE**” means cumulative Canadian exploration expenses as defined in subsection 66.1(6) of the *Tax Act*.

“**Closing**” means a closing of a sale of Units to investors under this Offering and “**Initial Closing**” means the first such Closing to occur.

“**CRA**” means the Canada Revenue Agency.

“**Declaration**” means the declaration registered under the *Partnership Act* and the *Registration Act* establishing the Partnership as a limited partnership pursuant to the laws of Saskatchewan, as from time to time amended.

“**Dissolution Date**” means the date on which the Partnership is dissolved which, subject to earlier dissolution on the terms set forth in the Partnership Agreement, shall be March 31, 2007, or such later date as determined by Extraordinary Resolution of the Limited Partners.

“**Extraordinary Resolution**” means a resolution passed by 66⅔% or more of the votes cast at a duly constituted meeting, or an adjournment thereof, of the Limited Partners called for the purpose of considering such resolution, or, alternatively, a written resolution signed in one or more counterparts by Limited Partners holding 66⅔% or more of the Units outstanding and entitled to vote on such resolution at a meeting.

“**Fiscal Quarter**” means the three month interim periods ending on the last day of March, June, September and December, respectively, in each Fiscal Year of the Partnership.

“**Fiscal Year**” means a fiscal year of the Partnership, which fiscal year shall end December 31 of each year during the term of the Partnership except in the year that the Partnership is dissolved, in which case the fiscal year shall end on the Dissolution Date.

“**Flow-Through Agreement**” means a subscription agreement to be entered into by the Partnership and a Resource Issuer pursuant to which the Partnership subscribes for Flow-Through Shares of a Resource Issuer and the Resource

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Issuer agrees to incur and renounce to the Partnership CEE in an amount equal to the subscription price for the Flow-Through Shares.

“Flow-Through Share” means a common share in the capital of a Resource Issuer (or a right, warrant, convertible debenture or other security convertible into common shares of a Resource Issuer) which qualifies as a “flow-through share” as defined in subsection 66(15) of the *Tax Act*.

“Founding Capital” means the sum of \$10 contributed or agreed to be contributed by the General Partner and Initial Limited Partner, as to \$5 each, to the capital of the Partnership upon the formation of the Partnership.

“General Partner” means 49 North Resource Fund Inc., a corporation pursuant to the *SBCA*.

“High Quality Liquid Investments” mean high quality money market instruments which are accorded the rating category of A-1 by Standard & Poors Rating Services, a division of The McGraw-Hill Companies, Inc. (“**Standard & Poors**”) or R-1 by Dominion Bond Rating Service; interest-bearing accounts of Canadian chartered banks or Canadian trust companies with assets in excess of \$15 billion; securities issued or guaranteed by the Government of Canada or by the government of any province of Canada or agency thereof; preferred shares with a remaining term of three years or less and having a rating of P-2 (Standard & Poors) or of PFD2 (Dominion Bond Rating Service) or better; or a money market mutual fund with similar quality constraints.

“Income” or **“Loss”** in respect of any Fiscal Year means, respectively, the net income or net loss of the Partnership for such Fiscal Year determined by the General Partner, including the amount of taxable capital gains or allowable capital losses from the disposition of capital property of the Partnership as determined by the General Partner, all in accordance with generally accepted accounting principles.

“Initial Limited Partner” means T&N Holdings Inc., a corporation pursuant to the *SBCA*.

“Investment Guidelines” means those guidelines attached as Schedule “A” to the Partnership Agreement and described herein under the heading “The Partnership - Investment Guidelines”.

“Investment Manager” means TMM Portfolio Management Inc., or such other person or company that is registered as a “portfolio manager” under the *Securities Act* and is appointed as the Investment Manager pursuant to the Investment Management Agreement.

“Investment Management Agreement” means the Investment Management Agreement among the General Partner on behalf of the Partnership and the Investment Manager that will be entered into as a condition of closing the Offering, as more particularly described herein under the heading “The Investment Manager”.

“Investment Tax Credits” or **“ITCs”** means non-refundable investment tax credits as defined in paragraph (a.2) of the definition of “investment tax credits” in subsection 127(9) of the *Tax Act* (“**Federal ITCs**”) and/or pursuant to *The Mineral Exploration Tax Credit Regulations* under *The Mineral Resources Act, 1985* (Saskatchewan) (“**Saskatchewan Provincial ITCs**” or “**METC**”).

“Limited Partner” means a person who is admitted to the Partnership as a limited partner, and remains a limited partner in the Partnership, in accordance with the provisions of the Partnership Agreement, the *Partnership Act* and the *Registration Act*.

“Loan Facility” means a loan facility as described in this Prospectus and defined herein under the heading “The Partnership – Loan Facility”.

“Management Fees” means the quarterly management fees payable to the General Partner and/or the Investment Manager as more particularly described herein under the heading “Fees and Expenses Payable by the Partnership - Fees and Expenses of the General Partner”.

“Net Asset Value” and **“Net Asset Value per Unit”** have the meaning given to those terms herein under the heading “Valuation of Investments - Net Asset Value of the Partnership”.

“Offering” means the offering of Units pursuant to this Prospectus and/or the offering and sale of Units to investors in jurisdictions other than the Province of Saskatchewan pursuant to exemptions from the prospectus and, if

applicable, registration requirements under the securities legislation of such other jurisdictions, as more particularly described herein under the heading “Details of the Offering - Plan of Distribution”.

“**Offering Costs**” means the costs relating to the Offering (other than the Agent’s Fees) including legal, accounting and printing expenses, regulatory filing fees and similar costs and expenses.

“**Ordinary Resolution**” means a resolution passed by more than 50% of the votes cast at a duly constituted meeting, or an adjournment thereof, of the Limited Partners, or, alternatively, a written resolution signed in one or more counterparts by Limited Partners holding more than 50% of the Units outstanding and entitled to vote on such resolution at a meeting.

“**Partnership**” or “**Limited Partnership**” means 49 North Resource Flow-Through Limited Partnership.

“**Partnership Act**” means *The Partnership Act* (Saskatchewan), as amended from time to time.

“**Partnership Agreement**” means the limited partnership agreement made July 19, 2005, among the General Partner, the Initial Limited Partner and the persons who from time to time are Limited Partners, in the form attached hereto, and as the same may hereafter be amended from time to time in accordance with its terms.

“**Performance Bonus**” means the bonus, if any, payable to the General Partner and/or the Investment Manager upon the implementation of a Reorganization Transaction or the dissolution of the Partnership as described herein under the heading “Fees and Expenses Payable by the Partnership - Fees and Expenses of the General Partner”.

“**Register**” means a register listing the names and addresses of all of the Limited Partners, the number of Units held by each of them and the particulars of any issuances or transfers of Units, that shall be maintained by the General Partner during the term of the Partnership, either directly or by the intermediary of a trust company or other qualified corporation appointed from time to time as registrar and/or transfer agent pursuant to the Partnership Agreement (the “**Registrar and Transfer Agent**”).

“**Registration Act**” means *The Business Names Registration Act* (Saskatchewan), as amended from time to time.

“**Regulations**” means the Regulations to the *Tax Act*, as amended from time to time.

“**Related Corporation**” means a company that is related to a Resource Issuer for the purposes of subsection 251(2) or 251(3) of the *Tax Act*.

“**reporting issuer**” means an issuer that is a “reporting issuer” under and as defined in the securities legislation of any Canadian province or territory or that has a status under the securities legislation of any Canadian province or territory substantially similar to that of a reporting issuer.

“**Resource Issuer**” means a corporation whose principal business (either directly or through a Related Corporation) is:

- (a) mining or exploring for minerals (a “**Mining Issuer**”); and/or
- (b) exploring or drilling for petroleum or natural gas (an “**Oil and Gas Issuer**”); and/or
- (c) the generation of energy through alternative means or the development of projects for alternative energy generation (as more particularly described in paragraph (h) or (i) in subsection 66(15) of the *Tax Act*)

and which is a “principal-business corporation” as defined in subsection 66(15) of the *Tax Act*.

“**SBCA**” means *The Business Corporations Act* (Saskatchewan), as amended from time to time.

“**Securities Act**” means *The Securities Act, 1988* (Saskatchewan), as amended from time to time.

“**SEDAR**” means the internet based system for electronic data archiving and retrieval maintained by or on behalf of Canadian securities regulators.

“**Subagent**” means a person, firm or corporation that is registered as a “dealer” under the *Securities Act*, is a CDS Participant and is authorized by the Agent to solicit or receive subscriptions from investors under this Offering.

“**Subscriber**” or “**investor**” means a person who subscribes for Units under the Offering and who, upon and subject to the acceptance of such subscription, is admitted as a Limited Partner in the Partnership in accordance with the terms of the Partnership Agreement.

“***Tax Act***” means the *Income Tax Act* (Canada), as amended from time to time.

“**Unit**” means an equal and undivided interest of a Limited Partner in the earnings and assets of the Partnership, as described herein under the heading “Summary of the Partnership Agreement – Units” .

“**\$**” means Canadian Dollars.

VII

PROSPECTUS SUMMARY

The following is a summary only and should be read in conjunction with and is qualified by the more detailed information appearing elsewhere in this Prospectus.

Issuer:	49 North Resource Flow-Through Limited Partnership
Issue Size:	Maximum: \$6,000,000 (1,200,000 Units); Minimum: \$1,500,000 (300,000 Units)
Price:	\$5 per Unit
Minimum Subscription:	\$2,500 (500 Units)
General Partner:	49 North Resource Fund Inc.
Limited Partners:	An investor will become a Limited Partner of the Partnership upon the acceptance of his subscription for Units, in whole or in part, by the General Partner and upon being recorded as such in the Register and the General Partner filing such amendment(s) to the Declaration as may be necessary pursuant to the <i>Partnership Act</i> and/or <i>Registration Act</i> to register such person as a Limited Partner in the Declaration.
Investment Manager:	TMM Portfolio Management Inc., or such other person, firm or corporation that is registered as a "portfolio manager" under the <i>Securities Act</i> and is engaged as the Investment Manager for the Partnership pursuant to the Investment Management Agreement. See "The Investment Manager".
Investment Objective:	The Partnership's investment objective is to invest in a diversified Portfolio of Flow-Through Shares of Resource Issuers, with the focus on Resource Issuers with exploration programs in Saskatchewan; and with a view to achieving capital appreciation of the Portfolio and maximizing the tax benefits of an investment in the Units for Limited Partners. See "The Partnership - Investment Objective".
Investment Strategy:	The General Partner is responsible for the management of the Portfolio including having the responsibility and authority, subject to the provisions of the Partnership Agreement, to select the Resource Issuers in which the Partnership invests and to negotiate and enter into Flow-Through Agreements on behalf of the Partnership with Resource Issuers. Certain of these Portfolio management functions will be delegated to the Investment Manager. Management of the Portfolio may also include the sale of Flow-Through Shares held in the Portfolio and the reinvestment of the net proceeds from any such dispositions in additional securities of Resource Issuers.

The General Partner will use all reasonable efforts to invest all Available Funds in Flow-Through Shares on or before December 31, 2005. Such investments will be made under Flow-Through Agreements pursuant to which the Resource Issuer will agree to incur, in an amount equal to the aggregate subscription price of the Flow-Through Shares, CEE that will be renounced by the Resource Issuer in favour of the Partnership with an effective date in 2005. Subject to certain limitations, Limited Partners will, for income tax purposes, be entitled to claim deduction from income with respect to the CEE so allocated and a Limited Partner who is an individual other than a trust may be entitled to non-refundable Investment Tax Credits where Available Funds are invested in Flow-Through Shares of certain Mining Issuers. See "Canadian Federal Income Tax Considerations" and, in particular see the discussion therein under the subheadings "Eligible Expenditures" and "Investment Tax Credits".

Available Funds may be invested in Flow-Through Shares of Resource Issuers engaged in either mineral exploration and development or oil and gas exploration and development, in Canada, without restriction as to the amount of Available Funds that are allocated to investment in Mining Issuers and Oil and Gas Issuers, respectively, and regardless of the provinces or territories in which such exploration and/or development

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activities are conducted. However, the Portfolio is expected to focus on Flow-Through Shares of Mining Issuers and/or Oil and Gas Issuers with exploration programs in Saskatchewan and generally be weighted in favour of investment in Mining Issuers more so than Oil and Gas Issuers. Available Funds may also be invested in Flow-Through Shares of Alternative Energy Issuers, subject however to the limits set forth in the Investment Guidelines. Additionally, in making investments in Resource Issuers the General Partner will consider: (a) the experience of management; (b) the past production, exploration results and financial condition of the investee Resource Issuer; (c) pricing of the Flow-Through Shares and the relative value, liquidity and potential for growth in value of such Shares; and (d) where available, engineering reports and other information relating to the exploration program to be conducted by the Resource Issuer. See "The Partnership - Investment Strategy".

Investment Guidelines: The General Partner and Investment Manager must manage the Partnership's investment Portfolio in accordance with the Investment Guidelines more fully described under "The Partnership - Investment Guidelines". These Investment Guidelines include, without limitation, in summary the following:

- (a) At least 95% of Available Funds will be invested in Flow-Through Shares issued by Resource Issuers that are reporting issuers under Canadian securities law with not greater than 5% invested in Flow-Through Shares of Resource Issuers which are not reporting issuers and which may, therefore, be subject to continuing resale restrictions.
- (b) At least 80% of Available Funds will be invested in Flow-Through Shares of Resource Issuers whose shares are listed and posted for trading on a Canadian stock exchange.
- (c) Not more than 5% of Available Funds will be invested in Flow-Through Shares of Alternative Energy Issuers.
- (d) The Partnership will limit any investment in a single Resource Issuer to a maximum of 10% of Available Funds, provided that with the express, unanimous approval of the board of directors of the General Partner, up to 20% of Available Funds may be invested in a single, publicly traded, Resource Issuer.
- (e) The Partnership will not purchase securities for or sell securities from its Portfolio to the General Partner or any affiliate of the General Partner, or any officer, director or shareholder of any of them, or any person, trust, firm or corporation managed by the General Partner or any of its or their affiliates or any firm or corporation in which any officer, director or shareholder of the General Partner may have a material interest (which, for these purposes, means beneficial ownership of more than 10% of the voting securities of such entity) unless, with respect to any purchase or sale of securities, such transaction is effected through normal market facilities, is not pre-arranged and the purchase price approximates the prevailing market price.
- (f) The Partnership will not purchase securities of a reporting issuer for the purpose of exercising control or management and will not purchase more than 9.99% of the voting securities of any Resource Issuer in which it may invest.

See "The Partnership - Investment Guidelines".

Loan Facility:

On or about the date of the Initial Closing, and in any event, not later than December 31, 2005, the Partnership may enter into a loan facility (the "Loan Facility") with a Canadian chartered bank, another commercial lender or a non-arm's length lender (the "Lender") in an amount up to the Agent's Fees and the Offering Costs or, after 2005, in such additional amount as may be necessary to fund operating and administrative

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expenses and Management Fees incurred by the Partnership after 2005, to the extent such expenses and fees are not funded from the proceeds of disposition of securities in the Partnership's investment Portfolio. As of the date of this Prospectus, no such Loan Facility has been established with any Lender. Any such Loan Facility that is established is expected to: (a) be repayable with interest at the prime rate plus up to 2% per annum on or before the earlier of: (i) the implementation of a Reorganization Transaction; (ii) the dissolution of the Partnership; (iii) a stated maturity date that is expected to be not later than March 31, 2007; or (iv) the occurrence of certain stipulated events of default; and (v) in any event, prior to any cash distributions to Partners; and (b) be secured by all of the assets of the Partnership and/or by the pledge and hypothecation of specific securities in the Partnership's investment Portfolio. The Lender, in its capacity as such, will not receive any benefit from this Offering. The unpaid principal amount of the Loan Facility will be deemed to be a limited recourse amount of the Partnership under the *Tax Act* which may reduce the amount of related expenses that would otherwise be deductible by the Partnership in the Fiscal Year those expenses are incurred. See "The Partnership – Loan Facility" and "Fees and Expenses Payable by the Partnership – Operating and Administrative Expenses".

Use of Proceeds: The Partnership expects that the gross proceeds of this Offering and borrowings in 2005 under the Loan Facility will be used as follows:

	Maximum Offering	Minimum Offering
Gross Proceeds of the Offering	\$6,000,000	\$1,500,000
Maximum borrowings under Loan Facility ⁽¹⁾	<u>540,000</u>	<u>205,000</u>
Subtotal	\$6,540,000	\$1,705,000
Agent's Fee ⁽²⁾	440,000	125,000
Offering Costs ⁽³⁾	<u>100,000</u>	<u>80,000</u>
Available Funds	\$6,000,000	\$1,500,000

- (1) See "The Partnership – Loan Facility".
- (2) The Partnership will pay the Agent a \$20,000 corporate finance fee (\$10,000 of which has been paid and \$10,000 of which is subject to the completion of the minimum Offering) and a commission of 7% of the gross proceeds of the Offering (\$0.35 per Unit).
- (3) Offering Costs, including legal, accounting and printing expenses, regulatory filing fees and similar costs and expenses related to the Offering are estimated by the General Partner to be \$100,000 in the case of the maximum Offering and \$80,000 in the case of the minimum Offering.

Allocations and Distributions:

The Partnership's Fiscal Year ends December 31, or on the Dissolution Date in the year the Partnership is dissolved. For each Fiscal Year, 99.99% of the Income or Loss of the Partnership and 100% of any CEE renounced to the Partnership with an effective date in such Fiscal Year will be allocated pro rata among the Limited Partners who are Limited Partners on the last day of such Fiscal Year, and 0.01% of the Income or Loss of the Partnership will be allocated to the General Partner. On dissolution of the Partnership, Limited Partners are entitled to 99.99% of the net assets of the Partnership and the General Partner is entitled to 0.01% of such net assets. See the discussion of "Income and Loss" and "Dissolution" under "Summary of the Partnership Agreement" and see "Canadian Federal Income Tax Considerations".

Reorganization Transaction:

Subject to certain exceptions provided in the Partnership Agreement and described in this Prospectus, the Partnership will be dissolved effective March 31, 2007. However, to provide potential for liquidity and long-term growth of capital, the General Partner currently intends to propose to the Limited Partners, at a meeting to be held on or about June 30, 2006, one or more Reorganization Transactions to be implemented on or prior to March 31, 2007 pursuant to which the General Partner may be authorized to sell and transfer all or substantially all of the assets of the Partnership or, as attorney and agent for each Limited Partner, to sell and transfer all Units of the Partnership and all of the interests of the respective Limited Partners in the Partnership, on a tax deferred basis, to a

mutual fund corporation in exchange for shares of the mutual fund corporation or to another appropriate investment vehicle, such as a publicly listed corporation or a limited partnership, in exchange for shares, limited partnership units and/or other securities of such publicly listed corporation or such limited partnership and to thereon or as soon as reasonably possible thereafter distribute the shares or other securities so received to the Limited Partners on a pro rata basis. The implementation of a Reorganization Transaction will be subject to completion of a definitive transfer agreement; the obtaining of any necessary regulatory approvals; and approval by Ordinary Resolution of the Limited Partners. A Reorganization Transaction will not be implemented if in the opinion of the General Partner it would prospectively or retroactively affect the status of the Flow-Through Shares as common shares issued on a flow-through basis for income tax purposes or if any of the conditions described above are not satisfied. There is no assurance that a suitable Reorganization Transaction will be available for proposal by the General Partner or, if proposed, be approved by Ordinary Resolution or, if approved, that any such Reorganization Transaction will receive the necessary regulatory approvals. If a Reorganization Transaction is not implemented by March 31, 2007, the Partnership Agreement provides that the Partnership will be dissolved (unless the Dissolution Date is extended by Extraordinary Resolution) at which time the Limited Partners will receive their pro rata share of 99.99% of the net assets of the Partnership remaining after paying or providing for the payment of all liabilities and liquidation expenses, and the General Partner will receive 0.01%. At that time, the General Partner anticipates that the net assets of the Partnership will consist primarily of common shares of Resource Issuers, the cash proceeds of the General Partner's liquidation of such shares, or a combination of the foregoing. Such dissolution of the Partnership could give rise to a tax liability for Limited Partners. See "Canadian Federal Income Tax Considerations – Dissolution of the Partnership and Reorganization Transactions".

Fees and Expenses:

The following summarizes the compensation and other payments payable in connection with the sale of Units and the management and operation of the Partnership. See "Fees and Expenses Payable by the Partnership."

Initial Fees and Expenses - The Agent will be paid commissions equal to 7% of the selling price for each Unit (i.e. \$0.35 per Unit) sold under this Offering, totalling \$105,000 if the minimum Offering is achieved and \$420,000 if the maximum Offering is achieved, plus a corporate finance fee of \$20,000, \$10,000 of which has been paid and \$10,000 of which will be paid on and subject to completion of the Initial Closing. Additionally, the Partnership has or will incur Offering Costs which are expected to total approximately \$80,000 if the minimum Offering is achieved and \$100,000 if the maximum Offering is achieved. Such Agent's Fees and Offering Costs may be paid from the gross proceeds of this Offering or from borrowings under the Loan Facility.

Fees and Expenses of General Partner - Subject to the compensation payable to the Investment Manager as summarized below, the General Partner is entitled to receive:

- (a) for each Fiscal Quarter or partial Fiscal Quarter after the Initial Closing to the earlier of the implementation of a Reorganization Transaction and the Dissolution Date, a Management Fee equal to 0.5% of the Net Asset Value of the Partnership calculated as of the last business day of the relevant Fiscal Quarter, subject to proration in respect of applicable partial Fiscal Quarters; and
- (b) a Performance Bonus, calculated effective as of the earlier of the business day prior to the implementation of a Reorganization Transaction and the Dissolution Date, in an amount in respect of each Unit then outstanding equal to 20% of the amount, if any, by which the sum of the Net Asset Value per Unit as of that date, and all distributions per Unit on or prior to that date, exceeds the sum of \$5.50.

The General Partner is also entitled to reimbursement for all expenses reasonably and properly incurred by the General Partner in conducting the Partnership's business and

performing its duties and obligations under the Partnership Agreement provided that such reimbursements do not include any charges for overhead or profit;

Compensation of Investment Manager - The Investment Manager will be paid compensation at rates as negotiated with the General Partner provided that the compensation payable to the Investment Manager shall not exceed the compensation payable to the General Partner as described above, and where any compensation is paid or payable to the Investment Manager the compensation paid to the General Partner will be reduced by an equivalent amount.

Operating and Administrative Expenses - The Partnership will pay for all expenses incurred in connection with the operation and administration of the Partnership, including those fees and expenses incurred by the General Partner in performing its functions as General Partner under the Partnership Agreement. It is expected that these expenses (exclusive of the Agent's Fees and Offering Costs) will total approximately \$30,000 to \$40,000 annually (commencing in 2006), plus commissions payable to dealers upon the sale of Portfolio assets, and such expenses and the Management Fees described above will be funded through borrowings under the Loan Facility and/or the proceeds of disposition of securities in the Partnership's investment Portfolio after 2005. See "Fees and Expenses Payable by the Partnership – Operating and Administrative Expenses".

Subscription Procedure: An investor who wishes to subscribe for Units under this Offering must subscribe for a minimum of 500 Units (\$2,500) through the Agent or a Subagent. An investor must pay the subscription price to (and in a manner satisfactory to) and must provide to the Agent (or if applicable Subagent) such authorizations and information as may be required by the Agent or Subagent including, without limitation, that information regarding the investor that will be provided by the Agent (or Subagent) on behalf of the investor to the General Partner as described in this Prospectus under the heading "Subscription Procedure" in the face pages hereof and under "Details of the Offering - Subscription Procedure and Subscription Agreements". Subscriptions for funds will be held by the Agent or applicable Subagent pending Closing. Subject to the foregoing, the Agent or applicable Subagent, as agent for the investors, will subscribe on behalf of investors for Units and, subject to the General Partner's acceptance of such subscription and to the terms and conditions set out in this Prospectus and the Agency Agreement, will pay the subscription funds to the Partnership at Closing. See the Subscription Agreement and Power of Attorney attached as Schedule "B" to the Partnership Agreement included in this Prospectus.

THE ACCEPTANCE BY THE GENERAL PARTNER OF AN INVESTOR'S SUBSCRIPTION, AS AFORESAID, WHETHER IN WHOLE OR IN PART, CONSTITUTES A SUBSCRIPTION AGREEMENT BETWEEN THE INVESTOR AND THE PARTNERSHIP UPON THE TERMS AND CONDITIONS SET OUT IN THE PROSPECTUS AND IN THE PARTNERSHIP AGREEMENT, which subscription agreement shall be evidenced by delivery of the Prospectus to the investor, provided that the subscription has been accepted by the General Partner on behalf of the Partnership. An investor whose subscription is accepted by the General Partner will become a Limited Partner of the Partnership upon such investor being entered in the Register and the Declaration being amended to add the investor as a Limited Partner in such Declaration.

Under the subscription agreement as described above, the investor makes, and is deemed to have made, certain representations and warranties and irrevocably nominates, constitutes and appoints the General Partner as his true and lawful attorney as well as irrevocably authorizing the general partner to file certain elections under the *Tax Act* and other applicable tax legislation. SEE "SUBSCRIPTION PROCEDURE" ON THE FACE PAGE OF THIS PROSPECTUS, "DETAILS OF THE OFFERING - SUBSCRIPTION PROCEDURE AND SUBSCRIPTION AGREEMENT" AND THE FORM OF

**SUBSCRIPTION AGREEMENT AND POWER OF ATTORNEY ATTACHED AS
SCHEDULE "B" TO THE PARTNERSHIP AGREEMENT.**

**Income Tax
Considerations:**

99.99% of the Income (including, if applicable, capital gains) or the Loss realized by the Partnership in each Fiscal Year, and 100% of any CEE renounced to the Partnership with an effective date in such Fiscal Year, will be allocated pro rata among the Limited Partners who are Limited Partners on the last day of such Fiscal Year. 0.01% of the Income or Loss of the Partnership in each Fiscal Year will be allocated to the General Partner. In general, a taxpayer (other than a principal business corporation) who is a Limited Partner at the end of the relevant Fiscal Year of the Partnership, in computing his income for his taxation year in which such Fiscal Year of the Partnership ends, must include therein his share of the Partnership Income (if any) so allocated (including the taxable portion of any capital gains so allocated) and may, subject to the "at risk" rules, limited recourse financing rules and certain other provisions of the *Tax Act*, deduct such Losses and CEE. If a taxpayer finances the subscription price of Units with borrowing or other indebtedness that is or is deemed to be limited recourse financing, the deductions that the taxpayer may claim will be reduced. A Limited Partner who is an individual (other than a trust) may also be entitled to reduce income tax otherwise payable by non-refundable Federal and Saskatchewan Provincial Investment Tax Credits equal to 15% and 10%, respectively, of certain types of CEE renounced to the Partnership by Resource Issuers engaged in specified surface "grass roots" mineral exploration. See "Canadian Federal Income Tax Considerations - Investment Tax Credits").

The *Tax Act* deems the cost to the Partnership of Flow-Through Shares it acquires to be nil. Therefore, the Partnership will generally realize a capital gain on disposition of such Flow-Through Shares or other securities in its investment Portfolio equal to the proceeds of disposition less any reasonable costs relating to the disposition. A disposition of Units by a Limited Partner will generally result in a capital gain being realized by a Limited Partner. Capital gains so realized by the Partnership, and allocated to Limited Partners as described above and capital gains arising from a disposition of Units will result in a potential tax liability for the Limited Partners. Also, a dissolution of the Partnership may result in capital gains (or capital losses) to Limited Partners, with a potential tax liability for the Limited Partner as a result. If certain requirements of the *Tax Act* are satisfied, such a dissolution may occur on a tax-deferred basis, however no assurance of such tax-deferral can be given.

The success of an investor's investment is, to a significant degree, dependent on income tax considerations and there are numerous potential tax related risks related to this Offering. See "Risk Factors - Tax Related Risks". More generally, investors are advised to consult their own tax and other professional advisors to assess the income tax and other implications of the investment before investing in Units. See "Canadian Federal Income Tax Considerations".

**Tax Shelter
Identification:**

The Federal tax shelter identification number in respect of the Partnership is • . The identification number issued for this tax shelter is required to be included in any income tax return filed by any Limited Partner. Issuance of the identification number is for administrative purposes only and does not in any way confirm the entitlement of any Limited Partner to claim any tax benefits associated with an investment in the Partnership.

Risk Factors:

The purchase of Units of the Partnership involves a number of risks. Subscribers should consider the following risk factors and all other information contained in this Prospectus before making an investment decision:

(a) **This is a blind pool offering.** The Units are highly speculative as are the Flow-Through Shares and other securities of Resource Issuers in which Available Funds will be invested. There is no assurance of a positive or any return on an investment in Units. The Units are more suitable for investors who are in high marginal tax brackets, who are aware of the inherent risks in resource exploration and development, who are able and

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willing to risk a total loss of their investment and who have no immediate need for liquidity.

(b) There is no market through which the Units may be sold and none is expected to develop. Investors may not be able to resell Units purchased under this Prospectus and may not be able to transfer the tax benefits related to the Flow-Through Shares to be purchased by the Partnership.

(c) There is no assurance that a suitable Reorganization Transaction will be proposed by the General Partner or, if proposed, be approved by Ordinary Resolution of the Limited Partners, or, if approved, that any such Reorganization Transaction will receive the necessary regulatory approvals. See "Canadian Federal Income Tax Considerations - Dissolution of the Partnership and Reorganization Transactions".

(d) Limited Partners must rely entirely on the expertise of the General Partner and the Investment Manager in entering into any Flow-Through Agreements with Resource Issuers, in determining (in accordance with the Partnership's investment objectives and strategy and the Investment Guidelines) the composition of the Portfolio and in determining if, when and on what terms to dispose of Flow-Through Shares and other securities owned by the Partnership. Flow-Through Shares may be issued to the Partnership at prices greater than the market prices of comparable ordinary common shares not qualifying as Flow-Through Shares and Limited Partners must rely entirely on the discretion, knowledge and expertise of the General Partner and the Investment Manager in negotiating the pricing of Flow-Through Shares. Engineering reports may not be available with respect to any particular Resource Issuer or exploration program of such Resource Issuer or, if available, may not be prepared by independent mining or petroleum engineers and, therefore, an engineering report will not necessarily be a condition or requirement of the Partnership's investment in Flow-Through Shares of any particular Resource Issuer.

(e) The Partnership has not yet entered into any Flow-Through Agreements to acquire Flow-Through Shares or selected Resource Issuers in which to invest. There can be no assurance that the General Partner and Investment Manager will, on behalf of the Partnership, be able to identify a sufficient number of Resource Issuers willing to issue Flow-Through Shares to permit the Partnership to commit all Available Funds to purchase Flow-Through Shares by December 31, 2005. If a portion of the Available Funds is uncommitted by December 31, 2005, the uncommitted funds will be distributed to Limited Partners of record on December 31, 2005, on a pro rata basis, no later than January 31, 2006. If uncommitted funds are returned in this manner, the amount of deductions the Limited Partners will be able to claim for income tax purposes will be correspondingly reduced.

(f) The Net Asset Value per Unit may at any time and from time to time be less, or may be greater, than the subscription price paid by investors for Units. The extent to which the Net Asset Value per Unit is less, or may be greater, than the subscription price will depend on a variety of factors, including whether or not the Partnership acquires Flow-Through Shares at a premium or discount to market prices and changes in the value of the Partnership's investment Portfolio.

(g) The Partnership does not expect to pay, but, subject to the terms of the Loan Facility, is not precluded from paying, dividends or other cash distributions to Limited Partners prior to the dissolution of the Partnership.

(h) An investor's return on investment in the Units is, to a significant degree, dependent on income tax considerations and potential, tax related risks could materially adversely affect the tax consequences to investors from those otherwise anticipated or discussed in this Prospectus. These tax related risks include, without limitation: (i) the aggregate CEE incurred and renounced by all Resource Issuers in which the Partnership invests Available Funds may be less than the Available Funds invested by the

Partnership, resulting in a materially adverse effect on an investor's after-tax return on investment in the Units; (ii) investment in Units may be more suitable for investors in higher marginal income tax brackets; and investors who are resident of, and/or who otherwise pay provincial income tax in, Saskatchewan and who may utilize the Saskatchewan Provincial ITCs associated with the Partnership's investment in Flow-Through Shares of Resource Issuers engaged in specified surface "grass roots" mineral exploration in Saskatchewan may be expected to benefit more than investors who are not resident of, and/or do not otherwise pay provincial taxes in, Saskatchewan as such investors, generally, will not be able to utilize Saskatchewan Provincial ITCs. Tax consequences may also vary as a result of the application of "at risk", "alternative minimum tax", "reasonable expectations of profit proposals" and other provisions discussed in this Prospectus; (iii) tax consequences may vary depending on the particular Resource Issuers in which Available Funds are invested as only investments to fund CEE with respect to certain specified surface "grass roots" mining activities are expected to entitle Limited Partners to Investment Tax Credits; (iv) Federal or provincial income tax legislation may be amended, or its interpretation changed, so as to fundamentally alter the tax consequences of acquiring, holding or disposing of Units; (v) there is a possibility that investors will receive allocations of income including, without limitation, capital gains resulting from the sale of Portfolio assets for reinvestment or to fund Partnership expenses, without receiving a corresponding cash distribution to satisfy any resulting tax liability; (vi) if an investor finances the subscription price of Units with a borrowing or other indebtedness that is, or is deemed under the *Tax Act* to be, a limited recourse financing, the tax benefits of the investment to such Limited Partner, and possibly to other Limited Partners, will be adversely affected; and (vii) the issuance of a tax shelter identification number in respect of the Partnership is for administrative purposes only and does not in any way confirm the entitlement of an investor to claim any tax benefits associated with the tax shelter.

(i) The Partnership expects to invest the Available Funds predominantly in Flow-Through Shares of junior and intermediate Resource Issuers engaged in mineral or oil and gas exploration in Canada, with a focus on Resource Issuers with exploration programs in Saskatchewan. Concentrating its investment in this manner may result in the value of the Units fluctuating to a greater degree than if the Partnership invested in a broader spectrum of issuers or in issuers with a broader geographical diversification of their activities.

(j) The size of the Offering will directly affect the degree of diversification of the Portfolio of Flow-Through Shares held by the Partnership and may affect the scope of investment opportunities available to the Partnership.

(k) The value of Units will vary in accordance with the value of the securities acquired by the Partnership and in some cases the value of securities owned by the Partnership may be affected by such factors as investor demand, resale restrictions, general market trends or regulatory restrictions. Up to 5% of the Available Funds may be invested in securities of non-reporting issuers which are subject to continuing resale restrictions and up to 5% of Available Funds may be invested in Flow-Through Shares of Alternative Energy Issuers. The securities of non-reporting issuers may not be sold by the Partnership unless an exemption is available under applicable securities laws and securities of Alternative Energy Issuers may, regardless of whether or not the issuer is a reporting issuer, be expected to be relatively illiquid compared to securities of Mining Issuers or Oil and Gas Issuers. These securities, if distributed to Limited Partners in connection with the dissolution of the Partnership may be subject to the same resale restrictions or liquidity risks. More generally, many of the securities held by the Partnership, regardless of the industry sector in which the issuer conducts business and including those listed and not subject to resale restrictions, may be relatively illiquid and may decline in price if a significant number of shares are offered for sale.

(l) It is expected that any borrowings under the Loan Facility, including both principal and interest thereon, will be repayable in priority to cash distributions to Limited Partners.

(m) The business activities of Resource Issuers are typically speculative and may be adversely affected by sector specific risk factors, outside the control of the Resource Issuers, which may ultimately have an impact on the Partnership's investment in such companies' securities. Risks associated with the resource sector include, without limitation: (i) many of the Resource Issuers that the Partnership invests in may not hold, discover or successfully exploit commercial quantities of minerals, petroleum or natural gas and/or may not have a history of earnings or payment of dividends; (ii) the marketability of natural resources which may be acquired or discovered by a Resource Issuer will be affected by numerous factors which are beyond the control of such Resource Issuer; (iii) a Resource Issuer may become subject to liabilities against which it cannot insure or against which it may elect not to insure; (iv) a Resource Issuer's operations are subject to governmental legislation, policies and controls, both foreign and domestic; and (v) a Resource Issuer's operations may be subject to environmental regulation enacted by government agencies from time to time.

(n) While the General Partner has agreed to indemnify the Limited Partners in certain circumstances, the General Partner has nominal assets and it is unlikely that it will have sufficient assets to satisfy any claims pursuant to such indemnity.

(o) The services of the officers and directors of the General Partner are not exclusive to either the General Partner or the Partnership and the services of the Investment Manager will not be exclusive to the Partnership. The officers and directors of the General Partner and their affiliates (other than the General Partner) may engage in activities for their own account which compete with the Partnership. Conflicts may arise from time to time in allocating investment opportunities, timing investment decisions and exercising rights in respect of and otherwise dealing with securities and issuers in which the Partnership and/or the officers and directors of the General Partner and/or their affiliates invest. Potential conflicts of interest may arise in the enforcement of the terms and conditions of the Partnership Agreement and/or the Investment Management Agreement, whether such agreements are being enforced by or against the Partnership. **Investors who are not willing to rely on the expertise, integrity, management skills and discretion of the General Partner, and the directors and officers thereof, should not purchase Units.**

(p) Limited Partners may lose their limited liability by taking part in the control of the business of the Partnership. Additionally, the principles of law in the various jurisdictions of Canada recognizing the limited liability of the limited partners of limited partnerships subsisting under the laws of one province but carrying on business in another province or territory have not been authoritatively established.

(q) This Prospectus contains forward-looking statements that involve risks and uncertainties and such forward-looking statements may not be realized.

**Eligibility for
Investment:**

The Units are not qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans. See "Eligibility for Investment".

SELECTED FINANCIAL MATTERS FOR LIMITED PARTNERS

The following tables set forth certain financial aspects, based on the estimates and assumptions in the notes to the tables below, for a Limited Partner who is an individual (other than a trust), is a resident of Saskatchewan for tax purposes, whose income, after giving effect to all applicable deductions, is subject to the highest marginal income tax rate, and who has invested \$10,000 to purchase Units under this Offering.

The following calculations and assumptions do not constitute a forecast, projection, estimate of possible results, contractual undertaking or guarantee. An investment in Units is appropriate only for investors who have the capacity to absorb a loss of their investment. The tax benefits resulting from an investment in the Partnership are greatest for an investor whose income is subject to the highest marginal income tax rate. Investors acquiring Units with a view to obtaining tax advantages should obtain independent tax advice from a tax advisor who is knowledgeable in the area of income tax law.

In order to qualify for income tax deductions available in respect of a particular year, an investor must be a Limited Partner at the end of the year. It is assumed that the Limited Partner holds the Units throughout all periods. Investors should be aware that these calculations are based on assumptions made by the General Partner, which cannot be represented to be complete or accurate in all respects. The calculations do not take into account the time value of money. Any present value calculation should take into account the timing of cash flows, the investor's present and future tax position and any change in the market value of the Portfolio of Flow-Through Shares and other securities held by the Partnership. The calculations do not take into account any subsequent reinvestment of any proceeds which may be realized by the Partnership in connection with the dispositions of Flow-Through Shares.

TABLE I

Tax Deductions Per \$10,000 Investment

Assuming a \$1,500,000 Minimum Offering

Year	CEE	Operating and Administrative Expenses	Agent's Fee and Offering Costs	Total Deductions	Capital Gains
2005	\$ 10,000	\$ -----	\$ -----	\$ 10,000	-----
2006 and beyond	-----	267	1,367	1,634	1,634
	<u>\$ 10,000</u>	<u>\$ 267</u>	<u>\$ 1,367</u>	<u>\$ 11,634</u>	<u>\$ 1,634</u>

Assuming a \$6,000,000 Maximum Offering

Year	CEE	Operating and Administrative Expenses	Agent's Fee and Offering Costs	Total Deductions	Capital Gains
2005	\$ 10,000	\$ -----	\$ -----	\$ 10,000	-----
2006 and beyond	-----	67	900	967	967
	<u>\$ 10,000</u>	<u>\$ 67</u>	<u>\$ 900</u>	<u>\$ 10,967</u>	<u>\$ 967</u>

TABLE II

Breakeven Calculations

	Minimum Offering \$1,500,000	Maximum Offering \$6,000,000
Investment	\$ 10,000	\$ 10,000
Combined federal and provincial tax savings from CEE renunciation in 2005	(4,070)	(4,070)
Federal Investment Tax Credit in 2005	(1,013)	(1,013)
Saskatchewan Provincial Investment Tax Credit (METC) in 2005	(750)	(750)
Federal and provincial taxes payable in 2006 assuming income inclusion equal to 2005 federal investment tax credit	446	446
Future tax savings for 2006 and beyond	(359)	(213)
After-tax cost of investment in Units	\$ 4,254	\$ 4,400
Breakeven Proceeds of Disposition	\$ 5,454	\$ 5,641

Notes and assumptions to Table I and Table II:

1. It is assumed that the investor is an individual, resident in Saskatchewan and subject to a combined federal and Saskatchewan provincial marginal rate of tax of 44%. Future federal and provincial budgets may modify these rates and, consequently, the tax savings may change.
2. The Partnership will incur costs that are deductible for income tax purposes, including operating and administrative expenses after 2005 as described in this Prospectus under the heading "Fees and Expenses Payable by the Partnership – Operating and Administrative Expenses". These costs have been estimated to be \$40,000.
3. The Partnership will incur costs that are deductible for income tax purposes, including the Agent's Fee and Offering Costs, which are assumed to total \$205,000 for the minimum Offering and \$540,000 for the maximum Offering. These Agent's Fees and Offering Costs will be fully deductible to the extent they are reasonable, at a rate of 20% per year (prorated for short taxation years). It is assumed that these fees and costs will be funded through loan facilities. See "The Partnership - Loan Facilities". To the extent that the Partnership borrows to pay these fees and costs, the unpaid principal amount and interest thereon will be deemed pursuant to the *Tax Act* to be a limited recourse amount to the Partnership and, therefore, will generally not be deductible until the borrowed amount is repaid. These tables assume that the Partnership will realize sufficient proceeds from the disposition of securities in its investment Portfolio after 2005 to permit it to repay all amounts borrowed by the Partnership. It is assumed that 50% of each Limited Partner's pro rata share of such proceeds of disposition will be included as taxable capital gains in computing the Limited Partner's income in the year(s) the dispositions occur. See "Canadian Federal Income Tax Considerations - Computation of Income".
4. The calculation of the combined federal and Saskatchewan provincial tax savings from CEE renunciation in 2005 assumes that all Available Funds are invested in Flow-Through Shares of Resource Issuers that in turn expend such amounts on CEE and fully renounce such CEE to the Partnership with an effective date in 2005. See "Canadian Federal Income Tax Considerations - Computation of Income" and see "Canadian Federal Income Tax Considerations – Eligible Expenditures". **There is no assurance that the General**

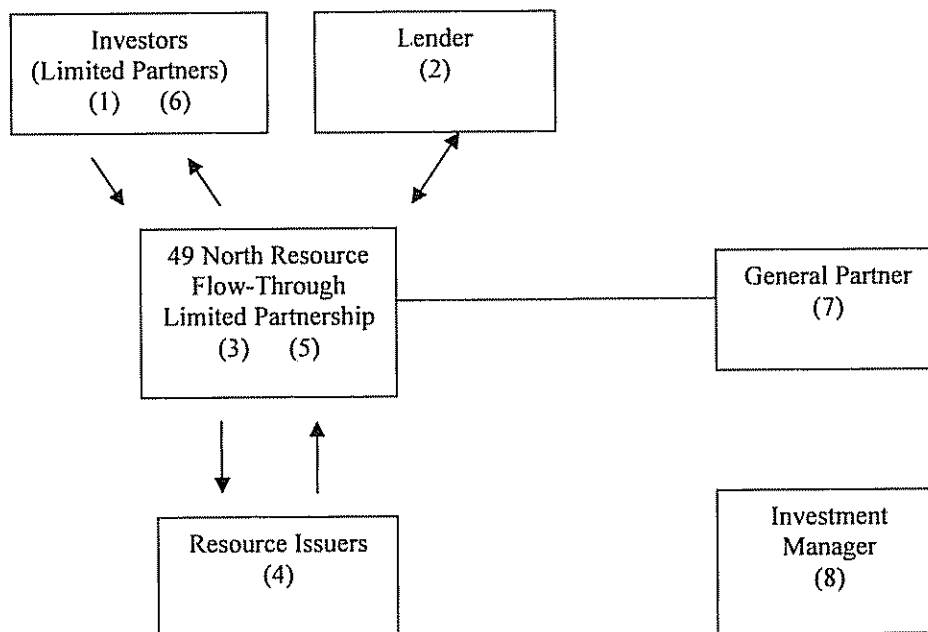
Partner will, on behalf of the Partnership, be able to identify a sufficient number of Resource Issuers willing to issue Flow-Through Shares to permit the Partnership to commit all Available Funds to purchase Flow-Through Shares by December 31, 2005. See "Risk Factors – Flow-Through Agreements".

5. The calculation of the Federal and Saskatchewan Provincial Investment Tax Credits in 2005 assumes that 75% of the Available Funds are invested in Resource Issuers with mineral exploration programs in Saskatchewan which will be considered specified surface "grass roots" activities and 25% of the Available Funds are invested in other Resource Issuers. Funds invested in Flow-Through Shares of Mining Issuers to fund CEE relating to such specified surface "grass roots" mining activities in Saskatchewan will be eligible for a Federal 15% non-refundable investment tax credit ("the Federal ITC") and a 10% Saskatchewan Provincial Investment Tax Credit (or "METC"). The Federal ITC will be deducted from the Limited Partner's CCEE pool in the year following receipt of the ITC, which will result in a negative CCEE balance and therefore an income inclusion in that year. The Sask METC will reduce the CCEE pool in the current year and reduce expenditures eligible for the Federal ITC. See "Canadian Federal Income Tax Considerations – Investment Tax Credits". **The General Partner anticipates that the Partnership's investment Portfolio will be weighted towards Mining Issuers with exploration activities in Saskatchewan that will be eligible for both Federal and Saskatchewan Provincial ITCs, but there is no requirement or assurance that the Available Funds will be allocated in the 75% - 25% ratio described above. See "Risk Factors – Flow-Through Agreements".**
6. In addition to the operating and administrative expenses shown in Table I and II, the Partnership will incur Management Fees in 2005 and the subsequent years. See "Fees and Expenses Payable by the Partnership – Fees and Expenses of the General Partner". These expenses have not been factored into the above calculations.
7. The tax savings are calculated by multiplying the total estimated income tax deductions for each year by the assumed highest combined federal and Saskatchewan provincial marginal tax rate for that year. The tax savings take into account capital gains realized on the sale of Portfolio securities or other assets of the Partnership after 2005 in order to repay monies borrowed by the Partnership pursuant to the Loan Facility to fund such operating and administrative expenses and the Agent's Fee and Offering Costs.
8. The tax savings assume that the Limited Partner is not liable for alternative minimum tax. See "Canadian Federal Income Tax Considerations - Alternative Minimum Tax on Individuals".
9. The after-tax cost of a Limited Partner's investment is calculated as the total investment (i.e. subscription price) less all income tax savings from deductions as described in notes 2, 3, 4 and 5 above.
10. The breakeven proceeds of disposition represents the amount an investor must receive on a sale of the partnership interest, or some other substituted property, such that, after paying capital gains tax, the investor would recover such investor's after-tax cost.
11. The tables assume no investor has financed the subscription price for Units through financing or other indebtedness for which recourse is or is deemed to be limited for the purposes of the *Tax Act*. See "Canadian Federal Income Tax Considerations - Taxation of Limited Partners' Income or Loss".
12. The calculations reflected in the foregoing tables do not take into account the possibility that the reasonable expectation of profit proposals could apply. See "Canadian Federal Income Tax Considerations – Reasonable Expectation of Profits Proposals".

INVESTMENT STRUCTURE

The investment structure of 49 North Resource Flow-Through Limited Partnership and the relationship among the Partnership, the General Partner, the Investment Manager, the Lender, the investors (i.e. Limited Partners) and the Resource Issuers are illustrated below. **This diagram is provided for illustration purposes only and is qualified by the information set forth elsewhere in this Prospectus.**

Investment Structure Diagram



- (1) Investors subscribe for Units and become Limited Partners in the Partnership.
- (2) Lender provides Loan Facility to Partnership in an amount up to the Agent's Fees and Offering Costs.
- (3) Partnership invests Available Funds in Flow-Through Shares of Resource Issuers.
- (4) Resource Issuers renounce CEE to Partnership.
- (5) Partnership allocates CEE renounced to it by Resource Issuers, pro rata, to Limited Partners.
- (6) Limited Partners claim CEE allocated to them by Partnership and claim related Investment Tax Credits in calculating their taxable income.
- (7) General Partner manages the Partnership including the Partnership's Portfolio of Flow-Through Shares.
- (8) Investment Manager provides advice and assistance in the management of the Partnership's investment Portfolio.

THE PARTNERSHIP

49 North Resource Flow-Through Limited Partnership was formed under a Partnership Agreement made July 19, 2005, among the General Partner, the Initial Limited Partner, and the persons who from time to time are Limited Partners of the Partnership, and was constituted as a limited partnership under the laws of Saskatchewan upon the registration of the Declaration pursuant to the *Partnership Act* and *Registration Act* effective July 20, 2005. The General Partner of the Partnership was incorporated under the *SBCA* on October 13, 2004 under the name 101062093 Saskatchewan Ltd. and amended its articles effective May 11, 2005 to change its name to 49 North Resource Fund Inc. The head office of both the Partnership and the General Partner is 602 - 224 - 4th Avenue South, Saskatoon, Saskatchewan, S7K 5M5, and the registered office of the General Partner is 374 - 3rd Avenue South, Saskatoon, Saskatchewan, S7K 1M5.

The Investment

The Partnership has been formed to invest in Flow-Through Shares of Resource Issuers engaged in mineral or oil and gas exploration and development in Canada, with the focus on Resource Issuers with exploration programs in Saskatchewan; and with a view to achieving capital appreciation of the Portfolio and maximizing the tax benefits of an investment in the Units for Limited Partners - all in accordance with the Partnership Agreement and the investment objective and strategy and the Investment Guidelines discussed below. The Partnership may also invest up to 5% of Available Funds in Flow-Through Shares of Alternative Energy Issuers. The General Partner expects to use all Available Funds to purchase Flow-Through Shares on behalf of the Partnership pursuant to Flow-Through Agreements to be entered into between the General Partner and Resource Issuers, pursuant to which the applicable Resource Issuer will agree to incur and renounce to the Partnership, in an amount equal to the aggregate subscription price paid for the Flow-Through Shares acquired thereunder, expenditures in respect of resource exploration and development which qualify as CEE (including certain types of CDE which may be renounced as CDE) with an effective date not later than December 31, 2005.

In accordance with the provisions of the Partnership Agreement, the General Partner will use all reasonable efforts to commit all Available Funds on or before December 31, 2005. If any portion of the Available Funds have not been invested or committed by the Partnership by December 31, 2005, the uncommitted funds shall be returned, on a pro rata basis, to the Limited Partners of record on December 31, 2005 by January 31, 2006 or the Dissolution Date, whichever is earlier, without interest or deduction. Until any such funds are returned to the respective Limited Partners, such Available Funds will be invested by the General Partner only in High Quality Liquid Investments.

Allocations and Distributions

The Partnership Agreement provides that, generally: 99.99% of the Income or Loss of the Partnership in each Fiscal Year, and 100% of CEE renounced pursuant to Flow-Through Agreements to the Partnership with an effective date in that Fiscal Year, shall be allocated pro rata among the Limited Partners who were Limited Partners of the Partnership on the last day of such Fiscal Year. See "Summary of the Partnership Agreement - Income and Loss and Allocation of CEE". The Partnership will make such filings in respect of such allocations as are required by the *Tax Act*. Subject to certain limitations, Limited Partners will, for income tax purposes, be entitled to claim deductions from income with respect to the CEE so allocated, and may be entitled to claim non-refundable Federal and Saskatchewan Provincial Investment Tax Credits. See "Canadian Federal Income Tax Considerations" and see especially the discussions thereunder under the subheadings "Eligible Expenditures" and "Investment Tax Credits".

Investment Objectives

The Partnership Agreement provides that the Partnership's investment objective is to invest in a diversified portfolio of Flow-Through Shares of Resource Issuers, with the focus on Resource Issuers with exploration programs in Saskatchewan; and with a view to achieving capital appreciation of the Portfolio and maximizing the tax benefits of an investment in the Units for Limited Partners.

Investment Strategy

The Partnership Agreement provides that the General Partner is responsible for the management of the Investment Portfolio, including having the responsibility and authority, subject to the provisions of the Partnership Agreement

and the Investment Guidelines as summarized below, to select the Resource Issuers in which the Partnership invests and to negotiate and enter into Flow-Through Agreements on behalf of the Partnership. Management of the Portfolio may also include the sale of Flow-Through Shares held in the Portfolio and the reinvestment of the net proceeds from any such dispositions in additional securities of Resource Issuers. Certain of the General Partner's responsibilities and authority with respect to the management of the Portfolio will be delegated to the Investment Manager. See "The Investment Manager".

The Partnership's investment strategy in this regard includes the following:

- a. the General Partner will use all reasonable efforts to invest all Available Funds in Flow-Through Shares on or before December 31, 2005, under Flow-Through Agreements the terms of which shall include the agreement by the Resource Issuer to incur, in an amount equal to the aggregate subscription price for the Flow-Through Shares thereunder, CEE that will be renounced by the Resource Issuer in favour of the Partnership with an effective date in 2005, and, if the Resource Issuer is a reporting issuer in any one or more provinces of Canada, to maintain its status as a reporting issuer in such jurisdictions until at least March 31, 2007;
- b. the General Partner may invest Available Funds in Flow-Through Shares of Resource Issuers engaged in either mineral exploration and development or oil and gas exploration and development, in Canada, without restriction as to the amount of Available Funds that are allocated to investment in Mining Issuers and Oil and Gas Issuers, respectively, and regardless of the provinces or territories in Canada in which such exploration and/or development activities are conducted. However, the General Partner anticipates that the Portfolio will:
 - focus on Flow-Through Shares of Mining Issuers and/or Oil and Gas Issuers with exploration programs in Saskatchewan; and
 - generally be weighted in favour of investment in Mining Issuers more so than Oil and Gas Issuers and, in particular, be weighted toward junior and intermediate Mining Issuers engaged in specified surface "grass roots" mining activities at locations in Saskatchewan;
- c. Available Funds may also be invested in Flow-Through Shares of Alternative Energy Issuers, subject however to the limits set forth in the Investment Guidelines; and
- d. in addition to the specific requirements and restrictions set forth in the Investment Guidelines, the General Partner will consider, without limitation, the following factors when entering into Flow-Through Agreements with Resource Issuers:
 - the experience of management, on a general, overall basis, with specific reference given to the number of directors and officers who have experience or expertise in the relevant resource sector and the depth of such experience or expertise;
 - past production, exploration results and the financial condition of the applicable Resource Issuer;
 - pricing of the Flow-Through Shares under the Flow-Through Agreement and the relative value, liquidity and potential for growth in value of the shares of the Resource Issuer; and
 - engineering reports and other information regarding the exploration program to be conducted by the Resource Issuer to the extent that such engineering reports are available. However, engineering reports may not be available with respect to any particular Resource Issuer or exploration program of such Resource Issuer or, if available, may not be prepared by independent mining or petroleum engineers and, therefore, an engineering report will not necessarily be a condition or requirement of the Partnership's investment in Flow-Through Shares of any particular Resource Issuer.

Investment Guidelines

Pursuant to the Partnership Agreement the General Partner (and pursuant to the Investment Management Agreement, to the extent applicable, the Investment Manager) must manage the investment Portfolio in accordance with the Investment Guidelines set out in Schedule “A” of the Partnership Agreement. These Investment Guidelines are as follows¹:

- (a) **Resource Issuers.** The Partnership will initially invest all Available Funds in Flow-Through Shares issued by Resource Issuers. Thereafter, to the extent the Partnership disposes of Flow-Through Shares, the Partnership may reinvest the net proceeds from any such dispositions in additional securities of Resource Issuers whether or not they are Flow-Through Shares. At least 95% of Available Funds will be invested in Resource Issuers that are reporting issuers under Canadian securities laws, with not greater than 5% of Available Funds invested in Flow-Through Shares of Resource Issuers which are not reporting issuers and which may, therefore, be subject to continuing resale restrictions.
- (b) **Exchange Listing.** The Partnership will invest a minimum of 80% of Available Funds in Flow-Through Shares of Resource Issuers whose shares are listed and posted for trading on a Canadian stock exchange.
- (c) **Alternative Energy Issuers.** The Partnership will invest not more than 5% of Available Funds in Flow-Through Shares of Alternative Energy Issuers.
- (d) **Diversification.** The Partnership will limit any investment in a single Resource Issuer to a maximum of 10% of Available Funds, provided that, with express, unanimous approval by the board of directors of the General Partner, up to 20% of Available Funds may be invested in a single, publicly traded Resource Issuer.
- (e) **Purchasing Securities.** The Partnership will purchase securities (other than Flow-Through Shares) through normal market facilities unless the purchase price therefore approximates or is less than the prevailing market price or is negotiated or established on an arm’s length basis from the Partnership and the General Partner.
- (f) **Fixed Price.** The Partnership will not purchase any security which may by its terms require the Partnership to make a contribution in addition to the payment of the purchase price provided that this restriction shall not apply to the purchase of securities which are paid for on an instalment basis where the total purchase price and the amount of all such instalments is fixed at the time the initial instalment is paid.
- (g) **No Material Interest.** The Partnership will not purchase for or sell securities from its Portfolio to the General Partner or any affiliate of the General Partner, or any officer, director or shareholder of any of them, or any person, trust, firm or corporation managed by the General Partner or any of its or their affiliates or any firm or corporation in which any officer, director or shareholder of the General Partner may have a material interest (which, for these purposes, means beneficial ownership of more than 10% of the voting securities of such entity) unless, with respect to any purchase or sale of securities, any such transaction is effected through normal market facilities, is not pre-arranged and the purchase price approximates the prevailing market price. For greater certainty, the aforesaid restriction will not apply to a sale of Partnership assets in a Reorganization Transaction. See “The Partnership - Reorganization Transaction”.
- (h) **No Borrowing.** The Partnership will not borrow money except pursuant to the Loan Facility as described under “The Partnership - Loan Facility”.

¹ For the purposes of the Investment Guidelines, all percentage limitations in paragraphs (a), (b), (c) and (d) shall apply only immediately prior to the purchase of the Flow-Through Shares and any subsequent change in any applicable percentages resulting from changing values will not require elimination of any security from the Partnership’s Portfolio.

- (i) **No Commodities.** The Partnership will not purchase or sell commodities.
- (j) **No Guarantees.** The Partnership will not guarantee the securities or obligations of any person.
- (k) **No Real Estate.** The Partnership will not purchase or sell real estate or interests therein.
- (l) **No Lending.** The Partnership will not lend money. For purposes of this restriction, investments in High Quality Liquid Investments are not considered lending.
- (m) **No Control.** The Partnership will not purchase securities of a reporting issuer for the purpose of exercising control or management over such issuer and will not purchase more than 9.99% of the voting securities of any Resource Issuer in which it may invest.
- (n) **Restriction on Underwriting.** The Partnership will not act as an underwriter except to the extent that the Partnership may be deemed to be an underwriter in connection with the sale of securities in its investment Portfolio.
- (o) **No Short Sales.** The Partnership will not make short sales of securities other than for hedging purposes against existing positions held by the Partnership.
- (p) **No Mortgages.** The Partnership will not purchase mortgages.
- (q) **No Mutual Funds.** The Partnership will not purchase the securities of any mutual fund, other than in connection with a Reorganization Transaction approved in accordance with the applicable provisions of the Partnership Agreement.
- (r) **No Derivatives.** The Partnership will not purchase or sell derivatives.

Reorganization Transaction

The Partnership Agreement provides that, unless a Reorganization Transaction is approved and implemented as discussed below, or unless the Dissolution Date is extended by Extraordinary Resolution, the Partnership will be dissolved on or about March 31, 2007, at which time the Limited Partners will receive their pro rata share of the net assets of the Partnership, as more particularly described in Article 17 of the Partnership Agreement and as summarized below under "Dissolution". As an alternative to such dissolution, and in order to provide potential liquidity and long-term growth of capital to Limited Partners, the Partnership Agreement authorizes the General Partner to call a meeting of Limited Partners, to be held not later than March 31, 2007, for the purpose of considering and, if thought fit, approving by Ordinary Resolution a Reorganization Transaction pursuant to which the General Partner may be authorized to sell and transfer all or substantially all of the assets of the Partnership or, as attorney and agent for each Limited Partner, to sell and transfer all Units of the Partnership and all of the interests of the respective Limited Partners in the Partnership, on a tax deferred basis, to a mutual fund corporation in exchange for shares of such mutual fund corporation or to another appropriate investment vehicle, such as a publicly listed corporation or a limited partnership, in exchange for shares, limited partnership units and/or others securities of such publicly listed corporation or such limited partnership and to thereupon or as soon as reasonably possible thereafter distribute the shares or other securities so received to the Limited Partners on a pro rata basis. Pursuant to the Partnership Agreement, implementation of a Reorganization Transaction will be subject to: completion of a definitive transfer agreement between the General Partner on behalf of the Partnership (and/or as applicable as attorney and agent for the Limited Partners) and the transferee mutual fund, corporation or limited partnership; obtaining any necessary regulatory approvals; and approval by Ordinary Resolution of the Limited Partners.

The General Partner currently intends to propose to the Limited Partners, at a meeting to be held on or about June 30, 2006, one or more alternative Reorganization Transactions. However, there is no assurance that a suitable Reorganization Transaction will be available for proposal by the General Partner or, if proposed, be approved by Ordinary Resolution of the Limited Partners, or, if approved, that any such Reorganization Transaction will receive the necessary regulatory approvals. Also, a Reorganization Transaction will not be implemented if in the opinion of the General Partner it would prospectively or retroactively affect the status of the Flow-Through Shares as common shares issued on a flow-through basis for income tax purposes or if any of the conditions described above are not

satisfied. See “Canadian Federal Income Tax Considerations - Dissolution of the Partnership and Reorganization Transactions”.

Dissolution

The Partnership Agreement provides that if a Reorganization Transaction is not approved, or if approved is not implemented, by March 31, 2007 (or such extended Dissolution Date as the Limited Partners may approve by Extraordinary Resolution) the Partnership will be dissolved effective as of the Dissolution Date at which time the Limited Partners will receive their pro rata share of 99.99% of the net assets of the Partnership remaining after paying or providing for the payment of all liabilities and liquidation expenses, and the General Partner will receive 0.01%. See “Summary of the Partnership Agreement – Dissolution” At that time, the General Partner anticipates that the net assets of the Partnership will consist primarily of common shares of Resource Issuers, the cash proceeds of the General Partner’s liquidation of such shares, or a combination of the foregoing. Such dissolution of the Partnership could give rise to a tax liability for Limited Partners. See “Canadian Federal Income Tax Considerations – Dissolution of the Partnership and Reorganization Transactions”.

Loan Facility

The Partnership Agreement authorizes the Partnership to enter into certain loan facilities and the General Partner expects that on or about the date of the Initial Closing, and in any event not later than December 31, 2005, the Partnership may enter into a loan facility (the “**Loan Facility**”) with a Canadian chartered bank, a commercial lender or a non-arm’s length lender (the “**Lender**”) in an amount up to the Agent’s Fees and the Offering Costs or, after 2005, in such additional amount as may be necessary to fund operating and administrative expenses and Management Fees incurred by the Partnership after 2005, to the extent such expenses and fees are not funded from the proceeds of disposition of securities in the Partnership’s investment Portfolio.

As of the date of this Prospectus, no such Loan Facility has been established with any Lender. Any such Loan Facility that is established is expected to:

- (a) be repayable with interest at the prime rate plus up to 2% per annum on or before the earlier of: (i) the implementation of a Reorganization Transaction; (ii) the dissolution of the Partnership; (iii) a stipulated maturity date that is expected to be not later than March 31, 2007; or (iv) the occurrence of certain stipulated events of default; and (v) in any event prior to cash distributions to Partners; and
- (b) be secured by all of the assets of the Partnership and/or by the pledge and hypothecation of specified securities in the Partnership’s investment portfolio. The Lender, in its capacity as such, will not receive any benefit from this Offering.

The unpaid principal of the Loan Facility will be deemed to be a limited recourse amount of the Partnership under the *Tax Act* which may reduce the amount of related expenses that would otherwise be deductible by Limited Partners in the year the Partnership incurs such expenses. See “Canadian Federal Income Tax Considerations – Taxation of Limited Partners’ Income or Loss”.

There is no assurance that a Loan Facility will be established in an amount equal to the full amount of Agent’s Fees and other Offering Costs incurred by the Partnership in respect of the Offering, or that monies under such Loan Facility will be advanced on a sufficiently timely basis to pay such fees and expenses prior to the end of 2005. In such case the Available Funds of the Partnership for investment purposes may be less than otherwise contemplated, thereby reducing the initial size of the Partnership’s Portfolio of Flow-Through Shares which in turn would reduce the amount of CEE renounced to the partnership in 2005. See “Risk Factors – Flow Through Agreements”.

MANAGEMENT OF THE PARTNERSHIP

The General Partner

The General Partner was organized to establish and organize the Partnership and, thereafter, to serve as general partner of the Partnership and in that capacity to manage the Partnership. The General Partner has developed and

adopted the investment objective, investment strategy and Investment Guidelines for the Partnership. The General Partner has coordinated the organization and registration of the Partnership and will work with the Agent in developing and implementing all aspects of the Partnership's communications, marketing and distribution strategies related to this Offering. Pursuant to the Partnership Agreement, the General Partner has the exclusive authority to manage the operations and affairs of the Partnership including managing the investment Portfolio of the Partnership in compliance with the investment objectives, investment strategy and Investment Guidelines applicable to the Partnership. See also "Summary of the Partnership Agreement - Functions and Powers of the Partners". Certain of the General Partner's responsibilities and authority with respect to the management of the Portfolio will be delegated to the Investment Manager. See "The Investment Manager".

Management of the General Partner

The following table sets forth the names, municipalities of residence, offices held with the General Partner and principal occupation for the past five years for each director and officer of the General Partner. Biographies of each director and officer are set forth below following the table.

Name and Municipality of Residence	Office or Position	Principal Occupation
Tom MacNeill Saskatoon, SK	President, Chief Executive Officer, Chief Financial Officer, Secretary and Director	General Manager of BEC International Corporation
James B. Engdahl Calgary, AB	Director	Managing Director, Prairie Region, Windy Point Capital, since March, 2005. Previously, corporate finance or advisory services with Tamarack Group
Harvey J. Bay CMA Saskatoon, SK	Director	Chief Financial Officer of Shore Gold Inc. since November 2002 and of Wescan Goldfields Inc. since June 2004; President, Baywatch Industries Inc. since 1993

Each of the directors and officers of the General Partner has been appointed to and intends to hold his respective office with the General Partner at least until the first annual meeting of shareholders of the General Partner. The services of the directors and officers of the General Partner are not exclusive to the Partnership. Although none of the directors and officers will devote their full time to the business and affairs of the Partnership or the General Partner, each will devote as much time as is necessary for the management of the business and affairs of the General Partner and the Partnership. Directors and officers of the General Partner will not be remunerated for their services as such. See, however, "Fees and Expenses Payable by the Partnership".

Tom MacNeill, 40, *President, Chief Executive Officer, Chief Financial Officer, Secretary and Director* is currently General Manager of BEC International Corporation (a private Saskatchewan resource development company), a position he has held since January, 1994. A graduate of the University of Saskatchewan (Economics) and a Certified General Accountant (CGA), Mr. MacNeill has also completed Levels I and II of the Chartered Financial Analyst (CFA) program and is currently enrolled in Level III, the final level of such CFA program. With over 20 years experience in resource investment and corporate finance, Mr. MacNeill's work history includes positions as: investment advisor with a major Canadian brokerage firm, management accountant within the mining industry, Chief Financial Officer of a Canadian trust corporation, as well as extensive resource portfolio management. For the past 12 years, Mr. MacNeill's focus has been exclusively toward Canadian junior mining exploration/development opportunities with specific emphasis on Saskatchewan's resource sector.

Apart from being the sole shareholder and currently the sole officer and a director of the General partner, Mr. MacNeill is also an officer, director and shareholder of the Initial Limited Partner and of the proposed Investment Manager and, with the General Partner, may be considered the promoter of the Partnership.

James B. Engdahl, 54, *Director*, has over 25 years experience in financial and corporate management of public small capital companies. Since March, 2005 he has been the Managing Director, Prairie Region, Windy Point Capital. From 1996 Mr. Engdahl held various positions with the Tamarack Group, a management and financial consulting organization owned by Meyers Norris Penny LLP, Chartered Accountants, including, most recently, Alberta Manager of Advisory Services, and prior to that Saskatchewan Manager of Corporate Finance for the Tamarack Group. Other positions previously held by Mr. Engdahl include President and Director of Cascadia Ventures Inc.; Chief Executive Officer of Gemprint Inc.; President and Director, Devco Financial Ltd.; Vice-President of Barclay's Bank of Canada; Chief Executive Officer and Director of Pacific and Western Trustco Ltd.; and Chief Financial Officer and Director of Claude Resources Inc.

Harvey J. Bay, CMA, 52, *Director*, has served as the Chief Financial Officer of Shore Gold Inc. since November 4, 2002 and as a director of Shore Gold Inc. since May 15, 2003; as well as serving as the Chief Financial Officer, Secretary and a Director of Westcan Goldfields Inc. since June 2004, and serving as Chief Financial Officer of Baywatch Industries Inc. since 1993. Mr. Bay acquired his Certified Management Accountants' (CMA) certification in November 1987. His career in the mining industry spans more than 20 years and includes senior financial services positions with several well-known mining companies including SMDC (predecessor to Cameco Corp.) from 1980 until 1989, serving as Site Administrator at SMDC's Star Lake Gold Mine. Since 2001, Mr. Bay has served as the Chief Financial Officer of Electra Gold Ltd., a public mining company, and served as the Chief Financial Officer of Cliotools.com Ltd., a public software company. He also served as Corporate Controller from October 1991 until March 1994 for Hudson Bay Mining & Smelting Co. Ltd. and as Corporate Controller from March 1994 until March 1997 for Claude Resources Inc.

THE INVESTMENT MANAGER

The General Partner proposes to appoint TMM Portfolio Management Inc. as the investment manager of the Partnership pursuant to an Investment Management Agreement that will be entered into among the General Partner on behalf of the Partnership and TMM Portfolio Management Inc. at or prior, and as a condition precedent, to the Initial Closing of the Offering. Mr. Tom MacNeill, a promoter of the Partnership and a director and currently the sole officer and shareholder of the General Partner, is also an officer, director and shareholder of TMM Portfolio Management Inc. TMM Portfolio Management Inc. was recently organized for the express purpose of becoming registered as a "portfolio manager" under the *Securities Act* and, thereafter, serving as the Investment Manager of the Partnership. In the event that TMM Portfolio Management Inc. does not become registered as a "portfolio manager" under the *Securities Act* on or prior to the Initial Closing of the Offering, the General Partner proposes to appoint another firm or company that is so registered to serve as the Investment Manager of the Partnership.

Pursuant to the Investment Management Agreement, the Investment Manager will assist the General Partner in identifying, analyzing and selecting investment opportunities in the mining, oil and gas and alternative energy sectors. The Investment Manager will assist the General Partner in monitoring the performance of Resource Issuers (including their expenditure of Flow-Through Share subscription proceeds within the timeframes outlined in applicable Flow-Through Agreements) and generally to provide advice and assistance to the General Partner in determining if and when to dispose of Flow-Through Shares in the Partnership's Portfolio and to identify, analyze and select Resource Issuers in which the proceeds of any such dispositions may be reinvested. Further, pursuant to the Investment Management Agreement, the Investment Manager will agree to comply with the investment objective and strategy and the Investment Guidelines of the Partnership; to act honestly and in good faith with a view to the best interests of the Partnership; and, in performing its duties under the Investment Management Agreement, to exercise a degree of care, diligence, and skill that a reasonably prudent person having the experience and qualifications of the Investment Manager would exercise in comparable circumstances. The Investment Management Agreement provides that the Investment Manager will not be liable in any way for any loss, default, failure, or defect in any of the securities comprising the Portfolio of the Partnership, unless such loss, default, failure or defect is attributable to the failure of the Investment Manager to satisfy the foregoing standard of care.

The Investment Management Agreement will provide that the term of the Investment Manager's appointment thereunder will expire on the earlier of the implementation of a Reorganization Transaction and the dissolution of the Partnership, but may be terminated by either party on 30 days' written notice unless terminated earlier as

described below. The Investment Manager's appointment will terminate earlier if the Investment Manager or the Partnership becomes bankrupt or insolvent or if any of the registrations necessary for the Investment Manager to perform its duties under the Investment Management Agreement are no longer in full force and effect. The appointment will also be terminable by either party as a result of a breach or default of the provisions thereof which are not cured within a prescribed period. If the Investment Manager's appointment is terminated as provided above, the General Partner will promptly appoint a successor Investment Manager to carry out the activities of such terminated Investment Manager.

FEES AND EXPENSES PAYABLE BY THE PARTNERSHIP

Initial Fees and Expenses

The Agent will be paid commissions equal to 7% of the selling price for each Unit (i.e. \$0.35 per Unit) sold under this Offering, totalling \$105,000 if the minimum Offering is achieved and \$420,000 if the maximum Offering is achieved; together with a corporate finance fee of \$20,000, \$10,000 of which has been paid and \$10,000 of which is payable on and subject to the Initial Closing of the Offering. Offering Costs, including legal, accounting and printing expenses, regulatory filing fees and similar costs and expenses related to the Offering are estimated by the General Partner to be \$80,000 in the case of the minimum Offering and \$100,000 in the case of the maximum Offering.

The Agent's Fees and Offering Costs – totalling an estimated \$205,000 in the case of the minimum offering and \$540,000 in the case of the maximum Offering - will be paid from borrowings by the Partnership under the Loan Facility or out of the gross proceeds of this Offering. See "The Partnership – Loan Facility". The General Partner will advance funds to pay those portions of the Agent's Fees and Offering Costs that are payable pending the establishment of the Loan Facility or the Initial Closing of the Offering which advances will be repaid out of the proceeds of the Loan Facility when it's established or out of the proceeds of the Offering.

Fees and Expenses of the General Partner

Pursuant to the Partnership Agreement, the General Partner will be entitled to receive from the Partnership the following fees and payments:

- (a) for each Fiscal Quarter or partial Fiscal Quarter after the Initial Closing to the earlier of the implementation of a Reorganization Transaction and the Dissolution Date, the General Partner will be paid Management Fees equal to 0.5% of the Net Asset Value of the Partnership calculated as of the last business day of the relevant Fiscal Quarter, which Management Fee shall be paid on or prior to the end of the month immediately following such relevant Fiscal Quarter, subject to proration where the Investment Manager's appointment is in effect for less than a full Fiscal Quarter; and
- (b) a Performance Bonus calculated effective the earlier of (i) the business day prior to the implementation of a Reorganization Transaction; and (ii) the Dissolution Date, in an amount in respect of each Unit then outstanding equal to 20% of the amount, if any, by which the sum of the Net Asset Value per Unit as of that date; and all distributions per Unit on or prior to that date, exceeds the sum of \$5.50 per Unit, which Performance Bonus shall be paid within 30 days following such effective date.

The Partnership Agreement also provides that if the Management Fees and Performance Bonus, if any, are not paid within the time periods contemplated above such outstanding and unpaid Management Fees and Performance Bonus, if any, shall accrue interest at the prime rate (as quoted by the Royal Bank of Canada) plus 2% per annum until paid in full. It is expected that Management Fees will be paid as described below under the subheading "Operating and Administrative Expenses" and the Performance Bonus, if any, will be paid from the proceeds of disposition of Partnership assets at or about the time that a Reorganization Transaction is implemented or the Partnership is dissolved.

Additionally, the Partnership will reimburse the General Partner for all expenses reasonably and properly incurred by it in conducting the Partnership's business and performing its duties and obligations under the Partnership Agreement, provided that such reimbursements are not intended to and shall not include any charges for overhead or profit, it being specifically acknowledged in the Partnership Agreement that such overhead and profit has been taken into consideration in determining the Management Fees and Performance Bonus, if any, payable as described above.

The Partnership Agreement also provides that neither the General Partner nor any affiliate or associate of the General Partner or of any officer or director of the General Partner will be entitled to any other fees, distributions or other compensation or payment from the Partnership other than as described above and subject to certain other express provisions of the Partnership Agreement. In that regard, and notwithstanding the aforesaid restrictions: the General Partner will be allocated 0.01% of the Income or Loss of the Partnership in each Fiscal Year and is entitled to receive 0.01% of the remaining assets of the Partnership upon its dissolution; on or about the time of the Initial Closing, the single unit issued to the Initial Limited Partner (with whom Mr. MacNeill is associated) which was issued at the time the Partnership was formed will be redeemed and the Initial Limited Partner will be entitled to receive a return of his \$5 contribution to the Founding Capital of the Partnership; and the Investment Manager is entitled to receive compensation as described below under "Compensation of the Investment Manager".

Compensation of the Investment Manager

The Partnership Agreement authorizes the General Partner to determine and fix the fees or other compensation payable to the Investment Manager under the Investment Management Agreement provided that the fees or other compensation so payable to the Investment Manager shall not exceed the Management Fees and Performance Bonus payable to the General Partner as described above and, in such case, the Management Fees and Performance Bonus, if any, payable to the General Partner as described above, shall be reduced by an amount equal to the fees or other compensation paid to the Investment Manager pursuant to such Investment Management Agreement.

Operating and Administrative Expenses

The Partnership will pay for all expenses incurred in connection with the operation and administration of the Partnership, including those fees and expenses incurred by the General Partner in performing its functions as General Partner under the Partnership Agreement. It is expected that these expenses (excluding the Agent's Fees and Offering Costs) will include, without limitation: (a) mailing and printing expenses for periodic reports to Limited Partners; (b) fees payable to the auditors, legal and other professional advisors of the Partnership; (c) ongoing regulatory filing fees; (d) any reasonable out-of-pocket expenses incurred by the General Partner or its agents in connection with their ongoing obligations to the Partnership; (e) expenses relating to Portfolio transactions (including commissions); and (f) any expenditures which may be incurred in connection with the implementation of a Reorganization Transaction or the dissolution of the Partnership. The General Partner estimates that these costs will be approximately \$30,000 to \$40,000, plus commissions payable to dealers upon the sale of Portfolio assets, per annum. These operating and administrative expenses, together with the Management Fees described above, are expected to be paid from borrowings under an operating facility that is expected to be included as part of the Loan Facility or from the proceeds of disposition, after 2005, of Flow-Through Shares and other securities held in the Partnership's investment portfolio.

CONFLICTS OF INTEREST

The services of the officers and directors of the General Partner are not exclusive to either the General Partner or the Partnership and the services of the Investment Manager will not be exclusive to the Partnership.

The officers and directors of the General Partner and their affiliates (other than the General Partner) may engage in the promotion or management of any other fund or partnership, including other funds, partnerships or other entities which invest in Flow-Through Shares. There is no obligation on the General Partner or the Investment Manager or their respective officers, directors, affiliates and associates to present any particular investment opportunity to the Partnership and such persons may recommend such investment opportunities to others and/or themselves invest in such opportunities. Affiliates of the General Partner and Investment Manager, and the officers and directors thereof, are not in any way limited or affected in their ability to carry on other business ventures for their own account and for the account of others and may be engaged in the ownership, acquisition and operation of businesses which compete with the Partnership, including acting as the general partner of other limited partnerships which are now or in the future may be in the same business as the Partnership.

Conflicts may arise from time to time in allocating investment opportunities, timing investment decisions and exercising rights in respect of and otherwise dealing with such securities and issuers. Additionally, Mr. MacNeill is currently the sole officer and shareholder, and a director of the General Partner and is also an officer, director and shareholder of the proposed Investment Manager. As such, potential conflicts of interest may arise in the enforcement of the terms and conditions of the Partnership Agreement relating to the rights and obligations of the

General Partner and/or in the enforcement of the terms and conditions of the Investment Management Agreement, whether such agreements are being enforced by or against the Partnership. The Partnership and the General Partner will address such conflicts of interest in accordance with the fiduciary duties and obligations of officers and directors pursuant to applicable corporate law and the similar, applicable duties and standard of care contemplated by the Partnership Agreement. Without limiting the generality of the foregoing, decisions and/or actions taken by the General Partner on behalf of the Partnership in the enforcement by or against the Partnership of provisions of the Investment Management Agreement will be taken on the recommendation of those directors and officers of the General Partner that do not have an interest in the Investment Manager.

VALUATION OF INVESTMENTS

Valuation of Assets

The General Partner will, on the day of the Initial Closing, the last business day in each Fiscal Quarter thereafter during the term of the Partnership, the business day immediately preceding the date of implementation of any Reorganization Transaction and upon the Dissolution Date, as applicable (each such date being referred to herein as a “**Valuation Date**”) calculate the Net Asset Value of the Partnership and the Net Asset Value per Unit. The Net Asset Value of the Partnership on any such Valuation Date will be calculated by subtracting the aggregate amount of the Partnership’s liabilities from the aggregate of the Partnership’s assets on that date. The General Partner will consult with the Investment Manager in determining the Net Asset Value. **The process of valuing the net assets of the Partnership - and in particular the process of valuing investments for which no published market exists, is based on inherent uncertainties. The resulting values may differ from values that would have been used had a ready market existed for the investments and may differ from the prices at which the investments may be sold by the Partnership.**

Net Asset Value of the Partnership

The net asset value of the Partnership (the “**Net Asset Value**”) will be calculated by the General Partner on each Valuation Date by subtracting the aggregate amount of the Partnership’s liabilities from the aggregate of the Partnership’s assets on that date. For this purpose, the Partnership’s assets will be valued as follows:

- (a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash received (or declared to holders of record on a date before the date as of which the Net Asset Value is being determined and to be received) and interest accrued and not yet received, shall be deemed to be the full amount thereof, provided that: (i) the value of any security which is a debt obligation which, at the time of acquisition, had a remaining term to maturity of one year or less shall be the amount paid to acquire the obligation plus the amount of any interest accrued on such obligation since the time of acquisition; (ii) interest accrued will include amortization over the remaining term to maturity of any discount or premium from the face value of an obligation at the time of its acquisition, and (iii) if the General Partner has determined that any such deposit, bill, demand note or account receivable is not worth the full amount thereof, the value thereof shall be deemed to be such value as the General Partner determines to be the fair value thereof;
- (b) the value of any security which is listed or traded upon a stock exchange shall be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price, (unless in the opinion of the General Partner such value does not reflect the value thereof and in which case the latest offer price or bid price will be used as determined by the General Partner), as at the Valuation Date on which the Net Asset Value is being determined, all as reported by any means in common use;
- (c) any market price reported in currency other than Canadian dollars shall be translated into Canadian currency at the prevailing rate of exchange, as determined by the General Partner, at the Valuation Date;
- (d) the value of any securities traded over-the-counter will be priced at the average of the latest bid and ask prices quoted by a major dealer in such securities unless a different fair market value is otherwise determined by the General Partner;

- (e) except as otherwise provided, assets, including restricted securities, for which no published market exists will be valued at cost unless a different fair market value is determined by the General Partner;
- (f) the value of any restricted securities (including securities subject to any hold period) shall be the lesser of:
 - (i) the value thereof based on reported quotations in common use; and
 - (ii) the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, multiplied by the percentage that the Partnership's acquisition cost was of the market value of such securities at the time of acquisition, provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restriction will be lifted is known;
- (g) the value of any security or property or other assets to which, in the opinion of the General Partner, the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair value thereof determined in good faith in such manner as the General Partner from time to time adopts.

The Net Asset Value per Unit is the amount obtained by dividing the Net Asset Value as of a particular Valuation Date by the total number of Units outstanding on that date.

SUMMARY OF THE PARTNERSHIP AGREEMENT

The following is a summary of the Partnership Agreement which is incorporated herein by reference. This summary is not intended to be complete and each investor should carefully review the form of the Partnership Agreement attached to, and forming part of, this Prospectus.

The rights and obligations of the Limited Partners and the General Partner are governed by the laws of the Province of Saskatchewan and the Federal laws applicable therein and the Partnership Agreement.

Formation and Term of Partnership

The Partnership was formed under the Partnership Agreement made July 19, 2005 among the General Partner, the Initial Limited Partner and the persons who from time to time are Limited Partners, at which time each of the General Partner and Initial Limited Partner agreed to form and to contribute \$5 to the Founding Capital of the Partnership. The Partnership was constituted as a limited partnership under the laws of Saskatchewan upon the filing of the Declaration pursuant to the *Partnership Act* and the *Registration Act* effective July 20, 2005.

The term of the Partnership commenced on the 20th day of July, 2005 and will continue until March 31, 2007 unless such date is extended by Extraordinary Resolution of the Limited Partners or unless earlier dissolved as a result of a Reorganization Transaction or otherwise in accordance with the terms of the Partnership Agreement as summarized below under "Dissolution" or by operation of law or judicial decree. See also "The Partnership - Reorganization Transaction" and "The Partnership - Dissolution".

Business of the Partnership

The business of the Partnership is to invest its Available Funds in compliance with the terms of the Partnership Agreement in Flow-Through Shares of Resource Issuers under Flow-Through Agreements pursuant to which the Resource Issuers will agree to incur CEE to be renounced in favour of the Partnership, all with a view to the Partnership making a profit. See "The Partnership" and in particular see the discussion with respect to the Partnership under the sub-headings "The Investment", "Investment Objectives", "Investment Strategy" and "Investment Guidelines". The Partnership will not carry on any other business but will have the power to do any and every act and thing necessary, proper, convenient or incidental to the business as aforesaid.

Units

The interest in the Partnership of the Limited Partners, other than the Initial Limited Partner, is divided into and represented by a total of not more than 1,200,000 Units. Each Unit represents an equal and undivided interest in 99.99% of the net assets of the Partnership and, subject to certain provisions of the Partnership Agreement as summarized below, each Unit entitles the holder to the same rights and obligations in respect of that one Unit as the holder of any other Unit and no Limited Partner is entitled to any privilege, priority or preference in relation to any other Limited Partner unless it is as a consequence of owning more Units than another Limited Partner. Each Limited Partner is entitled to one vote for each Unit held. See “Summary of the Partnership Agreement - Meetings”. On dissolution, the Limited Partners of record holding the then outstanding Units are entitled to receive 99.99% of the assets of the Partnership remaining after payment of debts, liabilities and liquidation of the Partnership. See also “The Partnership - Dissolution” and “The Partnership - Reorganization Transaction”. As an exception to the foregoing, upon or as soon as reasonably possible after the Initial Closing, the single Unit issued to the Initial Limited Partner upon the formation of the Partnership will be redeemed by the Partnership and its \$5 contribution to the Founding Capital of the Partnership will be returned to the Initial Limited Partner.

To become a Limited Partner, an investor must acquire 500 or more Units in the Partnership. Fractional Units will not be issued. An investor may purchase Units pursuant to this Offering in accordance with the procedures described under “Subscription Procedures” on the face pages hereof and under “Details of the Offering - Subscription Procedure and Subscription Agreement”. Upon and subject to an investor’s subscription being accepted by the General Partner, the investor will be admitted as a Limited Partner in the Partnership upon being recorded as such in the Register and the General Partner filing such amendment(s) to the Declaration as may be necessary pursuant to the *Partnership Act* and/or *Registration Act* to register such person as a Limited Partner in the Declaration.

An investor who purchases Units under the Offering is deemed to enter into a subscription agreement with the Partnership. See “Subscription Procedure” in the face pages of this Prospectus and see “Details of the Offering - Subscription Procedure and Subscription Agreements”. See also the form of Subscription Agreement and Power of Attorney, attached as Schedule “B” to the Partnership Agreement, that the Agent (or if applicable Subagent) will enter into on behalf of and as agent for investors under this Offering. The Partnership Agreement provides in this regard that each investor must: (a) provide certain information to the General Partner, including such investor’s full name, residential address or address for service, social insurance number or corporation account number as the case may be, and the name and registered representative number of the representative of the Agent (or if applicable Subagent) responsible for such subscription; (b) acknowledge that he is bound by the terms of the Partnership Agreement and is liable for all obligations of a Limited Partner thereunder; (c) make certain representations, warranties and covenants as to matters set out in the Partnership Agreement and/or this Prospectus, including, without limitation, that he: (i) is not a “non-resident” of Canada for the purposes of the *Tax Act* and will maintain such status during such time as he continues to hold Units; (ii) has not financed the subscription price for the Units through financing or other indebtedness for which recourse is or is deemed to be limited within the meaning of the *Tax Act*; (iii) is not a partnership; and (iv) (unless he has provided written notice to the contrary to the General Partner) is not a “financial institution” as defined in section 142.2(1) of the *Tax Act* and will continue to not be such a “financial institution” during such time as he continues to hold Units; (d) irrevocably nominates, constitutes and appoints the General Partner as his true and lawful attorney with full power and authority as set out in the Partnership Agreement, as summarized below under the subheading “Power of Attorney”; and (e) irrevocably authorizes the General Partner to file all elections deemed necessary or desirable by the General Partner to be filed under the *Tax Act* and any other applicable tax legislation in respect of any Reorganization Transaction or the dissolution of the Partnership.

In addition to the general right of the General Partner to accept or reject subscriptions under this Offering in whole or in part, the General Partner will deny subscriptions from investors who to its knowledge are “non-residents” of Canada for the purposes of the *Tax Act*, or who have financed the subscription price of Units with indebtedness for which recourse is, or is deemed to be, limited for the purposes of the *Tax Act*, or who are partnerships. The General Partner may also deny subscriptions by investors who are financial institutions within the meaning of the *Tax Act* if, as a result thereof, financial institutions would own 45% or more of the Units of the Partnership. The Partnership Agreement also provides that the General Partner may require Limited Partners who are or become non-residents of Canada for the purposes of the *Tax Act*, or who finance any portion of their subscription price through indebtedness for which recourse is, or is deemed to be, limited for the purposes of the *Tax Act*, or who are a partnership, or who are financial institutions (if the General Partner becomes aware that owners of 45% or more of the Units then

outstanding are, or may be, financial institutions), or in certain other cases to sell their Units in the Partnership. In such case, the General Partner may send notice to certain of such Limited Partners requiring them to sell their Units or a portion thereof within a specified period of not less than 15 days. If a Limited Partner fails to comply with any such a request, the General Partner will have the right to sell such Limited Partner's Units or to purchase the same on behalf of the Partnership at fair value as determined by an independent third party selected by the General Partner, whose determination will be final and binding and not subject to review or appeal.

Income and Loss and Allocation of CEE

The Partnership Agreement provides that, subject to certain exceptions discussed below under "Reallocation", 99.99% of the Income or Loss of the Partnership in each Fiscal Year, and 100% of CEE renounced to the Partnership by Resource Issuers with an effective date in that Fiscal Year, shall be allocated pro rata among the Limited Partners who are Limited Partners of the Partnership on the last day of such Fiscal Year. The Partnership will make such filings in respect of such allocations as are required by the *Tax Act* or any other taxation or other legislation or laws of like import of Canada or of any province or jurisdiction. Limited Partners may be entitled to claim certain deductions from income for income tax purposes as described under "Canadian Federal Income Tax Considerations", provided, for greater certainty the responsibility for filing tax returns and claiming therein such deductions rests solely with the respective Limited Partners.

Limited Recourse Financing

Under the *Tax Act*, if a Limited Partner finances the acquisition of Units with indebtedness for which recourse is limited, or is deemed to be limited, the CEE renounced to the Partnership and or the CEE or other expenses allocated by the Partnership to Limited Partners may be reduced by the amount of such indebtedness. For the purposes of the *Tax Act*, recourse for a borrowing or other indebtedness is generally deemed to be limited unless:

- (a) bona fide arrangements, evidenced in writing, are made, at the time the indebtedness arises, for repayment of the indebtedness and all interest thereon within a reasonable period not exceeding ten years; and
- (b) interest is payable, at least annually, at a rate equal to or greater than the lesser of:
 - (i) the prescribed rate of interest under the *Tax Act* in effect at the time the indebtedness arose; and
 - (ii) the prescribed rate of interest applicable from time to time during the term of the indebtedness,

and is paid in respect of the indebtedness by the debtor no later than 60 days after the end of each taxation year of the debtor that ends in the period.

In the event that a Limited Partner finances the acquisition of Units with limited recourse financing as described above, the General Partner is authorized to sell the Units of such Limited Partner as described above under "Units" and/or to reallocate, to the maximum extent permitted by law, the Income, Loss, CEE or ITCs that might otherwise be allocated to such Limited Partner as described below under "Reallocation". **Investors who propose to borrow or otherwise finance the subscription price of Units should consult their own advisors to ensure that any such borrowing or financing is not treated as limited recourse financing under the *Tax Act*.**

Reallocation

Section 6.8 of the Partnership Agreement provides that, notwithstanding the provisions of the Partnership Agreement described above under "Income and Loss and Allocation of CEE", in the event that the actions of a particular Limited Partner (including, without limitation, in the event that a Limited partner finances the acquisition of Units with indebtedness for which recourse is limited, or is deemed to be limited, for the purposes of the *Tax Act*) results in a reduction in: (a) the deductions that the Partnership could otherwise claim in calculating its Income or Loss in any Fiscal Year; (b) the amount of any CEE renounced (or that might otherwise be renounced) by Resource Issuers to the Partnership, or by the Partnership to Limited Partners, in any Fiscal Year; or (c) the amount of Investment Tax Credits that could otherwise be claimed by Limited Partners in any Fiscal Year, other than by such particular Limited Partner, the amount of such reduction shall be applied, to the maximum extent permitted by law,

firstly to reduce the size of the Loss and/or CEE and/or ITCs, if applicable, that would otherwise be applicable to the particular Limited Partner pursuant to such provisions and, if and to the extent that the amount of the reduction exceeds what would otherwise be the total Losses, CEE or ITCs, as applicable, allocated to the particular Limited Partner, the balance of such reduction shall be allocated among the Limited Partners other than the particular Limited Partner in proportion to the number of Units held by each of them. If, in a subsequent Fiscal Year, the particular Limited Partner takes steps which offset all or any part of such reduction, such amount as is restored at such time shall, to the extent permitted by law, first be allocated pro rata among the other Limited Partners until their share of the Losses or CEE or ITCs, as applicable, are restored to what they would have been but for the actions of the particular Limited Partner and then to the particular Limited Partner.

Distributions

Except for the return of any portion of Available Funds which are not expended or committed to acquire Flow-Through Shares by December 31, 2005, the Partnership does not expect to make, but, subject to the terms of the Loan Facility, is not precluded from making, cash distributions to Limited Partners prior to the dissolution of the Partnership. See the discussion in this Prospectus under the heading "The Partnership" and in particular the discussion therein under the subheadings "The Investment" and "Loan Facility".

Functions and Powers of the Partners

The General Partner has exclusive authority to manage the operations and affairs of the Partnership, to make all decisions regarding the business of the Partnership and to bind the Partnership. The General Partner is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Partnership and to exercise the care, diligence and skill of a reasonably prudent and qualified manager. Among other restrictions imposed on the General Partner, it may not: (a) dissolve the Partnership or wind-up its affairs except in accordance with the provisions of the Partnership Agreement; (b) enter into any Flow-Through Agreement or other agreement to acquire Flow-Through Shares except in accordance with the investment objectives and strategy and Investment Guidelines described under "The Partnership"; (c) borrow money other than pursuant to the Loan Facility described under "The Partnership – Loan Facility"; (d) unless authorized by Extraordinary Resolution, engage in any other undertaking, other than the investment of the Partnership's assets as part of the business of the Partnership as described above under "Business of the Partnership"; or (e) dispose of all or substantially all of the assets of the Partnership except in connection with a Reorganization Transaction authorized by the Limited Partners in accordance with the provisions of the Partnership Agreement and as summarized under "The Partnership - Reorganization Transaction" or in connection with the dissolution of the Partnership as described below under "Dissolution".

The General Partner shall have the power to make on behalf of the Partnership and each Limited Partner, in respect of such Limited Partner's interest in the Partnership, any and all elections, determinations or designations under the *Tax Act* or any other taxation or other legislation or laws of like import of Canada or of any province or jurisdiction. The General Partner shall file, on behalf of the General Partner and the Limited Partners, any information return required to be filed in respect of the activities of the Partnership under the *Tax Act* or any other taxation or other legislation or laws of like import of Canada or of any province or jurisdiction.

No Limited Partner, as such, shall take part in the management or control of the business of the Partnership, transact any business for the Partnership or have the power to sign for or bind the Partnership.

Accounting and Reporting

The Partnership Agreement provides that the General Partner will keep, during the term of the Partnership and for a period of six years thereafter, proper and complete records and books of account reflecting the assets, liabilities, income and expenditures of the Partnership and will keep, either directly or by the intermediary of a trust company or other qualified corporation appointed from time to time as registrar and/or transfer agent a Register listing the names and addresses of all of the Limited Partners, the number of Units held by each of them and the particulars of any issuance or transfers of Units. A Limited Partner or his or her duly authorized representatives shall have the right to examine such books and records and to obtain a copy of the information contained in the Register subject to certain exceptions as specified in Sections 9.2 and 9.3 of the Partnership Agreement where, in the opinion of the General Partner, such information should be kept confidential in the interests of the Partnership.

The Partnership uses the calendar year as its Fiscal Year for tax and financial reporting purposes. The General Partner, at the expense of the Partnership, shall prepare, for each Fiscal Year, and have audited annual financial statements and shall prepare unaudited, interim financial statements for the Fiscal Quarters ended March 31, June 30 and September 30 of each Fiscal Year. A copy of such annual financial statements, together with the auditor's report thereon, and a copy of such unaudited, interim financial statements, will be mailed by the General Partner to each Limited Partner, in the case of the annual financial statements within 140 days, and in the case of such interim financial statements, within 60 days (or, in either case, such shorter period of time as may be required by applicable law) of the end of each such Fiscal Year and Fiscal Quarter. Such financial statements shall, if required by applicable securities legislation, be accompanied by management discussion and analysis ("MD&A") and, regardless of the requirements of applicable securities legislation, may be accompanied by such other or additional narrative reports describing the affairs and operations of the Partnership as the General Partner in its discretion considers necessary or desirable. Additionally, on or before March 31 of each year commencing in 2006, the General Partner, at the expense of the Partnership, will furnish to each Limited Partner of record as at December 31 of the preceding year or as of the Date of Dissolution of the Partnership if dissolution occurred in the preceding year, as the case may be, a T5013 Statement of Partnership Income and any other necessary income tax reporting information related to each Limited Partner's interest in the Partnership as at such applicable date, as well as to furnish to each Limited Partner such other reports as may be required by law and prepare and file within the prescribed time all forms and information returns and other documents required by law to be filed by the Partnership with any governmental authority.

Notwithstanding the foregoing, the General Partner will not be required to prepare, mail or otherwise deliver interim financial statements or related MD&A for its Fiscal Quarters ended March 31 and/or September 31 where pursuant to applicable securities legislation the Partnership is exempted from the requirements of applicable securities legislation to file, mail and/or otherwise deliver such interim financial statements and related MD&A; and the General Partner will not be required to mail or otherwise deliver annual financial statements, interim financial statements or related MD&A to any Limited Partner where pursuant to applicable securities legislation (including but not necessarily limited to the provisions of Part IV of National Instrument 51-102, "Continuous Disclosure Obligations") the Partnership is exempted from mailing or other delivery of such documents, provided that in such case the General Partner shall comply with all requirements of applicable securities legislation relative to using and/or relying on such exemption, including filing such documents on SEDAR and furnishing copies of such documents to Limited Partners who may request the same in writing in accordance with the provisions of applicable securities legislation.

Limited Liability

Pursuant to the *Partnership Act* and Partnership Agreement, the liability of each Limited Partner for the liabilities, undertakings and obligations of the Partnership is generally limited to the amount of such Limited Partner's capital contribution plus his pro rata share of the undistributed Income of the Partnership. Subject to the *Partnership Act*, a Limited Partner has no further personal liability or liabilities and obligations and, following payment of the subscription price for his or her Units, a Limited Partner will not be liable for any further calls or assessments or further contributions to the Partnership. If, however, as a result of a distribution to a Limited Partner, the capital of the Partnership is returned in whole or in part and the Partnership becomes unable to discharge its debts in the normal course, the Limited Partners having received any such distributions are liable to the Partnership, or where the Partnership is dissolved, to its creditors, for any amount, not in excess of the amount returned, with interest, necessary to discharge the liabilities of the Partnership to all creditors who extended credit or whose claims otherwise arose before the return of such capital. The Partnership Agreement also contains an acknowledgement on the part of all Limited Partners that there is a possibility that Limited Partners may lose their limited liability: (a) by taking part in control of the business of the Partnership; or (b) to the extent that principles of Canadian law recognizing the limitation of liability of limited partners have not been authoritatively established with respect to limited partnerships formed under the laws of one province but operating, owning property or incurring obligations in another province; or (c) as a result of false statements in the public filings made pursuant to the *Partnership Act* and/or the *Registration Act*, in which case they may become liable as third parties.

Pursuant to the Partnership Agreement, the General Partner has agreed to indemnify the Limited Partners against any costs, damages, liability or losses incurred by a Limited Partner that result from such Limited Partner not having limited liability, except where the lack or loss of limited liability arises by virtue of a matter referred to in (a) or (b) of the above paragraph or is caused by some action of such Limited Partner or a change in any applicable

legislation. However, the General Partner has nominal assets. Consequently, it is unlikely that the General Partner will have sufficient assets to satisfy any claims pursuant to this indemnity.

Transfer of Units

Only whole Units are transferable. A Limited Partner may transfer Units only in compliance with the provisions of the Partnership Agreement, including the requirement that both the transferor and transferee duly execute and deliver to the General Partner a Power of Attorney and Transfer Form, substantially in the form attached as Schedule “C” to the Partnership Agreement, or such other form as is acceptable to the General Partner (a “Transfer”) and the requirement that the transferee provide certain information to the General Partner, including such investor’s full name, residential address or address for service, social insurance number or corporation account number as the case may be, and the name and registered representative number of the representative of any dealer or other CDS Participant through whom the Units were acquired.

Pursuant to such Transfer and pursuant to the Partnership Agreement, the Transferee, among other things; (a) acknowledge that he is bound by the terms of the Partnership Agreement and is liable for all obligations of a Limited Partner thereunder; (b) make certain representations, warranties and covenants as to matters set out in the Partnership Agreement, including, without limitation, that he: (i) is not a “non-resident” of Canada for the purposes of the *Tax Act* and will maintain such status during such time as he continues to hold Units; (ii) has not financed the purchase of the Units through financing or other indebtedness for which recourse is or is deemed to be limited within the meaning of the *Tax Act*; (iii) is not a partnership; (iv) (unless he has provided written notice to the contrary to the General Partner) he: (A) is not a “financial institution” as defined in section 142.2(1) of the *Tax Act* and will continue to not be such a “financial institution” during such time as he continues to hold Units; and (B) deals at arms-length with the issuers of Flow-Through Shares held by or on behalf of the Partnership; (d) irrevocably nominates, constitutes and appoints the General Partner as his true and lawful attorney with full power and authority as set out in the Partnership Agreement, as summarized below under the subheading “Power of Attorney”; and (e) irrevocably authorizes the General Partner to file all elections deemed necessary or desirable by the General Partner to be filed under the *Tax Act* and any other applicable tax legislation in respect of any Reorganization Transaction or the dissolution of the Partnership.

The General Partner may deny transfers of Units to transferees who to its knowledge are “non-residents” of Canada for the purposes of the *Tax Act*, have financed the purchase of Units with indebtedness for which recourse is, or is deemed to be, limited for the purposes of the *Tax Act*, or are partnerships. The General Partner may also deny transfers to transferees who are financial institutions within the meaning of the *Tax Act* if, as a result thereof, financial institutions would own 45% or more of the Units of the Partnership, or if the proposed transferee is not at arms-length from all Resource Issuers then in the Partnership’s investment Portfolio or, more generally, if the holding of any Units by a proposed transferee would, or in the opinion of the General Partner might reasonably be expected to, have an adverse effect on the Income or Loss of the Partnership or on the ability of the Partnership to have renounced to it CEE, or the ability of the Partnership to allocate to Limited Partners (or the ability of any Limited Partner to have allocated to it or otherwise claim) any Income, Loss, CEE or ITC. The General Partner also has the right, in its sole and absolute discretion, to deny any transfer in whole or in part if it has reason to believe that the transfer is not being made in compliance with applicable securities laws or if the transfer is proposed to be made after a notice of dissolution has been provided to Limited Partners.

A transferee of Units will automatically become bound and subject to the Partnership Agreement without execution of any further instrument from and after the time the Transfer, duly signed and completed by the transferor and transferee, is accepted by the General Partner. Where a transfer is accepted by the General Partner, the General Partner will record or cause to be recorded the particulars of the transfer in the Register and will, by not later than December 31 in the year in which the transfer is effected, cause the Declaration to be amended as may be required pursuant to the *Partnership Act* or the *Registration Act* to accurately reflect such transfer, including registering the transferee as a Limited Partner in the Declaration and removing the transferor as a Limited Partner in the Declaration. The transferee will become a Limited Partner at the time the Declaration is so amended (unless he was already a Limited Partner) at that time, and the transferor shall thereupon cease to be a Limited Partner (unless he continues to hold other Units).

Any purchase or transfer of Units must be made through a CDS Participant in accordance with the Book-Based System. See “Details of the Offering – Subscription Procedures and Subscription Agreements”.

Notwithstanding the foregoing, there is no market through which the Units may be sold and none is expected to develop. Limited Partners may find it difficult or impossible to sell their Units. See “Risk Factors”.

Meetings

The Partnership is not required to hold annual or general meetings of the Partnership. The General Partner may at any time and shall, upon Limited Partners representing 25% or more of the Units outstanding requesting in writing a meeting and stating the purpose for which the meeting is to be held, call a meeting. Each Limited Partner is entitled to one vote for each Unit held. The General Partner shall not be entitled to vote in its capacity as General Partner but shall be entitled to vote as a Limited Partner in the event that it holds Units in such capacity. Two or more Limited Partners present in person and holding or representing by proxy at least 10% of the Units outstanding shall constitute a quorum for any meeting of the Partners, except for the purposes of passing an Extraordinary Resolution to remove the General Partner, in which case two or more Limited Partners present in person and holding or representing by proxy at least 50% of the Units outstanding and entitled to vote thereon shall constitute a quorum. If a quorum is not present for a meeting of Partners within thirty minutes after the time fixed for holding the meeting, the meeting, if convened pursuant to a written request of Limited Partners, will be cancelled, but otherwise will be adjourned to such date not less than 10 days or more than 21 days after the original date for the meeting as is determined by the General Partner. The Limited Partners present at any such adjourned meeting shall constitute a quorum.

Any Ordinary Resolution or Extraordinary Resolution approved in writing by the requisite number of Limited Partners as contemplated by the definitions of those terms herein, shall be as effective and as of the same force as if such Ordinary Resolution or Extraordinary Resolution, as applicable, was approved at a meeting of the Partners. Any Extraordinary Resolution or Ordinary Resolution shall be binding on all Partners and their respective heirs, executors, administrators or other legal representatives, successors and assigns, whether or not such Partner was present or represented by proxy at the meeting at which such resolution was passed and whether or not such Partner voted against such resolution.

Dissolution

Article 17 of the Partnership Agreement provides that the Partnership will continue until March 31, 2007 unless earlier dissolved by operation of law or by judicial decree and provided that: (a) the Partnership may be dissolved on a date other than March 31, 2007, if the Limited Partners consent thereto, by means of an Extraordinary Resolution, in which case the Partnership will be dissolved on the date specified in such Extraordinary Resolution; (b) in the event of the bankruptcy or insolvency of the General Partner (or certain similar events) the Partnership will be dissolved effective on the 180th day following such event unless a new General Partner is admitted to the Partnership by Ordinary Resolution prior to the expiration of such 180 day period; (c) if a Reorganization Transaction is approved and implemented (see “The Partnership – Reorganization Transaction”), the Partnership will be dissolved upon or as soon as reasonably possible following the implementation of such Reorganization Transaction; and (d) if as of December 31 in any particular year, all or substantially all of the property of the Partnership has been sold or otherwise realized and all liabilities of the Partnership either paid or otherwise settled, but the Partnership has not been dissolved pursuant to one of the foregoing provisions, the Partnership shall be dissolved effective as of December 31 of that year.

Where the Partnership is dissolved (other than following the implementation of a Reorganization Transaction), the General Partner (or if the dissolution results from an event referred to in (b) above, such other person as may be appointed by Ordinary Resolution of the Limited Partners) shall:

- (a) sell or otherwise convert to cash such of the Partnership’s assets as may be required to pay or provide for the payment of the debts and liabilities of the Partnership and liquidation expenses and as may be required to distribute the remaining assets of the Partnership to the Limited Partners as provided below;
- (b) pay or provide for the payment of all debts and liabilities of the Partnership and liquidation expenses then due or accruing due, with such allowance for contingent liabilities as are reasonable in the circumstances, including, for greater certainty, repaying any and all amounts then outstanding under the Loan Facility and paying all Management Fees and the Performance Bonus, if any, to the General Partner (or Investment Manager) that are then due or accruing; and

- (c) then distribute the remaining assets as to 99.99%, pro rata to the Limited Partners and as to 0.01% to the General Partner and satisfy all applicable formalities as may be prescribed in the circumstances by applicable law.

The General Partner anticipates that at the time of dissolution of the Partnership (other than a dissolution upon or following the implementation of a Reorganization Transaction), the net assets of the Partnership will consist primarily of common shares of Resource Issuers, the cash proceeds of the liquidation of such shares as described above, or a combination of the foregoing. Such dissolution of the Partnership could give rise to a tax liability for Limited Partners. See "Canadian Federal Income Tax Considerations – Dissolution of the Partnership and Reorganization Transactions".

Amendments

Article 18 of the Partnership Agreement provides that the Partnership Agreement may only be amended in writing and with the consent of the Limited Partners given by Extraordinary Resolution, provided, that no amendment shall be made to the Agreement which would have the effect of changing in any manner the allocation of Income or Loss of the Partnership for tax purposes and no amendment amending Article 18 or that would have the effect of reducing the interest in the Partnership of any Limited Partner, changing the liability of any Limited Partner, allowing any Limited Partner to exercise control over the business of the Partnership, changing the right of the General Partner or of a Limited Partner to vote at any meeting, or changing the Partnership from a limited partnership to a general partnership may be made without the unanimous consent of the Limited Partners present in person or represented by proxy at a meeting held for the purpose of considering such amendment. Additionally, no amendment shall be made which would have the effect of reducing the General Partner's share of the net Income or Loss of the Partnership or the fees payable under the Partnership Agreement to the General Partner (unless the General Partner, in its sole discretion consents thereto) except upon a change of the General Partner in accordance with the Partnership Agreement; and no amendment which would have the effect of adversely affecting the rights and obligations of the General Partner will become effective before 60 days after the date of the meeting at which such amendment was adopted, unless the General Partner consents to an earlier date.

Notwithstanding the foregoing, the General Partner is entitled to make certain amendments to the Partnership Agreement without the consent of the Limited Partners if such amendment is: (a) in the opinion of the General Partner, for the protection or benefit of the Limited Partners or the Partnership or to cure an ambiguity or to correct or supplement any provision contained in the Partnership Agreement which may be defective or inconsistent with any other provision, and the amendment does not and will not, in the opinion of the General Partner, materially adversely affect the rights of any Limited Partner; (b) for the purpose of reflecting the admission, substitution, withdrawal or removal of Limited Partners in accordance with the Partnership Agreement; (c) a change that, in the sole discretion of the General Partner, is reasonable and necessary or appropriate to qualify or continue the qualification of the Partnership as a limited partnership in which the Limited Partners have limited liability under applicable laws; or (d) a change that, in the sole discretion of the General Partner, is reasonable and necessary or appropriate to enable Limited Partners to take advantage of, or not be detrimentally affected by, changes in the *Tax Act* or other taxation laws.

Removal of General Partner

The Partnership Agreement provides that the General Partner may be removed as the General Partner of the Partnership only if: (a) (i) the General Partner expressly consents to the removal; (ii) an event such as the bankruptcy or insolvency of the General Partner occurs; or (iii) the Limited Partners resolve by Extraordinary Resolution to remove the General Partner and then only if the General Partner has materially breached its obligations under the Partnership Agreement and, if capable of being cured, such breach continues unremedied for a period of 20 business days after the General Partner has received written notice thereof from any Limited Partner; and (b) the Limited Partners have appointed, by ordinary resolution, concurrently with the removal of the outgoing General Partner a new General Partner which new General Partner shall only be eligible for appointment if it is not a "non-resident of Canada" within the meaning of the *Tax Act*, has the status and capacity to do all acts and things required of the General Partner pursuant to the Partnership Agreement and agrees in writing to assume all responsibilities and obligations of the outgoing General Partner under the Partnership Agreement.

Upon removal of the General Partner, such outgoing General Partner shall be released from all representations, warranties, covenants, liabilities and obligations under the Partnership Agreement, other than in respect of a breach by it of the Partnership Agreement which occurred prior to the date of removal and the Partnership shall release and hold harmless the outgoing General Partner from all actions, claims, costs, demands, losses, damages and expenses with respect to events which occur in relation to the Partnership after the effective date of removal of the outgoing General Partner except to the extent that they arose from the gross negligence or wilful misconduct of the outgoing General Partner, its agents or employees or from any act or omission not believed by the outgoing General Partner in good faith to be within the scope of its authority under the Partnership Agreement, occurring before such removal. Additionally, the outgoing General Partner shall be entitled to receive all Management Fees and the Performance Bonus (if any) and other expenses then due or accruing due to the outgoing General Partner and, for the purpose only of determining such Performance Bonus, if any, the effective date of the removal of the outgoing General Partner shall be deemed to be a Dissolution Date.

Power of Attorney

The Partnership Agreement includes an irrevocable power of attorney which, subject to the terms and restrictions of the Partnership Agreement, authorizes the General Partner on behalf of the Limited Partners, among other things, to execute: (a) the Partnership Agreement and any amendments thereto; (b) any amendment to the Declaration and all certificates and other instruments necessary or appropriate to qualify or continue the qualification of the Partnership as a limited partnership in the Province of Saskatchewan and in each other jurisdiction where the Partnership may conduct business or where such qualification is necessary or desirable to maintain limited liability of Limited Partners in that jurisdiction; (c) all instruments and certificates necessary or appropriate to: (i) reflect any amendment, change or modification of the Partnership Agreement; (ii) effect and implement a Reorganization Transaction; (iii) effect the dissolution and liquidation of the Partnership; (iv) the admission of additional or substituted Limited Partners; or (v) in connection with the sale, transfer or forfeiture of a Unit in accordance with the provisions of the Partnership Agreement; and (d) all elections, determinations, or designations under the *Tax Act* or any other taxation or other legislation or laws of like import of Canada or of any provinces or jurisdictions in respect of the affairs of the Partnership or of a Partner's interest in the Partnership including, without limitation, elections under subsections 85(2) and 98(3) of the *Tax Act* and the corresponding provisions of applicable provincial legislation, if relevant. Such power of attorney also authorizes the General Partner to execute and file with any government body any documents necessary and appropriate to be filed in connection with the business of the Partnership and to make any application for and receive any amount or credit under a Federal or provincial incentive program.

By purchasing Units, each investor acknowledges and agrees that he has given such power of attorney and the Partnership Agreement additionally provides that each Limited Partner will be bound by any representation or action made or taken by the General Partner pursuant to such power of attorney and waives any and all defences which may be available to contest, negate or disaffirm any action of the General Partner taken in good faith under such power of attorney.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McKercher McKercher & Whitmore LLP, counsel to the General Partner and the Partnership ("Counsel"), the following is, as of the date hereof, a general summary of the principal Canadian Federal income tax considerations for a Limited Partner who acquires Units pursuant to this offering. This summary is applicable only to Limited Partners who, for the purposes of the *Tax Act* and at all relevant times, are resident in Canada and who hold their Units as capital. Units will generally be treated as capital property of a Limited Partner unless he holds the Units in the course of carrying on a business or has acquired the Units as an adventure in the nature of trade.

This summary assumes that recourse for any financing by a Limited Partner for the subscription price for Units is not limited and is not deemed to be limited for the purposes of the *Tax Act*. This summary also assumes that, for the purposes of the *Tax Act*, and at all relevant times, the Partnership and each Limited Partner will deal at arm's length with the issuers of the Flow-Through Shares held by or on behalf of the Partnership, that the Partnership will not be a "specified person" or have a "prohibited relationship" in relation to any issuer of Flow-Through Shares and that the Flow-Through Shares and other securities acquired by the Partnership will be capital property to the Partnership. This summary does not apply to Limited Partners that are "financial institutions", "specified financial institutions" or "principal-business corporations" as defined in the *Tax Act*, or whose business includes trading or dealing in rights, licenses or privileges to explore for, drill for or take minerals, petroleum, natural gas or other related

hydrocarbons. This summary assumes that at no time will in excess of 50% of the fair market value of all interests in the Partnership be held by one or more “financial institutions” as defined in the *Tax Act*. This summary assumes that all expenses incurred by Resource Issuers pursuant to the Flow-Through Agreements will be reasonable in the circumstances and will qualify as CEE or as CDE eligible for renunciation as CEE (collectively “**Eligible Expenditures**”). Counsel can provide no verification of the accuracy of such assumptions.

This summary is based on the current provisions of the *Tax Act*, the Regulations thereunder and Counsel’s understanding of the current published administrative practices of the CRA. This summary also takes into account proposals for specific amendments to the *Tax Act* and Regulations publicly announced by the Federal Minister of Finance prior to the date hereof (collectively, the “**Proposed Legislation**”). This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action. There can be no assurance that the Proposed Legislation will be enacted in the form proposed, if at all. This opinion does not address the income tax or other laws of any province of Canada or of any foreign jurisdiction, except for a limited discussion on the Saskatchewan Provincial Investment Tax Credits as expressly set forth below under the sub-heading “Federal and Saskatchewan Provincial Investment Tax Credits”.

In order for Limited Partners to deduct Eligible Expenditures, the Partnership and the Resource Issuers must complete certain statutory filings in respect of the renunciation of Eligible Expenditure and the Partnership must additionally make certain statutory filings in order for Limited Partners to claim Investment Tax Credits. Under the Partnership Agreement the General Partner is required to make all necessary filings and to provide each Limited Partner the necessary information with respect to renounced Eligible Expenditures and Investment Tax Credits for purposes of filing income tax returns. However, the preparation and filing of the income tax returns will be the responsibility of each Limited Partner.

The income tax consequences of an investment in Units will vary depending on a number of factors, including whether the investor is an individual, corporation, trust or partnership; the amount that would be the investor’s taxable income but for his interest in the Partnership; and the province in which the investor is resident for provincial income tax purposes. The following discussion of income tax consequences is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. Accordingly, each potential purchaser of Units should obtain independent advice from his own tax advisor regarding the income tax consequences of investing in the Partnership based on the purchaser’s own particular circumstances.

Computation of Income

The Partnership itself is not liable for income tax and is not required to file income tax returns except for an annual information return. It is, however, required to compute its income (or loss) in accordance with the provisions of the *Tax Act* for each of its fiscal periods as if it were a separate person resident in Canada. Such income (or loss) of the Partnership shall be computed, without taking into account, among other things, the amount of CEE renounced to it in respect of a subscription for Flow-Through Shares. Such amounts will be taken into account directly by Limited Partners in computing their respective taxable incomes as described below. The fiscal period of the Partnership ends on December 31 in each year and a fiscal period of the Partnership will end upon the dissolution of the Partnership.

The income of the Partnership will include the taxable portion of capital gains that may arise on a disposition of Flow-Through Shares or other securities. As the cost of any Flow-Through Shares is deemed to be nil, the amount of such capital gains from dispositions of Flow-Through Shares will generally be equal to the net proceeds of disposition (after any reasonable costs of disposition) for the shares. The Partnership’s gain or loss on the disposition of other securities will be calculated by reference to the adjusted cost base of those securities.

To the extent that they are reasonable and are not limited by the “tax shelter investment rules” contained in the *Tax Act* (see below), costs incurred by the Partnership in the course of issuing or selling Units, including expenses of issue and commissions payable to an agent or dealer in securities, are deductible at the rate of 20% per year (subject to proration for the short fiscal period in 2005). In the event that the Partnership is dissolved and these expenses have not been fully deducted by it, any person who was a member of the Partnership immediately prior to its dissolution may deduct, in a taxation year ending after that time and at the same rate, his pro rata share of the amount that the Partnership would have been entitled to deduct in its fiscal period ending in that taxation year if the Partnership had continued to exist. Until it is repaid, the indebtedness of the Partnership pursuant to the Loan

Facility will constitute a limited recourse amount of the Partnership and the deduction of expenses reasonably related thereto may be limited pursuant to the tax shelter investment rules, as discussed in more detail below.

To the extent that they are reasonable, other fees and amounts which are paid or payable by the Partnership and relate to the ongoing business thereof, including fees and other amounts paid or payable to the General Partner and/or the Investment Manager, will generally be deductible in the year incurred unless they constitute pre-payments for services to be rendered over a number of years, in which case they will be amortized over such extended period.

Reasonable Expectation of Profits Proposals

On October 31, 2003, the Federal Department of Finance released for public comment draft proposals (the “**reasonable expectation of profit proposals**”) regarding the deductibility of interest and other expenses for purposes of the *Tax Act*. The proposals, if enacted, would have effect for taxation years beginning after 2004. Under the proposals, a taxpayer will be considered to have a loss from a source that is a business or property for a taxation year only if, in that year, it is reasonable to assume that the taxpayer will realize a cumulative profit (excluding capital gains) from the business or property during the period that the business is carried on or that the property is held. If these proposals are enacted, Limited Partners would only be entitled to claim a loss from their investment in the Partnership in a particular taxation year, if, in the year the loss is claimed, it is reasonable to assume that an overall cumulative profit would be earned from the investment in the Partnership after taking into account any associated interest expense. An extended period of public consultation on these proposals ended in August 2004. Many commentators expressed concerns with the reasonable expectation of profit proposals: in particular, that they codified an objective “reasonable expectation of profit” test that might inadvertently limit the deductibility of a wide variety of ordinary commercial expenses. In the Federal Budget of February 23, 2005 the Government publicly announced (the “**2005 Announcement**”) that the Department has now sought to respond by developing “a more modest legislative initiative” that would respond to these concerns while still achieving the Government’s objectives. This 2005 Announcement stated that the Department will “at an early opportunity” release this alternative proposal for comment. This release will be combined with a CRA publication that addresses, in the context of this alternative proposal, “certain administrative questions relating to deductibility”. As this “alternative proposal” has not been released as at the date of this Prospectus and there is considerable uncertainty as to the particulars of the amendments that may be made to the *Tax Act* in light of the 2005 Announcement, no views or assurances of any kind can be made at this time as to the impact that such amendments, if any, may have on the Partnership or investors under this Offering.

Taxation of Limited Partners’ Income or Loss

Subject to the detailed comments herein and, in particular, the “at risk” rules and the “tax shelter investment” rules; and the discussion above under “Reasonable Expectation of Profits Proposal” and below under “Alternative Minimum Tax on Individuals”, each Limited Partner who is a Limited Partner on the last day of each fiscal period of the Partnership will be required to include (or be entitled to deduct) in computing his income or loss, his proportionate share of the income (or loss) of the Partnership allocated to him pursuant to the Partnership Agreement for the fiscal period of the Partnership ending in or coincidentally with the Limited Partner’s taxation year, whether or not any distribution of income has been made by the Partnership.

The *Tax Act* contains “at-risk” rules, which limit the amount of deductions, including CEE and losses, that a Limited Partner may claim as a result of his investment in the Partnership to the amount that the Limited Partner has “at risk” in respect thereof. Generally, a Limited Partner’s “at-risk” amount will be the amount actually paid for his Units plus the amount of any Partnership income (including the full amount of any Partnership capital gains) allocated to such Limited Partner for completed fiscal periods, less the aggregate of amounts (including unpaid instalments) owing by the Limited Partner (or a person with whom the Limited Partner does not deal at arms length) to the Partnership (or a person with whom the Partnership does not deal at arms length), the amount of any CEE previously renounced to a Limited Partner, the amount of any Partnership losses allocated to the Limited Partner and the amount of any distributions from the Partnership. A Limited Partner’s “at-risk” amount may be further reduced by certain benefits that protect against a risk of loss from an investment in the Partnership. Where a Limited Partner acquires Units from a transferor other than the Partnership, the cost to the Limited Partner for purposes of determining the Limited Partner’s “at risk” amount under the *Tax Act* is the lesser of the Limited Partner’s cost of the Units and the transferor’s adjusted cost base of the Units immediately before that time. Where the adjusted cost base of the Units to the transferor cannot be determined, the “at-risk” amount of the Limited Partner will generally be nil, initially.

A Limited Partner's share of any losses of the Partnership denied as a consequence of the application of the "at-risk" rules is considered to be a "limited partnership loss" in respect of the Partnership for the year. Such limited partnership loss may be deducted by the Limited Partner in any subsequent year against any income for that year to the extent that, at the end of the last fiscal period of the Partnership ending in that year, the Limited Partner's "at-risk" amount in respect of the Partnership exceeds the Limited Partner's share of any loss of the Partnership for that fiscal period.

The *Tax Act* contains additional rules to restrict the deductibility of certain amounts by persons who acquire a "tax shelter investment" for purposes of the *Tax Act*. The Units have, as a precautionary measure, been registered with the CRA under the "tax shelter" registration rules. A "tax shelter investment" includes any property that is a "tax shelter". If any of the Units are in fact determined to be "tax shelters", all of the Units will be "tax shelter investments" for the purposes of the *Tax Act*. More particularly, if a Limited Partner has a "prescribed benefit" in respect of his Units (which includes the financing of the acquisition of Units with a financing for which recourse is or is deemed to be limited within the meaning of the *Tax Act*), all of the Units will be tax shelter investments and the CEE and other expenses incurred by the Partnership will be reduced by any limited recourse amounts and "at-risk-adjustments" in respect of such expenditures. Limited recourse amounts include any indebtedness of a limited partnership and the unpaid principal of any indebtedness for which recourse is limited, either immediately or in the future and either absolutely or contingently, and further may include any form of indebtedness unless bona fide arrangements, evidenced in writing, are made, at the time the debt arises, for repayment of the indebtedness and interest thereon within a reasonable period not exceeding ten years and interest is payable in respect of the indebtedness at least annually and is paid no later than 60 days after the end of each taxation year at a rate equal to or greater than the lesser of the prescribed rate of interest at the time the debt arose and the prescribed rate of interest applicable from time to time during the term of the indebtedness. An at-risk adjustment in respect of an expenditure includes any amount or benefit that a particular taxpayer, or taxpayer not dealing at arms length with that taxpayer, is entitled either immediately or in the future and either absolutely or contingently to receive or obtain whether by way of reimbursement, compensation, revenue guarantee, proceeds of disposition, loan or other form of indebtedness, or in any other form or manner whatever granted to or to be granted for the purpose of reducing the impact in whole or in part of any loss that the particular taxpayer may sustain in respect of the expenditure.

The Partnership Agreement provides that if and where CEE of the Partnership is reduced under the "tax shelter investment" rules, the amount of CEE that would otherwise be allocated to the Limited Partner who incurs the limited recourse financing shall be reduced by the amount of such reduction. Similarly, where the reduction of other expenses reduces the loss of the Partnership, the Partnership Agreement provides that such reduction shall first reduce the amount of the loss that would otherwise be allocated to the Limited Partner who incurs the limited recourse financing.

As noted above the indebtedness of the Partnership under the Loan Facility will constitute a limited recourse amount and it is therefore anticipated that any expenditures traceable to the Loan Facility proceeds may not be deductible to the extent of the limited recourse amount.

Prospective investors who propose to finance the acquisition of their Units should consult with their own advisors.

Eligible Expenditures

Provided that certain conditions in the *Tax Act* are complied with, the Partnership will be deemed to have incurred, on the effective date of renunciation, CEE that has been renounced to the Partnership pursuant to any Flow-Through Agreements entered into by it. Certain corporations may renounce up to \$1,000,000 annually of certain Canadian Development Expense ("Eligible CDE") to subscribers for Flow-Through Shares. Upon renunciation to the Partnership, Eligible CDE is deemed to constitute CEE to the Partnership and will be allocable by the Partnership to Limited Partners as CEE on the basis described below.

Generally speaking, an issuer of Flow-Through Shares may renounce CEE or Eligible CDE incurred during the period commencing on the date that the agreement is entered into with the Partnership for the acquisition of Flow-Through Shares. Provided that certain conditions are met, including the payment by the Partnership of the subscription price for the Flow-Through Shares in money prior to December 31 of a particular year, the issuer of the Flow-Through Shares will be entitled to renounce CEE or Eligible CDE incurred by it prior to December 31 of the

subsequent calendar year to the Partnership effective December 31 of the previous year, provided that the renunciation is made before the end of March in the subsequent year. Consequently, provided that funds are advanced by the Partnership to a corporation issuing Flow-Through Shares prior to the end of 2005, CEE and Eligible CDE which such corporation anticipates incurring prior to December 31, 2006 may generally be renounced effective December 31, 2005 to the Partnership and allocated to the Limited Partners who are Limited Partners as of December 31, 2005. If CEE and Eligible CDE renounced by March 31, 2006 effective December 31, 2005 is not, in fact, incurred in 2006, the Partnership will have its CEE reduced accordingly as of December 31, 2005. However, none of the Limited Partners will be charged interest on any unpaid tax arising as a result of such reduction before May 2007.

Provided that a Limited Partner continues to be a Limited Partner at the end of a particular Fiscal Year of the Partnership, such Limited Partner will be entitled to include in the computation of his Cumulative CEE his share of the CEE renounced to the Partnership effective in that Fiscal Year. Subject to the application of the "at-risk" rules and the "tax shelter investment" rules, as described above, a Limited Partner may deduct in the computation of his income or loss for tax purposes from all sources for a particular taxation year, such amounts as he may claim not exceeding 100% of his Cumulative CEE at the end of the taxation year. Certain restrictions apply in respect of the deduction of Cumulative CEE following an acquisition of control of, or certain corporate reorganizations involving, a corporate Limited Partner.

Cumulative CEE not deducted by a Limited Partner may be carried forward indefinitely to be deducted in a future year on the basis described above. Cumulative CEE is reduced by deductions of CEE by a Limited Partner in prior taxation years and by a Limited Partner's share of any amount that he or the Partnership receives or is entitled to receive in respect of assistance or benefits in any form that relate to the Limited Partner's investment in the Partnership. If, at the end of a taxation year, the reductions in calculating Cumulative CEE exceed the additions thereto, the excess must be included in income for the taxation year and the Cumulative CEE account will then be restored to a nil balance. Generally, a Limited Partner will be entitled to continue to deduct undeducted amounts from his Cumulative CEE notwithstanding a disposition of his Units in the Partnership.

Investment Tax Credits

A Limited Partner who is an individual other than a trust may be entitled to a Federal non-refundable investment tax credit equal to 15% of a certain type of CEE renounced to the Partnership and allocated to the Limited Partner. Generally, the CEE that gives rise to the ITC relates to specified surface "grass roots" mining exploration expenses incurred (or deemed to be incurred) in Canada by a Resource Issuer after October 17, 2000 and before 2006.

This Federal ITC can be used by the Limited Partners to reduce the Federal tax otherwise payable in the taxation year of the Limited Partner in which the Limited Partner becomes entitled to the credit. Any unapplied portion of the credit may be claimed in the following ten years or the preceding three years. To the extent the Federal ITC is applied in a year, it is deducted from the Limited Partner's Cumulative CEE account for the following taxation year.

Saskatchewan also offers an Investment Tax Credit (the "**Saskatchewan Provincial ITC**" or "**METC**") in respect of eligible individuals that are deemed to incur the type of CEE described above for the Federal ITC.

An eligible mineral exploration corporation may apply to the Minister for Saskatchewan Industry and Resources, in accordance with *The Mineral Exploration Tax Credit Regulations* under *The Mineral Resources Act, 1985* (as amended) (collectively the "**METC Regulations**"), for approval to issue METCs to eligible individuals who purchase eligible flow-through shares of that corporation to enable the corporation to finance flow-through mining expenditures in Saskatchewan. Such mineral exploration tax credit is an amount equal to 10% of the eligible individual's eligible flow-through mining expenditures for the year determined in accordance with the METC Regulations. Saskatchewan METCs are deemed to be "assistance" in respect of the CEE incurred, and a Limited Partner's Cumulative CEE pool will be reduced by the amount of any such credit in the year that the Limited Partner becomes entitled to receive the credit and, therefore, the amount of such deduction will be included in determining the taxpayer's taxable income in that year.

Income Tax Withholdings and Instalments

Limited Partners who are employees and have income tax withheld at source from remuneration paid by an employer may request the CRA to authorize a reduction in such withholding. The CRA has, however, a discretionary power to refuse such a request.

Limited Partners who are required to pay income tax on an instalment basis may take into account their share, subject to the “at-risk” rules and “tax shelter investment” rules, of the CEE, ITCs and any income or loss of the Partnership in determining their instalment remittances.

Disposition of Units in Partnership

A disposition by a Limited Partner of Units (including a deemed disposition) will result in a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of reasonable disposition costs, exceed (or are exceeded by) the adjusted cost base of the Units immediately prior to the disposition. One-half of a capital gain is a taxable capital gain and is required to be included in computing a Limited Partner’s income for the year. One-half of a capital loss is an allowable capital loss and is deductible only against taxable capital gains for the year. The unused portion of an allowable capital loss may be carried back three years and forward indefinitely subject to detailed rules in the *Tax Act*. A “Canadian controlled private corporation” (as defined in the *Tax Act*) may be subject to an additional refundable tax of 6% in respect of certain investment income including taxable capital gains.

A Limited Partner’s adjusted cost base of a Unit will generally be equal to the subscription price of the Unit, plus any share of income allocated to the Limited Partner (including a pro rata share of the full amount of any capital gain realized by the Partnership), less any losses (including a pro rata share of the full amount of any capital loss realized by the Partnership), the amount of CEE allocated to him and the amount of any distributions made to him by the Partnership. The amount of any negative adjusted cost base will be deemed to be a capital gain of the Limited Partner in the year in which the adjusted cost base becomes a negative amount. A Limited Partner who is considering disposing of Units during a fiscal period of the Partnership should obtain specific tax advice as to the calculation of the adjusted cost base of his Units.

Dissolution of the Partnership and Reorganization Transactions

If the Partnership is dissolved following the disposition of all of its assets for cash proceeds the Limited Partners will be allocated their proportionate share of any income of the Partnership resulting from such disposition. If the Partnership distributes its assets to Limited Partners on the dissolution of the Partnership, such distribution will generally constitute a disposition by the Partnership of such assets for deemed proceeds of disposition equal to their fair market value and Limited Partners will be allocated their proportionate share of the income of the Partnership resulting from such disposition. So far as the assets of the Partnership consist of Flow-Through Shares, the Partnership will incur taxable capital gains equal to one-half of the proceeds of disposition of the Flow-Through Shares net of reasonable costs of disposition. The dissolution of the Partnership and distribution of cash proceeds or assets to the Limited Partners will result in a disposition by Limited Partners of their Units for an amount equal to the cash proceeds or fair market value of the assets, as the case may be, distributed to them. The adjusted cost base of the Units to Limited Partners will generally be increased by the capital gains allocated to them in respect of the income of the Partnership allocated prior to dissolution of the Partnership.

In certain circumstances, the *Tax Act* may permit the dissolution of the Partnership to occur on a tax-deferred basis, subject to the filing of certain elections with the CRA. This would include a circumstance where the Partnership is liquidated on a basis whereby each Limited Partner receives an undivided pro rata share of each asset of the Partnership (including Flow-Through Shares). It is the CRA’s administrative position that shares so distributed may be partitioned on a tax-deferred basis provided that the shares may be partitioned under the relevant law.

Another alternative for a tax-deferred dissolution of the Partnership may be whereby the Partnership disposes of all of its assets for shares of a mutual fund corporation and the Partnership is dissolved within 60 days of making the exchange such that at the time of the dissolution its only assets consist of cash or shares of the mutual fund corporation. In such event, provided the appropriate elections are made and filed in a timely manner, no taxable capital gains will be realized by the Partnership from the transfer. The mutual fund corporation would acquire each asset of the Partnership at the cost amount equal to the lesser of the cost amount thereof to the Partnership and the fair market value of the asset on the transfer date. Provided that the dissolution of the Partnership takes place within 60 days of the transfer of assets to the mutual fund corporation, the mutual fund corporation’s shares could be

distributed to the Limited Partners with a cost for tax purposes equal to the cost of the Partnership Units held by such Limited Partner. As a result, a Limited partner would not be subject to tax in respect of such transaction.

Other Reorganization Transactions may also be structured on a tax deferred basis depending on the particulars of the transaction. However, as the particulars of any potential Reorganization Transaction are not known at this time, Counsel is unable to express any opinion on the specific tax consequences to Limited Partners that may result from such transaction.

Alternative Minimum Tax on Individuals

Under the *Tax Act*, tax payable by an individual (including certain trusts) is the greater of the tax otherwise determined and an alternative minimum tax. In calculating taxable income for the purpose of computing the minimum tax, certain deductions and credits otherwise available are disallowed and certain amounts not otherwise included are included. Four-fifths of a capital gain realized by the individual is included in calculating the individual's adjusted taxable income. The disallowed items include deductions claimed by the individual in respect of his share of CEE renounced to the Partnership and allocated to the Limited Partner in a particular fiscal period thereof to the extent such deductions exceed his share of the Partnership's income. In computing adjusted taxable income for alternative minimum tax purposes, an exemption of \$40,000 is allowed to the taxpayer. The Federal rate of minimum tax is 16%. Whether and to what extent the tax liability of a particular Limited Partner will be increased as a result of the application of the alternative minimum tax rules will depend on the amount of his income, the sources from which it is derived, and the nature and amounts of any deductions he claims.

Any additional tax payable by an individual for the year resulting from the application of the alternative minimum tax will be deductible in any of the seven immediately following taxation years in computing the amount that would, but for the alternative minimum tax, be his tax otherwise payable for any such year.

Cumulative Net Investment Loss

One-half of the amount of CEE deducted by an individual will be added to the individual's cumulative net investment loss ("CNIL") account, as defined in the *Tax Act*. An investor's CNIL account may impact their ability to claim the \$500,000 capital gains deduction that is available on the disposition of certain qualifying small business corporation shares and farm property.

Tax Shelter

The tax shelter identification number in respect of the Partnership is • . The identification number issued for this tax shelter must be included in any income tax return filed by an investor (ie., each Limited Partner). The issuance of the identification number is for administrative purposes only and does not in any way confirm the entitlement of an investor to claim any tax benefits associated with the tax shelter.

Counsel has been advised that the General Partner will file all necessary tax shelter identification returns and, where applicable, provide each Limited Partner with copies thereof.

DETAILS OF THE OFFERING

The Offering consists of a minimum of 300,000 Units (\$1,500,000) and a maximum of 1,200,000 Units (\$6,000,000) at a price of \$5 per Unit. The minimum purchase per investor is 500 Units (\$2,500). Subscribers may subscribe for any number of Units in excess of this minimum requirement. An investor whose subscription is accepted by the General Partner will become a Limited Partner upon being recorded as such in the Register of Limited Partners maintained by or on behalf of the General Partner pursuant to the Partnership Agreement and the General Partner filing such amendment(s) to the Declaration as may be necessary pursuant to the *Partnership Act* and/or the *Registration Act* to record such person as a Limited Partner in the Declaration.

The Initial Closing is expected to occur on or about December 2, 2005, but in any event not later than December 31, 2005. The Initial Closing is conditional upon the conditions of closing described below under "Conditions of Closing", including, without limitation, the condition that at the Initial Closing subscriptions for at least 300,000 Units are accepted by the General Partner. If the Initial Closing does not occur on or before December 31, 2005, the Offering will be withdrawn and all subscription funds will be returned to the Subscribers without interest or

deduction. If less than the maximum number of Units are subscribed for at the Initial Closing, subsequent Closings may be held.

The General Partner, on behalf of the Partnership, reserves the right to accept or reject any subscription in whole or in part and the right is reserved to close the subscription books at any time without notice. Without limiting the generality of the foregoing, the General Partner will reject subscriptions from prospective investors who are unwilling or unable, or who for any other reason fail, to provide the information, representations, warranties and authorizations referred to below under "Subscription Procedure and Subscription Agreements".

Plan of Distribution

Pursuant to an agency agreement (the "Agency Agreement") dated •, 2005, between the Agent, the Partnership and the General Partner, the Agent has agreed to offer the Units for sale on a best efforts basis, subject to prior sale, if, as and when subscriptions are accepted by the General Partner on behalf of the Partnership in accordance with the Partnership Agreement and the conditions contained in the Agency Agreement, and subject to approval of certain legal matters on behalf of the Partnership and General Partner by McKercher McKercher & Whitmore LLP and on behalf of the Agent by McDougall Gauley LLP. The \$5 offering price of the Units, the minimum subscription requirement of 500 Units and the size of the minimum and maximum Offering was established by the General Partner in consultation with the Agent. The Agent is authorized, but not required, to form and manage a selling group of other dealers who are CDS Participants who may also solicit or otherwise receive subscriptions from investors under this Offering.

Although the Agent has agreed to use its best efforts to sell the Units, it is not obliged to purchase any Units which are not sold. The obligations of the Agent under the Agency Agreement may be terminated, and the Agent may withdraw all subscriptions for Units on behalf of investors, at the Agent's discretion, on the basis of its assessment of the state of the financial markets or upon the occurrence of certain stated events, including any material adverse change in the business, personnel or financial condition of the General Partner or the Partnership.

Pursuant to the Agency Agreement, the Agent will receive a corporate finance fee of \$20,000; consisting of a \$10,000 non-refundable fee that has been paid and \$10,000 that is payable upon and subject to completion of the Initial Closing. Additionally, the Agent will receive a commission of 7% of the gross proceeds of the Offering (\$0.35 per Unit).

The Units offered pursuant to this Prospectus are being offered by this Prospectus for sale to the public only in the Province of Saskatchewan. However, the Partnership Agreement contemplates that the Partnership may offer and sell Units, and the Agency Agreement authorizes the Agent to additionally offer and sell Units, on substantially the same terms as the Units are offered and sold under this Prospectus, to "accredited investors" in certain other provinces or territories of Canada in reliance on available exemptions from the applicable registration and prospectus requirements of the securities legislation of such other provinces or territories, notwithstanding that the securities regulatory authorities in such other provinces or territories have not issued a receipt for the Prospectus. Units purchased by accredited investors resident in such other provinces or territories will not be issued under this Prospectus. However, such Units, if any, will be counted for the purpose of determining if the minimum Offering and/or maximum Offering hereunder are achieved. **Notwithstanding the foregoing, this Prospectus is not intended as an offer to sell, nor a solicitation of an offer to purchase, any of the securities described herein in any jurisdiction and/or to any person in contravention of applicable securities legislation or other laws.**

Subscription Procedure and Subscription Agreements

An investor who wishes to subscribe for Units under this Offering must subscribe for a minimum of 500 Units (\$2,500) through the Agent or a Subagent. An investor must pay the subscription price to (and in a manner satisfactory to) and must provide to the Agent (or if applicable Subagent) such authorizations and information as may be required by the Agent or Subagent including, without limitation, that information regarding the investor that will be provided by the Agent (or Subagent) on behalf of the investor to the General Partner as described below. Subscription funds will be held by the Agent or Subagent pending Closing. Subject to the foregoing, the Agent, or if applicable Subagent, as agent for the investors, will subscribe on behalf of investors for Units and, subject to the General Partner's acceptance of such subscription and to the terms and conditions set out in this Prospectus and the Agency Agreement, will pay the subscription funds to the Partnership at Closing. See the Subscription Agreement and Power of Attorney attached as Schedule B to the Partnership Agreement included in this Prospectus.

THE ACCEPTANCE BY THE GENERAL PARTNER OF AN INVESTOR'S SUBSCRIPTION, AS AFORESAID, WHETHER IN WHOLE OR IN PART, CONSTITUTES A SUBSCRIPTION AGREEMENT BETWEEN THE INVESTOR AND THE PARTNERSHIP UPON THE TERMS AND CONDITIONS SET OUT IN THE PROSPECTUS AND IN THE PARTNERSHIP AGREEMENT, whereby the investor, among other things: (a) provides certain information to the General Partner, including such investor's full name, residential address or address for service, social insurance number or corporation account number, as the case may be, and the name and registered representative number of the representative of the Agent (or if applicable Subagent) responsible for such subscription; (b) acknowledges that he is bound by the terms of the Partnership Agreement and is liable for all obligations of a Limited Partner thereunder; (c) makes certain representations and warranties as to matters set out in the Partnership Agreement and as summarized below; (d) irrevocably nominates, constitutes and appoints the General Partner as his true and lawful attorney with full power and authority as set out in the Partnership Agreement; and (e) irrevocably authorizes the General Partner to file all elections deemed necessary or desirable by the General Partner to be filed under the *Tax Act* and any other applicable tax legislation in respect of any Reorganization Transaction or the dissolution of the Partnership.

The Partnership Agreement includes representations and warranties on the part of the investor, including that he: (a) is not a "non-resident" of Canada for the purposes of the *Tax Act* and will maintain such status during such time as he continues to hold Units; (b) has not financed the subscription price for the Units through financing or other indebtedness for which recourse is or is deemed to be limited within the meaning of the *Tax Act*; (c) is not a partnership; and (d) (unless he has provided written notice to the General Partner to the contrary) is not a "financial institution" as defined in subsection 142.2(1) of the *Tax Act* and will continue to not be such a "financial institution" during such time as he continues to hold Units. See "Summary of the Partnership Agreement – Units" and see the form of Subscription Agreement and Power of Attorney attached as Schedule B to the Partnership Agreement included in this Prospectus that will be completed by the Agent (or as applicable Subagent) on behalf of and as agent for investors.

The foregoing subscription agreement shall be evidenced by delivery of the Prospectus to the investor, provided that the subscription has been accepted by the General Partner on behalf of the Partnership. An investor whose subscription is accepted by the General Partner will become a Limited Partner of the Partnership upon such investor being entered in the Register of Limited Partners maintained by the General Partner and the Declaration (as hereafter defined) being amended to add the investor as a Limited Partner in such Declaration.

In addition to the general right of the General Partner to accept or reject subscriptions under this Offering in whole or in part, the General Partner will deny subscriptions from investors who, to its knowledge, are "non-residents" of Canada for the purposes of the *Tax Act*, or have financed the subscription price of Units with indebtedness for which recourse is, or is deemed to be, limited for the purposes of the *Tax Act*, or who are partnerships. The General Partner may also deny subscriptions by investors who, to its knowledge, are financial institutions within the meaning of the *Tax Act* if, as a result thereof, such financial institutions would own 45% or more of the Units of the Partnership.

If a subscription is withdrawn or is not accepted by the General Partner, monies received but not applied towards the subscription price shall be returned to the investor without interest or deduction within 15 days following such withdrawal or rejection.

All of the Units which are issued at a Closing will be issued in registered form to the Agent (or if applicable Subagent) in accordance with the Book-Based System (as hereafter defined). It is anticipated a global certificate will be issued in the name of CDS (as hereafter defined) in accordance with the Book-Based System. Investors will not receive certificates in respect of the Units purchased by them and will not be entitled to any receipt or other instrument from the General Partner or from CDS in respect of their investment. Investors whose subscriptions are accepted will, however, receive a customer confirmation from the Agent or applicable Subagent through whom the Units are purchased.

The Partnership expects to maintain the Book-Based System throughout the term of the Partnership. Accordingly, a holder of Units that desires to transfer his Units may do so only through a CDS Participant, and then subject to the provisions of the Partnership Agreement as summarized herein under "Summary of Partnership Agreement –

Transfer of Units". So long as the Partnership maintains the Book-Based System, transferees of Units will not receive certificates in respect of the Units purchased by them and neither the transferor nor transferee will be entitled to any receipt or other instrument from the General Partner or from CDS in respect of such transfers. The transferors and transferees will, however, receive a customer confirmation from the CDS Participant through whom the Units are sold and purchased, respectively.

There may be time delays in the recording of information by CDS and/or CDS Participants and the provision of such information to the General Partner and/or vice versa. However, in accordance with the Partnership Agreement, the General Partner will ensure that, as at the last day of December for each year the Partnership is in existence, the Register and the Declaration is accurate and complete with respect to all Limited Partners who are Limited Partners as at such date.

If CDS or a successor thereof ceases to be a clearing agency or otherwise ceases to be eligible to be a depository, or if at any time the General Partner determines in its sole discretion to withdraw the Units from the Book-Based System, certificates representing Units will be issued, upon request, to Limited Partners in the amounts of their respective holdings of Units as of the effective date of such termination unless the applicable CDS Participant makes alternative arrangements.

Conditions of Closing

The Offering of Units will close if:

- (a) on the date of the Initial Closing, subscriptions for at least 300,000 Units are accepted by the General Partner,
- (b) all contracts described under "Material Contracts" have been executed and delivered to the Partnership and are valid and subsisting; and
- (c) all other conditions specified in the Agency Agreement for the Closing have been satisfied or waived and the Agent has not exercised any right to terminate the Offering.

Closings subsequent to the Initial Closing will occur only when all conditions specified in the Agency Agreement with respect to such subsequent Closings have been satisfied or waived, but such subsequent Closings will not be subject to any minimum number of Units to be sold at such Closing. Any Closings subsequent to the Initial Closing will be held at the discretion of the Partnership in consultation with the Agent on a date mutually agreed to by the Partnership and the Agent, but in any event not later than December 31, 2005.

Use of Proceeds

The gross proceeds of the Offering will be \$6,000,000 if the maximum Offering is completed and \$1,500,000 if the minimum Offering is completed. The General Partner intends to use such gross proceeds and borrowings under the Loan Facility as follows:

	Maximum Offering	Minimum Offering
Gross Proceeds of the Offering	\$6,000,000	\$1,500,000
Maximum borrowings under the Loan Facility ⁽¹⁾	<u>540,000</u>	<u>205,000</u>
Subtotal	\$6,540,000	\$1,705,000
Agent's Fee ⁽²⁾	440,000	125,000
Offering Costs ⁽³⁾	<u>100,000</u>	<u>80,000</u>
Available Funds	\$6,000,000	\$1,500,000

(1) See "The Partnership – Loan Facility".

(2) The Partnership will pay the Agent a \$20,000 corporate finance fee (\$10,000 of which has been paid and \$10,000 of which is subject to the completion of the minimum Offering) and a commission of 7% of the gross proceeds of the Offering (\$0.35 per Unit).

(3) Offering Costs, including legal, accounting and printing expenses, regulatory filing fees and similar costs and expenses related to the Offering are estimated by the General Partner to be \$100,000 in the case of the maximum Offering and \$80,000 in the case of the minimum Offering.

The General Partner will use all reasonable efforts to invest all Available Funds in Flow-Through Shares on or before December 31, 2005. The General Partner expects to commit all Available Funds to purchase Flow-Through Shares on behalf of the Partnership pursuant to Flow-Through Agreements to be entered into between the General Partner and Resource Issuers, pursuant to which the applicable Resource Issuer will agree to incur and renounce to the Partnership, in an amount equal to the aggregate subscription price paid for the Flow-Through Shares acquired thereunder, expenditures in respect of resource exploration and development which qualify as CEE (including certain types of CDE which may be renounced as CDE) with an effective date not later than December 31, 2005. If any portion of the Available Funds have not been invested or committed by the Partnership by December 31, 2005, the uncommitted funds shall be returned, on a pro rata basis, to the Limited Partners of record on December 31, 2005 by January 31, 2006 or the Dissolution Date, whichever is earlier, without interest or deduction. See "The Partnership - The Investment".

Pending the application of the proceeds of the Offering as set forth above, the proceeds of the Offering will, at each Closing, be paid to the Partnership, deposited in its bank account and managed on behalf of the Partnership by the General Partner and all funds not applied to the purposes described above will be then invested in High Quality Liquid Investments pending their investment in Flow-Through Shares. Interest earned by the Partnership from time to time after each Closing on funds of the Partnership will accrue to the benefit of the Partnership. Interest accruing to the benefit of the Partnership prior to December 31, 2005 will form part of the Available Funds to be invested and interest accruing thereafter may be used to pay Partnership expenses or for other investments in Flow-Through Shares or other securities of Resource Issuers.

RISK FACTORS

In addition to the factors set forth elsewhere in this Prospectus, investors should consider the following risk factors before purchasing Units. Any, all or a portion of these risks, or other as yet unidentified and unforeseen risks may have a materially adverse effect on all or any of the Partnership, the Resource Issuers in which the Available Funds are invested, the Units, the potential tax benefits of an investment in the Units and returns to investors.

The Partnership recommends that prospective investors review this Prospectus in its entirety and consult with their own independent legal, tax, investment and financial advisors to assess the appropriateness of an investment in Units given their particular financial circumstances and investment objectives, prior to purchasing any Units.

Blind Pool - Speculative Nature of Investment

This is a blind pool offering. The Units are speculative as are the Flow-Through Shares and other securities of Resource Issuers in which Available Funds will be invested. There is no assurance of a positive, or any, return on an investment in Units. The purchase of Units involves a number of significant risk factors and is suitable only for investors who are in high marginal income tax brackets, who are aware of the inherent risks in resource exploration and development, who are able and willing to risk a total loss of their investment and who have no immediate need for liquidity.

Marketability of Units

Although the Units are transferable subject to certain restrictions contained in the Partnership Agreement, there is no market through which the Units may be sold and none is expected to develop. Purchasers may not be able to resell Units purchased under this Prospectus and may not be able to transfer the tax benefits related to the Flow-Through Shares to be purchased by the Partnership.

Reorganization Transaction

In order to provide potential liquidity to investors for their Units, the General Partner currently intends to propose to the Limited Partners, at a meeting to be held on or about June 30, 2006, one or more alternative Reorganization Transactions as discussed herein under "The Partnership - Reorganization Transaction". However, there is no assurance that a suitable Reorganization Transaction will be proposed by the General Partner or, if proposed, be approved by Ordinary Resolution of the Limited Partners, or, if approved, that any such Reorganization Transaction will receive the necessary regulatory approvals. See also "Canadian Federal Income Tax Considerations - Dissolution of the Partnership and Reorganization Transactions".

Reliance on the General Partner and Investment Manager

Limited Partners must rely entirely on the expertise of the General Partner and the Investment Manager in entering into any Flow-Through Agreements with Resource Issuers, in determining (in accordance with the Partnership's investment objectives and strategy and the Investment Guidelines) the composition of the Portfolio of securities of Resource Issuers to be owned by the Partnership, and in determining if, when and on what terms to dispose of Flow-Through Shares and other securities owned by the Partnership.

In making investments in Resource Issuers the General Partner, on behalf of the Partnership and in consultation with the Investment Manager, will consider: (a) the experience of management; (b) the past production, exploration results and financial condition of the investee Resource Issuer; (c) pricing of the Flow-Through Shares and the relative value, liquidity and potential for growth in value of such Shares; and (d) where available, engineering reports and other information relating to the exploration program to be conducted by the Resource Issuer. However, Flow-Through Shares may be issued to the Partnership at prices greater than the market prices of comparable ordinary common shares not qualifying as Flow-Through Shares and Limited Partners must rely entirely on the discretion, knowledge and expertise of the General Partner and the Investment Manager in negotiating the pricing of those Flow-Through Shares. Further, engineering reports may not be available with respect to any particular Resource Issuer or exploration program of such Resource Issuer or, if available, may not be prepared by independent mining or petroleum engineers and, therefore, an engineering report will not necessarily be a condition or requirement of the Partnership's investment in Flow-Through Shares of any particular Resource Issuer.

Flow-Through Agreements

As of the date hereof, the Partnership has not entered into any Flow-Through Agreements or other agreements to acquire Flow-Through Shares or selected Resource Issuers in which to invest and, generally, the Partnership will not have entered into any Flow-Through Share Agreements and/or committed any funds to acquire Flow-Through Shares until on or after the Initial Closing. However, the Partnership may enter into Flow-Through Agreements with one or more Resource Issuers prior to the Initial Closing provided such agreements will be conditional upon the completion of the Initial Closing.

There can be no assurance that the General Partner and Investment Manager will, on behalf of the Partnership, be able to identify a sufficient number of Resource Issuers willing to issue Flow-Through Shares to permit the Partnership to commit all Available Funds to purchase Flow-Through Shares by December 31, 2005. Also, although

the General Partner anticipates that the Partnership's investment Portfolio will be weighted towards Mining Issuers with exploration activities in Saskatchewan which will be eligible for Federal and Saskatchewan Provincial ITCs, with the objective of maximizing the tax benefits to investors, there is no requirement or assurance that the Available Funds will be allocated in the 75% - 25% ratio assumed in the tables include in this Prospectus under the heading "Selected Financial Matters for Limited Partners".

If a portion of the Available Funds is uncommitted by December 31, 2005, the uncommitted funds will be distributed to the Limited Partners of record on December 31, 2005, on a *pro rata* basis, no later than January 31, 2006. If uncommitted funds are returned in this manner, the amount of deductions the Limited Partners will be able to claim for income tax purposes will be correspondingly reduced.

Dilution

The Net Asset Value per Unit may at any time or from time to time be less, or may be greater, than the subscription price for the Units hereunder. The extent to which the Net Asset Value per Unit is less, or may be greater, than the subscription price will depend on a variety of factors, including whether or not the Partnership acquires Flow-Through Shares at a premium or discount to market prices and changes in the value of the Partnership's Portfolio.

No Dividends or Cash Distributions

The Partnership does not expect to pay, but, subject to the terms of the Loan Facility, is not precluded from paying, dividends or other cash distributions to Limited Partners prior to the dissolution of the Partnership.

Tax-Related Risks

An investor's return on investment in the Units is, to a significant degree, dependant on income tax considerations. Potential, tax related risks that could materially adversely affect the tax consequences to investors from those otherwise anticipated or discussed in this Prospectus include, without limitation, the following:

- (a) The Flow-Through Agreements to be entered into on behalf of the Partnership are expected to include the agreement of the investee Resource Issuer to incur, in an amount equal to the subscription price for the Flow-Through Shares purchased by the Partnership thereunder, CEE that will be renounced in favour of the Partnership with an effective date in 2005. Generally, however, the subscription price for the Flow-Through Shares will be released to the investee Resource Issuer before such CEE is incurred or renounced. There is a risk that any particular Resource Issuer will not incur and/or renounce CEE to the Partnership in an amount equal to the subscription price paid by the Partnership to such Resource Issuer and/or a risk that the expenditures incurred by such Resource Issuer will not qualify as CEE. Therefore, there is a risk that the aggregate CEE incurred and/or renounced by all Resource Issuers in which the Partnership invests Available Funds may be less than the Available Funds invested by the Partnership; resulting in a materially adverse effect on an investor's after-tax return on an investment in the Units. Certain Flow-Through Agreements may provide that if a Resource Issuer fails to incur and renounce CEE equal to the subscription price for the Flow-Through Shares the Resource Issuer will indemnify the Partnership, or the Limited Partners, for the additional tax payable by the Limited Partners or for other losses or damages resulting from such failure. There is no assurance, however, that any of the Flow-Through Agreements entered into by the General Partner will contain such provisions or that such provisions would be enforceable. Additionally, the benefits associated with investments by the Partnership in other Flow Through Funds may be less than the expected tax and other benefits from investing in Resource Issuers that are themselves directly active in resource exploration and development or in alternative energy distribution.
- (b) The tax consequences to any particular investor may vary significantly from the tax consequences expected to apply to investors generally as contemplated in this Prospectus due to such particular investor's own personal circumstances. An investment in Units may be more suitable for investors in higher marginal income tax brackets as the after-tax value of Losses or CEE allocated to Limited Partners will generally be greater for such investors. Investors who are resident of, and/or who otherwise pay provincial income tax in, Saskatchewan, and who may utilize the Saskatchewan Provincial ITCs associated with the Partnership's investment in Flow-Through Shares of Resource Issuers engaged in specified surface "grass roots" mineral exploration in

Saskatchewan, may be expected to benefit more than investors who are not a resident of, and/or do not otherwise pay provincial income taxes in, Saskatchewan as such investors, generally, will not be able to utilize Saskatchewan Provincial ITCs. Tax consequences may also vary as a result of the application of “at risk”, “alternative minimum tax”, “reasonable expectation of profits proposals” and other provisions discussed in this Prospectus.

- (c) The tax consequences to investors may vary significantly depending on the particular Resource Issuers, or resource sector, in which Available Funds are invested as the ITCs are generally available only with respect to certain specified surface “grass roots” mineral exploration and the Saskatchewan Provincial ITC in particular, is available only with respect to mineral exploration at locations in Saskatchewan. The tables in this Prospectus under “Selected Financial Matters for Limited Partners” assume, among other things, that 75% of Available Funds will be invested in Mining Issuers with mineral explorations in Saskatchewan and with the balance of Available Funds invested in other Resource Issuers in respect of activities that do not qualify for ITCs. There is, however, no assurance that the Available Funds will be allocated to and between Resource Issuers in this manner and, therefore, ITCs may be less (or greater) than the ITCs described in such tables.
- (d) There is no assurance that a Loan Facility will be established in an amount equal to the full amount of Agent’s Fees and other Offering Costs incurred by the Partnership in respect of the Offering, or that monies under such Loan Facility will be advanced on a sufficiently timely basis to invest the full amount of Available Funds contemplated by this Prospectus to be invested in Flow-Through Shares on or prior to December 31, 2005.
- (e) Federal or provincial income tax legislation may be amended, or its interpretation changed, so as to fundamentally alter the tax consequences of acquiring, holding or disposing of Units.
- (f) There is a possibility that investors will receive allocations of income (including taxable capital gains) from the Partnership without receiving a corresponding cash distribution to satisfy any resulting tax liability. In particular, if the Partnership sells Flow-Through Shares from its Portfolio for reinvestment purposes or to fund Partnership expenses, it will realize a capital gain (one-half of which would normally be a taxable capital gain) substantially equal to the sale proceeds because the Flow-Through Shares acquired for the Partnership’s Portfolio will generally have a nil cost for tax purposes.
- (g) If an investor finances the subscription price of his Units with a borrowing or other indebtedness that is, or is deemed under the *Tax Act* to be, a limited recourse financing, the tax benefits of the investment to such Limited Partner, and possibly to other Limited Partners, will be adversely affected.
- (h) The tax shelter identification number in respect of the Partnership is •. The identification number for this tax shelter must be included in any income tax return filed by an investor. The issuance of the identification number is for administrative purposes only and does not in any way confirm the entitlement of an investor to claim any tax benefits associated with the tax shelter.

Investors are advised to consult their own tax and other professional advisors to assess the income tax and other tax implications of the investment before investing in Units.

Concentration Risk

The Partnership expects to invest the Available Funds predominantly in Flow-Through Shares of junior and intermediate Resource Issuers engaged in mineral or oil and gas exploration in Canada, with the focus on Resource Issuers with exploration programs in Saskatchewan. Concentrating its investment in this manner may result in the value of the Units fluctuating to a greater degree than if the Partnership invested in a broader spectrum of issuers or in issuers with a broader geographical diversification of their activities. While an investment strategy with less emphasis on the resource sector and with less emphasis on Mineral Issuers engaged in specified surface “grass roots” exploration programs in Saskatchewan might reduce the potential for or extent of fluctuations in the value of

the Units, such an investment strategy would not provide the potential tax benefits to investors which are among the Partnership's principal investment objectives.

Size of Offering

The size of the Offering will directly affect the degree of diversification of the Portfolio of Flow-Through Shares held by the Partnership and may affect the scope of investment opportunities available to the Partnership.

Marketability of Underlying Securities

The value of Units will vary in accordance with the value of the securities acquired by the Partnership and in some cases the value of securities owned by the Partnership may be affected by such factors as investor demand, resale restrictions, general market trends or regulatory restrictions. Fluctuations in the market values of such securities may occur for a number of reasons beyond the control of the General Partner or the Partnership and there is no assurance that an adequate market will exist for securities acquired by the Partnership. Up to 5% of the Available Funds may be invested in securities of non-reporting issuers which are subject to continuing resale restrictions and up to 5% of Available Funds may be invested in Flow-Through Shares of Alternative Energy Issuers. The securities of non-reporting issuers may not be sold by the Partnership unless an exemption is available under applicable securities laws and securities of Alternative Energy Issuers may, regardless of whether or not the issuer is a reporting issuer, be expected to be relatively illiquid compared to securities of Mining Issuers or Oil and Gas Issuers. These securities, if distributed to Limited Partners in connection with a dissolution of the Partnership may be subject to the same resale restrictions or liquidity risks.

More generally, many of the securities held by the Partnership, regardless of the industry sector in which the issuer conducts business and including those listed and not subject to resale restrictions, may be relatively illiquid and may decline in price if a significant number of shares are offered for sale.

Loan Facility

It is expected that any borrowings under the Loan Facility, including both principal and interest thereon, will be repayable in priority to any cash distributions to Limited Partners.

Risks Associated with Resource Issuers

In general, the business of the Partnership will be to make investments in Resource Issuers. The business activities of Resource Issuers are typically speculative and may be adversely affected by sector specific risk factors, outside the control of the Resource Issuers, which may ultimately have an impact on the Partnership's investments in such companies' securities. Risks associated with the resource sector include, without limitation, the following:

- (a) the business of exploring for minerals and/or oil and gas involves a high degree of risk, many of which risks are beyond the control of the relevant Resource Issuer. Many of the Resource Issuers that the Partnership invests in may not hold, discover or successfully exploit commercial quantities of minerals, petroleum or natural gas and/or may not have a history of earnings or payment of dividends;
- (b) the marketability of natural resources which may be acquired or discovered by a Resource Issuer will be affected by numerous factors which are beyond the control of such Resource Issuer. These factors include market fluctuations in the price of minerals, petroleum and/or natural gas, as applicable, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of materials and environmental protection. The exact effect of these factors cannot be accurately predicted, but any one or a combination of these factors could result in a Resource Issuer not receiving an adequate return for shareholders;
- (c) a Resource Issuer may become subject to liability for pollutions, cave-ins or other hazards against which it cannot insure or against which it may elect not to insure. Such liabilities may have a material, adverse effect on such Resource Issuer's financial position and on the value of the securities of such Resource Issuer held as part of the Partnership's investment Portfolio;

- (d) a Resource Issuer's operations are subject to government legislation, policies and controls relating to prospecting, land use, trade, environmental protection, taxation, rate of exchange, return of capital and labour relations. A Resource Issuer's property interests may be located in foreign jurisdictions, and its exploration operations in such jurisdictions may be affected in varying degrees by the extent of political and economic stability, and by changes in regulations or shifts in political or economic conditions that are beyond the control of the Resource Issuer. Such factors may adversely affect the Resource Issuer's business and/or its property holdings. Although a Resource Issuer's exploration activities may be carried out in accordance with all applicable rules and regulations at any point in time, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the Resource Issuer's operations. Amendments to current laws and regulations governing the operations of a Resource Issuer or more stringent enforcement of such laws and regulations could have a substantial adverse impact on the financial results of the Resource Issuer; and
- (e) a Resource Issuer's operations may be subject to environmental regulations enacted by government agencies from time to time. A breach of such legislation may result in the imposition on the Resource Issuer of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which has lead to stricter standards and enforcement and greater fines and penalties for non-compliance. The cost of compliance with government regulations may reduce the profitability of a Resource Issuer's operations.

Nominal Assets

While the General Partner has agreed to indemnify the Limited Partners in certain circumstances, the General Partner has nominal assets and it is unlikely that it will have sufficient assets to satisfy any claims pursuant to such indemnity.

Conflicts of Interest

The services of the officers and directors of the General Partner are not exclusive to either the General Partner or the Partnership and the services of the Investment Manager will not be exclusive to the Partnership. The officers and directors of the General Partner and their affiliates (other than the General Partner) may engage in the promotion or management of any other fund or partnership, including other funds, partnerships or other entities which invest in Flow-Through Shares. There is no obligation on the General Partner or the Investment Manager or their respective officers, directors, affiliates and associates to present any particular investment opportunity to the Partnership and such persons may recommend such investment opportunities to others and/or themselves invest in such opportunities. Affiliates of the General Partner and Investment Manager, and the officers and directors thereof, are not in any way limited or affected in their ability to carry on other business ventures for their own account and for the account of others and may be engaged in the ownership, acquisition and operation of businesses which compete with the Partnership, including acting as the general partner of other limited partnerships which are now or in the future may be in the same business as the Partnership. Conflicts may arise from time to time in allocating investment opportunities, timing investment decisions and exercising rights in respect of and otherwise dealing with such securities and issuers. Additionally, Mr. Tom MacNeill, who is the President and Chief Executive Officer, Chief Financial Officer, Secretary, a director and the sole shareholder of the General Partner, as well as being a promoter of the Partnership, is also an officer, director and shareholder of the proposed Investment Manager. As such, potential conflicts of interest may arise in the enforcement of the terms and conditions of the Partnership Agreement as it relates to the rights and obligations of the General Partner or in the enforcement of the terms and conditions of the Investment Management Agreement, whether such agreements are being enforced by or against the Partnership. The Partnership and the General Partner will address such conflicts of interest in accordance with the fiduciary duties and obligations of officers and directors pursuant to applicable corporate law and the similar, applicable duties and standard of care contemplated by the Partnership Agreement. Without limiting the generality of the foregoing, decisions and/or actions taken by the General Partner in the enforcement by or against the Partnership of the Investment Management Agreement will be taken on the recommendation of those directors and officers that do not have an interest in the Investment Manager. **Investors who are not willing to rely on the expertise, integrity, management skills and discretion of the General Partner, and the directors and officers thereof, should not purchase Units.**

Limited Liability of Limited Partners

Limited Partners may lose their limited liability in certain circumstances, including by taking part in the control of the business of the Partnership. Additionally, the principles of law in the various jurisdictions of Canada recognizing the limited liability of the limited partners of limited partnerships subsisting under the laws of one province but carrying on business in another province or territory have not been authoritatively established. If limited liability is lost, there is a risk that Limited Partners may be liable beyond their contribution and share of undistributed net income of the Partnership in the event of judgment on a claim in an amount exceeding the sum of the net assets of the General Partner and the net assets of the Partnership.

Limited Partners remain liable to return to the Partnership such part of any amount distributed to them as may be necessary to restore the capital of the Partnership to the amount existing before such distribution if, as a result of any such distribution, the capital of the Partnership is reduced and the Partnership is unable to pay its debts as they become due.

Forward-looking statements

This Prospectus contains forward-looking statements that involve risk and uncertainties. These forward-looking statements relate to, among other things, strategy, indicators and expectations for the mining and oil and gas sectors and Resource Issuers and other expectations, intentions and plans contained in this Prospectus that are not historical fact.

When used in this Prospectus, the words “expects”, “anticipates”, “intends”, “plans”, “may”, “believes”, “seeks”, “estimates”, “appears” and similar expressions generally identify forward-looking statements. These statements reflect the General Partner’s current expectations. They are subject to a number of risks and uncertainties, including, but not limited to, changes in the global economy, changes in general economic and business conditions, existing governmental regulations, supply, demand and other market factors. In light of the many risks and uncertainties surrounding the resource sector, the forward-looking statements contained in this Prospectus may not be realized.

ELIGIBILITY FOR INVESTMENT

In the opinion of McKercher McKercher & Whitmore LLP, counsel to the General Partner and the Partnership, the Units are not qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans. There may be adverse tax consequences where Units are purchased within registered or other tax-deferred plans. Each prospective investor should consult his own tax advisor regarding the income tax consequences of investing in the Partnership.

MATERIAL CONTRACTS

The material contracts that have been entered into by the Partnership since its formation, or will be entered into as a condition of Closing the Offering, other than contracts entered into in the ordinary course of business, are as follows:

- (a) the Partnership Agreement referred to under “Summary of the Partnership Agreement”, the form of which is attached to this Prospectus;
- (b) the Agency Agreement referred to under “Details of the Offering - Plan of Distribution”; and
- (c) the Investment Management Agreement referred to under “The Investment Manager”.

Copies of the Agency Agreement and the proposed form of the Investment Management Agreement may be inspected during normal business hours at the head office of the General Partner at 620 – 224 4th Avenue South, Saskatoon, Saskatchewan, S7K 1M5 throughout the period of distribution and for 30 days thereafter.

PROMOTERS

49 North Resource Fund Inc. and its founder, Mr. Tom MacNeill, may be considered as promoters of the Partnership by reason of their initiative in forming and establishing the Partnership and taking the steps necessary

for the public distribution of the Units. The promoters will not receive any benefits, directly or indirectly, from the issuance of Units offered hereunder other than as described herein. See especially "Fees and Expenses Payable by the Partnership".

LEGAL MATTERS

Certain legal matters in connection with the offering of the Units will be passed upon on behalf of the Partnership and the General Partner by McKercher McKercher & Whitmore LLP and on behalf of the Agents by McDougall Gauley LLP.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Partnership and the General Partner are Hergott Duval Stack & Partners LLP, 1200 – 410 22nd Street East, Saskatoon, Saskatchewan, S7K 5T6. The General Partner, at 620 - 224 - 4th Avenue South, Saskatoon, Saskatchewan, S7K 1M5, is the transfer agent and registrar for the Partnership.

CUSTODIAN ARRANGEMENTS

The Partnership intends to have the General Partner act as custodian of its Portfolio.

PURCHASER'S STATUTORY RIGHTS

Subject to certain time limitations set out below, a Subscriber for securities hereunder has certain statutory rights under the *Securities Act*. Those rights include:

- (a) subsection 79(3) - the right to withdraw from an agreement to purchase the securities by giving written notice to the seller within two business days after receipt of this Prospectus or any amendment thereto;
- (b) subsection 137(1) - a right of action for rescission or for damages where this Prospectus or any amendment thereto contains a misrepresentation;
- (c) subsection 138.2(1) - a right of action for damages where an individual makes a verbal statement to a prospective purchaser of a security that contains a misrepresentation relating to the securities being purchased;
- (d) subsection 141(1) - a right to void the purchase agreement and recover the purchase price if the securities are sold in contravention of the *Securities Act*, the regulations to the *Securities Act* or a decision of the Saskatchewan Financial Services Commission; and
- (e) subsection 141(2) - a right of action for rescission or damages if the Prospectus is not delivered to the Subscriber as required by subsection 79(1) of the *Securities Act*.

A Subscriber should refer to the provisions of the *Securities Act* for particulars of these rights or consult with a lawyer.

Statutory rights of action must be exercised within certain time periods. Those time periods are:

- (a) an action for rescission must be started within 180 days of the date of the transaction that gave rise to the action;
- (b) an action for damages must be started by the earlier of one year after the purchaser first had knowledge of the facts giving rise to the action or six years after the date of the transaction that gave rise to the action.

AUDITORS' CONSENT

We have read the prospectus of 49 North Resource Flow-Through Limited Partnership (the "Partnership") dated ●, 2005 relating to the issue and sale of limited partnership units of the Partnership. We have complied with Canadian generally accepted standards for auditors' involvement with offering documents. We consent to the use in the above-mentioned prospectus (i) of our report to the directors of 49 North Resource Fund Inc. in its capacity as general partner of the Partnership on the balance sheet of the Partnership as at July 20, 2005, and (ii) of our report to the directors of 49 North Resource Fund Inc. on the balance sheet of 49 North Resource Fund Inc. as at July 20, 2005. Our reports are dated July 20, 2005 (except note 5 which is dated ●, 2005) and July 20, 2005 respectively.

Saskatoon, Saskatchewan
●, 2005

(signed)_____

Chartered Accountants

FINANCIAL STATEMENTS OF 49 NORTH FLOW-THROUGH LIMITED PARTNERSHIP

Auditors' Report

To the Board of Directors of
49 North Resource Fund Inc.,
the General Partner of

49 North Resource Flow-Through Limited Partnership

We have audited the balance sheet of 49 North Resource Flow-Through Limited Partnership as at July 20, 2005. This financial statement is the responsibility of the General Partner's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, this financial statement present fairly, in all material respects, the financial position of the Partnership as at July 20, 2005 in accordance with Canadian generally accepted accounting principles.

Saskatoon, Saskatchewan
July 20, 2005
(except note 5 which is dated • , 2005)

(signed) _____

Chartered Accountants

Financial Statements

49 NORTH RESOURCE FLOW-THROUGH LIMITED PARTNERSHIPBALANCE SHEETJULY 20, 2005ASSETS

Current Assets

Cash

\$ 10PARTNERS' CAPITAL

Issued and fully paid

Initial limited partner

\$ 5

General partner

5\$ 10

Approved on behalf of 49 North Resource Flow-Through Limited Partnership by the Board of Directors of its
General Partner, 49 North Resources Fund Inc.

signed "Tom MacNeill"
Director

signed "James Engdahl"
Director

Notes to Financial Statements

49 NORTH RESOURCE FLOW-THROUGH LIMITED PARTNERSHIP**JULY 20, 2005****1. Formation of partnership**

49 North Resource Flow-Through Limited Partnership (the "Partnership") was formed under a limited partnership agreement (the "Partnership Agreement") made July 19, 2005 between 49 North Resource Fund Inc., as general partner (the "General Partner"), and T&N Holdings Inc., as initial limited partner (the "Initial Limited Partner") and was constituted a limited partnership under the laws of Saskatchewan upon the filing of a declaration of limited partnership pursuant to *The Partnership Act* (Saskatchewan) and *The Business Names Registration Act* (Saskatchewan) effective July 20, 2005. Upon the formation of the Partnership each of the General Partner and Initial Limited Partner contributed \$5 to the capital of the Partnership and the Initial Limited Partner was issued 1 unit in the Partnership. The Partnership is authorized to issue, in addition to the 1 unit issued to the Initial Limited Partner, not more than 1,200,000 Units. The first fiscal year of the Partnership ends December 31, 2005 and fiscal years will end December 31 in each year thereafter until the Partnership is dissolved.

The Partnership has been formed to invest in a diversified portfolio of flow-through shares of resource issuers including, without limitation, resource issues engaged in mineral or oil and gas exploration and development, with the focus on resource issuers with exploration programs in Saskatchewan; and with a view to achieving capital appreciation of the portfolio and maximizing the tax benefits for investors who become Limited Partners of the Partnership.

Subject to certain exceptions as provided in the Partnership Agreement, the Partnership will be dissolved effective March 31, 2007.

2. Allocation of income and loss

Pursuant to the Partnership Agreement, 99.99% of the net income or net loss of the Partnership in each fiscal year, and 100% of Canadian exploration expenses renounced or otherwise allocated to the Partnership with an effective date in that fiscal year, will be allocated pro rata among the Limited Partners who were Limited Partners of the Partnership on the last day of such fiscal year, and 0.01% of such net income or loss will be allocated to the General Partner.

3. Net asset value of the Partnership and net asset value per unit

The Net Asset Value of the Partnership is determined by adding up the assets of the Partnership and subtracting the liabilities of the Partnership. The Net Asset Value per Unit of the Partnership as of any particular date is determined by dividing the Net Asset Value of the Partnership by the total number of Units outstanding on that date.

4. Expenses of the Partnership

The General Partner will be responsible for the management of the Partnership in accordance with the terms and conditions of the Partnership Agreement. The General Partner will be entitled to 0.01% of the net income of the Partnership. Additionally, pursuant to the Partnership Agreement, for each fiscal quarter, the General Partner (and/or such investment manager as may be engaged by the General Partner on behalf of the Partnership) will be paid management fees equal to 0.5% of the Net Asset Value of the Partnership calculated

on the last business day of the relevant fiscal quarter; and may be paid a performance bonus, calculated effective as of the earlier of the business day prior to the implementation of a reorganization transaction and the date the Partnership is dissolved, in an amount in respect of each Unit then outstanding equal to 20% of the amount, if any, by which the sum of the Net Asset Value per Unit as of that date and all distributions per Unit on or prior to that date exceeds \$5.50.

The General Partner will be reimbursed for certain expenses incurred in the performance of its duties, including professional fees.

5. Subsequent events

The Partnership filed a final prospectus dated ●, 2005 in the Province of Saskatchewan for an initial public offering of a minimum of 300,000, and a maximum of 1,200,000 Units with gross proceeds between \$1,500,000 and \$6,000,000. The expenses of the offering are estimated to be \$80,000 in the case of the minimum offering and \$100,000 in the case of the maximum offering. The Agent for the offering will be paid a commission equal to 7% of the selling price for each Unit issued thereunder together with a corporate finance fee of \$20,000, \$10,000 of which is conditional upon completion of the minimum offering.

FINANCIAL STATEMENTS OF 49 NORTH RESOURCE FUND INC.**Auditor's Report**

To the Board of Directors of
49 North Resource Fund Inc.

We have audited the balance sheet of 49 North Resource Fund Inc. as at July 20, 2005. This financial statement is the responsibility of the company's management. Our responsibility is to express an opinion on this financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, this financial statement present fairly, in all material respects, the financial position of the company as at July 20, 2005 in accordance with Canadian generally accepted accounting principles.

Saskatoon, Saskatchewan
July 20, 2005

(signed) _____

Chartered Accountants

Financial Statements

49 NORTH RESOURCE FUND INC.BALANCE SHEETJULY 20, 2005ASSETS

Investment in 49 North Resource Flow-Through Limited
Partnership, at cost

\$ 5SHAREHOLDER'S EQUITY

Share Capital
Authorized
An unlimited number of common shares
Issued and fully paid
100 common shares

\$ 5

Note: There were no transactions of an income or expense nature during the period.

signed "Tom MacNeill"
Director

signed "James Engdahl"
Director

Notes to Financial Statements

49 NORTH RESOURCE FUND INC.**JULY 20, 2005****1. Nature of business**

49 North Resource Fund Inc. (the "Company") was incorporated under *The Business Corporations Act* (Saskatchewan) on October 13, 2004 under the name 101062093 Saskatchewan Ltd. and amended its articles May 11, 2005 to change its name to 49 North Resource Fund Inc. The primary business activity of the Company is to manage and act as the general partner of 49 North Resource Flow-Through Limited Partnership (the "Partnership") a Saskatchewan limited partnership, the primary business of which is to invest in flow-through shares of entities that have resource operations in Canada, with a focus on entities with such resource operations at locations in Saskatchewan.

2. Material contracts

The Company is responsible for the management of the Partnership in accordance with the terms of a limited partnership agreement made July 19, 2005 between the Company, as general partner, and T&N Holdings Inc. as initial limited partner. Pursuant to that agreement 0.01% of the net income or loss of the Partnership in each fiscal year is allocated to the Company. Additionally, the agreement provides that the Company is entitled, for each fiscal quarter of the Partnership, to be paid management fees, in aggregate, equal to 0.5% of the Net Asset Value of the Partnership calculated as of the last business day of the relevant fiscal quarter, and may be paid a performance bonus, calculated effective as of the earlier of the business day prior to the implementation of a reorganization transaction and the date the Partnership is dissolved, in an amount in respect of each Unit then outstanding equal to 20% of the amount, if any, by which the sum of the Net Asset Value per Unit as of that date and all distributions per Unit on or prior to that date exceeds \$5.50. Such management fees and performance bonus, if any, may be reduced by the amount of compensation payable by the Partnership to an investment manager that may be engaged by the Company on behalf of the Partnership.

CERTIFICATE OF THE PARTNERSHIP (BY ITS GENERAL PARTNER) AND PROMOTER

Dated: July 27, 2005

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this preliminary Prospectus dated July 27, 2005 as required by Part XI of *The Securities Act, 1988* (Saskatchewan) and the regulations thereunder.

signed "Tom MacNeill"
Chief Executive Officer and Chief Financial Officer
49 North Resource Fund Inc, as General Partner of
49 North Resource Flow-Through Limited Partnership

On Behalf of the Board of Directors of
49 North Resource Fund Inc, as General Partner of
49 North Resource Flow-Through Limited Partnership

signed "James Engdahl"
Director

signed "Harvey Bay"
Director

On Behalf of the Promoter
49 North Resource Fund Inc.

signed "Tom MacNeill"
President

On Behalf of the Promoter
Tom MacNeill, personally

signed "Tom MacNeill"
Tom MacNeill

CERTIFICATE OF AGENT**Dated: July 27, 2005**

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this preliminary Prospectus dated July 27, 2005 as required by Part XI of *The Securities Act, 1988* (Saskatchewan) and the regulations thereunder.

UNION SECURITIES LTD.By: signed "John P. Thompson"

LIMITED PARTNERSHIP AGREEMENT made as of the 19th day of July, 2005

BETWEEN:

49 NORTH RESOURCE FUND INC., a corporation duly incorporated under the laws of Saskatchewan and having its principal place of business in Saskatoon, Saskatchewan,

(the “**General Partner**”)

- and -

T & N HOLDINGS INC., a corporation duly incorporated under the laws of Saskatchewan and having its principal place of business in Saskatoon, Saskatchewan,

(the “**Initial Limited Partner**”)

- and -

Each person who, from time to time, becomes a limited partner in accordance with the terms of this Agreement,

(hereinafter individually referred to as a “**Limited Partner**” and collectively referred to as the “**Limited Partners**”)

In consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 Definitions

Where used in this Agreement or any amendment hereto, the following terms shall, unless the context otherwise requires, have the following meanings, respectively, and grammatical variations of such terms shall be interpreted accordingly:

“**affiliate**” and “**associate**” have the meanings given those terms in the *Securities Act*.

“**Agent**” means the registered dealer or dealers engaged by the General Partner on behalf of the Partnership in connection with the Offering including, if applicable, any “**Subagents**” as defined in the Prospectus.

“**Available Funds**” has the meaning given that shall be given that term in the Prospectus.

“**Book-Based System**” means the system operated by or on behalf of CDS for recording holdings of securities by CDS Participants.

“**Business**” has the meaning given that term in Section 5.1.

“**Canadian Exploration Expense**” or “**CEE**” means “Canadian exploration expense” as defined in subsection 66.1(6) of the *Tax Act*, including, without limiting the generality of the foregoing but for greater certainty and for the purposes of this Agreement, “Canadian Development Expenses” (“**CDE**”) that may be renounced as CEE in accordance with subsection 66(12.601) of the *Tax Act*.

“**CDS**” means The Canadian Depository for Securities Limited or its nominee, which as at the date of this Prospectus is CDS & Co., or its successor thereto.

“CDS Participant” means a registered dealer or other financial intermediary participating in the CDS Book-Based System.

“Certificate” means a certificate of ownership as defined in Section 12.4.

“Cumulative CEE” or **“CCEE”** means cumulative Canadian exploration expenses as defined in subsection 66.1(6) of the *Tax Act*.

“Closing” means a closing of a sale of Units to investors under the Offering and **“Initial Closing”** means the first such Closing to occur.

“CRA” means the Canada Revenue Agency.

“Declaration” means the declaration registered under the *Partnership Act* and the *Registration Act* establishing the Partnership as a limited partnership pursuant to the laws of Saskatchewan, as from time to time amended.

“Dissolution Date” means the date on which the Partnership is dissolved which, subject to earlier dissolution on the terms set forth in this Agreement, shall be March 31, 2007, or such later date as determined by Extraordinary Resolution of the Limited Partners.

“Extraordinary Resolution” means a resolution passed by 66⅔% or more of the votes cast at a duly constituted meeting, or an adjournment thereof, of the Limited Partners called for the purpose of considering such resolution, or, alternatively, a written resolution signed in one or more counterparts by Limited Partners holding 66⅔% or more of the Units outstanding and entitled to vote on such resolution at a meeting.

“Fiscal Quarter” means the three month interim periods ending on the last day of March, June, September and December, respectively, in each Fiscal Year of the Partnership.

“Fiscal Year” means a fiscal year of the Partnership, which fiscal year shall end December 31 of each year during the term of the Partnership except in the year that the Partnership is dissolved, in which case the fiscal year shall end on the Dissolution Date.

“Flow-Through Agreement” means a subscription agreement to be entered into by the Partnership and a Resource Issuer pursuant to which the Partnership subscribes for Flow-Through Shares of a Resource Issuer and the Resource Issuer agrees to incur and renounce to the Partnership CEE in an amount equal to the subscription price for the Flow-Through Shares.

“Flow-Through Share” means a common share in the capital of a Resource Issuer (or a right, warrant, convertible debenture or other security convertible into common shares of a Resource Issuer) which qualifies as a “flow-through share” as defined in subsection 66(15) of the *Tax Act*.

“Founding Capital” has the meaning given that term in Section 4.1;

“General Partner” means 49 North Resource Fund Inc. or any other party who may become the general partner of the Partnership in place of or in substitution for 49 North Resource Fund Inc., from time to time, in each case until such general partner ceases to be the general partner of the Partnership under the terms of this Agreement;

“High Quality Liquid Investments” mean high quality money market instruments which are accorded the rating category of A-1 by Standard & Poors Rating Services, a division of The McGraw-Hill Companies, Inc. (“**Standard & Poors**”) or R-1 by Dominion Bond Rating Service; interest-bearing accounts of Canadian chartered banks or Canadian trust companies with assets in excess of \$15 billion; securities issued or guaranteed by the Government of Canada or by the government of any province of Canada or agency thereof; preferred shares with a remaining term of three years or less and having a rating of P-2 (Standard & Poors) or of PFD2 (Dominion Bond Rating Service) or better; or a money market mutual fund with similar quality constraints.

“**Income**” or “**Loss**” in respect of any Fiscal Year means, respectively, the net income or net loss of the Partnership for such Fiscal Year determined by the General Partner, including the amount of taxable capital gains or allowable capital losses from the disposition of capital property of the Partnership as determined by the General Partner, all in accordance with generally accepted accounting principles.

“**Initial Limited Partner**” means T & N Holdings Inc., a corporation pursuant to the *SBCA*.

“**Investment Guidelines**” means those guidelines attached hereto as Schedule “A”.

“**Investment Manager**” and “**Investment Management Agreement**” have the meaning given such terms, respectively in paragraph 7.2(e)(ii).

“**Investment Tax Credits**” or “**ITCs**” means non-refundable investment tax credits as defined in paragraph (a.2) of the definition of “investment tax credits” in subsection 127(9) of the *Tax Act* (“**Federal ITCs**”) and/or pursuant to *The Mineral Exploration Tax Credit Regulations* under *The Mineral Resources Act, 1985* (Saskatchewan) (“**Saskatchewan Provincial ITCs**” or “**METC**”).

“**Limited Partner**” means a person who is admitted to the Partnership as a limited partner, and remains a limited partner in the Partnership, in accordance with the provisions of this Agreement, the *Partnership Act* and the *Registration Act*.

“**Loan Facilities**” has the meaning given such term in paragraph 7.2(e)(i).

“**Management Fee**” has the meaning given that term in subsection 6.2(a).

“**Net Asset Value**” means the amount, as of any particular day, calculated by subtracting the aggregate amount of the Partnership’s liabilities from the aggregate of the Partnership’s assets on that date. The Net Asset Value of the Partnership will be calculated by the General Partner on each Valuation Date by subtracting the aggregate amount of the Partnership’s liabilities from the aggregate of the Partnership’s assets on that date. For this purpose, the Partnership’s assets will be valued as follows:

- (a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash received (or declared to holders of record on a date before the date as of which the Net Asset Value is being determined and to be received) and interest accrued and not yet received, shall be deemed to be the full amount thereof, provided that: (i) the value of any security which is a debt obligation which, at the time of acquisition, had a remaining term to maturity of one year or less shall be the amount paid to acquire the obligation plus the amount of any interest accrued on such obligation since the time of acquisition; (ii) interest accrued will include amortization over the remaining term to maturity of any discount or premium from the face value of an obligation at the time of its acquisition, and (iii) if the General Partner has determined that any such deposit, bill, demand note or account receivable is not worth the full amount thereof, the value thereof shall be deemed to be such value as the General Partner determines to be the fair value thereof;
- (b) the value of any security which is listed or traded upon a stock exchange shall be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price, (unless in the opinion of the General Partner such value does not reflect the value thereof and in which case the latest offer price or bid price will be used as determined by the General Partner), as at the Valuation Date on which the Net Asset Value is being determined, all as reported by any means in common use;
- (c) any market price reported in currency other than Canadian dollars shall be translated into Canadian currency at the prevailing rate of exchange, as determined by the General Partner, at the Valuation Date;

- (d) the value of any securities traded over-the-counter will be priced at the average of the latest bid and ask prices quoted by a major dealer in such securities unless a different fair market value is otherwise determined by the General Partner;
- (e) except as otherwise provided, assets, including restricted securities, for which no published market exists will be valued at cost unless a different fair market value is determined by the General Partner;
- (f) the value of any restricted securities (including securities subject to any hold period) shall be the lesser of:
 - (i) the value thereof based on reported quotations in common use; and
 - (ii) the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, multiplied by the percentage that the Partnership's acquisition cost was of the market value of such securities at the time of acquisition, provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restriction will be lifted is known;
- (g) the value of any security or property or other assets to which, in the opinion of the General Partner, the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair value thereof determined in good faith in such manner as the General Partner from time to time adopts.

"Net Asset Value per Unit" means the amount obtained by dividing the Net Asset Value as of a particular Valuation Date by the total number of Units outstanding on that date.

"Offering" means the initial public offering of Units as described in the Prospectus.

"Offering Costs" means corporate finance fees, commissions and like fees payable to the Agent as described in the Prospectus and other costs relating to the Offering including legal, accounting and printing expenses, regulatory filing fees and similar costs and expenses.

"Ordinary Resolution" means a resolution passed by more than 50% of the votes cast at a duly constituted meeting, or an adjournment thereof, of the Limited Partners, or, alternatively, a written resolution signed in one or more counterparts by Limited Partners holding more than 50% of the Units outstanding and entitled to vote on such resolution at a meeting.

"Partner" means any Limited Partner or the General Partner.

"Partnership" or **"Limited Partnership"** means the partnership formed by the General Partner and the Initial Limited Partner under the terms of this Agreement and constituted a limited partnership pursuant to the laws of Saskatchewan upon the filing of the Declaration under the *Partnership Act* and the *Registration Act*.

"Partnership Act" means *The Partnership Act* (Saskatchewan), as amended from time to time.

"Partnership Capital" means the Founding Capital plus the amount of capital of the Partnership which is raised pursuant to subscriptions for Units under the Offering.

"Performance Bonus" has the meaning given that term in subsection 6.2(b).

"Portfolio" has the meaning given that term in Section 5.1.

“Prime Rate” means the rate of interest expressed as an annual rate which the Royal Bank of Canada quotes from time to time as the reference rate of interest (commonly known as prime) for the purpose of determining the rate of interest that it charges to its commercial customers in Canada for loans in Canadian funds.

“Prospectus” means the final prospectus of the Partnership relating to the Offering, including any amendments thereto.

“Register” and **“Registrar and Transfer Agent”** have the meanings given those terms, respectively, in Section 9.3.

“Registration Act” means *The Business Names Registration Act* (Saskatchewan), as amended from time to time.

“Related Corporation” means a company that is related to a Resource Issuer for the purposes of subsection 251(2) or 251(3) of the *Tax Act*.

“Reorganization Transaction” has the meaning given such term in Section 11.1

“reporting issuer” means an issuer that is a “reporting issuer” under and as defined in the securities legislation of any Canadian province or territory or that has a status under the securities legislation of any Canadian province or territory substantially similar to that of a reporting issuer.

“Resource Issuer” means a corporation whose principal business (either directly or through a Related Corporation) is:

- (a) mining or exploring for minerals (a **“Mining Issuer”**); and/or
- (b) exploring or drilling for petroleum or natural gas (an **“Oil and Gas Issuer”**); and/or
- (c) the generation of energy through alternative means or the development of projects for alternative energy generation (as more particularly described in paragraph (h) or (i) in subsection 66(15) of the *Tax Act*)

and which is a “principal-business corporation” as defined in subsection 66(15) of the *Tax Act*.

“SBCA” means *The Business Corporations Act* (Saskatchewan), as amended from time to time.

“Securities Act” means *The Securities Act, 1988* (Saskatchewan), as amended from time to time.

“SEDAR” means the internet based system for electronic data archiving and retrieval maintained by or on behalf of Canadian securities regulators.

“Subscriber” or **“investor”** means a person who subscribes for Units and who, upon and subject to the acceptance of such subscription, is admitted as a Limited Partner in the Partnership in accordance with the terms of this Agreement.

“Subscription Form” means a power of attorney and subscription form as defined by subsection 15.3(h).

“Tax Act” means the *Income Tax Act* (Canada), as amended from time to time.

“Transfer Form” means a power of attorney and transfer form as defined in subsection 13.1(a).

“Unit” means an equal and undivided interest of a Limited Partner in the earnings and assets of the Partnership, as described in this Agreement.

“Valuation Date” means the day of the Initial Closing, the last business day in each Fiscal Quarter thereafter during the term of the Partnership, the day immediately preceding the date of implementation of a Reorganization

Transaction, if applicable, and, if no Reorganization Transaction is implemented prior to the dissolution of the Partnership, the Dissolution date. .

“\$” means Canadian Dollars.

1.2 Extended Interpretation of “Offering”

The Partners acknowledge that in addition to offering and selling Units pursuant to the Prospectus, the Partnership may offer and sell Units, on substantially the same terms as the Units are offered and sold under the Prospectus, to “accredited investors” in certain provinces or territories of Canada in reliance on available exemptions from the applicable registration and prospectus requirements of the securities legislation of such other provinces or territories, notwithstanding that the securities regulatory authorities in such other provinces or territories have not issued a receipt for the Prospectus. In such case, such accredited investors who purchase Units shall be deemed to be “Subscribers” and such sales shall be deemed to form part of the “Offering” for the purposes of this Agreement and all defined terms and other provisions of this Agreement shall be interpreted accordingly.

1.3 Terms Defined in Tax Act

Words and phrase used in this Agreement which are defined in or otherwise have a special meaning under or for the purposes of the *Tax Act*, shall, unless otherwise indicated herein, have the same meaning when used in this Agreement and, without limitation:

- (a) any reference to “resident” or “non-resident” means a person who is, or is not, as applicable, a resident of Canada for the purposes of the *Tax Act*;
- (b) terms such “arms length” or “non-arms length” denoting a relationship between two or more persons shall have the meaning that such terms have under the *Tax Act*;
- (c) “**Limited Recourse Financing**” means any borrowing or other indebtedness for which recourse is or is deemed to be limited for the purposes of the *Tax Act*, and
- (d) “**Financial Institution**” means a “financial institution” as defined in subsection 142.2(1) of the *Tax Act* .

1.4 Articles etc.

The division of this Agreement into Articles, Sections, subsections, paragraphs, subparagraphs and clauses and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereto”, “herein”, “hereunder” and similar expressions refer to this Agreement (including the schedules annexed hereto) and not to any particular Article, Section, subsection, paragraph, subparagraph, clause or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

1.5 Gender etc

Words denoting the singular number only shall include the plural and vice versa. Words denoting gender shall include all genders including, as applicable, the male, female and neuter genders. Words denoting persons shall include firms, trusts and corporations and vice versa.

1.6 Severability

In the event that one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality or enforceability of the remaining provisions hereof shall not be affected or impaired thereby. Each of the provisions of this Agreement is hereby declared to be separate and distinct.

1.7 GAAP

Wherever in this Agreement reference is made to a calculation or determination to be made, it shall be made in accordance with generally accepted accounting principles (“GAAP”) consistently applied from time to time and approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which such calculation or determination is made or required to be made, all of which will be binding upon the Partners.

1.8 Schedules

The following schedules are attached to and form part of this Agreement:

Schedule “A” - Investment Guidelines
Schedule “B” – Form of Subscription Agreement and Power of Attorney
Schedule “C” - Transfer Form and Power of Attorney

ARTICLE 2 - FORMATION AND TERM OF PARTNERSHIP

2.1 Formation and Founding Capital

The General Partner and Initial Limited Partner confirm, and each additional Limited Partners acknowledges, that the General Partner and Initial Limited Partner agreed to form the Partnership under this Agreement on the 19th day of July, 2005 and the Partnership was constituted a limited partnership upon the filing of the Declaration pursuant to the *Partnership Act* and the *Registration Act* on the 20th day of July, 2005, as of which time each of the General Partner and Initial Limited Partner agreed to contribute \$5.00 to the capital of the Partnership (the “**Founding Capital**”);

2.2 Number of Partners

The Partnership shall have only one General Partner at any time and one or more Limited Partners. Without dissolving or determining the Partnership, additional Limited Partners may be admitted to the Partnership on the terms and conditions contained herein.

2.3 Rights Under *Partnership Act*

The rights and liabilities of the Partners are as provided in the *Partnership Act* except as otherwise expressly set out in this Agreement.

2.4 Additional Certificates and Documents

The General Partner and the Initial Limited Partner shall execute, and from time to time, upon request of the General Partner, each Limited Partner shall, consistent with the terms of this Agreement, immediately execute, all certificates and other documents, including as applicable amendments to the Declaration, as are required to register or maintain the Partnership as a limited partnership under the *Partnership Act* and as may otherwise be required or be appropriate to comply with all requirements of the *Partnership Act*, the *Registration Act* or any other requirements of law for the operation of the Partnership as a limited partnership in Saskatchewan, and the General Partner shall cause all such certificates, documents and amendments to be filed or registered in a timely fashion and in accordance with the requirements of such applicable legislation and other laws.

2.5 Term

The term of the Partnership commenced on the 20th day of April, 2005 and, subject to Article 17, shall continue until March 31, 2007 unless earlier dissolved in accordance with the terms of this Agreement, or by operation of law or by judicial decree.

ARTICLE 3 - NAME AND OFFICE OF THE PARTNERSHIP

3.1 Name

The name of the Partnership shall be 49 North Resource Flow-Through Limited Partnership, or such other name or names as the General Partner may from time to time deem appropriate to comply with the laws of any jurisdiction in which the Partnership may carry on business.

3.2 Head Office

The head office of the Partnership shall be located at 602 - 224 - 4th Avenue South, Saskatoon, Saskatchewan, S7K 5M5 or at such other place within the Province of Saskatchewan as may be determined from time to time by the General Partner provided that in the event of any change in the head office the General Partner shall provide prompt written notice of such change to all Limited Partners.

ARTICLE 4 - UNITS

4.1 Number of Units

The interest in the Partnership of the Limited Partners will be divided into the single Unit issued to the Initial Limited partner upon the formation of the Partnership and such additional Units as may be described in the Prospectus but not exceeding the maximum number of Units offered under the Prospectus.

4.2 The Offering

The General Partner may raise capital for the Partnership, in addition to the Founding Capital, by selling Units and may determine the terms and conditions of any such sale and may do all things in that regard including preparing and filing a preliminary prospectus and the Prospectus, and such other documents as may be necessary or advisable, paying the expenses of issue and entering into agreements with any person providing for a commission or fee in respect of such sale, either to agents or purchasers, all in a manner that is not inconsistent with the provisions of the Prospectus, provided that the General Partner complies with applicable securities laws and Section 14.4 of this Agreement.

4.3 Subscriptions for Units

The General Partner shall have the right to accept or reject subscriptions in whole or in part, subject, however, to the provisions of this Agreement and on and subject to such additional terms and conditions as may be set forth in the Prospectus, and, without Limiting the generality of the foregoing:

- (a) an investor must subscribe for a minimum of 500 Units;
- (b) the General Partner shall not accept any subscription by or on behalf of an investor, and shall not issue to any investor any Units unless the investor acknowledges and agrees to be bound by all the terms and conditions of this Agreement and, without limiting the generality of the foregoing, unless such investor:
 - (i) has the status and capacity required of Limited Partners as set forth in Section 15.3;
 - (ii) provides all information requested by the General Partner pursuant to Section 15.2;

- (iii) makes and grants the representations, warranties and covenant set forth in Sections 15.2 and 15.3;
- (iv) irrevocably nominates, constitutes and appoints the General Partner as his true and lawful attorney with full power and authority as set out in Article 21 of this Agreement; and
- (v) irrevocably authorizes the General Partner to file all elections deemed necessary or desirable by the General Partner to be filed under the *Tax Act* and any other applicable tax legislation in respect of any Reorganization Transaction or the dissolution of the Partnership;

all in a form and manner satisfactory to the General Partner

4.4 Maximum Holdings and Fractional Units

Subject to the maximum number of Units which may be issued by the Partnership, there shall be no restriction on the maximum number of Units that a Limited Partner is entitled to hold in the Partnership. No fractional Units shall be issued.

4.5 Capital Contributions

Each investor who subscribes for Units under the Offering and whose subscription is accepted, in whole or in part, by the General Partner shall furnish to the capital of the Partnership, on or prior to the Closing at which his subscription was accepted, the sum of \$5.00 for each Unit issued to the investor.

4.6 Admission of Limited Partners

Each investor who subscribes for Units under the Offering and whose subscription is accepted, in whole or in part by the General Partner shall become a Limited Partner upon

- (a) being recorded as such in the Register; and
- (b) the General Partner filing such amendment(s) to the Declaration as may be necessary pursuant to the *Partnership Act* and/or *Registration Act* to record such person as a Limited Partner in the Declaration.

4.7 Equality of Units

Subject to Sections 4.9 and 6.8 hereof, each Unit shall entitle the holder thereof to the same rights and obligations in respect of that one Unit as the holder of any other Unit and no Limited Partner shall be entitled to any privilege, priority or preference in relation to any other Limited Partner unless it is as a consequence of owning more Units than another Limited Partner.

4.8 General Partner May Acquire Units

The General Partner may, but is not obligated to, subscribe for or otherwise acquire Units.

4.9 Redemption of Initial Limited Partner's Unit

Upon or as soon as possible after the Initial Closing, the Unit issued to the Initial Limited Partner upon the formation of the Partnership shall be redeemed by the Partnership and the \$5.00 contribution to the Founding Capital of the Partnership shall be returned to the Initial Limited Partner.

ARTICLE 5 - BUSINSS OF THE PARTNERSHIP

5.1 The Business

The business of the Partnership is to invest its Available Funds in compliance with the terms of this Agreement in Flow-Through Shares of Resource Issuers under Flow-Through Agreements pursuant to which the Resource Issuers will agree to incur CEE to be renounced in favour of the Partnership, all with a view to the Partnership making a profit. The General Partner will, subject to paragraph 7.2(e)(ii), manage the resulting portfolio of Flow-Through Shares and other securities (the "**Portfolio**"). The Partnership shall not carry on any other business but shall have the power to do any and every act and thing necessary, proper, convenient or incidental to the business as aforesaid (the "**Business**").

5.2 Commitment and/or Return of Available Funds

The General Partner shall use all reasonable efforts to commit all of the Available Funds in accordance with this Agreement on or before December 31, 2005 under Flow-Through Agreements pursuant to which Resource Issuers will renounce CEE equal to the amount committed with an effective date of not later than December 31, 2005. If any portion of the Available Funds have not been invested or committed by the Partnership by December 31, 2005, the uncommitted funds shall be returned to the Limited Partners of record on December 31, 2005 by January 31, 2006 or the Dissolution Date, whichever is earlier, without interest or deduction.

5.3 Commitment and/or Return of Available Funds

Pending the investment of Available Funds in Flow-Through Shares Funds or the return of Available Funds to Limited Partners as contemplated by Section 5.2, Available Funds shall be invested or deposited by the General Partner on behalf of the Partnership in High Quality Liquid Investments. Interest or other amounts earned by the Partnership on such High Quality Liquid Investments will accrue to the benefit of the Partnership and, to the extent accrued prior to December 31, 2005, such interest or other amounts will form part of the Available Funds which will be invested in accordance with the terms of this Agreement. If accrued after that time, such interest or other amounts, at the General Partner's discretion, will be used to fund the Partnership's expenses, or to invest in other securities of Resource Issuers (whether or not such securities are Flow-Through Shares) or in High Quality Liquid Investments.

ARTICLE 6 - EXPENSES, ALLOCATION OF PROFITS AND LOSSES OF THE PARTNERSHIP AND DISTRIBUTIONS

6.1 Offering Costs

The Partnership shall pay all Offering Costs whether from the gross proceeds of the Offering or from borrowings under the Loan Facility.

6.2 General Partners Fees and Expenses

Subject to paragraph 7.2(e)(ii), the General Partner shall be entitled to receive from the Partnership the following fees and payments:

- (a) For each Fiscal Quarter or partial Fiscal Quarter after the Initial Closing to the earlier of the implementation of a Reorganization Transaction and the Dissolution Date, the General Partner shall be entitled to receive an amount (the "**Management Fee**") equal to 0.5% of the Net Asset Value of the Partnership calculated as of the last business day of the relevant Fiscal Quarter (or as applicable the earlier of the day preceding the implementation of a Reorganization Transaction and the Dissolution Date), which amount shall be paid on or prior to the end of the month immediately following such date, subject to pro ration where the time between:

- (i) the Initial Closing and the end of the Fiscal Quarter in which the Initial Closing occurs; and/or
- (ii) the earlier of the implementation of a Reorganization Transaction and the Dissolution Date, as applicable, and the beginning of the Fiscal Quarter in which such Liquidation Transaction is implemented or the Dissolution Date occurs,

is less than a full 3 months;

- (b) An additional amount (the “**Performance Bonus**”), calculated effective as of the earlier of the business day prior to the implementation of a Reorganization Transaction and the Dissolution Date, as applicable, in respect of each Unit then outstanding, equal to 20% of the amount, if any, by which the sum of the Net Asset Value per Unit as of that date plus all distributions per Unit on or prior to that date exceeds \$5.50, which additional amount shall be paid to the General Partner within 30 days following such effective date; and
- (c) without limiting the obligation of the Partnership to pay the Management Fee and the Performance Bonus, if any, within the time periods contemplated by subsections (a) and (b) above, if the Partnership fails to pay any part of such Management Fees or Performance Bonus within such time periods, all outstanding and unpaid Management Fees and Performance Bonus shall accrue interest at the Prime Rate plus 2% per annum until paid in full.

6.3 Other Compensation of General Partner

The General Partner shall not be entitled to any other fees, distributions or other compensation or payment from the Partnership other than the Management Fee and, if applicable, Performance Bonus contemplated by Section 6.2 hereof, provided that the Partnership shall reimburse the General Partner for all expenses reasonably and properly incurred by the General Partner in conducting the Partnership Business and performing its duties and obligations hereunder, provided that such reimbursements are not intended to and shall not include any charges for overhead or profit, it being acknowledged that such overhead and profit has been taken into consideration in determining the Management Fee and Performance Bonus, if any, payable hereunder. For greater certainty, however, subject to paragraph 7.2(e)(ii), the General Partner shall be entitled to be reimbursed for all expenses, fees and costs of third parties incurred by the General Partner on behalf of the Partnership and for services rendered to the Partnership and shall share in the earnings and assets of the Partnership as otherwise provided in this Agreement including, without limitation, sharing in any Income or Loss of the Partnership as provided in Section 6.4 and in the net assets of the Partnership upon its dissolution as provided in Article 17.

6.4 Income and Loss

Subject to any express provision of this Agreement to the contrary, the Income or Loss of the Partnership for each Fiscal Year, shall be allocated among the Partners as follows:

- (a) the Limited Partners of record at the end of the Fiscal Year shall be entitled to 99.99% of such Income or Loss, which shall be allocated among such Limited Partners in proportion to the number of Units held by each of them; and
- (b) the General Partner shall be entitled to 0.01% of such Income or Loss.

6.5 CEE etc.

Subject to any express provision of this Agreement to the contrary, 100% of the CEE renounced to the Partnership with an effective date in any Fiscal Year shall be allocated among the Limited Partners of record at the end of the Fiscal Year in proportion to the number of Units held by each Limited Partner as at the end of such Fiscal Year. Additionally, any ITCs, grants, payments, or other credits or amounts in respect of any government program, received by the Partnership or to which the Limited Partners are entitled by virtue of being Limited Partners shall be

allocated among the Limited Partners of record at the end of the relevant Fiscal Year in proportion to the number of Units then held by each of them unless otherwise required by law.

6.6 Computation of Income or Loss

In computing the Income or Loss of the Partnership for each Fiscal Year for income tax purposes, the Partnership will claim the maximum amounts allowable under the *Tax Act* in respect of Offering Costs, capital cost allowance, operating expenses and any other discretionary deductions.

6.7 Distributions before Dissolution

The Partnership does not expect to make, but, subject to the terms of any Loan Facility and the provisions of the *Partnership Act* or other applicable laws, is not precluded from making, cash distributions to Partners prior to the dissolution of the Partnership.

6.8 Reallocation

Notwithstanding Sections 6.4 and 6.5, in the event that the actions of a particular Limited Partner (including, without limitation, in the event that a Limited Partner finances the acquisition of Units with Limited Recourse Financing), results in a reduction in:

- (a) the deductions that the Partnership could otherwise claim in calculating its Income or Loss in any Fiscal Year; or
- (b) the amount of any CEE renounced (or that might otherwise be renounced) by Resource Issuers to the Partnership, or by the Partnership to Limited Partners, other than such Limited Partner, in any Fiscal Year; or
- (c) the amount of Investment Tax Credits that could otherwise be claimed by Limited Partners in any Fiscal Year, other than by such particular Limited Partner,

the amount of such reduction shall be applied, to the maximum extent permitted by law, firstly to reduce the size of the Loss and/or CEE and/or ITCs, as applicable, that would otherwise be allocated to the particular Limited Partner pursuant to such provisions and, if and to the extent that the amount of the reduction exceeds what would otherwise be the total Losses, CEE or ITCs, as applicable, allocated to the particular Limited Partner, the balance of such reduction shall be allocated among the Limited Partners other than the particular Limited Partner in proportion to the number of Units held by each of them. If, in a subsequent Fiscal Year, the particular Limited Partner takes steps which offset all or any part of such reduction, such amount as is restored at such time shall, to the extent permitted by law, first be allocated pro rata among the other Limited Partners until their share of the Losses or CEE or ITCs, as applicable, are restored to what they would have been but for the actions of the particular Limited Partner and then to the particular Limited Partner.

ARTICLE 7 - FUNCTIONS AND POWERS OF THE PARTNERS

7.1 General Authority of the General Partner

The General Partner shall have exclusive authority to manage the operations and affairs of the Partnership, to make all decisions regarding the business of the Partnership, to bind the Partnership and to admit Limited Partners. No person dealing with the Partnership shall be required to verify the power of the General Partner to take any measure or make any decision in the name of the Partnership.

Without limiting the generality of the General Partner's authority as contemplated by Section 7.1, but always in pursuance of the Business of the Partnership and subject to the terms of this Agreement and to any applicable limitations set forth in the *Partnership Act*, the General Partner shall be vested with all of the rights, powers and obligations that may be possessed by a general partner pursuant to the *Partnership Act*, including without limitation the following powers:

- (a) to execute and carry out all agreements on behalf of the Partnership involving matters or transactions which are within the ordinary course of the Partnership's Business, including without limitation, but subject to Article 8 and the Investment Guidelines, Flow-Through Agreements;
- (b) subject to Articles 4, 13 and 15, to admit any person as a Limited Partner;
- (c) to open and manage in the name of the Partnership (or in the name of the General Partner but for the benefit of the Partnership) bank accounts and to name signing officers for such accounts and to spend the Partnership Capital and any borrowings of the Partnership under the Loan Facility in the exercise of any right or power possessed by the General Partner,
- (d) to manage, control and develop all the activities of the Partnership and to take all measures necessary or appropriate for the business of the Partnership or ancillary thereto;
- (e) to execute and carry out all agreements with third parties so that services may be rendered to the Partnership and to delegate to any such person any power or authority of the General Partner hereunder where, in the discretion of the General Partner, it would be in the best interests of the Partnership to do so (provided that such agreement or delegation will not relieve the General Partner of any of its obligations hereunder) and, without limiting the generality of the foregoing, the General Partner:
 - (i) shall be and is hereby authorized: to establish, in its own name (but on behalf of the Partnership) or in the name of the Partnership, loan or credit facilities ("**Loan Facilities**") with a Canadian chartered bank, commercial lender or non-arms length lender (the "**Lender**"); execute and carry out on its own behalf and on behalf of the Partnership all loan and security agreements and other documents and instruments as in the opinion of the General Partner are reasonably necessary or desirable in connection with such Loan Facilities; and in accordance with the terms of such Loan Facilities borrow money on behalf of the Partnership and grant security in any or all of the assets of the Partnership to secure such borrowings and any related obligations of the Partnership and/or the General Partner pursuant to or in respect of such Loan Facilities, provided that the terms and conditions or proposed or expected terms and conditions of any such Loan Facilities, including, as applicable, the intended uses of, maximum amounts of borrowing or other credits available under, interest rates (and any other applicable fees or charges), terms of repayment and security (if any) granted for or in respect of such Loan Facilities shall be described in the Prospectus and provided that no material amendments shall be made to the terms and conditions of such Loan Facilities from those so disclosed in the Prospectus except with the approval of the Limited Partners by Extraordinary Resolution; and
 - (ii) the General Partner may, in its discretion, and if in accordance with applicable securities legislation and/or as a condition to qualifying the Prospectus in any jurisdiction the Partnership or General Partner is required to engage an "investment counsellor" or "portfolio manager" (as those terms are defined in the *Securities Act*) or like registrant under any other applicable securities legislation, the General Partner shall, and is hereby authorized, to engage any person possessing such qualifications as the General Partner in its discretion deems advisable to manage, or assist in and/or advise the General Partner and Partnership in the management of the Partnership's investment Portfolio (including, for greater certainty a person, firm or corporation that is not or may not be at arms length

from the General Partner or any officer, director or shareholder of the General Partner) (any such person so engaged being herein referred to as the “**Investment Manager**”) and the General Partner may from time to time terminate the appointment of any Investment Manager so engaged and engage another Investment Manager to replace the Investment Manager whose engagement was so terminated. In that regard, the General Partner is authorized to negotiate the terms and conditions of any such Investment Manager’s engagement and may delegate any of the powers and authority of the General Partner hereunder with respect to the management of the Partnership’s investment Portfolio to such Investment Manager, provided that no such delegation of any such powers or authority shall release the General Partner of any of its obligations hereunder, and provided further:

- (A) the terms and conditions of such engagement shall be set forth in a written agreement between the Investment Manager and the General Partner on behalf of the Partnership (an “**Investment Management Agreement**”);
 - (B) any fees or other compensation payable to the Investment Manager thereunder shall not exceed the Management Fee and Performance Bonus payable to the General Partner as contemplated by Section 6.2 hereof, and in such case the Management Fee and Performance Bonus payable to the General Partner pursuant to said Section 6.2 shall be reduced by an amount equal to the fees or other compensation paid to the Investment Manager pursuant to such Investment Management Agreement; and
 - (C) pursuant to the Investment management Agreement, the Investment Manager shall agree: to comply with the Investment Objective and Strategy of the Partnership as set forth in Article 8 and with the Investment Guidelines of the Partnership; and, in performing its duties under the Investment Management Agreement, to act honestly and in good faith with a view to the best interests of the Partnership and to exercise a degree of care, diligence, and skill that a reasonably prudent person having the experience and qualifications of the Investment Manager would exercise in comparable circumstances.
- (f) to decide in its sole and absolute discretion any time when property of the Partnership shall be distributed to the Partners and the amount of any such distribution, subject to any express provision of this Agreement where a distribution is required by the terms of such provision;
 - (g) to manage, administer, conserve, develop, operate and dispose of any and all properties or assets of the Partnership, including, subject to Article 8 and the Investment Guidelines, Flow-Through Shares and other securities of Resource issuers, and in general to engage in any and all phases of business of the Partnership;
 - (h) without altering or affecting the rights, titles and interests therein of the Limited Partners hereunder, all real property or interests in real property of the Partnership, if any, shall be held and registered in the name of the General Partner and all other assets of the Partnership shall be held in the name of the General Partner, as nominee for the Partnership, and for the use and benefit of the Partners in accordance with the terms and provisions hereof, until such time as the General Partner determines that it is appropriate or advisable for the assets to be held or registered in the name of the Partnership, another nominee or otherwise (provided for greater certainty, such holding of the assets will not prevent the vesting of the beneficial title thereto in the Partnership in the manner and at the time that may be otherwise herein provided); and
 - (i) to execute any and all other deeds, documents and instruments and do all acts as may be necessary or desirable to carry out the intent and purpose of this Agreement.

7.3 Transactions With Related Parties

Subject to the provisions of Section 6.3 concerning overhead and profit, the General Partner or any affiliate or associate thereof may render services to the Partnership, including, without limitation, rendering services as lender or credit provider pursuant to any Loan Facilities or as Investment Manager pursuant to an Investment Management Agreement, provided that the services rendered by the General Partner or by such affiliate or associate are performed pursuant to a written agreement, are charged to the Partnership at rates consistent with those of a third party dealing at arm's length with the Partnership and furnishing similar services and in the case of services rendered by the General Partner or an affiliate or associate thereof in connection with any Loan Facilities or as Investment Manager, such services comply with the provisions of paragraphs 7.2(e)(i) and (ii), as applicable.

7.4 Amendments to Declaration and Other Filings

The General Partner shall file on behalf of the Partnership, on a timely basis whenever required, any amendment to the Declaration and any other declarations, certificates or amendments thereto that might be required by the laws of the Province of Saskatchewan or any other jurisdiction in which the Partnership may carry on business. The General Partner shall take every reasonable action necessary to preserve the limited liability of the Limited Partners and shall not take any action which or omit to take any action which, or omit to take any action which, could reasonably be expected to jeopardize the limited liability of the Limited Partners.

7.5 Tax Filings and Related Matters

The General Partner shall have the power to make on behalf of the Partnership and on behalf of each Limited Partner, in respect of any Partner's interest in the Partnership, any and all elections, determinations or designations under the *Tax Act* or any other taxation or other legislation or laws of like import of Canada or of any province or jurisdiction including, without limitation, elections under subsections 85(2) and 98(3) of the *Tax Act* and the corresponding provisions of applicable provincial legislation in respect of the implementation of a Reorganization Transaction approved in accordance with Article 11 or in respect of the dissolution of the Partnership. The General Partner shall file, on behalf of the General Partner and the Limited Partners, any information return required to be filed in respect of the activities of the Partnership under the *Tax Act*, or any other taxation or other legislation or laws of like import of Canada or of any province or jurisdiction including, without limiting the generality of the foregoing, any information returns required to be filed under section 237.1 of the *Tax Act* by a promoter of a tax shelter.

7.6 Investment of Funds

The General Partner shall invest that portion of the funds of the Partnership, if any, not yet otherwise expended or distributed in accordance with this Agreement, in High Quality Liquid Investments.

7.7 Restrictions on Authority of General Partner

Notwithstanding any of the foregoing provisions of this Article 7, the General Partner shall not be entitled to:

- (a) dissolve the Partnership or wind-up its affairs except in accordance with the provisions of Article 17;
- (b) enter into any Flow-Through Agreement except in accordance with Article 8 and the Investment Guidelines;
- (c) borrow money other than pursuant to the Loan Facilities contemplated by paragraph 7.2(e)(i), and then in compliance with the provisions of that paragraph;
- (d) unless authorized by an Extraordinary Resolution, engage in any other undertaking, other than the Business of the Partnership as described in Section 5.1; or

- (e) dispose of all or substantially all of the assets of the Partnership except in connection with a Reorganization Transaction approved by the Limited Partners in accordance with Article 11 or in connection with the dissolution of the Partnership in accordance with Article 17.

7.8 No Authority of Limited Partners

No Limited Partner, as such, shall take part in the management or control of the business of the Partnership, transact any business for the Partnership or have the power to sign for or bind the Partnership.

ARTICLE 8 - INVESTMENT OBJECTIVES, STRATEGY AND GUIDELINES

8.1 Investment Objective

The Partnership's investment objective is to invest in a diversified Portfolio of Flow-Through Shares of Resource Issuers, with the focus on Resource issuers with exploration programs in Saskatchewan; and with a view to achieving capital appreciation of the Portfolio and maximizing the tax benefits of an investment in the Units for Limited Partners.

8.2 Investment Strategy

The General Partner is responsible for the management of the Portfolio, including having the responsibility and authority, subject to the provisions of this Agreement and the Investment Guidelines, to select the Resource Issuers in which the Partnership invests and to negotiate and enter into Flow-Through Agreements on behalf of the Partnership. Management of the Portfolio may also include the sale of Flow-Through Shares held in the Portfolio and the reinvestment of the net proceeds from any such dispositions in additional securities of Resource Issuers.

The Partnership's investment strategy in this regard includes the following:

- (a) the General Partner will use all reasonable efforts to invest all Available Funds in Flow-Through Shares on or before December 31, 2005, under Flow-Through Agreements the terms of which shall include the agreement by the Resource Issuer to incur, in an amount equal to the aggregate subscription price for the Flow-Through Shares thereunder, CEE that will be renounced by the Resource Issuer in favour of the Partnership with an effective date in 2005, and, if the Resource Issuer is a reporting issuer in any one or more provinces of Canada, to maintain its status as a reporting issuer in such jurisdictions until at least March 31, 2007;
- (b) the General Partner may invest Available Funds in Flow-Through Shares of Resource Issuers engaged in either mineral exploration and development or oil and gas exploration and development, in Canada, without restriction as to the amount of Available Funds that are allocated to investment in Mining Issuers and Oil and Gas Issuers, respectively, and regardless of the provinces or territories in Canada in which such exploration and/or development activities are conducted. However, the General Partner and Limited Partners acknowledge that the General Partner anticipates that the Portfolio will:
 - (i) focus on Flow-Through Shares of Mining Issuers and/or Oil and Gas Issuers with exploration programs in Saskatchewan; and
 - (ii) generally be weighted in favour of investment in Mining Issuers more so than Oil and Gas Issuers and, in particular, be weighted toward junior and intermediate Mining Issuers engaged in specified surface "grass roots" mining activities at locations in Saskatchewan;
- (c) Available Funds may also be invested in Flow-Through Shares of Alternative Energy Issuers, subject however to the limits set forth in the Investment Guidelines; and

- (d) in addition to the specific requirements and restrictions set forth in the Investment Guidelines, the General Partner will consider, without limitation, the following factors when entering into Flow-Through Agreements with Resource Issuers:
- (i) the experience of management, on a general, overall basis, with specific reference given to the number of directors and officers who have experience or expertise in the relevant resource sector and the depth of such experience or expertise;
 - (ii) past production, exploration results and the financial condition of the applicable Resource Issuer;
 - (iii) pricing of the Flow-Through Shares under the Flow-Through Agreement and the relative value, liquidity and potential for growth in value of the shares of the Resource Issuer; and
 - (iv) engineering reports and other information regarding the exploration program to be conducted by the Resource Issuer to the extent that such engineering reports are available. The Partners acknowledge, however, that engineering reports may not be available with respect to any particular Resource Issuer or exploration program of such Resource Issuer or, if available, may not be prepared by independent mining or petroleum engineers and, therefore, an engineering report will not necessarily be a condition or requirement of the Partnership's investment in Flow-Through Shares of any particular Resource Issuer.

ARTICLE 9 - ACCOUNTING AND REPORTING

9.1 Fiscal Years

The Partnership shall use the calendar year as its Fiscal Year for tax and financial reporting purposes.

9.2 Books and Records

The General Partner shall keep, during the term of the Partnership and for a period of six years thereafter, at its principal place of business, proper and complete records and books of account reflecting the assets, liabilities, income and expenditures of the Partnership, which books and records will be kept available for inspection and audit by any Limited Partner or his duly authorized representatives during normal business hours at the office of the General Partner. A Limited Partner, however, will not have access to any information of the Partnership contained in such books and records which, in the opinion of the General Partner, should be kept confidential in the interests of the Partnership, and each Limited Partner hereby waives, to the greatest extent permitted by law, any right, statutory or otherwise, to greater access to the books and records of the Partnership than is permitted herein.

9.3 The Register

In addition to the books and records contemplated by Section 9.2, the General Partner shall keep and maintain during the term of the Partnership, either directly or by the intermediary of a trust company or other qualified corporation appointed from time to time as registrar and/or transfer agent pursuant to Article 12 (the "**Registrar and Transfer Agent**"), a register (the "**Register**") listing the names and addresses of all of the Limited Partners, the number of Units held by each of them and the particulars of any issuances or transfers of Units. Limited Partners may obtain a copy of the information contained in the Register by mail on written request, within a reasonable period of time from the date of receipt of such request, subject to the Limited Partner:

- (a) agreeing, in writing, that the information contained in the Register will not be used by him except in connection with:
 - (i) an effort to influence the voting of Limited Partners;
 - (ii) an offer to acquire Units; or

- (iii) any other matter relating to the affairs of the Partnership; and
- (b) paying, if requested, a fee in an amount not exceeding the reasonable costs to the Partnership of providing the information.

9.4 Financial Statements etc.

The General Partner, at the expense of the Partnership, shall:

- (a) prepare, for each Fiscal Year, statements (the “**Annual Financial Statements**”) of net assets, operations, deficit and changes in net assets of the Partnership in accordance with GAAP and retain a qualified independent auditor to report thereon in accordance with Canadian generally accepted auditing standards. All revenues and expenses of the Partnership shall be calculated and allocated among the Partners in accordance with the provisions of this Agreement. Subject to Section 9.6, a copy of the Annual Financial Statements, together with the auditors’ report thereon, will be mailed by the General Partner to each Limited Partner within 140 days (or such shorter period of time that may be required by applicable law) after the end of each Fiscal Year;
- (b) prepare in accordance with GAAP unaudited statements (the “**Interim Financial Statements**”) of net assets, operations, deficit and changes in net assets for the Fiscal Quarters ended March 31, June 30 and September 30 of each Fiscal Year and the corresponding period of the preceding Fiscal Year. Subject to Section 9.6, a copy of such Interim Financial Statements will be mailed by the General Partner to each Limited Partner within 60 days (or such shorter period of time that may be required by applicable law) of the end of each such period in each year;
- (c) on or before March 31 of each year commencing in 2006, or earlier for a Limited Partner if reasonably requested by such Limited Partner, furnish to each Limited Partner of record of the Partnership as at December 31 of the preceding year or as at the Date of Dissolution of the Partnership if dissolution occurred in the preceding year, as the case may be, a T5013 Statement of Partnership Income in the form required by the *Tax Act* and such other information relating to such Limited Partner’s interest in the Partnership as may reasonably be necessary for such Limited Partners to calculate and report for income tax purposes their respective share of the Income, Loss, CEE, ITCs or other amounts allocated to them by the Partnership in or for such period;
- (d) furnish to each Limited Partner such other reports as the Partnership may be required by law to deliver to Limited Partners; and
- (e) prepare and file within the prescribed time all forms and information returns and other documents required by law to be filed by the Partnership with CRA or any other governmental authority.

9.5 Management Discussion and Analysis

The Annual Financial Statements and Interim Financial Statements referred to in Section 9.4 shall, if required by applicable securities legislation, be accompanied by management discussion and analysis (“**MD&A**”) and, regardless of the requirements of applicable securities legislation, may be accompanied by such other or additional narrative reports describing the affairs and operations of the Partnership as the General Partner in its discretion considers necessary or desirable.

9.6 Exceptions

Notwithstanding Sections 9.4 and 9.5:

- (a) the General Partner shall not be required to prepare, mail or otherwise deliver Interim Financial Statements or related MD&A for its Fiscal Quarters ended March 31 and/or September 31 where pursuant to applicable securities legislation the Partnership is exempted from the requirements of

applicable securities legislation to file, mail and/or otherwise deliver such Interim Financial Statements and related MD&A, it being specifically acknowledged by all Partners that, if and to the extent available, the Partnership intends to rely on General Ruling/Order 51-906 of the Saskatchewan Financial Services Commission to exempt it from the provisions of Saskatchewan securities law that otherwise require reporting issuers to file with the Saskatchewan Financial Services Commission interim financial statements for their first and third quarters in each fiscal year and from any applicable requirements to file MD&A for such interim periods; and

- (b) the General Partner shall not be required to mail or otherwise deliver Annual Financial Statements, Interim Financial Statements or related MD&A to any Limited Partner where pursuant to applicable securities legislation (including but not necessarily limited to the provisions of Part 4 of National Instrument 51-102, "Continuous Disclosure Obligations") the Partnership is exempted from the mailing or other delivery of such documents, provided that in such case the General Partner shall comply with all requirements of applicable securities legislation relative to using and/or relying on such exemption, including filing such documents on SEDAR and furnishing copies of such documents to Limited Partners who may request the same in writing in accordance with the provisions of applicable securities legislation.

9.7 Accounting Policies

The General Partner is authorized to establish from time to time accounting policies with respect to the financial statements of the Partnership and to change from time to time any policy that has been so established so long as such policies are consistent with GAAP.

9.8 Auditors

The appointment of auditors for the Partnership will be made by the General Partner in its sole and unfettered discretion provided only that such auditors be chartered accountants licensed to practice accounting in Canada.

9.9 Net Asset value Calculations

The General Partner will, on each Valuation Date, calculate the Net Asset Value of the Partnership and the Net Asset Value per Unit.

ARTICLE 10 - LIABILITIES OF THE PARTNERS

10.1 Liability of General Partner

The General Partner has unlimited liability for the undertakings, liabilities and obligations of the Partnership.

10.2 Limited Liability of Limited Partners

The liability of each Limited Partner for the liabilities, undertakings and obligations of the Partnership shall be limited to the amount of such Limited Partner's capital contribution plus his pro rata share of the undistributed income of the Partnership. Subject to the *Partnership Act*, a Limited Partner will have no further personal liability for liabilities and obligations of the Partnership and, following the payment of the subscription price for Units acquired under the Offering, a Limited Partner will not be liable for any further calls or assessments or further contributions to the Partnership. If, however, as a result of a distribution to the Partners, Partnership Capital is returned to the Partners and the Partnership becomes unable to discharge its debts in the normal course, the Partners having received any such distribution are liable to the Partnership, or where the Partnership is dissolved, to its creditors, for any amount, not in excess of the amount returned with interest, necessary to discharge the liabilities of the Partnership to all creditors who extended credit or whose claims otherwise arose before the return of the Partnership Capital. In addition, the Limited Partners acknowledge that there is also a possibility that Limited Partners may lose their limited liability: (a) by taking part in the control of the business; (b) to the extent the principles of Canadian law recognizing the limitation of liability of limited partners have not been authoritatively

established with respect to limited partnerships formed under the laws of one province but operating, owning property or incurring obligations in another province; or (c) as a result of false statements in the public filings made pursuant to the *Partnership Act* and/or the *Registration Act*, in which case they maybe liable as third parties.

10.3 Limitation on General Partner's Liability to the Partnership and Limited Partners

The General Partner is not liable for any loss or damage to any of the property of the Partnership attributable to an event beyond the control of the General Partner and the General Partner is not liable to the Limited Partners for any mistakes or errors or judgment, or for any act or omission believed by it in good faith to be within the scope of authority conferred by this Agreement other than a mistake or error in judgment or an act or omission which is in contravention of Section 14.4 hereof or which is a result of gross negligence or wilful misconduct on the part of the General Partner, its agents or employees.

10.4 Indemnity by General Partner

Notwithstanding Section 10.3 hereof, the General Partner shall indemnify and hold harmless each Limited Partner (including former Limited Partners) from and against all costs, damages, liabilities or losses incurred by such Limited Partner that result from such Limited Partner not having limited liability, other than a loss of limited liability resulting from a matter referred to in (a) or (b) of Section 10.2 or caused by any act or omission of such Limited Partner or by a change in any applicable legislation, and then only in respect of amounts which, in the aggregate, exceed the capital contribution of such Limited Partner. The amount of any such indemnity will be limited to the extent of the assets of the General Partner and will under no circumstance include the assets of any director, officer, agent, employee, affiliate or associate of the General Partner. Except as specifically provided for in this Section 10.4, the General Partner will not otherwise be called upon or be liable to indemnify the Partnership or any Limited Partner. The obligations under this Section 10.4 shall survive any termination of this Agreement or the Partnership.

10.5 Limited Partner Tax Returns

Neither the General Partner nor the Partnership shall have any responsibility to prepare or file income tax returns for any Limited Partner.

10.6 Legal Proceedings and Fees

In any action, suit or other proceeding commenced by a Limited Partner against the General Partner, the Partnership shall bear the reasonable expenses of the General Partner (including fees and expenses of any legal counsel retained on its behalf, on a substantial indemnity basis) where or in relation to which the General Partner is adjudged not to be in breach of any duty or responsibility imposed upon it hereunder; otherwise, such costs will be borne by the General Partner.

10.7 Certain Provisions Null and Void

If any provision of this Agreement has the effect of imposing upon any Limited Partner any of the liabilities or obligations of a general partner under the *Partnership Act* such provision shall be deemed to be null, void and of no force and effect and shall be severed from the remainder of this Agreement.

ARTICLE 11 - REORGANIZATION TRANSACTIONS

11.1 Proposal of Reorganization Transaction

In order to provide potential liquidity and long-term growth of capital to Limited Partners, the General Partner may call a meeting of Limited Partners, to be held not later than March 31, 2007, for the purpose of considering and, if thought fit, approving by Ordinary Resolution a proposed transaction (a "**Reorganization Transaction**") pursuant to which the General Partner may be authorized to sell and transfer all or substantially all of the assets of the Partnership or, as attorney and agent for each Limited Partner, to sell and transfer all Units of the Partnership and all

of the interests of the respective Limited Partners in the Partnership, on a tax deferred basis, to a mutual fund corporation in exchange for shares of such mutual fund corporation or to another appropriate investment vehicle, such as a publicly listed corporation or limited partnership, in exchange for shares, limited partnership units and/or other securities of such publicly listed corporation or limited partnership and to thereupon or as soon as reasonably possible thereafter distribute the shares or other securities so received to the Limited Partners on a pro rata basis.

11.2 Approval of Reorganization Transaction

Implementation of a Reorganization Transaction will be subject to:

- (a) completion of a definitive transfer agreement between the General Partner on behalf of the Partnership (and/or as applicable as attorney and agent for the Limited Partners) and the transferee mutual fund, corporation, limited partnership or other entity;
- (b) obtaining any necessary regulatory approvals; and
- (c) approval by Ordinary Resolution of the Limited Partners.

11.3 Implementation of Reorganization Transaction

If a Reorganization Transaction is approved in accordance with the foregoing provisions of this Article 11, the General Partner shall use its best efforts, and is hereby authorized, on behalf and at the expense of the Partnership and on behalf of each Limited Partner, to execute and deliver all agreements, documents and other instruments, and do or cause to be done such other acts and things, as the General Partner in its discretion considers to be reasonably necessary or desirable to implement and complete such Reorganization Transaction in accordance with the Ordinary Resolution authorizing the transaction, provided that Reorganization Transaction will not be implemented if in the opinion of the General Partner it would prospectively or retroactively affect the status of the Flow-Through Shares as common shares issued on a flow-through basis for income tax purposes or if any of the conditions described in Section 11.2 are not satisfied.

ARTICLE 12 - UNIT CERTIFICATES

12.1 Registrar and Transfer Agent

The General Partner may appoint a trust company or other qualified corporation to be the Registrar and Transfer Agent for the Units upon such terms and conditions and at such remuneration as the General Partner considers appropriate. The General Partner may from time to time terminate the engagement of a particular Registrar and Transfer Agent and engage another and will provide notice to the Limited Partners of such appointment within 30 days thereafter. If no such Registrar and Transfer Agent is appointed, the General Partner shall act as Registrar and Transfer Agent of the Units.

12.2 Duties of Registrar and transfer Agent

The Registrar and Transfer Agent shall maintain the Register of Limited Partners, record issues and transfers of Units, and carry out such other formalities related to the registration and records of the Partnership as is agreed between the Registrar and Transfer Agent and the General Partner.

12.3 Office of Registrar and Transfer Agent

The Registrar and Transfer Agent will be considered in its capacity as Registrar as having an office only at such location as is, and as Transfer Agent as having offices only at that location and such other locations as are, approved by the General Partner from time to time and will not be required to transact any business concerning the registration or transfer of Units at any other office.

12.4 Certificates and Related Matters

Subject to Section 12.6, each Limited Partner is entitled to obtain, upon request in writing, from the Registrar and Transfer, for the purpose only of evidencing Units held by such Limited Partner, a certificate indicating the number of Units held by such Limited Partner and the name in which such Units are recorded in the Register (a "Certificate") and, in connection therewith the following provisions shall apply:

- (a) a Certificate shall not be valid unless signed by at least one officer or director of the General Partner and by the Registrar and Transfer Agent (if other than the General Partner) provided the signature of any officer or director of the General Partner may be mechanically reproduced in facsimile and Certificates bearing such facsimile signature shall be binding upon the Partnership as if the Certificate had been manually signed by such director or officer, and further provided that the validity of a Certificate will not be affected by the circumstance that a person whose signature is so reproduced is deceased or no longer holds the office which he held when the reproduction of his signature in that office was authorized;
- (b) a Certificate may be sent through the mail by registered or first class prepaid mail or delivered to the order of the Limited Partner and neither the General Partner, the Partnership nor the Registrar and Transfer Agent will be liable for any loss by a Limited Partner that results from the loss of a Certificate by reason that it is so sent;
- (c) if any Certificate is lost, mutilated, stolen or destroyed, the General Partner shall issue, or cause the Registrar and Transfer Agent to issue, a replacement Certificate to the Limited Partner upon receipt of evidence satisfactory to the General Partner and, if applicable, other Registrar and Transfer Agent, of such loss, mutilation, theft or destruction, and upon the General Partner and, if applicable other Registrar and Transfer Agent, receiving such indemnification as the General Partner deems appropriate in the circumstances;
- (d) upon the earlier of the implementation of a Reorganization Transaction in accordance with the provisions of Article 11 and the dissolution of the Partnership and distribution to a Limited Partner of the assets to which such Limited Partner is entitled hereunder as a result thereof, all Certificate for Units issued to any and all Limited Partners shall become null and void.

12.5 General Partner Acting as Registrar and Transfer Agent

If and so long as the General Partner acts as Registrar and Transfer Agent, it shall do so for no additional fees or compensation beyond the fees and other compensation to which it is entitled pursuant to Sections 6.2 and 6.3, provided, however, that the General Partner shall be entitled to be reimbursed by the Partnership for all reasonable costs and expenses incurred by it in performing its obligations pursuant to this Article 12 provided such costs and expenses do not exceed the amounts which would customarily be charged by a trust company or other qualified corporation for acting as Registrar and Transfer Agent in accordance with the provisions of this Article 12.

12.6 Book-Based System

Notwithstanding Section 12.4, the General Partner is authorized on behalf of the Partnership to adopt the Book-Based System for recording and in connection with the issue and transfer of Units and the holding of Certificates and in the event the Book Based System is adopted and thereafter so long as the Partnership continues under the Book Based System, the following provisions shall apply:

- (a) no Limited Partner will be entitled to receive a Certificate or any other instrument from the General Partner, the Partnership or CDS in respect of or otherwise acknowledging the Units held by such Limited Partner and, if any Limited Partner has previously received a Certificate, such Limited Partner shall, upon receipt of notice from the General Partner, forthwith deliver such Certificate (without transferring the Units represented thereby) to such person as the General Partner may designate, and regardless of whether or not such Certificate is so delivered the

Certificate shall be null, void and of no further force or effect as of the date specified in the notice or if no date is so specified then as of the date of the notice;

- (b) all subscriptions under the Offering for Units, and all transfers of Units as contemplated by Article 13 hereof, shall be made by investors and Limited Partners only through a CDS Participant and then in compliance with the requirements of the Book Based System and a Limited Partner who at any time or from time to time changes the CDS Participant through whom such Limited Partner holds Units, he or it shall promptly notify CDS of such change;
- (c) Certificates in respect of Units shall be issued only to CDS Participants or, on behalf of CDS Participants, in the form of a global Certificate registered in the name of CDS;
- (d) Each Limited Partner acknowledges that:
 - (i) the Book Based System and the issuance of Certificates in the name of CDS thereunder is for convenience only and that CDS acts only as a depository and nominee holder of the Units represented thereby and that the issuance and/or registration of a Certificate in the name of CDS and/or in the name of or for a CDS Participant shall have no bearing on the legal or beneficial ownership of the Units all of which rights of ownership shall remain with the respective Limited Partners as recorded in the Register and, as at December 31 of each year, in the Declaration;
 - (ii) all distributions to Limited Partners hereunder will be made to the registered holders of any Certificates issued by the Partnership and, accordingly, distributions will be made by the Partnership to, or in accordance with clearing and delivery arrangements with, CDS in respect of Units represented by the global Certificate held by CDS and forwarded by or on behalf or at the direction of CDS to the applicable CDS Participants and, thereafter, to the Limited Partners whose Units are represented by that global Certificate;
 - (iii) if CDS notifies the Partnership that it is unwilling or unable to continue as depository in connection with such global Certificate, or if at any time CDS ceases to be a clearing agency or otherwise ceases to be eligible to be a depository the General Partner shall be authorized, but not required to, make appropriate arrangements to appoint another qualified depository in replacement of CDS and the provisions hereof with respect to CDS and the Book Based System maintained by CDS shall apply, *mutatis mutandis*, to any such replacement depository;
 - (iv) if CDS or any replacement depository should for any reason become unable or unwilling to act as depository and the General Partner is unable to locate or make arrangement with a qualified replacement as contemplated above, the General Partner shall, and regardless of the foregoing the General Partner may at any time, in its discretion, elect, to terminate the Book Based System, provided it shall do so in an orderly fashion and upon the Book Based System being so terminated the provisions of Section 12.4 shall again apply,

and each Limited Partner hereby consents to the arrangements referred to in the foregoing provisions of this Section 12.6.

ARTICLE 13 - TRANSFER OF UNITS

13.1 No Transfer of Fractional Units

Only whole Units are transferable and, except with the consent of the General Partner no transfer shall be made of fewer than 500 Units .

13.2 Transfer Provisions

No Unit may be transferred unless the Limited Partner wishing to transfer such Units delivers to the General Partner a Power of Attorney and Transfer Form, substantially in the form attached as Schedule "C", or in such other form as is acceptable to the General Partner (a "**Transfer Form**"), duly executed by both the transferor and the transferee and, if any Certificate has been issued in respect of the Units being transferred (other than a Certificate issued in the name of CDS or a CDS Participant under the Book based System) such Certificate shall also be delivered to the General Partner duly endorsed for transfer by or on behalf of the transferor. Unless waived by the General Partner in its sole and unfettered discretion, the signature of the transferor on the Transfer Form and, if applicable, on any Certificate endorsed for transfer as aforesaid, shall be guaranteed by a Canadian chartered bank, a trust company qualified to carry on business in any province of Canada, a member of the Investment Dealers Association of Canada or a member of any recognized stock exchange. The General Partner shall not accept any transfer by or on behalf of any Limited Partner, and shall not issue to any transferee any Units unless the transferee acknowledges and agrees to be bound by all the terms and conditions of this Agreement and, without limiting the generality of the foregoing, unless such transferee

- (a) has the status and capacity required of Limited Partners as set forth in Section 15.3;
- (b) provides all information requested by the General Partner pursuant to Section 15.2;
- (c) makes and grants the representations, warranties and covenant set forth in Sections 15.2 and 15.3;
- (d) irrevocably nominates, constitutes and appoints the General Partner as his true and lawful attorney with full power and authority as set out in Article 21 of this Agreement; and
- (e) irrevocably authorizes the General Partner to file all elections deemed necessary or desirable by the General Partner to be filed under the *Tax Act* and any other applicable tax legislation in respect of any Reorganization Transaction or the dissolution of the Partnership.

13.3 Denial of Transfers

Without limiting the obligations or authority of the General Partner to deny transfers pursuant to Section 15.4, the General Partner shall also have the right, in its sole and absolute discretion, to deny any transfer in whole or in part if it has reason to believe that the transfer is not being made in compliance with applicable securities laws, or if the Transfer Form is received by it after a notice of dissolution has been given pursuant to Section 17.3.

13.4 Transferee Bound

A transferee of Units will automatically become bound and subject to this Agreement without execution of any further instrument from and after the time the transfer is accepted by the General Partner.

13.5 Admission of Transferee as Limited Partner

Where a transfer is accepted by the General Partner, the General Partner will record or cause to be recorded the particulars of the transfer in the Register and will, by not later than December 31 in the year in which the transfer is accepted, cause the Declaration to be amended as may be required pursuant to the *Partnership Act* or the *Registration Act* to accurately reflect such transfer, including registering the transferee as a Limited Partner in the Declaration and removing the transferor as a Limited Partner in the Declaration in respect of the Units so transferred. The transferee will become a Limited Partner at the time the Declaration is so amended (unless he was already a Limited Partner at that time by virtue of holding other Units) and the transferor shall thereupon cease to be a Limited Partner (unless he continues to hold other Units).

13.6 No Duty to Inquire

Neither the General Partner nor the Registrar and Transfer Agent (if any other than the General Partner), shall be bound to see to the execution of any trust, express, implied or constructive, or of any charge, pledge or equity to

which any of the Units or any interests therein are subject, to ascertain or inquire whether any sale or transfer of any such Units or interest therein by a Limited Partner or his personal representatives is authorized by such trust, charge, pledge or equity, or to recognize any person having any interest therein except for the person recorded in the Register as such Limited Partner. No transfer shall relieve the transferor from any obligations to the Partnership incurred prior to the transfer becoming effective. Any transfer of Units made in accordance with the provisions hereof shall be made without charge.

13.7 Transfers by Operation of Law

Where a person becomes entitled to a Unit on the incapacity, death or bankruptcy of a Limited Partner, or otherwise by operation of law, in addition to the requirements of Section 13.1 hereof, such entitlement will not be recognized or entered in the Register until that person has produced evidence satisfactory to the General Partner of such entitlement and has acknowledged in writing that he is bound by the terms of this Agreement.

13.8 Mortgages etc.

Subject to the prohibitions herein regarding Limited Recourse Financing, a Limited Partner may mortgage, pledge or hypothecate a Unit which has been fully paid for as security for a loan to or an obligation of such Limited Partner. However, the General Partner is not obliged to recognize or acknowledge any such mortgage, pledge or hypothecation, and until and unless a Unit is transferred in accordance with this Article 13, only the holder of the Unit as recorded in the Register shall be recognized by the General Partner and, subject to paragraph 12.6(d)(ii), all distributions shall be made to the holder as so recorded in the Register..

ARTICLE 14 - CONFLICTS OF INTEREST

14.1 General Partner and Other Limited Partnerships or Business Activities

The General Partner shall not act as the general partner of any other limited partnerships or engage in any business other than to serve as general partner of the Partnership and manage the business of the Partnership as set forth herein.

14.2 Services of Directors and Officers of General Partner

The services of the directors and officers of the General Partner are not exclusive to the Partnership. The Limited Partners acknowledge and agree that:

- (a) the officers and directors of the General Partner and their affiliates (other than the General Partner) may engage in the promotion or management of any other fund or partnership, including other funds, partnerships or other entities which invest in Flow-Through Shares;
- (b) there is no obligation on the General Partner or the officers and directors of the General Partner or their affiliates to present any particular investment opportunity to the Partnership and such persons (other than the General Partner) may recommend such investment opportunities to others and/or themselves invest in such opportunities;
- (c) the officers and directors of the General Partner and their affiliates (other than the General Partner), are not in any way limited or affected in their ability to carry on other business ventures for their own account and for the account of others and may be engaged in the ownership, acquisition and operation of businesses which compete with the Partnership, including acting as the general partner of other limited partnerships which are now or in the future may be in the same business as the Partnership;
- (d) conflicts may arise from time to time between the Partnership and officers and directors of the General Partner or their affiliates in allocating investment opportunities, timing investment

decisions and exercising rights in respect of and otherwise dealing with the or any of the matters referred to in the foregoing provisions of this Section 14.2; and

- (e) conflicts may arise between the Partnership and/or Limited Partners on the one hand and the General Partner or the officers and directors of the General Partner and their affiliates on the other hand, in the enforcement of the terms and conditions of the Partnership Agreement relating to the rights and obligations of the General Partner and/or in the enforcement of the terms and conditions of other agreements that may from time to time be made by the Partnership or by the General Partner on behalf of the Partnership with the or any of the officers and directors of the General Partner or their affiliates,

and each Limited Partner expressly acknowledges and agrees that no officer or director of the General Partner, and no affiliate or associate of any officer or director of the General Partner, shall be liable to account personally to the Partnership or to any Limited Partner in connection with any matter referred to in the foregoing provisions of this Section 14.2, provided that nothing in this Section 14.2 shall be interpreted as relieving the General Partner of any of its liabilities or obligations under this Agreement including, without limitation, its obligations pursuant to Section 14.4 hereof.

14.3 No Commingling of Funds

Funds of the Partnership and/or General Partner on behalf of the Partnership will not be commingled with any other funds of the General Partner or of any other entity.

14.4 Standard of Care

The General Partner will exercise its powers and discharge its duties honestly, in good faith and in the best interest of the Partnership and will exercise the care, diligence and skill of a reasonably prudent and qualified manager.

ARTICLE 15 - REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PARTNERS

15.1 Status of the General Partner

The General Partner hereby represents and warrants to the Limited Partners that it:

- (a) is a body corporate, duly incorporated under the laws of Saskatchewan and it is and shall continue to be existing and in good standing under the said laws and under the laws of any other jurisdiction where it carries on business;
- (b) is a resident of Canada;
- (c) has and shall continue to have the capacity to act as the general partner of the Partnership and its obligations herein do not conflict with nor constitute a default under its articles of incorporation, its by-laws or any agreement by which it is bound;
- (d) shall exercise the powers conferred on it hereunder in pursuance of the Business of the Partnership; and
- (e) will devote to the conduct of the affairs of the Partnership such time as may be reasonably required for the proper management of the affairs of the Partnership.

15.2 Information Concerning Limited Partners

Each Limited Partner shall provide to the General Partner all such information concerning such Limited Partner as may be reasonably be requested by the General Partner from time to time and which is necessary or, in the discretion of the General Partner desirable, for the purpose of registering or recording such Limited Partner in the Register or

in the Declaration and/or in connection with any forms or filings relating to the Partnership or to such Limited Partner or to any other Partner pursuant to the *Tax Act* or any other legislation or law, or as the General Partner considers necessary or desirable to confirm the accuracy of any of the representations, warranties, covenants or authorizations of such Limited Partner hereunder, including without limitation, his full name, residential address or address for service, social insurance number or corporation account number, as the case may be, and the name and registered representative number of the representative of the Agent responsible for such Limited Partner's subscription for Units under the Offering or of any other CDS Participant through which such Limited Partner may acquire Units as contemplated in Article 13, as applicable, and each Limited Partner represents and warrants to the General Partner and to all other Limited Partners that all such information so provided shall be true and correct in all material respects;

15.3 Status of Limited Partners

Each Limited Partner represents, warrants and covenants to the General Partner and to all other Limited Partners that:

- (a) if an individual, he has obtained the age of majority and has the legal capacity and competence to enter into this Agreement and to take all actions required pursuant thereto and hereto;
- (b) if a corporation or body corporate, it has the legal capacity and competence to enter into this Agreement and to take all actions required pursuant hereto and all necessary approvals by its directors, shareholders and members, or otherwise, have been given to authorize the entering into of this Agreement and to take all actions required pursuant hereto;
- (c) he is not, and will not be as long as he is a Limited Partner, a "non-resident" as that term is defined in the *Tax Act*;
- (d) he has not financed, and will not finance, his acquisition of the Units with a borrowing or other indebtedness for which recourse is or is deemed to be limited within the meaning of the *Tax Act*, it being expressly acknowledged by each Limited Partner that, for the purpose of this representation, warranty and covenant, limited recourse indebtedness includes, without limitation:
 - (i) indebtedness in respect of which bona fide written arrangements were not made at the time the indebtedness was incurred for repayment of all principal and interest within a reasonable period not exceeding 10 years; and
 - (ii) indebtedness on which interest is not payable, at least annually, at a rate equal to or greater than the lesser of the rate prescribed under the *Tax Act* at the time the indebtedness arose and the prescribed rate that is applicable from time to time during the term of the indebtedness; and
 - (iii) indebtedness in respect of which such interest is not paid by the debtor within 60 days of the end of the debtor's tax year;
- (e) he is not, and will not be or become as long as he is a Limited Partner, a partnership;
- (f) unless he has provided written notice to the contrary to the General Partner prior to his subscription for Units under the Offering being accepted by the General Partner or prior to any transfer of Units to it pursuant to Article 13, included if requested by the General Partner a statutory declaration to that effect, he is not a "financial institution" as that term is defined in subsection 142.2(1) of the *Tax Act* (a "**Financial Institution**");
- (g) at the time that any Units are issued to him he was and shall be at arm's length from issuers of Flow-Through Shares then held by or on behalf of the Partnership;

- (h) if he acquired his Units pursuant to the Offering under the Prospectus, he acknowledges and confirms that he has conveyed to the Agent under the Offering as described in the Prospectus (or to a Subagent) through whom he subscribed for Units, and by placing a subscription for Units under the Offering through such Agent (or if applicable Subagent) he or it shall be deemed to have confirmed to such Agent (and if applicable Subagent) and to the General Partner and each other Limited Partner that he has the status as set forth in the foregoing provisions of this Section 15.3 and that the Agent (or as applicable Subagent) has been authorized to subscribe for Units on behalf of and as agent for him and that the execution and delivery by the Agent (or if applicable Subagent) of a power of attorney and subscription form to the General Partner in substantially the form attached as Schedule "B" hereof (a "**Subscription Form**") on behalf of him (and whether alone or with other investors) shall be binding on and enforceable by the General Partner, the Partnership and any other Limited Partner against him and such delivery of such Subscription Form by the Agent (or if applicable Subagent) shall and shall be deemed to constitute, subject only to the General Partners acceptance of his subscription, in whole or part, a subscription agreement between him and the Partnership on the terms and conditions set out in the Prospectus and this Agreement without further act or formality other than the delivery of the Prospectus to him; and
- (i) he shall not transfer his or its Units in whole or in part in a manner that would not conform with Article 13.

15.4 Denial of Subscriptions and Transfers

Notwithstanding any other provision of this Agreement, the General Partner shall not accept any subscription for Units from and shall not issue to, or accept the transfer of any Units to, any person who, to the knowledge of the General Partner, refuses or is unable, unwilling or for any other reason fails to provide or agree to provide the information described in Section 15.2 and/or provide, make and grant the or any of the representations, warranties and covenants in Sections 15.2 or 15.3 and/or grant the power of attorney referred to in Section 21 and, additionally, the General Partner shall not accept any subscription for Units from and shall not issue or accept the transfer of any Units to a Financial Institution if, as a result thereof, to the knowledge of the General Partner, Financial Institutions would become the beneficial owners of greater than 45% of the Units that are then outstanding.

15.5 Power of Sale

If at any time, to the knowledge of the General Partner,

- (a) any Limited Partner ceases to be, or is discovered not to be, a resident of Canada for the purposes of the *Tax Act*;
- (b) any Limited Partner finances or is discovered to have financed the or any portion of the acquisition of his or its Units with Limited Recourse Financing;
- (c) any Limited Partner is or becomes or is discovered by the General Partner to be a partnership;
- (d) Financial Institutions hold more than 45% of the Units that are then outstanding, or if the General Partner believes that such situation is imminent;
- (e) any Limited Partner is or is discovered to be not at arms length from an issuer of Flow-Through Shares then held by or on behalf of the Partnership;
- (f) the power of attorney in Section 21 is not, or ceases to be, binding on a Limited Partner, or his or its heirs, executors, administrators, other legal representatives, successors and assigns,
- (g) any Limited Partner has transferred or purported to transfer Units to any person who does not have the status referred to in Section 15.3 or if any such transfer or purported transfer would result in any of the situations referred to in the foregoing provisions of this Section 15.5 arising; or

- (h) the holding or continued holding by any Limited Partner of Units would, or in the opinion of the General Partner might reasonably be expected to, have an adverse affect on the Income or Loss of the Partnership or on the ability of the Partnership to have renounced to it CEE, or the ability of the Partnership to allocate to Limited partners (or the ability of any other Limited Partner to have allocated to it or to otherwise claim) any Income, Loss, CEE or ITC;

such Limited Partner (hereafter referred to in this Section 15.5 as a “**Defaulting Limited Partner**”) shall and shall be deemed, subject to Section 15.6 hereof, to be in default of a fundamental provision of this Agreement and the General Partner may by written notice require the or any of such Defaulting Limited Partners to sell their Units or such of their Units as the General Partner may specify to such person or persons, or do such other acts or things, as the General Partner, in its discretion, considers reasonably necessary to cure such default. In the event that a Defaulting Limited Partner fails to comply with such a request within the time period specified in such notice, the General Partner shall have the right to sell such Limited Partner’s Units or to purchase the same on behalf of the Partnership at fair value as determined by an independent third party selected in good faith by the General Partner, whose determination will be final and binding and not subject to review or appeal.

15.6 Proviso Regarding Financial Institutions

If the General Partner becomes aware that Financial Institutions are the beneficial holders of more than 45% of the outstanding Units, or believes that such a situation is imminent, only those Financial Institutions as may be selected by the General Partner may be required to sell Units pursuant to Section 15.5 and then only such Units as are necessary, in the reasonable opinion of the General Partner, to reduce the total number of Units beneficially held by all Financial Institutions to not more than 45% of the Units then outstanding. The General Partner shall select the Financial Issuers that may or shall be required to sell their Units in inverse order to the order that the Units were acquired as recorded in the Register or in such other manner as the General Partner considers just and equitable.

15.7 Failure to Pay Subscription Price

In the event of default in payment of the subscription price when due for any Unit by any Limited Partner, for any reason whatsoever, the General Partner and any agent of the General Partner or the Partnership authorized by the General Partner may: (a) execute and deliver to the General Partner a transfer of such Units from such Limited Partner in favour of the Partnership, which transfer of Units shall be sufficient to transfer the Units to the Partnership; and (b) deny any transfer of Units proposed by that Limited Partner, all without prejudice to any other recourse the Partnership may otherwise have against such Limited Partner.

15.8 Execution of Documents by Limited Partners

Each Limited Partner will, on the request of the General Partner, immediately execute such documents considered by the General Partner to be necessary to comply with any applicable law or regulation of any jurisdiction in Canada, for the continuation, operation or good standing of the Partnership.

15.9 Survival of Representations and Warranties

The representations and warranties contained in this Article 15 shall remain valid after the execution of this Agreement and each party shall be required to ensure that each representation and warranty made by such party pursuant to the above provisions remains true so long as such party remains a Partner.

ARTICLE 16 - PARTNERSHIP MEETINGS

16.1 Calling of Meetings

The Partnership shall not be required to hold annual or general meetings of the Partnership; however, the General Partner may at any time and shall, upon Limited Partners representing 25% or more of the Units outstanding requesting in writing a meeting and stating the purpose for which such meeting is to be held, call a meeting. If the General Partner fails or neglects to call such a meeting within 30 days after receipt of such written request, any

Limited Partner who was a party to the request may call the meeting. Meetings of Limited Partners are to be held at such place in the City of Saskatoon or other city in Saskatchewan as the General Partner may designate or, in the event of a meeting called by a Limited Partner in the aforesaid circumstances, at such place in the City of Saskatoon as the said Limited Partner may designate.

16.2 Notice of Meetings

Notice of any Partners' meeting shall be given to each Limited Partner and to the General Partner. The notice shall be mailed by prepaid post at least 21 and not more than 60 days prior to the meeting and shall specify the time and place of the meeting and, in reasonable detail, the nature of all business to be transacted. Notice for adjourned meetings shall be mailed not less than 10 days in advance and otherwise in accordance with the provisions of notice contained in this Article 16, except that it need not specify the nature of the business to be transacted. Accidental failure to give notice to any Partner shall not invalidate a meeting or any proceedings thereat.

16.3 Chairman

The Chairman of all meetings will be chosen by the General Partner unless those Limited Partners present in person or represented by proxy at the meeting choose, by Ordinary Resolution, some other person present to be Chairman. To the extent that the rules and procedures for the conduct of a meeting of the Partners are not prescribed in this Agreement, such rules and procedures may be determined by the Chairman of the meeting.

16.4 Quorum

Two or more Limited Partners present in person and holding or representing by proxy at least 10% of the Units outstanding shall constitute a quorum at any meeting of the Partners, except for purposes of passing an Extraordinary Resolution to remove the General Partner pursuant to Article 20, in which case two or more Limited Partners present in person and holding or representing by proxy at least 50% of the Units outstanding and entitled to vote thereon shall constitute a quorum. If a quorum is not present for a meeting of Partners within 30 minutes after the time fixed for holding the meeting, the meeting, if convened pursuant to a written request of Limited Partners, will be cancelled, but otherwise will be adjourned to such date not less than 10 or more than 21 days after the original date for the meeting as is determined by the General Partner at a time and location within Saskatchewan determined by the General Partner. The Limited Partners present at any such adjourned meeting shall constitute a quorum.

16.5 Voting

At a meeting of Partners, each Limited Partner shall be entitled to one vote for each Unit held. The General Partner shall not be entitled to vote in its capacity as General Partner but shall be entitled to vote as a Limited Partner in the event that it holds Units in such capacity. The Chairman shall not have a casting vote. Every question submitted to a meeting shall be decided by a show of hands unless a poll is demanded by a Partner or the Chairman before the question is put or after the results of the show of hands has been announced and before the meeting proceeds to the next item of business, in which case a poll shall be taken. At any meeting of the Partners, upon any matter:

- (a) for which no poll is requested, a declaration made by the Chairman of the meeting as to the voting on any particular resolution shall be conclusive evidence thereof; or
- (b) for which a poll is requested, the result of the poll shall be deemed to be the decision of the meeting on the question or resolution in respect of which the poll was taken.

16.6 Proxies

At any meeting of Partners, any Limited Partner entitled to vote may vote by proxy in a form acceptable to the General Partner, provided the proxy shall have been received by the General Partner for verification prior to the meeting. Any individual may be appointed as proxy and every instrument of proxy shall be considered valid unless it is dated more than one year before the date of the meeting or is challenged by a Partner or holder of another proxy

prior to or at the time of its exercise. The Chairman shall determine the validity of any challenged instrument of proxy. A vote cast in accordance with the terms of an instrument of proxy shall be valid notwithstanding the subsequent death, incapacity, insolvency, bankruptcy or insanity of the Limited Partner giving the proxy or the revocation of the proxy, provided that no written notice of such death, incapacity, insolvency, bankruptcy, insanity or revocation shall have been received by the General Partner prior to the time fixed for the holding of the meeting.

16.7 Corporations

A Partner which is a corporation may appoint an officer, director or other authorized individual as its representative to attend, vote and act on its behalf at meetings of Partners, and may by a like instrument revoke any such appointment, and for all purposes of meetings of Partners, other than the giving of notice, an individual so appointed will be deemed to be the holder of every Unit held by the corporation he represents.

16.8 Powers Exercisable by Extraordinary Resolution

In addition to all other powers conferred on them by this Agreement, but subject to Article 18 hereof, the Limited Partners may by Extraordinary Resolution:

- (a) approve (or withhold approval as the case may be) any matter which by an express provision of this Agreement contemplates or requires approval by Extraordinary Resolution;
- (b) waive any default on the part of the General Partner of any provision of this Agreement on such terms as they may determine and release the General Partner from any claims in respect thereof;
- (c) approve any amendment to this Agreement, including without limitation, to change the nature of the business permitted to be carried on by the Partnership pursuant to Article 5 and to amend the Investment Guidelines;
- (d) approve the sale of all or substantially all of the assets of the Partnership (provided, for greater certainty, a Reorganization Transaction shall require approval only by Ordinary Resolution);
- (e) require the General Partner on behalf of the Partnership to enforce any obligation or covenant on the part of any Limited Partner;
- (f) extend the term of the Partnership; or
- (g) dissolve the Partnership.

In addition, the Limited Partners may from time to time, by Extraordinary Resolution or Ordinary Resolution, advise as to the management of the Partnership's Business, including as to any transaction proposed to be made outside the normal course of business of the Partnership, provided that, notwithstanding Section 16.11 hereof, any such Extraordinary Resolution or Ordinary Resolution shall not be binding on the Partners or the Partnership and shall be advisory only.

16.9 Minutes

Minutes of every meeting of the Partners and the proceedings thereat shall be made and recorded by the General Partner or its designate. Minutes, when signed by the Chairman of the meeting, shall be prima facie evidence of the matters therein stated. Until the contrary is proved, every meeting in respect of which minutes have been made shall be taken to have been duly held and convened and all proceedings referred to in the minutes shall be deemed to have been duly passed or not to have been passed, as the case may be.

16.10 Written Resolutions

For greater certainty, any Ordinary Resolution or Extraordinary Resolution approved in writing by the requisite number of Limited Partners as contemplated by the definitions of those terms in Section 1.1 hereof shall be as

effective and as of the same force as if such Ordinary Resolution or Extraordinary Resolution, as applicable, was approved at a meeting of the Partners.

16.11 Resolutions Binding

Any Extraordinary Resolution or Ordinary Resolution shall be binding on all Partners and their respective heirs, executors, administrators or other legal representatives, successors and assigns, whether or not such Partner was present or represented by proxy at the meeting at which such resolution was passed and whether or not such Partner voted against such resolution.

ARTICLE 17 - DISSOLUTION

17.1 Date of Dissolution

The Partnership shall be dissolved effective March 31, 2007 unless earlier dissolved by operation of law or judicial decree, provided that:

- (a) if the General Partner makes a written proposal to all Limited Partners, or Limited Partners holding more than 50% of the Units then outstanding make a written proposal to the General Partner and to all other Limited Partners, for dissolution of the Partnership on a date other than March 31, 2007, and the Limited Partners consent thereto by means of an Extraordinary Resolution, the Partnership shall be dissolved on the date specified in such Extraordinary Resolution;

- (b) in the event of either:

- (i) the dissolution, liquidation, bankruptcy, insolvency or winding-up of the General Partner; or
- (ii) the appointment of a trustee, sequestrator or liquidator, or the occurrence of any event permitting the appointment of a trustee, sequestrator or liquidator, to administer the affairs of the General Partner, provided that the trustee, sequestrator or liquidator performs his functions for 60 consecutive days,

the Partnership shall be dissolved effective on the 180th day following such event unless a new General Partner is admitted to the Partnership by Ordinary Resolution prior to the expiration of such 180 day period;

- (c) if the Limited Partners have approved a Reorganization Transaction in accordance with Article 11, the General Partner shall thereupon take such steps as may be required to implement such Reorganization Transaction in accordance with the provisions of the Ordinary Resolution approving such Reorganization Transaction and upon or as soon as reasonably possible after such implementation the Partnership shall be dissolved; and
- (d) if as of December 31 in any particular year all or substantially all of the property of the Partnership has been sold, distributed, realized upon or otherwise disposed of and all liabilities of the Partnership either paid or otherwise settled, but the Partnership has not been dissolved pursuant to any of the foregoing provisions, the Partnership shall be dissolved as of December 31 of that year.

17.2 Events Not causing Dissolution

The Partnership will not be dissolved or terminated by the resignation, removal, death, incompetence, bankruptcy, insolvency, dissolution, liquidation, winding-up or receivership of, or the admission or withdrawal of, the General Partner or any Limited Partner or upon the transfer of any Units, except as otherwise provided in this Agreement.

17.3 Liquidation and Distribution

Prior to or as soon as reasonably possible after the dissolution of the Partnership, the General Partner (or in the event that dissolution results from an event referred to in subsection 17.1(b) hereof, such other person as may be appointed by Ordinary Resolution of the Limited Partners) shall:

- (a) sell or otherwise convert to cash such of the Partnership's assets as may be required to pay or provide for the payment of the debts and liabilities of the Partnership and liquidation expenses and as may be required to distribute the remaining assets of the Partnership to the Limited Partners as provided herein;
- (b) pay or provide for the payment of all debts and liabilities of the Partnership and liquidation expenses then due or accruing due, with such allowances for contingent liabilities as the General Partner (or in the event that dissolution results from an event referred to in subsection 17(b) such other person as may be appointed by Ordinary Resolution of the Limited Partners) considers reasonable, including, for greater certainty, paying all monies then owing or accruing due as principal and/or interest on the Loan Facilities and any outstanding Management Fee and/or Performance Bonus;

and thereafter,
- (c) distribute the remaining assets as to 99.99% to the Limited Partners, proportionate to the number of Units held by each of them on such date, and as to 0.01% to the General Partner; and
- (d) satisfy all formalities as may be prescribed in the circumstances by applicable law.

The General Partner (or in the event that dissolution results from an event referred to in subsection 17.1(b), such other person as may be appointed by Ordinary Resolution of the Limited Partners) shall determine in its own discretion which and to what extent the assets of the Partnership available for distribution to the Limited Partners may be sold and converted to cash prior to distribution. The General Partner (or in the event that dissolution results from an event referred to in paragraph 17.1(b), such other person as may be appointed by Ordinary Resolution of the Limited Partners) shall give notice of the proposed date of dissolution of the Partnership not less than 15 days prior to such date, or as soon as practicable thereafter.

17.4 No Right to Early Return of Capital

Except upon a dissolution of the Partnership, or the return of capital to the Initial Limited Partner pursuant to Section 4.09 or to the Limited Partners pursuant to Section 5.2, no Limited Partner is entitled to any reimbursement of his contribution to the Partnership Capital.

17.5 No Right to Demand Dissolution

Except as provided for in this Agreement, no Limited Partner shall have the right to ask for the dissolution of the Partnership, for the winding-up of its affairs or for the distribution of its assets.

17.6 Agreement Does Not Terminate

Notwithstanding the dissolution of the Partnership, this Agreement shall not terminate until the General Partner (or in the event that dissolution results from an event referred to in subsection 17.1(b) hereof, such other person as may be appointed by Ordinary Resolution of the Limited Partners) has complied with the provisions of Section 17.3.

17.7 Certain Actions and Proceedings by General Partner Prohibited

Notwithstanding anything else herein contained, the General Partner shall not take, or agree to take, any action (corporate or otherwise) to dissolve, liquidate, file a proposal for bankruptcy under the *Bankruptcy and Insolvency Act* (Canada), wind up or make any arrangement or assignment for the benefit of creditors or appoint any trustee,

receiver, receiver-manager or sequestrator to administer its affairs, unless it has first given 60 days' notice in writing to the Limited Partners and in such notice called a meeting of Limited Partners to be held for the purpose of appointing a new general partner by Ordinary Resolution within such 60 day period. Upon the appointment of such new general partner, the former general partner shall be deemed to have resigned as the general partner of the Partnership.

ARTICLE 18 - AMENDMENT

18.1 Amendments Generally

Subject to Section 18.2 hereof, this Agreement may be amended only in writing and with the consent of the Limited Partners given by Extraordinary Resolution provided that:

- (a) this Article 18 may not be amended without the unanimous consent of the Limited Partners present in person or represented by proxy at a meeting held for such purpose;
- (b) no amendment shall be made to this Agreement which would have the effect of reducing the General Partner's share of the Income or Loss of the Partnership or the fees payable hereunder to the General Partner (unless the General Partner, in its sole discretion consents thereto) except upon a change of the general partner pursuant to Article 20;
- (c) no amendment shall be made to this Agreement without the unanimous consent of the Limited Partners which would have the effect of reducing the interest in the Partnership of any Limited Partner, changing the liability of any Limited Partner, allowing any Limited Partner to exercise control over the business of the Partnership, changing the right of the General Partner or of a Limited Partner to vote at any meeting or changing the Partnership from a limited partnership to a general partnership;
- (d) no amendment shall be made to this Agreement which would have the effect of changing in any manner the allocation of Income or Loss of the Partnership for tax purposes; and
- (e) no amendment which would have the effect of adversely affecting the rights and obligations of the General Partner will become effective before 60 days after the date of the meeting at which such amendment was adopted, unless the General Partner consents to an earlier date.

18.2 Amendments by General Partner

The General Partner may, without prior notice to or consent from any Limited Partner, amend from time to time any provision of this Agreement, if such amendment is

- (a) in the opinion of the General Partner for the protection or benefit of Limited Partners or the Partnership or to cure an ambiguity or to correct or supplement any provision contained herein which may be defective or inconsistent with any other provision contained herein, and the amendment does not and will not, in the opinion of the General Partner, materially adversely affect the rights of any Limited Partner;
- (b) for the purpose of reflecting the admission, substitution, withdrawal or removal of Limited Partners in accordance with this Agreement;
- (c) a change that, in the sole discretion of the General Partner, is reasonable and necessary or appropriate to qualify or continue the qualification of the Partnership as a limited partnership in which the Limited Partners have limited liability under applicable laws; or
- (d) a change that, in the sole discretion of the General Partner, is reasonable and necessary or appropriate to enable Limited Partners to take advantage of, or not be detrimentally affected by, changes in the *Tax Act* or other taxation laws.

18.3 Notification of Amendments

The General Partner shall notify all Limited Partners of the full details of any amendment to this Agreement within 30 days after the effective date of the amendment.

ARTICLE 19 - NOTICES

19.1 General

Any notice or other written communication which may or must be given or sent under this Agreement may be sent by first class mail, in the case of a notice or other written communication to the General Partner to 602 - 224 - 4th Avenue South, Saskatoon, Saskatchewan, S7K 5M5, Attention: President or any other new address following a change of address in conformity with Section 19.2 below, and in the case of the (or any) Limited Partner to the postal address of such Limited Partner as set forth in the Register. Any notice or other written communication which is given or sent by mail shall be deemed to have been validly given and received on the fifth day following its sending by first class mail as aforesaid.

19.2 Change of Address

A Limited Partner may, at any time, change his address for service of notice by providing written notice to the General Partner and to such other person (if any) as is then the Registrar and Transfer Agent for the Partnership. The General Partner may change its address for the purposes of service by written notice to all the Limited Partners and to the Registrar and Transfer Agent (if any other than the General Partner).

19.3 Disruption of Mails

In the event of any disruption, strike or interruption in the Canadian postal service after mailing and before receipt or deemed receipt of a document, such document shall be deemed to have been received on the sixth business day following full resumption of the Canadian postal service. If the party giving any notice or other written communication knows or ought reasonably to know of any difficulties with the postal system that might affect the delivery of mail, any such demand, notice or other communication may not be mailed but must be given by personal delivery or by facsimile or other electronic means of communication or, in the case of communication to the Limited Partners, by publication once in the Saskatoon Star Phoenix or the Regina Leader Post.

19.4 Other Means of Delivery

Notices and other written communications may also be validly given by way of facsimile or other electronic means of communication or hand deliveries and if sent on a business day during normal business hours of the recipient they shall be deemed to have been received on the date of their transmittal and, if not, on the next business day or on the date of delivery as the case may be.

19.5 Omission Does Not Invalidate

An accidental omission in the giving of, or failure to give, a notice required by this Agreement will not invalidate or affect in any way the legality of any meeting or other proceedings in respect of which such notice was or was intended to be given.

ARTICLE 20 - CHANGE OF GENERAL PARTNER

20.1 Manner of Removal

The Partnership shall have just one general partner at any given time. The General Partner (in this Article 20 referred to as the "Outgoing General Partner") may be removed as the general partner of the Partnership only if:

- (a) (i) the Outgoing General Partner expressly consents to the removal; or
- (ii) such removal of the Outgoing General Partner and/or the appointment of a new general partner is authorized pursuant to subsection 17.1(b) or Section 17.7; or
- (iii) the Limited Partners resolve by Extraordinary Resolution to remove the Outgoing General Partner and then only if the Outgoing General Partner has materially breached its obligations under this Agreement and, if capable of being cured, such breach continues unremedied for a period of 20 business days after the Outgoing General Partner has received written notice thereof from any Limited Partner;

and

- (b) the Limited Partners have appointed, by Ordinary Resolution, concurrently with the removal of the Outgoing General Partner (or where the removal results from an event described in subsection 17.1(b) or Section 17.7 within the period referred to said subsection 17.1(b) or Section 17.7, as applicable), a replacement general partner (the "**New General Partner**") which New General Partner shall only be eligible for appointment if it is not be a "non-resident of Canada" within the meaning of the *Tax Act*, has the status and capacity to do all acts and things required of the General Partner pursuant to this Agreement and agrees in writing to assume all the responsibilities and obligations of the Outgoing General Partner under this Agreement.

20.2 **Rights of Outgoing General Partner**

Upon the removal of the Outgoing General Partner and the appointment of a New General Partner as aforesaid, and subject to any applicable law to the contrary:

- (a) the Outgoing General Partner shall cease to be entitled to any share of the Income or Losses of the Partnership and shall cease to have any interest in the assets or affairs of the Partnership, provided that all Management Fees, Performance Bonus, if any, and any other monies due or accruing due to the Outgoing General Partner hereunder and all expenses in respect of which the Outgoing General Partner is entitled to reimbursement hereunder, shall thereupon become due and payable and, for the purpose only of determining any amounts which the Outgoing Limited Partner is entitled to receive pursuant to subsections 6.2 (a) and (b), the effective date of the Outgoing General Partner's removal as general partner shall be deemed to be a Dissolution Date, and all such amounts shall be paid to the Outgoing General Partner, without set-off or counterclaim, prior to or immediately following the effective date of the Outgoing General Partner's removal;
- (b) the Outgoing General Partner shall be released from all representations, warranties, covenants, liabilities and obligations of whatsoever kind or nature under this Agreement, other than in respect of a breach by it of a provision of this Agreement which occurred prior to the date of removal; and
- (c) the Partnership shall release and hold harmless the Outgoing General Partner from all actions, claims, costs, demands, losses, damages and expenses with respect to events which occur in relation to the Partnership after the effective date of removal of the Outgoing General Partner, unless such actions, claims, costs, demands, losses, damages or expenses arose from the gross negligence or wilful misconduct of the Outgoing General Partner, its agents or employees or from any act or omission not believed by the Outgoing General Partner in good faith to be within the scope of its authority under the Partnership Agreement, occurring before such removal of the Outgoing General Partner.

20.3 **Rights and Obligations of New General Partner**

The New General Partner shall execute a counterpart of this Agreement and, as and from the effective date of its appointment, the New General Partner shall assume all of the obligations and be entitled to all of the rights and

benefits of the General Partner under the Partnership Agreement including, without limitation, having the sole right to exercise all rights of the General Partner as manager of the Partnership and to receive the General Partner's share of Income or Loss of the Partnership.

20.4 Additional Assurances

The Outgoing General Partner and the New General Partner shall additionally execute such other documents and instruments and do all such acts or things as may reasonably be necessary to transfer any assets of the Partnership held in the name, or under the control or direction, of the Outgoing General Partner to the New General Partner and to transfer the management of the Partnership and all rights pertaining thereto from the Outgoing General Partner to the New General Partner.

ARTICLE 21 - POWER OF ATTORNEY

21.1 Appointment of Attorney

Each Limited Partner hereby irrevocably makes, constitutes and appoints the General Partner as its true and lawful attorney and agent, with full power of substitution and authority, subject to the terms of and any applicable restrictions in this Agreement, in his name, place and stead to:

- (a) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices in any jurisdiction where the General Partner considers it appropriate any and all of:
 - (i) this Agreement and any amendments thereto;
 - (ii) any amendment to the Declaration and all certificates and other instruments necessary or appropriate to qualify or to continue the qualification of the Partnership as a limited partnership in the Province of Saskatchewan and in each other jurisdiction where the Partnership may conduct business or where such qualification is necessary or desirable to maintain limited liability of Limited Partners in that jurisdiction;
 - (iii) all instruments and certificates and any amendment to the Declaration necessary or appropriate to reflect any amendment, change or modification of this Agreement;
 - (iv) all instruments and other documents necessary to effect and implement a Reorganization Transaction approved in accordance with this Agreement and in accordance with the Ordinary Resolution by which such approval was granted;
 - (v) all instruments and other documents necessary to effect the dissolution and liquidation of the Partnership for the purposes of winding-up the affairs of the Partnership, including, without limitation, cancellation of the Declaration;
 - (vi) all instruments relating to the admission of additional or substituted Limited Partners;
 - (vii) if and where this Agreement authorizes or provides for the sale, transfer or forfeiture of a Unit, any instrument in connection with such sale, transfer or forfeiture; and
 - (viii) all elections, determinations or designations under the *Tax Act* or any other taxation or other legislation or laws of like import of Canada or of any provinces or jurisdictions in respect of the affairs of the Partnership or of a Partner's interest in the Partnership including, without limitation, elections under subsections 85(2) and 98(3) of the *Tax Act* and the corresponding provisions of applicable provincial legislation, if relevant;
- (b) execute and file with any government body any documents necessary and appropriate to be filed in connection with the Business of the Partnership or in connection with the Partnership Agreement; and

- (c) make any application for and receive any amount or credit under a Federal or provincial incentive program.

21.2 Limited Partners Bound

Each Limited Partner will be bound by any representation or action made or taken by the General Partner pursuant to the power of attorney in Section 21.1 hereof and waives any and all defenses which may be available to contest, negate or disaffirm any action of the General Partner taken in good faith under such power of attorney.

21.3 Power Irrevocable

The power of attorney in Section 21.1 shall be irrevocable and shall bind the Limited Partner, his heirs, executors, administrators and other legal representatives and the successors and assigns of the Limited Partner, notwithstanding the death or bankruptcy of the Limited Partner.

21.4 Execution of Documents Under Power of Attorney

The General Partner shall have the power to execute documents in the name of all the Limited Partners pursuant to the power of attorney in Section 21.1 by affixing its signature thereto with the indication that it is acting on behalf of all the Limited Partners.

ARTICLE 22 - MISCELLANEOUS

22.1 No Consent of Limited Partners Required

No action or consent of the Limited Partners shall be required for the admission at any time or from time to time of additional Limited Partners.

22.2 Governing Law and Attornment

The General Partner and the Limited Partners agree that this Agreement, the Subscriptions Form and the Transfer Form and any other agreements arising by or between the or any of the parties hereto under or by virtue of this Agreement shall be governed by and construed in accordance with the laws of the Province of Saskatchewan and the federal laws of Canada applicable therein and they irrevocably accept and attorn to the exclusive jurisdiction of the courts of Saskatchewan.

22.3 Counterparts

This Agreement may be executed in multiple counterparts, including by facsimile or other form of electronic transmission, each of which shall be deemed to be an original and all of which shall be construed together as one agreement.

22.4 Entire Agreement

This Agreement constitutes the entire agreement between the parties and there are no other written or verbal agreements or representations.

22.5 Curative Provisions

With the exception of the requirements of Section 15.1, any curable default of the General Partner resulting from an omission to take any measure within a prescribed time period and having no material adverse effect on the Limited Partners or the Partnership will be deemed to have been corrected if the measure is taken within 45 days following a notice by a Limited Partner requesting the General Partner to remedy the default.

22.6 Agreement Binding on Heirs etc.

This Agreement will be binding upon and enure to the benefit of the parties hereto and to the respective heirs, executors, administrators and other legal representatives and, to the extent permitted hereunder, the respective successors and assigns of the parties.

22.7 Time of Essence

Time shall be of the essence of this Agreement.

IN WITNESS WHEREOF this Agreement is executed at the City of Saskatoon, in the Province of Saskatchewan, as of 19th day of July, 2005.

**49 NORTH RESOURCE FUND INC.
(as General Partner)**

Per: signed "Tom MacNeill"
President

**T & N HOLDINGS INC.
(as Initial Limited Partner)**

Per: signed "Tom MacNeill"
President

SCHEDULE "A"

49 North Resource Fund Limited Partnership

INVESTMENT GUIDELINES

Subject to Article 8 of the Limited Partnership Agreement (the "Agreement"), in entering into Flow-Through Agreements with Resource Issuers on behalf of the Partnership, the Investment Guidelines that will be considered by the General Partner are described below. For the purposes of the guidelines listed below, all percentage limitations in paragraphs (a), (b), (c) and (d) shall apply only immediately prior to the purchase of the Flow-Through Shares and any subsequent change in any such applicable percentages resulting from changing values will not require elimination of any security from the Partnership's Portfolio. These Investment Guidelines are as follows:

- (a) **Resource Issuers.** The Partnership will initially invest all Available Funds in Flow-Through Shares issued by Resource Issuers. Thereafter, to the extent the Partnership disposes of Flow-Through Shares, the Partnership may reinvest the net proceeds from any such dispositions in additional securities of Resource Issuers whether or not they are Flow-Through Shares. At least 95% of Available Funds will be invested in Resource Issuers that are reporting issuers under Canadian securities laws, with not greater than 5% of Available Funds invested in Flow-Through Shares of Resource Issuers which are not reporting issuers and which may, therefore, be subject to continuing resale restrictions.
- (b) **Exchange Listing.** The Partnership will invest a minimum of 80% of Available Funds in Flow-Through Shares of Resource Issuers whose shares are listed and posted for trading on a Canadian stock exchange, including without limitation, the TSX and the TSX Venture Exchange.
- (c) **Alternative Energy Issuers.** The Partnership will invest not more than 5% of Available Funds in Flow-Through Shares of Alternative Energy Issuers.
- (d) **Diversification.** The Partnership will limit any investment in a single Resource Issuer to a maximum of 10% of Available Funds, provided that, with express, unanimous approval by the board of directors of the General Partner, up to 20% of Available Funds may be invested in a single, publicly traded Resource Issuer.
- (e) **Purchasing Securities.** The Partnership will purchase securities (other than Flow-Through Shares) through normal market facilities unless the purchase price therefore approximates or is less than the prevailing market price or is negotiated or established on an arm's length basis from the Partnership and the General Partner.
- (f) **Fixed Price.** The Partnership will not purchase any security which may by its terms require the Partnership to make a contribution in addition to the payment of the purchase price provided that this restriction shall not apply to the purchase of securities which are paid for on an instalment basis where the total purchase price and the amount of all such instalments is fixed at the time the initial instalment is paid.
- (g) **No Material Interest.** The Partnership will not purchase for or sell securities from its Portfolio to the General Partner or any affiliate of the General partner, or any officer, director or shareholder of any of them, or any person, trust, firm or corporation managed by the General Partner or any of its or their affiliates or any firm or corporation in which any officer, director or shareholder of the General Partner may have a material interest (which, for these purposes, means beneficial ownership of more than 10% of the voting securities of such entity) unless, with respect to any purchase or sale of securities, any such transaction is effected through normal market facilities, is not pre-arranged and the purchase price approximates the prevailing market price. For greater certainty, the aforesaid restriction will not apply to a sale of Partnership assets in a Reorganization Transaction.

- (h) **No Borrowing.** The Partnership will not borrow money except pursuant to Loan Facilities as described in paragraph 7.2(e)(i) of the Agreement.
- (i) **No Commodities.** The Partnership will not purchase or sell commodities.
- (j) **No Guarantees.** The Partnership will not guarantee the securities or obligations of any person.
- (k) **No Real Estate.** The Partnership will not purchase or sell real estate or interests therein.
- (l) **No Lending.** The Partnership will not lend money. For purposes of this restriction, investments in High Quality Liquid Investments are not considered lending.
- (m) **No Control.** The Partnership will not purchase securities of a reporting issuer for the purpose of exercising control or management over such issuer and will not purchase more than 9.99% of the voting securities of any Resource Issuer in which it may invest.
- (n) **Restriction on Underwriting.** The Partnership will not act as an underwriter except to the extent that the Partnership may be deemed to be an underwriter in connection with the sale of securities in its investment Portfolio.
- (o) **No Short Sales.** The Partnership will not make short sales of securities other than for hedging purposes against existing positions held by the Partnership.
- (p) **No Mortgages.** The Partnership will not purchase mortgages.
- (q) **No Mutual Funds.** The Partnership will not purchase the securities of any mutual fund, other than in connection with a Reorganization Transaction approved in accordance with the applicable provisions of the Partnership Agreement.
- (r) **No Derivatives.** The Partnership will not purchase or sell derivatives.

SCHEDULE "B"

49 North Resource Flow-Through Limited Partnership

SUBSCRIPTION AGREEMENT AND POWER OF ATTORNEY

TO: 49 NORTH RESOURCE FUND INC.

RE: SUBSCRIPTION FOR AND PURCHASE OF UNITS OF 49 NORTH RESOURCE FLOW-THROUGH LIMITED PARTNERSHIP

1. DEFINITIONS

In this Subscription Agreement and Power of Attorney, unless the context otherwise requires:

- (a) "Agency Agreement" means the agreement entered into between the Partnership, the General Partner and the Agent in connection with, among other things, the offering and issue of the Units;
- (b) "Agent" means Union Securities Ltd.;
- (c) "CDS Participant" means a registered dealer or other financial intermediary participating in the The Canadian Depository for Securities Limited's book-based system for recording holdings of securities by such CDS Participants and/or their respective clients and accounts;
- (d) "Closing" and "Initial Closing" have the meaning given those terms in the Prospectus and "Closing Date" means the date on which a Closing occurs and "Initial Closing Date" means the date on which the Initial Closing occurs;
- (e) "General Partner" means 49 North Resource Fund Inc., or its successor, the general partner of the Partnership;
- (f) "Limited Partner" means the a person who is admitted to the Partnership as a limited partner, and remains a limited partner in the Partnership, in accordance with the provisions of the Partnership Agreement, *The Partnership Act* (Saskatchewan) and *The Business Names Registration Act* (Saskatchewan);
- (g) "Partnership" means 49 North Resource Flow-Through Limited Partnership;
- (h) "Partnership Agreement" means the limited partnership agreement made July 19, 2005, among the General Partner, T & N Holdings Inc. (as Initial Limited Partner) and each person who, from time to time, becomes a Limited Partner in accordance with the terms of such Partnership Agreement;
- (i) "Prospectus" means the final prospectus of the Partnership with respect to the offering of a maximum of 1,200,000 Units;
- (j) "Purchased Units" means the Units subscribed for by the undersigned Selling Agent as agent for and on behalf of the Subscribers pursuant to this Subscription Agreement and Power of Attorney;
- (k) "Selling Agent" means the undersigned Agent or Subagent, as duly authorized agent for the Subscribers, irrevocably subscribing hereunder for the Purchased Units on behalf of the Subscribers;
- (l) "Subagent" means a person, firm or corporation that is registered as a "dealer" under *The Securities Act, 1988* (Saskatchewan), is a CDS Participant and is authorized by the Agent to solicit or receive subscriptions from investors under the Offering;

- (m) "Subscribers" (individually a "Subscriber") means the subscribers for the Purchased Units listed in Exhibit "A" attached hereto, each of which has duly appointed the undersigned Selling Agent as its agent to execute this Subscription Agreement and Power of Attorney on behalf of the Subscriber and has authorized and directed the undersigned Agent to execute this Subscription Agreement and Power of Attorney and to make or give, as the case may be, the representations, warranties, acknowledgements, agreements, appointments, waivers and other statements contained in this Subscription Agreement and Power of Attorney on behalf of the Subscribers (and for the purposes hereof, a reference to a "Subscriber" shall also include and be deemed to include each and every beneficial owner of the Units that are subscribed for by and issued to or in the name of such Subscriber);
- (n) "Subscription" means the subscription by the Subscribers for Units pursuant to this Subscription Agreement and Power of Attorney;
- (o) "Subscription Agreement and Power of Attorney" means this subscription agreement and power of attorney;
- (p) "Subscription Price" means the amount of \$5 per Purchased Unit;
- (q) "*Tax Act*" means the *Income Tax Act* (Canada), as amended from time to time; and
- (r) "Unit" means an equal and undivided interest of a Limited Partner in the earnings and assets of the Partnership as described in the Partnership Agreement.

2. SUBSCRIPTION

The undersigned Selling Agent, as duly authorized agent for the Subscribers, hereby irrevocably subscribes for and agrees to purchase on behalf of the Subscribers, on and subject to the terms and conditions set forth herein and in the Agency Agreement, from the Partnership such number of Units as is specified in Exhibit "A" attached hereto at a price of \$5 per Unit. Concurrent with the acceptance hereof by the Partnership, the undersigned Selling Agent, as duly authorized agent for the Subscribers, hereby agrees to pay, or to cause to be paid, on behalf of the Subscribers to the Partnership the Subscription Price for the Purchased Units, by delivering to the Partnership on or prior to the Closing Date a cheque drawn on a Canadian chartered bank in an amount equal to the aggregate Subscription Price and on the Closing Date the Partnership shall deliver to the undersigned Selling Agent an executed copy of this Subscription Agreement and Power of Attorney confirming the execution hereof by the Partnership. The undersigned Selling Agent, as duly authorized agent for the Subscribers, agrees that this Subscription is given for valuable consideration and shall not be withdrawn or revoked.

The undersigned Selling Agent hereby represents and warrants to the Partnership that it has been duly appointed by each of the Subscribers to act as agent for such Subscriber for the purpose of entering into this Subscription Agreement and Power of Attorney and that it has been authorized and directed by each of the Subscribers to enter into this Subscription Agreement and Power of Attorney on behalf of such Subscribers and to make or give, as the case may be, the representations, warranties, acknowledgements, agreements, appointments, waivers and other statements contained in this Subscription Agreement and Power of Attorney on behalf of such Subscriber and that it has been further authorized and directed by each of the Subscribers to extend the Initial Closing and/or to extend any other Closing Date to a date not later than December 31, 2005 in the event the Agent and the General Partner determine it necessary to do so. The undersigned Selling Agent acknowledges and agrees that the foregoing representation and warranty of the Selling Agent is being relied upon by the Partnership to, among other things, ensure that certain requirements relating to limited partnerships pursuant to applicable laws are satisfied in connection with the Units.

3. ACCEPTANCE OF OFFER TO PURCHASE

The acceptance by the Partnership of each Subscriber's irrevocable offer herein to purchase Purchased Units shall constitute an agreement by the Partnership with such Subscriber that the Subscriber shall have, in respect of such Purchased Units, the benefits of the representations, warranties and covenants of the Partnership made by or on

behalf of the Partnership in the Partnership Agreement and/or Prospectus and the conditions of Closing not waived by the Agent contained in the Agency Agreement.

4. CONDITIONS

Each Subscriber acknowledges that participation in the Partnership is subject to the acceptance of this subscription by the General Partner, to the cheque in payment of the aggregate Subscription Price being honoured upon presentation for payment and to certain other conditions set forth in the Prospectus and the Partnership Agreement. Each Subscriber acknowledges that such Subscriber will become a party to the Partnership Agreement upon acceptance of this subscription.

5. OBLIGATIONS, REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE SUBSCRIBERS

In consideration of the General Partner accepting this Subscription and conditional thereon, each Subscriber agrees to be bound as a Limited Partner in the Partnership by the terms of the Partnership Agreement as from time to time amended and in effect and, without limiting the generality of the foregoing, by authorizing the execution of this Subscription Agreement and Power of Attorney, each of the Subscribers hereby represents, warrants, covenants, acknowledges and agrees to and with the Selling Agent, the Agent, the Partnership and all other persons who, from time to time, are Limited Partners of the Partnership (which representations, warranties, covenants, acknowledgements and agreements shall survive Closing) that:

- (a) such Subscriber shall provide to the General Partner all such information concerning the Subscriber as may be reasonably be requested by the General Partner from time to time as contemplated by Section 15.2 of the Partnership Agreement and, without limiting the generality of the foregoing, the Subscriber represents and warrants that the Selling Agent has been authorized to provide to the Partnership the information contained in this Subscription Agreement and Power of Attorney relating to such Subscriber including information set forth in Exhibit "A" hereto and that all such information is true and correct in all material respects;
- (b) such Subscriber has and will have the capacity and competence to enter into and be bound by the Partnership Agreement and will provide such evidence thereof as the General Partner reasonably requires;
- (c) such Subscriber is not, and will not be as long as such Subscriber is a Limited Partner, a "non-resident" of Canada for the purposes of the *Tax Act* and shall, at the request of the General Partner, provide such evidence of such status as the General Partner may require;
- (d) such Subscriber is not, and will not be or become as long as such Subscriber is a Limited Partner, a partnership;
- (e) such Subscriber has not financed and will not finance the Subscription Price of the Units herein subscribed for with borrowing or other indebtedness for which recourse is or is deemed to be limited within the meaning of the *Tax Act*, it being expressly acknowledged by such Subscriber that, for the purpose of this representation, warranty and covenant, limited recourse indebtedness includes, without limitation:
 - (i) indebtedness in respect of which *bona fide* written arrangements were not made at the time the indebtedness was incurred for repayment of all principal and interest within a reasonable period not exceeding 10 years; and
 - (ii) indebtedness on which interest is not payable, at least annually, at a rate equal to or greater than the lesser of the rate prescribed under the *Tax Act* at the time the indebtedness arose and the prescribed rate that is applicable from time to time during the term of the indebtedness; and

- (iii) indebtedness in respect of which such interest is not paid by the debtor within 60 days of the end of the debtor's tax year;
- (f) unless such Subscriber has concurrently with, or prior to, the delivery of this Subscription Agreement and Power of Attorney, delivered written notice to the General Partner to the contrary, such Subscriber is not, and will not be as long as such Subscriber is a Limited Partner, a "financial institution" as defined in subsection 142.2(1) of the *Tax Act*;
- (g) such Subscriber hereby irrevocably nominates, constitutes and appoints the General Partner as his true and lawful attorney with full power and authority as set out in Section 21.1 of the Partnership Agreement;
- (h) such Subscriber hereby irrevocably authorizes the General Partner to file all elections deemed necessary or desirable by the General Partner to be filed under the *Tax Act* and any other applicable tax legislation in respect of any Reorganization Transaction (as that term is defined in the Prospectus) or in respect of the dissolution of the Partnership;
- (i) such Subscriber will ensure that his, her or its status as described in the foregoing provisions of this Section 5 will not be modified as long as he, she or it is a Limited Partner and such Subscriber will not transfer such Subscriber's Units in whole or in part to any person who would be unable to make the appropriate representations and warranties contained in this Section 5;
- (j) the Agent and the Partnership may vary, amend, alter or waive, in whole or in part, one or more of the conditions set forth in the Agency Agreement in such manner and on such terms and conditions as they may determine, acting reasonably, without affecting in any material way such Subscriber's obligations hereunder; provided however, that the Agent shall not vary, amend, alter or waive any such condition where to do so would result in any additional fees to be paid by the Partnership; and
- (k) such Subscriber has received and reviewed a copy of the Prospectus; and upon execution and delivery, acceptance by the General Partner, and Closing, this Subscription Agreement and Power of Attorney will constitute a valid and binding agreement of such Subscriber enforceable against such Subscriber in accordance with its terms.

6. RELIANCE UPON REPRESENTATIONS, WARRANTIES AND COVENANTS

Each of the Subscribers acknowledges that the representations and warranties and covenants of such Subscriber contained in this Subscription Agreement and Power of Attorney are made with the intent that they may be relied upon by the Agent and by the Partnership to, among other things, determine the eligibility of such Subscriber or (if applicable) the eligibility of others on whose behalf such Subscriber is contracting hereunder to purchase Units. Each of the Subscribers further agrees that by accepting Units, such Subscriber shall be representing and warranting to the Agent and the Partnership that the foregoing representations and warranties are true as at the Closing Date with the same force and effect as if they had been made by such Subscriber at the Closing Date and that they shall survive the purchase by such Subscriber of Units and shall continue in full force and effect notwithstanding any subsequent disposition by such Subscriber of Units. Each of the Subscribers further agrees to indemnify the Partnership, the Agent and the Selling Agent, and their respective affiliates and the directors, officers, employees and agents thereof against all losses, claims, costs, expenses and damages or liability which any of them may suffer or incur or are caused by or arising from any inaccuracy in the representations and warranties, or non-compliance with any of the covenants, made by such Subscriber and contained herein.

7. TAX SHELTER INFORMATION

The federal identification number for this tax shelter is • . The identification number issued for this tax shelter shall be included in any income tax return filed by the Subscriber. Issuance of the identification number is for

administrative purposes only and does not in any way confirm the entitlement of a Subscriber to claim any tax benefits associated with the tax shelter.

8. GOVERNING LAW

This Subscription Agreement and Power of Attorney is governed by the laws of the Province of Saskatchewan and the federal laws of Canada applicable therein. Each of the Subscribers, in its personal or corporate capacity and, if applicable, on behalf of each beneficial purchaser for whom it is acting, irrevocably attorns to the jurisdiction of the courts of the Province of Saskatchewan.

9. FURTHER ASSURANCES

Each party hereto and each of the Subscribers shall from time to time, and at all times, do such further acts and execute and deliver all such further instruments, deeds and documents as shall be reasonably required in order to perform and carry out the terms of this Subscription Agreement and Power of Attorney.

10. SURVIVAL

This Subscription Agreement and Power of Attorney, including without limitation the representations, warranties, covenants, authorizations and agreements of the Subscribers contained herein, shall survive and continue in full force and effect and be binding upon each of the Subscribers notwithstanding the completion of the purchase of Units by such Subscriber pursuant hereto, the completion of the offering of the Units and any subsequent disposition by the Subscriber of Units.

11. ASSIGNMENT

This Subscription Agreement and Power of Attorney is not transferable or assignable by any of the parties hereto.

DATED at _____, in the Province of Saskatchewan, as of this ____ day of _____, 2005.

(Name of Selling Agent)
By:

Authorized signing officer

ACCEPTANCE

The above-mentioned Subscription Agreement and Power of Attorney is hereby accepted and agreed to by 49 North Resource Fund Inc., as general partner for and on behalf of 49 North Resource Flow-Through Limited Partnership as of this ____ day of _____, 2005.

**49 NORTH RESOURCE FUND INC.,
as general partner for and on behalf of
49 NORTH RESOURCE FLOW-THROUGH LIMITED
PARTNERSHIP**

Authorized signing officer

EXHIBIT "A"

Name & Address of Subscriber	Number of Units Subscribed for	Aggregate price of the Units subscribed for	Registration particulars for the Units subscribed for	If the Subscriber is an agent for a fully managed account, name and address of the beneficial owner	Social Insurance Number or tax account number of the Subscriber	Home and Business telephone numbers of the Subscriber	Name of Registered Representative and Branch Location (full address)	RR Code

SCHEDULE "C"

49 North Resource Flow-Through Limited Partnership

POWER OF ATTORNEY AND TRANSFER FORM

All capitalized terms used herein without definition have the meanings ascribed thereto in the Partnership Agreement, as hereinafter defined. The assignment of Units hereunder shall not be valid or enforceable against the Partnership unless and until accepted by the General Partner (as hereafter defined).

The undersigned, a Limited Partner of 49 North Resource Flow-Through Limited Partnership (the "**Partnership**"), hereby transfers and assigns to _____ (the "**Assignee**") all of the undersigned's right, title and interest in and to _____ Units in the Partnership. The undersigned agrees to furnish to the General Partner such documents, certificates, assurances and other instruments as the General Partner may require to effect this assignment and to continue and keep the Partnership in good standing as a limited partnership.

DATED this _____ day of _____, 20____.

Signature

Signature of Guarantor

Name

Residence Address

By executing this Power of Attorney and Transfer Form, and in consideration of the General Partner recording or causing this assignment to be recorded in the Register, the undersigned Assignee (hereafter referred to as "**I**") acknowledge that I have reviewed and shall be bound by the terms of the Limited Partnership Agreement originally made July 19, 2005, as from time to time further amended, governing the business and affairs of the Partnership (the "**Partnership Agreement**") and that I shall be liable for all obligations of a Limited Partner thereunder. Without limiting the generality of the foregoing, I hereby represent, warrant, covenant, authorize and agree, to and in favour of 49 North Resource Fund Inc. (the "**General Partner**") and to and in favour of each other Limited Partner of the Partnership that:

- (a) I shall provide to the General Partner all such information concerning myself as may be reasonably requested by the General Partner from time to time as contemplated by Section 15.2 of the Partnership Agreement, all of which information shall be true and correct in all material respects and, without limiting the generality of the foregoing, I confirm that all information concerning me set forth in this Power of Attorney and Transfer Form is true and correct;
- (b) I have and will have the capacity and competence to enter into and be bound by the Partnership Agreement and will provide such evidence thereof as the General Partner reasonably requires;
- (c) I am not, and will not be as long as I am a Limited Partner, a "non-resident" of Canada for the purposes of the *Tax Act* and I shall, at the request of the General Partner, provide such evidence of such status as the General Partner may require;
- (d) I am not, and I will not be or become as long as I am a Limited Partner, a partnership;
- (e) I have not financed and will not finance the purchase price of the Units herein assigned to me with borrowing or other indebtedness for which recourse is or is deemed to be limited within the meaning of the *Tax Act*, and I expressly acknowledge that, for the purpose of this representation, warranty and covenant, limited recourse indebtedness includes, without limitation:

- (i) indebtedness in respect of which *bona fide* written arrangements were not made at the time the indebtedness was incurred for repayment of all principal and interest within a reasonable period not exceeding 10 years; and
 - (ii) indebtedness on which interest is not payable, at least annually, at a rate equal to or greater than the lesser of the rate prescribed under the *Tax Act* at the time the indebtedness arose and the prescribed rate that is applicable from time to time during the term of the indebtedness; and
 - (iii) indebtedness in respect of which such interest is not paid by the debtor within 60 days of the end of the debtor's tax year;
- (f) I am not a "financial institution" as defined in subsection 142.2(1) of the *Tax Act*;
 - (g) I hereby irrevocably nominate, constitute and appoint the General Partner as my true and lawful attorney with full power and authority as set out in Section 21.1 of the Partnership Agreement;
 - (h) I hereby irrevocably authorize the General Partner to file all elections deemed necessary or desirable by the General Partner to be filed under the *Tax Act* and any other applicable legislation in respect of any Reorganization Transaction (as that term is defined in the Partnership Agreement) or in respect of the dissolution of the Partnership; and
 - (i) I will ensure that my status as described in the foregoing provisions of this Power of Attorney and Transfer Form will not be modified as long as I am a Limited Partner and I will not transfer the Units in whole or in part to any person who would be unable to make the appropriate representations and warranties contained in the Partnership Agreement including, without limitation, representations and warranties as set forth in the foregoing provisions of this Power of Attorney and Transfer Form.

Dated at _____ in the Province of _____ this _____ day of _____, 20____.

(Witness)

(Signature of Assignee) (seal)

(Name and Branch Office Address
of Registered Dealer or other CDS Participant)

(Name of Assignee - Please Print)

(Name of Registered Representative and Representative No)

(Social Insurance Number or Corporation Acct. No.)

(Incorporation Number, if any)

(Residential Address)

(City, Province, Postal Code)

Home Phone No.

Office Phone No.

(Mailing address, if different from residence address)

(Mailing address)

(City, Province, Postal Code)

TRANSFER ACCEPTED

This transfer is hereby accepted this _____ day of _____, 20____.

**49 NORTH RESOURCE FLOW-THROUGH LIMITED PARTNERSHIP,
by its General Partner, 49 North Resource Fund Inc.**

Per: _____
Authorized Signatory

NOTES:

1. The signature of the Limited Partner assigning the within Unit(s) must be guaranteed by a Canadian chartered bank, a trust company qualified to carry on business in any province of Canada, a member of the Investment Dealers Association of Canada or a member of any recognized stock exchange.
2. No assignment of a Unit may be made without delivering the documents and instruments required under Article 13 of the Partnership Agreement.
3. No assignment of a fraction of a Unit may be made and the General Partner may deny a transfer of fewer than 500 Units.
4. Investment in Units of the Partnership is subject to risk and the assignment of a Unit may have income tax implications to both or either the Assignor and the Assignee. The Assignor and Assignee should consult their own professional advisors to assess the income tax, legal and other aspects of the sale and purchase of the Units.