

# CANADIAN SMALL CAP RESOURCE FUND 2005 LIMITED PARTNERSHIP

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**\*\*IMPORTANT INFORMATION FOR PREPARING YOUR 2007 INDIVIDUAL INCOME TAX RETURN.**

Dear (Former) Limited Partners;

Canadian Small Cap Resource Fund 2005 Limited Partnership ("CSCRF 2005") dissolved on March 31, 2007.

In addition to a \$2.00 per unit advance distribution, Limited Partners of CSCRF 2005 were provided a cash payment of \$10.24 per unit on dissolution.

In connection with the dissolution of the partnership, enclosed you will find important tax information relating to:

- the adjusted cost base (ACB) of the partnership units as at March 31, 2007;
- filing instructions for Forms T5013 Statement of Partnership Income, to assist you in filling out your 2007 income tax returns; and
- the unamortized issue costs of the Partnership available for deduction by you in determining your 2008 and subsequent taxation years' taxable income.

You should receive your tax slip(s) [T5013(A)] directly from your Investment Advisor.

**This information has been provided to assist you with the preparation of your 2007 and subsequent years individual income tax returns and is based on information and tax forms available at the time of writing. The information contained herein is strictly for information purposes only and should in no way be regarded as tax advice.**

**You are advised to obtain professional tax advice on your individual circumstances.**

On behalf of Canadian Small Cap Resource Fund  
Management Limited

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CFO  
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## **ACB OF PARTNERSHIP UNITS AT MARCH 31, 2007**

On the dissolution of the Partnership, you are deemed to dispose of your units in the partnership for proceeds equal to the amount per unit received on dissolution, \$10.24, and you will realize a capital gain or loss depending on your individual circumstances. The following table outlines the ACB per unit of the Partnership based on information available to us. Please be advised that your individual circumstances may result in an ACB per unit that is different from what is outlined below. **We suggest you consult a tax professional for advice.**

<b>ACB of Partnership units as at March 31, 2007 Canadian Small Cap Resource Fund 2005 Limited Partnership</b>	
<b>All partners</b>	<b>\$ 8.55296 per unit (less issue costs)</b>

To determine the total ACB of your partnership units disposed of and the cost of shares acquired, multiply the ACB per unit of the partnership by the number of respective partnership units you owned immediately before the dissolution.

## **FILING INSTRUCTIONS FOR FORM T5013/T5013(A) STATEMENT OF PARTNERSHIP INCOME**

**Amounts allocated to the members of a partnership:**

<b>Net business loss per unit</b>	<b>Capital gain per unit</b>	<b>At risk amount per unit</b>	<b>Partnership's total gross income</b>
<b>(T5013 - Box 22)</b>	<b>(T5013 - Box 70)</b>	<b>(T5013 - Box 22-1)</b>	<b>(T5013 - Box 34)</b>
<b>\$ (0.34874)</b>	<b>\$ 3.8049</b>	<b>\$ 8.90167</b>	<b>\$ 0</b>

## **FILING INSTRUCTIONS FOR FORM T5013(A)**

### **BOX 22**

#### **Canadian and foreign net business income (loss)**

This amount represents your share of partnership net loss for the 2006 fiscal period ended March 31, 2007. This amount should be reported in Part III, "Net Partnership Income (Loss)" of Schedule 4. The total amount in Part III should be reported on line 122, page 2 of your 2007 T1 General tax return.

**BOX 70****Capital gains (losses)**

This amount represents your share of partnership capital gains for the 2006 fiscal year ended March 31, 2007. This amount should be reported on line 174 "Information slips - Capital gains (or losses)" of Schedule 3. The taxable capital gains from line 199 of Schedule 3 should be reported on line 127, page 2 of your 2006 T1 General tax return.

**BOX 22-1****Limited partner's at-risk amount**

This amount represents a partner's original cost of partnership interest plus or minus certain adjustments. A limited partner cannot deduct partnership losses in excess of their "at-risk" amount. This amount is used by taxpayers and Canada Revenue Agency to determine the limit to which you can deduct losses and resource expenses, as well as any investment tax credits that may be claimed. It is not reported in the personal income tax return.

**BOX 34****Partnership's total gross income**

This amount represents the total fiscal 2007 gross income of the Partnership. Partners are not required to report this amount in their personal tax returns.

**This information has been provided to assist you with the preparation of your 2007 individual income tax return and is based on information and tax forms available at the time of writing.**

**SCHEDULE OF PARTNERSHIPS UNAMORTIZED BALANCE OF ISSUE COSTS AVAILABLE FOR DEDUCTION**

Limited partners of record at the date of dissolution of the Partnership are entitled to claim a deduction on their 2008 and subsequent years income tax returns in respect of the unamortized balance of issue costs incurred by the Partnership.

To determine the total deduction available in 2008 and beyond, multiply the deduction per unit amount outlined for the respective taxation year by the number of corresponding partnership units you owned immediately before the dissolution.

You should report the total amount available for deduction on line 232 "Other deductions", on page 3 of the T1 General tax return.

<b><u>Taxation year</u></b>	<b><u>CSCRF 2005 Deduction per unit</u></b>
<b>2008</b>	<b>\$ 0.34874</b>
<b>2009</b>	<b>\$ 0.34874</b>
<b>2010</b>	<b>\$ 0.05156</b>

**IMPORTANT:**

**Please retain this schedule for use in preparing your individual tax return in future taxation years. No additional information reminder will be mailed to you with respect to these deductions.**