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CONFIDENTIAL OFFERING MEMORANDUM dated January 11, 2010 – **accredited investor version**



## MineralFields 2010-III Super Flow-Through Limited Partnership

<b>The Offering:</b>	
Securities Offered:	Up to 100,000 units, subject to an over-allotment of subscriptions of up to a maximum of 100,000 additional units.
Price per Security:	\$100 per unit, minimum subscription of 1,500 units (\$150,000), multiples of \$5,000 for larger subscriptions.
Minimum/Maximum Offering:	Minimum Offering \$250,000 or 2,500 units Maximum Offering \$10,000,000 or 100,000 units, subject to an over-allotment of up to \$10,000,000 or 100,000 units, resulting in an increase in the maximum offering to \$20,000,000, or 200,000 units.
Payment Terms:	Bank draft, cheque or bank wire transfer payable on or before closing.
Proposed Closing Dates:	January 29 and February 26, 2010 ( <i>subject to availability or closing extension</i> )
Selling Agents:	Yes. See Item 7. Wealth Creation Preservation & Donation Inc. is the Lead Agent
<b>Investment Objective:</b>	MineralFields 2010-III Inc. will, on behalf of the Partnership invest in Flow-Through Shares of Resource Companies engaged in mineral exploration, development and/or production in Canada, with a view to maximizing the tax benefit of an investment in the Units and to achieving capital appreciation through investment in a diversified portfolio of publicly traded shares.
<b>Tax Matters:</b>	There are important tax consequences to these securities. This investment is intended to qualify as “Super” Flow-Through Shares thereby providing investors a potential tax credit-enhanced flow-through deduction equivalent to <b>121 % to 140 %</b> for <b>2010</b> income tax purposes. These tax credits are not available on “regular” flow-through investments. See Selected Financial Aspects for Investors, Item 6 -- Canadian Federal Income Tax Considerations, and Item 8 Risk Factors.
<b>Liquidity Advantage:</b>	<b>100 %</b> of Available Funds are invested in Resource Companies <b>listed</b> on the TSX TSXV, NYSE, LSE, Frankfurt Stock Exchange, AMEX or other stock exchanges, with short hold periods; no investments in private companies.
<b>Optional Donation to a Charity</b>	Following dissolution of the Partnership and distribution of its assets, each Limited Partner may donate his or her Limited Partner’s Distributed Property to a designated registered charity. Such Limited Partners will be entitled to claim a tax credit based upon the fair market value of the donated assets at the time of the donation.
<b>Partnership Advisors:</b>	<b>Watts, Griffis and McOuat (“WGM”)</b> , a geological and engineering consulting firm with over 42 years experience in evaluating mining companies and projects for governments and large institutional investors, and active in more than 120 countries. WGM has a staff of over 40 geologists, mining engineers and metallurgical engineers.
<b>Mining Analysts</b>	<b>Ronald J. Wortel, P.Eng., MBA, and Barbara Y. Thomae, P.Geo.</b> will provide geological analysis and assist in the sourcing of attractive investments in Resource Companies.
<b>Portfolio Manager</b>	<b>Pathway Investment Counsel Inc.</b> provides investment management services to all MineralFields, Pathway and EnergyFields limited partnerships, as well as the Pathway Multi Series Fund Inc. mutual fund.
<b>Management Fees:</b>	<b>Nil.</b>

<b>The Issuer:</b>	
Name:	MineralFields 2010-III Super Flow-Through Limited Partnership
Head Office: Address:	1110 Finch Avenue West, Suite 210, Toronto, Ontario, M3J 2T2
Phone Number:	(416) 665-9339 / 1 (800) 339-9169
E-mail Address:	<a href="mailto:jd@mineralfields.com">jd@mineralfields.com</a>
Fax Number:	(416) 665-9331
Currently listed or quoted?	No
Reporting issuer?	No
SEDAR filer?	No
<b>Performance Fees:</b>	The General Partner will be entitled to an incentive bonus payable only after Subscribers have recouped their entire initial investment (i.e., Subscription Price).
<b>Investor Financing:</b>	100 % financing (full recourse) available to qualified Subscribers through a Canadian chartered bank.
<b>Resale Restrictions:</b>	You will be restricted from selling your securities for an indefinite period. The Partnership is scheduled to be dissolved on or before <b>November 1, 2011</b> . See Item 10.
<b>Purchaser's Rights:</b>	You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel the agreement. See Item 11.

No person is authorized to give any information or to make any representation not contained in this offering memorandum and any information or representation not contained herein must not be relied upon. Neither the delivery of the offering memorandum nor any sale made hereunder will under any circumstances create an implication that there has been no change in the matters described herein since the date hereof. However, in the event of any material change, this offering memorandum will be amended or supplemented accordingly. This offering memorandum has been prepared solely for the benefit of the persons interested in the proposed private offering of the securities offered hereby and may not be reproduced or used for any other purpose.

**THIS IS A BLIND POOL OFFERING.** The Units are speculative in nature as are the securities in which the Available Funds will be invested. An investment in Units should be considered only by those purchasers who can afford a complete loss of their investment. There is no assurance of a return on an investor's initial investment. The potential tax benefits resulting from an investment in Units are greatest for an investor whose income is subject to a high marginal tax rate and who is not subject to alternative minimum tax. Federal or provincial income tax legislation may be amended, or their interpretation changed, so as to alter fundamentally the tax consequences of holding or disposing of Units or the Limited Partner's Distributed Property. Investors are strongly advised to consult their own tax and other professional advisors to assess the income tax and other aspects of the investment before investing in Units. See Item 6 – Canadian Federal Income Tax Considerations. There is no assurance that the General Partner on behalf of the Partnership will be able to identify a sufficient number of suitable investment opportunities in which to invest Available Funds by December 31, 2010. In such case the potential tax benefits to a purchaser of Units will be reduced. There is a risk that Resource Companies in which the Partnership invests will not incur CEE (as hereinafter defined) in an amount equal to the Available Funds. If the federal government does not renew its investment tax credit beyond the current expiry date, the tax benefits enjoyed by the Limited Partners may be correspondingly diminished. Further, the Partnership may not be able to invest 100% of Available Funds in Resource Issuers in respect of which the federal investment tax credit will be applicable. There is a possibility that purchasers of Units will receive allocations of income (including taxable capital gains) from the Partnership without receiving a corresponding cash distribution to satisfy any resulting tax liability. If a purchaser finances the subscription price of his or her Units with a borrowing or other indebtedness that is, or is deemed under the *Income Tax Act* (Canada) to be, a limited recourse financing, the tax benefits of the investment to such purchaser will be adversely affected. There is a possibility that the Proposed Loss Limitation Rule will be enacted commencing effective for taxation years that begin after 2004, with the result that certain losses may be denied. Investors should carefully review Item 6 – Canadian Federal Income Tax Considerations as well as the Risk Factors set forth herein and consult their own professional advisors to assess the income tax, legal and other aspects of the investment. See Item 8 -- "Risk Factors".

Although the Units are transferable in limited circumstances and subject to the conditions of the Partnership Agreement, there is no market through which the Units purchased under this Offering Memorandum may be sold

**and none is expected to develop. Purchasers may not be able to resell Units purchased under this Offering Memorandum.**

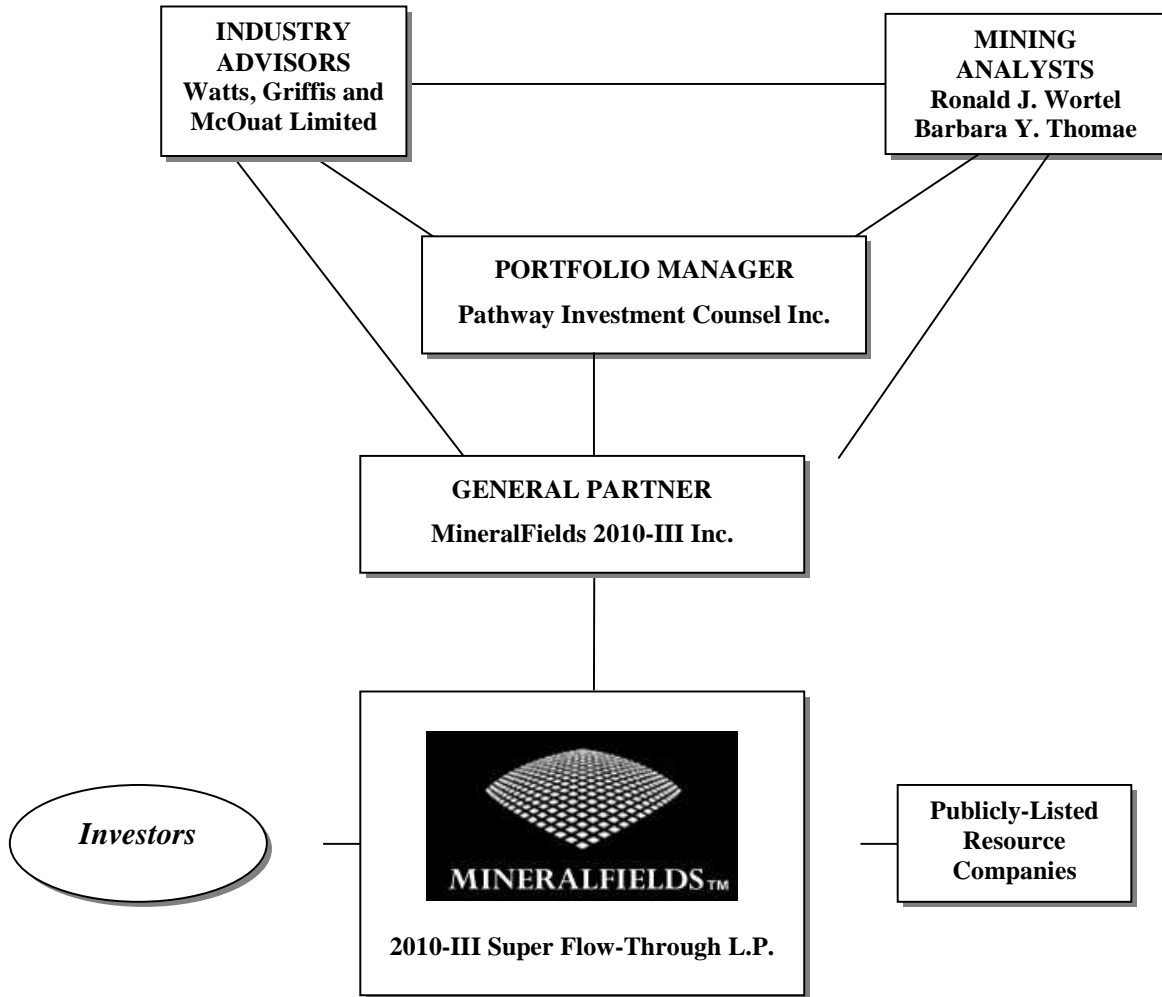
**The federal identification number for this tax shelter is TS076398, and the Québec tax shelter identification number in respect of the Partnership is QAF-10-01362. The identification number issued for this tax shelter must be included in any income tax return filed by an investor. Issuance of the identification 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.**

## **SUMMARY OF KEY DATES**

January 29, 2010	Initial Closing ( <i>subject to availability or extension</i> ). Investors purchase Units and pay the subscription price (\$150,000 minimum, multiples of \$5,000 for subscriptions above \$150,000).
February 26, 2010	Final Closing ( <i>subject to availability or extension</i> ). Investors purchase Units and pay the subscription price (\$150,000 minimum, multiples of \$5,000 for subscriptions above \$150,000).
December 31, 2010	Tax deductions are allocated to Limited Partners.
Late March / early April, 2011	Limited Partners are expected to receive 2010 CEE (tax deduction) and tax credit receipt.
May 31, 2011	Audited financial statements of the Partnership will be sent to Limited Partners.
October 29, 2011	The expected date on which the Partnership's assets are valued in preparation for the dissolution of the Partnership if the Mutual Fund Rollover Option is not selected by the General Partner.
November 1, 2011	The expected date on which the Partnership will dissolve (whether or not the General Partner selects the Mutual Fund Rollover Option), and also the date (if the General Partner does not select the Mutual Fund Rollover Option) on which the Partnership will distribute its assets to its Limited Partners subject to earlier (or later) dissolution on the terms set forth in the Partnership Agreement.
November 2, 2011	The expected date on which a Limited Partner may choose to donate his or her Distributed Property to the registered charity designated by such Limited Partner if the Mutual Fund Rollover Option is not selected by the General Partner.
November 3, 2011	If the General Partner selects the Mutual Fund Rollover Option, Limited Partners are expected to receive rollover mutual fund shares which they may also donate, unless dissolution is accelerated or deferred.
November 4, 2011	The expected first day on which those Flow-Through Shares that are donated to charities, to be held in a special sell-only account, start being sold if the Mutual Fund Rollover Option is not selected by the General Partner.
December 16, 2011	The expected date (30 trading days later) by which registered charities are entitled to receive all net cash proceeds from the sale of Flow-Through Shares donated to such charities by those Limited Partners who choose to do so, on the Donation Date .
Late March / early April, 2012	Limited Partners are expected to receive 2012 tax receipt.

**Flow-Chart of Relevant Parties:**

Note: An arrow represents the flow of funds, and a line represents a relationship.



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## SELECTED FINANCIAL ASPECTS FOR INVESTORS

The following tables set forth certain financial aspects, based on the estimates and assumptions set forth below and in the notes to the tables below, for a Limited Partner who is an individual (other than a trust), who has invested \$10,000, assuming the provincial marginal tax rates noted below after giving effect to all applicable deductions.

**Actual tax rates, tax deductions, money at risk and portfolio values could be significantly different from those shown in the table below.**

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 all of their investment. The tax benefits resulting from an investment in the Partnership are greatest for an investor whose income is subject to a high 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 fiscal year of the Partnership, 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 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 held by the Partnership. The calculations take into account a possible subsequent reinvestment of proceeds which may be realized by the Partnership in connection with dispositions of Flow-Through Shares. The following illustrations were prepared by the General Partner and are not based on an independent opinion rendered by an accountant or lawyer.

The amounts in the following tables are computed based on the assumptions set forth in the notes to the tables. **There is no assurance that all or any of the assumptions upon which the following calculations are based will be applicable to all or any of the Limited Partners, the Partnership or the Flow-Through Shares purchased by the Partnership.**

In the case of residents of Ontario, British Columbia, Manitoba and Saskatchewan, the non-refundable EITC to which such residents may be entitled will end up being between 15 % and 19.25 % in the case of Ontario residents, between 15 % and 32 % of CEE renounced in the case of British Columbia residents, between 15% and 32% in the case of Manitoba residents, and between 15 % and 23.5 % in the case of Saskatchewan residents, as a result of the fact that some, but not all, of the mining projects in respect of which Partnership funds are invested may be located in Ontario, British Columbia, Manitoba and Saskatchewan – each of these provinces currently offers a provincial tax credit as well as the federal one. . **Unless it is extended as it has so many times in the last 7 years, the federal investment tax credit is set to expire on March 31, 2010. Should the federal tax credit be extended, then there will also be an increase in Manitoba investment tax credit to 30% as of April 1, 2010** For this reason, charts for both ends of the spectrum are presented. In the other provinces and territories in which the Units are offered, the non-refundable investment tax credit to which residents will be entitled shall remain a constant 15 % (reflecting the federal tax credit), so only one table is presented. In the case of Québec, as a result of the fact that some, but not all, of the mining projects in respect of which Partnership funds are invested may be located in Québec, and given the fact that Québec offers additional tax deductions in respect of CEE expended in Québec, charts for both ends of the spectrum are presented as well.

**The following tables do not show the potential impact of the Proposed Loss Limitation Rule. If enacted as currently worded, the Proposed Loss Limitation Rule would likely prevent the allocation to an investor of any loss realized by the Partnership, and may also prevent an investor from claiming a loss directly. However, the Proposed Loss Limitation Rule, if enacted as currently worded, should have no impact on the investor's deduction for CEE. See item 6 - Canadian Federal Income Tax Considerations.**

[  
**NOTE: In the event that, in the sole opinion of the General Partner, sufficient investor subscriptions are not obtained by March 15, 2010 to achieve optimal portfolio diversification, the General Partner continues to allow investor subscriptions beyond March 31, 2010, AND the federal government does not renew the EITC beyond March 31, 2010, the net tax credits reflected in the above tables will be reduced, and the General Partner will attempt to sell part of the initial portfolio and reinvest in flow-through shares of Resource Issuers in order to obtain additional CEE deductions and thereby make up, in whole or in part, the net diminution of tax credits.**

**(a) Ontario Residents**

The following table sets forth the estimated net investment to investors resident in Ontario, who are taxed at the highest marginal personal income tax rate currently at 46.41%, in relation to one hundred Units, which are held continuously from subscription to and including the Dissolution Date.

Table 1 shows an investor's money at risk/after-tax purchase cost is calculated as the Subscription Price less all tax savings and federal and provincial tax credits.

**TABLE 1: Investor's Money At Risk**

	<b>Break-even Calculation</b> (19.25 % Tax Credit)	<b>Break-even Calculation</b> (15 % Tax Credit)
<b>Subscription Price</b>	<b>\$10,000</b>	<b>\$10,000</b>
Less: Tax savings	(\$4,641)	(\$4,641)
Less: Federal Tax Credit		(\$1,350)
Less: combined Federal & Ontario Tax Credit	(\$1,733)	-
Tax payable on income inclusion from tax credit	\$804	\$627
<b>Money at Risk / After-Tax Purchase Cost</b>	<b><u>\$4,430</u></b>	<b><u>\$4,636</u></b>
% net funds at risk to investment	<b>44.30 %</b>	<b>46.36 %</b>

Table 2 shows the break-even proceeds of disposition of Units is the amount required to be realized on disposition of a Limited Partner's initial \$10,000 investment to recover the money at risk/after-tax cost of the investment.

**TABLE 2: Calculation for Break-even Proceeds & Downside Protection**

<b>Downside Protection</b>	<b>42 %</b>	<b>40 %</b>
<b>Required Break-even Proceeds of Disposition</b>	<b>\$5,769</b>	<b>\$6,037</b>
Taxable Portion (50 %)	\$2,884	\$3,018
Tax on capital gain	46.41%	46.41 %
Less: capital gains tax	(\$1,339)	(\$1,401)
<b>After-tax proceeds = After Tax Purchase Cost</b>	<b><u>\$4,430</u></b>	<b><u>\$4,636</u></b>

Table 3 shows an investor's money at risk/after-tax purchase cost when the investment is also donated on the dissolution date of the Limited Partnership.

**TABLE 3: After-Tax Cost of Donating MineralFields Flow-Through Investment**

	<b>Break-even Calculation</b> (19.25 % Tax Credit)	<b>Break-even Calculation</b> (15 % Tax Credit)
<b>Subscription Price</b>	<b>\$10,000</b>	<b>\$10,000</b>
Less: Tax savings	(\$4,641)	(\$4,641)
Less: Federal Tax Credit		(\$1,350)
Less: combined Federal & Ontario Tax Credit	(\$1,733)	-
Tax payable on income inclusion from tax credit	\$804	\$627
Less: Tax Savings in 2011 from Donation of \$10,000	(\$4,641)	(\$4,641)
Add: Capital Gains Tax on \$10,000 in 2011	NIL	NIL
<b>After-Tax Cost of Donating \$10,000 via Flow-Through</b>	<b><u>(\$211)</u></b>	<b><u>(\$5)</u></b>
[in other words, donating will be either free, or the investor will actually be ahead 2 cents on the dollar after-tax by donating]		
After-Tax Out of Pocket percentage of Each Dollar		
Donated Charitably via Flow-Through	<b>(2.11) %</b>	<b>(0.05) %</b>
Tax Savings Using Charitable Donation via Flow-Through	<b>102.11 %</b>	<b>100.05 %</b>

Note: \$10,000 Donated Directly without using Flow-Through would result in Tax Savings of only 46.41 %, meaning that the after-tax out of pocket percentage of each dollar donated to a registered charity without flow-through would be 100.00 % - 46.41 % = 53.59 %, or approximately 54 cents on the dollar.

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Notes and Assumptions:

- (1) Assumes that 90% of the investor's aggregate subscription will be used by the Partnership to acquire Flow-Through Shares that qualify as so-called "Super" Flow-Through Shares and that such funds will be spent by the issuers on CEE within the required time to ensure a deduction for the investor in the 2010 taxation year.
- (2) Ordinarily, Limited Partners may for income tax purposes claim the offering costs (10 % of the Subscription Price .i.e. \$1,000) to be deducted over five years to the extent of 20 % per year, beginning with the 2010 taxation year as a loss allocated from the Partnership. This assumes 10% of the investor's subscription funds are used to pay offering costs and not used to subscribe for "super" flow-through shares. However, the Proposed Loss Limitation Rule if enacted will in effect deny the realization of any loss by the Partnership and allocation of such loss to the Limited Partners. The Partnership is scheduled to be dissolved on November 1, 2011. It is a question of fact whether the Limited Partners will be able to deduct any loss directly. However, the Proposed Loss Limitation Rule if enacted should have no impact on the investor's deduction for CEE. See "Canadian Federal Income Tax Considerations".
- (3) Assumes that the 90 % of the investor's aggregate subscription proceeds that are used to acquire the Super Flow-Through Shares will be used to incur certain grass roots mining exploration expenses eligible for the related investment tax credits, both in Ontario (eligible for both the federal 15 % EITC and Ontario 5 % EITC), as well as Canada outside of Ontario (eligible for only the federal 15 % EITC). Where the full Ontario 5 % EITC is claimed, the federal 15 % EITC is partially clawed back to 14.25 %.
- (4) Money at-risk, also referred to as the After-Tax Purchase Cost of a Unit, is calculated as the total investment less all income tax savings from tax deductions and federal and provincial tax credits.
- (5) The break-even proceeds of disposition represents the amount an investor must receive such that, after paying capital gains tax, the investor would recover such investor's money at-risk.
- (6) The tax benefits described above may be limited by the alternative minimum tax. The highest marginal tax rates used are for individuals and are based on current federal and provincial rates. Federal and provincial tax rates may be modified in the future causing the tax savings to change. The adjusted cost base is assumed to be nil for income tax purposes.
- (7) There are a number of assumptions. The Partnership is assumed to have dissolved and distributed the Flow-Through Shares to the investor. The investor's "total gifts" for the year is assumed to be less than 75% of the investor's income under the Tax Act for the year. The investor is assumed to donate Flow-Through Shares that are listed on a "designated stock exchange" to a "qualified donee", as defined in the Tax Act. The fair market value of the Flow-Through Shares donated is assumed to be \$10,000 at the time of donation. The calculation ignores a lower tax credit under the Tax Act for the first \$200 of total charitable gifts by an investor in the year.
- (8) It is assumed that the investor makes a gift of the Flow-Through Shares referred in footnote 7 to a "qualified donee" as defined in the Tax Act. As a result, none of the assumed \$10,000 gain would be included in income as a taxable capital gain.
- (9) Downside protection is calculated as investment cost of \$10,000 minus break-even proceeds of disposition of Flow-Through Shares, divided by investment cost.
- (10) Based on past experience with previous MineralFields national limited partnership offerings, approximately half of the Net Proceeds are invested in Ontario, resulting in an aggregate federal and Ontario tax credit of approximately 17 %.

## (b) Québec Residents

The following table sets forth the estimated net investment to investors resident in Québec, who are taxed at the highest marginal personal income tax rate currently at 48.22%, in relation to one hundred Units, which are held continuously from subscription to and including the Dissolution Date.

Table 1 shows an investor's money at risk/after-tax purchase cost is calculated as the Subscription Price less all tax savings and federal and provincial tax credits.

TABLE 1: Investor's Money At Risk

	Break-even Calculation (100% of CEE expended in Québec)	Break-even Calculation (NIL CEE expended in Québec)
<b>Subscription Price</b>	<b>\$10,000</b>	<b>\$10,000</b>
Less: Tax savings from federal tax deduction	(\$2,422)	(\$2,422)
Less: Tax savings from Québec tax deduction	(\$3,480)	(\$2,400)
Less: Federal Tax Credit	(\$1,350)	(\$1,350)
Add: 2011 federal income inclusion from tax credit	\$327	\$327
Add: Québec inclusion from tax credit	NIL	NIL
<b>Money at Risk / After-Tax Purchase Cost</b>	<b><u>\$3,075</u></b>	<b><u>\$4,155</u></b>
% net funds at risk to investment	<b>30.75 %</b>	<b>41.55 %</b>

Table 2 shows the break-even proceeds of disposition of Units is the amount required to be realized on disposition of a Limited Partner's initial \$10,000 investment to recover the money at risk/after-tax cost of the investment.

TABLE 2: Calculation for Break-even Proceeds & Downside Protection

<b>Downside Protection</b>	<b>59 %</b>	<b>45 %</b>
<b>Required Break-even Proceeds of Disposition</b>	<b>\$4,052</b>	<b>\$5,475</b>
Taxable Portion (50 %)	\$2,026	\$2,738
Tax on capital gain	48.22%	48.22 %
Less: capital gains tax	(\$977)	(\$1,320)
<b>After-tax proceeds = After Tax Purchase Cost</b>	<b><u>\$3,075</u></b>	<b><u>\$4,155</u></b>

Table 3 shows an investor's money at risk/after-tax purchase cost when the investment is also donated on the dissolution date of the Limited Partnership.

TABLE 3: After-Tax Cost of Donating MineralFields Flow-Through Investment

	Break-even Calculation (100% of CEE expended in Québec)	Break-even Calculation (NIL CEE expended in Québec)
<b>Subscription Price</b>	<b>\$10,000</b>	<b>\$10,000</b>
Less: Tax savings from federal tax deduction	(\$2,422)	(\$2,422)
Less: Tax savings from Québec tax deduction	(\$3,480)	(\$2,400)
Less: Federal Tax Credit	(\$1,350)	(\$1,350)
Add: 2011 federal income inclusion from tax credit	\$327	\$327
Add: Québec inclusion from tax credit	NIL	NIL
Less: Tax Savings in 2011 from Donation of \$10,000	(\$4,822)	(\$4,822)
Add: Capital Gains Tax on \$10,000 in 2011	NIL	NIL
<b>After-Tax Cost of Donating \$10,000 via Flow-Through</b>	<b><u>(\$1,747)</u></b>	<b><u>(\$667)</u></b>
[in other words, by donating, the investor will actually be ahead between 7 to 17 cents on the dollar after-tax]		
After-Tax Out of Pocket percentage of Each Dollar		
Donated Charitably via Flow-Through	<b>(17.47) %</b>	<b>(6.67) %</b>
Tax Savings Using Charitable Donation via Flow-Through	<b>117.47 %</b>	<b>106.67 %</b>

Note: \$10,000 Donated Directly without using Flow-Through would result in Tax Savings of only 48.22 %, meaning that the after-tax out of pocket Percentage of each dollar donated to a charity without flow-through would be 100.00 % - 48.22 % = 51.78 %, or approximately 52 cents on the dollar.

Notes and Assumptions:

- (1) Assumes that 90% of the investor's aggregate subscription will be used by the Partnership to acquire Flow-Through Shares that qualify as so-called "Super" Flow-Through Shares and that such funds will be spent by the issuers on CEE within the required time to ensure a deduction for the investor in the 2010 taxation year.
- (2) Ordinarily, Limited Partners may for income tax purposes claim the offering costs (10 % of the Subscription Price ,i.e. \$1,000) to be deducted over five years to the extent of 20 % per year, beginning with the 2010 taxation year as a loss allocated from the Partnership. This assumes 10% of the investor's subscription funds are used to pay offering costs and not used to subscribe for "super" flow-through shares. However, the Proposed Loss Limitation Rule if enacted will in effect deny the realization of any loss by the Partnership and allocation of such loss to the Limited Partners. The Partnership is scheduled to be dissolved on November 1, 2011. It is a question of fact whether the Limited Partners will be able to deduct any loss directly. However, the Proposed Loss Limitation Rule if enacted should have no impact on the investor's deduction for CEE. See "Canadian Federal Income Tax Considerations".
- (3) To the extent that CEE is incurred in Québec, an additional 50 % of the Québec portion of the income tax will be deductible in 2010. Based on past experience with previous MineralFields national limited partnership offerings, most of the Net Proceeds are in vested outside of Québec, resulting in an aggregate Québec deduction equal to the CEE.
- (3B) Money at-risk, also referred to as the After-Tax Purchase Cost of a Unit, is calculated as the total investment less all income tax savings from tax deductions and federal and provincial tax credits.
- (4) The break-even proceeds of disposition represents the amount an investor must receive such that, after paying capital gains tax, the investor would recover such investor's money at-risk.
- (5) The tax benefits described above may be limited by the alternative minimum tax. The highest marginal tax rates used are for individuals and are based on current federal and provincial rates. Federal and provincial tax rates may be modified in the future causing the tax savings to change. The adjusted cost base is assumed to be nil for income tax purposes.
- (6) There are a number of assumptions. The Partnership is assumed to have first disposed of the Flow-Through Shares to a mutual fund corporation in exchange for mutual fund shares in a tax-deferred transaction pursuant to which the investor obtains shares of the mutual fund corporation. The investor's "total gifts" for the year is assumed to be less than 75% of the investor's income under the Tax Act for the year. The investor is assumed to donate Flow-Through Shares that are listed on a "designated stock exchange" to a "qualified donee", as defined in the Tax Act. The fair market value of the mutual fund shares donated is assumed to be \$10,000 at the time of donation. The calculation ignores a lower tax credit under the Tax Act for the first \$200 of total charitable gifts by an investor in the year.
- (7) This assumes a capital gain of \$10,000 results from the investor making a gift of the mutual fund shares referred in footnote 9 to a "qualified donee" as defined in the Tax Act. As a result, none of the assumed \$10,000 gain would be included in income as a taxable capital gain.
- (8) Downside protection is calculated as investment cost of \$10,000 minus break-even proceeds of disposition of Flow-Through Shares, divided by investment cost.
- (9) This assumes that the investor has other investment income in the year sufficient to offset amounts considered to be investment expenses under the Québec Act.

**(c) British Columbia Residents**

The following table sets forth the estimated net investment to investors resident in British Columbia, who enjoy the highest marginal personal income tax rate (i.e., 43.70 %), in relation to one hundred Units, which are held continuously from subscription to and including the Dissolution Date.

Table 1 shows an investor's money at risk/after-tax purchase cost is calculated as the Subscription Price less all tax savings and federal and provincial tax credits.

**TABLE 1: Investor's Money At Risk**

	<b>Break-even Calculation</b> (32 % Tax Credit)	<b>Break-even Calculation</b> (15 % Tax Credit)
<b>Subscription Price</b>	<b>\$10,000</b>	<b>\$10,000</b>
Less: Tax savings	(\$4,370)	(\$4,370)
Less: Federal Tax Credit		(\$1,350)
Less: combined Federal & B.C. Tax Credit	(\$2,880)	-
Tax payable on income inclusion from tax credit	\$1,259	\$590
<b>Money at Risk / After-Tax Purchase Cost</b>	<b><u>\$4,009</u></b>	<b><u>\$4,870</u></b>
% net funds at risk to investment	<b>40.09 %</b>	<b>48.70 %</b>

Table 2 shows the break-even proceeds of disposition of Units is the amount required to be realized on disposition of a Limited Partner's initial \$10,000 investment to recover the money at risk/after-tax cost of the investment.

**TABLE 2: Calculation for Break-even Proceeds & Downside Protection**

	<b>49 %</b>	<b>38 %</b>
<b>Downside Protection</b>		
<b>Required Break-even Proceeds of Disposition</b>	<b>\$5,130</b>	<b>\$6,232</b>
Taxable Portion (50 %)	\$2,565	\$3,116
Tax on capital gain	43.7%	43.7 %
Less: capital gains tax	(\$1,121)	(\$1,362)
<b>After-tax proceeds = After Tax Purchase Cost</b>	<b><u>\$4,009</u></b>	<b><u>\$4,870</u></b>

Table 3 shows an investor's money at risk/after-tax purchase cost when the investment is also donated on the dissolution date of the Limited Partnership.

**TABLE 3: After-Tax Cost of Donating MineralFields Flow-Through Investment**

	<b>Break-even Calculation</b> (32 % Tax Credit)	<b>Break-even Calculation</b> (15 % Tax Credit)
<b>Subscription Price</b>	<b>\$10,000</b>	<b>\$10,000</b>
Less: Tax savings from deduction of CEE	(\$4,370)	(\$4,370)
Less: Federal Tax Credit		(\$1,350)
Less: combined Federal & BC Tax Credit	(\$2,880)	-
Tax payable on income inclusion from tax credit	\$1,259	\$590
Less: Tax Savings in 2011 from Donation of \$10,000	(\$4,370)	(\$4,370)
Add: Capital Gains Tax on \$10,000 in 2011	NIL	NIL
<b>After-Tax Cost of Donating \$10,000 via Flow-Through</b>	<b><u>(\$361)</u></b>	<b><u>\$500</u></b>
[in other words, donating will be either free, almost free, or the investor will actually be ahead after-tax by donating]		
After-Tax Out of Pocket percentage of Each Dollar		
Donated Charitably via Flow-Through	<b>(3.61) %</b>	<b>5.00 %</b>
Tax Savings Using Charitable Donation via Flow-Through	<b>103.61 %</b>	<b>95.00 %</b>

Note: \$10,000 Donated Directly without using Flow-Through would result in Tax Savings of only 43.70 %, meaning that the after-tax out of pocket percentage of each dollar donated to a registered charity without flow-through would be 100.00 % - 43.70 % = 56.30 %, or approximately 56 cents on the dollar.

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Notes and Assumptions:

- (1) Assumes that 90% of the investor's aggregate subscription will be used by the Partnership to acquire Flow-Through Shares that qualify as so-called "Super" Flow-Through Shares and that such funds will be spent by the issuers on CEE within the required time to ensure a deduction for the investor in the 2010 taxation year.
- (2) Ordinarily, Limited Partners may for income tax purposes claim the offering costs (10 % of the Subscription Price, i.e. \$1,000) to be deducted over five years to the extent of 20 % per year, beginning with the 2010 taxation year as a loss allocated from the Partnership. This assumes 10% of the investor's subscription funds are used to pay offering costs and not used to subscribe for "super" flow-through shares. However, the Proposed Loss Limitation Rule if enacted will in effect deny the realization of any loss by the Partnership and allocation of such loss to the Limited Partners. The Partnership is scheduled to be dissolved on November 1, 2011. It is a question of fact whether the Limited Partners will be able to deduct any loss directly. However, the Proposed Loss Limitation Rule if enacted should have no impact on the investor's deduction for CEE. See "Canadian Federal Income Tax Considerations".
- (3) Assumes that 90 % of the investor's aggregate subscription proceeds that are used to acquire the Super Flow-Through Shares will be used to incur certain grass roots mining exploration expenses eligible for the related investment tax credits, both in B.C. (eligible for both the federal 15 % EITC and B.C. 20 % EITC), as well as Canada outside of B.C. (eligible for only the federal 15% EITC). Where the full B.C. 20 % EITC is claimed, the federal 15 % EITC is partially clawed back to 12 %.
- (4) Money at-risk, also referred to as the After-Tax Purchase Cost of a Unit, is calculated as the total investment less all income tax savings from tax deductions and federal and provincial tax credits.
- (5) The break-even proceeds of disposition represents the amount an investor must receive such that, after paying capital gains tax, the investor would recover such investor's money at-risk.
- (6) The tax benefits described above may be limited by the alternative minimum tax. The highest marginal tax rates used are for individuals and are based on current federal and provincial rates. Federal and provincial tax rates may be modified in the future causing the tax savings to change. The adjusted cost base is assumed to be nil for income tax purposes.
- (7) There are a number of assumptions. The Partnership is assumed to have dissolved and distributed the Flow-Through Shares to the investor. The investor's "total gifts" for the year is assumed to be less than 75% of the investor's income under the Tax Act for the year. The investor is assumed to donate Flow-Through Shares that are listed on a "designated stock exchange" to a "qualified donee", as defined in the Tax Act. The fair market value of the Flow-Through Shares donated is assumed to be \$10,000 at the time of donation. The calculation ignores a lower tax credit under the Tax Act for the first \$200 of total charitable gifts by an investor in the year.
- (8) It is assumed that the investor makes a gift of the Flow-Through Shares referred in footnote 7 to a "qualified donee" as defined in the Tax Act. As a result, none of the assumed \$10,000 gain would be included in income as a taxable capital gain.
- (9) Downside protection is calculated as investment cost of \$10,000 minus break-even proceeds of disposition of Flow-Through Shares, divided by investment cost.
- (10) Based on past experience with previous MineralFields national limited partnership offerings, most of the Net Proceeds are invested outside of British Columbia, resulting in an aggregate federal and B.C. tax credit of approximately 15 ½ %. **Investors resident in B.C. who wish to claim the maximum combined tax credit of 32 % are invited to consider investing in MineralFields B.C. 2010 Super Flow-Through Limited Partnership, which invests exclusively in Resource Companies which will invest the Net Proceeds in B.C.**

**(d) Alberta Residents**

The following table sets forth the estimated net investment to investors resident in Alberta, who enjoy the highest marginal personal income tax rate (i.e., 39 %), in relation to one hundred Units, which are held continuously from subscription to and including the Dissolution Date:

Table 1 shows an investor's money at risk/after-tax purchase cost is calculated as the Subscription Price less all tax savings and federal and provincial tax credits.

**TABLE 1: Investor's Money At Risk**

	<b>Break-even Calculation</b> (15 % Tax Credit)
<b>Subscription Price</b>	<b>\$10,000</b>
Less: Tax savings	(\$3,900)
Less: Federal Tax Credit	(\$1,350)
Tax payable on 2011 income inclusion from tax credit	\$527
<b>Money at Risk / After-Tax Purchase Cost</b>	<b><u>\$5,277</u></b>
% net funds at risk to investment	<b>52.77 %</b>

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Table 2 shows the break-even proceeds of disposition of Units is the amount required to be realized on disposition of a Limited Partner's initial \$10,000 investment to recover the money at risk/after-tax cost of the investment.

**TABLE 2: Calculation for Break-even Proceeds & Downside Protection**

<b>Downside Protection</b>	<b>34 %</b>
<b>Required Break-even Proceeds of Disposition</b>	<b>\$6,555</b>
Taxable Portion (50 %)	\$3,278
Tax on capital gain	39 %
Less: capital gains tax	(\$1,278)
<b>After-tax proceeds = After Tax Purchase Cost</b>	<b><u>\$5,277</u></b>

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Table 3 shows an investor's money at risk/after-tax purchase cost when the investment is also donated on the dissolution date of the Limited Partnership.

**TABLE 3: After-Tax Cost of Donating MineralFields Flow-Through Investment**

	<b>Break-even Calculation</b> (15 % Tax Credit)
<b>Subscription Price</b>	<b>\$10,000</b>
Less: Tax savings from deduction of CEE	(\$3,900)
Less: Federal Tax Credit	(\$1,350)
Tax payable on 2011 income inclusion from tax credit	\$527
Less: Tax Savings in 2011 from Donation of \$10,000	(\$5,000)
Add: Capital Gains Tax on \$10,000 in 2011	NIL
<b>After-Tax Cost of Donating \$10,000 via Flow-Through</b> [in other words, approximately 3 cents on the dollar]	<b><u>\$277</u></b>
After-Tax Out of Pocket percentage of Each Dollar Donated Charitably via Flow-Through	<b>2.77 %</b>
Tax Savings Using Charitable Donation via Flow-Through	<b>97.23 %</b>

Note: \$10,000 Donated Directly without using Flow-Through would result in Tax Savings of only 50 %, meaning that the after-tax out of pocket percentage of each dollar donated to a registered charity without flow-through would be  $100.00 \% - 50 \% = 50 \%$ , or approximately 50 cents on the dollar.

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Notes and Assumptions:

- (1) Assumes that 90% of the investor's aggregate subscription will be used by the Partnership to acquire Flow-Through Shares that qualify as so-called "Super" Flow-Through Shares and that such funds will be spent by the issuers on CEE within the required time to ensure a deduction for the investor in the 2010 taxation year.
- (2) Ordinarily, Limited Partners may for income tax purposes claim the offering costs (10 % of the Subscription Price, i.e. \$1,000) to be deducted over five years to the extent of 20 % per year, beginning with the 2010 taxation year as a loss allocated from the Partnership. This assumes 10% of the investor's subscription funds are used to pay offering costs and not used to subscribe for "super" flow-through shares. However, the Proposed Loss Limitation Rule if enacted will in effect deny the realization of any loss by the Partnership and allocation of such loss to the Limited Partners. The Partnership is scheduled to be dissolved on November 1, 2011. It is a question of fact whether the Limited Partners will be able to deduct any loss directly. However, the Proposed Loss Limitation Rule if enacted should have no impact on the investor's deduction for CEE. See "Canadian Federal Income Tax Considerations".
- (3) Assumes that 90 % of the investor's aggregate subscription proceeds are used to acquire the Flow-Through Shares that qualify as so-called "Super" Flow-Through Shares; and that such funds will be used to incur certain grass roots mining exploration expenses eligible for this investment tax credit in Canada.
- (4) Money at-risk, also referred to as the After-Tax Purchase Cost of a Unit, is calculated as the total investment less all income tax savings from tax deductions and federal and provincial tax credits.
- (5) The break-even proceeds of disposition represents the amount an investor must receive such that, after paying capital gains tax, the investor would recover such investor's money at-risk.
- (6) The tax benefits described above may be limited by the alternative minimum tax. The highest marginal tax rates used are for individuals and are based on current federal and provincial rates. Federal and provincial tax rates may be modified in the future causing the tax savings to change. The adjusted cost base is assumed to be nil for income tax purposes.
- (7) There are a number of assumptions. The Partnership is assumed to have dissolved and distributed the Flow-Through Shares to the investor. The investor's "total gifts" for the year is assumed to be less than 75% of the investor's income under the Tax Act for the year. The investor is assumed to donate Flow-Through Shares that are listed on a "designated stock exchange" to a "qualified donee", as defined in the Tax Act. The fair market value of the Flow-Through Shares donated is assumed to be \$10,000 at the time of donation. The calculation ignores a lower tax credit under the Tax Act for the first \$200 of total charitable gifts by an investor in the year.
- (8) It is assumed that the investor makes a gift of the Flow-Through Shares referred in footnote 7 to a "qualified donee" as defined in the Tax Act. As a result, none of the assumed \$10,000 gain would be included in income as a taxable capital gain.
- (9) Downside protection is calculated as investment cost of \$10,000 minus break-even proceeds of disposition of Flow-Through Shares, divided by investment cost.

**(e) Manitoba Residents**

The following table sets forth the estimated net investment to investors resident in Manitoba, who are taxed at the highest marginal personal income tax rate currently at 46.40%, in relation to one hundred Units, which are held continuously from subscription to and including the Dissolution Date. Note the Manitoba tax credit will be increased after March 30, 2010, and this has not been reflected below.

Table 1 shows an investor's money at risk/after-tax purchase cost is calculated as the Subscription Price less all tax savings and federal and provincial tax credits.

**TABLE 1: Investor's Money At Risk**

	<b>Break-even Calculation</b> (32 % Tax Credit)	<b>Break-even Calculation</b> (15 % Tax Credit)
<b>Subscription Price</b>	<b>\$10,000</b>	<b>\$10,000</b>
Less: Tax savings	(\$4,640)	(\$4,640)
Less: Federal Tax Credit		(\$1,350)
Less: combined Federal & Manitoba Tax Credit	(\$2,880)	-
Tax payable on income inclusion from tax credit	\$1,336	\$626
<b>Money at Risk / After-Tax Purchase Cost</b>	<b><u>\$3,816</u></b>	<b><u>\$4,636</u></b>
% net funds at risk to investment	<b>38.16 %</b>	<b>46.36 %</b>

Table 2 shows the break-even proceeds of disposition of Units is the amount required to be realized on disposition of a Limited Partner's initial \$10,000 investment to recover the money at risk/after-tax cost of the investment.

**TABLE 2: Calculation for Break-even Proceeds & Downside Protection**

	<b>50 %</b>	<b>40 %</b>
<b>Downside Protection</b>		
<b>Required Break-even Proceeds of Disposition</b>	<b>\$4,969</b>	<b>\$6,036</b>
Taxable Portion (50 %)	\$2,484	\$3,018
Tax on capital gain	46.40%	46.40 %
Less: capital gains tax	(\$1,153)	(\$1,400)
<b>After-tax proceeds = After Tax Purchase Cost</b>	<b><u>\$3,816</u></b>	<b><u>\$4,636</u></b>

Table 3 shows an investor's money at risk/after-tax purchase cost when the investment is also donated on the dissolution date of the Limited Partnership.

**TABLE 3: After-Tax Cost of Donating MineralFields Flow-Through Investment**

	<b>Break-even Calculation</b> (32 % Tax Credit)	<b>Break-even Calculation</b> (15 % Tax Credit)
<b>Subscription Price</b>	<b>\$10,000</b>	<b>\$10,000</b>
Less: Tax savings from deduction of CEE	(\$4,640)	(\$4,640)
Less: Federal Tax Credit		(\$1,350)
Less: combined Federal & Manitoba Tax Credit	(\$2,880)	-
Tax payable on income inclusion from tax credit	\$1,336	\$626
Less: Tax Savings in 2011 from Donation of \$10,000	(\$4,640)	(\$4,640)
Add: Capital Gains Tax on \$10,000 in 2011	NIL	NIL
<b>After-Tax Cost of Donating \$10,000 via Flow-Through</b>	<b><u>(\$824)</u></b>	<b><u>(\$4)</u></b>

[in other words, donating will be either free, or the investor will actually be ahead over 8 cents on the dollar after-tax by donating]

After-Tax Out of Pocket percentage of Each Dollar

Donated Charitably via Flow-Through **(8.24) %** **(0.04) %**

Tax Savings Using Charitable Donation via Flow-Through **108.24 %** **100.04 %**

Note: \$10,000 Donated Directly without using Flow-Through would result in Tax Savings of only 46.40 %, meaning that the after-tax out of pocket percentage of each dollar donated to a registered charity without flow-through would be 100.00 % - 46.40 % = 53.60 %, or approximately 54 cents on the dollar.

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Notes and Assumptions:

- (1) Assumes that 90% of the investor's aggregate subscription will be used by the Partnership to acquire Flow-Through Shares that qualify as so-called "Super" Flow-Through Shares and that such funds will be spent by the issuers on CEE within the required time to ensure a deduction for the investor in the 2010 taxation year.
- (2) Ordinarily, Limited Partners may for income tax purposes claim the offering costs (10 % of the Subscription Price, i.e. \$1,000) to be deducted over five years to the extent of 20 % per year, beginning with the 2010 taxation year as a loss allocated from the Partnership. This assumes 10% of the investor's subscription funds are used to pay offering costs and not used to subscribe for "super" flow-through shares. However, the Proposed Loss Limitation Rule if enacted will in effect deny the realization of any loss by the Partnership and allocation of such loss to the Limited Partners. The Partnership is scheduled to be dissolved on November 1, 2011. It is a question of fact whether the Limited Partners will be able to deduct any loss directly. However, the Proposed Loss Limitation Rule if enacted should have no impact on the investor's deduction for CEE. See "Canadian Federal Income Tax Considerations".
- (3) Assumes that the 90 % of the investor's aggregate subscription proceeds that are used to acquire the Super Flow-Through Shares will be used to incur certain grass roots mining exploration expenses eligible for the related investment tax credits, both in Manitoba (eligible for both the federal 15% EITC and the Manitoba 20% EITC, as well as in Canada outside of Manitoba (eligible for only the federal 15% EITC). Where the full Manitoba 20% EITC is claimed, the federal 15% EITC is partially clawed back to 12%.
- (4) Money at-risk, also referred to as the After-Tax Purchase Cost of a Unit, is calculated as the total investment less all income tax savings from tax deductions and federal and provincial tax credits.
- (5) The break-even proceeds of disposition represents the amount an investor must receive such that, after paying capital gains tax, the investor would recover such investor's money at-risk.
- (6) The tax benefits described above may be limited by the alternative minimum tax. The highest marginal tax rates used are for individuals and are based on current federal and provincial rates. Federal and provincial tax rates may be modified in the future causing the tax savings to change. The adjusted cost base is assumed to be nil for income tax purposes.
- (7) There are a number of assumptions. The Partnership is assumed to have dissolved and distributed the Flow-Through Shares to the investor. The investor's "total gifts" for the year is assumed to be less than 75% of the investor's income under the Tax Act for the year. The investor is assumed to donate Flow-Through Shares that are listed on a "designated stock exchange" to a "qualified donee", as defined in the Tax Act. The fair market value of the Flow-Through Shares donated is assumed to be \$10,000 at the time of donation. The calculation ignores a lower tax credit under the Tax Act for the first \$200 of total charitable gifts by an investor in the year.
- (8) It is assumed that the investor makes a gift of the Flow-Through Shares referred in footnote 7 to a "qualified donee" as defined in the Tax Act. As a result, none of the assumed \$10,000 gain would be included in income as a taxable capital gain.
- (9) Downside protection is calculated as investment cost of \$10,000 minus break-even proceeds of disposition of Flow-Through Shares, divided by investment cost.
- (10) Based on past experience with previous MineralFields national limited partnership offerings, most of the Net Proceeds are invested outside of Manitoba, resulting in an aggregate federal and Manitoba tax credit of approximately 15 ½ %.

**(f) Saskatchewan Residents**

The following table sets forth the estimated net investment to investors resident in Saskatchewan, who enjoy the highest marginal personal income tax rate (i.e., 44 %), in relation to one hundred Units, which are held continuously from subscription to and including the Dissolution Date.

Table 1 shows an investor's money at risk/after-tax purchase cost is calculated as the Subscription Price less all tax savings and federal and provincial tax credits.

**TABLE 1: Investor's Money At Risk**

	<b>Break-even Calculation</b> (23.50 % Tax Credit)	<b>Break-even Calculation</b> (15 % Tax Credit)
<b>Subscription Price</b>	<b>\$10,000</b>	<b>\$10,000</b>
Less: Tax savings	(\$4,400)	(\$4,400)
Less: Federal Tax Credit		(\$1,350)
Less: combined Federal & Saskatchewan Tax Credit	(\$2,115)	-
Add: 2011 income inclusion from tax credit	\$931	\$594
<b>Money at Risk / After-Tax Purchase Cost</b>	<b><u>\$4,416</u></b>	<b><u>\$4,844</u></b>
% net funds at risk to investment	<b>44.16 %</b>	<b>48.44 %</b>

Table 2 shows the break-even proceeds of disposition of Units is the amount required to be realized on disposition of a Limited Partner's initial \$10,000 investment to recover the money at risk/after-tax cost of the investment.

**TABLE 2: Calculation for Break-even Proceeds**

	<b>43 %</b>	<b>38 %</b>
<b>Downside Protection</b>		
<b>Required Break-even Proceeds of Disposition</b>	<b>\$5,662</b>	<b>\$6,210</b>
Taxable Portion (50 %)	\$2,831	\$3,105
Tax on capital gain	44 %	44 %
Less: capital gains tax	(\$1,246)	(\$1,366)
<b>After-tax proceeds = After Tax Purchase Cost</b>	<b><u>\$4,416</u></b>	<b><u>\$4,844</u></b>

Table 3 shows an investor's money at risk/after-tax purchase cost when the investment is also donated on the dissolution date of the Limited Partnership.

**TABLE 3: After-Tax Cost of Donating MineralFields Flow-Through Investment**

	<b>Break-even Calculation</b> (23.50 % Tax Credit)	<b>Break-even Calculation</b> (15 % Tax Credit)
<b>Subscription Price</b>	<b>\$10,000</b>	<b>\$10,000</b>
Less: Tax savings from deduction of CEE	(\$4,400)	(\$4,400)
Less: Federal Tax Credit		(\$1,350)
Less: combined Federal & Saskatchewan Tax Credit	(\$2,115)	-
Add: 2011 income inclusion from tax credit	\$931	\$594
Less: Tax Savings in 2011 from Donation of \$10,000	(\$4,400)	(\$4,400)
Add: Capital Gains Tax on \$10,000 in 2011	NIL	NIL
<b>After-Tax Cost of Donating \$10,000 via Flow-Through</b>	<b><u>\$16</u></b>	<b><u>\$444</u></b>
[in other words, approximately either ½ a cent on the dollar or 4 and a ½ cents on the dollar, depending on the tax credit amount]		
After-Tax Out of Pocket percentage of Each Dollar		
Donated Charitably via Flow-Through	<b>0.16 %</b>	<b>4.44 %</b>
Tax Savings Using Charitable Donation via Flow-Through	<b>99.84 %</b>	<b>95.56 %</b>

Note: \$10,000 Donated Directly without using Flow-Through would result in Tax Savings of only 44 %, meaning that the after-tax out of pocket Percentage of each dollar donated to a charity without flow-through would be  $100.00 \% - 44 \% = 56 \%$ , or approximately 56 cents on the dollar.

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Notes and Assumptions:

- (1) Assumes that 90% of the investor's aggregate subscription will be used by the Partnership to acquire Flow-Through Shares that qualify as so-called "Super" Flow-Through Shares and that such funds will be spent by the issuers on CEE within the required time to ensure a deduction for the investor in the 2010 taxation year.
- (2) Ordinarily, Limited Partners may for income tax purposes claim the offering costs (10 % of the Subscription Price, i.e. \$1,000) to be deducted over five years to the extent of 20 % per year, beginning with the 2010 taxation year as a loss allocated from the Partnership. This assumes 10% of the investor's subscription funds are used to pay offering costs and not used to subscribe for "super" flow-through shares. However, the Proposed Loss Limitation Rule if enacted will in effect deny the realization of any loss by the Partnership and allocation of such loss to the Limited Partners. The Partnership is scheduled to be dissolved on November 1, 2011. It is a question of fact whether the Limited Partners will be able to deduct any loss directly. However, the Proposed Loss Limitation Rule if enacted should have no impact on the investor's deduction for CEE. See "Canadian Federal Income Tax Considerations".
- (3) Assumes that 90 % of the investor's aggregate subscription proceeds that are used to acquire the Super Flow-Through Shares will be used to incur certain grass roots mining exploration expenses eligible for the related investment tax credits both in Saskatchewan (eligible for both the federal 15% EITC and the Saskatchewan 10% EITC), as well as in Canada outside of Saskatchewan (eligible for only the federal 15% EITC ). Where the full Saskatchewan 10% EITC is claimed, the federal 15% EITC is partially clawed back to 13.5 %.
- (4) Money at-risk, also referred to as the After-Tax Purchase Cost of a Unit, is calculated as the total investment less all income tax savings from tax deductions and federal and provincial tax credits.
- (5) The break-even proceeds of disposition represents the amount an investor must receive such that, after paying capital gains tax, the investor would recover such investor's money at-risk.
- (6) The tax benefits described above may be limited by the alternative minimum tax. The highest marginal tax rates used are for individuals and are based on current federal and provincial rates. Federal and provincial tax rates may be modified in the future causing the tax savings to change. The adjusted cost base is assumed to be nil for income tax purposes.
- (7) There are a number of assumptions. The Partnership is assumed to have dissolved and distributed the Flow-Through Shares to the investor. The investor's "total gifts" for the year is assumed to be less than 75% of the investor's income under the Tax Act for the year. The investor is assumed to donate Flow-Through Shares that are listed on a "designated stock exchange" to a "qualified donee", as defined in the Tax Act. The fair market value of the Flow-Through Shares donated is assumed to be \$10,000 at the time of donation. The calculation ignores a lower tax credit under the Tax Act for the first \$200 of total charitable gifts by an investor in the year.
- (8) It is assumed that the investor makes a gift of the Flow-Through Shares referred in footnote 7 to a "qualified donee" as defined in the Tax Act. As a result, none of the assumed \$10,000 gain would be included in income as a taxable capital gain.
- (9) Downside protection is calculated as investment cost of \$10,000 minus break-even proceeds of disposition of Flow-Through Shares, divided by investment cost.

**(g) Nova Scotia Residents**

The following table sets forth the estimated net investment to investors resident in Nova Scotia, who enjoy the highest marginal personal income tax rate (i.e., 48.25 %), in relation to one hundred Units, which are held continuously from subscription to and including the Dissolution Date:

Table 1 shows an investor's money at risk/after-tax purchase cost is calculated as the Subscription Price less all tax savings and federal tax credits.

**TABLE 1: Investor's Money At Risk**

<b>Break-even Calculation</b>	
<b>(15 % Tax Credit)</b>	
<b>Subscription Price</b>	<b>\$10,000</b>
Less: Tax savings	(\$4,825)
Less: Federal Tax Credit	(\$1,350)
Tax payable on 2011 income inclusion from tax credit	\$651
<b>Money at Risk / After-Tax Purchase Cost</b>	<b><u>\$4,476</u></b>
% net funds at risk to investment	<b>44.76 %</b>

Table 2 shows the break-even proceeds of disposition of Units is the amount required to be realized on disposition of a Limited Partner's initial \$10,000 investment to recover the money at risk/after-tax cost of the investment.

**TABLE 2: Calculation for Break-even Proceeds & Downside Protection**

<b>Downside Protection</b>	<b>41 %</b>
<b>Required Break-even Proceeds of Disposition</b>	<b>\$5,899</b>
Taxable Portion (50 %)	\$2,950
Tax on capital gain	48.25 %
Less: capital gains tax	(\$1,423)
<b>After-tax proceeds = After Tax Purchase Cost</b>	<b><u>\$4,476</u></b>

Table 3 shows an investor's money at risk/after-tax purchase cost when the investment is also donated on the dissolution date of the Limited Partnership.

**TABLE 3: After-Tax Cost of Donating MineralFields Flow-Through Investment**

<b>Break-even Calculation</b>	
<b>(15 % Tax Credit)</b>	
<b>Subscription Price</b>	<b>\$10,000</b>
Less: Tax savings from deduction of CEE	(\$4,825)
Less: Federal Tax Credit	(\$1,350)
Tax payable on 2011 income inclusion from tax credit	\$651
Less: Tax Savings in 2011 from Donation of \$10,000	(\$4,825)
Add: Capital Gains Tax on \$10,000 in 2011	NIL
<b>After-Tax Cost of Donating \$10,000 via Flow-Through</b>	<b><u>(\$349)</u></b>
[in other words, the investor will actually be ahead 3 and ½ cent on the dollar after-tax by donating]	
After-Tax Out of Pocket percentage of Each Dollar	
Donated Charitably via Flow-Through	<b>(3.49 %)</b>
Tax Savings Using Charitable Donation via Flow-Through	<b>103.49 %</b>

Note: \$10,000 Donated Directly without using Flow-Through would result in Tax Savings of only 48.25 %, meaning that the after-tax out of pocket percentage of each dollar donated to a registered charity without flow-through would be 100.00 % - 48.25 % = 51.75 %, or approximately 52 cents on the dollar.

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Notes and Assumptions:

- (1) Assumes that 90% of the investor's aggregate subscription will be used by the Partnership to acquire Flow-Through Shares that qualify as so-called "Super" Flow-Through Shares and that such funds will be spent by the issuers on CEE within the required time to ensure a deduction for the investor in the 2010 taxation year.
- (2) Ordinarily, Limited Partners may for income tax purposes claim the offering costs (10 % of the Subscription Price, i.e. \$1,000) to be deducted over five years to the extent of 20 % per year, beginning with the 2010 taxation year as a loss allocated from the Partnership. This assumes 10% of the investor's subscription funds are used to pay offering costs and not used to subscribe for "super" flow-through shares. However, the Proposed Loss Limitation Rule if enacted will in effect deny the realization of any loss by the Partnership and allocation of such loss to the Limited Partners. The Partnership is scheduled to be dissolved on November 1, 2011. It is a question of fact whether the Limited Partners will be able to deduct any loss directly. However, the Proposed Loss Limitation Rule if enacted should have no impact on the investor's deduction for CEE. See "Canadian Federal Income Tax Considerations".
- (3) Assumes that 90 % of the investor's aggregate subscription proceeds are used to acquire the Flow-Through Shares that qualify as so-called "Super" Flow-Through Shares; and that such funds will be used to incur certain grass roots mining exploration expenses eligible for this investment tax credit in Canada.
- (4) Money at-risk, also referred to as the After-Tax Purchase Cost of a Unit, is calculated as the total investment less all income tax savings from tax deductions and federal and provincial tax credits.
- (5) The break-even proceeds of disposition represents the amount an investor must receive such that, after paying capital gains tax, the investor would recover such investor's money at-risk.
- (6) The tax benefits described above may be limited by the alternative minimum tax. The highest marginal tax rates used are for individuals and are based on current federal and provincial rates. Federal and provincial tax rates may be modified in the future causing the tax savings to change. The adjusted cost base is assumed to be nil for income tax purposes.
- (7) There are a number of assumptions. The Partnership is assumed to have dissolved and distributed the Flow-Through Shares to the investor. The investor's "total gifts" for the year is assumed to be less than 75% of the investor's income under the Tax Act for the year. The investor is assumed to donate Flow-Through Shares that are listed on a "designated stock exchange" to a "qualified donee", as defined in the Tax Act. The fair market value of the Flow-Through Shares donated is assumed to be \$10,000 at the time of donation. The calculation ignores a lower tax credit under the Tax Act for the first \$200 of total charitable gifts by an investor in the year.
- (8) It is assumed that the investor makes a gift of the Flow-Through Shares referred in footnote 7 to a "qualified donee" as defined in the Tax Act. As a result, none of the assumed \$10,000 gain would be included in income as a taxable capital gain.
- (9) Downside protection is calculated as investment cost of \$10,000 minus break-even proceeds of disposition of Flow-Through Shares, divided by investment cost.

**(h) New Brunswick Residents**

The following table sets forth the estimated net investment to investors resident in New Brunswick, who enjoy the highest marginal personal income tax rate (i.e., 43.3 %), in relation to one hundred Units, which are held continuously from subscription to and including the Dissolution Date:

Table 1 shows an investor's money at risk/after-tax purchase cost is calculated as the Subscription Price less all tax savings and federal tax credits.

**TABLE 1: Investor's Money At Risk**

<b>Break-even Calculation</b> (15 % Tax Credit)	
<b>Subscription Price</b>	<b>\$10,000</b>
Less: Tax savings	(\$4,330)
Less: Federal Tax Credit	(\$1,350)
Tax payable on 2011 income inclusion from tax credit	\$585
<b>Money at Risk / After-Tax Purchase Cost</b>	<b><u>\$4,905</u></b>
% net funds at risk to investment	<b>49.05 %</b>

Table 2 shows the break-even proceeds of disposition of Units is the amount required to be realized on disposition of a Limited Partner's initial \$10,000 investment to recover the money at risk/after-tax cost of the investment.

**TABLE 2: Calculation for Break-even Proceeds & Downside Protection**

<b>Downside Protection</b>	<b>40 %</b>
<b>Required Break-even Proceeds of Disposition</b>	<b>\$6,260</b>
Taxable Portion (50 %)	\$3,130
Tax on capital gain	43.30 %
Less: capital gains tax	(\$1,355)
<b>After-tax proceeds = After Tax Purchase Cost</b>	<b><u>\$4,905</u></b>

Table 3 shows an investor's money at risk/after-tax purchase cost when the investment is also donated on the dissolution date of the Limited Partnership.

**TABLE 3: After-Tax Cost of Donating MineralFields Flow-Through Investment**

<b>Break-even Calculation</b> (15 % Tax Credit)	
<b>Subscription Price</b>	<b>\$10,000</b>
Less: Tax savings from deduction of CEE	(\$4,330)
Less: Federal Tax Credit	(\$1,350)
Tax payable on 2011 income inclusion from tax credit	\$585
Less: Tax Savings in 2011 from Donation of \$10,000	(\$4,330)
Add: Capital Gains Tax on \$10,000 in 2011	NIL
<b>After-Tax Cost of Donating \$10,000 via Flow-Through</b>	<b><u>(\$575)</u></b>
[in other words, the investor will actually be ahead almost one cent on the dollar after-tax by donating]	
After-Tax Out of Pocket percentage of Each Dollar	
Donated Charitably via Flow-Through	<b>(5.75 %)</b>
Tax Savings Using Charitable Donation via Flow-Through	<b>94.25 %</b>

Note: \$10,000 Donated Directly without using Flow-Through would result in Tax Savings of only 43.30 %, meaning that the after-tax out of pocket percentage of each dollar donated to a registered charity without flow-through would be 100 % - 43.30 % = 57 %, or approximately 57 cents on the dollar.

Notes and Assumptions:

- (1) Assumes that 90% of the investor's aggregate subscription will be used by the Partnership to acquire Flow-Through Shares that qualify as so-called "Super" Flow-Through Shares and that such funds will be spent by the issuers on CEE within the required time to ensure a deduction for the investor in the 2010 taxation year.
- (2) Ordinarily, Limited Partners may for income tax purposes claim the offering costs (10 % of the Subscription Price, i.e. \$1,000) to be deducted over five years to the extent of 20 % per year, beginning with the 2010 taxation year as a loss allocated from the Partnership. This assumes 10% of the investor's subscription funds are used to pay offering costs and not used to subscribe for "super" flow-through shares. However, the Proposed Loss Limitation Rule if enacted will in effect deny the realization of any loss by the Partnership and allocation of such loss to the Limited Partners. The Partnership is scheduled to be dissolved on November 1, 2011. It is a question of fact whether the Limited Partners will be able to deduct any loss directly. However, the Proposed Loss Limitation Rule if enacted should have no impact on the investor's deduction for CEE. See "Canadian Federal Income Tax Considerations".
- (3) Assumes that 90 % of the investor's aggregate subscription proceeds are used to acquire the Flow-Through Shares that qualify as so-called "Super" Flow-Through Shares; and that such funds will be used to incur certain grass roots mining exploration expenses eligible for this investment tax credit in Canada.
- (4) Money at-risk, also referred to as the After-Tax Purchase Cost of a Unit, is calculated as the total investment less all income tax savings from tax deductions and federal and provincial tax credits.
- (5) The break-even proceeds of disposition represents the amount an investor must receive such that, after paying capital gains tax, the investor would recover such investor's money at-risk.
- (6) The tax benefits described above may be limited by the alternative minimum tax. The highest marginal tax rates used are for individuals and are based on current federal and provincial rates. Federal and provincial tax rates may be modified in the future causing the tax savings to change. The adjusted cost base is assumed to be nil for income tax purposes.
- (7) There are a number of assumptions. The Partnership is assumed to have dissolved and distributed the Flow-Through Shares to the investor. The investor's "total gifts" for the year is assumed to be less than 75% of the investor's income under the Tax Act for the year. The investor is assumed to donate Flow-Through Shares that are listed on a "designated stock exchange" to a "qualified donee", as defined in the Tax Act. The fair market value of the Flow-Through Shares donated is assumed to be \$10,000 at the time of donation. The calculation ignores a lower tax credit under the Tax Act for the first \$200 of total charitable gifts by an investor in the year.
- (8) It is assumed that the investor makes a gift of the Flow-Through Shares referred in footnote 7 to a "qualified donee" as defined in the Tax Act. As a result, none of the assumed \$10,000 gain would be included in income as a taxable capital gain.
- (9) Downside protection is calculated as investment cost of \$10,000 minus break-even proceeds of disposition of Flow-Through Shares, divided by investment cost.

**(i) Newfoundland & Labrador Residents**

The following table sets forth the estimated net investment to investors resident in Newfoundland and Labrador, who are taxed at the highest marginal personal income tax rate currently at 44.50 %, in relation to one hundred Units, which are held continuously from subscription to and including the Dissolution Date.

Table 1 shows an investor’s money at risk/after-tax purchase cost is calculated as the Subscription Price less all tax savings and federal and provincial tax credits.

**TABLE 1: Investor’s Money At Risk**

	<b>Break-even Calculation</b>
<b>Subscription Price</b>	<b>\$10,000</b>
Less: Tax savings	(\$4,450)
Less: Federal Tax Credit (15 %)	(\$1,350)
Add: 2011 income inclusion from tax credit	\$601
<b>Money at Risk / After-Tax Purchase Cost</b>	<u><b>\$4,801</b></u>
% net funds at risk to investment	<b>48.01 %</b>

Table 2 shows the break-even proceeds of disposition of Units is the amount required to be realized on disposition of a Limited Partner’s initial \$10,000 investment to recover the money at risk/after-tax cost of the investment.

**TABLE 2: Calculation for Break-even Proceeds & Downside Protection**

<b>Downside Protection</b>	<b>38 %</b>
<b>Required Break-even Proceeds of Disposition</b>	<b>\$6,175</b>
Taxable Portion (50 %)	\$3,088
Tax on capital gain	44.50 %
Less: capital gains tax	(\$1,374)
<b>After-tax proceeds = After Tax Purchase Cost</b>	<u><b>\$4,801</b></u>

Table 3 shows an investor’s money at risk/after-tax purchase cost when the investment is also donated on the dissolution date of the Limited Partnership.

**TABLE 3: After-Tax Cost of Donating MineralFields Flow-Through Investment**

	<b>Break-even Calculation</b> (15 % Tax Credit)
<b>Subscription Price</b>	<b>\$10,000</b>
Less: Tax savings from deduction of CEE	(\$4,450)
Less: Federal Tax Credit	(\$1,350)
Add: 2011 income inclusion from tax credit	\$601
Less: Tax Savings in 2011 from Donation of \$10,000	(\$4,450)
Add: Capital Gains Tax on \$10,000 in 2011	NIL
<b>After-Tax Cost of Donating \$10,000 via Flow-Through</b>	<u><b>\$351</b></u>
[in other words, the after-tax cost of donating will be less than 4 cents on the dollar]	
After-Tax Out of Pocket percentage of Each Dollar	
Donated Charitably via Flow-Through	<b>3.51 %</b>
Tax Savings Using Charitable Donation via Flow-Through	<b>96.49 %</b>

Note: \$10,000 Donated Directly without using Flow-Through would result in Tax Savings of only 45.50 %, meaning that the after-tax out of pocket Percentage of each dollar donated to a charity without flow-through would be 100.00 % - 44.50 % = 55.50 %, or approximately 56 cents on the dollar.

Notes and Assumptions:

- (1) Assumes that 90% of the investor's aggregate subscription will be used by the Partnership to acquire Flow-Through Shares that qualify as so-called "Super" Flow-Through Shares and that such funds will be spent by the issuers on CEE within the required time to ensure a deduction for the investor in the 2010 taxation year.
- (2) Ordinarily, Limited Partners may for income tax purposes claim the offering costs (10 % of the Subscription Price, i.e. \$1,000) to be deducted over five years to the extent of 20 % per year, beginning with the 2010 taxation year as a loss allocated from the Partnership. This assumes 10% of the investor's subscription funds are used to pay offering costs and not used to subscribe for "super" flow-through shares. However, the Proposed Loss Limitation Rule if enacted will in effect deny the realization of any loss by the Partnership and allocation of such loss to the Limited Partners. The Partnership is scheduled to be dissolved on November 1, 2011. It is a question of fact whether the Limited Partners will be able to deduct any loss directly. However, the Proposed Loss Limitation Rule if enacted should have no impact on the investor's deduction for CEE. See "Canadian Federal Income Tax Considerations".
- (3) Assumes that 90 % of the investor's aggregate subscription proceeds are used to acquire the Flow-Through Shares that qualify as so-called "Super" Flow-Through Shares; and that such funds will be used to incur certain grass roots mining exploration expenses eligible for this investment tax credit in Canada.
- (4) Money at-risk, also referred to as the After-Tax Purchase Cost of a Unit, is calculated as the total investment less all income tax savings from tax deductions and federal and provincial tax credits.
- (5) The break-even proceeds of disposition represents the amount an investor must receive such that, after paying capital gains tax, the investor would recover such investor's money at-risk.
- (6) The tax benefits described above may be limited by the alternative minimum tax. The highest marginal tax rates used are for individuals and are based on current federal and provincial rates. Federal and provincial tax rates may be modified in the future causing the tax savings to change. The adjusted cost base is assumed to be nil for income tax purposes.
- (7) There are a number of assumptions. The Partnership is assumed to have dissolved and distributed the Flow-Through Shares to the investor. The investor's "total gifts" for the year is assumed to be less than 75% of the investor's income under the Tax Act for the year. The investor is assumed to donate Flow-Through Shares that are listed on a "designated stock exchange" to a "qualified donee", as defined in the Tax Act. The fair market value of the Flow-Through Shares donated is assumed to be \$10,000 at the time of donation. The calculation ignores a lower tax credit under the Tax Act for the first \$200 of total charitable gifts by an investor in the year.
- (8) It is assumed that the investor makes a gift of the Flow-Through Shares referred in footnote 7 to a "qualified donee" as defined in the Tax Act. As a result, none of the assumed \$10,000 gain would be included in income as a taxable capital gain.
- (9) Downside protection is calculated as investment cost of \$10,000 minus break-even proceeds of disposition of Flow-Through Shares, divided by investment cost.

**(j) Prince Edward Island Residents**

The following table sets forth the estimated net investment to investors resident in Prince Edward Island, who are taxed at the highest marginal personal income tax rate currently at 47.37 %, in relation to one hundred Units, which are held continuously from subscription to and including the Dissolution Date.

Table 1 shows an investor's money at risk/after-tax purchase cost is calculated as the Subscription Price less all tax savings and federal and provincial tax credits.

**TABLE 1: Investor's Money At Risk**

<b>Break-even Calculation</b>	
<b>Subscription Price</b>	<b>\$10,000</b>
Less: Tax savings	(\$4,737)
Less: Federal Tax Credit (15 %)	(\$1,350)
Tax payable on 2011 income inclusion from tax credit	\$639
<b>Money at Risk / After-Tax Purchase Cost</b>	<b><u>\$4,552</u></b>
% net funds at risk to investment	<b>45.52 %</b>

Table 2 shows the break-even proceeds of disposition of Units is the amount required to be realized on disposition of a Limited Partner's initial \$10,000 investment to recover the money at risk/after-tax cost of the investment.

**TABLE 2: Calculation for Break-even Proceeds & Downside Protection**

<b>Downside Protection</b>	<b>40 %</b>
<b>Required Break-even Proceeds of Disposition</b>	<b>\$5,965</b>
Taxable Portion (50 %)	\$2,982
Tax on capital gain	47.37 %
Less: capital gains tax	(\$1,413)
<b>After-tax proceeds = After Tax Purchase Cost</b>	<b><u>\$4,552</u></b>

Table 3 shows an investor's money at risk/after-tax purchase cost when the investment is also donated on the dissolution date of the Limited Partnership.

**TABLE 3: After-Tax Cost of Donating MineralFields Flow-Through Investment**

<b>Break-even Calculation</b>	
<b>(15 % Tax Credit)</b>	
<b>Subscription Price</b>	<b>\$10,000</b>
Less: Tax savings from deduction of CEE	(\$4,737)
Less: Federal Tax Credit	(\$1,350)
Tax payable on 2011 income inclusion from tax credit	\$639
Less: Tax Savings in 2011 from Donation of \$10,000	(\$4,737)
Add: Capital Gains Tax on \$10,000 in 2011	NIL
<b>After-Tax Cost of Donating \$10,000 via Flow-Through</b>	<b><u>(\$185)</u></b>
[in other words, the investor will actually be ahead 2 cents on the dollar after-tax by donating]	
After-Tax Out of Pocket percentage of Each Dollar	
Donated Charitably via Flow-Through	<b>(1.85 %)</b>
Tax Savings Using Charitable Donation via Flow-Through	<b>101.85 %</b>

Note: \$10,000 Donated Directly without using Flow-Through would result in Tax Savings of only 47.37 %, meaning that the after-tax out of pocket percentage of each dollar donated to a registered charity without flow-through would be 100.00 % - 47.37 % = 52.63 %, or approximately 53 cents on the dollar.

Notes and Assumptions:

- (1) Assumes that 90% of the investor's aggregate subscription will be used by the Partnership to acquire Flow-Through Shares that qualify as so-called "Super" Flow-Through Shares and that such funds will be spent by the issuers on CEE within the required time to ensure a deduction for the investor in the 2010 taxation year.
- (2) Ordinarily, Limited Partners may for income tax purposes claim the offering costs (10 % of the Subscription Price, i.e. \$1,000) to be deducted over five years to the extent of 20 % per year, beginning with the 2010 taxation year as a loss allocated from the Partnership. This assumes 10% of the investor's subscription funds are used to pay offering costs and not used to subscribe for "super" flow-through shares. However, the Proposed Loss Limitation Rule if enacted will in effect deny the realization of any loss by the Partnership and allocation of such loss to the Limited Partners. The Partnership is scheduled to be dissolved on November 1, 2011. It is a question of fact whether the Limited Partners will be able to deduct any loss directly. However, the Proposed Loss Limitation Rule if enacted should have no impact on the investor's deduction for CEE. See "Canadian Federal Income Tax Considerations".
- (3) Assumes that 90 % of the investor's aggregate subscription proceeds are used to acquire the Flow-Through Shares that qualify as so-called "Super" Flow-Through Shares; and that such funds will be used to incur certain grass roots mining exploration expenses eligible for this investment tax credit in Canada.
- (4) Money at-risk, also referred to as the After-Tax Purchase Cost of a Unit, is calculated as the total investment less all income tax savings from tax deductions and federal and provincial tax credits.
- (5) The break-even proceeds of disposition represents the amount an investor must receive such that, after paying capital gains tax, the investor would recover such investor's money at-risk.
- (6) The tax benefits described above may be limited by the alternative minimum tax. The highest marginal tax rates used are for individuals and are based on current federal and provincial rates. Federal and provincial tax rates may be modified in the future causing the tax savings to change. The adjusted cost base is assumed to be nil for income tax purposes.
- (7) There are a number of assumptions. The Partnership is assumed to have dissolved and distributed the Flow-Through Shares to the investor. The investor's "total gifts" for the year is assumed to be less than 75% of the investor's income under the Tax Act for the year. The investor is assumed to donate Flow-Through Shares that are listed on a "designated stock exchange" to a "qualified donee", as defined in the Tax Act. The fair market value of the Flow-Through Shares donated is assumed to be \$10,000 at the time of donation. The calculation ignores a lower tax credit under the Tax Act for the first \$200 of total charitable gifts by an investor in the year.
- (8) It is assumed that the investor makes a gift of the Flow-Through Shares referred in footnote 7 to a "qualified donee" as defined in the Tax Act. As a result, none of the assumed \$10,000 gain would be included in income as a taxable capital gain.
- (9) Downside protection is calculated as investment cost of \$10,000 minus break-even proceeds of disposition of Flow-Through Shares, divided by investment cost.

**(k) Northwest Territories Residents**

The following table sets forth the estimated net investment to investors resident in Northwest Territories, who are taxed at the highest marginal personal income tax rate currently at 43.05 %, in relation to one hundred Units, which are held continuously from subscription to and including the Dissolution Date.

Table 1 shows an investor’s money at risk/after-tax purchase cost is calculated as the Subscription Price less all tax savings and federal and provincial tax credits.

**TABLE 1: Investor’s Money At Risk**

	<b>Break-even Calculation</b> (15 % Tax Credit)
<b>Subscription Price</b>	<b>\$10,000</b>
Less: Tax savings	(\$4,305)
Less: Federal Tax Credit	(\$1,350)
Tax payable on 2011 income inclusion from tax credit	\$ 581
<b>Money at Risk / After-Tax Purchase Cost</b>	<b><u>\$4,926</u></b>
% net funds at risk to investment	<b>49.26</b>

Table 2 shows the break-even proceeds of disposition of Units is the amount required to be realized on disposition of a Limited Partner’s initial \$10,000 investment to recover the money at risk/after-tax cost of the investment.

**TABLE 2: Calculation for Break-even Proceeds & Downside Protection**

<b>Downside Protection</b>	<b>37%</b>
<b>Required Break-even Proceeds of Disposition</b>	<b>\$6,277</b>
Taxable Portion (50 %)	\$3,139
Tax on capital gain	43.05%
Less: capital gains tax	(\$1,351)
<b>After-tax proceeds = After Tax Purchase Cost</b>	<b><u>\$4,926</u></b>

Table 3 shows an investor’s money at risk/after-tax purchase cost when the investment is also donated on the dissolution date of the Limited Partnership.

**TABLE 3: After-Tax Cost of Donating MineralFields Flow-Through Investment**

	<b>Break-even Calculation</b> (15 % Tax Credit)
<b>Subscription Price</b>	<b>\$10,000</b>
Less: Tax savings from deduction of CEE	(\$4,305)
Less: Federal Tax Credit	(\$1,350)
Tax payable on 2011 income inclusion from tax credit	\$ 581
Less: Tax Savings in 2011 from Donation of \$10,000	(\$4,305)
Add: Capital Gains Tax on \$10,000 in 2011	NIL
<b>After-Tax Cost of Donating \$10,000 via Flow-Through</b>	<b><u>\$621</u></b>
[in other words, approximately 6 cents on the dollar]	
After-Tax Out of Pocket percentage of Each Dollar Donated Charitably via Flow-Through	<b>6.21%</b>
Tax Savings Using Charitable Donation via Flow-Through	<b>93.79 %</b>

Note: \$10,000 Donated Directly without using Flow-Through would result in Tax Savings of only 43.05 %, meaning that the after-tax out of pocket percentage of each dollar donated to a registered charity without flow-through would be 100.00 % - 43.05 % = 56.95 %, or approximately 57 cents on the dollar.

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Notes and Assumptions:

- (1) Assumes that 90% of the investor's aggregate subscription will be used by the Partnership to acquire Flow-Through Shares that qualify as so-called "Super" Flow-Through Shares and that such funds will be spent by the issuers on CEE within the required time to ensure a deduction for the investor in the 2010 taxation year.
- (2) Ordinarily, Limited Partners may for income tax purposes claim the offering costs (10 % of the Subscription Price, i.e. \$1,000) to be deducted over five years to the extent of 20 % per year, beginning with the 2010 taxation year as a loss allocated from the Partnership. This assumes 10% of the investor's subscription funds are used to pay offering costs and not used to subscribe for "super" flow-through shares. However, the Proposed Loss Limitation Rule if enacted will in effect deny the realization of any loss by the Partnership and allocation of such loss to the Limited Partners. The Partnership is scheduled to be dissolved on November 1, 2011. It is a question of fact whether the Limited Partners will be able to deduct any loss directly. However, the Proposed Loss Limitation Rule if enacted should have no impact on the investor's deduction for CEE. See "Canadian Federal Income Tax Considerations".
- (3) Assumes that 90 % of the investor's aggregate subscription proceeds are used to acquire the Flow-Through Shares that qualify as so-called "Super" Flow-Through Shares; and that such funds will be used to incur certain grass roots mining exploration expenses eligible for this investment tax credit in Canada.
- (4) Money at-risk, also referred to as the After-Tax Purchase Cost of a Unit, is calculated as the total investment less all income tax savings from tax deductions and federal and provincial tax credits.
- (5) The break-even proceeds of disposition represents the amount an investor must receive such that, after paying capital gains tax, the investor would recover such investor's money at-risk.
- (6) The tax benefits described above may be limited by the alternative minimum tax. The highest marginal tax rates used are for individuals and are based on current federal and provincial rates. Federal and provincial tax rates may be modified in the future causing the tax savings to change. The adjusted cost base is assumed to be nil for income tax purposes.
- (7) There are a number of assumptions. The Partnership is assumed to have dissolved and distributed the Flow-Through Shares to the investor. The investor's "total gifts" for the year is assumed to be less than 75% of the investor's income under the Tax Act for the year. The investor is assumed to donate Flow-Through Shares that are listed on a "designated stock exchange" to a "qualified donee", as defined in the Tax Act. The fair market value of the Flow-Through Shares donated is assumed to be \$10,000 at the time of donation. The calculation ignores a lower tax credit under the Tax Act for the first \$200 of total charitable gifts by an investor in the year.
- (8) It is assumed that the investor makes a gift of the Flow-Through Shares referred in footnote 7 to a "qualified donee" as defined in the Tax Act. As a result, none of the assumed \$10,000 gain would be included in income as a taxable capital gain.
- (9) Downside protection is calculated as investment cost of \$10,000 minus break-even proceeds of disposition of Flow-Through Shares, divided by investment cost.

**(I) Yukon Residents**

The following table sets forth the estimated net investment to investors resident in Northwest Territories, who are taxed at the highest marginal personal income tax rate currently at 42.40 % in relation to one hundred Units, which are held continuously from subscription to and including the Dissolution Date.

Table 1 shows an investor's money at risk/after-tax purchase cost is calculated as the Subscription Price less all tax savings and federal and provincial tax credits.

**TABLE 1: Investor's Money At Risk**

<b>Break-even Calculation</b> (15 % Tax Credit)	
<b>Subscription Price</b>	<b>\$10,000</b>
Less: Tax savings	(\$4,240)
Less: Federal Tax Credit	(\$1,350)
Tax payable on: 2011 income inclusion from tax credit	\$572
<b>Money at Risk / After-Tax Purchase Cost</b>	<b><u>\$4,982</u></b>
% net funds at risk to investment	<b>49.82 %</b>

Table 2 shows the break-even proceeds of disposition of Units is the amount required to be realized on disposition of a Limited Partner's initial \$10,000 investment to recover the money at risk/after-tax cost of the investment.

**TABLE 2: Calculation for Break-even Proceeds & Downside Protection**

<b>Downside Protection</b>	<b>37 %</b>
<b>Required Break-even Proceeds of Disposition</b>	<b>\$6,322</b>
Taxable Portion (50 %)	\$3,161
Tax on capital gain	42.40 %
Less: capital gains tax	(\$1,340)
<b>After-tax proceeds = After Tax Purchase Cost</b>	<b><u>\$4,982</u></b>

Table 3 shows an investor's money at risk/after-tax purchase cost when the investment is also donated on the dissolution date of the Limited Partnership.

**TABLE 3: After-Tax Cost of Donating MineralFields Flow-Through Investment**

<b>Break-even Calculation</b> (15 % Tax Credit)	
<b>Subscription Price</b>	<b>\$10,000</b>
Less: Tax savings from deduction of CEE	(\$4,240)
Less: Federal Tax Credit	(\$1,350)
Tax payable on 2011 income inclusion from tax credit	\$572
Less: Tax Savings in 2011 from Donation of \$10,000	(\$4,240)
Add: Capital Gains Tax on \$10,000 in 2011	NIL
<b>After-Tax Cost of Donating \$10,000 via Flow-Through</b> [in other words, approximately 7 cents on the dollar]	<b><u>\$742</u></b>
After-Tax Out of Pocket percentage of Each Dollar Donated Charitably via Flow-Through	<b>7.42 %</b>
Tax Savings Using Charitable Donation via Flow-Through	<b>92.58 %</b>

Note: \$10,000 Donated Directly without using Flow-Through would result in Tax Savings of only 42.40 %, meaning that the after-tax out of pocket percentage of each dollar donated to a registered charity without flow-through would be 100.00 % - 42.40 % = 57.60 %, or approximately 58 cents on the dollar.

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Notes and Assumptions:

- (1) Assumes that 90% of the investor's aggregate subscription will be used by the Partnership to acquire Flow-Through Shares that qualify as so-called "Super" Flow-Through Shares and that such funds will be spent by the issuers on CEE within the required time to ensure a deduction for the investor in the 2010 taxation year.
- (2) Ordinarily, Limited Partners may for income tax purposes claim the offering costs (10 % of the Subscription Price, i.e. \$1,000) to be deducted over five years to the extent of 20 % per year, beginning with the 2010 taxation year as a loss allocated from the Partnership. This assumes 10% of the investor's subscription funds are used to pay offering costs and not used to subscribe for "super" flow-through shares. However, the Proposed Loss Limitation Rule if enacted will in effect deny the realization of any loss by the Partnership and allocation of such loss to the Limited Partners. The Partnership is scheduled to be dissolved on November 1, 2011. It is a question of fact whether the Limited Partners will be able to deduct any loss directly. However, the Proposed Loss Limitation Rule if enacted should have no impact on the investor's deduction for CEE. See "Canadian Federal Income Tax Considerations".
- (3) Assumes that 90 % of the investor's aggregate subscription proceeds are used to acquire the Flow-Through Shares that qualify as so-called "Super" Flow-Through Shares; and that such funds will be used to incur certain grass roots mining exploration expenses eligible for this investment tax credit in Canada.
- (4) Money at-risk, also referred to as the After-Tax Purchase Cost of a Unit, is calculated as the total investment less all income tax savings from tax deductions and federal and provincial tax credits.
- (5) The break-even proceeds of disposition represents the amount an investor must receive such that, after paying capital gains tax, the investor would recover such investor's money at-risk.
- (6) The tax benefits described above may be limited by the alternative minimum tax. The highest marginal tax rates used are for individuals and are based on current federal and provincial rates. Federal and provincial tax rates may be modified in the future causing the tax savings to change. The adjusted cost base is assumed to be nil for income tax purposes.
- (7) There are a number of assumptions. The Partnership is assumed to have dissolved and distributed the Flow-Through Shares to the investor. The investor's "total gifts" for the year is assumed to be less than 75% of the investor's income under the Tax Act for the year. The investor is assumed to donate Flow-Through Shares that are listed on a "designated stock exchange" to a "qualified donee", as defined in the Tax Act. The fair market value of the Flow-Through Shares donated is assumed to be \$10,000 at the time of donation. The calculation ignores a lower tax credit under the Tax Act for the first \$200 of total charitable gifts by an investor in the year.
- (8) It is assumed that the investor makes a gift of the Flow-Through Shares referred in footnote 7 to a "qualified donee" as defined in the Tax Act. As a result, none of the assumed \$10,000 gain would be included in income as a taxable capital gain.
- (9) Downside protection is calculated as investment cost of \$10,000 minus break-even proceeds of disposition of Flow-Through Shares, divided by investment cost.

**(m) Nunavut Residents**

The following table sets forth the estimated net investment to investors resident in Northwest Territories, who are taxed at the highest marginal personal income tax rate currently at 40.50 %, in relation to one hundred Units, which are held continuously from subscription to and including the Dissolution Date.

Table 1 shows an investor's money at risk/after-tax purchase cost is calculated as the Subscription Price less all tax savings and federal and provincial tax credits.

**TABLE 1: Investor's Money At Risk**

<b>Break-even Calculation</b> (15 % Tax Credit)	
<b>Subscription Price</b>	<b>\$10,000</b>
Less: Tax savings	(\$4,050)
Less: Federal Tax Credit	(\$1,350)
Tax payable on 2011 income inclusion from tax credit	\$547
<b>Money at Risk / After-Tax Purchase Cost</b>	<b><u>\$5,147</u></b>
% net funds at risk to investment	<b>51.47 %</b>

Table 2 shows the break-even proceeds of disposition of Units is the amount required to be realized on disposition of a Limited Partner's initial \$10,000 investment to recover the money at risk/after-tax cost of the investment.

**TABLE 2: Calculation for Break-even Proceeds & Downside Protection**

<b>Downside Protection</b>	<b>35 %</b>
<b>Required Break-even Proceeds of Disposition</b>	<b>\$6,454</b>
Taxable Portion (50 %)	\$3,227
Tax on capital gain	40.50 %
Less: capital gains tax	(\$1,307)
<b>After-tax proceeds = After Tax Purchase Cost</b>	<b><u>\$5,147</u></b>

Table 3 shows an investor's money at risk/after-tax purchase cost when the investment is also donated on the dissolution date of the Limited Partnership.

**TABLE 3: After-Tax Cost of Donating MineralFields Flow-Through Investment**

<b>Break-even Calculation</b> (15 % Tax Credit)	
<b>Subscription Price</b>	<b>\$10,000</b>
Less: Tax savings from deduction of CEE	(\$4,050)
Less: Federal Tax Credit	(\$1,350)
Tax payable on 2011 income inclusion from tax credit	\$547
Less: Tax Savings in 2011 from Donation of \$10,000	(\$4,050)
Add: Capital Gains Tax on \$10,000 in 2011	NIL
<b>After-Tax Cost of Donating \$10,000 via Flow-Through</b> [in other words, approximately 11 cents on the dollar]	<b><u>\$1,097</u></b>
After-Tax Out of Pocket percentage of Each Dollar Donated Charitably via Flow-Through	<b>10.97 %</b>
Tax Savings Using Charitable Donation via Flow-Through	<b>89.03 %</b>

Note: \$10,000 Donated Directly without using Flow-Through would result in Tax Savings of only 40.50 %, meaning that the after-tax out of pocket percentage of each dollar donated to a registered charity without flow-through would be 100.00 % - 40.50 % = 59.50 %, or approximately 60 cents on the dollar.

Notes and Assumptions:

- (1) Assumes that 90% of the investor's aggregate subscription will be used by the Partnership to acquire Flow-Through Shares that qualify as so-called "Super" Flow-Through Shares and that such funds will be spent by the issuers on CEE within the required time to ensure a deduction for the investor in the 2010 taxation year.
- (2) Ordinarily, Limited Partners may for income tax purposes claim the offering costs (10 % of the Subscription Price, i.e. \$1,000) to be deducted over five years to the extent of 20 % per year, beginning with the 2010 taxation year as a loss allocated from the Partnership. This assumes 10% of the investor's subscription funds are used to pay offering costs and not used to subscribe for "super" flow-through shares. However, the Proposed Loss Limitation Rule if enacted will in effect deny the realization of any loss by the Partnership and allocation of such loss to the Limited Partners. The Partnership is scheduled to be dissolved on November 1, 2011. It is a question of fact whether the Limited Partners will be able to deduct any loss directly. However, the Proposed Loss Limitation Rule if enacted should have no impact on the investor's deduction for CEE. See "Canadian Federal Income Tax Considerations".
- (3) Assumes that 90 % of the investor's aggregate subscription proceeds are used to acquire the Flow-Through Shares that qualify as so-called "Super" Flow-Through Shares; and that such funds will be used to incur certain grass roots mining exploration expenses eligible for this investment tax credit in Canada.
- (4) Money at-risk, also referred to as the After-Tax Purchase Cost of a Unit, is calculated as the total investment less all income tax savings from tax deductions and federal and provincial tax credits.
- (5) The break-even proceeds of disposition represents the amount an investor must receive such that, after paying capital gains tax, the investor would recover such investor's money at-risk.
- (6) The tax benefits described above may be limited by the alternative minimum tax. The highest marginal tax rates used are for individuals and are based on current federal and provincial rates. Federal and provincial tax rates may be modified in the future causing the tax savings to change. The adjusted cost base is assumed to be nil for income tax purposes.
- (7) There are a number of assumptions. The Partnership is assumed to have dissolved and distributed the Flow-Through Shares to the investor. The investor's "total gifts" for the year is assumed to be less than 75% of the investor's income under the Tax Act for the year. The investor is assumed to donate Flow-Through Shares that are listed on a "designated stock exchange" to a "qualified donee", as defined in the Tax Act. The fair market value of the Flow-Through Shares donated is assumed to be \$10,000 at the time of donation. The calculation ignores a lower tax credit under the Tax Act for the first \$200 of total charitable gifts by an investor in the year.
- (8) It is assumed that the investor makes a gift of the Flow-Through Shares referred in footnote 7 to a "qualified donee" as defined in the Tax Act. As a result, none of the assumed \$10,000 gain would be included in income as a taxable capital gain.
- (9) Downside protection is calculated as investment cost of \$10,000 minus break-even proceeds of disposition of Flow-Through Shares, divided by investment cost.

The Partnership does not intend to pay any available funds to a related party.

## GLOSSARY OF TERMS

In this Offering Memorandum, in addition to those terms which are parenthetically defined, the following terms will have the following meanings respectively:

**Agents** means, collectively, persons who introduce the Partnership to potential subscribers of Units in the Offering in accordance with securities legislation. Wealth Creation Preservation & Donation Inc. is the Lead Agent.

**Agents' Fees** means the fees which may be paid by the Partnership to Agents involved in the Offering, equal to 5.25 % of the gross proceeds of the Offering. In the case of Agents other than the Lead Agent, Agent's Fees will be up to 4.25 %, with the difference payable to the Lead Agent in the form of a corporate finance fee.

**Affiliates**, as describing the relationship between two persons, means:

- (a) one of them is an affiliate of the other, as those terms are defined in the *Securities Act* (Ontario);
- (b) one is a director or senior officer, as so defined, of the other or of an affiliate, as so defined, of the other; or,
- (c) one does not deal at arm's length with the other for the purposes of the Tax Act.

**Auditors** means Collins Barrow Toronto LLP, Chartered Accountants (formerly Smith, Nixon LLP), of 390 Bay Street, Suite 1900, Toronto, Ontario, M5H 2Y2, which is a member of Baker Tilly International. Baker Tilly International is one of the top ten accounting and business service organizations in the world, consisting of 128 member firms active in 85 countries.

**Available Funds** means all funds available after deducting from the total proceeds of the issue of Units pursuant to this Offering Memorandum the Agents' Fees and Issue Expenses.

**CEE or Canadian Exploration Expense** means "Canadian exploration expense" as defined in subsection 66.1(6) of the Tax Act, which may be renounced pursuant to the Tax Act.

**Closing** means a closing of a sale of Units to investors.

**dollars or \$** means Canadian dollars.

**Dissolution Date** means November 1, 2011, or such other date on which the Partnership dissolves in accordance with the Partnership Agreement.

**Distributed Property** of a Limited Partner means the Limited Partner's undivided *pro rata* beneficial interest in the property that was held by the Partnership at the time of its dissolution, and that was received by the Limited Partner from the Partnership as a result of the Partnership's dissolution in accordance with subsection 98(3) of the Tax Act (legal title to such property being transferred to and held by the General Partner as nominee for the benefit of such Limited Partner).

**Donation Date** means November 1, 2011, or such other date on which the Limited Partners (who choose to do so) donate to registered charities their respective Distributed Property, as provided in the Partnership Agreement, or November 3, 2011 if the General Partner selects the Mutual Fund Rollover Option.

**EITC** means, collectively, the federal investment tax credit of 15 % in respect of an eligible individual's "flow-through mining expenditure" under the Tax Act, and the tax credit of (a) 20 % in respect of an eligible individual's BC flow-through mining expenditure under the *Income Tax Act* (British Columbia), (b) 5% in respect of an eligible individual's Ontario exploration expenditures under the *Income Tax Act* (Ontario), (c) 20% in respect of an eligible individual's Manitoba exploration expenditures under the *Income Tax Act* (Manitoba), and (d) 10 % in respect of an eligible individual's Saskatchewan eligible flow-through mining expenditures under the *Mineral Resources Act* (Saskatchewan).

**Flow-Through Agreement** means an agreement between the Partnership and a Resource Company pursuant to which the Partnership subscribes for Flow-Through Shares and/or other securities of the Resource Company and which, in the case of Flow-Through Shares, will contain covenants of the Resource Company to incur and to renounce CEE to the Partnership.

**Flow-Through Shares** means shares which are "flow-through shares" as defined in subsection 66(15) of the Tax Act, in respect of which a Resource Company agrees to renounce CEE to the Partnership.

**General Partner** or **Manager** means MineralFields 2010-III Inc.

**Industry Advisors** means Watts, Griffis and McQuat (“WGM”), a large geological consulting company providing due diligence evaluation and monitoring services to the Partnership.

**Initial Limited Partner** means Joe C. Dwek, C.A.

**Issue Expenses** means the amount equal to 4.75 % of the gross proceeds of the Offering to be paid by the Partnership to the General Partner on account of the expenses of the Offering (other than the Agents’ Fees), including, without limitation, the costs of creating and organizing the Partnership, the costs of printing and preparing this Offering Memorandum, initial legal expenses of the Partnership, initial audit expenses of the Partnership, marketing expenses, set-up costs, amounts paid to wholesalers involved in distribution of the Offering, etc.

**Lead Agent** means Wealth Creation Preservation & Donation Inc.

**Limited Partner** means any registered owner of at least Fifteen Hundred Units.

**Management Fee** means NIL, as there is no management fee charged by the General Partner for managing the Partnership on an ongoing basis.

**Manager** or **General Partner** means MineralFields 2010-III Inc.

**Maximum Offering** means the maximum offering size for this Offering of 100,000 Units, subject to an over-allotments of up to 100,000 Units

**Minimum Offering** means the minimum offering size for this Offering of 2,500 Units.

**Minimum Subscription** means the minimum subscription per investor of 1,500 Units, or \$150,000.

**Mining Analysts** means Ronald J. Wortel, P.Eng., MBA and Barbara Y. Thomae, P.Geo.

**Mutual Fund Rollover Option** means one or more alternatives to the simple dissolution of the Partnership and distribution of the net assets of the Partnership to the Limited Partnership on November 1, 2011, including, without limitation, the General Partner’s intention to cause the Partnership, on its scheduled dissolution, to exchange its assets for fully redeemable securities of an RRSP-eligible mutual fund corporation (namely, Pathway Multi Series Fund Inc.) or other appropriate investment vehicle, such securities to be distributed to the Limited Partners on a tax effective basis.

**Net Asset Value** and **Net Asset Value per Unit** have the meaning ascribed to those terms under “Valuation of Investments”.

**Net Proceeds** means the Subscription Proceeds less the Agents’ Fees and the Issue Expenses.

**Offering** means the offering of a minimum of 2,500 Units and a maximum of 100,000 Units (subject to an over-allotment of up to 100,000 Units, resulting in an increase in the maximum offering to 200,000 Units) pursuant to the terms of this Offering Memorandum.

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

**Partnership** means MineralFields 2010-III Super Flow-Through Limited Partnership.

**Partnership Agreement** means the limited partnership agreement made as of January 5, 2010 governing the Partnership which is attached to this Offering Memorandum and forms a part hereof and is made among the General Partner, the Initial Limited Partner and those persons admitted as Limited Partners, as amended from time to time.

**Portfolio Manager** means Pathway Investment Counsel Inc., an advisor registered with the Ontario Securities Commission in the categories of investment counsel and portfolio manager pursuant to the *Securities Act* (Ontario).

**Proposed Loss Limitation Rule** means the tax proposals announced by the Department of Finance on October 31, 2003 that would limit a taxpayer’s ability to deduct a loss from a business or property in a year unless it is reasonable to expect in that

year that the taxpayer will realize a cumulative profit from that business or property (excluding capital gains) over the expected life of the business or period of ownership of the property.

**Québec Tax Counsel** means the law firm of Fasken Martineau DuMoulin LLP.

**Registrar, and Registrar and Transfer Agent**, mean MineralFields 2010-III Inc.

**Resource Company** means a corporation which represents to the Partnership that it is a “principal-business corporation” as defined in subsection 66(15) of the Tax Act that is engaged by itself or through its agents in the exploration for mineral resources in Canada, and intends to incur CEE on properties within Canada.

**Revenue Canada** or **CRA** means the Canada Revenue Agency.

**Subscriber** means any person who subscribes for Units in the Partnership.

**Subscription Price** means the amount of \$100 paid to the Partnership for the issue of each Unit.

**Subscription Proceeds** means the gross proceeds of the issue of the Units under this Offering Memorandum.

**Super Flow-Through Shares** means shares that qualify as “flow-through shares” as defined in subsection 66(15) of the Tax Act and in respect of which a Resource Company agrees to incur and renounce certain CEE of a qualifying kind which permits certain investors to claim, in addition to a deduction against income for the renounced CEE, a tax credit in respect of the renounced CEE that is not available in respect of other types of CEE; which credit currently includes a 15 % federal investment tax credit, as well as additional provincial tax credits, to the extent available, of 5% in the case of Ontario, 20 % in the case of British Columbia, 20 % in the case of Manitoba for flow through share agreements entered into April 1, 2009 until March 31, 2010, and 30% in the case of flow-through share agreements entered into from April 1, 2010 until March 31, 2012 ,and 10% in the case of Saskatchewan.

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

**Tax Counsel** in respect of this offering means the law firm of Bennett Jones LLP.

**Transfer Agent** means MineralFields 2010-III Inc.

**Unit** means the interest of a Limited Partner in the Partnership which may be acquired for a \$100 capital contribution to the Partnership.

**WGM** means Watts, Griffis and McOuat Limited, a large geological consulting company providing due diligence evaluation and monitoring services to the Partnership.

## Item 1 Use of Available Funds

**1.1 Net Proceeds and Available Funds.** The following table shows the Net Proceeds of the Offering and the funds that will be available to the Partnership after the Offering:

		Assuming Minimum Offering	Assuming Maximum Offering *
A	Amounting to be raised by this Offering	\$250,000	\$10,000,000
B	Agents' Fees	\$13,125	\$525,000
C	Issue Expenses (e.g., legal, accounting, audit)	\$11,875	\$475,000
D	Net proceeds: D = A – (B + C)	\$225,000	\$9,000,000
E	Current working capital (or working capital deficiency) of Partnership as at January 11, 2010	NIL	NIL
F	Available funds G = D + E	\$225,000	\$9,000,000

\* excluding over-allotment

## **1.2 Use of Available Funds.**

The Partnership intends to invest all available funds in Super Flow-Through Shares of Resource Companies that are listed on Canadian stock exchanges that are “designated stock exchanges” within the meaning of the Tax Act and are active in mineral exploration in Canada. These companies will agree to incur CEE in amounts equal to the subscription proceeds of the Flow-Through Shares, and will agree to renounce such CEE to the Partnership, to be allocated to the Limited Partners. This renunciation will entitle Canadian residents to deduct for federal and provincial income tax purposes up to 100% of the CEE renounced in their favour. In addition, a non-refundable minimum tax credit of 15 % will apply in respect of the amount of CEE renounced. As part of the Partnership’s investment strategy, the Partnership may, from time to time, dispose of Super Flow-Through Shares and other investments and reinvest the proceeds of such dispositions as described further in this Offering Memorandum.

In the event that proceeds allocated to purchase Super Flow-Through Shares and Flow-Through Shares have not been advanced to the Resource Companies by December 31, 2010, such unexpended funds will be returned to the Limited Partners in accordance with their *pro rata* interests in the total outstanding Units.

Until applied as set forth above, it is intended that the funds maintained in a special trust account will be invested only in securities of or those guaranteed by the Government of Canada or any Province of Canada, in certificates of deposit, or in interest-bearing accounts of banks.

**1.3 Reallocation.** The Partnership only intends to spend the available funds as stated, and funds may not be reallocated.

## **Item 2. Business of MineralFields 2010-III Super Flow-Through Limited Partnership**

### **2.1 Structure.**

#### **(a) Partnership**

MineralFields 2010-III Super Flow-Through Limited Partnership was formed as a limited partnership pursuant to the provisions of the *Limited Partnerships Act* (Ontario) effective January 5, 2010. The General Partner is MineralFields 2010-III Inc., a corporation incorporated under the laws of Ontario. The Initial Limited Partner will withdraw from the Partnership following the completion of this Offering.

The principal place of business and registered office of the Partnership is Suite 210, 1110 Finch Avenue West, Toronto, Ontario, M3J 2T2. The Partnership will keep at its principal place of business a copy of the Partnership Agreement, a copy of all declarations and declarations of change and a copy of all other documents required by law to be kept at that location.

Each Subscriber whose subscription is accepted by the General Partner will become a Limited Partner of the Partnership and a party to the Partnership Agreement. Upon completion of this Offering, the Units will represent all the interests of the Limited Partners in the Partnership. Each Limited Partner’s interest in the Partnership will represent the same proportion of the total interest in the Partnership as the number of Units held by him or her is of the total number of Units sold pursuant to this Offering. Following the completion of the Offering, there will be filed pursuant to the *Limited Partnerships Act* (Ontario) all such documents as are required to be filed in respect of the persons who became Limited Partners by reason of their acquisition of Units.

## **(b) General Partner**

MineralFields 2010-III Inc., the General Partner of the Partnership, was incorporated under the *Business Corporations Act* (Ontario) on January 4, 2010. The General Partner is managed by its President, Mr. Joe C. Dwek, C.A.

The General Partner will manage the Partnership in accordance with the terms and conditions of the Partnership Agreement. The General Partner has sole responsibility for negotiating (directly or through agents) Flow-Through Share Agreements.

## **2.2 Our Business**

### **SUMMARY**

The business of the Partnership consists of investing in Flow-Through Shares of Resource Companies that are listed on Canadian stock exchanges and are active in mineral resource exploration in Canada. These companies will agree to incur CEE, in amounts equal to the aggregate Net Proceeds of the Partnership, and will agree to renounce such CEE to the Partnership, to be allocated to the Limited Partners. This renunciation will entitle Canadian resident Limited Partners to deduct for federal and provincial income tax purposes up to 100 % of the CEE renounced in their favour, with an additional minimum 15 % tax credit in respect of the CEE renounced in respect of investments in Super Flow-Through Shares. As part of the Partnership's investment strategy, the Partnership may, from time to time, dispose of Flow-Through Shares and other investments and reinvest the proceeds of such dispositions as described further in this Offering Memorandum.

### **CANADIAN MINING RESOURCE SECTOR**

The following information on the resource sector (and other sections in this Offering Memorandum) contain forward-looking statements that involve risk and uncertainties. These forward-looking statements relate to, among other things, strategy, indicators and expectations for the resource sector and Resource Companies and other expectations, intentions and plans contained in this offering memorandum that are not historical fact.

When used in this Confidential Offering Memorandum, 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 and the Manager'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 offering memorandum may not be realized.

### **Summary**

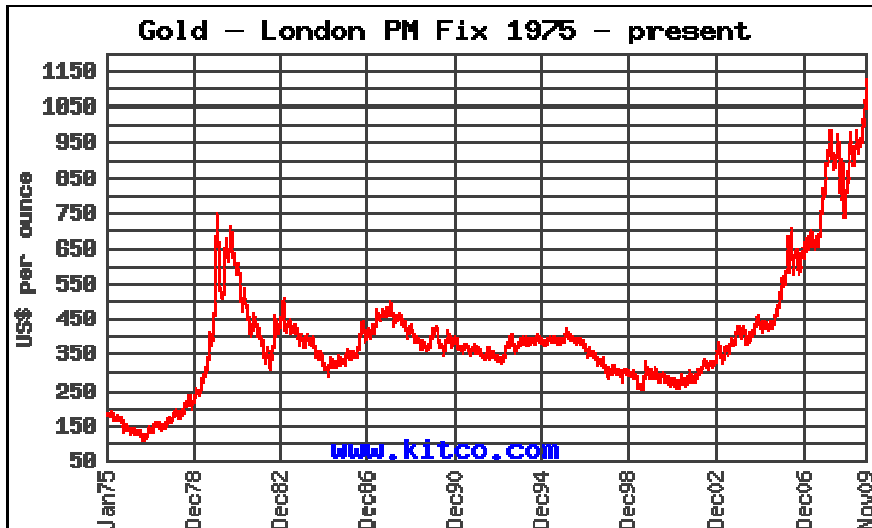
The General Partner and the Manager believe that the current global economic and political environments provide significant opportunities for attractive investments in the mining industry, as a whole, and as reflected in shares of mining companies active in exploration, development and production of gold and precious metals, uranium, base metals, and diamonds in particular. This optimistic outlook results from the Manager's assessment of a continued weakening of the U.S. dollar, relatively low worldwide interest rates, global instability, war and terrorism, continuing industry consolidation, and the impact of these factors on global supplies coupled with growing investment demand. In addition, continued demand from emerging market countries such as China, India, Brazil, South Korea, Thailand and Russia is expected to absorb basic materials, and continue to provide support for what the General Partner and the Manager believe will be a historic extended bull market in mining commodities – a "**supercycle**". Exploration since 2000 has still not corrected the substantial supply imbalance and shortage of mining projects caused by the 20 year bear market for commodities that ended in 1999/2000. It takes 10 years to produce a mine.

While the recent financial crisis has reduced equity prices in all sectors, including the resource sector, and reduced consumer demand in the U.S. has resulted in recent lowered demand for base metal commodities, the General Partner and Manager believe that this is a short-term setback, and the medium- and long-term outlook for the mining sector remains bullish and the supercycle is intact. In fact, as a result of recent financial crisis, many quality mining exploration companies are trading at

historic lows, and at times, below intrinsic value or even below the value of cash in their bank accounts. The General Partner and Manager believe that this presents an unprecedented opportunity for price appreciation in select mining company stocks.

The Manager and its affiliates are providing technical expertise and advice to mining companies with respect to project advanced and consolidation of the sector, given the unprecedented opportunities available at the present time in the mining patch, and this will assist the Partnership and Portfolio Manager in portfolio selection and appreciation for the Partnership.

## Gold



From a recent low of US \$260 per ounce at the beginning of 2002, the price of gold surpassed \$400 in 2003, and reached over \$700 in May of 2006, and then again in September of 2007, and exceeded \$1,000 in 2008, and is hovering over \$1,100 at the time of the release of this Offering. The rally in gold can be linked to several factors, including a weakening U.S. dollar over the long-term, an uncertain stock market, and war and terrorism fears. In addition, the General Partner and the Manager agree with many analysts who believe that there is a potential for a gold supply shortage if the central banks and bullion dealers try to recover the bullion they have lent to third parties in the form of leasable gold and derivatives.

The U.S. Federal Reserve has been injecting record amounts of liquidity into the financial system in the last several years in order to fight deflation, and latterly to rescue financial institutions and bailout the entire economy. There is now talk that the U.S. budget deficit will not only exceed one trillion dollars, but may even reach two trillion dollars. And the U.S. trade deficit remains in the hundreds of billions of dollars. Other countries are following suits with their own bailouts in the billions (and in the case of China, several hundred billions) of dollars.

It is not clear that the “Fed” has succeeded in its efforts, as deflationary indicators such as continued low 10 year note rates are present. Certainly the Fed’s massive liquidity facilitation contributed to both a market bubble in technology stocks and escalation in real estate prices. Historically, gold has benefited from inflation. However, what is not as widely understood is that gold would benefit from deflation as well, in the event that the deflation results in a complete loss of confidence in fiat paper currency and the banks that purvey it, and the public turns to gold as the only trusted form of money. A foretaste of this is occurring in deflation-riddled Japan, where the public has increased its purchases of gold because of a distrust of the weak banking system in that country.

Some analysts have pointed out that the U.S. economy has been supported in the last few years by consumption that has been primarily financed by housing refinancings, in turn facilitated by record low interest rates. All great deflations, such as the Great Depression of the 1930s, have been preceded by periods of excessive credit.

The widely anticipated record annual U.S. budget and trade deficit, should contribute, with other factors, to increases in interest rates over the next year or two.

The price of housing has seriously erode in North America and elsewhere, and this will continue to constitute a very powerful deflationary force.

If deflationary forces continue, the Fed may have no alternative but to continue to resort to extreme liquidity-injecting measures, which could in turn trigger stagflation (i.e., inflation and recession/depression). The result could be a period of hyperinflation, which could dramatically increase the price of gold.

In any event, gold has been the universal currency and benchmark of wealth for more than 5,000 years, and the General Partner and the Manager believe that the factors that resulted in some weakness in the price of gold in the past decade are no longer significant.

First, the practice of hedging by gold producers has been substantially curtailed, and many gold mining companies now proudly declare that they do not hedge. On the other hand, the stock market has punished companies that did engage in hedging. In the past, hedging held back increases in the price of gold.

Second, the 1990s were a period of relative global stability. However, the September, 2001 attack on the World Trade Centre, and the declaration by the U.S. of a 20-30 year war against terrorism, has made clear that the world is now a very unstable place, where any periods of stability may be short punctuations of an otherwise tense long-term environment. The recent activities of a nuclear-powered North Korea have only highlighted the risks.

Third, several years ago, European central banks unloaded large supplies of gold onto the market, which depressed the price of gold. Recently, these institutions agreed to a more orderly, limited selling process. More importantly, China, whose economy continues to grow at record rates, and may perhaps remain the only healthy major economy in a period of general worldwide deflation, has indicated through its central bank that it wishes to increase its level of gold bullion holdings.

Fourth, weak gold prices in the 1990s resulted in a substantial reduction in new exploration, with the result that international gold reserves have been falling. New gold exploration is generally facilitated only where the price of gold exceeds US \$325, a price which was finally achieved in 2002 and maintained as a base since then.

Fifth, continued U.S. dollar weakness will continue despite occasional U.S. dollar strength, and will continue to support increased gold and base metal prices. The trade-weighted exchange value of the U.S. dollar remains low relative to its ten-year average, and further devaluation may be necessary to increase U.S. exports and reduce the current account deficit. As well, continued increased in the U.S. Federal Funds rate have not halted the continued devaluation of the currency, extending the current cycle which is positive for commodity prices.

As the value of the U.S. dollar continues to decline relative to other major currencies, the cost to consumers of precious and base metals declines in local currency terms. Of course, there will be bear market rallies in the U.S. dollar as the "flight to safety" effect takes hold, but the General Partner and Manager are of the view that the U.S. dollar fundamentals are very weak.

Metal demand is largely non-U.S. based. U.S. dollar-denominated commodity prices can increase without impairing the purchasing power for non-U.S. consumers. The General Partner and the Manager believe that both U.S. and foreign investors will continue to regard owning metals as a hedge against further U.S. dollar weakness.

Historically, increases in the prices of shares of gold-based companies have greatly exceeded increases in gold bullion prices, typically by as much as three times; in other words, for every 10 % increase in the price of gold bullion, gold equities often increase by 30 % in value. As a result, the General Partner and the Manager believe that gold company share prices should generally increase significantly as the price of gold increases.

In particular, junior mining companies often experience very large increases in their share price as the price of gold reaches, and then exceeds, the per-ounce breakeven production cost of the companies. For example, a junior gold company may have reserves that cost \$350 to extract and process for sale -- prior to bullion reaching this price point, the company's stock may trade at 20 or 30 cents, and after the breakeven bullion cost is reached, its shares may trade well over \$1.

Most significantly, if a gold exploration company makes a major discovery, the stock price could increase by 50 or 100 times.

Many mutual fund companies did not even consider making investments in gold and other mining companies in the mid to late 1990s. However, in response to the recent increased price of gold and other commodities, and in order to diversify risk, many

of these same mutual fund companies are now making investments in gold based companies, often to the extent of 5 % - 10 % or more of their entire portfolio.

Gold prices are not normally correlated to other asset-class prices. Gold, therefore, serves as a buffer or shock absorber to the value of a portfolio when other assets classes are out of favor. Consider what the price of gold did during the 2000-to-2002 bear market. While the Nasdaq lost more than 75% of its value, the price of gold gained nearly 50% and continued on its way to where it is today -- nearly double in value from its price five years ago.

A ratio that is used by some analysts is the gold-to-oil ratio, which has averaged 16 over the past 40 years. With gold recently \$560 per ounce and oil around \$60 per barrel, the ratio is near 9. Using the average of 16, one comes up with a gold price upwards of \$1,040 per ounce.

Gold has broken out of its recent pattern of rising only when the U.S. dollar falls and remaining relatively flat in other major currencies. Now, the price of gold has been rising with the U.S. dollar and in virtually all other major currencies as well.

In non-U.S. currencies, the change has been even more dramatic. For example, gold reached a record price in Canadian dollars in late 2008.

On February 2, 2006, Cheuvreux, the equity brokerage house of Credit Agricole, the huge French bank, distributed a 56-page report that completely endorses in detail the findings of the Gold Anti-Trust Action Committee that the price of gold has been surreptitiously suppressed by Western central banks and that those banks do not have the gold they claim to have.

The report, written by Cheuvreux's mining sector analyst in London, Paul Mylchreest, is titled "Remonetization of Gold: Start Hoarding." It repeatedly cites GATA by name and foresees an "unprecedented" rise in the gold price, possibly accompanied by a spike to as much as USD \$2,000.

The report's executive summary says:

"We are raising our mid-cycle gold price estimate to USD \$900/oz from USD \$750/oz and see the possibility of a spike to USD \$2,000, or higher. Covert selling (via central bank lending) has artificially depressed the price for a decade.

"Central banks have 10,000-15,000 tonnes of gold less than their officially reported reserves of 31,000. This gold has been lent to bullion banks and their counterparties and has already been sold for jewelry, etc. Non-gold producers account for most and may be unable to cover shorts without causing a spike in the gold price.

"There is a supply deficit in the gold market of around 1,300 tonnes per year before any central bank selling and perhaps 700 tonnes per year after 'official' sales but before covert selling. This compares with world gold mine output of only 2,500 tonnes per year. Some central banks, notably Russia, are starting to buy gold.

"Gold acts as an early warning of potential crisis such rising inflationary/deflationary pressures and general confidence in paper currency, especially the U.S. dollar. A strongly rising gold price could have severe consequences for U.S. monetary policy and the U.S. dollar. History suggests that gold always wins against an inflating paper currency (that is, one subject to excessive supply growth).

"Gold and gold mining stocks are poised for an unprecedented rise in prices and profile. Investors in UK/European equities need to assess the implications for their portfolios. ..."

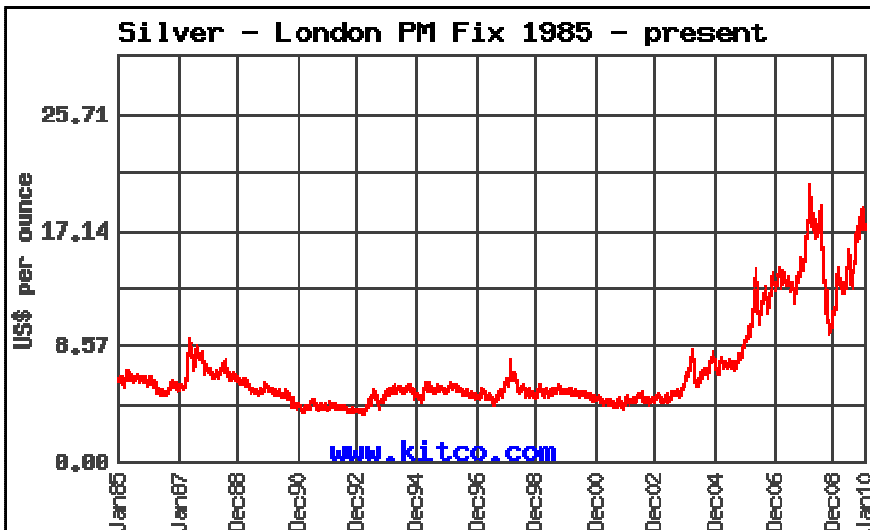
The Cheuvreux/Credit Agricole report details GATA's findings in Chapter IV, "Analysis of the Gold Market," and concurs in them as "broadly correct."

"No financial house in Europe could be more part of the establishment than Credit Agricole," GATA Chairman Bill Murphy said today, "and now its endorsement of GATA is circulating among other big financial houses in Europe and around the world.

The Cheuvreux report on the gold market can be obtained at GATA's main Internet site here: <http://www.gata.org/CheuvreuxGoldReport.pdf>.

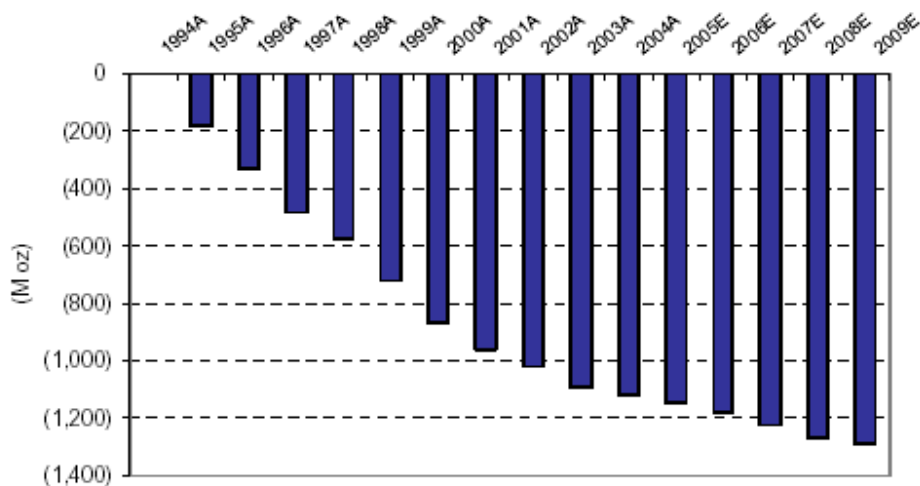
In summary, the General Partner and the Manager believe that the current environment for shares in gold and precious metals exploration companies is now more attractive than it has been in 25 years. Continued weakness in the U.S. dollar should result in stronger gold prices, which will be further enhanced by growing supply and demand imbalances. As improvements in the commodity prices occur, share prices can be expected to rise significantly.

# Silver



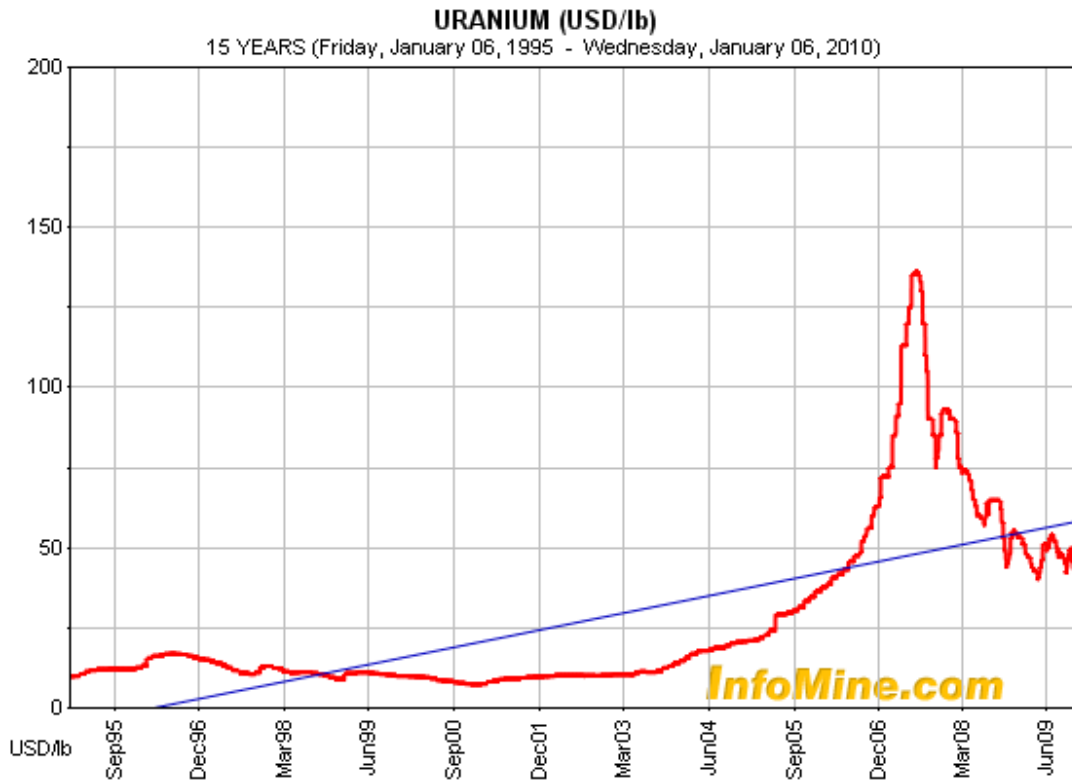
Since the beginning of 2003, silver has trended upward from the \$4 per oz level to current levels of approximately \$18.50 per oz. As shown below, silver prices have benefited greatly from an increasing supply deficit which is expected to continue for the foreseeable future. Silver demand and pricing is expected to benefit from the anticipated institutional and retail demand for the proposed silver exchange-traded funds (ETF). ETF's are backed by physical metal inventory. Accordingly, ETF sales should directly increase physical metal demand.

## Cumulative Excess Silver Supply (Deficit) - Actual and Projected



Sources: World Silver Survey 2005 (GFMS for The Silver Institute) and Canaccord Adams estimates

# Uranium



The price of uranium has experienced significant increases over the last few years, but declined in 2007. Early indications are that uranium's price may have peaked at this point. In any event, the General Partner does not believe that the price of uranium will remain below USD \$55 per pound for any significant length of time over the next several years because of tight supplies, and increased worldwide demand for energy products in general.

In fact, China has 40 new nuclear power plants planned for the next 30 years, Finland has announced construction of a new plant, and France is returning to nuclear power. In the U.S., three utility companies have announced plans for construction of new nuclear power plants. And Russia is expected to become a net importer of uranium in coming years, putting additional upward pressure on the price of uranium.

## Base Metals

The General Partner and Manager believe that base metals prices will gradually strengthen in price and demand in 2011 and reassert their place in the long-term commodity supercycle once infrastructure buildouts announced by the U.S., China, and other countries as part of economic bailout plans take hold, and once consumer demands bottom out in the U.S.

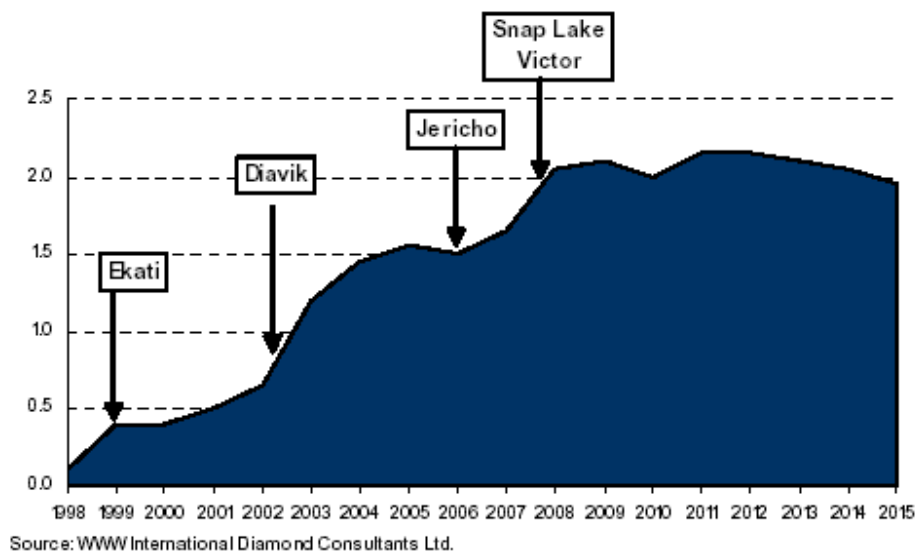
The recent financial crisis has not nullified the fact that some 3 billion people in Asia are going through modernization.

# Diamonds

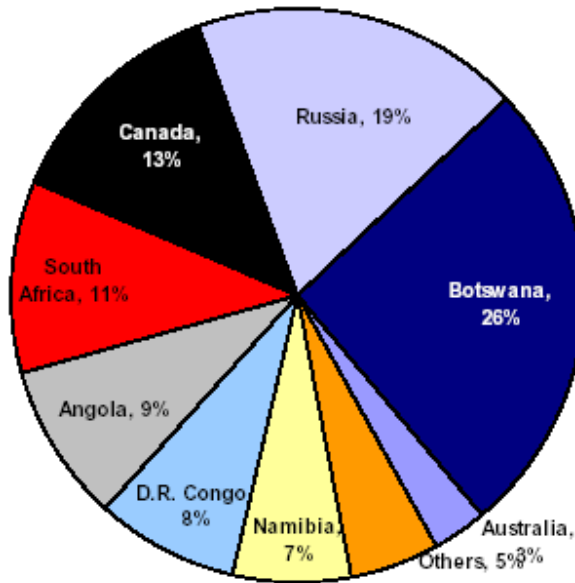
Since the Ekati diamond deposit was first discovered in Canada in the early 1990s, Canada has emerged as the premier location in the world for the discovery of new economic diamond-bearing kimberlite. There are several reasons. First, Canada has many cratonic regions that hold the potential to host diamond-bearing kimberlite. Second, Canadian-source diamonds have gained a reputation for quality and 'cleanliness' in that they are not used to finance terror, war and weapons as they are in other parts of the world -- Canadian "non-conflict" diamonds are perceived as more marketable than African-source diamonds that have financed several wars. Third, Canada is regarded as having a very stable political regime where necessary long-term investments in diamond deposits are likely to be protected from political interference. No wonder that De Beers of South Africa currently spends approximately half of its diamond exploration budget in Canada's far north (the figure was 43 % in 2004).

According to Statistics Canada, between 1998 and 2002, 13.8 million carats have been mined from Canada's north, worth \$2.8 billion. With production from Ekati (BHP-Billiton) now augmented by production from Diavik (Rio Tinto and Aber) and from Snap Lake (De Beers), Canada became the world's third largest diamond producer at the end of 2003, and could become the largest producer within 5 to 10 years. It will certainly challenge Russia for the number 2 position around 2007. Promising recent diamond discoveries in the Coronation Gulf district of Nunavut, the Otish area of Quebec, and in Ontario and Saskatchewan, will reinforce this trend. Ekati, Diavik, Jericho and Snap Lake are expected to continue to produce for an estimated remaining mine life of approximately 20 years. (Source: CBC <http://www.cbc.ca/news/background/diamond/>)

### Canadian Diamond Production



### World Diamond Production: 2004



Source: W.W. International Diamond Consultants Ltd.

Since 2003, the price of diamonds has been rising, and W.W. International Diamond Consultants Ltd. in the U.K. forecast that demand for diamonds will continue to rise until 2012, based on current and projected GDP forecasts in all of their key markets.

Between 1985 and 2000, rough diamond prices increased at an average annual rate of approximately 5 per cent, and substantially outperformed oil, gold and the Economist commodity price index over that period. (Source: International Diamond Consultants Ltd.)

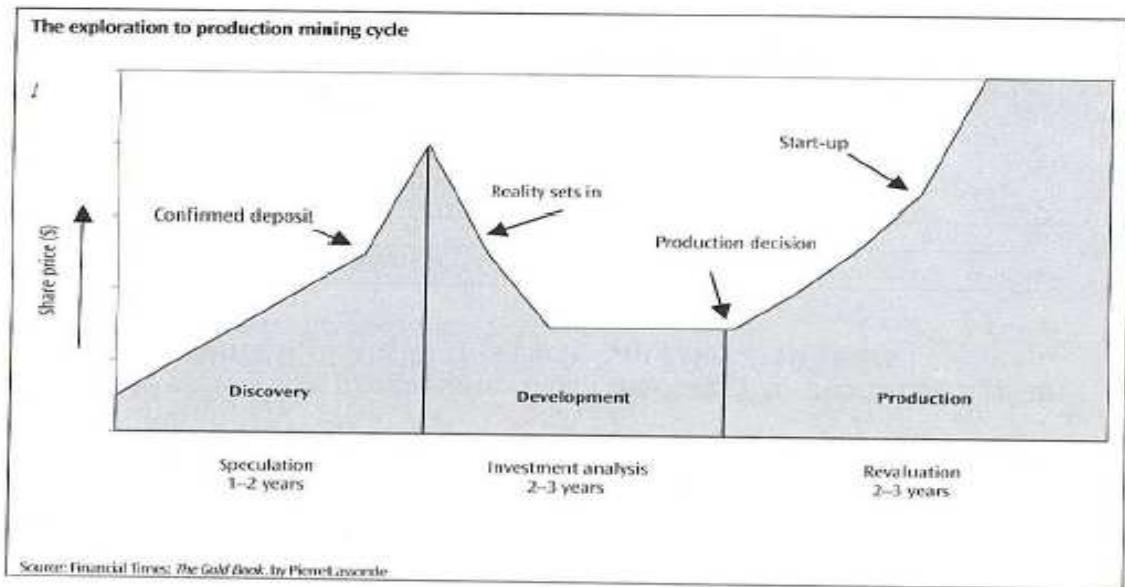
## TARGETING MINING COMPANIES WHOSE STOCKS HAVE THE GREATEST PRICE APPRECIATION POTENTIAL

The General Partner will strive to invest in Resource Companies which are at that point in their evolution that their stock price is likely to appreciate at the greatest rate, while at the same time try to reduce risk.

The following chart gives a good idea of the life cycle of a junior mining company:

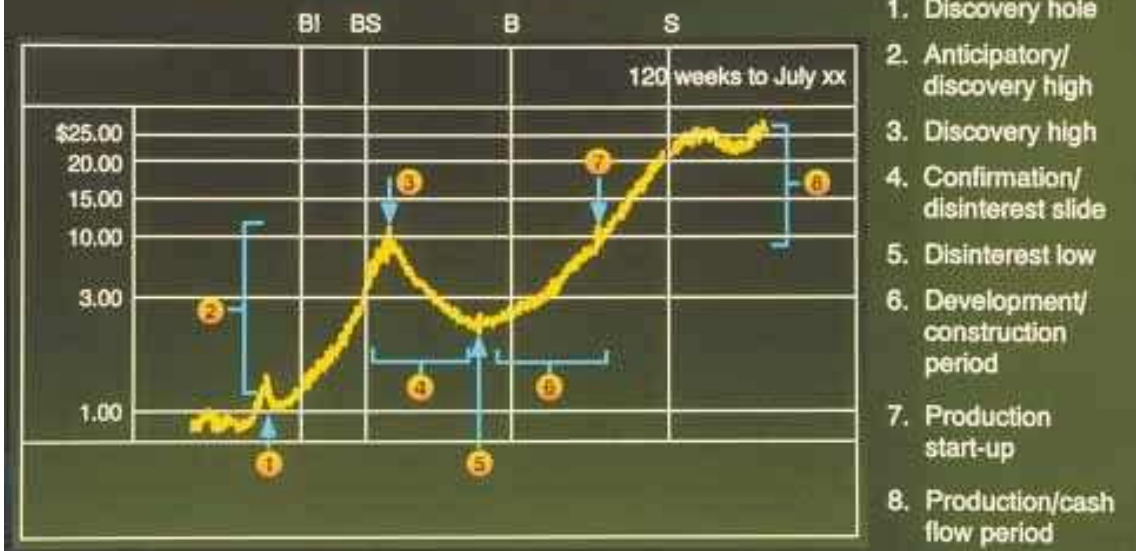
### The mineral exploration development cycle

- The chart shows a theoretical share price progression from discovery to production of a successful economic discovery



This next chart shows in greater detail the points at which a junior mining company's stock is likely to appreciate at the fastest rate:

## MODEL OF CLASSIC MINING COMPANY SHARE PRICE CYCLE Discovery to Production



Normally, the best time to buy a mining stock is just prior to the drilling of the 'discovery' drill hole which makes the nightly news and sends the penny stock soaring to great highs (see chart above, Items 1-3, Discovery hole) . The General Partner seeks to avoid investments in companies that are just starting their exploration program, as many of the companies at this stage will fail, and need to be "weeded out" with further exploration, which in turn is made possible by the company's ability to attract continued financing for exploration. However, mining companies that have had some encouraging preliminary results and are led by credible management that has a past record of success are often excellent investment opportunities.

The General Partner will seek to avoid mining companies that have confirmed their discoveries and have entered into a stock price "lull" that is illustrated in both of the above charts. This is a period, often lasting two to three years, in which the stock price typically commences a slow decline, as the market is "bored" with the story and awaits a production decision. It is during this time that a company must obtain permits and often encounters many obstacles, including environmental and native concerns.

There is a second best time to buy mining equities – the pre-production phase. That is when a qualified management team prepares to convert or construct a single 'ore body' mining company into a producing mine. A purchase of mining stocks during this development/construction period often produce significant gains with a favorable risk/reward ratio.

The General Partner will seek out quality near-producer Resource Companies to try to maximize capital appreciation of the Partnership's portfolio.

## **THE INVESTMENT CONCEPT OF THE LIMITED PARTNERSHIP**

The Partnership has been created to provide (a) for tax-assisted investments in Resource Companies which incur certain CEE in Canada and renounce the expenditures so that they may be flowed through to investors and claimed as deductions from income for tax purposes, primarily for the 2010 taxation year, (b) for tax-assisted investments in Resource Companies that will incur the type of CEE that once renounced to eligible individuals can qualify for the EITC and (c) capital appreciation as a result of investment in shares of Resource Companies.

### **History of “Super” Flow-Through Shares**

Flow-through shares were first introduced by the federal government in 1954 to allow transfer or “flow-through” of tax credits between corporations. The Tax Act has allowed, since 1972, exploration companies to transfer or flow-through specific type of exploration expenses on Canadian properties to individual investors.

Junior exploration companies continually show accounting losses because they do not have income to offset exploration expenses. Financing of exploration costs is done by selling treasury shares. The issuance of flow-through shares allows an exploration company to receive cash from investors in return for the investors receiving tax benefits from the incurring and renunciation by the company of certain exploration expenses such as diamond drilling and geological mapping on a property in Canada.

Flow-through shares are almost always issued as private placements with a minimum holding period of four months. The principal difference between flow-through shares and non-flow through shares is the tax benefits accorded to investors of flow-through shares.

Tax legislation with respect to flow-through shares was modified several times starting in 1974 to allow for the complete write-off of CEE in the year it is incurred and renounced and to tax the sale proceeds as capital gain.

An important change in 1996 was adding the one year “look back” rule. Under the “look back” rule, it is easier for Resource Companies to issue flow-through shares and renounce CEE to investors in the same year because the CEE may be incurred up to December 31 of the following year. For example, Resource Companies raising flow-through financing up to December 31, 2010 using the “look back” rule may take up to December 31, 2011 to incur the CEE. However, if the CEE is not incurred by February 28, 2011, the company is required to pay a special tax to CRA, currently of about 0.25% per month of the unspent balance of CEE.

Tax benefits to individual investors in flow-through shares were enhanced with the creation of “super” flow-through shares, starting October of 2000, which provide both a tax deduction as a flow-through share, together with a 15% federal EITC. In addition several provinces currently provide an additional tax credit as follows: B.C. (20%); Manitoba (20%); Ontario (5%); and Saskatchewan (10%). Quebec, effective March 2004, offers a 150% write-off. The federal legislation for “super” flow-through shares is currently effective for Flow-Through Agreements entered into after March 2009 and before April 2010 (provided the Resource Company renounces the type of CEE eligible for the EITC effective prior to 2011). The B.C. tax credit is currently due to expire on December 31, 2010. The Manitoba tax credit of 20% applies in respect of flow-through share agreements entered into from April 1, 2009 until March 31, 2010 and increases to 30% in respect of flow-through share agreements entered into from April 1, 2010 until March 31, 2012. The Ontario Ministry of Finance confirms that the Ontario EITC is not dependent on the federal EITC nor is it designed to automatically expire. The Quebec government in 2003's budget gave flow-through shares a permanent status and increased the tax write-offs.

The “super” flow-through program has been very successful in helping junior companies raise much needed funding for mineral exploration. The Prospectors & Developers Association of Canada (“PDAC”) estimates the program has helped raise over \$975 million for “grass roots” mineral exploration in Canada to July 31, 2004. Furthermore, the PDAC has stated that the discovery rate since October 2002 has averaged between one and two discoveries per month. Investors are calling this new credit-enhanced version of the flow-through share, the “Super” Flow-Through Share. Multi-billion dollar mining camps discovered by “grassroots” exploration carried out by junior mining companies include: gold at Hemlo, diamonds at Lac de Gras, and nickel/copper at Voisey's Bay.

### **Investment Objective**

MineralFields 2010-III Inc. will, on behalf of the Partnership, invest in Flow-Through Shares that qualify for “Super” Flow-Through Share status of Resource Companies engaged in mineral exploration in Canada, with a view to maximizing the tax

benefit of an investment in the Units and to achieving capital appreciation through investment in a diversified portfolio of publicly traded shares. Flow-Through Shares are common shares purchased from the treasury of a Resource Company under an agreement which provides that, in addition to issuing common shares, the Resource Company agrees to incur and renounce CEE to the Partnership in an amount equal to the subscription price of the Flow-Through Shares. Flow-Through Shares are typically purchased at a premium to the market price of the Resource Company's common shares as compensation for the benefit of tax deductions. Flow-Through Shares are considered an attractive means of financing Canadian exploration expenditures for Resource Companies who have significant tax deductions available to them.

The Partnership will use the Available Funds to subscribe for Super Flow-Through Shares pursuant to Flow-Through Agreements to be entered into with the Resource Companies. The General Partner anticipates that 100 % of the Available Funds will be invested in Super Flow-Through Shares of Resource Companies engaged in mineral exploration. **[NTD: This would require under current federal legislation that all Available Funds are invested by March 31, 2010. Is this a concern?]** See "Investment Strategy of the Partnership".

Investments made by the General Partner on behalf of the Partnership will be consistent with the Investment Guidelines set out below.

### **Investment Strategy of the Partnership**

Investments will be made in the resource sector with the objective of creating a diversified resource portfolio of securities of Resource Companies involved in gold, diamond, platinum group metals, uranium, metallurgical coal, and base metals exploration. The General Partner believes that the companies in the sector remain attractively priced. The Partnership intends to focus on companies in the junior and intermediate resource sector and companies with more advanced exploration programs.

In selecting Resource Companies in which to subscribe for Super Flow-Through Shares, the Partnership will seek companies with mineral prospects of merit and whose securities are listed on a "designated stock exchange" within the meaning of the Tax Act (including, the Toronto Stock Exchange ("TSX"), TSX Venture Exchange ("TSXV"), New York Stock Exchange ("NYSE"), London Stock Exchange ("LSE"), Frankfurt Stock Exchange, or American Stock Exchange ("AMEX")). The General Partner, in conjunction with the Portfolio Manager, will manage the investment portfolio with a view to: (i) the preservation of capital; and (ii) the capital appreciation on the Partnership's investments. The Partnership's investment strategy is to invest in Shares that qualify for "Super" Flow-Through Share status issued by Resource Companies that are considered to: (i) represent good value in relation to the market price of the Resource Company's shares; (ii) have experienced and capable senior management; (iii) have a strong exploration program in place; and (iv) offer potential for future growth.

**Whenever possible, the General Partner intends to obtain share purchase warrant incentives for the Partnership, in addition to purchasing Super Flow-Through Shares and Flow-Through Shares.** The Partnership will also have the right to exercise any warrants held by it in the event that the current market price for the underlying common shares is greater than the warrant's exercise price.

The General Partner, on behalf of the Partnership, may sell Flow-Through Shares and other shares acquired on behalf of the Partnership prior to dissolution of the Partnership if the General Partner is of the opinion that it is in the best interests of the Partnership to do so. The Partnership will have the right to take advantage of any rising share prices, and provided that any resale restrictions imposed by applicable securities legislation have expired, to sell the Super Flow-Through Shares and Flow-Through Shares owned by the Partnership in the public market. Any net cash balances of the Partnership arising from such sales which occur after 2010 (net of reserve for fees and expenses), may, at the discretion of the General Partner, be:

- (a) held in interest-bearing accounts by the Limited Partnership,
- (b) distributed to the Limited Partners,
- (c) reinvested by the General Partner into high-quality money market instruments (including government treasury bills),
- (d) reinvested in non-flow-through shares of Resource Companies and other resource companies,
- (e) reinvested in Super Flow-Through Shares or Flow-Through Shares of Resource Companies who meet the Partnership's investment criteria, and result in further tax benefits for the Limited Partners, or
- (f) reinvested in shares of the Mutual Fund.

**There is no restriction on the Partnership investing in securities of Resource Companies in which the management and shareholders of the General Partner have an interest.**

The Partnership and its affiliates are also committed to negotiating aggressively to avoid paying excessive premiums for Flow-Through Shares purchased by the Partnership that qualify for “Super” Flow-Through Share status. As a general rule, the Partnership will seek to avoid paying premiums above 10 % of the current market price, although there may be special situations with resource issuers which the Partnership views as very attractive where the 10 % guideline may be relaxed. In any event, the Partnership’s philosophy is significantly different from that of other flow-through investment funds, which routinely pay premiums of 25 % or even 35 % above the current market price for shares purchased which negatively impacts on the investors’ ability to earn a positive return.

**Share purchase agreements with Resource Companies may provide that to the extent that grants or tax credits are available to investors pursuant to any federal or provincial mineral exploration program, the Resource Companies will be required to apply for such grants or tax credits on behalf of the Partnership and the Limited Partners and to remit all amounts received to the Partnership.**

### **MineralFields Liquidity Advantage**

Unlike most, if not all, other flow-through funds, MineralFields commits to investing 100 % of Available Funds in Resource Company shares that are listed on either the TSX, TSXV (Tiers 1 or 2), NYSE, LSE, Frankfurt Stock Exchange, or AMEX, and with a hold period of no more than four months. This provides two very important liquidity advantages. First, other flow-through funds typically allow for up to 25 %, or more of their investment portfolios to consist of private companies; some energy flow-through funds consist exclusively of private company investments. Private companies by their very nature are very illiquid, as their shares are not traded on any public exchange; in some cases, it is virtually impossible to sell private company shares for extended periods of time. Second, in the case of other flow-through funds whose portfolio consists of shares of public companies, there is typically no assurance from such funds that the hold period will not exceed four months. Securities laws generally provide a minimum hold period of 4 months from the date that flow-through shares are issued until the purchasing flow-through fund can sell them. However, the hold period could be one year or even longer if the Resource Company has not met certain requirements. MineralFields considers it very important to ensure maximum liquidity on all of its investments. This does not mean that MineralFields will sell all, most, or even any of its investments after the four month minimum hold period expires, but MineralFields has the ability to be flexible and sell as soon as possible, where events in a Resource Company’s life, as well as general market conditions, warrant selling the investment. While other flow-through funds typically commit their investors to a limited partnership investment of two years or even longer, because MineralFields’ fund life is significantly shorter, and the investors receive a distribution of limited partnership assets earlier, liquidity is a very important part of MineralFields’ investment strategy.

### **Investment Criteria for Super Flow-Through Shares**

The General Partner on behalf of the Partnership will apply proprietary portfolio selection criteria that consider such factors as share liquidity, share trading range, and market capitalization. The Partnership will focus on companies that have well-respected management, geographical diversification, project diversification, and either existing joint venture arrangements with major producers or a willingness to enter into same upon significant mineral body discovery. In the opinion of the General Partner, if a single significant discovery can propel a company’s stock price, it stands to reason that several companies, each with several projects under development, can increase the probability of value appreciation of the entire Partnership portfolio. Junior exploration companies that work with major producers are able to diversify and explore more projects, more effectively, than exploration companies that spend their entire exploration budget on a single project and who have no working relationship with a major producer. Finally, it is the opinion of the General Partner that well-respected management with a proven track record of discoveries in previous ventures can make all the difference to a company that has carefully selected projects.

### **Investment Guidelines**

The Partnership will invest Available Funds in Flow-Through Shares that qualify for “Super” Flow-Through Share status issued by Resource Companies. To the extent that the Partnership disposes of Flow-Through Shares, the Partnership may reinvest the net proceeds from any such dispositions in additional shares or Flow-Through Shares of Resource Companies.

The Partnership will not engage in any undertaking other than the investment of the Partnership’s assets with regard to the Partnership’s investment objective, investment strategy and Investment Guidelines.

The Partnership will purchase securities (other than Flow-Through Shares) only through normal market facilities, unless the purchase price for the securities 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.

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 10 % of the voting securities of any Resource Company in which it may invest.

The Partnership may not borrow and will not purchase or sell commodities. The Partnership will not lend money. For purposes of this restriction, investments in high-quality money market instruments (including government treasury bills) are not considered lending.

The Partnership will not make short sales of securities other than for hedging purposes against existing positions held by the Partnership. The Partnership will not purchase mortgages.

The General Partner and the Portfolio Manager will be responsible for managing the investment portfolio of the Partnership. The General Partner will use its best efforts to ensure that the Net Proceeds (being 90 % of the Subscription Proceeds) will be used to subscribe for Flow-Through Shares of Resource Companies pursuant to Flow-Through Agreements which will require the Resource Company to use 100 % of the subscription funds to incur CEE in Canada and to renounce such CEE to the Partnership with an effective date of not later than December 31, 2010.

#### **Distribution to General Partner Prior to Dissolution**

On or before the business day prior to the Dissolution Date, the General Partner will be entitled to receive a distribution from the Partnership equal to 50% of the amount, if any, by which the value of the portfolio of the Partnership at that time (less any liabilities), on a per Unit basis, exceeds \$100 per Unit. For this purpose, the value of the portfolio, consisting of the securities of the Resource Companies, cash, and any other securities purchased by the Partnership from the proceeds of sale of any Super Flow-Through Shares purchased by the Partnership, will be based on the closing trading price of the securities as at the date of distribution to the General Partner.

In addition, at the time of such distribution to the General Partner or, if the amount of such distribution is nil, immediately prior to the Dissolution Date, the General Partner will be entitled to receive any and all warrants whose exercise price is above the market price for the shares of the applicable Resource Company (out-of-the-money warrants) on such date and the Limited Partners will have no interest in such out-of-the-money warrants.

The General Partner may elect to receive its distribution entitlement in a combination of cash and Resource Company securities, or may elect to receive its entire interest in the form of cash, except for any out-of-the-money warrants, which will be distributed to the General Partner in kind.

#### **Distribution of Partnership Assets on Dissolution**

The Partnership Agreement provides that effective November 1, 2011 (or on an earlier date, at the General Partner's election, in which case this earlier date will be the reference date for valuation), the Partnership will be dissolved and the assets (less any liabilities) of the Partnership (after deducting and distributing the General Partner's entitlement as described above) will be distributed to the Partners on the following basis. The portfolio of the Partnership will consist of the securities (shares and/or warrants) of the Resource Companies, cash, and any high-quality money market instruments (including government treasury bills) purchased by the Partnership from the proceeds of sale of any Super Flow-Through Shares purchased by the Partnership. The portfolio will be valued based on the closing trading price of the shares and other securities as at the Dissolution Date, and will be calculated on a per Unit basis. Each Limited Partner will be entitled to receive a share of the assets of the Partnership determined as follows and paid in cash or any remaining securities (shares and/or warrants) of the portfolio, on a *pro rata* basis:

<b>Value of Portfolio Per \$10,000 Subscription</b>	<b>Amount Distributed to Limited Partners on Dissolution Date</b>	<b>Amount Distributed to General Partner on Dissolution Date</b>
up to \$10,000	up to \$10,000 (i.e., 100%)	\$ NIL
over \$10,000	\$10,000 + 50 % of amounts in excess of \$10,000	\$ NIL

Any cash distributions that were paid to the Limited Partners prior to the dissolution of the Partnership will be included in the calculation of the “Amount Distributed to Limited Partners” in the above table, and as a consequence, the amount distributed to Limited Partners on dissolution will be reduced as a consequence .

### **Optional Donation to Registered Charities**

The following discussion will apply if the General Partner does not select the Mutual Fund Rollover Option.

The Partnership Agreement provides that following dissolution of the Partnership and the distribution of its assets to its Limited Partners, each Limited Partner has the option to donate his or her Distributed Property to the registered charity designated by such Limited Partner. Each Limited Partner may claim a tax credit calculated in a prescribed manner under the Tax Act based upon the fair market value of his or her Distributed Property at the time of the donation. See Item 6 Canadian Federal Income Tax Considerations – Optional Donation to a Qualified Donee. Each registered charity designated by a Limited Partner must appoint the General Partner as its agent to sell that charity’s portion of the securities comprised in the donated assets in a controlled manner by signing an agreement in the form attached as Exhibit “A” to this Offering Memorandum. For this purpose, the General Partner as agent will establish a single “sell only” brokerage account in which will be pooled all securities donated to the registered charities as designated by the Limited Partners. It is anticipated that all such securities will sold be within thirty (30) trading days of the Donation Date, following which the General Partner will arrange for the net proceeds of sale to be forthwith distributed to the registered charities in accordance with their *pro rata* interests in the pooled brokerage account.

If, not later than the Dissolution Date, any Limited Partner does not designate a registered charity, or if a charity designated by a Limited Partner does not sign the agreement in the form attached as Exhibit “A” to this Offering Memorandum, or if a Limited Partner later revokes the designation of a charity prior to the Dissolution Date, such Limited Partner’s Distributed Property will be pooled and sold with the assets donated to eligible charities by other Limited Partners in the single brokerage account established by the General Partner. Upon sale of all such securities in the pooled brokerage account, the General Partner will arrange to distribute to such Limited Partner his or her *pro rata* share of the net sale proceeds.

### **Criteria for Super Flow-Through Shares and Flow-Through Shares Subscription Agreements with Resource Companies**

The General Partner will use its best efforts to ensure that 100 % of the Net Proceeds (being 90 % of the Subscription Proceeds) will be used to subscribe for Super Flow-Through Shares of Resource Companies pursuant to Flow-Through Agreements, which will require the Resource Company to use 100 % of the subscription funds to incur CEE in Canada and to renounce such CEE to the Partnership with an effective date in respect of the CEE renunciation of not later than December 31, 2010.

## **VALUATION OF INVESTMENTS**

### **Valuation of Assets**

The General Partner will, on a business day of each month (the “**Valuation Date**”), calculate the value of the Partnership’s assets on the basis of quoted prices on the TSX, TSXV, NYSE, LSE, AMEX, or Frankfurt Stock Exchange, as applicable.

### **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 amount of the Partnership’s assets. It is anticipated that these liabilities will include without limitation: (a) mailing and printing expenses for periodic reports to Limited Partners; (b) fees payable to the auditors and legal and 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; and (f) any expenses which may be incurred in connection with the dissolution of the Partnership. The General Partner estimates that the administrative and operating expenses giving rise to these liabilities will be approximately \$25,000 per year in the case of the Minimum Offering, and \$100,000 per year in the case of the Maximum Offering.

The Partnership's assets will be valued in accordance with the following principles:

- 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, will 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 will 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 will be deemed to be such value as the General Partner determines to be the fair value;
- b) the value of any security which is listed or traded upon a stock exchange will be determined by taking the latest available closing 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 will 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) the value of any warrant for which no published market exists will be the greater of zero or the intrinsic value of such warrant (i.e., the difference between the exercise price of the warrant and the underlying market value of the underlying security) on a particular Valuation Date;
- f) the value of any restricted securities (including securities subject to any hold period) will be the lesser of:
  - A. the value thereof based on reported quotations in common use; and
  - B. 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 restrictions 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) will 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.

### **2.3 Long Term and Short Term Objectives and How Partnership Intends To Achieve Them**

The General Partner, on behalf of the Partnership will attempt to invest all Net Proceeds in high-quality Resource Companies, in as diversified a manner as possible, and paying as low a premium as possible, by negotiating with the Resource Companies

after first carefully screening out inappropriate candidates and selecting target companies that meet the Partnership's selection criteria, all by December 31, 2010. From January 11, 2010 to November 1, 2011, the General Partner will monitor the activities of all Resource Companies from which the Partnership has purchased Flow-Through Shares, and will evaluate on a continual basis whether to hold, or sell, some or all of the shares and warrants of each such Resource Company. Where advisable in the General Partner's opinion, some or all of the shares and warrants held by the Partnership will be sold. The remaining shares and warrants (other than out-of-the-money warrants) still held by the Partnership will be valued, so that the Partnership may be dissolved on November 1, 2011 (or sooner, at the General Partner's option, where the Dissolution Date is advanced), in accordance with the procedure described elsewhere in this Offering Memorandum.

The following table shows how the Partnership intends to meet our short term objectives for the next 12 months and the long term objectives until the Partnership is dissolved on or before November 1, 2011:

<b>What Partnership must do and how it will do it</b>	<b>Target completion date or, if not known, number of months to complete</b>	<b>Partnership's cost to complete and/or use of proceeds</b>
Invest initial Net Proceeds received from subscribers of Units in high-quality Resource Companies, in as diversified a manner as possible, and paying as low a premium as possible, by negotiating with the Resource Companies after first carefully screening out inappropriate candidates and selecting target companies that meet the Partnership's selection criteria	December 31, 2010	The total Net Proceeds received by December 31, 2010
Invest the rest of the 100 % of Net Proceeds in high-quality Resource Companies, in as diversified a manner as possible, and paying as low a premium as possible, by negotiating with the Resource Companies after first carefully screening out inappropriate candidates and selecting target companies that meet the Partnership's selection criteria	December 31, 2010	The total Net Proceeds raised in this Offering
Continue monitoring the activities of all of the Resource Companies in which the Partnership has invested funds, as well as continue regular monitoring of the share prices of such Resource Companies	November 1, 2011	No additional cost charged to the Partnership other than administrative and operating expenses referred to on page 56
Sell some or all of the shares and warrants of Resource Companies purchased by the Partnership where warranted based on General Partner's evaluation of the Resource Companies' prospects and general market conditions	November 1, 2011	No additional cost charged to the Partnership other than administrative and operating expenses referred to on page 54
Dissolve on a scheduled date, and distribute its assets to its Limited Partners <i>pro rata</i>	November 1, 2011	No additional cost charged to the Partnership other than administrative and operating expenses referred to on page 54
Each Limited Partner will donate to a designated registered charity his or her Distributed Property	November 1, 2011	No additional cost charged to the Partnership other than administrative and operating expenses referred to on page 54

## 2.4 Material Agreements.

Pursuant to a written agreement, Watts, Griffis and McOuat Limited ("WGM") is entitled to fees (in accordance with its normal hourly rates), in consideration of WGM's assistance in performing due diligence in the selection, evaluation and

monitoring of flow-through expenditures of Resource Companies from which the Partnership will be purchasing Super Flow-Through Shares and Flow-Through Shares (see detailed discussion below).

In addition, Pathway Investment Counsel Inc., the Portfolio Manager, provides portfolio manager services to the Partnership pursuant to an agreement described below.

## **INDUSTRY ADVISORS: WATTS, GRIFFIS AND MCOUAT (“WGM”)**

### **Overview of WGM**

WGM has over 40 years experience evaluating mining companies and projects for governments and large institutional investors. WGM has a staff of over 40 geologists, mining engineers and metallurgical engineers, along with specialists in geomatics, valuations, economic analysis and GIS. WGM has expertise in every aspect of the mining industry, from regional exploration programs through mine development. Services include project management, institutional strengthening, mineral property valuation, due diligence studies, feasibility studies, remote sensing and geographic information system (GIS) services, database creation and validation, and ore reserve estimation through to mine design and planning. From its offices in Toronto, Ontario, and Anchorage, Alaska, WGM has successfully carried out projects in more than 120 countries.

WGM is often retained by mining companies to identify new management, create new geological programs, and identify synergies with other mining companies and properties. Accordingly, WGM is often in a position to recognize mining companies who offer a higher likelihood of success in their field.

### **The WGM Consulting Arrangement**

The General Partner has entered into a consulting agreement with WGM and The Portfolio Manager (the “**WGM Consulting Arrangement**”), pursuant to which WGM, as consultant, is entitled to be paid, by the General Partner, consulting fees in accordance with its normal hourly rates, in consideration of WGM’s provision of the Consulting Services and the Administrative Services, each as described below. WGM will provide its technical expertise, advice and due diligence services generally in relation to the resource sector, and specifically in relation to the identification and review of individual Super Flow-Through Share investment opportunities to be considered by the Partnership (collectively, the “**Consulting Services**”). In addition, WGM’s continuing role with respect to the Partnership include the following services:

- (a) assisting the Partnership with the negotiation of Flow-Through Agreements with Resource Companies in which the Partnership is interested in investing;
- (b) ensuring that any Resource Company in which the Partnership invests provides appropriate documentation to the Partnership by no later than December 31, 2010;
- (c) monitoring the activities of Resource Companies in which the Partnership has invested to determine whether Partnership funds are actually expended on an agreed exploration program so that those resource companies will be able to renounce agreed CEE expenditures to the Partnership with an effective date of December 31, 2010;
- (d) monitoring the activities of Resource Companies in which the Partnership has invested for as long as the Partnership continues to hold securities of such companies to assist the Partnership in determining whether such securities should continue to be held, or should be sold; and
- (e) making such regular submissions to the Partnership as it feels are appropriate and in the Partnership’s best interest

(collectively, the “**Administrative Services**”).

Pursuant to the WGM Consulting Arrangement, the Partnership directs WGM to provide the Consulting Services to the Portfolio Manager, and directs the Portfolio Manager to take into consideration, in the course of discharging his obligations under the Portfolio Manager Agreement, the materials, reports and expert advice produced or rendered by WGM under the WGM Consulting Arrangement. The Administrative Services will be rendered by WGM directly to or for the benefit of the Partnership.

The WGM Consulting Arrangement further provides that, in those instances where WGM is an insider of a selected Resource Company with access to confidential information not yet in the public domain, at the discretion of the General Partner, WGM will arrange for an independent Qualified Person (as that term is defined in National Instrument 43-101) to carry out a review of the recommended investment.

## **MINING ANALYSTS**

### **Overview of Mining Analysts**

In order to provide a further level of due diligence relating to the mining sector, as well as sourcing attractive Resource Company opportunities, the Manager is making available to The Portfolio Manager on an ongoing consulting basis the services of two experienced mining analysts who are employed by the Manager, and each of whom has over 20 years experience in the mining sector. No compensation is directly payable by the Partnership to the Mining Analysts. The Manager is responsible for any fees paid to the Mining Analysts.

#### **Ronald J. Wortel, P.Eng., MBA**

Mr. Wortel recently joined MineralFields as the Executive Vice President for Mining Investments. He joins MineralFields after two and a half years with Northern Securities as their senior mining and metals analyst, where he provided equity research on 22 junior and intermediate TSX listed mining companies.

Mr. Wortel was one of the first mining analysts to focus exclusively on the large and under-served Canadian junior mining market. His coverage of this sector includes over sixty names in the past nine years. During this period, Mr. Wortel worked with Levesque Beaubien Geoffrion (now National Bank Financial), Dundee Securities, eResearch and Northern Securities. The coverage list includes companies involved in almost all the mining sectors: gold; platinum-group metals; base metals; and diamonds with both explorers and producers.

Ron is a professional engineer (1989) with a geological engineering degree from Waterloo (1987) and an MBA from the Ivey School of Business (1996). He worked in the consulting engineering sector with Golder Associates for seven years prior to entering the financial services sector. His work with Golder included consulting to many senior and junior mining companies. Ron is a member of the Mining Research Analysts Group, the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) and the Prospectors and Developers Association of Canada (PDAC).

#### **Barbara Y. Thomae, B.Sc., P.Geo.**

Ms. Thomae heads the Manager's Vancouver office where she is employed as a senior mining analyst. With over twenty years of experience as a geologist in the resource sector, she has largely focused on consulting work for the junior mining sector and directly for exploration departments of senior mining companies since the early 1980s. Her duties included project management, geological mapping and report writing for base and precious metal exploration in western North America and Africa.

Barbara is a professional geoscientist (1992) registered in the province of British Columbia and is a member of the Canadian Institute of Mining, Metallurgy and Petroleum, Vancouver Chapter. She graduated from the University of British Columbia's geological sciences program in 1983. In 1993 she obtained a Post Baccalaureate diploma in Environmental Science, after which she became an advisor to B.C.'s Environmental Assessment Office on coal mining and hydroelectric projects.

## **THE PORTFOLIO MANAGER**

### **Pathway Investment Counsel Inc.**

The Portfolio Manager has been retained by the General Partner to provide advice on and manage the investment portfolio of the Partnership. The Portfolio Manager was established primarily to provide portfolio management and investment counsel services to the numerous current and future flow-through and hard dollar limited partnerships created by Pathway Asset Management (including limited partnerships branded as "MineralFields" and "EnergyFields"), as well as a mutual fund (namely, Pathway Multi Series Fund Inc.). Mr. William D.B. ("Bill") Koenig, CFA is the individual portfolio manager employed by the Portfolio Manager who will provide portfolio management services in respect of the Partnership's portfolio.

The principal office of the Portfolio manager is located at 1110 Finch Avenue West, Suite 210, Toronto, Ontario, M3J 2T2. As at January 11, 2010, the Portfolio Manager has assets under management of approximately \$315 million.

The Portfolio Manager was established to provide portfolio management and investment counsel services to numerous current and future flow-through and hard dollar limited partnerships created by the Pathway Asset Management Group (including limited partnerships branded as “MineralFields” and “EnergyFields”), as well as Pathway Multi Series Fund Inc. The Portfolio Manager is registered with the Ontario Securities Commission in the categories of investment counsel and portfolio manager under the *Securities Act* (Ontario) and registered with the Alberta Securities Commission in the categories of portfolio manager and investment counsel under the *Securities Act* (Alberta).

The following are the principal officers of the Portfolio Manager.

<b><u>Name and Municipality of Residence</u></b>	<b><u>Position with the Portfolio Manager</u></b>
Joe C. Dwek, C.A. Toronto, Ontario	President and Chief Compliance Officer
Imtiaz Hashmani, C.G.A.	Chief Financial Officer Mississauga, Ontario
William D.B. Koenig, CFA Calgary, Alberta	Portfolio Manager
Philip Wootten, CFA Toronto, Ontario	Portfolio Manager

***William D.B. Koenig,, CFA, Portfolio Manager***

As an early pioneer in the process of institutional investing in small cap companies (ranging from start-up to sub billion market capitalizations), Mr. Koenig has many years of experience in the resource sector.

Mr. Koenig was Chief Investment Officer of the Norrep Funds (Hesperian Capital) and helped oversee the growth of assets from \$70 million to over \$900 million in the four year period while he was there. He has more than 20 years of experience in the natural resource sector and has worked either as a Research Analyst or a Portfolio Manager for most of this period. As a Research Analyst, he was noted for identifying early stage companies whose growth profile would allow them to become some of Canada's biggest resource companies. This research focus continues as a Portfolio Manager. Mr. Koenig was an early investor in the Canadian Oil Sands and continues to direct expenditures in exploration of Canadian Resources.

Prior to his tenure at Norrep, Mr. Koenig was also an Energy Research Analyst at Wolverton Securities Ltd., Woodstone Securities Ltd., and Octagon Capital Corporation. Prior to that, Mr. Koenig served as Senior Vice President and Portfolio Manager at Denro Fund Management , and prior to that as Energy Research Analyst and Investment Advisor at Charlton Securities Ltd.

For approximately a year and a half after his tenure at Norrep, Mr. Koenig was employed as portfolio manager at Brickburn Asset Management Inc.

Mr. Koenig holds CFA and CMA accreditations. He was co-author of two of the versions of the Standards of Practise for the CFA, and was chair of the ethics committee for CFA Curriculum Committee.

Mr. Koenig will be directly involved in providing investment advice and managing the investment portfolio of the Partnership.

***Philip Wootten, CFA, Portfolio Manager***

Philip Wootten has spent close to four decades in the investment industry. Before joining the Portfolio Manager, Mr. Wootten was employed as portfolio manager and Vice-President of Laketon Investment Management Limited (formerly Indago Capital Management Limited and Canada Life Investment Management Limited) from September 1994 until January 2007. At Laketon Investment Management Limited (“Laketon”), Mr. Wootten managed approximately \$1.2 billion in equities, including mutual funds, wrap accounts (\$45 million), surplus funds for Great West Life and London Life (\$318 million), a mutual fund

for Quadrus (\$17 million), and private client accounts. He was lead manager for Canada Life's Enhanced Dividend Fund from inception in December 23998\*\* growing it to \$764 million by the end of January 2007. At Laketon, Mr. Wootten's performance track record was impressive, and he consistently bettered the applicable TSX/S&P Indices. Mr. Wootten did much of the trading himself, and had one analyst reporting to him. Prior to Laketon, Mr. Wootten was Assistant Vice-President at General Trust Funds Inc. from 1978 to 1993, where he managed the company's pension plan, preferred equity portfolio, estate trust and equity portfolios, and a small equity mutual fund (approximately \$30 million). In 1991, he became a director of General Trust Funds Inc.

It is not anticipated the Mr. Wooten will be involved in this Offering or manage the investment portfolio of the Partnership.

### **Portfolio Manager's Investment Philosophy and Security Selection Objective**

Through disciplined fundamental financial analysis, The Portfolio Manager typically determines the "intrinsic" value of a security, and in combination with qualitative factors, makes unemotional buy, hold and sell decisions. The Portfolio Manager's security selection objective is to identify stocks and other securities which are expected to provide an acceptable return taking into consideration the risk involved. The Portfolio Manager's value investment mantra is derived from legendary investor Benjamin Graham: *"In the short run, the market is a voting machine, but in the long run, it is a weighing machine."*

The resource sector often does not easily lend itself to market timing or traditional analysis, but every so often there comes a quantum shift which, if identified correctly, has the potential to create great wealth. While for the more senior Resource Companies it calls for a judicious tracking of commodity prices and inventories to be successful, in the junior exploration sector one needs these skills and much more. To identify quantum shifts, The Portfolio Manager relies on a team of experienced advisors (including the Mining Analysts and Mining Industry Advisors) who have seen many market cycles in resource commodities and equities markets. Although no one has a perfect record, experienced practitioners have a far higher probability of being right. Through The Portfolio Manager's own networks and members of the analytical community, as well as the advisors identified elsewhere in this Offering Memorandum, we identify junior Resource Company management with outstanding track records, which results in projects with better than average probabilities of being successful. Strong management has the highest correlation with superior outcomes in the resource sector.

### **Services to be Provided by the Portfolio Manager**

The Portfolio Manager will, with the assistance of the General Partner and Industry Advisors, identify, analyze and select investment opportunities in the mining sector. The Portfolio Manager will assist the General Partner in monitoring the performance of Resource Companies (including their expenditure of Flow-Through Share subscription proceeds within the time frames outlined in the Flow-Through Agreements). Further, under the Portfolio Management Agreement, the Portfolio Manager has agreed to act at all times on a basis which is fair and reasonable to the Partnership, to act honestly and in good faith with a view to the best interests of the Partnership, and, in connection therewith, to exercise a degree of care, diligence, and skill that a reasonably prudent person having the experience and qualifications of the Portfolio Manager would exercise in comparable circumstances. The Portfolio Management Agreement provides that the Portfolio Manager will not be liable in any way for any loss, default, failure, or defect in any of the securities comprising the investment portfolio of the Partnership, unless such loss, default, failure or defect is attributable to the failure of the Portfolio Manager to satisfy the foregoing standard of care. The Portfolio Manager will assist the General Partner in endeavouring to invest the Available Funds in Flow-Through Shares of Resource Companies in accordance with the Partnership's investment strategy and investment guidelines, prior to December 31, 2010.

In the purchase and sale of securities for the Partnership, the Portfolio Manager will seek to obtain overall services and prompt execution of orders on favourable terms.

The Portfolio Manager will also assist the General Partner in:

- calculating the Net Asset Value of the investment portfolio
- reviewing, evaluating & executing trading strategies
- executing trades
- reviewing, on an ongoing basis, Resource Companies and the mining sector marketplace

- determining the timing and means of liquidating holdings for reinvestment or roll-over
- advising with respect to desirability and timing of exercising any warrants, and assisting with the effecting of any warrant exercise
- complying with the “Investment Objective” and “Investment Strategy of the Partnership”
- monitoring the performance of the investment portfolio
- determining the timing and means of liquidating the investment portfolio’s holdings
- assisting in the smooth transition to a mutual fund upon the adoption of a Liquidity Alternative, with a minimum of immediate portfolio liquidation upon any redemption by investors.

The services of the Portfolio Manager are not exclusive to the Partnership.

Joe C. Dwek, sole director, President and Chief Compliance Officer of the Portfolio Manager, and Imtiaz Hashmani, Chief Financial Officer of the Portfolio Manager, are also directors and officers of the General Partner, the Administrator and the mutual fund Pathway Multi Series Inc. into which the Partnership intends to transfer its assets prior to dissolution in exchange for shares of the mutual fund. See "Liquidity Alternative" and "Transfer of Partnership Assets and Dissolution".

#### **ADMINISTRATOR**

The Administrator provides services required to be performed by an “investment fund manager” under National Instrument 31-103 *Registration Requirements and Exemptions* (“NI 31-103”). The Administrator intends to make an application to the Ontario Securities Commission for registration in the category of “investment fund manager” under NI 31-103. The Administrator is required to be registered as an “investment fund manager” by September 28, 2010.

### **Item 3 Directors, Management, Promoters and Principal Holders**

**3.1 Compensation and Securities Held.** The following table provides relevant information about each director, officer and promoter of the Partnership or General Partner, as the case may be, and each person who, directly or indirectly, beneficially owns or controls 10 % or more of any class of voting securities of the Partnership (a “principal holder”):

<b>Name and municipality of principal residence</b>	<b>Positions held and the date of obtaining that position</b>	<b>Compensation paid by Partnership since inception, and compensation anticipated to be paid in the current financial year</b>	<b>Number, type and percentage of securities of the Partnership held after completion of min. offering</b>	<b>Number, type and percentage of securities of the Partnership held after completion of max. offering</b>
Joe C. Dwek, C.A. Toronto, Ontario	President and Director Since January 4, 2010	NIL	NIL	NIL
Imtiaz Hashmani, C.G.A. Mississauga, Ontario	Chief Financial Officer and Director Since January 4, 2010	NIL	NIL	NIL

The outstanding shares of the General Partner are owned as to 100 % by Joe Dwek Management Consultants Inc., of which the Dwek Family Trust is the sole shareholder.

The General Partner may be considered to be the promoter of the Partnership within the meaning of securities legislation.

#### **Fees to the General Partner**

In consideration for services rendered and to be rendered by the General Partner to the Partnership, the General Partner will be entitled to a one-time fee equal to 4.75 % of the Subscription Proceeds in respect of all of the Units sold, part of which will be

paid to wholesalers involved in the distribution of Units. The General Partner's one-time fee is intended to reimburse the General Partner for the costs of issue of this Offering, including, without limitation, the costs of creating and organizing the Partnership, the costs of printing and preparing this Offering Memorandum, initial legal expenses of the Partnership, initial audit expenses of the Partnership, marketing expenses, set-up costs, etc. (defined herein as the "Issue Expenses"). In addition, immediately prior to the dissolution of the Partnership, the General Partner, in its capacity as a member of the Partnership, will be entitled to a share of the realized and accrued gains of the Partnership as described in Item 2 under the heading "Investment Strategy of the Partnership – Distribution to General Partner Prior to Dissolution". See also the description under that heading relating to the General Partner's entitlement to a performance bonus calculated as a portion of any back-end increase in the value of the Partnership's assets above the subscription amounts paid by the Limited Partners.

Immediately prior to the dissolution of the Partnership, the General Partner will also be entitled to receive from the Partnership any and all warrants whose exercise price is above the market price for the shares of the applicable Resource Company (out-of-the-money warrants) at that time.

**3.2 Management Experience.** The following table provides relevant information about each director, officer and promoter of the Partnership or General Partner, as the case may be, and each person who, directly or indirectly, beneficially owns or controls 10 % or more of any class of voting securities of the Partnership (a "principal holder"):

Name	Principal occupation and related experience
Joe C. Dwek, C.A.	<ul style="list-style-type: none"> <li>- Chartered Accountant for over 35 years in Canada</li> <li>- Serves as President, CEO and a director of MineralFields Inc., MineralFields II Inc., MineralFields III Inc., MineralFields V Inc., MineralFields VI Inc., MineralFields VII Inc., MineralFields VIII Inc., MineralFields IX Inc., MineralFields X Inc., MineralFields XI Inc., MineralFields XII Inc., MineralFields XIII Inc., MineralFields XIV Inc., MineralFields XV Inc., MineralFields XVI Inc., MineralFields XVII Inc., MineralFields XVIII Inc., MineralFields XIX Inc., MineralFields XX Inc., MineralFields XXI Inc., MineralFields XXII Inc., MineralFields XXIII Inc., MineralFields 2007 Inc., MineralFields B.C. 2007 Inc., MineralFields 2007-II Inc., MineralFields B.C. 2007-II Inc., MineralFields 2007-III Inc., MineralFields 2007-IV Inc., MineralFields 2007-VI Inc., MineralFields 2007-VI Inc., MineralFields 2007-VII Inc., MineralFields VIII Inc., MineralFields IX Inc., MineralFields Alberta 2007 Inc., MineralFields Quebec 2007 Inc., MineralFields Quebec 2006 Inc., MineralFields B.C. 2006 Inc., MineralFields B.C. 2006-II Inc., MineralFields 2005 B.C. Inc., MineralFields 2003 Inc., MineralFields 2004 Inc., MineralFields Fund Management Inc., Pathway Multi Series Fund Inc., EnergyFields Inc., EnergyFields 2005 Inc., EnergyFields 2005-II Inc., EnergyFields 2006 Inc., EnergyFields 2006-II Inc., MineralFields/EnergyFields 2006 Inc., Pathway Mining 2005 Inc., Pathway Mining 2006 Inc., Pathway Mining 2006-II Inc., Pathway Mining 2007 Inc., Pathway Mining 2007-II Inc., Pathway Mining 2007-III Inc., Pathway Mining Quebec 2007 Inc., numerous other general partner corporations for MineralFields limited partnerships from 2008, 2009, and 2010, and Pathway Investment Counsel Inc.</li> <li>- Experience as promoter of tax-advantaged resource flow-through offerings in the 1980s and 1990s, and again since 2002</li> <li>- Experience in the last 25 years as promoter of other tax-advantaged offerings, including real estate syndications, and feature film deals</li> </ul>
Imtiaz Hashmani, C.G.A.	<ul style="list-style-type: none"> <li>- - serves as Chief Financial Officer of MineralFields IX Inc., MineralFields X Inc., MineralFields XI Inc., MineralFields XII Inc., MineralFields XIII Inc., MineralFields XIV Inc., MineralFields XV Inc., MineralFields XVI Inc., MineralFields XVII Inc., MineralFields 2005 B.C. Inc., MineralFields 2003 Inc., MineralFields 2004 Inc., EnergyFields Inc., EnergyFields 2005 Inc., EnergyFields 2005-II Inc., EnergyFields 2006 Inc.; Chief Financial Officer and director of MineralFields XVIII Inc., MineralFields XIX Inc., MineralFields XX Inc., MineralFields XXI Inc., MineralFields XXII Inc., MineralFields XXIII Inc., MineralFields 2007 Inc., MineralFields B.C. 2007 Inc., MineralFields B.C. 2007-II Inc., MineralFields 2007-II Inc., MineralFields 2007-III Inc., MineralFields 2007-IV Inc., MineralFields 2007-V Inc., MineralFields 2007-VI Inc., MineralFields 2007-VII Inc., MineralFields VIII Inc., MineralFields IX Inc.,</li> </ul>

	<p>MineralFields Alberta 2007 Inc., MineralFields Quebec 2007 Inc., MineralFields Quebec 2006 Inc., MineralFields B.C. 2006 Inc., MineralFields B.C. 2006-II Inc., EnergyFields 2006-II Inc., MineralFields Fund Management Inc., Pathway Multi Series Fund Inc., MineralFields/EnergyFields 2006 Inc., Pathway Mining 2005 Inc., Pathway Mining 2006 Inc., Pathway Mining 2006-II Inc., Pathway Mining 2007 Inc., Pathway Mining 2007-II Inc., Pathway Mining 2007-III Inc., Pathway Quebec Mining 2007 Inc., and numerous other general partner corporations for MineralFields limited partnerships from 2008, 2009, and 2010</p> <p>- over 16 years of experience in financial, fund and wealth management industry. For most of the last 16 years, Mr. Hashmani served as Corporate Manager of AGF Management Limited, a publicly traded company. AGF is one of Canada's premier investment management companies with offices across Canada and subsidiaries around the world. At AGF Mr. Hashmani was a member of senior finance team and was responsible for consolidated financial reporting, budgeting, cost controls, financial integrity, system development, annual audits, regulated reporting and day-to-day operations. Mr. Hashmani developed, designed and improved financial reporting, consolidation, controls, segmented and mutual funds product reporting and was also involved directly in the very complex acquisitions of 20/20 Financial and Global Strategy Financial with integration, conversion, change management and new cost control processes. Mr. Hashmani accepted a position of Vice President, Finance of Portus Asset Management Inc. late in July 2004. Portus was an administrative company and Mr. Hashmani's main role was building a corporate information system and internal control policies and procedures. The corporate financial system consisted of financial reporting and budgeting. The design and implementation process took about three months. Mr. Hashmani did not hold any title as director or senior officer and was not a signing officer. KPMG was appointed as trustee in receivership of Portus in February of 2005. Mr. Hashmani has volunteered to disclose to KPMG on all processes during his short stay at Portus.</p>
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## Item 4 Capital Structure

**4.1 Capital.** Subscribers of Units of the Partnership in this Offering will be governed by the terms of the Partnership Agreement. The following table provides relevant information about the outstanding securities of the Partnership:

Description of security	Number authorized to be issued	Number outstanding as at January 5, 2010	Number outstanding after min. offering	Number outstanding after max. offering
Partnership Units	200,000	1 (Initial Limited Partner's Unit) – to be redeemed	2,500	100,000 [200,000 if full over-allotment exercised]

### SUMMARY OF THE PARTNERSHIP AGREEMENT

The rights and obligations of the Partners are governed by the Partnership Agreement and the applicable legislation in Ontario. The statements in this Offering Memorandum concerning this Partnership Agreement summarize only some of its provisions and do not purport to be complete. In the case of any contradiction between this summary and the Partnership Agreement, the terms of the Partnership Agreement will be paramount. The Partnership Agreement is appended to and forms part of this Offering Memorandum. **Prospective Subscribers are urged to read the Partnership Agreement in its entirety and obtain independent legal advice on its meaning prior to making an investment.**

#### Limited Partners

Each Subscriber whose subscription is accepted by the General Partner will become a Limited Partner upon the General Partner executing the Partnership Agreement on behalf of the Subscriber and filing the required Declaration under the *Limited Partnerships Act* (Ontario).

## **Fiscal Period**

The Partnership will use December 31 as its fiscal period year end, with the first fiscal period ending on December 31, 2010.

## **Units**

The General Partner is not required to subscribe for any Units or otherwise contribute capital to the Partnership. The interests of the Limited Partners will be represented by a minimum of 2,500 Units and a maximum of 100,000 Units (up to 200,000 Units if the over-allotment is exercised in full). Each Unit is equal to each other Unit and has the same rights and obligations attaching to it as each other Unit. Each Limited Partner will be required to contribute to the capital of the Partnership \$150,000 in respect of each Minimum Subscription purchased. A Limited Partner will be entitled to a written confirmation evidencing the number of Units held by him or her after payment of all instalments has cleared.

If a Limited Partner defaults in the payment of any instalment amount owing in respect of the Units subscribed for by such Limited Partner, the General Partner may (unless, in respect of payments other than the initial instalment paid at the time of subscription, the default is remedied within 15 calendar days after notice thereof), declare the Units to be irrevocably forfeited to the Partnership. Alternatively, the General Partner or its agent may sell, under such terms and in such manner as the General Partner may deem appropriate, the defaulting Limited Partner's Units on behalf of the Limited Partner. Alternatively, the General Partner may institute legal proceedings against the defaulting Limited Partner to recover any deficiency caused by any default. The General Partner may also withhold from the defaulting Limited Partner any distributions which are then, and from time to time thereafter, otherwise distributable to such Limited Partner until such time as the aggregate amount of such distributions withheld is equal to the amount of such unpaid amount owing by such Limited Partner, together with interest thereon. When withheld distributions equal such unpaid amount, the General Partner will apply the withheld distributions against the unpaid amount owing by such Limited Partner, together with interest and, in such event, the defaulting Limited Partner will continue to hold the Units held by him or her, other than those Units sold by the General Partner in the exercise of its discretion, with any withheld distribution to be allocated to the defaulting Limited Partner in accordance with the Provisions of the Partnership Agreement and to be retained by the Partnership for Partnership purposes. All payments owing by the Limited Partner that are in default will bear interest at the rate of 3 % over the prime rate charged by the Partnership's principal bank from time to time. A charge of \$50 will be payable to the General Partner by any Limited Partner for each post-dated cheque that is not honoured.

The Partnership has arranged for financing of up to 100 % of the Subscription Price to be provided by a Canadian chartered bank to Subscribers who satisfy certain eligibility requirements, subject to certain terms and conditions. See "Securities Offered – Loan Arrangement".

Pursuant to the terms of the Partnership Agreement, each Limited Partner transfers, pledges, mortgages, charges and sets over to the Partnership, and grants a security interest in, the Units subscribed for by such Limited Partner and such Limited Partner's interest in the Partnership as security for the instalment payments of the subscription price to be made by such Limited Partner.

## **Dissolution of Partnership**

The Partnership will be dissolved on November 1, 2011, unless this date is accelerated [or deferred] as provided in the Partnership Agreement. Unless the General Partner selects the Mutual Fund Rollover Option, on dissolution of the Partnership, each Limited Partner shall receive Distributed Property and legal title to the Partnership's property, including securities of Resource Companies, will be transferred to the General Partner to hold as nominee for the benefit of the Limited Partners. For greater certainty, on dissolution of the Partnership, the Partnership's property will not include any property transferred to the General Partner in satisfaction of its entitlement (including out-of-the-money warrants), prior to the Partnership's dissolution. See section 7.7 of the Partnership Agreement.

## **Optional Donation of the Partnership Assets to Registered Charities**

The following shall apply if the General Partner does not select the Mutual Fund Rollover Option.

Following dissolution of the Partnership and distribution of its assets to the Limited Partners, the General Partner, as nominee for the Limited Partners, will donate on behalf of each Limited Partner to the registered charity designated in his or her subscription agreement such Limited Partner's Distributed Property. In order to qualify for donation, each registered charity

designated by a Limited Partner must sign an agreement in the form attached as Exhibit "A" to this Offering Memorandum appointing the General Partner as the charity's agent with the power to sell the charity's interest in the donated securities and to pay to the charity its portion of the net proceeds of sale of such securities.

If, not later than the Dissolution Date, any Limited Partner does not designate a registered charity or if a charity designated by a Limited Partner does not sign the agreement in the form attached as Exhibit "A" to this Offering Memorandum, such Limited Partner's Distributed Property will be pooled with the assets donated to eligible charities by other Limited Partners, and such Limited Partner will be deemed to have appointed the General Partner as his or her agent and to have authorized the General Partner to sell, on behalf of such Limited Partner, his or her undivided *pro rata* share of the securities of Resource Companies comprised in his or her Distributed Property, through a single "sell only" brokerage account in which all securities of Resource Companies donated to all eligible charities designated by the other Limited Partners are also pooled, for the purpose of orderly sale. Upon sale of all such securities in the pooled brokerage account, the General Partner will arrange to distribute to such Limited Partner his or her *pro rata* share of the net sale proceeds.

### **Transfer of Units**

A Unit may be transferred and assigned, subject to approval by the General Partner (which approval cannot be unreasonably withheld), by the holder by executing and having the assignee execute and deliver to the General Partner the required assignment and power of attorney form. The assignee will not become a Limited Partner until his name is entered on the register of the Partnership.

No assignment of a fractional Unit may be made. No assignment of less than all of the Units held by a Limited Partner may be made. The General Partner may also refuse to record an assignment which the General Partner has reason to believe is not made in accordance with the *Securities Act* of Ontario. (See "Restrictions on Resale").

### **Powers of the General Partner**

The General Partner has, to the exclusion of the Limited Partners, the sole power and exclusive authority to manage the business and affairs of the Partnership, to make all decisions regarding the business of the Partnership and to bind the Partnership. The General Partner is to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Limited Partners. Certain restrictions are imposed on the General Partner and certain actions may not be taken by it without the approval of the Limited Partners by special resolution.

The General Partner has, among other things, the power on behalf of the Partnership and each Limited Partner to make any election, determination or designation that may be made under the Tax Act or any other fiscal legislation. To this end, each Limited Partner, in executing and delivering the Subscription and Power of Attorney Form, irrevocably constitutes the General Partner as his agent for the purpose of signing and making such election, determination or designation on his behalf.

The General Partner will devote such time and effort to the Partnership business as may be necessary to promote adequately the interests of the Partnership and the mutual interest of the Limited Partners; however, the Partnership Agreement specifically provides that the General Partner will not be required to devote its full time to the Partnership business and may engage in other business ventures, and neither the Partnership nor any Partners will by virtue of the Partnership Agreement have any right, title or interest in or to such ventures.

The General Partner is prohibited from commingling the Partnership's funds or assets with those of any other person.

### **Conflicts of Interest**

The Partnership Agreement permits the General Partner and its affiliates and their respective directors and officers to engage in other activities which may conflict with the interests of the Partnership. Specifically, the Partnership Agreement provides that:

- (a) the General Partner and its affiliates and their respective directors and officers are permitted to be engaged, indirectly or directly, in and continue in the exploration and development of natural resource properties in Canada and elsewhere, or activities related or peripheral thereto;
- (b) the exploration and development activities of Resource Companies may lead to the incidental result of providing additional information with respect to, or augmenting the value of properties in which the General Partner or other

parties not at arm's length with the General Partner have or subsequently acquire either a direct or indirect interest; and

- (c) the services of the directors and officers of the General Partner are not exclusive to the Partnership, and the officers and directors of the General Partner may, from time to time, engage in the promotion, management or investment management of another fund or partnership, including future partnerships and other funds, partnerships or entities which invest primarily in Flow-Through Shares.

In the Partnership Agreement, the Limited Partners each agree that the foregoing activities are permitted, and the General Partner (and any other parties referred to above) is not required to account to the Partnership or any Limited Partner for any benefit or profit derived from any such activity.

#### **Change, Resignation and Removal of General Partner**

The General Partner may resign as the general partner of the Partnership at any time and will be deemed to have resigned upon its bankruptcy, insolvency or dissolution. The resignation of the General Partner becomes effective upon the earlier of the appointment of a new General Partner by the Limited Partners by ordinary resolution and the expiration of 180 days following the deemed resignation or written notice to the Limited Partners of the voluntary resignation of the General Partner. The General Partner is not entitled to resign if the effect of its resolution would be to dissolve the Partnership.

The Limited Partners of the Partnership are entitled to remove the General Partner by special resolution where the General Partner is in default of a material obligation under the Partnership Agreement.

#### **Transfer of Interest of Initial General Partner**

In the case of the removal of the initial General Partner by special resolution, the initial General Partner will continue to have the right to receive a portion of the assets of the Partnership to be determined as described under "Investment Strategy of the Partnership".

#### **Indemnification of Limited Partners and Liability of General Partner**

The General Partner will indemnify and hold harmless each Limited Partner from any costs, damages, liabilities, expenses or losses suffered by a Limited Partner resulting or arising out of:

- (a) such Limited Partner not having limited liability, provided that such loss of limited liability was caused by any act or omission of the General Partner; and
- (b) negligence or wilful misconduct in the performance of, or wilful disregard or breach of, the obligations or duties of the General Partner under the Partnership Agreement.

The General Partner has unlimited liability for the debts, liabilities and obligations of the Partnership. Except for material gross negligence or wilful misconduct, the General Partner will not be liable to the Limited Partners or the Partnership for any mistakes or errors in judgment, or for any act or omission believed by it in good faith to be within the scope of the authority conferred upon it by the Partnership Agreement, or for any loss or damage to any of the assets of the Partnership attributable to an event beyond the control of the General Partner.

#### **Accounting and Reporting to the Limited Partners**

The Partnership's fiscal year will be the calendar year. A copy of the audited financial statements of the Partnership will be mailed by the General Partner to each Limited Partner within 120 days (or such shorter period of time as may be required by applicable law) following the end of each fiscal year. In addition, the General Partner will, by March 31 of each year or as soon as possible thereafter and within 60 days of the Dissolution Date, forward to each Limited Partner of record on December 31 of the preceding year or on the Dissolution Date, as the case may be, information in a suitable form to enable the Limited Partner to complete his income tax reporting relating to his interest in the Partnership. However, the preparation and filing of the income tax returns will be the responsibility of each Limited Partner. The General Partner will ensure that the Partnership complies with all other reporting and administrative requirements.

The General Partner must keep adequate books and records reflecting the activities of the Partnership. A Limited Partner has the right to examine the books and records of the Partnership at all reasonable times. Notwithstanding the foregoing, a Limited Partner will not have access to any information which in the opinion of counsel to the General Partner should be kept confidential in the best interests of the Partnership.

### Meetings

It is not expected that an annual meeting of the Partnership will be convened, however, meetings may be called by the General Partner or upon the request of Limited Partners holding in the aggregate 50% or more of the outstanding Units of the Partnership. Notice of not less than 21 days or more than 60 days is to be given for each meeting. A Limited Partner may attend a meeting of the Partnership in person or by proxy, or, in the case of a corporate Partner, by a representative. A quorum is two persons representing 50% or more of the Units outstanding except that where a meeting is adjourned for lack of a quorum, there is no quorum requirement for the adjourned meeting.

Each Unit of the Partnership entitles the holder to one vote. The General Partner and its affiliates are not permitted to vote on any special resolution. A special resolution requires a majority of at least 66 2/3% of the votes cast.

### Power of Attorney

The form of subscription required to be executed by a Subscriber or assignee for the issue or assignment of a Unit includes an irrevocable power of attorney authorizing the General Partner on behalf of the holder of the Unit to execute, under seal or otherwise, any instrument, deed or document required in carrying on the business of the Partnership as authorized by the Partnership Agreement, to attend to certain formalities required to record changes in the ownership of Units and amendments to the Partnership Agreement, and to maintain the good standing of the Partnership. The power of attorney also authorizes the General Partner to make elections or designations under the Tax Act and tax statutes and to execute any documents in connection with the dissolution of the Partnership and the subsequent optional donation on behalf of the Limited Partners to designated registered charities of the Partnership's assets. The power of attorney will survive any dissolution or termination of the Partnership.

**4.2 Long Term Debt.** Neither the Partnership nor the General Partner currently have any debt, nor do they intend to incur any long term debt in the future.

**4.3 Prior Sales.** The following table shows securities issued by the Partnership within the last 12 months:

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
January 5, 2010	Initial Limited Partner's Unit	1	\$25	\$25

## Item 5 Securities Offered

**5.1 Terms of Securities.** The terms of the Partnership Agreement, which creates and governs all rights attaching to Units, are described in Item 4.1. Item 1.2 describes the allocation of profits upon dissolution of the Partnership.

**5.2 Subscription Procedure.** The Units are offered for sale during the period (the "Offering Period"), which is intended to end on or before February 26, 2010. The General Partner reserves the right to extend the Offering Period one or more times beyond February 26, 2010. The offering price of the Units is \$100 per Unit payable on execution of the Subscription Agreement, with a minimum subscription of 1,500 Units per investor, and with any investment in excess of \$150,000 to be made in multiples of \$5,000. The Partnership is making the Offering to all residents of Canada.

A person wishing to subscribe for Units of the Partnership must make a cheque payable to "MineralFields 2010-III LP" on the date of subscription for the full amount of the subscription. The General Partner reserves the right, in an exceptional case, to allow a subscriber to pay for his Units pursuant to an instalment payment plan to be negotiated with such subscriber.

The General Partner will be responsible for collecting all subscription orders and Subscription Proceeds from subscribers and the Agent, and for either returning same in the case the Minimum Offering is not attained, or remitting Agents' Fees to the Agent, and remitting the balance to the Partnership.

You may subscribe for Units by returning the following documents to the General Partner on behalf of the Partnership:

1. **for all Subscribers**, a completed and signed Subscription Agreement in the form accompanying this Offering Memorandum;
2. **for all Subscribers except Subscribers in Ontario and Québec**, a completed and signed Risk Acknowledgement (Form 45-106F4) attached to the Subscription Agreement (unless at least \$150,000 is purchased, in which case the Risk Acknowledgement is not necessary);
3. **for Subscribers who are residents of Alberta, Manitoba, Northwest Territories, Nunavut, Prince Edward Island and Saskatchewan and who are subscribing for more than \$10,000 in Units and less than \$150,000 in Units**, complete and sign a Declaration of Eligible Investor Status – Appendix II
4. **for Subscribers in Ontario and who purchase less than \$150,000, and ALL subscribers in Québec**, a completed and signed Accredited Investor Certificate attached to the Subscription Agreement; and
5. **for all Subscribers**, a cheque, bank draft or wire transfer for the total subscription price of the Units you wish to purchase, payable to “**MineralFields 2010-III LP**”.
6. **for Subscribers who are residents of British Columbia, Alberta, Manitoba, Saskatchewan, Northwest Territories, Yukon, and Nunavut, and** who purchase from persons who are not registered with any securities commission in Canada, a completed and signed Risk Acknowledgement on Blanket Order 31-XXX attached as Appendix IV to the Subscription Agreement that accompanies this Offering Memorandum

In the case of all subscribers, the Partnership will hold your subscription funds in trust until midnight on the second business day after the day on which we received your signed Subscription Agreement and applicable Appendices.

The General Partner reserves the right, in an exceptional case, to allow a Subscriber to pay for Units pursuant to an instalment payment plan to be negotiated with such Subscriber, and/or to accept a subscription amount lower than \$150,000.

A Subscriber will be entitled to receive written confirmation from the Transfer Agent of Units subscribed for, provided the Subscriber has paid the full subscription price for his Units. The General Partner will act as the Registrar and Transfer Agent of the Units.

Default by a Limited Partner in the payment of any instalment on the Units subscribed for by such Limited Partner may result in certain actions which may cause the loss of all tax benefits associated with the Units. Reference is made to “Summary of the Partnership Agreement – Units”.

The General Partner, on behalf of the Partnership, reserves the right to reject any subscription in whole or in part. If a subscription for Units is rejected or accepted in part, the appropriate monies will be returned to the Subscriber without interest or deduction. Subscriptions for Units of the Partnership must be made by completing the Subscription and Power of Attorney Form of Partnership and by forwarding such form directly to the General Partner. Subscription proceeds pursuant to the Offering will be received by the General Partner pending closing. If the Offering is not completed because the Minimum Offering has not been met by February 26, 2010 (or any postponed or extended final closing date), all subscription funds will be returned to Subscribers without interest or deduction as soon as possible, unless the closing date has been extended.

The General Partner will have the right in its sole discretion to accept an over-allotment of subscriptions to the extent of a maximum of \$10,000,000, resulting in an increase in the maximum offering to \$20,000,000.

### **Loan Arrangement**

A Canadian chartered bank has agreed to provide a loan of up to 100 % of the subscription price to each Subscriber who applies for the loan and is approved by the bank. Each such loan will be a full recourse loan to the Subscriber; as such, the borrowing Subscriber will have the obligation to fully repay the loan and all interest thereon, whether or not distributions are received from the Partnership.

It is not anticipated that the Partnership will make any material distributions to Limited Partners, and therefore a Subscriber will not receive sufficient distributions from the Partnership to pay interest on, or repay the principal amount of, any such loan. Each Subscriber is responsible for ensuring that all principal and interest owing on any such loan is paid in full when due. The failure to pay amounts when due may result in legal action being taken against the Subscriber by the bank lender to enforce payment, the loss of any collateral pledged to the lender by the Subscriber, including the Units, and adverse income tax consequences to the Subscriber. The Partnership will not release pledged, mortgaged and charged Units to a Limited Partner until full payment has been received by the Partnership for such Units.

For clarity, the Partnership (and any person not dealing at arm's length with the Partnership) is not providing assistance of any kind or nature to a Limited Partner in respect of the Limited Partner's purchase of Units.

### **Exemptions From Prospectus Requirements.**

The Offering is being made in reliance upon exemptions from the registration and prospectus requirements provided in National Instrument 45-106 (“**NI 45-106**”). Accordingly, no prospectus has been or will be filed with any securities commission in Canada in connection with the Offering.

Currently sellers of exempt market products such as this Offering can rely upon exemptions from registration and prospectus requirements provided in NI 45-106. Effective March 28, 2010, only exempt market dealers (“**EMD**”) can act as a dealer in the “exempt market” in order to sell exempt products like the Units under this Offering. The key permitted activities for an EMD are trades of prospectus-exempt securities to specified clients, including “accredited investors”, trades in securities to clients who purchase a minimum of \$150,000 of a security in one transaction, and where permitted, trades in securities distributed under an offering memorandum (“**EMD Exemptions**”). Under these EMD Exemptions, an EMD can sell investment funds (whether or not they are prospectus-qualified) without being a member of the Mutual Fund Dealers Association or being registered as a mutual fund dealer.

Sellers of exempt market products in BC, Alberta, Saskatchewan, Manitoba, Northwest Territories, Yukon and Nunavut (the “**Northwest**”) face a slightly different set of rules. Sellers who are not registered as EMDs in a Northwest jurisdiction may be permitted to sell exempt market products, in reliance on and in compliance with a Blanket Order (the “**Northwest Blanket Order**”) to be adopted in each of the Northwest jurisdictions effective March 27, 2010.

#### **(a) All Subscribers (except those resident in Ontario and Yukon):**

##### Offering Memorandum Exemption

Section 2.9 of NI 45-106 provides exemptions for the sale of Units to Subscribers if the Subscriber purchases as principal and the Partnership delivers this Offering Memorandum to the Subscriber in the required form; and the Subscriber signs the Risk Acknowledgment on Form 45-106F4 attached as Appendix I to the Subscription Agreement that accompanies this Offering Memorandum. All jurisdictions of Canada where the offering memorandum exemption is available, except British Columbia, New Brunswick, Nova Scotia and Newfoundland and Labrador, impose eligibility criteria on persons or companies investing under the offering memorandum exemption. In these jurisdictions, *if* the Subscriber's aggregate subscription price is more than \$10,000, the Subscriber must be an “eligible investor”.

An “**eligible investor**” includes the following investors (among other categories):

- (a) a person whose
  - (i) net assets, alone or with a spouse, in the case of an individual, exceed Cdn\$400,000,
  - (ii) net income before taxes exceeded Cdn\$75,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or
  - (iii) net income before taxes, alone or with a spouse, in the case of an individual exceeded Cdn\$125,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year,
- (b) a person of which a majority of the voting securities are beneficially owned by eligible investors or a majority of the directors are eligible investors,

- (c) a general partnership of which all of the partners are eligible investors,
- (d) a limited partnership of which the majority of the general partners are eligible investors,
- (e) a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are eligible investors,
- (f) an accredited investor,
- (g) a person described in section 2.5 of NI 45-106 [*Family, friends and business associates*], or
- (h) a person that has obtained advice regarding the suitability of the investment and if the person is resident in a jurisdiction of Canada, that advice has been obtained from an eligibility adviser.

See Appendix II to the Subscription Agreement for the categories of “eligible investors”.

In British Columbia, Nova Scotia, New Brunswick and Newfoundland and Labrador, a Subscriber may purchase Units with a total subscription price over \$10,000, and there is no requirement that the Subscriber be an “eligible investor”.

Additionally, **after March 27, 2010**, any Subscriber resident in a Northwest jurisdiction who purchases Units under the Offering from a non-registered seller located in a Northwest jurisdiction relying on the Northwest Blanket Order, must complete the Risk Acknowledgement on Blanket Order 31-XXX attached as Appendix IV to the Subscription Agreement that accompanies this Offering Memorandum.

The offering memorandum exemption in section 2.9 of NI 45-106 is not available in Ontario.

**(b) All Subscribers (including those resident in Ontario):**

**(1) Accredited Investor Exemption**

Section 2.3 of NI 45-106 allows “accredited investors” to purchase Units. The definition of “**accredited investor**” includes (among other categories):

- an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000;
- an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of those years and who, in either case, reasonably expects to exceed that net income level in the current calendar year; or
- an individual who, either alone or with a spouse, has net assets of at least \$5,000,000.

See the Accredited Investor Certificate attached to the Subscription Agreement as Appendix III for a complete list of the categories of “accredited investor”. Each Subscriber who purchases as an accredited investor must complete and sign the Appendix III Accredited Investor Certificate attached to the Subscription Agreement, but need not sign the Risk Acknowledgment on Form 45-106F4..

However, **after March 27, 2010**, any Subscriber resident in a Northwest jurisdiction who purchases Units under the Offering from a non-registered seller located in a Northwest jurisdiction relying on the Northwest Blanket Order, must complete the Risk Acknowledgement on Blanket Order 31-XXX attached as Appendix IV to the Subscription Agreement that accompanies this Offering Memorandum.

**(2) \$150,000 Minimum Purchase Exemption**

Section 2.10 of NI 45-106 allows a purchaser who is purchasing as principal and invests not less than \$150,000 to purchase Units. A Risk Acknowledgment on Form 45-106F4 need not be signed in this case.

However, **after March 27, 2010**, any Subscriber resident in a Northwest jurisdiction who purchases Units under the Offering from a non-registered seller located in a Northwest jurisdiction relying on the Northwest Blanket Order, must complete the Risk Acknowledgement on Blanket Order 31-XXX attached as Appendix IV to the Subscription Agreement that accompanies this Offering Memorandum.

## **Item 6 Canadian Federal Income Tax Considerations**

You should consult your own professional advisers to obtain advice on the tax consequences that apply to you.

**INVESTORS ACQUIRING UNITS WITH A VIEW TO OBTAINING TAX ADVANTAGES SHOULD OBTAIN INDEPENDENT TAX ADVICE FROM A KNOWLEDGEABLE TAX ADVISOR.**

### **Introduction**

In the opinion of **Bennett Jones LLP**, special tax counsel to the Partnership and the General Partner (“**Tax Counsel**”), the following is a summary, as at the date of this Offering, of the principal Canadian federal income tax considerations under the Tax Act and the regulations thereto (the “**Regulations**”) for a Limited Partner who acquires Units pursuant to this Offering. Other than the limited discussion set out under the heading "Optional Donation to a Qualified Donee", this summary does not address any tax considerations associated with holding, converting or disposing of mutual fund shares that may be received by a Limited Partner on dissolution of the Partnership in the event that the General Partner selects the Mutual Fund Rollover Option.

This summary is applicable only to Limited Partners who pay the purchase price for their Units in full when due and who, for the purposes of the Tax Act, at all relevant times are resident in Canada and hold their Units as capital property. Provided a Limited Partner does not hold Units in the course of carrying on a business, and has not acquired Units as an adventure in the nature of trade, the Units should generally be considered to be capital property to the Limited Partner.

This summary is not applicable to a Limited Partner:

- (a) who is a non-resident of Canada for purposes of the Tax Act;
- (b) that is a “financial institution” as defined in subsection 142.2(1) of the Tax Act;
- (c) that is a “principal-business corporation” as defined in subsection 66(15) of the Tax Act;
- (d) whose business includes trading or dealing in rights, licences or privileges to explore for, drill for or take minerals, petroleum, natural gas or other related hydrocarbons;
- (e) an interest in which is a “tax shelter investment” as defined in subsection 143.2(1) of the Tax Act; or
- (f) to whom subsection 261(5) of the Tax Act applies.

Except as otherwise indicated, this summary assumes that:

- (a) the Units are not, and will not be, listed or traded on a stock exchange or other “public market” within the meaning of the Tax Act;
- (b) other than the Units, there are no, and will not be any, other “investments” in the Partnership as defined in subsection 122.1(1) of the Tax Act;
- (c) recourse for any borrowing or other financing made by a Limited Partner to fund payment of the Subscription Price is not limited and will not be deemed to be limited within the meaning of the Tax Act;
- (d) each Limited Partner will at all relevant times deal at arm’s length, for purposes of the Tax Act, with each of the Resource Companies with which the Partnership has entered into a Flow-Through Agreement; and

- (e) the Flow-Through Shares acquired by the Partnership will be capital property to the Partnership; but for clarity, there is no assurance the CRA will regard the Flow-Through Shares as capital property.

This summary is based on the assumption that the Partnership is not, and will not be at any material time, a “specified person” within the meaning of the Tax Act or the Regulations in relation to any Resource Company with which it has entered into a Flow-Through Agreement. It is also assumed that all partners of the Partnership are resident in Canada at all relevant times and that Units that represent more than 50% of the fair market value of all interests in the Partnership are not held by “financial institutions” (as defined in subsection 142.2(1) of the Tax Act) at all relevant times.

This summary is of a general nature and is based on the current provisions of the Tax Act and Regulations, all amendments to the Tax Act and Regulations specifically proposed and publicly announced by the Minister of Finance prior to the date hereof (“**Tax Proposals**”), and Tax Counsel’s understanding of the current administrative practices of the CRA. Unless otherwise expressly stated, this summary assumes the Tax Proposals will be enacted as intended, and that legislative, judicial or administrative actions will not modify or change the statements expressed in this summary.

**This summary is not intended to be, nor should it be construed as, legal or tax advice to prospective purchasers of Units. It is not practical to comment on all aspects of federal income tax law that may be relevant to each prospective purchaser of Units. The income tax considerations applicable to a prospective purchaser of Units will depend on a number of factors including applicable provincial tax legislation. Accordingly, each prospective purchaser of Units should obtain independent advice from a knowledgeable tax advisor as to the income tax considerations applicable to investing in Units based on the purchaser’s own circumstances.**

### **Computation of Income**

The Partnership itself is not liable for income tax, and is not required to file income tax returns other than annual information returns. The Partnership must compute its income or loss under the Tax Act for each of its fiscal periods as if it were a separate person resident in Canada. A fiscal period of the Partnership will end on December 31 each year and on its dissolution. Subject to the important restrictions described below under “Limitations on Deductibility of Expenses or Losses of Partnership”, each Limited Partner will be required to include, or be entitled to deduct, in computing income for a taxation year the Limited Partner’s *pro rata* share of the income, or loss, as the case may be, of the Partnership allocated to the Limited Partner under the Partnership Agreement for the fiscal period of the Partnership ending in the Limited Partner’s taxation year, whether or not any distribution of income has been made to the Limited Partner by the Partnership. The income or loss of the Partnership will be allocated to a Limited Partner in accordance with the Partnership Agreement.

Partnership income or loss is computed without taking into account any deductions for CEE renounced to it in respect of any Flow-Through Shares owned by the Partnership. Rather, CEE is allocated directly to the Limited Partners in computing their income, as described in more detail below under the heading “Canadian Exploration Expense”. The Partnership income will include taxable capital gains realized by the Partnership on a disposition of Flow-Through Shares. For this purpose, the Partnership’s adjusted cost base of its Flow-Through Shares is deemed to be nil under the Tax Act, with the result that the Partnership’s capital gain realized on any such disposition should equal its proceeds of disposition of the Flow-Through Shares net of any reasonable costs of disposition. If the CRA were to successfully assert the Flow-Through Shares are not capital property, the full gain would be included in the Partnership’s income. The income of the Partnership will include any interest earned on funds held by the Partnership prior to (or following) its investment in Flow-Through Shares.

Each Limited Partner will be required to file an income tax return reporting the Limited Partner’s share of the Partnership’s income or loss. The General Partner confirms that the Partnership will provide each Limited Partner with tax information relating to the Units of the Limited Partner, but it will not prepare or file income tax returns on behalf of any Limited Partner. Each Limited Partner is required to file an information return in prescribed form containing prescribed information for each fiscal period of the Partnership. A return made by one Limited Partner is deemed to be made by each Limited Partner in the Partnership. The General Partner is obliged to file the required information return under the Partnership Agreement.

The costs associated with the organization of the Partnership will not be fully deductible by the Partnership in determining its income for the fiscal period in which they are incurred. Subject to the discussion below of the Proposed Loss Limitation Rule, organization expenses incurred by the Partnership are eligible capital expenditures, three-quarters of which may be deducted by the Partnership at the rate of 7% per year on a declining balance basis (subject to *pro ration* where the taxation year is less than 365 days).

Generally, offering expenses are deductible over a 5 year period at the rate of 20% per year (subject to *pro ration* where the taxation year is less than 365 days). In the event that the Partnership is dissolved and these expenses have not been fully deducted, each Limited Partner immediately prior to the dissolution may deduct, in a taxation year ending after that time, the Limited Partner's *pro rata* share of the amount the Partnership would have been entitled to deduct in its fiscal period ending in the taxation year if the Partnership had continued to exist. Subject to the discussion below of the Proposed Loss Limitation Rule, other fees and expenses that are incurred by the Partnership in the course of its ongoing business should be deductible in the year incurred to the extent that they are reasonable.

The Tax Act levies a special tax on the income of those partnerships which constitute a "SIFT partnership" ("SIFT"). A SIFT includes certain Canadian partnerships whose units are listed or traded on a stock exchange or other public market. If the Partnership were to constitute a SIFT, certain taxes could apply to the Partnership and to Limited Partners. However, based on the provisions of the Partnership Agreement and the confirmation of the General Partner that the Units are not, and will not be, listed or traded on a stock exchange or other "public market" within the meaning of the Tax Act, and that there are no "investments", as defined in subsection 122.1(1) of the Tax Act, in the Partnership other than the Units, the Partnership should not constitute a SIFT

### **Canadian Exploration Expense**

Provided the relevant provisions in the Tax Act are satisfied, the Partnership is deemed to incur CEE that is renounced to the Partnership by a Resource Company pursuant to a Flow-Through Agreement between the Partnership and the Resource Company. The Partnership is deemed to incur the CEE on the effective date of the renunciation. The General Partner confirms that, at the end of each fiscal period, the Partnership will allocate CEE so incurred by it for the fiscal period to its then Limited Partners. As a result, the Limited Partners are considered to have incurred the CEE at that time to the extent of their *pro rata* ownership interest in the Partnership.

A Limited Partner adds the CEE so allocated to the Limited Partner's CCEE pool. Subject to the relevant provisions of the Tax Act, in computing income from all sources for a taxation year, the general rule is a Limited Partner may deduct up to 100 % of the balance in the Limited Partner's CCEE pool at the end of the year. Any balance in the CCEE pool can be carried forward indefinitely and claimed in a later year. However, a Limited Partner's share of CEE incurred by the Partnership in a fiscal period is limited to the Limited Partner's at-risk amount in respect of the Partnership at the end of the fiscal period. If the Limited Partner's share of CEE is so limited, any excess CEE is added to the Limited Partner's share of CEE incurred by the Partnership in the immediately following fiscal period, but the CEE will again be subject to possible reduction through the application of the at-risk rules in that subsequent fiscal period.

The CCEE pool of a Limited Partner is reduced by deductions in respect of the CCEE pool made by the Limited Partner in prior taxation years. The CCEE pool is also reduced by a Limited Partner's share of any amount the Partnership receives or is entitled to receive as assistance or benefits that relate to CEE incurred by the Partnership. Where the balance of a Limited Partner's CCEE pool is negative at the end of a taxation year because reductions in calculating the CCEE pool exceed the balance of that pool at the beginning of the year and additions thereto during the year, the negative amount must be included in the limited Partner's income for that taxation year and the Limited Partner's CCEE pool is adjusted to nil. To the extent that the federal or any provincial investment tax credit, as described further below, is applied by a Limited Partner in a taxation year, the amount of such credits would be deducted in the calculation of the Limited Partner's CCEE pool for the following taxation year. This may result in a negative balance in the Limited Partner's CCEE pool. To the extent that there is a negative balance in a Limited Partner's CCEE pool at the end of a taxation year, the Limited Partner will have an income inclusion for that year.

The sale or other disposition of Units by a Limited Partner will not result in the reduction of the Limited Partner's CCEE pool. A sale by the Partnership of any Flow-Through Shares will not result in a reduction in any Limited Partner's CCEE pool.

The General Partner confirms that each Flow-Through Agreement will contain covenants and representations of the Resource Company that it will incur CEE in an amount equal to the full purchase price payable for the Flow-Through Shares acquired by the Partnership, and that such CEE will be renounced to the Partnership with an effective date not later than December 31, 2010. The only exception to this will arise where the Flow-Through Agreement relates to Flow-Through Shares purchased with the proceeds generated from the sale of Flow-Through Shares as noted below.

If the relevant conditions in the Tax Act are satisfied, certain CEE incurred or to be incurred by a Resource Company in a particular calendar year may be renounced effective December 31 of the preceding calendar year, provided such renunciation is made in the first three months of the particular calendar year. For example, each Flow-Through Agreement entered into and

fully paid for in 2010 will permit a Resource Company to incur such CEE at any time up to December 31, 2011, provided certain conditions are met and the Resource Company agrees to renounce that CEE to the Partnership by March 31, 2011 with an effective date of December 31, 2010.

If such CEE renounced effective December 31, 2010 is not in fact incurred in 2011, the CEE so renounced to the Partnership will be reduced accordingly, effective as of December 31, 2010. The further result is that CEE previously allocated by the Partnership to Limited Partners as at December 31, 2010 will also be reduced accordingly, and the Limited Partners may be reassessed for their 2010 taxation year as a result. However, Limited Partners will not be charged interest or penalties on any unpaid income tax arising as a result of such reduction for the period, provided any unpaid tax liability is settled on or prior to April 30, 2012.

The Partnership may enter into Flow-Through Agreements that will require the Resource Company to indemnify the Limited Partners for any additional tax payable in the event that the Resource Company fails to incur and renounce CEE equal to the purchase price for the Flow-Through Shares in the manner described above. It is the CRA's position that any indemnity payment made under such agreements would be included in the Limited Partner's income but that the Limited Partner could make an election under subsection 12(2.2) of the Tax Act to exclude such payment from its income. Limited Partners should consult their tax advisors if any such indemnity payment is received.

If the Partnership disposes of any Flow-Through Shares, it may use all or part of the proceeds from the sale to acquire additional Flow-Through Shares. In such an event, each Flow-Through Agreement of the Partnership will require the Resource Company to incur CEE in the amount of the full purchase price for the Flow-Through Shares and renounce such CEE to the Partnership.

### **Investment and Other 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 investment tax credit relates to specified surface grass roots mining exploration expenses incurred in Canada by a Resource Company, effective for Flow-Through Agreements entered into after March 2009 and before April 2010 (provided the Resource Company renounces the type of CEE eligible for the EITC effective prior to 2011). The amount of CEE upon which the credit is computed will be reduced by any provincial tax credit, such as described below, that the Limited Partner has received, is entitled to receive or can reasonably be expected to receive in respect of the CEE.

The federal investment tax credit can be used by a Limited Partner to reduce the tax otherwise payable in the taxation year of the Limited Partner in which the Limited Partner becomes entitled to the credit. However, the credit will be limited to the extent it reduces the Limited Partner's tax payable beyond the level of alternative minimum tax discussed below. Subject to detailed rules in the Tax Act, any unapplied portion of the credit may be claimed in up to the following twenty years or the preceding three years. To the extent the credit is applied in a year, it is deducted from the Limited Partner's CCEE account in the following taxation year.

Ontario offers a tax credit equal to 5 % of an eligible individual's Ontario exploration expenditures in respect of an Ontario focused flow-through share (the Ontario Ministry of Finance confirms that the Ontario tax credit is not dependent upon the federal EITC nor is it designed to automatically expire). Only individuals subject to Ontario income tax in the year in which the credit is claimed are eligible for the Ontario credit. Ontario exploration expenditures are the surface grass roots mining exploration expenses that constitute CEE to the Limited Partner as described above for the federal credit and that are incurred in respect of a mineral resource in Ontario by a Resource Company. The individual's Ontario exploration expenditures for a taxation year are reduced by the amount of any government assistance or non-government assistance in respect of expenses included in the individual's Ontario exploration expenditures for the year that, at the time of the filing of the individual's return of income for the year, the individual has received, is entitled to receive or can reasonably be expected to receive. Ontario focused flow-through shares are "flow-through shares" (as defined in the Tax Act) of a "principal-business corporation" (as defined in the Tax Act) that has a permanent establishment in Ontario at the time the renounced expenditures were incurred.

To the extent that the federal investment tax credit described above is available, British Columbia currently offers a 20 % non-refundable income tax credit for eligible individuals that are deemed to incur the type of CEE described above for the federal credit, where all or substantially all the surface grass roots exploration is conducted by the Resource Company in British Columbia in respect of the mineral resource in British Columbia. This tax credit is currently due to expire on December 31, 2010.

To the extent that the federal investment tax credit described above is available, Manitoba currently offers a 20% non-refundable income tax credit for eligible individuals that are deemed to incur certain CEE directly attributable to qualified expenditures for exploration in Manitoba in respect of a mineral resource in Manitoba, which have been approved as expenditures that qualify for a mineral exploration tax credit, and in respect of which prescribed information has been filed. The Manitoba tax credit of 20% applies to flow-through share agreements entered into from April 1, 2009 until March 31, 2010 and is increased to 30% in respect of flow-through share agreements entered into from April 1, 2010 until March 31, 2012.

To the extent that the federal investment tax credit described above is available, Saskatchewan currently offers a 10% non-refundable income tax credit for eligible individuals that are deemed to incur certain CEE directly attributable to qualified expenditures for exploration in Saskatchewan in respect of a mineral resource in Saskatchewan, which have been approved as expenditures that qualify for the mineral exploration tax credit, and in respect of which prescribed information has been filed.

The foregoing provincial investment tax credits are deemed to be “assistance” in respect of the CEE incurred, and a Limited Partner’s CCEE pool will be reduced by the amount of any such provincial credit in the year that the Limited Partner becomes entitled to receive the credit.

### **Limitations on Deductibility of Expenses or Losses of Partnership**

Subject to the so-called “at-risk” rules in the Tax Act, a Limited Partner’s share of business losses of the Partnership for any fiscal year may be applied against the Limited Partner’s income from any source to reduce net income for the relevant taxation year and, to the extent it exceeds other income for that year, may be carried back three years and forward twenty years and applied against taxable income of such other years.

The “at-risk” rules may, in certain circumstances, limit the amount of deductions, including CEE, and losses that a Limited Partner may claim in respect of the Partnership to the amount the Limited Partner has “at risk” in respect thereof. Under these rules, a Limited Partner cannot deduct losses of the Partnership or CEE allocated to the Limited Partner by the Partnership to the extent these amounts exceed the Limited Partner’s “at-risk amount” in respect of the Partnership.

Based on the manner in which the Partnership will operate and be financed as described in this Offering Memorandum, and the assumption that the financing for any portion of the subscription price for the Units is not limited or deemed to be limited within the meaning of the Tax Act, it is likely the “at-risk” rules will not limit a Limited Partner’s deductions in respect of Partnership losses or CEE incurred by the Partnership. A sale of Flow-Through Shares by the Partnership in a fiscal year may give rise to a capital gain equal to the proceeds thereof less direct selling costs. The full amount of the portion of such capital gain allocable to a Limited Partner would generally be recognized as an addition to the Limited Partner’s at-risk amount at the Partnership’s fiscal year end. If the Partnership reinvests the amount of such capital gain in additional Flow-Through Shares in the same fiscal year, and CEE in this amount is renounced to the Partnership effective in this same fiscal year, the amount of such CEE allocable to the Limited Partner at the fiscal year end should not be adversely affected by the at-risk rules.

The Tax Act contains additional rules that restrict the deductibility of certain amounts by persons who acquire a “tax shelter investment” as defined in Tax Act. The Units have been registered with the CRA under the “tax shelter” registration rules in the Tax Act. If any Unit is, in fact, determined to be a “tax shelter investment”, the result is that the Units of all Limited Partners thereby become “tax shelter investments” under the Tax Act. Where a Limited Partner finances the acquisition of Units with a financing for which recourse is or is deemed to be limited (a “limited recourse amount”) within the meaning of the Tax Act or has any other “prescribed benefit” in respect of financing the Limited Partner’s Units, the Units of all Limited Partners may become “tax shelter investments” and the CEE and other expenses of the Partnership may be reduced by the amount of such financing to the extent the financing can reasonably be considered to relate to such amounts. The Partnership Agreement provides that, where CEE of the Partnership is so reduced, the amount of CEE that would otherwise be allocated to the Limited Partner who incurs the limited recourse financing will be reduced by the amount of the reduction. Where the reduction of other expenses reduces the loss of the Partnership, the Partnership Agreement similarly provides that such reduction will first reduce the amount of the loss that would otherwise be allocated to the Limited Partner who incurs the limited recourse financing. If the Units are tax shelter investments, the cost of a Unit to a Limited Partner may also be reduced by the total of limited recourse amounts and “at-risk adjustments” that can reasonably be considered to relate to such Units. Any such reduction may reduce the amount of deductions otherwise available to the Limited Partner to the extent that deductions are not reduced at the Partnership level as described above.

“Prescribed benefit” includes any amount, having regard to statements or representations made in respect of the Units, that may reasonably be expected to be received or made available to a Limited Partner (or a person who does not deal at arm’s length with a Limited Partner) which would have the effect of reducing the impact of any loss that the Limited Partner may sustain by

virtue of acquiring, holding or disposing of any interest in the Units. A prescribed benefit also includes certain limited recourse amounts and certain amounts that are deemed to be limited recourse amounts.

For purposes of the Tax Act, a limited recourse amount is the unpaid principal amount of any debt for which recourse is limited, and the unpaid principal amount of any debt is deemed to be a limited recourse amount unless:

- (a) *bona fide* written arrangements were made, at the time the debt was incurred, for payment of principal and interest within a reasonable period not exceeding ten years (which may include a demand loan);
- (b) the debt bears interest at a rate not less than the lesser of the rate prescribed in the Tax Act in effect at the time the indebtedness arose or the rate prescribed from time to time during the term of the debt; and
- (c) the interest is paid in respect of the debt at least annually within 60 days of the end of the debtor's taxation year.

A Limited Partner's loss in a year may be limited by the Proposed Loss Limitation Rule, as described below.

**Prospective purchasers of Units who propose to finance the acquisition of their Units should consult their own tax advisors.**

On October 31, 2003, the Department of Finance announced the Proposed Loss Limitation Rule relating to the deductibility of losses under the Tax Act. Under the Proposed Loss Limitation Rule, a taxpayer will be considered to have a loss from 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 from the business or property during the time that the taxpayer has carried on, or can reasonably be expected to carry on, the business or has held, or can reasonably be expected to hold, the property. Profit, for this purpose, does not include capital gains or capital losses. If enacted as proposed, the Proposed Loss Limitation Rule will apply to taxation years commencing after 2004. While the specific application of the Proposed Loss Limitation Rule to Limited Partners will ultimately be a question of fact in any case, it could apply to limit losses realized by the Partnership and allocated to the Limited Partners, and to any losses realized by the Limited Partners from interest expense in a year or the deduction of Offering expenses and the Agents' fee after the dissolution of the Partnership. On February 23, 2005, the Minister of Finance (Canada) announced that alternative proposals to replace the Proposed Loss Limitation Rule would be released at an early opportunity. As of the date hereof, no alternative proposal has been released. There can be no assurance that such alternative proposals will not adversely affect Limited Partners.

**Income Tax Withholding and Instalments**

Limited Partners who are employees and have income tax withheld at source from their employment income may request that the CRA exercise its discretionary authority and authorize a reduction of such withholding.

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 described above, of CEE and any loss of the Partnership in determining their instalment remittances.

**Adjusted Cost Base of Units**

Subject to any adjustments required by the Tax Act, a Limited Partner's adjusted cost base of a Unit will generally consist of the purchase price paid for the Unit, increased by any share of income allocated to the Limited Partner in respect of the Unit (including a *pro rata* share of any capital gains realized by the Partnership) and reduced by any share of losses (including a *pro rata* share of any capital losses realized by the Partnership) and any CEE allocated to the Limited Partner, and the amount of any distributions made to the Limited Partner from the Partnership in respect of the Unit.

Where the total of any such reductions to the adjusted cost base of a Unit exceeds the original cost of the Unit plus any such increases to the adjusted cost base of the Unit at the end of a fiscal period of the Partnership, such excess ("negative amount") will be deemed to be a capital gain of the Limited Partner in respect of the Unit at that time. While there can be no assurance, it is not anticipated that original Limited Partners will realize such a capital gain.

**Disposition of Partnership Units**

A disposition by a Limited Partner of Units held by the Limited Partner as capital property will result in a capital gain, or capital loss, to the extent that the Limited Partner's proceeds of disposition net of reasonable disposition costs exceed, or are

exceeded by, as the case may be, the adjusted cost base of the Units immediately prior to disposition. One-half of the amount of a capital gain is a “taxable capital gain”, and is required to be included in computing a Limited Partner’s income in 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 a capital loss may be carried back three years or forward indefinitely in accordance with the rules of the Tax Act.

A Canadian-controlled private corporation, as defined in the Tax Act, may be subject to an additional refundable tax of 6 2/3 % of certain investment income, which includes taxable capital gains.

A Limited Partner who is considering a disposition of Units during a fiscal period of the Partnership should obtain tax advice before doing so. Only a person who is a Limited Partner at the end of a fiscal period of the Partnership will be entitled to a *pro rata* share of the Partnership’s income, loss, or CEE in that fiscal period.

### **Transfer of Partnership's Assets**

With the approval of the Limited Partners as provided in the Partnership Agreement, the General Partner may transfer to a mutual fund corporation all of the assets of the Partnership in consideration for mutual fund shares. Provided the appropriate elections are made, no taxable capital gains will be realized by the Partnership from the transfer, and the mutual fund corporation will acquire each Partnership asset at a 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. Further, provided the Partnership is dissolved within 60 days of the asset transfer and certain other requirements are satisfied, the mutual fund shares will be distributed to the Limited Partners with a cost for tax purposes equal to the cost of the Units held by the Limited Partner (less any cash received), and a Limited Partner will generally not be subject to tax in respect of such transaction.

### **Dissolution of Partnership**

In the event that the General Partner does not select the Mutual Fund Rollover Option, provided that the appropriate elections are made, the dissolution of the Partnership and the distribution of a proportionate interest in each property of the Partnership to its Limited Partners will not result in a capital gain to the Partnership. Each Limited Partner will be deemed to have acquired his or her Distributed Property at a cost equal to his or her *pro rata* share of the cost amount to the Partnership of its property immediately before its distribution. It is anticipated that the cost amount to the Partnership of the property will be nominal.

Each Limited Partner will be considered to have disposed of his or her Partnership interest on the dissolution of the Partnership for an amount equal to the greater of the adjusted cost base of the Limited Partner’s Partnership interest and the amount of cash plus the Limited Partner’s *pro rata* share of the cost amount to the Partnership of the property received.

A transfer of the Partnership’s assets on a dissolution of the Partnership, other than as described in the preceding paragraph or as described above under the heading “Transfer of Partnership’s Assets”, could result in taxable capital gains to Limited Partners. However, the form of any such dissolution transaction and the tax consequences associated with it can only be ascertained with any degree of certainty at the time the Partnership is to be dissolved. Consequently, Limited Partners are encouraged to seek independent income tax advice regarding any particular proposal regarding dissolution of the Partnership.

### **Optional Donation to a Qualified Donee**

If, following the dissolution of the Partnership and the distribution of its assets to its Limited Partners as described above either under the heading “Transfer of Partnership’s Assets” or “Dissolution of Partnership”, a Limited Partner who is an individual chooses to donate his or her mutual fund shares or Distributed Property, as the case may be, to a “qualified donee” under the Tax Act, the Limited Partner may claim a tax credit calculated in a prescribed manner under the Tax Act based upon the fair market value of the mutual fund shares or Distributed Property, as the case may be, at the time of the donation.

Assuming such Limited Partner’s “total gifts” under the Tax Act for the year is less than 75% of the Limited Partner’s income for the year under the Tax Act, the Limited Partner is entitled to a tax credit computed as the total of (i) the lowest marginal personal tax rate multiplied by the first \$200 of the Limited Partner’s “total charitable gifts” for the year, and (ii) the highest marginal personal tax rate multiplied by the remainder of the Limited Partner’s “total charitable gifts” for the year. A “qualified donee” includes, for example, a registered charity.

Upon the donation of the mutual fund shares or the Distributed Property, as the case may be, the Limited Partner will be deemed to have received proceeds of disposition equal to the fair market value of the donated property. As the adjusted cost

base of the donated property should be nil, the Limited Partner should realize a capital gain equal to the fair market value of the donated property when donated to a “qualified donee” under the Tax Act. However, none of this capital gain will be a taxable capital gain and, therefore, would not be included in income, if the property (i) consists of certain securities, including shares, debt or rights that are listed on a “designated stock exchange” as defined in the Tax Act but, for greater certainty, not including a warrant to acquire such a security if the warrant itself is not so listed, and (ii) is donated to a “qualified donee” within the meaning of the Tax Act.

**Prospective donors should consult their tax advisors with respect to any such donation.**

### **Alternative Minimum Tax**

Under the Tax Act, Limited Partners who are individuals (and certain trusts) must compute their potential liability for alternative minimum tax. In general, the tax payable by such Limited Partner for a taxation year is the greater of the tax otherwise determined and the amount of alternative minimum tax which is computed at a rate of 15% applied against the amount by which the Limited Partner’s “adjusted taxable income” for the year exceeds the Limited Partner’s basic exemption which, in the case of an individual (other than certain trusts) is \$40,000. In computing adjusted taxable income, a Limited Partner must generally include, among other things, all taxable dividends (without application of the gross-up) and 80% of net capital gains and certain deductions and credits otherwise available are disallowed, including amounts in respect of CEE and any losses of the Partnership.

Whether and to what extent the tax liability of a Limited Partner is increased by the alternative minimum tax will depend on the amount of the Limited Partner’s income, the sources from which it is derived and the nature and amount of any deductions claimed.

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 the individual’s tax otherwise payable for the year.

### **Non-Eligibility for Investment in Deferred Income Plans**

A Unit will not be a qualified investment under the Tax Act for registered retirement savings plans, registered disability savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans or tax-free savings accounts.

### **Tax Shelter**

The federal tax shelter identification number in respect of the Partnership is **TS076398**, and the Québec tax shelter identification number in respect of the Partnership is **QAF-10-01362**. This identification number is required to be included in any income tax return filed by a Limited Partner. Issuance of the identification number is for administrative purposes only and does not in any way confirm the entitlement of a Limited Partner to claim any tax benefits associated with an investment in the Units.

The General Partner confirms that it will file all necessary tax shelter information returns and, where applicable, provide each Limited Partner with copies thereof.

### **Certain Québec Tax Considerations**

In the opinion of **Fasken Martineau DuMoulin LLP**, special Québec tax counsel to the Partnership and the General Partner (“**Québec Tax Counsel**”), and subject to the qualification and assumptions contained under the “Canadian Federal Income Tax Considerations”, the following is a general summary of certain Québec income tax considerations for a Québec Limited Partner.

This summary is based on the current provisions of the *Taxation Act* (Québec) and the Regulations adopted thereunder, (“**Québec Tax Act**”), all amendments thereto proposed by the Minister of Finance (Québec) prior to the date hereof and Québec Tax Counsel’s understanding of the current published administrative policies and assessing practices of the ministère du Revenu du Québec (the “**MRQ**”). This summary assumes that any proposed amendments will be enacted as proposed, although there is no certainty that the proposed amendments will be enacted in the form proposed, or at all. This summary does not

otherwise take into account or anticipate any changes in laws whether by judicial, governmental or legislative decision or action or any changes in administrative practices of MRQ.

**This summary is of a general nature only and is not intended to be, nor should it be construed as, legal or tax advice to prospective investors in Units. This summary does not take into account the particular circumstances of prospective investors in Units and does not deal with considerations which may apply to a particular prospective investors in Units. Accordingly, each prospective investor in Units should obtain independent advice from a tax advisor who is knowledgeable in this particular area of Québec tax law.**

Subject to limitations described below and the similar limitations under the “Canadian Federal Income Tax Considerations”, in computing income for Québec tax purposes for a taxation year, a Québec Limited Partner may generally deduct up to 100% of the balance in the Québec Limited Partner’s CCEE account (as defined under the Québec Tax Act) at the end of the year.

In addition, in computing income for Québec tax purposes for a taxation year, a Québec Limited Partner who is an individual or personal trust may be entitled to deduct an additional amount of 25% in respect of certain CEE incurred in the Province of Québec by a qualified corporation. Also, such Québec Limited Partner may be entitled to another additional deduction of 25% in respect of certain surface mining exploration expenses incurred in the Province of Québec by a qualified corporation. Accordingly, provided applicable conditions under the Québec Tax Act are satisfied, a Québec Limited Partner who is an individual or personal trust at the end of the applicable fiscal year of the Partnership may be entitled to deduct up to 150% of certain eligible exploration expenses incurred in the Province of Québec and renounced to the Partnership by a qualified Resource Issuer that is a qualified corporation as defined under the Québec Tax Act.

Furthermore, in computing income for Québec tax purposes for a taxation year, a Québec Limited Partner may also deduct the Québec Limited Partner’s *pro rata* share of the issue expenses renounced to the Partnership by a Resource Issuer. A Resource Issuer may renounce its issue expenses up to an amount equal to the lesser of (i) the aggregate of certain expenses incurred by the Resource Issuer in the course of the issue of the Flow-Through Shares and out of the proceeds thereof, and (ii) 15% of the aggregate proceeds of the issue of Flow-Through Shares.

The federal investment tax credit is not taxable in respect of Québec income taxation and the individual taxpayer’s CCEE for Québec tax purposes is not reduced by the amount of the federal investment tax credit claimed for a preceding year. An alternative minimum tax also exists under the Québec Tax Act, under which a basic exemption of \$40,000 is available and the net capital gain inclusion is 75 %. The Québec alternative minimum tax rate is 16 %.

The Québec Tax Act provides that where an individual taxpayer (including a personal trust) incurs, in a given taxation year, “investment expenses” to earn “investment income” in excess of investment income earned for that year, such excess shall be included in the taxpayer individual’s income, resulting in an offset of the deduction for such portion of these investment expenses. For these purposes, investment expenses include certain deductible interest and losses of the Partnership allocated to the Limited Partner and 50% of CEE renounced to the Partnership and allocated to such Limited Partner (other than CEE incurred in Québec), and investment income includes taxable capital gains not eligible for the capital gains exemption. That portion of the investment expenses which has been included in the Limited Partner’s income in a given taxation year may be deducted against investment income earned in any of the three previous taxation years and any subsequent taxation year to the extent investment income exceeds investment expenses for such other year. Accordingly, 50% of CEE that is not incurred in Québec and 100% of the CEE incurred in Québec that are renounced and allocated to a Québec Limited Partner will be deductible in computing the Québec Limited Partner’s income from any source for Québec tax purposes.

Furthermore, provided that certain conditions are fulfilled, the Québec Tax Act provides for a mechanism to exempt part of the taxable capital gain realized by or attributable to an individual Québec Limited Partner (other than a trust) upon the disposition of a resource property as defined in the Québec Tax Act (a “**Resource Property**”). For these purposes, a Resource Property includes a Flow-Through Share, an interest in a partnership that acquires a Flow-Through Share, as well as property substituted for such Flow-Through Share or interest in a partnership that is received on certain tax deferred transfers of such property by the individual or the Partnership to a corporation in exchange for shares of such corporation and in respect of which an election is made under the Québec Tax Act. This exemption is based on an historical expenditures account comprising one-half of the CEE incurred in the Province of Québec that gives rise to the additional 25% deduction for Québec tax purposes. Upon the disposition of a Resource Property, such Québec Limited Partner may claim a deduction in computing the Québec Limited Partner’s income in respect of a portion of the taxable capital gain realized (which is attributable to the excess of the price paid to acquire the Flow-Through Shares over their deemed cost of nil). In general, the amount of the deduction may not exceed the lesser of (i) such portion of the taxable capital gain realized and (ii) the account balance, subject to certain other limits provided under the Québec Tax Act. Any amount thus used from the account will reduce the account balance, while any new deduction of CEE incurred in the Province of Québec will increase it. The portion of the taxable capital gain represented by the increase

in value of the Resource Property over the price paid to acquire the Resource Property will continue to be taxable and the amount accrued in the account may not reduce this gain.

Shares of a corporation received by a partnership in exchange for the transfer of Flow-Through Shares, and distributed to the members of the partnership upon the dissolution of such partnership, constitute Resource Property to such members for purposes of the above-mentioned capital gains exemption. To the extent the Québec Limited Partner has an amount sufficient in its Expenditure Account at the time, gains realized by such Québec Limited Partner on the disposition of shares of the Mutual Fund should qualify for such capital gains exemption.

## **Item 7 Compensation Paid to Sellers and Finders**

Agents' cash fees equal to 5.25 % of the Subscription Proceeds will be paid as compensation to Agents in respect of all the Units sold to subscribers introduced to the Partnership by such Agents. Wealth Creation Preservation & Donation Inc. is the Lead Agent. In the case of Agents other than the Lead Agent, Agent's Fees will be up to 4.25 %, with the difference payable to the Lead Agent in the form of a corporate finance fee.

## **Item 8 Risk Factors**

There are certain risks that potential subscribers should carefully consider, including the following factors.

### **Mineral Exploration Risks**

Mineral exploration involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to avoid. There is no assurance that commercial quantities of minerals will be discovered by any of the Resource Companies in which the Partnership invests, nor any assurance that the mining properties will be brought into a state of commercial production.

### **Volatile Nature of Mineral Sector**

The mineral sector is cyclical, and mining share prices reflect overall demand for minerals, which decreases (along with mining share prices) during periods of economic slowdown, as well as where there is an oversupply of a particular mineral, or basic commodities in general, or where currencies fluctuate in markets in which minerals are produced or marketed. Moreover, the mining sector could be affected by extensive government regulation, restrictions on production, tax increases, expropriation of property, land claims by aboriginal peoples, pollution controls, environmental group terrorism, and consumer boycotts, all of which could negatively affect the value of Flow-Through Shares of a Resource Company. In addition, mining shares are frequently over-promoted and surrounded by hype.

### **Resource Companies**

The business activities of the Resource Companies are speculative and may be adversely affected by factors outside the control of those companies. In addition, most, if not all, of the Resource Companies will not have a history of earnings. Some or all of the Partnership's assets will be invested in Resource Companies with small market capitalization. Resource Companies are also more prone to be recipients of halt trade orders by the stock exchange on which they trade and/or cease trade orders by securities commissions which exercise regulatory oversight, and such liquidity interruptions may be protracted, even resulting in the de-listing of Resource Companies.

### **Resource Company Disclosure**

There is no assurance that disclosure of any resource discovery, or any other material fact, by any Resource Company in which the Partnership acquires Flow-Through Shares, will be accurate, and there is a risk that false or even fraudulent disclosure may occur, as has happened in the past, and this may result in eventual collapse of the Resource Company's share price. The standards of financial and other disclosure for resource companies are still quite poor.

### **No Assurance of a Positive Return**

Because of market fluctuations in the values of the investments to be held by the Partnership, there is no assurance of a positive return on a Limited Partner's original investment. The investment involves a high degree of risk and should be considered only by those persons who can afford a loss of their entire investment.

### **Speculative Offering**

The Units offered by this Offering Memorandum are speculative and there is no market for the Units which are subject to resale restrictions imposed under applicable Canadian securities legislation. See: "Restrictions on Resale".

### **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 will affect the scope of investment opportunities available to the Partnership. In addition, if only the Minimum Offering is sold, the General Partner's ability to negotiate with Resource Companies will be impaired and therefore the intended business and investment strategy of the Partnership will not be fully met.

### **Possible Loss of Limited Liability**

Legislation with respect to limited partners provides that a limited partner benefits from limited liability unless, in addition to exercising his rights and powers as a limited partner, he takes part in the management or control of the business of the limited partnership. See: "Summary of the Partnership Agreement – Indemnification of Limited Partners and Liability of General Partner".

### **No Resale Market**

Although the Units are transferable subject to certain restrictions contained in the Partnership Agreement, there is no market through which the Units may be resold and none is expected to develop. Subscribers may not be able to resell Units purchased under this Offering memorandum and may not be able to transfer the tax benefits related to the Flow-Through Shares to be purchased by the Partnership. In addition, fluctuations in the market values of Flow-Through Shares acquired by the Partnership may occur for a number of reasons beyond the control of the General Partner or Partnership and there is no assurance that an adequate market will exist for the securities acquired by the Partnership or by the Limited Partners on dissolution of the Partnership or earlier. See: "Dissolution of Partnership".

### **No Review by Regulatory Authorities**

This Offering Memorandum constitutes a private offering of the Units in Canada pursuant to prospectus and registration exemptions under the securities laws of these provinces. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus, advertisement, or public offering of these Units. Neither this Offering Memorandum or any other material relating to this offering has been reviewed or considered by the Ontario Securities Commission, Revenue Canada, or any other governmental or regulatory authority.

### **Share Prices & Resale Restrictions**

The Flow-Through Shares may be issued to the Partnership at prices greater than the market prices of such shares, and Limited Partners must rely entirely on the discretion of the General Partner in negotiating the pricing of those securities. In addition, all Flow-Through Shares issued to the Partnership will be subject to resale restrictions, of a minimum of 4 months, and a maximum of 12 months or even longer, depending on the reporting issuer status of the relevant Resource Company. The effect of such resale restrictions could include the inability of the Partnership to sell Flow-Through Shares into the market at advantageous or timely market prices, or ever. However, the history of affiliates of the General Partner who were general partners on other MineralFields-branded flow-through limited partnerships is encouraging, in that all Flow-Through Shares purchased by such other MineralFields-branded flow-through limited partnerships were subject to maximum 4 month hold periods at the time of purchase.

### **Rate of Return**

There is no assurance that an investment in the Partnership will earn a specified rate or return, or even any return, over the life of the Partnership.

### **No Dividends or Cash Distributions**

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

### **Agreements with Resource Companies**

There is no assurance that the Partnership will enter into agreements with Resource Companies on or before December 31, 2010 to utilize all of the Net Proceeds of the entire Offering, or that all committed funds will be expended on CEE which will be renounced effective on or before December 31, 2010.

There may be insufficient high-quality Resources Companies willing to offer Flow-Through Shares to the Partnership.

Resource Companies may fail to comply with provisions of agreements concluded with the Partnership, or with provisions of the Tax Act with respect to the amount, timing and nature of the expenses that are to be renounced by the Partnership or incurred by the Resource Companies.

The General Partner will consider technical reports made available to it in making an investment decision, but will not necessarily require a technical report to be provided by a Resource Company before entering into a Flow-Through Agreement with a Resource Company.

Limited Partners must also rely upon the discretion of the General Partner in entering into any agreements with Resource Companies, in determining the composition of the portfolio of Flow-Through Shares of Resource Companies to be owned by the Partnership, and in determining whether to dispose of Flow-Through Shares owned by the Partnership. Not all of the management of the General Partner consists of individuals whose principal occupation is making investment decisions or evaluating resource companies or companies in general. None of the management of the General Partner will devote his full time to the business and affairs of the Partnership or General Partner. Limited Partners who are not willing to rely on the discretion of the General Partner, or would second-guess investment decisions made by the General Partner, should not purchase Units.

### **Dependence on Key Personnel**

The loss of any of the management of the General Partner would likely have a material adverse effect on the management and business of the Partnership.

### **Competition**

The Partnership will be competing with other groups in the search for the best Flow-Through Share opportunities.

### **Return of Contributions**

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 an amount necessary to restore the capital to 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.

### **Financial Resources of the General Partner**

While the General Partner has unlimited liability for the obligations of the Partnership and has agreed to indemnify the Limited Partners in certain circumstances, the General Partner does not have and is not expected to have significant financial resources which would enable it to satisfy the obligations of the Partnership or to satisfy the obligations of the General Partner to

indemnify the Limited Partner in certain circumstances. Prospective investors should not rely on the General Partner to provide any additional capital or loans to the Partnership in the event of any contingency.

In addition, the General Partner and the Partnership is newly established, with no previous operating history, although MineralFields Group has been operating since 2002.

### **Tax Related Risks**

Units are designed for investors in higher income tax brackets. No assurance can be given that federal or provincial income tax legislation will not be amended or that announced changes to such legislation will not be adopted (including, in limited circumstances, on a retroactive basis) in such a manner as to fundamentally alter the tax consequences of holding or disposing of Units. Furthermore, as noted, the tax authorities may disagree as to whether some of the expenditures renounced by the Resource Companies to the Partnership qualify as CEE or are otherwise deductible. Any reassessment from such disagreement may reduce the return on a Subscriber's investment in Units. Moreover, in the event that any of the proceeds of the offering are not invested in Flow-Through Shares of Resource Companies, the anticipated deductions will not be fully realized.

There is the possibility that Limited Partners will receive allocations of income without receiving distributions from the Partnership in that year sufficient to pay the tax they may owe in that year in respect of such allocations. Without limiting the generality of the forgoing, such allocations of income may arise from dispositions of securities by the Partnership in order to generate proceeds which may be used by it to exercise warrants where the value of the underlying shares exceeds the warrant exercise price. In this regard, the General Partner may arrange to have the Partnership proceed with such dispositions so that the Distributed Property does not consist of unlisted warrants that are ineligible for the nil capital gains inclusion rate on donations to certain "qualified donees".

Individuals are subject to an alternative minimum tax. The alternative minimum tax could limit tax benefits available to certain Subscribers. Reference is made to the caption "Alternative Minimum Tax".

If CEE renounced within the first 3 months of 2011 effective December 31, 2010 is not in fact incurred in 2011, the Partnership's, and consequently the Limited Partners', CEE may be reassessed by CRA effective as of December 31, 2010 in order to reduce the Limited Partners' deductions with respect thereto. However, none of the Limited Partners will be charged interest on any unpaid tax as a result of such reduction for any period before May, 2012.

If a Limited Partner finances the acquisition of the Units with a financing for which recourse is, or is deemed to be, limited, the CEE or other expenses incurred by the Partnership may be reduced by the amount of such financing.

The Proposed Loss Limitation Rule could, among other things, adversely affect a Limited Partner who has borrowed funds in connection with the acquisition of Units or the deduction by the Partnership of expenses, including interest on money borrowed to pay Agents' fees and other expenses. The summary set out under the heading "Canadian Federal Income Tax Considerations" does not address the deductibility of interest by Limited Partners and any Limited Partner who has borrowed money to acquire Units should consult his or her own tax advisor in this regard.

The Proposed Loss Limitation Rule limits a taxpayer's ability to deduct a loss from a business or property in a year unless it is reasonable to expect in that year that the taxpayer will realize a cumulative profit from that business or property over the expected life of the business or period of ownership of the property. Cumulative profit will be determined without reference to capital gains or capital losses. If enacted as proposed, the Proposed Loss Limitation Rule will apply to taxation years commencing after 2004. The specific application of the Proposed Loss Limitation Rule to Limited Partners will ultimately depend upon the facts in any case and the CRA's administrative practice. However, if the Proposed Loss Limitation Rule is enacted in its current form, it would likely apply in the 2010 taxation year and thereafter to limit losses realized by the Partnership and allocated to the Limited Partners, and to any losses realized by the Limited Partners from interest expense in a year or the deduction of offering expenses and the Agents' fee after the dissolution of the Partnership. The Proposed Loss Limitation Rule should not affect the ability of a Limited Partner to deduct an amount in respect of the Limited Partner's available CCEE account against the Limited Partner's income in a year. On February 23, 2005, the Minister of Finance (Canada) announced that an alternative proposal to replace the Proposed Loss Limitation Rule would be released for comment at an early opportunity. There can be no assurance that such alternative proposal will not adversely affect Limited Partners.

There is a possibility that CRA may deny the deductibility of fees paid to the General Partner in certain circumstances, resulting in a loss of a deduction in computing the Partnership's income which would otherwise be allocable to Limited Partners. Pursuant to the Partnership Agreement, the General Partner is entitled to a fee equal to 4.75% of the gross proceeds of the

offering on account of expenses of the offering (other than the Agents' fees). To the extent that the amount paid to the General Partner exceeds reimbursements for offering expenses, CRA may assert that an entitlement of the General Partner to the excess is more appropriately treated as an entitlement to share in any income of the Partnership as a Partner and, therefore, may not result in a deduction in computing the Partnership's income. If CRA successfully applied any such treatment, then a loss of the Partnership otherwise allocable to the Limited Partners would be reduced or denied to the extent of such deduction.

If any Limited Partner is not a resident of Canada at the time of the dissolution of the Partnership, any distribution of undivided interests in the assets of the Partnership may not be effected on a tax-deferred basis. CRA may disagree whether the undivided interests in securities of Resource Companies distributed to Limited Partners on dissolution of the Partnership may be partitioned on a tax-deferred basis.

**If the federal government does not renew its investment tax credit beyond the current expiry date, the tax benefits enjoyed by the Limited Partners may be correspondingly diminished. Further,** there is a possibility that sufficient Super-Flow Through Share opportunities may not be available, and that the Partnership may be forced to invest in shares of Resource Companies that are Flow-Through Shares (but not Super Flow-Through Shares), thereby reducing the tax credit benefits of investing in Units.

If the Partnership were to constitute a "SIFT partnership" within the meaning of the Tax Act, the income tax consequences described under the heading "Canadian Federal Income Tax Considerations" would, in some respects, be materially different.

### **Resale Restrictions May be an Issue**

Following dissolution of the Partnership and distribution of its assets to its Limited Partners, unless the General Partner elects to roll over to the Mutual Fund, each Limited Partner's Distributed Property will be donated to the registered charity designated by the Limited Partner in his or her subscription agreement, which will occur on or before December 3, 2010.

Charities may receive securities of Resource Companies for which there may be an illiquid market or which may be subject to resale and other restrictions under applicable securities law.

### **Conflicts Of Interest**

Various conflicts of interest exist or may arise between the Partnership and the General Partner and other partnerships or entities of which Affiliates of the General Partner are general partners of for which Affiliates of the General Partner act as managers. Some of these conflicts arise as a result of the power and authority of the General Partner to manage and operate the business and affairs of the Partnership. These conflicts of interest may have a detrimental effect on the business of the Partnership.

The General Partner will not engage in any business other than acting as general partner for the Partnership. The General Partner's Affiliates may, and probably will, engage in other business ventures (the "Conflicting Ventures"), including, without limitation, acting as general partners, or directors or officers of general partners, of other limited partnerships or entities which invest in Flow-Through Shares of Resource Companies or other tax-advantaged investment vehicles. Neither the Partnership nor any Partners will by virtue of the Partnership Agreement or otherwise have any right, title or interest in or to such Conflicting Ventures.

Affiliates of the General Partner may, and probably will, earn finder's fees, placement fees and due diligence fees (collectively, "Commissions", paid by resource companies in the form of monetary commissions, options, shares, rights to purchase shares, and/or share purchase warrants, without limitation) in consideration of its evaluation of resource companies and negotiation of terms with respect to flow-through financing from such companies, and will have no duty to account for such fees to the Partnership, General Partner, or any of the Limited Partners. Such fees will be in line with normal practice and with levels prevailing in similar transactions where investment bankers and others who are at arms length to the General Partner earn finder's fees, commission, and due diligence fees. And all such fees will be paid from funds other than funds invested by the Partnership in Super Flow-Through Shares and Flow-Through Shares

Affiliates of the General Partner may, and probably will, engage in selling of securities of issuers other than the Partnership, some or all of which may be competing with the Partnership for investors as well as Flow-Through Share opportunities with Resource Companies.

Moreover, the General Partner may make decisions to dispose of Flow-Through Shares held by the Partnership in the same Resource Companies in which Conflicting Ventures may wish to acquire Flow-Through Shares. Conversely, the General Partner may wish to acquire Flow-Through Shares or other securities in the same Resource Companies in which Conflicting Ventures already hold securities, and which securities the Conflicting Ventures wish to dispose of.

The Partnership may acquire Super Flow-Through Shares and/or Flow-Through Shares in Resource Companies which are controlled by directors and officer of the General Partner or affiliates of the General Partner.

Watts, Griffis and McOuat Limited (“WGM”), are consulting geologists and engineers for numerous mining companies, some of which may be targeted for investment by the General Partner, and some of which will be competitors of companies in which the General Partner will invest subscription proceeds. In addition, officers of WGM may serve as directors of mining companies which issue Flow-Through Shares to the Partnership.

The services of the directors and officers of the General Partner are not exclusive to the Partnership, and the directors and officers of the General Partner may, from time to time, engage in the promotion, management or investment management of another fund or partnership, including future partnerships and other funds, partnerships or entities which invest primarily in flow-through shares.

The services of the Portfolio Manager are not exclusive to the Partnership.

Any of the aforementioned conflicts of interest, as well as other, may be difficult, if not impossible, to resolve equitably.

## **Item 9 Reporting Obligations**

The General Partner will send to Subscribers, on an ongoing basis, any notices that it is required to send pursuant to the Partnership Agreement. Audited financial statements of the Partnership will be sent to Investors on or about May 31, 2011.

Information about the Partnership (including monthly Net Asset Values) can be obtained at [www.mineralfields.com](http://www.mineralfields.com). The contents of this website are NOT incorporated by reference, and the web address is given for information purposes only.

## **Item 10 Resale Restrictions**

**For trades in Alberta, British Columbia, Québec, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Saskatchewan, and Yukon:**

In addition to requiring the approval of the General Partner to transfer Units, these securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the date the Partnership becomes a reporting issuer in any province or territory of Canada. As there is no present intention for the Partnership to become a reporting issuer in any province or territory of Canada, you may never be able to transfer your Units unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

### **For trades in Manitoba:**

Unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless:

- (a) the Partnership has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or
- (b) you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

**Subscribers of Units offered hereunder who wish to resell such securities should consult with their own legal advisers prior to engaging in any resale, in order to ascertain the restrictions on any such resale.**

It is the responsibility of each individual Subscriber of Units to ensure that all forms required by the applicable securities legislation are filed as required upon disposition of the Units acquired pursuant to this Offering.

## **Item 11 Purchasers' Rights**

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

**1. Two Day Cancellation Right** – You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the securities.

### **2. Statutory Rights of Action in the Event of a Misrepresentation**

The following statutory rights of action for damages or rescission will apply to a purchase of Units. The applicable securities legislation in certain jurisdictions provides purchasers, or requires purchasers be provided, with remedies for rescission or damages, or both, if this Offering Memorandum or any amendment to it contains a misrepresentation. However, these remedies must be exercised within the time limits prescribed. Subscribers should refer to the applicable legislative provisions of their province or territory for the complete text of these rights and/or consult with a legal advisor.

*British Columbia, Alberta, Nova Scotia and Prince Edward Island:* If you are a resident of British Columbia, Alberta, Nova Scotia or Prince Edward Island and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Partnership to cancel your agreement to buy these securities, or
- (b) for damages against the Partnership, every person who was a director of the General Partner at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

*Ontario and New Brunswick:* If you are a resident of Ontario or New Brunswick and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue the Partnership:

- (a) to cancel your agreement to buy these securities, or
- (b) for damages.

*Saskatchewan:* If you are a resident of Saskatchewan and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Partnership to cancel your agreement to buy these securities, or
- (b) for damages against:
  - (i) the Partnership and every promoter or director of the Partnership or the General Partner at the time this Offering Memorandum or the amendment to the Offering Memorandum was sent or delivered; and
  - (ii) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them; and
  - (iii) every person who or company that, in addition to the persons or companies mentioned in clauses (i) and (ii), signed the Offering Memorandum or an amendment to the Offering Memorandum; and
  - (v) every person who or company that sells securities on behalf of the Partnership under the Offering Memorandum or an amendment to the Offering Memorandum.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. In Ontario, British Columbia, Alberta, Nova Scotia and Prince Edward Island, you must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you signed the agreement to purchase the securities. In Saskatchewan and New Brunswick, you must commence your action for damages within the earlier of one year after learning of the misrepresentation and 6 years after you signed the agreement to purchase the securities.

If you elect to exercise your right of rescission against the Partnership, you will not have the right of action for damages.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

In the case of an action for damages, the Partnership will not be liable for all or any part of the damages that it proves does not represent the depreciation in value of the securities resulting from the misrepresentation and in no case will the amount exceed the price at which the securities were offered to you under this Offering Memorandum.

### **3. Contractual Rights of Action in the Event of a Misrepresentation**

If you are a resident of Manitoba, Québec, Newfoundland and Labrador, Nunavut, Yukon or the Northwest Territories and if there is a misrepresentation in this Offering Memorandum, you have a contractual right set out in your subscription agreement to sue the Partnership:

- (a) to cancel your agreement to buy these securities, or
- (b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you recover will not exceed the price that you paid for your securities and will not include any part of the damages that the Partnership proves does not represent the depreciation in value of the securities resulting from the misrepresentation. The Partnership has a defence if it proves that you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you signed the agreement to purchase the securities.

**The foregoing is a summary only of your rights. You are advised to consult your legal advisors for advice concerning your rights of action.**

#### **Item 11A                      Auditors**

The auditors of both the Partnership and General Partner are Collins Barrow Toronto LLP, Chartered Accountants (formerly Smith, Nixon LLP), of 390 Bay Street, Suite 1900, Toronto, Ontario, Canada M5H 2Y2, which is a member of Baker Tilly International. Baker Tilly International is one of the top ten accounting and business service organizations in the world, consisting of 128 member firms active in 85 countries.

Audited financial statements of the Partnership will be sent to Investors on or about May 31, 2011.

#### **Item 11B                      Legal Proceedings**

To the best of the knowledge of the General Partner, there are no legal proceedings outstanding, or threatened, against the General Partner or the Partnership.

#### **Item 12                        Financial Statements**

Attached to this Offering Memorandum are an audited balance sheet of the Partnership as at January 11, 2010, and an audited balance sheet of the General Partner as at January 11, 2010.

## AUDITOR'S CONSENT

We have read the offering memorandum of MineralFields 2010-III Super Flow-Through Limited Partnership (the "Partnership") dated January 11, 2010 relating to the offering of up to 100,000 units, subject to an over-allotment of subscriptions of up to a maximum of 100,000 additional units of the partnership. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the inclusion in the above-mentioned offering memorandum of our report to the directors of MineralFields 2010-III Inc. in its capacity as general partner of the Partnership on the balance sheet of the Partnership as at January 11, 2010. Our report is dated January 11, 2010. We also consent to the inclusion in the above-mentioned offering memorandum of our report to the directors of MineralFields 2010-III Inc. on the balance sheet of MineralFields 2010-III Inc. as at January 11, 2010. Our report is dated January 11, 2010.

Toronto, Ontario  
January 11, 2010

*Collins Barrow Toronto LLP*  
Licensed Public Accountants  
CHARTERED ACCOUNTANTS

**AUDITORS' REPORT**

To the Board of Directors of  
**MineralFields 2010-III Inc. in its capacity as  
General Partner of  
MineralFields 2010-III Super Flow-Through Limited Partnership**

We have audited the balance sheet of MineralFields 2010-III Super Flow-Through Limited Partnership as at January 11, 2010. This financial statement is the responsibility of the General Partner. 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 statements are 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 balance sheet presents fairly, in all material respects, the financial position of the Partnership as at January 11, 2010 in accordance with Canadian generally accepted accounting principles.

TORONTO, Canada  
January 11, 2010

*Collins Barrow Toronto LLP*  
Licensed Public Accountants  
**CHARTERED ACCOUNTANTS**

**MINERALFIELDS 2010-III SUPER FLOW-THROUGH LIMITED  
PARTNERSHIP**

BALANCE SHEET  
AS AT JANUARY 11, 2010

***ASSET***

Cash \$ 25

***PARTNER'S CAPITAL***

Issued and fully paid-  
Initial Limited Partner -  
one unit at \$25 per unit \$ 25

APPROVED ON BEHALF OF  
THE BOARD OF DIRECTORS OF  
MineralFields 2010-III Inc., as General Partner

Joe C. Dwek (signed)  
Director

Imtiaz Hashmani (signed)  
Director

The accompanying notes are an integral part of this balance sheet.

# MINERALFIELDS 2010-III SUPER FLOW-THROUGH LIMITED PARTNERSHIP

## NOTES TO BALANCE SHEET JANUARY 11, 2010

### **1. FORMATION OF THE PARTNERSHIP**

MineralFields 2010-III Super Flow-Through Limited Partnership (the “Partnership”) was formed as a limited partnership under the laws of the Province of Ontario on January 5, 2010. The General Partner of the Partnership is MineralFields 2010-III Inc.

The Partnership has remained inactive through the period from January 5, 2010 and the date of these financial statements.

### **2. NATURE OF BUSINESS**

The Partnership intends to invest in flow-through shares and other securities of resource companies in accordance with defined investment objectives, strategies and restrictions. In common with investment vehicles of this nature, the Partnership is subject to various risk factors including, but not limited to, the lack of a public market for the units of the Partnership, risks inherent in resource exploration, adverse fluctuations in the value of securities to be held by the Partnership, and illiquidity of flow-through shares and other securities, if any, of resource companies owned by the Partnership.

### **3. COMMITMENTS**

The General Partner will be responsible for the management of the Partnership in accordance with the terms and conditions of the Partnership Agreement. In consideration for these services, the General Partner will be entitled to a one-time fee equal to 4.75% of the subscription proceeds in respect of all the units sold pursuant to the offering described in Note 4, (the “Offering”), to reimburse the General Partner for paying all costs of issue in connection with the formation of the Partnership and the Offering.

An agent’s fees equal to 5.25% of the subscription proceeds received in respect to the Offering will be paid to agents for services rendered in conjunction with the Offering.

The General Partner is entitled to receive a performance bonus allocation payable upon dissolution of the Partnership equal to 50% of the amount per unit available for distribution in excess of \$100 where the amount of distribution shall include, for purposes of this allocation, all cash distributions paid to the Limited Partners prior to the dissolution. In addition immediately prior to the dissolution of the Partnership, the General Partner will be entitled to receive any and all warrants whose exercise price is above the market price for the shares of the applicable Resource Company (out-of-the-money warrants) on such. The General Partner may elect to receive its distribution entitlement in a combination of cash and securities.

### **4. PRIVATE PLACEMENT OFFERING**

On January 11, 2010, the partnership commenced a private placement of units by way of a confidential offering memorandum relating to the private placement offering of up to 200,000 partnership units at a price of \$100 per unit for total gross proceeds of up to \$20,000,000.

**AUDITORS' REPORT**  
**To the Board of Directors of**  
**MineralFields 2010-III Inc.**

We have audited the balance sheet of MineralFields 2010-III Inc. as at January 11, 2010. This financial statement is the responsibility of the Company'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 statements are 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 opening balance sheet presents fairly, in all material respects, the financial position of the Company as at January 11, 2010 in accordance with Canadian generally accepted accounting principles.

TORONTO, Canada  
January 11, 2010

*Collins Barrow Toronto LLP*  
Licensed Public Accountants  
**CHARTERED ACCOUNTANTS**

**MINERALFIELDS 2010-III INC.**

BALANCE SHEET  
AS AT JANUARY 11, 2010

***ASSETS***

Cash \$ 100

***SHAREHOLDER'S EQUITY***

Capital Stock  
Authorized –  
Unlimited common shares

Issued and fully paid –  
100 common shares \$ 100

APPROVED ON BEHALF OF  
THE BOARD OF DIRECTORS:

Joe C. Dwek (signed)  
Director

Imtiaz Hashmani (signed)  
Director

The accompanying notes are an integral part of this financial statement.

# **MINERALFIELDS 2010-III INC.**

## NOTES TO BALANCE SHEET

AS AT JANUARY 11, 2010

### **1. NATURE OF BUSINESS**

MineralFields 2010-III Inc., (the “Company”), was incorporated on January 4, 2010 under the laws of the Province of Ontario. The primary business activity of the Company is to manage and act as the general partner of MineralFields 2010-III Super Flow-Through Limited Partnership (the “Partnership”), an Ontario limited partnership, the primary business of which is to invest in flow-through shares and other securities of resource companies. The Company has remained inactive from the date of incorporation to the balance sheet date other than the issue of 100 common shares for cash.

### **2. MATERIAL CONTRACTS**

The Company is responsible for the management of the Partnership in accordance with the terms of the limited partnership agreement. In consideration for these services, the Company will be entitled to receive a performance bonus allocation payable upon dissolution of the Partnership equal to 50% of the amount per unit available for distribution in excess of \$100.

In addition, in the event that the General Partner does not elect to roll over assets of the Partnership to the affiliated mutual fund on dissolution of the Partnership, immediately prior to the dissolution of the Partnership, the Company will be entitled to receive any and all warrants held by the Partnership whose exercise price is above the market price for the price for the shares of the applicable Resource Company.

The Company is committed to a consulting arrangement with Watts, Griffis and McOuat Limited (“WGM”) for consulting and administrative services in exchange for consulting fees in accordance with the normal hourly rates of WGM.

**CERTIFICATE OF THE PARTNERSHIP**

Dated: January 11, 2010.

**This Offering Memorandum does not contain a misrepresentation.**

**MINERALFIELDS 2010-III SUPER FLOW-THROUGH LIMITED  
PARTNERSHIP**

**by its General Partner MineralFields 2010-III Inc.**

Per: “Joe C. Dwek, C.A.”  
Director, President, and C.E.O.

Per: “Imtiaz Hashmani, C.G.A.”  
Director and CFO

## LIMITED PARTNERSHIP AGREEMENT

This agreement entered is entered into as of **January 5, 2010**

AMONG:

**MINERALFIELDS 2010-III INC.**, a corporation incorporated under the laws of Ontario

(the “**General Partner**”)

OF THE FIRST PART

AND

**JOE C. DWEK**, of the City of Thornhill (Vaughan)

(the “**Initial Limited Partner**”)

OF THE SECOND PART

AND

Each of those parties who, from time to time, is accepted and becomes a limited partner of the Partnership formed pursuant to this Agreement

(individually the “**Limited Partner**” and collectively the “**Limited Partners**”)

OF THE THIRD PART

WHEREAS the General Partner and Initial Limited Partner have decided to enter into this Limited Partnership Agreement (the “**Agreement**”) for the purpose of governing the affairs of the Partnership;

NOW THEREFORE in consideration of the covenants, representations and agreements contained herein, and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties agree as follows:

### 1. Formation of Limited Partnership

1.1 The General Partner and Initial Limited Partner hereby form and enter into the Partnership, to be governed by the laws of Ontario and the terms and conditions of this Agreement.

1.2 The Partnership will be formed effective from the date on which the Declaration is first filed.

### 2. Name, Office and Address

2.1 The name of the Partnership is confirmed to be MINERALFIELDS 2010-III Super FLOW-THROUGH LIMITED PARTNERSHIP or such other name or names as the General Partner may select as necessary or advisable.

2.2 The head office of the Partnership shall be 1110 Finch Avenue West, Suite 210, Toronto, Ontario, M3J 2T2. The General Partner may at any time and from time to time change the location of the Partnership’s head office to another location within Ontario and shall give prompt notice to the Limited Partners of any change in the head office of the Partnership.

2.3 The addresses of the General Partner and the Limited Partners shall be the addresses referred to in Article 23.

### 3. Definitions

3.1 In this Agreement, unless the context otherwise clearly requires, the following words or phrases shall have the following meanings:

(a) “**Act**” means the *Limited Partnerships Act* (Ontario), as amended;

(b) “**Agents’ Fees**” means the fees which may be paid by the Partnership to registered dealers involved in the Offering, normally equal to 5.25 % of the gross proceeds of the Offering;

(c) “**Capital Contribution**” means the initial capital contribution being \$150,000 per Minimum Subscription, together with any additional amount of capital contributed by the Limited Partner in respect of a Unit;

- (d) **“CEE”** means “Canadian exploration expense” as defined in the Tax Act;
- (e) **“Declaration”** means the declaration filed and recorded in respect of the Partnership pursuant to the Act, and all amendments to such declaration filed and recorded as aforesaid;
- (f) **“Distributed Property”** of a Limited Partner means the Limited Partner’s undivided *pro rata* beneficial interest in the property that was held by the Partnership at the time of its dissolution, and that was received by the Limited Partner from the Partnership as a result of the Partnership’s dissolution in accordance with subsection 98(3) of the Tax Act (legal title to such property being transferred to and held by the General Partner as nominee for the benefit of such Limited Partner);
- (g) **“EITC”** means, means, collectively, the investment tax credit of 15 % in respect of an eligible individual’s “flow-through mining expenditure” under the Tax Act, and the tax credit of (a) 20 % in respect of an eligible individual’s BC flow-through mining expenditure under the *Income Tax Act* (British Columbia), (b) 5% in respect of an eligible individual’s Ontario exploration expenditures under the *Income Tax Act* (Ontario), (c) 20% in respect of an eligible individual’s Manitoba exploration expenditures under the *Income Tax Act* (Manitoba), and (d) 10 % in respect of an eligible individual’s Saskatchewan eligible flow-through mining expenditures under the *Mineral Resources Act* (Saskatchewan);
- (h) **“Flow-Through Shares”** means shares which are “flow-through shares” as defined in the Tax Act, and which entitle the holder thereof to income tax deductions in respect of CEE;
- (i) **“General Partner”** means MineralFields 2010-III Inc. and each other party who becomes an alternative general partner of the Partnership pursuant to the terms and conditions of this Agreement;
- (j) **“Initial Limited Partner”** means Joe C. Dwek;
- (k) **“Issue Expenses”** means the amount normally equal to 4.75 % of the gross proceeds of the Offering to be paid by the Partnership to the General Partner on account of the expenses of the Offering (other than the Agents Fees), including, without limitation, the costs of creating and organizing the Partnership, the costs of printing and preparing this Offering Memorandum, initial legal expenses of the Partnership, initial audit expenses of the Partnership, marketing expenses, set-up costs, etc.;
- (l) **“Limited Partner”** means any registered owner of at least Fifteen Hundred (1,500) Units;
- (m) **“Minimum Subscription”** means the minimum subscription per investor of 1,500 Units, or \$150,000;
- (n) **“Net Asset Value”** of the Partnership will be calculated by the General Partner by subtracting the aggregate amount of the Partnership’s liabilities from the aggregate amount of the Partnership’s assets on that date. 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 closing 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 an major dealer in such securities unless a different fair market value is otherwise determined by the General Partner;
- e) the value of any warrant for which no published market exists shall be the greater of zero or the intrinsic value of such warrant (i.e., the difference between the exercise price of the warrant and the underlying market value of the underlying security) on a particular Valuation Date;
- 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 restrictions 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;
- (p) **"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;
- (o) **"Offering"** means the offering of a minimum of 2,500 Units and a maximum of 100,000 Units (subject to an over-allotment of up to 100,000 units, resulting in an increase in the maximum offering to 200,000 Units);
- (p) **"Offering Memorandum"** means the confidential Offering Memorandum of the Partnership dated January 11, 2010 relating to the Offering, and any amendment thereto;
- (q) **"Ordinary Resolution"** means a resolution passed by the Limited Partners, the aggregate number of whose votes represents more than fifty per cent (50 %) of the aggregate number of votes of the Limited Partners who voted in respect of such resolution at a duly convened meeting of the Limited Partners, or any adjournment thereof, or a resolution consented to in writing by Limited Partners, the aggregate number of whose votes represents more than fifty per cent (50 %) of the aggregate number of votes attached to all outstanding Units;
- (r) **"Partners"** mean collectively the Limited Partners and the General Partner, and "Partner" means any one of them;
- (s) **"Partnership"** means MineralFields 2010-III Super Flow-Through Limited Partnership;
- (t) **"Pro Rata"** means in relation to each Limited Partner, the ratio of the number of Units held by a Limited Partner to the number of Units held by all of the Limited Partners;
- (u) **"Registrar and Transfer Agent"** means the General Partner or such other person as is designated from time to time as the registrar and transfer agent for the Units;
- (v) **"Resource Company"** means a corporation which represents to the Partnership that it is a "principal-business corporation" as defined in subsection 66(15) of the Tax Act that is engaged by itself or through its agents in the exploration for mineral resources in Canada, and intends to incur CEE on properties within Canada;
- (w) **"Revenue Canada"** or **"CRA"** means the Canada Revenue Agency;

- (x) **“special resolution”** means a resolution passed by 66 2/3 % or more of the votes cast in respect of such resolution at a duly constituted meeting of the Limited Partners called for the purpose of considering such resolution, at which a quorum is present, or, alternatively, a written resolution signed in one or more counterparts by Limited Partners holding not less than 66 2/3 % of the Units outstanding and entitled to vote on such resolution at a meeting;
- (y) **“Subscription and Power of Attorney Form”** means the form attached hereto as Schedule “A”;
- (z) **“Subscription Agreements”** means the agreements among the General Partner, the Partnership and Resource Companies pursuant to which the Partnership will subscribe for Flow-Through Shares and the Resource Companies will agree to incur and renounce CEE in favour of the Partnership and will issue Flow-Through Shares to the Partnership in consideration for the subscription by the Partnership for such Flow-Through Shares;
- (aa) **“Tax Act”** means the *Income Tax Act* (Canada), as amended; and,
- (bb) **“Unit”** means the interest of a Limited Partner in the Partnership in respect of each One Hundred Dollars (\$100) contributed.

3.2 Any term not defined herein shall have the meaning ascribed thereto in the Offering Memorandum, and shall be a defined term for the purposes hereof.

#### 4. Partnership Purposes and Powers

4.1 The business of the Partnership will be restricted to investing in Flow-Through Shares (with a preference for those that give rise to EITCs), and reinvesting the proceeds of any sale thereof as provided elsewhere in this Agreement. Subscriptions will be entered into pursuant to Subscription Agreements entered into with Resource Companies pursuant to which Resource Companies will agree to incur and renounce CEE in favour of the Partnership and will issue Flow-Through Shares (including, without limitation, warrants or other instruments or securities) in consideration for the subscription by the Partnership for such Flow-Through Shares. The Partnership shall not carry on any other active business provided that the foregoing shall not be interpreted so as to prevent the Partnership from investing and reinvesting its funds, subject to the restrictions herein contained.

#### 5. Admission of Limited Partners and Contributions

- 5.1 The interests of the Limited Partners in the Partnership shall be divided into Units. Each Unit shall, subject to Section 5.2, have attached thereto the same rights and obligations as, and shall rank equally and *pari passu* with, each other Unit with respect to distributions, allocations and voting.
- 5.2 The Initial Limited Partner subscribes for one Unit for an aggregate capital contribution of \$25 and such subscription is accepted by the General Partner. Upon one or more other persons becoming Limited Partners, the Initial Limited Partner shall be entitled to and shall receive payment from the Partnership of \$25 as a return of the capital contributed by such Initial Limited Partner and the Unit issued to the Initial Limited Partner shall be redeemed and cancelled.
- 5.3 The General Partner may admit Limited Partners from time to time up to and including December 31, 2010, by the issue of up to 100,000 Units (or up to 200,000 units if the over-allotment is fully exercised), may determine the terms and conditions of the offering and sale of the Units and may do all such things as may be necessary or advisable to give effect to such offering and sale (including, without limitation, the filing of any prospectus or any amendment thereto, the payment of Issue Expenses and the entry into of agreements to pay Agent Commissions and a with respect to the offering or sale of Units) and any such acts done are hereby ratified and confirmed. Each person subscribing for Units must complete, execute and deliver to, or to the order of, the General Partner the Subscription and Power of Attorney form and any other documents deemed necessary by the General Partner to comply with applicable securities laws and the terms and conditions of issue. A subscriber for Units shall become a Limited Partner upon the acceptance by the General Partner of the Subscription and Power of Attorney form and other documents and the amendment of the register of Limited Partners to include the subscriber as a Limited Partner in accordance with the Act and, thereupon, the Limited Partners hereby consent to the admission of, and will admit, additional Limited Partners to the Partnership without further act of the Partners.

- 5.4 Upon compliance with the other terms and conditions of this Agreement, the General Partner shall amend the Declaration in accordance with the Act to include such information as is required to be stated in the Declaration and shall make such other filings and recordings as may be required by law.
- 5.5 The General Partner may, for any reason in its discretion, refuse to accept any subscription for a Unit. In the event of any such refusal or in the event of the acceptance of a Subscription and Power of Attorney form but a failure to amend the Declaration in accordance with the Act to include the subscriber as a Limited Partner, the General Partner shall cause the return of the Subscription and Power of Attorney form, accompanying documents and any contribution of capital to the subscriber.
- 5.6 Each Limited Partner shall contribute or agree to contribute to the capital of the Partnership the Capital Contribution for each Unit subscribed for in accordance with the terms and conditions specified in the Subscription and Power of Attorney Form or in accordance with such other equivalent terms and conditions as the General Partner determines reasonable.
- 5.7 No Limited Partner shall be required to make any contribution to the capital of the Partnership in excess of the Capital Contribution.
- 5.8 No issue of a fraction of a Unit may be made or will be recognized.
- 5.9 The Capital Contribution for each Unit shall be payable in full at the time of subscription, or, if the General Partner so determines, in part at the time of subscription and the balance on such terms, with such interest and with such security, if any, as the General Partner shall determine.
- 5.10 The Partnership has, in addition to any other recourse provided at law, and subject to the provisions of any applicable legislation protecting the rights of debtors, the following rights in respect of a Limited Partner who defaults in the payment of any instalment of the Capital Contribution:
- (a) the Partnership may (unless, in respect of payments other than the initial instalment paid at the time of subscription, the default is remedied within 15 calendar days after notice thereof), declare the Units held by such defaulting Limited Partner to be irrevocably forfeited to the Partnership (subject to compliance with the requirements of any applicable law), and if any such Units are forfeited pursuant to this subsection, they will be cancelled and the Partnership will have no recourse against such Limited Partner in respect of such default, provided that the Partnership shall be entitled to retain any payments made by such defaulting Limited Partnership in the form of liquidated damages and not as a penalty (the reasonableness of which is expressly acknowledged by all Limited Partners); or,
  - (b) the Partnership may (unless, in respect of payments other than the initial instalment paid at the time of subscription, the default is remedied within 15 calendar days after notice thereof):
    - (i) sell under such terms and in such manner as the General Partner may deem appropriate, the defaulting Limited Partner's Units or any part of them (but not fractional Units) on behalf of the Limited Partner, with the net proceeds of the sale to be used to satisfy the unpaid instalment, interest thereon plus costs incurred by the Partnership in exercising its remedies in the event of default, and any surplus will be paid to the defaulting Limited Partner, and if the net proceeds of sale are not sufficient to remedy the default, the Partnership may institute legal proceedings against the defaulting Limited Partner to recover the deficiency, with any deficiency payable on demand; and/or,
    - (ii) institute proceedings against the defaulting Limited Partner to recover the unpaid instalment(s), plus interest thereon; and/or,
    - (iii) withhold from the defaulting Limited Partner any distributions or other amounts which are then, and from time to time thereafter, otherwise distributable or payable to such Limited Partner until such time as the aggregate amount of such distributions withheld is equal to the amount of such unpaid amount owing by such Limited Partner, together with interest thereon, and shall, in such event, apply the withheld distribution against the unpaid amount owing by such Limited Partner, together with interest and, in such event, the defaulting Limited Partner will continue to hold the Units held by him or her, other than those Units sold by the General Partner in the exercise of its discretion, with any withheld distribution to be allocated to the defaulting Limited Partner in accordance with the provisions of the Partnership Agreement and to be retained by the Partnership for Partnership purposes.

All payments owing by the Limited Partner that are in default shall bear interest at the rate of 3 % per annum over the prime rate charged by the Partnership's principal bank from time to time.

- 5.11 A charge of \$50 will be payable to the General Partner by any Limited Partner for each post-dated cheque that is not honoured.
- 5.12 Any failure to give, or any delay in giving, notice of a default to the holder of an instalment receipt or Unit shall not affect the liability of such holder for payment of the Capital Contribution for such Unit or any other Unit.
- 5.13 If a holder of a Unit is in default in payment of the Capital Contribution, the Unit in respect of which payment is in default and any other Unit registered in the name of the holder may not thereafter be transferred until the portion of the Capital Contribution which is due and owing and any interest accrued, and enforcement remedy costs, in respect of that Unit have been paid in full.
- 5.14 A Limited Partner liable for a portion of the Capital Contribution which is not paid (and cleared) when due and owing is liable in addition to pay interest on so much of the Capital Contribution as from time to time remains unpaid accruing from the due date to the date of payment at a rate 3 % per annum above the prime rate charged by the Partnership's principal bank from time to time.
- 5.15 All payments on account of a portion of the Capital Contribution which is due and owing or interest thereon, however directed, will be applied first towards the costs of the General Partner in collecting such amounts or selling the Unit(s), second towards interest, and third towards satisfaction of the unpaid portion of the Capital Contribution.
- 5.16 The Partnership may set off against and withhold from any amount that would otherwise be distributed to the holder of a Unit or instalment receipt, any amount that may be due and owing to the Partnership on account of any unpaid portion of the Capital Contribution for any Unit and interest accrued thereon.
- 5.17 The sale of a Unit pursuant to Section 5.10 hereof and the application of the proceeds as therein provided, or the forfeiture of a Unit pursuant to Section 5.10, will not, if a deficiency remains after sale or forfeiture, extinguish the liability of the former holder for any amount that may remain unsatisfied or for the interest which will continue to accrue thereon.

## **6. Units and Unit Certificates**

- 6.1 The Partnership shall be authorized to issue the maximum number of Units described in the Offering Memorandum in addition to the interest of the Initial Limited Partner. Each of the issued and outstanding Units shall be equal to each other with respect to all matters, including, without limitation, the right to vote and receive distributions from the Partnership.
- 6.2 Each Limited Partner is entitled to one (1) vote for each Unit held by him in respect of all matters to be decided by the Limited Partners.
- 6.3 The General Partner as the Registrar and Transfer Agent shall deliver to each Limited Partner written confirmation ("**Written Confirmation**") of Units subscribed for. A Written Confirmation may be delivered to a Limited Partner entitled thereto by being mailed by prepaid post addressed to the address of such Limited Partners shown in the Register (or in the case of a Unit in the name of one or more persons, to the person whose name first appears on the Subscription Agreement), and none of the Partnership, the General Partner as the Registrar and Transfer Agent shall be liable for any loss occasioned to any Limited Partner by reason that the Written Confirmation so posted is lost or stolen from the mails or is not delivered.
- 6.4 Where a Limited Partner claims that a Written Confirmation representing a Unit recorded in the name of such Partner has been defaced or apparently lost, destroyed or wrongly taken, the General Partner shall issue a new Written Confirmation, provided that such Limited Partner satisfies such other requirements as are reasonably imposed by the General Partner.
- 6.5 Where a Unit is subscribed for by or assigned to two or more persons, or a Unit is in the name of two or more persons:
- (a) the name of each person shall be shown on the Written Confirmation in respect of the Unit;
  - (b) the Unit shall be presumed by the Partnership to be held jointly;

- (c) the Written Confirmation shall be delivered to the person whose name appears first on the Register in respect of the Unit;
  - (d) amounts distributed by the Partnership in respect of the Unit may be sent to the person whose name appears first on the Register in respect of the Units or to such one of them as the joint holders direct in writing, and any one of such persons may give effectual receipts for any monies or assets distributed in respect of the Unit with the other of such persons having no further recourse against the Partnership; and
  - (e) any one of such persons may vote in respect of the Unit as if that person were solely entitled thereto, but if more than one of such persons is present or is represented at a meeting, the person whose name appears first on the Register in respect of the Unit shall alone be entitled to vote in respect thereof.
- 6.6 Each Limited Partner hereby grants, assigns, conveys, transfers, pledges, mortgages, hypothecates, charges and sets over to the Partnership, and grants a security interest in, the Units subscribed for by such Limited Partner and such Limited Partner's interest in the Partnership, as security for the payment when due of the instalment payments of the Capital Contribution to be made by such Limited Partner, the foregoing transfer, pledge, mortgage, charge, and security interest to expire in the case of any Limited Partner all of whose instalments (together with any applicable interest and enforcement remedy costs) have been paid to the Partnership and have irrevocably cleared the Partnership's bank account.
- 6.7 At each closing, each Limited Partner who has not paid the full Capital Contribution, but rather has issued one or more post-dated cheques in respect of instalment payments, shall be entitled, upon request, to be issued an instalment receipt evidencing such Limited Partner's beneficial ownership of the number of Units held by such Limited Partner, and the right of such Limited Partner to receive a Written Confirmation representing such Units upon receipt (and clearance) in full by the Partnership of the aggregate amount of such Capital Contribution, together with any interest and enforcement costs in the event of any defaulted payments. The instalment receipt shall be in such form as the General Partner may from time to time approve. Each instalment receipt must be signed by at least one officer or director of the General Partner, but any signature appearing thereon may be mechanically reproduced, and the validity of an instalment receipt shall 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 such person's signature in that office was authorized.

## **7. Allocations and Distributions**

- 7.1 The Partnership shall establish and maintain a capital account for each Partner, which account shall be credited with the Capital Contributions made by the Partners to the Partnership, and credited or debited, as the case may be, with the amounts from time to time allocated or distributed to the Partners in accordance with the terms hereof.
- 7.2 Unless otherwise provided herein, where an amount is to be allocated or distributed to any Limited Partner, such allocation or distribution shall be made Pro Rata among the Limited Partners of record at the end of each fiscal year in the case of an allocation and as at the date of the distribution in the case of any distribution.
- 7.3 All income, gains and proceeds and losses, expenditures, tax credits, costs or deductions of the Partnership properly allocable to the Partners for the Tax Act shall be allocated as follows at the end of each fiscal year:

General Partner: as described in Section 7.7 hereof.

Limited Partners: 100% for all items over and above allocation of gains to the General Partner represented by the General Partner's entitlement as described in section 7.7 hereof (see section 14.5 hereof).

- 7.4 No distributions shall be made unless, after making the distribution, sufficient property of the Partnership remains to satisfy all liabilities of and claims against the Partnership to persons who are not Partners. Any property of the Partnership that is required to pay any liabilities of the Partnership immediately prior to its dissolution shall be transferred to the General Partner in exchange for the assumption of any such liabilities by the General Partner, at such time. Notwithstanding anything contained herein, the General Partner may require that Limited Partners return all of part of such distributions as have rendered the Partnership unable to meet its obligations, and may require any Limited Partner to forthwith return to the Partnership any amount distributed to such Limited Partners in excess of such Limited Partner's entitlement.

- 7.5 No Partner shall be entitled to a return, or to demand a return, of any of such Partner's Capital Contribution or entitled to any distribution or allocation except as provided herein.
- 7.6 Except as provided herein, no Partner has the right to receive interest on any credit balance in accounts maintained on the books of the Partnership and no Partner is liable to pay interest to the Partnership on any deficit in any accounts maintained on the books of the Partnership.
- 7.7 On or before the business day prior to the date of dissolution or termination of the Partnership, the General Partner shall be entitled to receive a one-time distribution from the Partnership equal to 50% of the amount, if any, by which the value of the portfolio of the Partnership at that time, on a per Unit basis, exceeds \$100 per Unit (however, any cash distributions that were paid to the Limited Partners prior to the dissolution of the Partnership, on a per Unit basis, will be included in the determination of the value of Partnership's portfolio, and so the amount distributed to the General Partner may be increased as a consequence). For this purpose, the value of the portfolio, consisting of the securities of the Resource Companies, cash, and any other securities purchased by the Partnership from the proceeds of sale of any Flow-Through Shares purchased by the Partnership, shall be based on the closing trading price of the shares and other securities as at the date of distribution to the General Partner.

In addition to the foregoing, at the time of such distribution or, if the amount of such distribution is nil, immediately prior to the dissolution of the Partnership, the General Partner will be entitled to receive any and all warrants whose exercise price is above the market price for the shares of the applicable Resource Company (out-of-the-money warrants) on such date and the Limited Partners will have no interest in such out-of-the-money warrants.

For purposes of section 14.5, the Partnership's obligation to satisfy the entitlements above shall be treated as a liability of the Partnership until distributed and shall, in any event, be distributed prior to the dissolution of the Partnership.

The General Partner shall be entitled to elect to receive, and to receive, with respect to its distribution entitlement, a combination of cash and Resource Company securities. The General Partner may elect to receive its entire interest in the form of cash, except for any out-of-the-money warrants, which will be distributed to the General Partner in kind.

## **8. Reimbursement and Remuneration of General Partner**

- 8.1 The General Partner may from time to time incur expenses on behalf and for the account of the Partnership, and any such expenses incurred by the General Partner on behalf of or for the account of the Partnership shall be reimbursed by the Partnership, or, in the event that funds on hand are insufficient for such reimbursement, may be paid by the General Partner and shall be considered an advance to the Partnership from the General Partner, which shall be reimbursed to the General Partner. Notwithstanding the foregoing, there is no obligation on the General Partner to advance any amount to the Partnership.
- 8.2 The General Partner is entitled to reimbursement by the Partnership of any advance by the General Partner to the Partnership together with interest thereon at the rate of interest and expense relative thereto at which such amounts are borrowed by the General Partner from its bankers, but such interest and expenses shall not exceed that which the Partnership could obtain from recognised financial establishments with respect to similar borrowings.
- 8.3 On and after January 1, 2010 and not before, the General Partner is entitled to a fee equal to four and three-quarters per cent (4.75 %) of the aggregate of the total Capital Contributions to reimburse the General Partner for paying all costs of issue in connection with the formation of the Partnership and the Offering Memorandum. In addition, five and a quarter per cent (5.25 %) of the aggregate of the total Capital Contributions will be paid to qualified agents in respect of all Units sold pursuant to the Offering in order to compensate them.

## **9. Management of Partnership**

- 9.1 The General Partner shall manage, control and operate the business of the Partnership and do or cause to be done in a prudent and reasonable manner any and all acts necessary, appropriate or incidental to the business of the Partnership.
- 9.2 No Limited Partner, as such, shall take part in the management or control of the business of the Partnership or transact any business for the Partnership, nor does any Limited Partner have the power to sign for or bind the Partnership.

## 10. Powers and Authority of the General Partner

10.1 No person dealing with the Partnership is required to inquire into the authority of the General Partner to take any action or to make any decision in the name of the Partnership.

10.2 In addition to the other powers and authorities possessed by the General Partner pursuant to the Act or conferred by law or elsewhere in this Agreement, the General Partner shall have the power and authority to manage, control and operate the business and affairs of the Partnership and to do or cause to be done on behalf of the Partnership any and all acts necessary, convenient or incidental to the business of the Partnership, including without limitation:

- (a) to open bank accounts for the Partnership and designate from time to time the signatories to such accounts;
- (b) to invest funds not immediately required for the operations of the Partnership in high-quality money market instruments, including Canadian and U.S. Treasury Bills, term deposits with Canadian banks and bankers acceptances issued by such banks;
- (c) to vote and represent (or appoint proxies for same) the Partnership at all meetings of companies in which the Partnership holds voting securities; and to exercise any and all rights and execute any and all documents, in its absolute discretion, relating to the Partnership's participation in such companies;
- (d) to enter into all agreements and do any act, take any proceedings, make any decision and execute and deliver any instrument, deed, agreement or document, which the General Partner may, in its discretion, determine necessary for purposes of carrying on the business of the Partnership;
- (e) to borrow money from time to time without limit as to the terms thereof, and to draw, make and execute and issue promissory notes, evidences of indebtedness and other negotiable and non-negotiable instruments and to secure the payment thereof by mortgage, charge, debenture, pledge or by the creation of any other appropriate security interest;
- (f) to obtain and maintain insurance in such amounts and with such coverage as in the judgment of the General Partner may be necessary or advisable with respect to the business of the Partnership;
- (g) to enter into financing, sales, agency and other agreements and arrangements in connection with the offering and sale of Units;
- (h) to invest funds of the Partnership as provided in this Agreement;
- (i) to submit to binding arbitration any matters pertaining to the assets, undertaking or business of the Partnership;
- (j) to enter into and acquire other partnerships, companies or business organizations or incorporate, operate and participate in other partnerships, companies or business organizations necessary or advisable for the business of the Partnership and vote for and represent (or appoint proxies for same) the Partnership at all meetings of such partnerships, companies or business organizations and to exercise any and all rights and execute any and all documents, in its absolute discretion, relating to the Partnership's participating in such other partnerships, companies or business organizations;
- (k) to oversee the distribution of the assets of the Partnership after payment or satisfaction of the liabilities of the Partnership in accordance with this Agreement;
- (l) to commence and defend any action or proceeding in connection with the Partnership;
- (m) to file all reports, returns and other filings under the Income Tax Act or otherwise;
- (n) to employ all persons necessary for the conduct of the business of the Partnership; and
- (o) to retain such legal counsel, experts, advisors or consultants as the General Partner considers appropriate.

10.3 The General Partner may contract with any person to carry out any of the duties of the General Partner and may delegate to such person any power and authority of the General Partner hereunder, but no such contract or delegation shall relieve the General Partner of any of its obligations hereunder.

## **11. Fiscal Year, Register, Accounting and Reporting**

- 11.1 The first fiscal period or year of the Partnership shall be the period ending December 31, 2010, and thereafter, the fiscal year of the Partnership shall be the period from and including January 1 and to and including December 31.
- 11.2 The General Partner shall act as registrar and transfer agent for the Partnership Units and shall maintain or cause to be maintained such books as are necessary to record the names and addresses of the Limited Partners, the number of Units held by each Limited Partner and particulars of transfers of Units.
- 11.3 In addition to the books referred to in paragraph 11.2, the General Partner shall keep adequate books and records reflecting the activities of the Partnership. Until the Partnership is dissolved or terminated and for a reasonable period thereafter, such books and records will be kept available for inspection and audit by any Limited Partner or his duly authorized representatives during business hours at the offices of the General Partner. Upon request by a Limited Partner or his duly authorized representative, the General Partner shall, at the expense of such Limited Partner, furnish a copy of the Partnership Declaration.
- 11.4 The General Partner shall deliver to Limited Partners annual reports with respect to the finances of the Partnership and the business operations of the Partnership by March 31 in each year. The annual report shall include a balance sheet, statement of income, statement of changes in financial position and statement of changes in capital together with a report of all allocations and distributions made to the Partners and with tax information to enable each Limited Partner to complete and file his tax return.
- 11.5 Each person who is a member of the Partnership in a year is required to file an information return on or before the last day of March in the following year, or where the Partnership is dissolved, within 90 days of its dissolution. A return made by one partner will be deemed to be made by each partner. The General Partner shall file any such information return, commencing with the return in respect of 2010.

## **12. Liability of Partners**

- 12.1 The General Partner has unlimited liability for the debts, liabilities and obligations of the Partnership to the extent of its assets.
- 12.2 Subject to applicable laws, the liability of each Limited Partner for the debts, liabilities and obligations of the Partnership shall be limited to the aggregate amount of his Capital Contributions and any additional amount the Limited Partner has agreed to contribute to the Partnership and such Limited Partner's share of the undistributed assets of the Partnership. A Limited Partner shall have no further liability for such debts, liabilities and obligations of the Partnership and shall not be liable for, any further calls or assessments for further contributions to the Partnership.
- 12.3 The Partnership and the General Partner shall, to the greatest extent practical, endeavour to maintain the limited liability of the Limited Partners under the applicable laws and regulations of the jurisdictions of Canada in which it or the Partnership carries on or is deemed to carry on business.
- 12.4 Except for material gross negligence or material wilful misconduct, the General Partner shall not be liable to the Limited Partners or Partnership for:
- (a) any mistakes or errors in judgment, or
  - (b) any act or omission believed in good faith by the General Partner to be within the scope of authority conferred by this Agreement.
- 12.5 The General Partner shall indemnify and hold harmless each Limited Partner (including former Limited Partners) from and against all costs and damages incurred by such Limited Partner that result from not having limited liability, provided that such loss was caused by an act or omission of the General Partner, provided further that the foregoing indemnification shall only cover, in respect of each Limited Partner, the amount in excess of the amount determined in paragraphs 96(2.2)(a) and (b) of the Tax Act. The General Partner will indemnify the Partnership for any damages incurred by the Partnership as a result of a material act of gross negligence or wilful misconduct by the General Partner or of any material

act or omission not believed in good faith by the General Partner to be within the scope of authority conferred by this Agreement.

12.6 No Limited Partner, as such, shall take part in the management or control of the business of the Partnership or transact any business for the Partnership nor may any Limited Partner, as such, have the power to sign for or bind the Partnership.

12.7 It is acknowledged by the Limited Partners that upon dissolution of the Partnership, the Limited Partners may receive Distributed Property and will thereafter no longer have limited liability with respect to the ownership of such assets.

### 13. Term

13.1 The Partnership will conduct business until November 1, 2011 unless dissolved and terminated earlier (or extended) in accordance with the terms of Article 14 (or Article 21) or by operation of law.

### 14. Dissolution of Partnership and Optional Donation of Assets to Charity

14.1 Notwithstanding any rule of law to the contrary, the Partnership shall not be terminated and dissolved except in the manner provided for in this Agreement. Without limiting the generality of the foregoing, other than as set out in Section 14.2, the Partnership shall not be dissolved or terminated by the admission of any new Partner, or by the withdrawal, removal, death, mental incompetence, insolvency, bankruptcy or other disability of a Limited Partner. The Partnership will not be dissolved by the retirement, death or mental incompetence of a General Partner, or dissolution of a corporate General Partner.

14.2 The Partnership will dissolve on the date or upon the occurrence of any of the following events:

- (a) November 1, 2011 (the “**Targeted Dissolution Date**”), unless (1) a special resolution with the concurrence of the General Partner, prohibiting such dissolution has been passed, which special resolution shall specify a new date upon which the Partnership will be dissolved, or (2) the requirements of paragraph 14.2(b) or (c) have been met;
- (b) at any time prior to November 1, 2011, but not on or prior to December 31, 2010, at the General Partner’s sole discretion, with the new date or date range (the “**Accelerated Dissolution Date**”) to be set by the General Partner;
- (c) [deleted];
- (d) at any other time, provided that a special resolution has been passed and has received the approval of the General Partner;
- (e) the appointment of a trustee, receiver or liquidator by reason of the bankruptcy, insolvency, liquidation, dissolution of winding up of the General Partner or the occurrence of any other event that would permit a trustee, receiver or liquidator to administer the affairs of the General Partner, provided that such trustee, receiver or liquidator has continued in office for a period of sixty (60) consecutive days and provided that an additional or alternative General Partner is not appointed within one hundred and eighty (180) days after the appointment of such trustee, receiver or liquidator.

In the event of the termination and dissolution of the Partnership, upon satisfaction of all Partners’ rights under the terms hereof, this Agreement shall terminate and be of no further force and effect.

14.4 In the event of the dissolution of the Partnership for any reason, the General Partner shall act as the receiver of the Partnership. If the General Partner is unable or unwilling to act as receiver, the Limited Partners shall by Ordinary Resolution appoint some other appropriate person or firm to act as receiver (the General Partner or such person or firm, in its capacity as receiver, is hereinafter referred to as “**Receiver**”). The Receiver shall proceed diligently to allocate and distribute the assets of the Partnership to the Partners.

14.5 The dissolution shall occur in accordance with the provisions of subsection 98(3) of the Tax Act. After the payment of all liabilities owing to creditors (which the General Partner will assume on the date prior to the Partnership’s dissolution in consideration for a payment from the Partnership of an amount equal thereto) and the General Partner (including, for greater certainty, any distribution entitlements of the General Partner as provided under section 7.7 hereof), and upon dissolution or termination of the Partnership, the Limited Partners shall be entitled to receive a share of all of the remaining assets of the Partnership on a Pro Rata basis, and the General Partner shall not be entitled to any share therein.

14.6 Within a reasonable time following the completion of the determination of the Partnership's assets, the Receiver shall supply each of the Limited Partners with a statement which shall set forth the details of the calculation of each Partner's share of the distribution pursuant to Section 14.5.

14.7 No Limited Partner shall have any right to demand or receive property upon dissolution and termination of the Partnership or to demand the return of his Capital Contribution to the Partnership except as provided in this Article 14.

14.8 Each Limited Partner hereby:

- (a) appoints the General Partner to hold legal title as nominee in respect of the Limited Partner's Distributed Property and directs the Partnership to transfer legal title in respect of his or her Distributed Property in such manner on dissolution; and
- (b) subject to Section 14.9, directs the General Partner as nominee to donate to the charity designated by such Limited Partner such Limited Partner's Distributed Property (other than any Distributed Property consisting of cash, which will be paid over to the Limited Partners by the General Partner in a reasonably expedient manner).

In order to be eligible to receive a donation of a Limited Partner's Distributed Property, the charity must be a "qualified donee" by virtue of being registered under the Tax Act and must have signed the agreement in the form attached as an Exhibit to the Offering Memorandum appointing the General Partner as the charity's agent and authorizing the General Partner to sell, on behalf of the charity, its undivided share of donated securities of Resource Companies through a single brokerage account in which all securities of Resource Companies donated to all charities designated by Limited Partners are pooled for the purpose of orderly sale and subsequent distribution of net sale proceeds.

14.9 If a Limited Partner does not designate a charity that is registered under the Tax Act, if the charity does not sign the agreement in the form attached as an Exhibit to the Offering Memorandum or if the charity does not accept the donation, then such Limited Partner's Distributed Property will be pooled with the assets donated by other Limited Partners to eligible charities, and such Limited Partner hereby appoints the General Partner as his or her agent and authorizes the General Partner to sell, on behalf of such Limited Partner, his or her undivided *pro rata* share of the securities of Resource Companies comprised in the Limited Partner's Distributed Property as calculated pursuant to Section 14.5, through a single brokerage account in which all securities of Resource Companies donated to all charities designated by the other Limited Partners are also pooled, for the purpose of orderly sale. Upon sale of all such securities in the pooled brokerage account, the General Partner shall arrange to distribute to such Limited Partner his or her Pro Rata share of the net sale proceeds.

14.10 Upon completion of the dissolution of the Partnership and the distribution of all Partnership funds and assets to the Partners, the Partnership shall terminate, and the General Partner shall have the authority to execute and record a declaration of dissolution as well as any other documents required to effect the dissolution and termination of the Partnership, as well as any other documents required to effect dissolution and termination of the Partnership.

14.11 For the purposes of determining the respective Limited Partners' entitlement to the assets to be distributed in respect of the dissolution of the Partnership, the Pro Rata shares shall be determined with reference only to those persons who are shown in the register of Limited Partners on the date of dissolution of the Partnership.

## **15. Investment, Return of Funds and Reinvestment**

15.1 Any funds received by the Partnership, which are not immediately required for disbursement by the Partnership, shall be invested by the General Partner, until required, in high-quality money market instruments, including Canadian and U.S. Treasury Bills, term deposits with Canadian banks, and bankers acceptances issued by such banks.

15.2 Should any amount of the proceeds from the offering of Units, net of the Issue Expenses and the Agents Fees, not be committed for expenditure by December 31, 2010, pursuant to Subscription Agreements, the General Partner shall distribute or cause to be distributed on or before January 31, 2011 to each Limited Partner of record as of December 31, 2010, his or her Pro Rata share of the uncommitted portion of such proceeds, together with accrued interest thereon, if any.

15.3 The Partnership will have the right to take advantage of any rising share prices, and provided that any resale restrictions imposed by applicable securities legislation have expired, to sell the Flow-Through Shares owned by the Partnership in the market. The proceeds of such sale may, at the discretion of the General Partner, be:

- (a) held in interest-bearing accounts by the Partnership;
- (b) distributed to the Limited Partners;
- (c) reinvested by the General Partner into high-quality money market instruments (including government treasury bills);
- (d) reinvested in Flow-Through Shares of Resource Companies who meet the Partnership's investment criteria, and result in further tax benefits for the Limited Partners; or
- (e) reinvested in non-flow-through shares of the same Resource Companies (and to an extent no greater than the number of Flow-Through Shares of such Resource Companies originally acquired by the Partnership that have since been sold by the Partnership), but only if this can be accomplished at prices below market, as well as below the price at which the Flow-Through Shares were sold;
- (f) reinvested in securities of resource issuers (other than Resource Companies in which the Partnership has already invested) whose shares are listed on the TSX, TSXV, New York Stock Exchange, American Stock Exchange, Nasdaq Stock Market, London Stock Exchange, or Australian Stock Exchange.

15.4 The Partnership shall further have the right to exercise any warrants held by it in the event that the current market price for the underlying common shares is greater than the warrant's exercise price. For greater certainty, in accordance with its powers set out in Article 10.2, and without restricting the generality thereof, the General Partner shall have the right to determine the extent to which (i) any warrants held by the Partnership are to be exercised and (ii) any other securities are to be disposed of in order to generate proceeds which may be applied toward the exercise price of any warrants (notwithstanding that any such dispositions may give rise to tax consequences for the Partners).

## **16. Issue, Assignment and Ownership of Units**

16.1 Subject to applicable securities laws, regulations and orders, and to compliance with the terms and conditions of this Agreement, a Unit not may be assigned, unless the General Partner shall have first consented to such transfer in writing, which consent shall not be unreasonably withheld upon satisfaction of the following conditions. To effect such an assignment, a Limited Partner, or his duly authorized agent, shall:

- (a) notify, the General Partner, in writing, irrevocably, of his or her intention to transfer the Unit(s) specified in such notice;
- (b) deliver, or cause to be delivered, to the General Partner, a transfer form substantially in the form provided by the General Partner (which shall include, among other things, a confirmation by the parties thereto that the transfer or assignment shall not occur on a "public market" within the meaning of the Tax Act), completed and executed by such Limited Partner, or his agent, and by the assignee;
- (c) satisfy the General Partner in the General Partner's sole and absolute discretion that the assignee is a person capable of assuming the risks connected with an investment in the Partnership, as well as being a person generally suitable as a limited partner in the Partnership, and that an assignment to the assignee will not violate or offend the letter or spirit of the Securities Act of the province of residence of the assignor or assignee;
- (d) provide such reasonable evidence and information as the General Partner may require;
- (e) deliver an Assignment executed by the assignee whereby the assignee agrees to be bound by the terms of this Agreement and to assume the obligations of a Limited Partner under this Agreement, in form and substance satisfactory to the General Partner; and
- (f) pay the reasonable fees and expenses of the registrar and transfer agent of the Partnership in connection with the assignment;

provided that no such assignee shall become a Limited Partner until all filings and recordings required by law have been duly made, including the amendment of the record of Limited Partners to include the assignor as a Limited Partner in accordance with the Limited Partnership Act. If the assignee is entitled to become a Limited Partner pursuant to the provisions hereof, the General Partner is authorized to admit the assignee to the Partnership as a Limited Partner and the

Partners hereby consent to the admission of, and will admit, the assignee to the Partnership as a Limited Partner without further act of the Partners.

16.2 An assignment shall be deemed to take effect on the date the record of Limited Partners is amended to include the assignee as a Limited Partner with respect to such assignment in accordance with the Act.

16.3 If the assignor of a Unit is a firm or corporation, or purports to assign such Unit in any representative capacity, or if an assignment results from the death, mental incapacity or bankruptcy of a Limited Partner or is otherwise involuntary, the assignor or his legal representative shall furnish to the General Partner such documents, certificates, assurances, court orders and other materials as the General Partner may reasonably require to cause such assignment to be effected.

16.4 No assignment of a fraction of a Unit may be made or will be recognized.

16.5 No assignment shall relieve the transferor from any obligations to the Partnership incurred prior to the assignment becoming effective.

16.6 Notwithstanding any other provision of this Agreement, a transfer or assignment of a Unit shall not be effective, shall be void from the outset and the General Partner shall be deemed not to have consented thereto if it was to have occurred on a "public market" within the meaning of the Tax Act, unless the General Partner provided advance written consent of both (i) the general terms of the transfer or assignment and (ii) that the transfer or assignment occur on a "public market" within the meaning of the Tax Act.

## **17. Conflicts of Interest**

17.1 The Limited Partners acknowledge that:

- (a) the General Partner and its affiliates and their respective directors and officers are permitted to be engaged, indirectly or directly, in and continue in the exploration and development of natural resource properties in Canada and elsewhere, or activities related or peripheral thereto;
- (b) the exploration and development activities of Resource Companies may lead to the incidental result of providing additional information with respect to, or augmenting the value of properties in which the General Partner or other parties not at arm's length with the General Partner have or subsequently acquire either a direct or indirect interest;
- (c) the services of the directors and officers of the General Partner are not exclusive to the Partnership, and the officers and directors of the General Partner may, from time to time, engage in the promotion, management or investment management of another fund or partnership, including future partnerships and other funds, partnerships or entities which invest primarily in Flow-Through Shares;
- (d) affiliates and officers of affiliates of the General Partner may serve as directors of resource companies which issue Flow-Through Shares to the Partnership; and
- (e) there are certain other activities listed in the Offering Memorandum under the heading "Conflicts of Interest" or elsewhere, which the Limited Partners expressly acknowledge that they have read and understood.

17.2 Subject to the General Partner's obligations in paragraph 9.1 and 18.1, the Limited Partners agree that the activities and facts set forth in paragraph 17.1 shall not constitute an improper, impermissible or actionable conflict of interest or breach of fiduciary duty to the Partnership or the Limited Partners, and the Limited Partners hereby consent to such activities. The Limited Partners further agree that neither the General Partner nor any other party referred to in paragraph 17.1 will be required to account to the Partnership or any Limited Partner for any benefit or profit derived from any such activities or from such similar or competing activity or any transaction relating thereto by reason of any conflict of interest or the fiduciary relationship created by virtue of the position of the General Partner hereunder unless such activity is contrary to the express terms of this Agreement.

## **18. Conduct of Business**

18.1 The General Partner agrees to conduct the business of the Partnership in the following manner:

- (a) funds of the Partnership shall not be commingled with any other funds;
- (b) title to investments of the Partnership shall be held in the name of the Partnership or the General Partner;
- (c) the General Partner shall not take any action with respect to the assets of the Partnership which is not in the best interests of the Partnership as determined in the sole and exclusive discretion of the General Partner;
- (d) the Partnership shall not make loans to, nor guarantee the obligations of, the General Partner, or any affiliate of the General Partner; and,
- (e) where services are supplied to the Partnership by the General Partner or an affiliate, the cost of such services to the Partnership shall not exceed the fair market value thereof.

## **19. Representations**

19.1 The General Partner represents and warrants that:

- (a) it is a company incorporated and validly subsisting under the laws of Ontario;
- (b) it is or will become registered and will maintain such registration to do business, has or will acquire all requisite licenses and permits to carry on the business of the Partnership in all jurisdictions in which the Partnership activities render such registration necessary;
- (c) it has the capacity and competence to enter into and be bound by the Agreement;
- (d) it has the capacity and corporate authority to act as General Partner and the performance of its obligations hereunder as General Partner do not and will not conflict with or breach its charter documents, by-laws or any agreement by which it is bound;
- (e) it is not a “non-resident” within the meaning of the Tax Act; and,
- (f) it is not a “non-Canadian” within the meaning of the Investment Canada Act (Canada).

19.2 Each Limited Partner represents and warrants, covenants, and declares to the Partnership, General Partner and each other Limited Partner (which covenants, declarations, representations and warranties shall survive closing) that:

- (a) he or she is not a “non-resident” within the meaning of the Tax Act;
- (b) he or she is not a “non-Canadian” within the meaning of the Investment Canada Act (Canada);
- (c) he or she is not a “financial institution” within the meaning of the Tax Act;
- (d) no interest in the Limited Partner is a “tax shelter investment” as that term is defined in the Tax Act;
- (e) he or she has the legal capacity and competence to enter into and be bound by this Agreement and the Subscription and Power of Attorney form;
- (f) the subscription hereunder is being made by the Subscriber as principal for his or her own account and not for the benefit of any other person and that the issuance of securities of the Partnership to him or her will be properly made, pursuant to an exemption from the prospectus and registration requirements of the Securities Act of the province in which he or she is resident;
- (g) he or she has received, and has read and understood, a copy of the Offering Memorandum and this Agreement prior to subscribing for Units, and has based the decision to invest in the Units solely on the disclosures set out therein;

- (h) no advice was given by, or sought by the Limited Partner from, the General Partner or Partnership, or any of their respective officers, directors, employees or agents, as to the merits of an investment in Units;
- (i) he or she has been informed of, and accepts all of the risks inherent in the investment in Units, including, without limitation, those described in the Offering Memorandum, and those associated with resource exploration;
- (j) neither the Partnership or General Partner, nor any director, officer, employee or agent thereof, has made any representation about the present or future value of the Units, and the only representations upon which the Limited Partner may rely are those contained in the Partnership Agreement;
- (k) he or she has sought and obtained independent legal and accounting advice regarding the purchase and sale of Units under applicable securities and tax laws;
- (l) he or she is aware of the characteristics of the Units and of their speculative nature as well as of the fact that they cannot be sold or otherwise disposed of except in accordance with the provisions of this Agreement and applicable securities laws;
- (m) the Partnership has afforded to the Limited Partner and his advisors full and complete access to all information concerning the business and financial condition of the Partnership (to the extent that such information was possessed by the Partnership or could be acquired by the Partnership without unreasonable effort or expense) that the Limited Partner deemed necessary or desirable in order to evaluate the merits and risks of an investment in the Units;
- (n) his advisors have received satisfactory and complete information concerning the business and financial condition of the Partnership in response to all inquiries made by them in respect thereof;
- (o) commissions will be paid to limited market dealers in connection with the Offering, from subscription proceeds;
- (p) he or she is responsible for arranging and obtaining his own legal, tax and accounting advice;
- (q) no person has made to the Limited Partner any written or oral representations
  - (i) that any person will resell or repurchase the Units,
  - (ii) that any person will refund the purchase price of the Units, or
  - (iii) as to the future price or value of the Units,
- (r) he or she is purchasing his Units as principal and not with a view to resale or distribution, and no other person or entity will have a beneficial interest in the Units;
- (s) he shall ensure that his status described in this Section 19.2 shall not be modified and he shall not transfer any of his Units, in whole or in part, in a manner that would not conform with this Agreement (including, without limitation, to a person whose status would not conform to this Section 19.2);
- (t) he or she is not acquiring the Units hereunder with knowledge of any material fact about the Partnership that has not been generally disclosed;
- (u) if an individual, he or she has attained the age of majority and has the legal capacity and competence to enter into and be bound by this Agreement and to take all actions required pursuant hereto;
- (v) if a corporation, unincorporated association or other entity that is not an individual, it has the legal capacity and competence to enter into and be bound by this Agreement and to take all actions required pursuant hereto, and further certifies that all necessary approvals have been given in connection herewith;
- (w) he or she is a resident of Canada, and will continue to reside in the same province or territory until December 31, 2010;

- (x) he or she is not a company whose principal activity is resource exploration and is not non-arm's length (within the meaning of the Tax Act) with any Resource Company, and he will ensure that his status will not be modified and that he will not transfer his Units in whole or in part to any person who would be unable to make such representations and warranties;
- (y) he understands the aims and objectives of the Partnership and understands the nature of its activities;
- (z) he or she has been informed of the proposed use of the proceeds of distribution of the offering of Units;
- (aa) he or she is capable of giving a continuing power of attorney as contained in, and forming part of, this Agreement;
- (bb) if required under applicable securities laws or by order of any securities commission, stock exchange or other regulatory authority, he shall execute, deliver, file and otherwise assist the General Partner in filing such reports, undertakings and other documents with respect to the issue of Units as may be required;
- (cc) he shall not undertake any action that will cause the Partnership to be, or create a substantial risk that the Partnership will be, a "SIFT partnership" within the meaning of the Tax Act (including any action that could cause his Units to be listed or traded on a "public market" within the meaning of the Tax Act which, for greater certainty, includes any trading system or other organized facility on which securities that are qualified for public distribution are listed or traded, but does not include a facility that is operated solely to carry out the issuance of a "security" (as defined in subsection 122.1(1) of the Tax Act) or its redemption, acquisition or cancellation by its issuer); and
- (dd) he or she has not financed, and will not finance, his acquisition of the Units with indebtedness for which recourse is or is deemed to be limited within the meaning of the Tax Act, and for the purposes of this representation, warranty and covenant, limited recourse indebtedness includes:
  - (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,
  - (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.

Each Limited Partner acknowledges that the foregoing representations, warranties, covenants and declarations are made by him with the intent that they may be relied upon by the Partnership and General Partner (as well as any registered dealers acting as agents in connection with the Offering) in determining the Limited Partner's suitability as a purchaser of Units. Each Limited Partner agrees that the foregoing representations, warranties, covenants and declarations will be true and correct as of the execution of this Agreement and thereafter (unless immediate notification is provided to the General Partner upon any such change). Each Limited Partner hereby agrees to indemnify the Partnership, General Partner, each of the other Limited Partners, and any registered dealer involved in the Offering, against all losses, claims, costs, expenses and damages or liabilities which any of them may suffer or incur as a result of reliance at any time thereon or as a result of any misrepresentation, breach or warranty, or breach of covenant contained in this Agreement by such Limited Partner, including, without limiting the generality of the foregoing, any taxes imposed upon any of the foregoing persons by virtue of the Partnership not being a "Canadian partnership" at the time of its dissolution and, therefore, not being entitled to rely upon subsection 98(3) of the Tax Act due to the Limited Partner failing to immediately notify the Partnership that he or she has become a "non-resident" of Canada, within the meaning of the Tax Act. Each Limited Partner agrees to notify the General Partner immediately of any change in representation, warranty, or other information relating to him set forth herein which takes place at any time in the future while such Limited Partner holds Units.

19.3 The representations and warranties contained in this Article 19 shall survive the execution of this Agreement and each party is obliged to ensure the continuing accuracy of each representation and warranty made by it throughout the term of the Partnership.

19.4 If at any time, any Limited Partner is or becomes a non-resident of Canada or a partnership that is not a "Canadian Partnership" for the purposes of the Tax Act, such Limited Partner covenants, agrees and undertakes that it will immediately notify the General Partner that it is a non-resident of Canada or a partnership that is not a "Canadian

partnership” for the purposes of the Tax Act and, within ten (10) days (or such longer period of time as the General Partner may permit), sell and transfer all his, her or its Units to a person who is either not a non-resident of Canada or a partnership that is a “Canadian partnership” for the purposes of the Tax Act. If any Limited Partner fails to comply with this provision, the General Partner shall be entitled, without any notice to the Limited Partner, to transfer such Limited Partner’s Units to a person that is either not a non-resident of Canada or a partnership that is a “Canadian partnership” for the purposes of the Tax Act and, in such an event, such Limited Partner shall have the right only to receive the net proceeds therefrom.

## **20. Removal, Resignation and Replacement of the General Partner**

20.1 Except as otherwise provided herein, the General Partner may not sell, assign, transfer or otherwise dispose of its interest in the Partnership as General Partner, except if such sale, assignment, transfer or disposition is to an affiliate or in connection with and ancillary to a merger or amalgamation of the General Partner, resulting in the surviving or continuing corporation or body corporate being the General Partner.

20.2 The General Partner shall be deemed to resign as the general partner of the Partnership in the event of: the bankruptcy, insolvency, dissolution, liquidation or winding up of the General Partner (or the commencement of any act or proceeding in connection therewith which is not contested in good faith by the General Partner); the appointment of a trustee, receiver or receiver and manager of the affairs of the General Partner; a mortgagee or other encumbrancer taking possession of all of the property or assets beneficially owned by the General Partner or a substantial part thereof; levy or execution or any similar process being levied or enforced against all of the property or assets of the General Partner or a substantial part thereof; or the General Partner sells all or substantially all of its assets. The General Partner shall forthwith advise the Limited Partners by written notice of the occurrence of any event referred to in this Article 20.

20.3 The General Partner may only be removed as General Partner of the Partnership by a special resolution of the Limited Partners, and subject to the requirements of Section 21.12(a) hereof.

20.4 The right to remove the General Partner provided for in paragraph 20.3 shall be effective only upon the appointment by the Limited Partners, concurrently with such removal, of a new General Partner to assume all of the responsibilities and obligations of the General Partner.

20.5 The General Partner may withdraw as the General Partner at any time on not less than one hundred and eighty (180) days prior written notice to the Limited Partners, provided that any such withdrawal shall be effective only following the admission of a new General Partner to the Partnership. The General Partner shall not withdraw if the effect thereof would be to dissolve the Partnership or constitute the Partnership a general partnership.

20.6 In the event of the resignation of the General Partner or the deemed resignation of the General Partner, such General Partner shall cease to be the General Partner of the Partnership and such resignation or deemed resignation shall be effective upon the admission of a new General Partner to the Partnership by Ordinary Resolution (and the filing of an amendment to the Declaration to evidence such action) or, in the event of there not being another General Partner at such time, the expiration of 180 days from the date of the giving of the notice of resignation, or on the occurrence of the triggering event.

20.7 The new General Partner shall, prior to assuming its responsibilities as General Partner under the terms of this Agreement, execute those documents presented by the Partnership to give effect to such assumption.

20.8 Upon the admission of the new General Partner:

- (a) the new General Partner shall become a party to this Agreement by signing a counterpart hereto and shall agree to be bound by all the provisions hereof and to assume the obligations, duties and liabilities of the departing General Partner hereunder as and from the date the new General Partner becomes a party to this Agreement;
- (b) the new General Partner will purchase and the departing General Partner will sell the interest of the departing General Partner in the Partnership (excluding any Units held by the departing General Partner) at a purchase price of one dollar (\$1.00);
- (c) the departing General Partner will do all things and take all steps to effectively transfer the records and management of the Partnership and the interest of the departing General Partner in the Partnership to the new General Partner; and,

- (d) the departing General Partner will file all declarations and amendments to any declarations or other instruments necessary to record the admission of the new General Partner or to qualify or continue the Partnership as a limited partnership.

20.9 Upon the removal or resignation of the General Partner, the Partnership shall release and hold harmless the departing General Partner, its officers, directors, shareholders and employees from any and all costs, damages, liabilities or expenses incurred by the Partnership in connection with the Partnership's business or otherwise as a result of or arising out of events occurring after such removal or withdrawal and events occurring prior thereto unless caused by or deriving from any gross negligence or wilful misconduct by the General Partner, its officers, directors, shareholders or employees.

## **21. Meetings of Partners and Scope of Meetings**

21.1 Special meetings of the Partners may be called:

- (a) at any time by the General Partner; and,
- (b) upon the written request of Limited Partners holding in the aggregate not less than fifty per cent (50 %) of outstanding Units.

21.2 The request referred to in Section 21.1(b) shall specify the purpose or purposes for which such meeting is to be called, and shall include sufficient information to enable the other Partners to make a reasoned judgment of each matter to be considered at the meeting. Any such meeting shall be held in the City of Toronto or such other place within the Greater Toronto Area as the General Partner shall reasonably designate if the meeting was called by the General Partner, or in the City of Toronto if the meeting was called at the request of the Limited Partners. If the General Partner fails to call a meeting upon such request of Limited Partners within thirty (30) days after the giving of such request, then the requesting Limited Partners may call such meeting and the notice calling such meeting shall be signed by such requesting Limited Partners or by any person as such requesting Limited Partners may specify in writing. Any meeting called by such requesting Limited Partners shall be conducted in accordance with the provisions of this Agreement and shall be held within sixty (60) days of the giving of the original request.

21.3 At least two (2) Limited Partners present in person and holding or representing in person or by proxy at least fifty per cent (50 %) of the outstanding Units entitled to vote at a meeting shall be necessary to constitute a quorum for the transaction of business at all Partnership meetings, except (a) in the case of a meeting convened to consider a special resolution to remove the General Partner pursuant to this Agreement, in which case two (2) or more Limited Partners present in person and holding or representing by proxy at least eighty per cent (80 %) of the outstanding Units shall be necessary to constitute a quorum, and (b) in the case of a meeting convened to consider a Liquidity Alternative, a quorum shall be two persons representing 10% or more of the Units outstanding. If a quorum shall not be present within 30 minutes from the time fixed for holding any such meeting, the holders of a majority of the Units present in person or represented by proxy at such meeting shall have power to adjourn the meeting to another day, which day shall not be less than fourteen (14) days nor more than twenty-one (21) days from the meeting first held, and notice shall forthwith be given to the Limited Partners of such adjourned meeting. The Limited Partners present in person or by proxy at any adjourned meeting shall constitute a quorum for the transaction of business, and at such adjourned meeting any business may be transacted which might have been transacted at the meeting first held, had a quorum been present.

21.4 Notice of all meetings of the Partners, other than adjourned meetings, stating the time, place and purpose of the meeting, shall be given by the person or persons calling the meeting to the General Partner and to each Limited Partner at his registered address mailed at least twenty-one (21) days and not more than sixty (60) days before the meeting. All notices of meeting will list all matters which are to be subject to a vote at such meeting, and will provide sufficient information to enable Limited Partners to make a reasoned judgment on each matter to be considered at such meeting. Notice of adjourned meetings shall be given forthwith and otherwise in accordance with the provisions for notice contained in this part.

21.5 At all meetings of Partners, each Limited Partner shall be entitled to cast one (1) vote for each Unit owned by the Limited Partner upon each matter presented for a vote. In the event that the General Partner holds Units, it will be entitled to vote with respect to those Units. Any officer or director of the General Partner, counsel for the General Partner, a proxyholder and the auditors may attend any meeting of Partners. Any counsel for or representative authorized in writing by a Limited Partner may attend for or on behalf of such Limited Partner, and may address the meeting on the matters properly before it. Every question submitted to a meeting, except for those matters which require a vote by special resolution, shall be

decided by ordinary resolution on a show of hands unless a poll is demanded, in which case a poll shall be taken. In the case of an equality of votes, the chairman of the meeting shall not have a casting vote.

- 21.6 Where two (2) or more Limited Partners hold the same Unit or Units jointly, one of those holders present, in person or by proxy, at a meeting of Limited Partners may, in the absence of the other or others, vote the Unit or Units, but if two (2) or more of those persons are present, in person or by proxy, and vote, they shall only be entitled to vote jointly (and not severally) in respect of the Unit or Units jointly held by them.
- 21.7 At any meeting of Partners, any holder of units entitled to vote thereat may vote by proxy, provided that no proxy shall be voted at any meeting unless it shall have been placed on file with the Registrar and Transfer Agent for verification prior to the time at which such vote shall be taken. A proxy purporting to be executed by or on behalf of a Limited Partner shall be deemed valid unless challenged at or prior to its exercise, and the burden of proving invalidity shall not rest on the challenger.
- 21.8 The General Partner shall solicit proxies in connection with any meeting of Limited Partners that is convened, and shall comply with the applicable provisions of the *Securities Act* (Ontario) and the regulations and Rules thereunder in respect of such solicitations. A proxy solicited in contravention of this Section shall be invalid and shall confer no rights to vote upon the holder thereof.
- 21.9 The president of the General Partner or his nominee shall act as chairman of any meeting of Limited Partners unless the Limited Partners vote to appoint, from amongst themselves, a chairman of any meeting of Limited Partners in place and stead of the president or his nominee. All rules or procedure applicable to meetings of corporations that offer their securities to the public within the meaning of the *Business Corporations Act* (Ontario), as amended, shall apply to meetings of Limited Partners and shall be determined by the meeting.
- 21.10 Any business which may be conducted at a meeting of Partners may be approved by a resolution in writing in lieu thereof. Notice of such resolution shall be given to all Limited Partners, and approval of such resolutions shall be evidenced by the signature on any such resolution or counterpart thereof by Limited Partners holding the percentage of Units required to approve such matter at a meeting of Limited Partners called for such purpose.
- 21.11 Any resolutions passed in accordance with this Agreement shall be binding on all Partners and their respective heirs, executors, administrators, other legal representatives, successors and assigns, whether or not such Partner is present or represented by proxy at the meeting at which such resolution is passed and whether or not such Partner votes against such resolution.
- 21.12 Subject to Section 21.13 hereof, the Limited Partners may by special resolution:
- (a) remove the General Partner where the General Partner is in default of a material obligation under this Agreement, or appoint a new general partner in the event of a deemed resignation, removal or resignation of the General Partner;
  - (b) subject to the approval of the General Partner, dissolve the Partnership or continue and extend the term of the Partnership beyond November 1, 2011;
  - (c) amend this Agreement in any particular, provided that (i) no amendment may be made to the Agreement which may allow any Limited Partners to take part in the control of the business of the Partnership or which would have the effect of altering the liability of any Limited Partner or the status of the Partnership as a limited partnership, and (ii) no amendment may be made to the Agreement, without the General Partner's express prior written consent, which would have the effect of diminishing, reducing, delaying or otherwise negatively affecting the General Partner's entitlement to receive its share of the assets of the Partnership (including, without limitation, as more particularly described in paragraph 14.5);
  - (d) amend or rescind any special resolution;
  - (e) waive any default on the part of the General Partner, on such terms as they may determine, and release the General Partner from any claims in respect thereof;
  - (f) subdivide, from time to time, the Units;
  - (g) continue the Partnership if the Partnership is terminated by operation of law;

- (h) agree to any compromise or arrangement by the Partnership with any creditor or creditors or classes of creditors, or with the holders of any shares or securities of the General Partner;
- (i) require the General Partner on behalf of the Partnership to enforce any obligation or covenant on the part of the General Partner or any Limited Partner;
- (j) waive any rights under this Agreement; and,
- (k) approve or disapprove any sale of all or substantially all of the assets of the Partnership.

21.13 Each Limited Partner acknowledges that the Act authorizes only a general partner to transact business and sign for the Partnership and to bind it. A Limited Partner may from time to time make examinations into the state and progress of the Partnership's business and may advise as to its management, but becomes liable as a general partner if, in addition to the foregoing activities, a Limited Partner takes part in the control of the Partnership's business. Therefore, the Limited Partners agree that, notwithstanding that the Limited Partners may have powers conferred on them by virtue of Section 21.11, any decisions made or business conducted at meetings of partners shall be restricted so that no Limited Partner becomes liable as a general partner.

21.14 The General Partner may secure the consent or agreement of any Limited Partner to any matter requiring such a consent or agreement in writing and such consents or agreements in writing may be used in conjunction with votes given at a meeting of Limited Partners or without a meeting of Limited Partners to secure the necessary consent or agreement hereunder.

21.15 Notwithstanding anything herein contained, only Limited Partners who are registered as such in the Register on the record date determined for the meeting shall have the right to attend in person or by proxy and to vote on all matters submitted to the meeting.

21.16 A vote cast in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous 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 at the place of meeting prior to the time fixed for holding of the meeting.

21.17 Officers and directors of the General Partner, and the auditors and counsel of the Partnership, shall have the right to attend any meeting of Limited Partners and to address any such meeting on the matters properly before it. Any counsel for or representative authorized in writing by a Limited Partner may attend at any meeting for or on behalf of such Limited Partner and may address the meeting on the matters properly before it.

21.18 To the extent that the rules and procedures for the conduct of a meeting of the Limited Partners are not prescribed in this Agreement, such rules and procedures shall be determined by the General Partner.

21.19 Minutes and proceedings of every meeting of the Partners shall be made and recorded by the General Partner. 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 deemed to have been duly held and convened and all proceedings referred to in the minutes shall be deemed to have been duly passed.

21.20 The chairman of the meeting shall determine the validity of all instruments of proxy to be used at such meeting.

## **22. Amendment of Agreement**

22.1 Save and except as set forth in paragraph 22.2, this Agreement may be amended in writing on the initiative of the General Partner only with the approval of the Limited Partners given by special resolution, provided that (a) this paragraph 22.1 may not be amended without the unanimous consent of the Limited Partners, (b) no amendment may be made to the Agreement which would allow any Limited Partners to take part in the control of the business of the Partnership, or which would have the effect of altering the liability of any Limited Partner or the status of the Partnership as a limited partnership, or which would allow any Limited Partner to exercise control of the business of the Partnership, or which would change the right of a Limited Partner to vote at any meetings, and (ii) no amendment may be made to the

Agreement, without the General Partner's express prior written consent, which would have the effect of diminishing, reducing, delaying or otherwise negatively affecting the General Partner's entitlement to receive its share of the assets of the Partnership (including, without limitation, as more particularly described in paragraph 14.5);

22.2 The General Partner may, without prior notice to or consent from any Limited Partner, amend, from time to time, any provision of this Agreement:

- (a) for the purpose of adding to this Agreement any further covenants, restrictions, deletions or provisions which in the opinion of counsel to the Partnership are necessary for the protection of or are otherwise to the benefit of the Limited Partners;
- (b) to cure an ambiguity or to correct or supplement any provisions contained herein which in the opinion of counsel to the Partnership may be defective or inconsistent with any other provisions contained therein, provided that such cure, correction or supplemental provision does not and will not, in the opinion of such counsel, materially adversely affect the interests of the Limited Partners;
- (c) to reflect the admission, resignation, withdrawal or removal of any Partner of the Partnership or the assignment by any Limited Partner of the whole or any part of his interest in the Partnership under or pursuant to the terms hereof; and,
- (d) to make such other provisions in respect of matters or questions arising under this Agreement, which in the opinion of counsel to the Partnership do not and will not adversely affect the interests of the Limited Partners.

22.3 Limited Partners shall be notified by the General Partner of full details of any amendments to this Agreement within thirty (30) days of the effective date of the amendment.

22.4 Notwithstanding the foregoing, or any other provisions to the contrary contained in this Agreement, no amendments of this Agreement shall be adopted if such amendment would:

- (a) change the Partnership to a general partnership;
- (b) change the liability of the General Partner or any Limited Partner;
- (c) allow any Limited Partner to participate in the management of the Partnership;
- (d) change the business of the Partnership; or,
- (e) change the right of a Limited Partner to vote at any meeting.

### **23. Notice**

23.1 Any notice, direction or request required or permitted to be given hereunder shall be in writing and shall be given by personal delivery, telefax, telex, telegram or by mailing the same in Ontario by first class mail, postage prepaid, addressed as follows:

- (a) to the Partnership or General Partner at:

1110 Finch Avenue West, Suite 210, Toronto, Ontario, Canada, M3J 2T2  
telefax: (416) 665-9331

- (b) to each Limited Partner at his last address shown on the register of Limited Partners.

23.2 Any notice, direction or request delivered personally or given by telefax, telex or telegram shall be deemed to be received by and given to the addressee on the day of delivery. Any notice, direction or request mailed as aforesaid shall be deemed to have been received by and given to the addressee on the third (3<sup>rd</sup>) business day following the date of mailing, except in the event of a disruption of postal service, in which event such notice, direction or request shall be delivered personally or given by telefax, telex or telegram. In the event of a postal disruption, each Limited Partner shall forthwith upon the commencement of the postal disruption telefax to the General Partner a fax number to which the Limited Partner may be telefaxed by the General Partner during the postal disruption, failing which the Limited Partner shall be deemed to have

waived notice during the duration of the postal disruption. The General Partner may change its address and the address of the Partnership for receipt of notice by giving notice of its new address or the new address of the Partnership to each Limited Partner as herein contemplated.

## **24. Power of Attorney**

24.1 Each Limited Partner hereby grants to the General Partner, its successors and assigns, a power of attorney constituting the General Partner, with full power of substitution, as his true and lawful attorney and agent, with full power and authority, in the Limited Partner's name, place and stead, to execute (under seal or otherwise), swear to, acknowledge, deliver and record or file, as the case may be, as and where required:

- (a) this Agreement, the Declaration, any amendment to this Agreement or the Declaration, or any certificates or other instruments and any amendments thereto which the General Partner deems appropriate or necessary to qualify, continue the qualification of, or keep in good standing, the Partnership in, or otherwise comply with the laws of Ontario or any other jurisdiction wherein the Partnership may carry on business or the General Partner may deem it prudent to register the Partnership, in order to maintain the limited liability of the Limited Partners and to comply with all applicable laws;
- (b) any instruments which the General Partner deems appropriate to reflect any amendment, change or modification of the Partnership in accordance with the terms of this Agreement;
- (c) any certificates and other instruments and amendments thereto which the General Partner deems appropriate or necessary to comply with the laws of Canada or Ontario;
- (d) any conveyances and other instruments or documents which the General Partner deems appropriate or necessary to reflect the termination of the Partnership pursuant to the terms of this Agreement, and all instruments required in connection with dissolution or such termination of the Partnership;
- (e) any conveyances and other instruments or documents which the General Partner deems appropriate or necessary to donate to the charity designated by a Limited Partner such Limited Partner's Distributed Property following dissolution or termination of the Partnership;
- (f) any instruments required in connection with any election made under the Tax Act or analogous fiscal legislation, as amended, modified or replaced from time to time;
- (g) any documents which the General Partner deems necessary or appropriate to be filed, or which are required to be filed with any governmental body, agency or authority, in connection with the business, property, assets and undertaking of the Partnership;
- (h) transfer forms and such other documents or instruments on behalf of or in the name of whomsoever as may be necessary to effect the transfer of any Units in accordance with the term of this Agreement;
- (i) such other documents on behalf of and in the name of the Partnership, the General Partner and the Limited Partners as may be required to give effect to this Agreement.

The power of attorney granted hereby is irrevocable, is a power coupled with an interest, shall survive dissolution or termination of the Partnership, shall survive the assignment by the Limited Partner of the whole or any part of the interest of the Limited Partner in the Partnership, and shall also survive the death, bankruptcy or incapacity of the Limited Partner, and shall extend to bind the heirs, executors, administrators, successors and assigns of each Limited Partner. Each Limited Partner agrees to be bound by any representation or action made or taken by the General Partner pursuant to this power of attorney and hereby waives any and all defences which may be available to contest, negate or disaffirm the action of the General Partner taken in good faith under this power of attorney.

## **25. Miscellaneous**

25.1 The General Partner and the Limited Partners agree that this Agreement shall be governed by and construed in accordance with the laws of Ontario.

- 25.2 This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall be construed together as one agreement.
- 25.3 Any default by the General Partner constituted by its failure to do any act within a stipulated period of time shall be deemed to have been remedied if such act is done within thirty (30) days after a Limited Partner has given notice to the General Partner requiring such default to be remedied.
- 25.4 The General Partner and each Limited Partner hereby irrevocably waive during the term of this Agreement any rights which each may have to maintain any action for partition or sale with respect to the assets held by the Partnership or any interests therein or any other interests, whether in real or personal property, and whether corporeal or incorporeal.
- 25.5 Any dollar amount referred to in this Agreement shall be deemed to refer to lawful money of Canada.
- 25.6 Each provision of this Agreement shall be severable. If any provision hereof is illegal or invalid, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.
- 25.7 The parties hereto agree to promptly execute and deliver such further and other documents and perform and cause to be performed such further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement in every part thereof.
- 25.8 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.
- 25.9 This Agreement replaces and supersedes any prior agreement pertaining to the subject matter hereof.

IN WITNESS WHEREOF the parties have signed this Agreement as of the date first above written.

**MINERALFIELDS 2010-III INC.**

Per: \_\_\_\_\_  
Joe C. Dwek, President

\_\_\_\_\_  
Joe C. Dwek, Initial Limited Partner

**SCHEDULE “A”**

**SUBSCRIPTION AGREEMENT**

**MINERALFIELDS 2010-III SUPER FLOW-THROUGH LIMITED PARTNERSHIP**

**INSTRUCTIONS**

**[Accredited Investors Version]**

➤ Complete and sign pages 1 and 2 of the Subscription Agreement.

- and -

➤ Complete and sign the **Accredited Investor Certificate – Appendix III** *unless* you are purchasing at least \$150,000 of Units and are resident on Ontario (in which case you don't have to).

➤ **After March 27, 2010**, Subscribers who are residents of British Columbia, Alberta, Saskatchewan, Manitoba, Northwest Territories, Nunavut and Yukon and who purchase their Units through an unregistered seller, must complete and sign – **Risk Acknowledgement under Blanket Order 31-XXX – Appendix IV**

**IMPORTANT!**

Courier **ORIGINAL** completed Subscription application to:

**ATTN: Subscriptions Desk  
MineralFields Group  
1110 Finch Avenue West, Suite 210,  
Toronto, ON M3J 2T2**

To: **MINERALFIELDS 2010-III SUPER FLOW-THROUGH LIMITED PARTNERSHIP** (the “**Partnership**”) –  
**accredited investor version**

The undersigned (the “**Subscriber**”) hereby acknowledges that the Partnership is offering (the “**Offering**”) a minimum of 2,500 units and a maximum of 100,000 units (each a “**Unit**”) at a subscription price of One Hundred Dollars (\$100) (the “**Subscription Price**”) per Unit. The minimum subscription per Subscriber is Fifteen Hundred (1,500) Units, for a minimum subscription price per Subscriber of One Hundred And Fifty Thousand Dollars (**\$150,000**), on the terms and conditions as described in the Confidential Offering Memorandum of the Partnership dated January 11, 2010 (the “**Offering Memorandum**”) and the limited partnership agreement dated as of January 5, 2010 (the “**Partnership Agreement**”), and on the terms and conditions set forth in this Subscription Agreement. Any subscription amounts in excess of the minimum \$150,000 subscription must be in multiples of \$5,000 (e.g., \$165,000, \$500,000, \$1,000,000, \$5,000,000, etc.).

The Subscriber tenders to the Partnership this subscription offer which, upon acceptance by the Partnership, will constitute an agreement of the Subscriber to subscribe for, take up, purchase and pay for and, on the part of the Partnership, to issue and sell to the Subscriber the number of Units set out below.



Number of Units	_____
Total Subscription Price at \$100 per Unit (minimum \$150,000, also multiples of \$5,000)	\$ _____,000



MAKE CHEQUE or BANK DRAFT PAYABLE TO: “**MineralFields 2010-III LP**”

DATED at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_.

**TO BE COMPLETED BY INDIVIDUAL SUBSCRIBER**

**TO BE COMPLETED BY CORPORATE, PARTNERSHIP OR TRUST SUBSCRIBER**

\_\_\_\_\_  
 Name of Subscriber [Please Print]

\_\_\_\_\_  
 Name of Subscriber [Please Print]

\_\_\_\_\_  
 Signature of Subscriber

\_\_\_\_\_  
 Signature of Authorized Signatory

\_\_\_\_\_  
 Address of Residence of Subscriber

\_\_\_\_\_  
 Name and Title of Authorized Signatory [Please Print]

\_\_\_\_\_  
 Address of Residence of Subscriber

\_\_\_\_\_  
 Address of Residence of Subscriber

\_\_\_\_\_  
 Social Insurance Number

\_\_\_\_\_  
 Business Number

\_\_\_\_\_  
 E-mail Address

\_\_\_\_\_  
 E-mail Address

(\_\_\_\_\_) \_\_\_\_\_  
 Telephone Number

(\_\_\_\_\_) \_\_\_\_\_  
 Telephone Number

(\_\_\_\_\_) \_\_\_\_\_  
 Facsimile Number

(\_\_\_\_\_) \_\_\_\_\_  
 Facsimile Number

**Registration Instructions:**

\_\_\_\_\_  
Name

\_\_\_\_\_  
Account reference, if applicable

\_\_\_\_\_  
Address

\_\_\_\_\_

**Dealer Information:**

\_\_\_\_\_  
**INDIVIDUAL ADVISOR NAME**

\_\_\_\_\_  
**DEALER COMPANY NAME**

\_\_\_\_\_  
**DEALER REP NUMBER** (if applicable)

\_\_\_\_\_  
**INDIVIDUAL ADVISOR PHONE NUMBER**

**CHARITY INFORMATION (OPTIONAL):**

\_\_\_\_\_  
Name of Registered Charity

\_\_\_\_\_  
Address

\_\_\_\_\_

( ) \_\_\_\_\_  
Telephone Number

( ) \_\_\_\_\_  
Facsimile Number

**GENERAL PARTNER'S ACCEPTANCE**

This subscription is accepted by MineralFields 2010-III Inc. on behalf of the Partnership.

**MINERALFIELDS 2010-III SUPER FLOW-THROUGH LIMITED PARTNERSHIP,**  
by its General Partner **MINERALFIELDS 2010-III INC.**

Per: \_\_\_\_\_  
(President , CFO, Controller or Vice President of Finance)

**Delivery Instructions:**

\_\_\_\_\_  
Account reference, if applicable

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Address

\_\_\_\_\_

( ) \_\_\_\_\_  
Telephone Number

( ) \_\_\_\_\_  
Facsimile Number

\_\_\_\_\_  
**INDIVIDUAL ADVISOR E-MAIL ADDRESS**

1. The Subscriber acknowledges that the sale and delivery of the Units by the Partnership to the Subscriber and participation in the Partnership is subject to:

- (a) acceptance of this Subscription Agreement by MineralFields 2010-III Inc. (the “**General Partner**”) on behalf of the Partnership;
- (b) the cheque or bank draft representing the Subscription Price being honoured upon presentment for payment;
- (c) such sale being exempt from the prospectus filing requirements of applicable securities laws relating to the offering and sale of such Units; and,
- (d) certain other conditions as set forth in the Offering Memorandum, the Partnership Agreement and the Subscription Agreement.

The acceptance of this Subscription shall be effective upon written endorsement of acceptance hereon by the General Partner.

2. The Subscriber agrees that this subscription is given for valuable consideration and shall not be withdrawn or revoked by the Subscriber except in the manner described under the caption “Purchasers’ Rights” in the Offering Memorandum. The subscription funds are refundable only in the circumstances described in the Offering Memorandum.

3. The offering and sale of the Units is being made pursuant to exemptions (the “**Exemptions**”) from the registration and prospectus requirements of applicable securities laws. The Subscriber acknowledges and agrees that the Partnership will rely on the representations and warranties contained in this Subscription Agreement and all Schedules hereto to determine the applicability of available Exemptions.

The Offering contemplated herein is not, and under no circumstances is to be construed as, a public offering of the Units. The Offering is not being made, and this subscription does not constitute, an offer to sell or the solicitation of an offer to buy the Units in any jurisdiction where, or to any person to whom, it is unlawful to make such offer or solicitation.

Subscribers must complete and execute this subscription, together with all applicable Appendices hereto (please see the Instructions listed on the face page hereof) and return them to the Partnership with a cheque or bank draft drawn on a Canadian chartered bank and made payable to the Partnership in the aggregate amount of the subscription funds therefor, or in such other manner as may be provided for by the Partnership. The subscription funds and documents delivered in connection herewith shall be held by the Partnership until all closing conditions have been satisfied or waived by the appropriate party.

A subscription will only be effective upon its acceptance by the Partnership. Subscriptions will only be accepted if the Partnership is satisfied that, and will be subject to a condition for the benefit of the Partnership that, the Offering can lawfully be made in the jurisdiction of residence of the Subscriber pursuant to an available Exemption and that all other applicable securities laws have been and will be complied with in connection with the proposed distribution.

The Partnership reserves the right to accept or reject any subscription in whole or in part. The Partnership shall have no liability whatsoever to the Subscriber in the event that the Partnership rejects his or her subscription.

4. The Subscriber acknowledges and agrees that the Partnership may be required to provide applicable securities regulatory authorities with a list setting forth the identities of the beneficial purchasers of the Units. Notwithstanding that the Subscriber may be purchasing Units as agent on behalf of an undisclosed principal, the Subscriber agrees to provide, on request, particulars as to the identity of such undisclosed principal as may be required by the Partnership in order to comply with regulatory requirements.

5. The Subscriber agrees to comply with all applicable securities legislation concerning the purchase and any resale of the Units. The Subscriber acknowledges that the Units are subject to restrictions on resale as set out in National Instrument 45-102 Resale of Securities (“**NI 45-102**”), and further acknowledges that the Partnership is not a “reporting issuer” or a “qualifying issuer” for purposes of NI 45-102. The Subscriber covenants and agrees to comply with such restrictions on resale.

6. To induce the Partnership and General Partner to accept his or her subscription, the Subscriber hereby represents, warrants, covenants and certifies to the General Partner and the Partnership (which covenants, certifications, representations and warranties shall survive closing) that:

(a) he or she is not a “non-resident” within the meaning of the *Income Tax Act* (Canada) (the “**Tax Act**”);

(b) he or she is not a “non-Canadian” within the meaning of the *Investment Canada Act* (Canada);

(c) he or she is not a “financial institution” within the meaning of the Tax Act;

(d) no interest in the Subscriber is a “tax shelter investment” as that term is defined in the Tax Act;

(e) he or she has the capacity and competence to enter into and be bound by the Limited Partnership Agreement;

(f) the subscription hereunder is being made by the Subscriber as principal for his or her own account and not for the benefit of any other person and that the issuance of securities of the Partnership to him or her will be properly made, pursuant to exemptions from the prospectus and registration requirements of the applicable securities laws;

(g) he or she is an investor who by virtue of his or her net worth, income and investment experience, or by virtue of consultation with or advice from a person or company who is not the General Partner or affiliate thereof and who is a registered adviser or registered dealer, is able to fully and informedly evaluate his or her subscription hereunder on the basis of information contained in the Offering Memorandum;

(h) he or she has received, and has read and understood, a copy of the Offering Memorandum and the Limited Partnership Agreement prior to subscribing for Units, and has based the decision to invest in the Units solely on the disclosures set out therein;

(i) no advice was given by, or sought by the Limited Partner from, the General Partner or Partnership, or any of their respective officers, directors, employees or agents, as to the merits of an investment in Units;

(j) he or she has been informed of, and accepts all of the risks inherent in the investment in Units, including, without limitation, those described in the Offering Memorandum, and those associated with resource exploration;

(k) neither the Partnership or General Partner, nor any director, officer, employee or agent thereof, has made any representation about the present or future value of the Units, and the only representations upon which the Subscriber may rely are those contained in the Limited Partnership Agreement;

(l) he or she has sought and obtained independent legal and accounting advice regarding the purchase and sale of Units under applicable securities and tax laws;

(m) he or she is aware of the characteristics of the Units and of their speculative nature as well as of the fact that they cannot be sold or otherwise disposed of except in accordance with the provisions of the Limited Partnership Agreement and applicable securities laws;

- (n) the Partnership has afforded to the Subscriber and his or her advisors full and complete access to all information concerning the business and financial condition of the Partnership (to the extent that such information was possessed by the Partnership or could be acquired by the Partnership without unreasonable effort or expense) that the Subscriber deemed necessary or desirable in order to evaluate the merits and risks of an investment in the Units;
- (p) his or her advisors have received satisfactory and complete information concerning the business and financial condition of the Partnership in response to all inquiries made by them in respect thereof;
- (q) in connection with the Offering, commissions will be paid to limited market dealers from subscription proceeds;
- (r) he or she is responsible for arranging and obtaining his or her own legal, tax and accounting advice;
- (s) no person has made to the Subscriber any written or oral representations
- (i) that any person will resell or repurchase the Units,
  - (ii) that any person will refund the purchase price of the Units,
  - (iii) as to the future price or value of the Units, or
  - (iv) that the Units will be listed and posted for trading on a stock exchange or other “public market” (within the meaning of the Tax Act) or that application has been made to list and post the Units for trading on a stock exchange or other such public market;
- (t) he or she is purchasing his or her Units as principal for investment purposes only and not with a view to resale or distribution, and no other person or entity will have a beneficial interest in the Units;
- (u) he or she shall ensure that his or her status described in this Section 6 shall not be modified and he or she shall not transfer any of his or her Units, in whole or in part, in a manner that would not conform with the Limited Partnership Agreement (including, without limitation, (i) to a person whose status would not conform to this Section 6 and (ii) on a “public market” within the meaning the meaning of the Tax Act);
- (v) if the Subscriber is an individual, he or she has attained the age of majority and is legally competent to execute the Subscription Agreement and to perform all actions required pursuant hereto;
- (w) if the Subscriber is a corporation, partnership, unincorporated association or other entity, the Subscriber has the legal capacity and competence to enter into and be bound by the Subscription Agreement and the Subscriber further certifies that all necessary approvals of directors, shareholders or otherwise have been given and obtained;
- (x) he or it is resident in the jurisdiction set out on page 2 hereof, and will continue to reside in that jurisdiction until December 31, 2010;
- (y) he or it is not a company whose principal activity is resource exploration and is not non-arm’s length (within the meaning of the Tax Act) with any Resource Company (as defined in the Offering Memorandum), and the Subscriber will ensure that his or her status will not be modified and that the Subscriber will not transfer the Units in whole or in part to any person who would be unable to make such representations and warranties;
- (z) the Subscriber understands the aims and objectives of the Partnership and understands the nature of its activities;

- (aa) the Subscriber has been informed of the proposed use of the proceeds of distribution of the offering of Units;
- (bb) the Subscriber is capable of giving a continuing power of attorney as contained in, and forming part of, this Subscription Agreement and the Limited Partnership Agreement;
- (cc) the acceptance of this Subscription Agreement will be conditional upon the sale of the Units to the Subscriber being exempt from the prospectus and registration requirements of applicable securities legislation;
- (dd) if required under applicable securities laws or by order of any securities commission, stock exchange or other regulatory authority, the Subscriber shall execute, deliver, file and otherwise assist the General Partner in filing such reports, undertakings and other documents with respect to the issue of Units as may be required;
- (ee) the entering into of the Subscription Agreement and the completion of the transaction contemplated herein will not result in the violation of any of the terms and provisions of any law applicable to, or the constating documents of, the Subscriber or of any agreement, written or oral, to which the Subscriber is a party or by which the Subscriber is bound;
- (ff) the Subscriber confirms that the Units have not been offered to the Subscriber in the United States and that the Subscription Agreement has not been signed in the United States;
- (gg) the Subscription Agreement has been duly authorized, executed and delivered by, and constitutes a legal, valid, binding and enforceable obligation of, the Subscriber or the beneficial purchaser for whom the Subscriber is purchasing;
- (hh) the Subscriber has such knowledge of financial and business affairs as to be capable of evaluating the merits and risks of the Subscriber's investment and the Subscriber and each beneficial purchaser is able to bear the economic loss of the Subscriber's (or beneficial purchaser's) investment;
- (ii) the decision to enter into the Subscription Agreement and purchase the Units has not been based upon any verbal or written representation as to fact or otherwise made by or on behalf of the Partnership or any employee or agent of the Partnership, except as set out in the Offering Memorandum;
- (jj) the Subscriber has been advised to consult his or her own legal advisors and tax advisors with respect to the execution, delivery and performance by it of the Subscription Agreement and the transactions contemplated hereunder and with respect to applicable resale restrictions;
- (kk) the Subscriber is solely responsible (and the Partnership is in no way responsible) for compliance with applicable resale restrictions;
- (ll) the Subscriber is not a person in the United States and is not a United States person (as such terms are defined in Regulation S under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**")) and the Subscriber is not purchasing the Units for the account or benefit of a person in the United States or a United States person or for resale in the United States;
- (mm) the Subscriber has not financed, and will not finance, his or her acquisition of the Units with indebtedness for which recourse is or is deemed to be limited within the meaning of the Tax Act, and for the purposes of this representation, warranty and covenant, limited recourse indebtedness includes
- (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,

(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

(ii) 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; and

(nn) each of the foregoing representations, warranties and covenants are true as of the date of execution of this Subscription Agreement and will be true and correct as of the closing, as if repeated at such date, and will survive the completion of the sale of Units.

The Subscriber acknowledges that the foregoing representations, warranties, covenants and declarations are made by him or her with the intent that they may be relied upon by the Partnership and General Partner (as well as any registered dealers acting as agents in respect of the Offering) in determining the Subscriber's suitability as a purchaser of Units. The Subscriber agrees that the foregoing representations, warranties, covenants and declarations will be true and correct as of the execution of this Agreement, and he or she hereby agrees to indemnify the Partnership, General Partner, each Limited Partner, and any registered dealer involved, against all losses, claims, costs, expenses and damages or liabilities which any of them may suffer or incur as a result of reliance thereon. The Subscriber agrees to notify the General Partner immediately of any change in representation, warranty, or other information relating to him or her set forth herein which takes place at any time in the future while such Subscriber holds Units.

The representations and warranties contained in this Section shall survive the execution of this Subscription Agreement and of the Partnership Agreement and each party is obliged to ensure the continuing accuracy of each representation and warranty made by it throughout the continuation of the Partnership.

The Subscriber also acknowledges that the Units have not been and will not be registered under the U.S. Securities Act, and may not be offered, sold, resold or delivered within the United States of America, its territories or possessions, other than pursuant to an effective registration statement or an applicable exemption under the U.S. Securities Act.

The Subscriber acknowledges and agrees that the foregoing representations and warranties, covenants and acknowledgements may be relied upon by counsel for the Partnership in providing its opinion as to the issue and sale of the Units being exempt from prospectus filing requirements of applicable securities laws and that such representations and warranties, covenants and acknowledgements shall be considered to be addressed directly to such counsel.

7. In consideration of the General Partner accepting this Subscription and conditional thereon, the Subscriber hereby:

(a) agrees to be bound as a Limited Partner by the terms of the Partnership Agreement, as from time to time amended and in effect, and ratifies and confirms the powers of attorney given to the General Partner in Article 24 therein; and,

(b) irrevocably makes, constitutes and appoints the General Partner and its successors and assigns, each with full power of substitution, as his or her true and lawful attorney and agent, with full power and authority in his or her name, place and stead to execute, record and deliver, for and on his or her behalf, as and where required, the Partnership Agreement, any amendments to the Partnership Agreement, the record of Limited Partners required by the *Limited Partnerships Act* (Ontario) and other applicable legislation to be maintained by the General Partner (the "Record") and any amendments to such Record, and any other instrument listed in, or otherwise required by law.

The power of attorney granted herein is irrevocable, is a power coupled with an interest and shall survive the death, disability, incapacity or bankruptcy of the Subscriber or the transfer or assignment by the Subscriber of all or part of the Subscriber's interest in the Partnership, and will extend to and bind the heirs,

executors, administrators, successors and assigns of the Subscriber, and may be exercised by the General Partner on behalf of the Subscriber by executing any instrument or document by listing all of the Limited Partners therein and executing such instrument or document with a single signature as attorney and agent for all of them.

8. If the Subscriber is a resident of Manitoba, Newfoundland, Labrador, Yukon, the Northwest Territories or Nunavut and if there is an untrue statement of a material fact in the Offering Memorandum or if the Offering Memorandum omits to state a material fact necessary in order to make any statement therein not misleading in light of the circumstances in which it was made (a "misrepresentation"), the Subscriber will have, subject as hereinafter in this Section provided, a contractual right, exercisable on written notice given not more than one hundred and eighty (180) days in the case of a Manitoba Subscriber and not more than ninety (90) days in the case of a Newfoundland and Labrador Subscriber, Northwest Territories or Nunavut Subscriber subsequent to the date of acceptance of the Subscription Agreement by the General Partner, either of action for damages, or alternatively, for rescission, against the Partnership and the General Partner, while still the owner of the Units to be acquired hereunder, provided that:

- (a) neither the Partnership nor the General Partner will be held liable under this paragraph if the Subscriber purchased the Units with the knowledge of the misrepresentation;
- (b) if an action for damages, neither the Partnership nor the General Partner will be liable for all or any part of such damages that either, as the case may be, proves do not represent the depreciation of value of the Units as a result of the misrepresentation relied upon;
- (c) in no case will the amount recoverable exceed the price at which the Units are offered under the Offering Memorandum; and,
- (d) the foregoing rights are in addition to and without any derogation from any other right or remedy available at law to the Subscriber.

The contractual right to sue the Partnership contained herein is available to the Subscriber whether or not the Subscriber relied on the misrepresentation. However, in an action for damages, the amount the Subscriber may recover will not exceed the subscription price that the Subscriber paid for the Units and will not include any part of the damages that the Partnership proves does not represent the depreciation in value of the Units resulting from the misrepresentation. The Partnership has a defence if it proves that the Subscriber knew of the misrepresentation when the Subscriber purchased the Units.

The Subscriber agrees that the Partnership and/or the General Partner or any other person or corporation against whom damages are claimed will have available defences equivalent to the defences available under Section 130(2) of the *Securities Act* (Ontario).

If the Subscriber intends to rely on the rights described in section 8(a) or (b) above, the Subscriber must commence an action to rescind the Subscription Agreement within 180 days after the Manitoba Subscriber signed the Subscription Agreement to purchase the Units or within 90 days after the Newfoundland and Labrador Subscriber, Northwest Territory or Nunavut Subscriber signed the Subscription Agreement to purchase the Units. The Subscriber must commence an action for damages within the earlier of 180 days after learning of the misrepresentation and three years after the Subscriber signed the Subscription Agreement to purchase the Units.

9. The parties hereto acknowledge and confirm that they have requested that this Subscription Agreement as well as all notices and other documents contemplated hereby be drawn up in the English language. **Les parties aux présentes reconnaissent et confirment qu'elles ont convenu que la présente convention de souscription ainsi que tous les avis et documents qui s'y rattachent soient rédigés dans la langue anglaise.**

**The Subscriber is advised to consult his, her or its own legal advisors for advice concerning the Subscriber's rights of action.**

**[THE FEDERAL IDENTIFICATION NUMBER FOR THIS TAX SHELTER IS TS076398, AND THE QUÉBEC IDENTIFICATION NUMBER FOR THIS TAX SHELTER IS QAF-10-01362 . THE IDENTIFICATION NUMBER ISSUED FOR THIS TAX SHELTER SHALL BE INCLUDED IN ANY INCOME TAX RETURN FILED BY THE INVESTOR. 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].**

**APPENDIX III – OUTSIDE OF ONTARIO OR QUEBEC, YOU NEED NOT BE AN ACCREDITED INVESTOR TO PURCHASE MINERALFIELDS**

**ACCREDITED INVESTOR CERTIFICATE**

**IN THE MATTER OF  
MINERALFIELDS 2010-III SUPER FLOW-THROUGH LIMITED PARTNERSHIP (the “Partnership”)  
AND NATIONAL INSTRUMENT 45-106 “NATIONAL AND ONTARIO PROSPECTUS  
AND REGISTRATION EXEMPTIONS”**

In addition to the covenants, representations and warranties contained in the Subscription Agreement, to which this Appendix “III” – Accredited Investor Certificate is attached, the Subscriber covenants, represents and warrants to the Partnership that the Subscriber is an “accredited investor”, as defined in National Instrument 45-106 “Prospectus and Registration Exemptions”, by reason of the fact that the Subscriber is (please place an “X” or initials on the appropriate line or lines):

- \_\_\_\_\_ (a) a Canadian financial institution, or Schedule III bank;
- \_\_\_\_\_ (b) the Business Development Bank incorporated under the *Business Development Bank of Canada Act* (Canada);
- \_\_\_\_\_ (c) a subsidiary of any person or company referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary;
- \_\_\_\_\_ (d) a person registered under the securities legislation of a jurisdiction of Canada, as an adviser or dealer, other than a person registered solely as a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador);
- \_\_\_\_\_ (e) an individual registered or formerly registered under the securities legislation of a jurisdiction of Canada, as a representative of a person referred to in paragraph (d);
- \_\_\_\_\_ (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly-owned entity of the government of Canada or a jurisdiction of Canada;
- \_\_\_\_\_ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l’île de Montréal or an intermunicipal management board in Québec;
- \_\_\_\_\_ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
- \_\_\_\_\_ (i) a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada), a pension commission or similar regulatory authority of a jurisdiction of Canada;
- \_\_\_\_\_ (j) an individual who, either alone or with a spouse, beneficially owns, financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000;
- \_\_\_\_\_ (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year;
- \_\_\_\_\_ (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000;
- \_\_\_\_\_ (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements;

- \_\_\_\_\_ (n) an investment fund that distributes or has distributed its securities only to (i) a person that is or was an accredited investor at the time of the distribution; (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.1 [*Minimum amount investment*], or 2.19 [*Additional investment in investment funds*], or (iii) a person described under paragraph (i) or (ii) that acquires or acquired securities under section 2.18 [*Investment fund reinvestment*];
- \_\_\_\_\_ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or in Québec, the securities regulatory authority, has issued a receipt;
- \_\_\_\_\_ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be;
- \_\_\_\_\_ (q) a person acting on behalf of a fully managed account managed by that person, if that person (i) is registered or authorized to carry on business as an adviser under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction, and (ii) in Ontario, is purchasing a security that is not a security of an investment fund;
- \_\_\_\_\_ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded;
- \_\_\_\_\_ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function;
- \_\_\_\_\_ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors;
- \_\_\_\_\_ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser; or
- \_\_\_\_\_ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor.

The representations, warranties, statements and certification made in this Certificate are true and accurate as of the date of this Certificate and will be true and accurate as of the closing of the Offering of the Units. If any such representation, warranty, statement or certification becomes untrue or inaccurate prior to the closing, the Subscriber shall give the Partnership immediate written notice thereof.

The Subscriber acknowledges that the Partnership will be relying on this Certificate in connection with the Subscription Agreement.

DATED \_\_\_\_\_, 2010.

Name of Subscriber [Please Print]	<i>Signature of Subscriber or Subscriber's Authorized Signatory</i>
Address of Subscriber	Name and Office of Subscriber's Authorized Signatory [Please Print]

**APPENDIX IV -- applies only to subscribers who are residents of British Columbia, Alberta, Saskatchewan, Manitoba, Northwest Territories, Nunavut and Yukon and who purchase their Units through an unregistered seller**

Risk Acknowledgement under [BLANKET] ORDER 31-XXX *Registration Exemption for Trades in Connection with Certain Prospectus-Exempt Distributions*

I acknowledge that:

- the person selling me these securities is not registered with a securities regulatory authority and is prohibited from telling me that this investment is suitable for me;
- the person selling me these securities does not act for me;
- this is a risky investment and I could lose all my money; and
- I am investing entirely at my own risk.

\_\_\_\_\_

Date

\_\_\_\_\_

Signature of Purchaser

\_\_\_\_\_

Print name of Purchaser

Sign two copies of this document. Keep one for your records.

National Instrument 45-106 *Prospectus and Registration Exemptions* may require you to sign an additional risk acknowledgement form.

If you want advice about the merits of this investment and whether these securities are a suitable investment for you, contact a registered adviser or dealer.

**EXHIBIT "A"**  
**Sale of Charity's Interest -- Procedure Agreement**

THIS AGREEMENT made the \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_.

BETWEEN: **MINERALFIELDS 2010-III INC.**, Suite 210, 1110 Finch Avenue W, Toronto, ON M3J 2T2 (the "Manager")

AND:

\_\_\_\_\_  
Name of Charity (please print) (the "Charity")

\_\_\_\_\_  
Address of Charity (please print)

**Recitals:**

- A. The Manager is the general partner of MineralFields 2010-III Super Flow-Through Limited Partnership (the "**Partnership**"), which offered units to purchasers who became limited partners of the Partnership, the net proceeds of which offering were invested in securities of resource companies that are listed on Canadian stock exchanges (the "**Shares**");
- B. Upon dissolution of the Partnership and the distribution of its assets to its limited partners, certain persons who were limited partners of the Partnership will donate their undivided interests in the Shares to the Charity (the "**Charity's Shares**"), pursuant to a deed of gift in the form attached as Schedule "A" hereto;
- C. For good and valuable consideration, the parties agree as follows:
1. **Appointment of Manager as Agent**
    - 1.1. The Charity appoints the Manager to act as its agent for the sole and limited purpose of directing the sale of the Charity's Shares in a controlled and orderly manner.
    - 1.2. The Manager confirms that it will hold the Charity's Shares solely for and on behalf of the Charity and that it has no interest in the Charity's Shares or any sale proceeds.
  2. **Establishment of Brokerage Account**
    - 2.1. The Manager will open a single brokerage account at a brokerage firm selected by the Manager in its sole discretion (the "**Firm**"), which will be designated as a "sell only" account (the "**Account**").
    - 2.2. Following dissolution of the Partnership, the Manager will deposit into the Account all the Shares, including the Charity's Shares, to be held and sold from the Account within thirty (30) trading days on a pooled basis.
  3. **Rights, Duties and Responsibilities of Manager**
    - 3.1. The Manager will have the sole right and authority to determine and give instructions to the Firm on behalf of the Charity regarding:
      - (a) the timing of the sale of any of the Charity's Shares, which will be sold only through the facilities of the stock exchange on which the applicable Charity's Shares are then listed for trading;
      - (b) the number of the Charity's Shares to be sold at any given time; and
      - (c) the price at which any of the Charity's Shares will be sold, which will be based on the current market price of the applicable Charity's Shares at the time of sale.
    - 3.2. The Manager acknowledges and confirms that all proceeds accruing to the Account from the sale of the Charity's Shares will be the Charity's sole property, and the only deduction from the proceeds of the sale of the Charity's Shares will be the trading commission charged by the Firm in the normal course.
    - 3.3. The Manager will distribute, or cause the Firm to distribute to the Charity all net proceeds (after deducting only the Firm's commission) from the sale of the Charity's Shares as soon as practicable following completion of the sale of all the Charity's Shares.
  4. **Manager's Liability**
    - 4.1. The Manager will not be liable or accountable for any loss or damage to any person caused by the Manager's performance or failure to perform its responsibilities under this Agreement, except where the loss or damage is attributable to the Manager's gross negligence or willful misconduct.
  5. **Termination**
    - 5.1. This Agreement will terminate automatically on the date on which all the Charity's Shares have been sold and all the net proceeds of the sale of the Charity's Shares have been distributed to the Charity.

MINERALFIELDS 2010-III INC.

Per: \_\_\_\_\_

\_\_\_\_\_  
Name of Charity (please print)

\_\_\_\_\_  
Signature of Charity

SCHEDULE "A"  
**DEED OF GIFT**

THIS DEED OF GIFT made the \_\_\_\_ day of \_\_\_\_\_, 200\_\_.

**BETWEEN:**

\_\_\_\_\_  
Name of Donor (please print) (the "Donor")

\_\_\_\_\_  
Address of Donor (please print)

**AND:**

\_\_\_\_\_  
Name of Charity (please print) (the "Charity")

\_\_\_\_\_  
Address of Charity (please print)

Recitals:

- A. The Donor is the beneficial owner of an undivided interest in shares of resource companies that are listed on Canadian stock exchanges and other securities as described in Schedule "A" (collectively, the "Securities");
- B. The Donor wishes to make a complete gift of the Donor's interest in the Securities (the "Donated Property") to the Charity;

The parties agree as follows:

**1. Gift**

For no consideration, the Donor hereby makes a gift of the Donated Property to the Charity absolutely with the intent that the Donated Property should become and be the absolute property of the Charity, and the Charity accepts such gift and agrees that the value of such gift on the date hereof is the aggregate of the closing trading price of each of the Securities on the date preceding the date hereof on which a trade of each of the Securities last occurred, multiplied by the Donor's percentage interest in the Securities, as more particularly set out in Schedule "A". The Charity will promptly issue a donation receipt (containing information prescribed by the *Income Tax Act* (Canada)) to reflect such gift.

**2. Further Assurances**

The Donor and the Charity agree to execute such further instruments, documents and assurances and to do all acts and things as may be necessary or incidental to complete the gift contemplated by this Deed of Gift and to transfer the Donated Property to the Charity.

**3. Governing Law**

This Deed of Gift will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

**4. Enurement**

This Deed of Gift will enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

**MINERALFIELDS 2010-III INC.**

Per:

\_\_\_\_\_  
Name of Donor (please print) by his, her or its

Lawful Attorney ----->

\_\_\_\_\_  
Joe C. Dwek, President

**RECEIPT OF GIFT ACKNOWLEDGED** by the undersigned Charity, the \_\_\_\_ day of \_\_\_\_\_, 200\_\_.

\_\_\_\_\_  
Name of Charity (please print)

\_\_\_\_\_  
Signature of Charity

**SCHEDULE "A"**

**Donor's undivided interest in the Securities**

\_\_\_\_\_ %

**Description of Securities**

<b>Name of Resource Company or other Company</b>	<b>Number of Common Shares of Company</b>	<b>Number of Common Shares of Company Purchasable under Warrants</b>	<b>Exercise Price and Expiry Date of Warrants</b>	<b>Total Fair Market Value on Donation Date</b>

**Value of Donated Property**

\$ \_\_\_\_\_

**EXHIBIT "B"**  
**DIRECTION RE CHARITY DONEE DESIGNATION OR CHANGE THEREOF**

To: **MINERALFIELDS 2010-III INC., general partner for MINERALFIELDS 2010-III SUPER FLOW-THROUGH LIMITED PARTNERSHIP** (the "Partnership")

FROM: \_\_\_\_\_ [print name of Limited Partner]

The undersigned (the "**Limited Partner**"), with respect to his/her Partnership Units, hereby **EITHER**:

(a) **confirms** his/her designation of \_\_\_\_\_ [insert name of charity] as his/her designated donee [attach additional names on Schedule "A" attached hereto where more than one charity is designated]

(b) **revokes** his/her designation of \_\_\_\_\_ [insert name of charity] as his/her designated donee, and it its place:

designates \_\_\_\_\_ [insert name of replacement charity] as replacement donee [attach additional names on Schedule "A" attached hereto where more than one charity is designated]

- **OR** - [choose one]

**does not want to donate** to any charity \_\_\_\_\_ [initial here]

DATED at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_.

**TO BE COMPLETED BY CORPORATE,  
PARTNERSHIP OR TRUST SUBSCRIBER**

\_\_\_\_\_  
Name of Subscriber [Please Print]

\_\_\_\_\_  
Name of Subscriber [Please Print]

\_\_\_\_\_  
Signature of Subscriber

\_\_\_\_\_  
Signature of Authorized Signatory

\_\_\_\_\_  
Address of Residence of Subscriber

\_\_\_\_\_  
Name and Title of Authorized Signatory [Please Print]

\_\_\_\_\_  
Address of Residence of Subscriber

\_\_\_\_\_  
Address of Residence of Subscriber

\_\_\_\_\_  
Social Insurance Number

\_\_\_\_\_  
Business Number

\_\_\_\_\_  
E-mail Address

\_\_\_\_\_  
E-mail Address

(\_\_\_\_\_) \_\_\_\_\_  
Telephone Number

(\_\_\_\_\_) \_\_\_\_\_  
Telephone Number

(\_\_\_\_\_) \_\_\_\_\_  
Facsimile Number

(\_\_\_\_\_) \_\_\_\_\_  
Facsimile Number

**Schedule "A"**

Names of all designated charities to which donations are to be made where there is more than one, and percentages to be donated to each:

1. \_\_\_\_\_ [insert name of charity 1] \_\_\_\_\_ %

2. \_\_\_\_\_ [insert name of charity 2] \_\_\_\_\_ %

3. \_\_\_\_\_ [insert name of charity 3] \_\_\_\_\_ %

4. \_\_\_\_\_ [insert name of charity 4] \_\_\_\_\_ %

5. \_\_\_\_\_ [insert name of charity 4] \_\_\_\_\_ %



