

Proxy Voting Policy and Procedures

Canadian Small Cap Resource Fund Limited Partnerships Proxy Voting Policy and Procedures

1. Background

Canadian Small Cap Resource Fund Limited Partnerships (the "Partnerships") have been formed for the purpose of investing in diversified portfolios of flow-through shares of resource issuers engaged primarily in mineral or oil and gas exploration in Canada with a view to maximizing the tax benefit of an investment in the limited partnership units and achieving capital appreciation. Canadian Small Cap Resource Fund Management Ltd. (the "General Partner"), in its capacity as general partner, provides management of the investment holdings and has an obligation to act in the best interest of the Partnerships. The General Partner's duties include acting on behalf of the Partnerships to exercise the voting rights attached to securities held by the Partnerships.

2. Purpose

The purpose of this Proxy Voting Policy and Procedure (the "Proxy Voting Policy") is to define conditions governing the exercise of proxy voting rights attached to securities held in the Partnerships' portfolios at any meeting of holders of these securities.

3. Process

The General Partner will log proxies received and ensure they are dealt with and that a voting record is maintained. The General Partner will, prior to voting, review and analyze the content of the circular, management performance, corporate governance and any other factors considered relevant by the General Partner. The General Partner has the discretion whether to vote on routine or non-routine matters. In cases where the General Partner determines that it is not in the best interest of the Partnership to cast a vote, or in cases where no value is added by voting, there is no requirement to vote.

4. Proxy Voting Policies

A decision to invest in an investee company is based in part on an assessment of the management of an investee company. Since a decision to invest is *generally* an endorsement of management of the investee company, the Partnership (acting through the General Partner) will generally vote with the management on routine matters. However, since the General Partner must be focused on the best interests of the Partnership and its unitholders on an ongoing basis, the General Partner must be aware of the potential investment implications of any issue on which security holders are asked to vote. Generally, the General Partner will give substantial weight to recommendations of an investee company's board, absent guidelines or other specific facts that would support a vote against management.

5. **Routine Matters**

Investee company proxies most frequently contain proposals to elect corporate directors and to appoint external auditors and set their compensation. Set out below are the Partnership's "Proxy Voting Guidelines" for these routine matters:

(i) *Boards of Directors*

In the case of private investee companies, there may be shareholders' agreements in place pursuant to which the majority shareholders have agreed to the composition of the board of directors in advance of a meeting of shareholders. The General Partner will recommend voting in favour of the election of directors as contemplated by any shareholders' agreement entered into with an investee company.

In the case of public investee companies, the General Partner will generally recommend voting in favour of the of the election of directors.

(ii) *Auditors and Auditors Compensation*

In the case of private investee companies, the General Partner will generally recommend voting in favour of the appointment of auditors and the approval of their compensation if the compensation has been approved by the audit committee and the company has also complied with any other requirements contained in any shareholders' agreement.

In the case of public investee companies, the General Partner will generally recommend voting in favour of the appointment of auditors and the approval of their compensation if the corporate governance requirements applicable to the particular investee company have been met.

6. **Non Routine Matters**

The General Partner will address non-routine matters on a case-by-case basis, including those business issues specific to the issuer such a shareholder rights plans, corporate restructuring plans and takeover bids, or proposals made by shareholders, in each case, with a focus on the potential impact of the vote on the value of the Partnership's investment and with the best interests of the unitholders in mind.

7. **Conflicts of Interest**

In the event that a conflict of interest or perceived conflict of interest arises with respect to the exercise of voting rights of the Partnerships, the matter shall be referred to an appropriate third party, which may be the legal counsel or auditor of the Partnerships. The Partnerships will be required to vote in a manner consistent with the recommendation of the independent third party, or refrain from voting on such matter. In arriving at its voting recommendation such third party will be bound by the same guiding principles as are applicable to the General Partner.

8. **Proxy Voting Records**

The General Partner shall prepare an annual voting proxy record for the Partnerships for the period ending on June 30th of each year in accordance with applicable securities laws. The General Partner shall post such annual voting records on the Partnership's website, if any, on or before August 31 of each year and promptly send such annual voting record and voting proxy policies to any unitholder of the Partnerships without charge upon request after August 31.