

CANADIAN SMALL CAP RESOURCE FUND 2006 No. 1 LIMITED PARTNERSHIP

****IMPORTANT INFORMATION FOR FILING AN AMENDMENT OF YOUR 2006 INDIVIDUAL INCOME TAX RETURN.**

Dear Limited Partners:

Recently, Canadian Small Cap Resource Fund 2006 No. 1 Limited Partnership ("CSCRF 2006 No. 1") received amended tax information from its investee issuers for the taxation year 2006.

As a result of this, we have issued amended T5013(A) forms, the effect of which is as follows:

The amount of Canadian Exploration Expenditures eligible for Investment Tax Credit ("ITC") has increased by the amounts indicated for the following categories:

<u>Categories</u>	<u>Previous amount</u>	<u>Revised amount</u>	<u>Difference</u>
Federal ITC	\$6.52928	\$6.72606	\$0.19678 per unit
Ontario ITC	\$1.04503	\$1.24181	\$0.19678 per unit

As a result, should you choose to do so, filing an amended 2006 individual income tax return will further reduce your tax liability by the amount calculated using the new increased ITC "revised amounts". As ITC's received are then subject to inclusion in your income in the subsequent year, in this case 2007, the amount of the reduction of your tax liability for 2006 would be partially offset by this.

You will be receiving your amended tax slip(s) [T5013(A)] directly from your Investment Advisor.

To submit the amended 2006 information to amend your 2006 individual income tax return you will be required to complete a form T1-ADJ E (T1 Adjustment Request) and submit at the same time as you file your 2007 individual tax return. To assist you in completing your form we attach 2 sample versions that we have completed assuming the following:

1. That an initial subscription of \$10,000 (1,000 units) was made;
2. You claimed all amounts eligible from the original T5013 received for 2006; and
3. Either:
 - That you are NOT a resident of Ontario (not eligible for Ontario ITC); and
4. Or:
 - That you ARE a resident of Ontario (eligible for Ontario ITC).

Each sample form shows how the information would be input into the form if you subscribed for 1,000 units. You will need to adjust those amounts to account for the number of units you owned at the end of 2006 to submit the correct numbers for your specific circumstances. As well, you will need to complete sections A and B with your own details, then sign and submit.

This information has been provided to assist you with the amendment of your 2006 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 2006 No.1
Management Limited

Donald M. Cameron, CA
CFO
donc@inhousecfo.com