

**CANADIAN SMALL CAP RESOURCE FUND 2006 NO. 1 LIMITED PARTNERSHIP
CANADIAN SMALL CAP RESOURCE FUND 2006 NO. 2 LIMITED PARTNERSHIP
CANADIAN SMALL CAP RESOURCE FUND 2007 NO. 1 LIMITED PARTNERSHIP
CANADIAN SMALL CAP RESOURCE FUND 2007 NO. 2 LIMITED PARTNERSHIP
FAIRCOURT CSCRF 2008 NO. 1 LIMITED PARTNERSHIP**

**NOTICE AND JOINT MANAGEMENT INFORMATION CIRCULAR
FOR SPECIAL MEETINGS OF LIMITED PARTNERS TO BE HELD
ON JUNE 19, 2009**

THESE DOCUMENTS REQUIRE IMMEDIATE ATTENTION.

If you are in doubt as to how to deal with the documents or matters described herein, you should immediately consult your investment adviser.

MAY 21, 2009

SUMMARY OF THE MERGER

THE MERGER

The Merger is intended to consolidate up to five existing Partnerships (the “Merger”) into a single master limited partnership to be known as Faircourt Resource Fund Limited Partnership (“Master LP”). Master LP will have all of the assets and carry on the business activities currently carried on by each approving Partnership while providing for liquidity for Limited Partners through an annual redemption right commencing in 2010. The Merger represents an opportunity for consolidation of the assets and business operations of the Partnerships together with a reduction in ongoing operating expenses. Each Partnership is, and Master LP will be, an investment vehicle that will invest in a diversified portfolio of resource issuers.

Limited Partners who are non-residents of Canada within the meaning of the *Income Tax Act* (Canada) (the “Tax Act”), if any, will not be entitled to participate in the Merger and the General Partner will purchase their Units prior to the Merger. Any Partnership that does not approve the Merger will not participate in it, and the interests of the Limited Partners of that Partnership will not be affected by the Merger.

The steps to give effect to the Merger are described in detail in this Circular, including the methods of calculating the NAVs of the Partnerships and the Exchange Ratios for the Units. If approved, the Merger is expected to be effective on or about June 29, 2009, although Limited Partners will not receive their Units of Master LP until a later date after completion of the calculation of the Exchange Ratios. Master LP will terminate on June 30, 2024 unless terminated earlier upon the occurrence of certain events as set out in the Master Limited Partnership Agreement.

ADVANTAGES OF THE MERGER

Expected Reduction of Costs and Expenses. The Merger is expected to result in a significant reduction of expense through elimination of administrative redundancy. Further, the reduced expense will be shared over a greater asset base and among a larger number of Units, thus significantly reducing per-Unit expense.

Available Tax-Deferred Exchange. The tax election procedure under subsection 97(2) of the Tax Act will be available to Limited Partners who so choose in connection with the Exchange of their Units for Master LP Units. A Limited Partner whose adjusted cost of Units is greater than zero, and who follows the procedures and elects an amount equal to the adjusted cost base of the Limited Partner’s Units, is not expected to realize a capital gain on the Exchange.

Continued Participation in the Markets. Each Partnership that does not approve the Merger will continue in existence under its current terms. The terms of all the Partnerships, other than Faircourt CSCRF 2008 No. 1 LP, provide that they will dissolve effective as of June 30, 2009. On dissolution of a Partnership, each Partner of it will receive a pro rata share of the Partnership’s assets. Because of current market conditions, the liquidity of a number of investments held by the Partnerships are extremely limited, which could result in Partners’ receiving securities that cannot be readily disposed of at an acceptable price, if at all. Conversely, if the Merger is approved, these assets will be rolled into Master LP and appropriately managed while market conditions improve. Management of the Master General Partner believes that conditions will improve over the next one to two years.

Liquidity. Master LP will offer Limited Partners an annual redemption right, starting in 2010. This will give Limited Partners a means to liquidate their investment at a time where Unit prices may be more appropriate. The larger pool of assets created by the Merger will enhance the ability of Limited Partners to receive cash upon redemption, as opposed to illiquid securities they would receive on dissolution of Partnerships if the Merger is not approved. Master LP may also make early distributions to Limited Partners from realized gains at its discretion.

Access to Management and Expanded Investment Mandate. Master LP will be managed by Faircourt Asset Management Inc. The Lead Portfolio Manager at Faircourt is Douglas Waterson. In addition to his duties in Master LP, Mr. Waterson is also the Lead Portfolio Manager for Faircourt Gold Income Corp. (FGX), a TSX listed closed-end fund that has maintained leading performance in the precious metals equity sector since inception of the FGX in November 2007. Master LP will also have an expanded mandate to take advantage of opportunities across a broader array of investments in the resource sector, with the ability to invest across a range of market caps and resource sectors.

WHAT A LIMITED PARTNER SHOULD DO

1. Carefully Review this Circular and discuss the Merger with your investment, financial and tax advisers.
2. To Vote: The rules for voting on the Merger at the Meeting vary depending on whether you are a registered or beneficial Limited Partner. Virtually all Limited Partners of each of the Partnerships are beneficial (and not registered) Limited Partners. Please refer to the section called "Solicitation for Proxies" for information on how to ensure your vote is counted.
3. To take advantage of the tax-deferred exchange: If the Merger is approved by your Partnership, a Tax Information Package will be made available approximately 60 days after the Meeting on the internet at www.faircourtassetmgt.com. If you wish to exchange your Units for Master LP Units on a tax-deferred basis, you must go to www.faircourtassetmgt.com, print, complete and sign a Tax Election Form, return it to the Master General Partner for signature and return to you, and then file the Tax Election Form with CRA within the time period and in the manner required by the Tax Act. You are specifically urged to do so by September 28, 2009 to minimize the risk of being liable for late-filing penalties under the Tax Act.

If the Merger of your Partnership is approved, your Units will be exchanged for Master LP Units.

**IF YOU HAVE ANY QUESTIONS, PLEASE CALL:
CLIENT SERVICES AT FAIRCOURT ASSET MANAGEMENT INC. AT 1-800-831-0304**

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GLOSSARY

“**Advisory Services Agreement**” means the agreement to be dated on or about June 29, 2009 between the Master General Partner and the Portfolio Advisor for the provision of portfolio advisory services to Master LP.

“**Affiliate**” and “**Associate**” have the meanings ascribed thereto in the *Securities Act* (British Columbia).

“**CDS**” means CDS Clearing and Depository Services Inc. or its nominee, which as at the date hereof is CDS & Co.

“**CDS Participant**” means a participant in the CDS depositing service, which includes securities, brokers and dealers and certain financial institutions.

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

“**Circular**” means this Joint Management Information Circular.

“**Computershare**” means Computershare Trust Company of Canada which will be the registrar and transfer agent for Master LP if the Merger takes place.

“**CSCRF 2006 No. 1 LP**” means Canadian Small Cap Resource Fund 2006 No. 1 Limited Partnership.

“**CSCRF 2006 No. 2 LP**” means Canadian Small Cap Resource Fund 2006 No. 2 Limited Partnership.

“**CSCRF 2007 No. 1 LP**” means Canadian Small Cap Resource Fund 2007 No. 1 Limited Partnership.

“**CSCRF 2007 No. 2 LP**” means Canadian Small Cap Resource Fund 2007 No. 2 Limited Partnership.

“**Effective Date**” means June 29, 2009 or such other date as is selected by the General Partners of the Partnerships or the Master General Partner but, in any event, shall not be later than August 31, 2009.

“**Engagement Agreement**” means the formal engagement agreement between the General Partners of the Partnerships and PricewaterhouseCoopers pursuant to which PricewaterhouseCoopers was retained to audit the fair value of the statement of investments at June 29, 2009 in accordance with the valuation principles as defined by the Master Limited Partnership Agreement, as well as to recalculate the Exchange Ratios of each of the Partnerships.

“**Exchange**” means the exchange by each Limited Partner of an approving Partnership of his, her or its Units for Master LP Units as described in this Circular.

“**Exchange Ratio**” in the case of a Partnership means the number of Master LP Units to be received in exchange for one Unit of the particular Partnership upon the Merger as determined in accordance with the following formula:

$$\frac{x \div 5}{y}, \quad \text{where “x” is the aggregate NAV of a Partnership, “5” is the dollar value of each Master LP Unit issued pursuant to the Merger and “y” is the total number of outstanding units in that Partnership.}$$

“**Extraordinary Resolution**” means the resolution to be voted on at the Meeting by the Limited Partners of each Partnership, substantially in the form attached to this Circular as Schedule A.

“**Faircourt**” or “**Portfolio Advisor**” means Faircourt Asset Management Inc.

“**Faircourt CSCRF 2008 No. 1 LP**” means Faircourt CSCRF 2008 No. 1 Limited Partnership.

“**General Partner**” means any one or more of the general partners of the Partnerships as the context requires and, after the contemplated sale of each of the General Partners’ interests to the Master General Partner, means the Master General Partner.

“**GP Assets**” in respect of a Partnership means an undivided 0.01% interest in each asset of the Partnership.

“**GP Liabilities**” means 0.01% of the liabilities of any Partnership.

“**Incentive Bonus**” means the incentive bonus, if any, to be paid to the General Partner and the Portfolio Advisor. See “Fees and Expenses Payable by Master LP – Incentive Bonus”.

“**Independent Review Committee**” means the committee to be established by the Master General Partner pursuant to NI 81-107 *Independent Review Committee for Investment Funds*.

“**Limited Partner**” means a limited partner as set out in the register maintained by or on behalf of any Partnership or the Master LP, as applicable.

“**LP Assets**” in respect of a Partnership means an undivided 99.99% interest in each asset of the Partnership.

“**LP Liabilities**” means 99.99% of the liabilities of any Partnership.

“**Master General Partner**” means Faircourt Resource Fund Management Ltd., the General Partner of Faircourt Resource Fund Limited Partnership, the Master LP, or any other person admitted to Master LP as a successor to Faircourt Resource Fund Management Ltd., or any other general partner of Master LP.

“**Master Limited Partnership Agreement**” means the limited partnership agreement of Master LP, as such agreement may be amended from time to time, among the Master General Partner, Faircourt and each person who is or subsequently becomes a limited partner of Master LP.

“**Master LP**” means Faircourt Resource Fund Limited Partnership, the partnership into which the business operations of each of the approving Partnerships will be merged.

“**Master LP Units**” means limited partnership units of Master LP.

“**Meeting**” means the concurrent special meetings of the Limited Partners of each Partnership called to consider the Merger of the Partnerships, or any one of them as the context requires, as described in this Circular.

“**Merger**” means the proposed merger of the Partnerships as contemplated in this Circular.

“**NAV**” means the aggregate amount of a partnership’s liabilities subtracted from the aggregate value of the partnership’s assets, as calculated by the General Partner of each Partnership, or the Master General Partner of Master LP, as applicable.

“**Non-Resident**” means a Limited Partner who is a “non-resident” within the meaning of the Tax Act or, in the case of a Limited Partner which is a partnership, a Limited Partner which is not a “Canadian partnership” as defined in the Tax Act.

“**Notice**” means the notice of special meetings given by the General Partners of the Partnerships attached to this Circular.

“**Partners**” means the General Partner and all of the Limited Partners in a Partnership and the Master General Partner and all of the Limited Partners of Master LP, as the context may require.

“**Partnership**” means any one of the limited partnerships listed in the Notice accompanying this Circular, as the context may require, and “Partnerships” means all of these limited partnerships collectively as the context may require.

“**Partnership Agreement**” with respect to a Partnership means the limited partnership agreement pursuant to which the Partnership was formed.

“**PricewaterhouseCoopers**” means PricewaterhouseCoopers LLP.

“**Redemption Right**” means the redemption right described in this Circular. See “Master Limited Partnership Agreement – Redemption Rights”.

“**Registered Plans**” means trusts governed by a registered retirement savings plan (“RRSPs”), a registered retirement income fund (“RRIFs”) or a deferred profit sharing plan (“DPSPs”) under the Tax Act.

“**Regulations**” means regulations under the Tax Act.

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

“**Tax Election Form**” means the tax election form under subsection 97(2) of the Tax Act which a Limited Partner may complete and, after first having had the Master General Partner sign it, file with the CRA to cause the Exchange of the Limited Partner’s Units for Master LP Units to be tax-deferred to the extent permitted by the Tax Act.

“**Tax Information Package**” with respect to a Limited Partner means a Tax Election Form and the information package to assist the Limited Partner in completing a Tax Election Form to be made available by the Master General Partner on the internet at www.faircourtassetmgt.com approximately 60 days after the Meeting.

“**Termination Date**” means June 30, 2024.

“**TSX**” means The Toronto Stock Exchange.

“**Units**” means units of a Partnership or Master LP, as the context requires.

“**Valuation Date**” means the last business day of each calendar quarter.

**NOTICE OF SPECIAL MEETINGS
OF LIMITED PARTNERS OF THE PARTNERSHIPS**

NOTICE IS HEREBY GIVEN that special meetings (collectively, the "Meeting") of Limited Partners of each Partnership will be held concurrently at Suite 1200, 200 Burrard Street, Vancouver, British Columbia, V7X 1T2, on Friday, the 19th day of June, 2009, at 2:00 p.m. (Vancouver time). Initially capitalized terms used in this Notice, unless otherwise defined, are set forth in the attached Circular under the heading "Glossary".

The Meeting is being held for the following purposes:

(1) to consider and, if thought advisable, to pass, with or without amendment, an Extraordinary Resolution of each Partnership approving the Merger and all necessary actions to give effect to the Merger, including:

- A. an amendment to the Partnership Agreement of each Partnership to:
 - 1. provide that no further distributions shall be paid prior to the Merger;
 - 2. authorize the transfer of the General Partner's interest as such in the Partnership to the Master General Partner;
 - 3. require that the outstanding Units of the Partnership be exchanged for Master LP Units effective as of the Effective Date;
 - 4. authorize the purchase by the General Partner of all Units held by Non-Residents immediately prior to the Effective Date for fair market value (determined as described in the Circular) payable no later than 60 days after the Effective Date; and
 - 5. authorize such other amendments which, in the opinion of the General Partner or the Master General Partner, may be necessary or desirable in connection with the Merger;
- B. the Exchange of all Units of an approving Partnership for Master LP Units valued at \$5 per Master LP Unit based on the relevant Exchange Ratio without the issuance of fractional Master LP Units or payment of cash in lieu of fractional Master LP Units;
- C. in connection with the dissolution of each applicable Partnership, the assignment of the LP Assets of such Partnership to Master LP and the GP Assets of such Partnership to the Master General Partner and assumption of the LP Liabilities and GP Liabilities, if any, by Master LP and the Master General Partner, respectively; and
- D. the subsequent assignment by the General Partner of the GP Assets of each dissolving Partnership to Master LP in consideration for a payment equal to the capital contributions made by the General Partner to those Partnerships;

all as described in the Circular;

(2) to consider and, if thought advisable, to pass, with or without amendment, an Extraordinary Resolution of each Partnership (except Faircourt CSCR 2008 No. 1 LP) to extend the term of the Partnership by amending the Dissolution Date of the Partnership, as defined in each Partnership Agreement, from June 30, 2009 to August 31, 2009 and to extend the date by which the Limited Partners must approve a Liquidity Alternative, as defined in each Partnership Agreement, to the amended Dissolution Date, in order to facilitate the implementation of the Merger and wind-up of the approving Partnerships; and

(3) in respect of each Partnership, to transact any other business as may properly come before the Meeting or any adjournment.

Proxies to be used at the Meeting must be received at 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 or by facsimile to 1-866-249-7775, or with the Chairperson of the Meeting prior to the commencement of the Meeting.

Dated the 21st day of May, 2009.

By Order of the Board of Directors of:

Canadian Small Cap Resource Fund 2006 No. 1 Management Ltd.
Canadian Small Cap Resource Fund 2006 No. 2 Management Ltd.
Canadian Small Cap Resource Fund 2007 No. 1 Management Ltd.
Canadian Small Cap Resource Fund 2007 No. 2 Management Ltd.
Faircourt CSCRF 2008 No. 1 Management Ltd.

(signed) “Stephen J. Wilkinson”

Stephen J. Wilkinson
Chief Executive Officer

**JOINT MANAGEMENT INFORMATION CIRCULAR
FOR SPECIAL MEETINGS OF LIMITED PARTNERS
OF THE PARTNERSHIPS**

This Circular is furnished to Limited Partners of each Partnership in connection with the solicitation by the General Partner of proxies for use at the Meeting of Limited Partners as described in the Notice. One Circular has been prepared for the Meeting because of the similarities in the procedures relating the Merger. The cost of solicitation of proxies and the other costs of the Meeting will be borne by the Partnerships. Solicitation of proxies will be made by officers, directors or employees of the General Partners personally, by telephone or by mail. The General Partner may engage agents to assist it with the solicitation of proxies from Limited Partners and fees may be paid for such services.

Capitalized terms used in this Circular and not otherwise defined are defined under the heading “Glossary”.

PROPOSED PARTNERSHIP MERGER

The Proposal

At the Meeting, the Limited Partners of each Partnership will be asked to approve an Extraordinary Resolution authorizing the Merger of each Partnership into one “master limited partnership” to be known as Faircourt Resource Fund Limited Partnership (“Master LP”). Master LP will hold all of the assets and liabilities and carry on the business activities currently carried on by each approving Partnership. The Merger represents an opportunity for consolidation of the assets and business operations of all of the Partnerships with a significant reduction in aggregate operating expenses. The Merger will also provide liquidity through an annual Redemption Right. Master LP will be 99.99% owned by the Limited Partners of the approving Partnerships and 0.01% owned by the Master General Partner, consistent with the current ownership of the Partnerships. The Merger will not occur for a Partnership unless the required majority of Limited Partners of that Partnership approve the Extraordinary Resolution and unless certain other conditions have been met. The Merger of all of the approving Partnerships is expected to be effective on or about June 29, 2009.

If a Partnership approves the Merger, its Partnership Agreement will be amended in accordance with this Circular to provide that no further distributions shall be paid prior to the Merger in order to avoid adverse tax consequences that could otherwise result from the Merger and to provide the other steps required to effect the Merger.

Any Partnership which does not approve the Extraordinary Resolution (a non-approving Partnership) will not be part of the Merger. A non-approving Partnership (other than the Faircourt CSCRF 2008 No. 1 LP) will be liquidated and dissolved in accordance with the relevant Partnership Agreement, whereby the Limited Partners of such Partnership will be entitled to a *pro rata* portion of 99.99% (and the General Partner, will be entitled to 0.01%) of the Partnership’s remaining assets (after the payment of debts, liabilities and liquidation expenses), all in accordance with the Partnership Agreement. Limited Partners are cautioned that liquidity and valuations in the junior mining sector are currently at depressed levels. As such, prompt liquidation of a Partnership’s assets at this time cannot be assured, and may result in further NAV erosion. Faircourt CSCRF 2008 No.1 LP would continue in operation until its scheduled dissolution date, which is June 30, 2010.

Each Partnership is, and Master LP will be, an investment vehicle that will invest in a diversified portfolio of resource issuers. As discussed under “Advantages of Master LP”, it is anticipated that the expenses of Master LP will be lower than the aggregate of the expenses that would be incurred by the existing Partnerships if they remain separate Partnerships. As is the case with the existing Partnerships, Master LP will be obligated to reimburse the Master General Partner for expenses incurred on behalf of Master LP.

The Termination Date of Master LP will be June 30, 2024 unless terminated earlier upon the occurrence of certain events as set forth in the Master Limited Partnership Agreement.

Net Asset Values and Exchange Ratios

On the Effective Date, each Limited Partner's Units (including all Units purchased by the General Partners from Non-Residents) will be exchanged for Master LP Units valued at \$5 per Master LP Unit based on the NAV of each Partnership and consequent Exchange Ratios as of the Valuation Date. No fractional Master LP Units will be issued and Limited Partners will not receive cash in lieu of fractional Master LP Units.

The following is the NAV of each Partnership, its Exchange Ratio and the number of Master LP Units that would be issued based on such Exchange Ratios, calculated as at December 31, 2008 for indicative purposes of this Circular only (please note that actual values will be calculated based on the NAV of each Partnership as at June 29, 2009):

	NAV ⁽¹⁾⁽²⁾	Exchange Ratio ⁽¹⁾⁽²⁾⁽³⁾	Master LP Units Issued ⁽¹⁾⁽²⁾
CSCRF 2006 No. 1 LP	1,898,510	0.4981	379,702
CSCRF 2006 No. 2 LP	853,500	0.3790	170,700
CSCRF 2007 No. 1 LP	1,317,985	0.2556	263,597
CSCRF 2007 No. 2 LP	320,545	0.1282	64,109
<u>Faircourt CSCRF 2008 No. 1 LP</u>	<u>2,312,014</u>	<u>0.8694</u>	<u>462,403</u>
Total	6,702,554		1,340,511

⁽¹⁾ Calculations for indicative purposes only based on NAV as at December 31, 2008.

⁽²⁾ For ease of presentation, these have been rounded to the nearest 0.0001.

⁽³⁾ Multiply the Exchange Ratio by the number of Partnership Units held by you to determine the number of Master LP Units you will receive pursuant to the Exchange.

Pro forma financial statements as at December 31, 2008 are set out in Schedule B to this Circular and reflect what the financial position of Master LP would have been if the Merger had occurred on December 31, 2008.

The Exchange of Units may occur on a tax-deferred basis to Limited Partners in accordance with and to the extent permitted by the Tax Act provided that Limited Partners follow the required tax election procedures and certain other conditions are met.

Review Engagement

PricewaterhouseCoopers has been retained to audit the fair value of the statement of investments at June 29, 2009, for all approving Partnerships that will form part of Master LP in accordance with the valuation principles as defined by the Master Limited Partnership Agreement. The investments form a significant component in the determination of NAV. PricewaterhouseCoopers will recalculate the Exchange Ratios as at June 29, 2009 as defined in this Circular and attest to the accuracy of the calculations. Given PricewaterhouseCoopers's experience as an auditor of similar partnerships, knowledge of the mutual fund industry, and the methodology by which exchange ratios are typically determined for mergers or acquisitions of similar limited partnerships, the Board of Directors of the General Partner of each of the Partnerships determined it was appropriate to retain PricewaterhouseCoopers.

Review and Recommendation by the Board of Directors of the General Partners

A meeting of the Board of Directors of the General Partner of each of the Partnerships was held to discuss the proposed terms of the Merger. **In light of the benefits of the Merger as described under "Advantages of Master LP" and the other terms of the Merger, including the engagement of PricewaterhouseCoopers to audit the fair value of the statement of investments and recalculate the Exchange Ratios as at June 29, 2009, the Board of Directors of the General Partners of all of the Partnerships have determined on behalf of their respective Partnerships that the Merger is fair from a financial point of view to Limited Partners of their**

respective Partnerships and unanimously recommend that Limited Partners of each Partnership vote in favour of the Extraordinary Resolution.

ADVANTAGES OF MASTER LP

Expected Reduction of Costs and Expenses

As the approving Partnerships will be dissolved following the Merger, the Merger is expected to result in a significant reduction of expense through elimination of administrative redundancy. Further, the reduced expense will be shared over a greater asset base and among a larger number of Units, thus significantly reducing per-Unit expense.

Available Tax-Deferred Exchange of Units

The tax election procedure under subsection 97(2) of the Tax Act will be available to Limited Partners who so choose in connection with the Exchange of their Units for Master LP Units. A Limited Partner whose adjusted cost of Units is greater than zero, and who follows the procedures and elects an amount equal to the adjusted cost base of the Limited Partner's Units, is not expected to realize a capital gain on the Exchange.

Continued Participation in the Markets

A Partnership which does not approve the Merger will continue under its current terms. The terms of each Partnership other than Faircourt CSCRF 2008 No. 1 LP provide that it will dissolve effective as of June 30, 2009. On dissolution of a Partnership, each Partner of it will receive a pro rata share of the Partnership's assets. Because of current market conditions, the liquidity of a number of investments held by the Partnerships are extremely limited, which could result in Partners' receiving securities that cannot be readily disposed of at an acceptable price, if at all. Conversely, if the Merger is approved, these assets will be rolled into Master LP and appropriately managed while market conditions improve. Management of the Master General Partner believes that conditions will improve over the next one to two years.

Liquidity

Master LP will offer Limited Partners an annual redemption right, starting in 2010. This will give Limited Partners a means to liquidate their investment at a time where Unit prices may be more appropriate. The larger pool of assets created by the Merger will enhance the ability of Limited Partners to receive cash upon redemption, as opposed to illiquid securities they would receive on dissolution of an existing Partnership if the Merger is not approved. Master LP may also make early distributions to Limited Partners from realized gains at its discretion.

Access to Management and Expanded Investment Mandate

Master LP will be managed by Faircourt Asset Management Inc. The Lead Portfolio Manager at Faircourt is Douglas Waterson. In addition to his duties in Master LP, Mr. Waterson is also the Lead Portfolio Manager for Faircourt Gold Income Corp. (FGX), a TSX listed closed-end fund that has maintained leading performance in the precious metals equity sector since inception of the FGX in November 2007. Master LP will also have an expanded mandate to take advantage of opportunities across a broader array of investments in the resource sector, with the ability to invest across a range of market caps and resource sectors.

BECOMING A LIMITED PARTNER OF MASTER LP AND TAX-DEFERRAL ELECTIONS

Exchange of Units

If the Merger is approved, the Units of the approving Partnerships will be exchanged for Master LP Units in accordance with the Exchange Ratios. The Exchange is expected to be effective as of June 29, 2009, although it may be up to two months before this is reflected in your account.

It is expected that a global certificate representing the Master LP Units will be issued in the name of CDS & Co., in accordance with the book-based system administered by CDS Clearing and Depository Services Inc., and that individual certificates representing Units of Master LP will not be issued to Limited Partners.

Income Tax Elections

Approximately 60 days after the Meeting, the Master General Partner will post a Tax Information Package on the internet at www.faircourtassetmgt.com. Master LP will issue a press release when the Tax Information Package is available. The Tax Information Package will contain information relating to the Limited Partner's Units, and the Master LP Units to be received by the Limited Partner on the Exchange, which the Limited Partner will require in order to complete a Tax Election Form. The Tax Election Form must be signed by the Limited Partner and the Master General Partner. The Limited Partner will be solely responsible to print the Tax Election Form from www.faircourtassetmgt.com, complete and sign the Tax Information Form in the manner required by the Tax Act and to return it to the Master General Partner for signature by the Master General Partner. Except as provided in the next paragraph, the Master General Partner will, within a reasonable time after receiving a completed and signed Tax Election Form, sign and mail the form back to the Limited Partner for filing with the CRA. The Limited Partner will be solely responsible, upon receiving the signed Tax Election Form back from the Master General Partner, to file it with CRA in the manner and within the time limits required by the Tax Act to cause the Exchange to be tax-deferred to the extent permitted by the Tax Act.

The Master General Partner reserves the right not to sign a Limited Partner's Tax Election Form that appears to the Master General Partner to contain information that is inconsistent with information contained in the Limited Partner's Tax Information Package, and will have no obligation to the Limited Partner with respect to the Tax Election Form other than to make the Tax Information Package available to the Limited Partner at www.faircourtassetmgt.com and, subject to the appearance of any such inconsistency, to sign and return the Limited Partner's Tax Election Form within a reasonable time after receipt, as set out herein. The Tax Election Form must be filed by a Limited Partner on the earliest day that any Limited Partner of the Master LP is required to file an income tax return for the period in which the Exchange is completed, failing which the Limited Partner will be required to pay a late-filing penalty. **To minimize the risk of a late-filing penalty, it is strongly recommended that each Limited Partner who wishes to file a Tax Election Form follow the procedures set out herein in time to be in a position to file the Tax Election Form with the CRA within 90 days after the Effective Date. Assuming that the Effective Date is June 29, 2009, Tax Election Forms should be filed by September 28, 2009.**

The Master General Partner will be available to provide general information regarding the completion of Tax Election Forms. **However, it is the sole responsibility of each Limited Partner to ensure that the Tax Election Form is duly completed in accordance with the requirements of the Tax Act, taking into account the Limited Partner's tax position, and ensuring that the Tax Election Form is properly filed with CRA. Each Limited Partner is urged to consult the Limited Partner's own tax advisers regarding the completion of the Tax Election Form in light of the Limited Partner's particular circumstances.**

No Tax Election Form will be valid if, immediately after the exchange of Units for Master LP Units pursuant to the Merger, any Partner of Master LP is a Non-Resident. To minimize the likelihood of such a result, the General Partner of each Partnership that approves the Merger will, immediately before the commencement of the Merger, purchase all Units of the Partnership that appear to it to be held by a Non-Resident.

ADDITIONAL INFORMATION REGARDING THE MERGER

Steps Required to Complete the Merger

The following is a summary of the steps to be carried out to implement the Merger of the approving Partnerships into Master LP. A more detailed explanation of some of the steps follows this summary.

1. The approval of Limited Partners to the Merger will be obtained at the Meeting. If approval is not obtained by a Partnership, that Partnership will not participate in the Merger and the following steps will not take place for that Partnership.

2. The Partnership Agreement of each Partnership will be amended to require the Units of that Partnership to be exchanged for Master LP Units, and to authorize the purchase of Units held by Non-Residents and the transfer of the General Partner's interest as such in the Partnership to the Master General Partner immediately prior to the Effective Date.
3. Each Partnership will amend its Partnership Agreement as described in the Notice and this Circular.
4. Immediately prior to the Merger, the General Partner of each Partnership will purchase all Units of its Partnership held by Non-Residents, as discussed under "Sale of Units Held by Non-Residents" and those Non-Residents will no longer be Limited Partners.
5. The General Partner of each Partnership will, on behalf of the Limited Partners, exchange all the Units of the respective Partnership for the relevant number of Master LP Units, valued at \$5 per Master LP Unit, based on the Exchange Ratio for that Partnership. No fractional Master LP Units will be issued and Limited Partners will not receive cash in lieu of fractional Master LP Units. The Master LP Units will be registered in the name of "CDS & Co."
6. After the Exchange has taken place, each Partnership will assign all of its LP Assets to Master LP and all of its GP Assets to the Master General Partner and Master LP will assume the LP Liabilities, if any, of each Partnership and the Master General Partner will assume the GP Liabilities, if any, of each Partnership, and the GP Assets and the LP Assets will thereupon be partitioned into divided interests.
7. Each Partnership will be dissolved leaving only Master LP in existence.
8. The Master General Partner will assign the GP Assets of each dissolving Partnership to Master LP in consideration for a payment of an amount equal to the capital contributions made by the General Partners to those Partnerships.
9. Approximately 60 days after the Meeting, the Master General Partner will post a Tax Information Package on the internet at www.faircourttasemgmt.com. A Limited Partner must print, complete and file the necessary Tax Election Form in accordance with the Tax Act and the procedures described above (see "Becoming a Limited Partner of Master LP and Tax-Deferral Elections - Income Tax Elections" on page 13) to ensure that the Limited Partner's Exchange will occur on a tax-deferred basis to the extent permitted by the Tax Act. It is strongly recommended that Limited Partners file the completed Tax Election Form within 90 days of the Effective Date. Assuming that the Effective Date is June 29, 2009, such elections should be filed by September 28, 2009. See "Becoming a Limited Partner of Master LP and Tax-Deferral Elections - Income Tax Elections".

Conditions to the Completion of the Merger

The Merger will be completed by each Partnership which has approved the Extraordinary Resolution on or about the Effective Date, provided that:

- (a) any regulatory and other approvals that the General Partner or the Master General Partner considers necessary or desirable have been obtained; and
- (b) there have not been any legislative changes, material changes in the affairs of one or more of the Partnerships or Master LP or the occurrence of other events which, in the opinion of the General Partner or the Master General Partner, make it inappropriate to proceed with the Merger.

The General Partner or the Master General Partner may, in its discretion, exclude a Partnership from participating in the Merger if the General Partner or the Master General Partner determines that it is in the best interests of the Partnership or Master LP to do so, even if the Merger is approved by such Partnership.

Sale of Units Held by Non-Residents

In order for the Merger to be completed, it is necessary to ensure that no Limited Partner of any approving Partnership be a Non-Resident at the time of the Exchange. Each Limited Partner of each Partnership was required to confirm the Limited Partner's residency in Canada when the Limited Partner acquired Units and the General Partner of each Partnership has the right to purchase the Units of any Limited Partner who cannot provide satisfactory evidence to the General Partner that the Limited Partner is not a Non-Resident.

The General Partner of each Partnership will contact all Limited Partners with non-Canadian addresses, advising such Limited Partners that their Units will be sold unless they can provide satisfactory evidence, before the day prior to the Effective Date for that Partnership, of their Canadian residence. Each General Partner will also seek confirmation from nominees that no beneficial holder of Units is a Non-Resident and confirmation from each Limited Partner that is a partnership that it is a "Canadian partnership" under the Tax Act. In the absence of confirmation from any Limited Partner satisfactory to the applicable General Partner, Units of such Limited Partner will be considered to be Units held by a Non-Resident.

Units held by Non-Residents will be purchased by the General Partner of the particular Partnership (and the Non-Resident will thereafter no longer be a Limited Partner) on the day immediately prior to the Effective Date, for proceeds equal to the fair market value of such Units, payable no later than 60 days after the Effective Date. Fair market value shall be the NAV per Unit of the Units held by the Non-Resident as of the Effective Date of the Merger. Non-Residents whose Units are so purchased should consult their own tax advisers about the tax consequences to them of the purchase in their particular circumstances.

Merger Expenses

It is estimated that the total cost of completing the Merger of the Partnerships, including legal and accounting fees, and printing and mailing costs will be approximately \$200,000. A portion of this amount is expected to be allocated to the Partnerships (including a portion to the Partnerships which do not approve the Merger) in 2009. The outstanding balance will be allocated to Master LP.

THE EXISTING PARTNERSHIPS

Net Asset Values of the Partnerships

The following table outlines, among other things, the subscription price of the Units of each of the Partnerships, the total number of Units issued by each Partnership, and the NAV of each Partnership as at December 31, 2008:

<u>Partnership</u>	<u>Unit Price</u>	<u>Partnership Units Issued</u>	<u>NAV as at December 31, 2008</u>
CSCRF 2006 No. 1 LP	\$10	762,271	1,898,510
CSCRF 2006 No. 2 LP	\$10	450,373	853,500
CSCRF 2007 No. 1 LP	\$10	1,031,354	1,317,985
CSCRF 2007 No. 2 LP	\$10	500,000	320,545
Faircourt CSCRF 2008 No. 1 LP	\$10	531,894	2,312,014

MANAGEMENT OF MASTER LP

The Master General Partner

The Master General Partner will be incorporated under the *Canada Business Corporations Act* for the sole purpose of organizing and managing Master LP and to thereafter manage Master LP. The Master General Partner will be wholly owned by Faircourt.

The Master General Partner has developed and adopted the investment objective, investment strategy and investment guidelines for Master LP. The Master General Partner has coordinated the organization of Master LP, will develop and implement all aspects of Master LP's communications, marketing and distribution strategies and will manage the ongoing business, investment and administrative affairs of Master LP. The Portfolio Advisor will identify, examine and screen investment opportunities, structure and negotiate prospective investments and will monitor the performance of Master LP's investments. See "The Portfolio Advisor". The Master General Partner has agreed that it will, at all times, act on a basis that is fair and reasonable to Master LP and act honestly and in good faith with a view to the best interests of Master LP and, in connection therewith, exercise the degree of care, diligence and skill of a reasonably prudent manager. The Master General Partner will not be liable in any way for any default, failure or defect in any of the securities comprising the investment portfolio of Master LP if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Master General Partner will be liable to Master LP for any willful misconduct, bad faith or gross negligence. See "- Management of the Master General Partner" below.

Master LP funds will not be commingled with the Master General Partner's funds or the funds of any other entity.

Role of the Master General Partner

The Master Limited Partnership Agreement grants the Master General Partner full power and authority to administer, manage, control and operate the business of Master LP and hold title to the property of Master LP. The authority and power vested in the Master General Partner to manage the business and affairs of Master LP is broad and includes all authority necessary or incidental to carry out the objects, purposes and business of Master LP. The Master General Partner or other advisors may pay to such persons out of the amounts payable to the Master General Partner such amounts as the Master General Partner considers appropriate.

The Master General Partner has an undivided 0.01% interest in Master LP and is entitled to be reimbursed by Master LP for operating and administrative expenses incurred on behalf of Master LP. In consideration of acting as agent of Master LP, the Master General Partner will be entitled to an annual management fee in an amount equal to 2.0% of the NAV of Master LP, calculated and paid quarterly in arrears ending on the date of dissolution of Master LP. The Master General Partner will also be entitled to the Incentive Bonus, if any. The Master General Partner may contract with any person to carry out any of the duties of the Master General Partner under the Master Limited Partnership Agreement and may delegate to such person any power and authority of the Master General Partner, but no such contract or delegation to such person shall relieve the Master General Partner of any of its obligations under the Master Limited Partnership Agreement. In accordance with the terms of the Master Limited Partnership Agreement, certain of these fees will be in addition to the management fee referred to above. See "Fees and Expenses Payable by Master LP" and "Interest of Management in Material Transactions".

No Limited Partner is permitted to take an active part in the management or control of the business of Master LP.

Management of the Master General Partner

The name, municipality of residence, office and principal occupation of each of the directors and executive officers of the Master General Partner are set out below:

<u>Name and Municipality of Residence</u>	<u>Position with the Master General Partner</u>	<u>Principal Occupation ⁽¹⁾</u>
Charles Taerk Toronto, Ontario	President, Chief Executive Officer and Director	President and Chief Executive Officer, Faircourt Asset Management Inc.
Christopher Panagopoulos Toronto, Ontario	Chief Financial Officer	Director of Finance, Faircourt Asset Management Inc.
Stephen J. Wilkinson North Vancouver, British Columbia	Director	President and Chief Executive Officer, ValGold Resources Ltd.
Andrew F.B. Milligan Vancouver, British Columbia	Director	President, Glencoe Management Ltd.
Ken Booth Vancouver, British Columbia	Director	Financial Consultant

(1) Further information concerning each director and executive officer is set out below.

The Master General Partner does not have an executive committee. The audit committee of the Master General Partner is comprised of all directors.

Charles Taerk, President, Chief Executive Officer and Director. Mr. Taerk founded Faircourt in 2002, and has been its President and Chief Executive Officer since its inception. From 1999 to 2001, Mr. Taerk was Vice-President and Managing Director for Charles Schwab Canada, Co., and a member of its Executive Committee. His responsibilities at Charles Schwab included leading the development of Investment Banking, Syndication and Institutional Research. Prior to that, Mr. Taerk was in the Corporate Finance group at Porthmeor Securities Inc., where he worked from 1996 to 1999, rising to director in 1998. Mr. Taerk is also a director of Faircourt CSCRF 2008 No.1 Management Ltd., the general partner of Faircourt CSCRF 2008 No. 1 LP.

During the period 1994 to 1996, Mr. Taerk founded Faircourt Capital Corporation, a boutique corporate finance advisory business, working with private Canadian companies. Prior to that, Mr. Taerk spent eight years with a major Canadian bank in the mid-market corporate lending area.

Mr. Taerk graduated with a Masters degree in International Economics from the School of International Affairs at the Graduate School of the University of Pittsburgh. He received his B.A. from the University of Western Ontario.

Christopher Panagopoulos, Chief Financial Officer. Mr. Panagopoulos has been employed with Faircourt for over four years. Mr. Panagopoulos brings over ten years professional experience in fund management, accounting and finance to Faircourt. Prior to joining the Portfolio Advisor, Mr. Panagopoulos worked as a Manager, TD Securities Inc., where he managed the accounting and reporting functions of the Global Derivatives Products Group. From 1997 to 2004, Mr. Panagopoulos worked as a Senior Auditor and Manager at BDO Dunwoody LLP where he managed audit, non-audit, consulting, unique and special engagements, including financial, strategic and operational analysis, planning, budgeting, and report preparation in a broad variety of enterprises.

Mr. Panagopoulos is a CFA Charterholder (2006) and a Chartered Accountant (2000), and holds a B.A. from the University of Toronto.

Stephen J. Wilkinson, Director. Mr. Wilkinson is a director and the Chief Executive Officer of Canadian Small Cap Resource Fund 2007 No. 2 Management Ltd. and Faircourt CSCRF 2008 No. 1 Management Ltd., and is the President, Chief Executive Officer and a director of Canadian Small Cap Resource Fund 2007 No. 1 Management Ltd., Canadian Small Cap Resource Fund 2006 No. 2 Management Ltd. and Canadian Small Cap Resource Fund 2006 No. 1 Management Ltd. Mr. Wilkinson is currently the President, Chief Executive Officer and a director of ValGold Resources Ltd., a junior mining issuer listed on the TSX Venture Exchange. He is Chairman and a director of NovaDX and HMZ Metals Inc., a CSNX listed mining and smelting company, and was a director of Pacific Stratus Energy Limited, a TSX listed oil and gas producer and Coalcorp Mining Inc., a TSX listed coal producer. In addition, Mr. Wilkinson is the Chairman and a director of Faircourt NovaDX Holdings Corp. Mr. Wilkinson was also formerly President, Chief Executive Officer and Director of Canadian Small Cap Resource Fund 2005 Management Ltd., Canadian Small Cap Resource Fund 2004 No. 1 Management Ltd., Contrarian Resource Fund 2003 Management Limited, Contrarian Resource Fund 2002 Management Limited and Contrarian Resource Fund 2000 Management Limited, each of which has now been dissolved. He is a mining executive, corporate director and business consultant based in North Vancouver, British Columbia. Mr. Wilkinson was President and Chief Executive Officer and a Director of Northern Orion Explorations Ltd. from 1999 to 2002, and from 1996 to 1999 he was the Vancouver-based mining analyst for RBC Dominion Securities Inc. responsible for small capitalization and gold and base metal companies. Mr. Wilkinson holds an MBA from Clarkson University, Potsdam New York, an M.Sc. (Geology) from Carleton University and B.Sc. (Geology) from the University of Western Ontario.

Andrew F.B. Milligan MBE, M.A., Director. Mr. Milligan is a director of Faircourt NovaDX Holdings Corp., Canadian Small Cap Resource Fund 2007 No. 2 Management Ltd., Canadian Small Cap Resource Fund 2007 No. 1 Management Ltd., Canadian Small Cap Resource Fund 2006 No. 2 Management Ltd., Canadian Small Cap Resource Fund 2006 No. 1 Management Ltd. and Faircourt CSCRF 2008 No.1 Management Ltd., president of Glencoe Management Limited and a director of several other public companies. Mr. Milligan has been engaged in the management of companies involved in gold mining and exploration for the past 30 years. He is a former President of TRV Minerals Corporation, Glamis Gold Ltd. and Cornucopia Resources Ltd.

Mr. Milligan has held senior executive positions in Canada and the United Kingdom with British Aerospace, Rolls Royce and Iona Industries Inc. He is currently a director of ValGold Resources Ltd., Golden Reign Resources Ltd., Oremex Resources Inc. and Lincoln Gold Corp.

Ken Booth, Director. Mr. Booth is a director of Faircourt CSCRF 2008 No.1 Management Ltd. Mr. Booth has more than 20 years of experience in exploration, mining corporate finance and public company administration. In mining corporate finance, he has worked for two of Canada's largest investment banks (RBC Dominion Securities Inc. and BMO Nesbitt Burns Inc.) executing numerous equity financings for both junior and senior companies and was involved in a variety of significant mergers and acquisitions. While working for resource companies, Mr. Booth has held several positions including vice-president of corporate development at Bema Gold Corporation and president of Victoria Resources Corp. In these roles he was instrumental in raising equity funding and negotiating property acquisitions and joint ventures. Mr. Booth is currently an officer and/or director of a number of private and public companies with projects in North and South America.

Although none of the directors or executive officers of the Master General Partner or the Portfolio Advisor will devote their full time to the business and affairs of Master LP or the Master General Partner, each will devote as much time as is necessary for the management of the business and affairs of the Master General Partner and Master LP.

Certain directors and officers of the Master General Partner will be remunerated for their services from the management fees payable to the Master General Partner by Master LP.

Proxy Voting Policies and Procedures

The Master General Partner, acting on Master LP's behalf, has established policies and procedures for Master LP to follow to determine whether, and how, to vote proxies relating to the securities of the resource issuers in Master LP's investment portfolio.

These policies prescribe that voting rights should be exercised with a view to the best interests of Master LP and its Limited Partners, determined at the time the vote is cast. While the Master General Partner maintains policies and procedures that are designed to be guidelines to voting, each vote is ultimately cast on a case-by-case basis, taking into consideration the relevant facts and circumstances at the time of the vote. The Master General Partner has the discretion whether to vote on routine or non-routine matters. In cases where the Master General Partner determines that it is not in the best interest of the Limited Partners to cast a vote, or in cases where no value is added by voting, there is no requirement to vote. The Master General Partner's proxy voting policies and procedures set out various considerations that the Master General Partner will address when voting, or refraining from voting, proxies, including the following:

- (a) *Routine Matters* – The Master General Partner will generally vote with management on routine matters such as voting on the size and composition of the board of directors and appointing external auditors unless it is determined that supporting management's position would not be in the best interest of the Limited Partners.
- (b) *Non-Routine Matters* – The Master General Partner will address on a case-by case, non-routine matters, including those business issues specific to the issuer such as shareholder rights plans, corporate restructuring plans and takeover bids, or proposals made by shareholders, with a focus on the potential impact of the vote on the value of the Master LP's investment and the best interests of Limited Partners.
- (c) *Procedures* – The Master General Partner will log proxies received and ensure they are dealt with and that a voting record is maintained. The Master 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 Master General Partner.
- (d) *Conflict of Interest* - In the unlikely event that a matter on which Master LP may vote presents a conflict of interest or perceived conflict of interest, the policies and procedures require that the matter be referred to the Independent Review Committee of Master LP. Master LP will be required to vote in a manner consistent with the recommendation of the Independent Review Committee, or refrain from voting on such matter.

A copy of the Master General Partner's policies and procedures on proxy voting will be available, and Master LP's proxy voting record for the most recent period ended June 30 of each year beginning in 2010, will be available at the Master General Partner's website at www.faircourtassetmgt.com or will be sent, upon request, to Limited Partners at any time after August 31 of that year, unless exemptive relief is obtained from such requirement. None of the information contained on the Master General Partner's website is or shall be deemed to be incorporated into this prospectus by reference.

Conflicts of Interest

Affiliates of Master General Partner, including the Portfolio Advisor and the directors and officers thereof may carry on other business ventures for their own account and for the account of others and may be engaged in ownership, acquisition and operation of businesses which compete with Master LP, including acting as the general partner of other limited partnerships which are in the same business as Master LP or may provide services to the Master General Partner.

Certain of the directors and officers of the Master General Partner may also be directors, officers and shareholders of resource issuers in which Master LP may make investments, subject to the restrictions contained in the Investment Restrictions.

Conflicts may also arise because none of the directors or officers of the Master General Partner will devote his or her full time to the business and affairs of Master LP or the Master General Partner. However, each director and officer of the Master General Partner will devote as much time as is necessary for the management of the business and affairs of the Master General Partner and Master LP.

THE PORTFOLIO ADVISOR

Pursuant to the Advisory Services Agreement, Faircourt Asset Management Inc. has been retained as the Portfolio Advisor to manage Master LP's investment portfolio.

The Portfolio Advisor was incorporated pursuant to the *Business Corporations Act* (Ontario) on August 23, 2002. The head office of the Portfolio Advisor is 141 Adelaide Street West, Suite 1402, Toronto, Ontario M5H 3L5.

An employee-owned firm, the Portfolio Advisor was established to design, distribute and market innovative, tax efficient structured investment products to Canadian retail investors. Since 2003, the Portfolio Advisor has completed 6 closed-end fund offerings raising over \$750 million in aggregate gross proceeds. The Portfolio Advisor currently provides management services to TSX-listed closed-end funds and a family of mutual funds. The Portfolio Advisor also provides marketing and administrative support and other services to a program of Principal Protected Notes, issued by a Canadian chartered bank.

The Portfolio Advisor will provide (or cause to be provided) various services to the Master General Partner, including investor relations, oversight of service providers and general administrative support. The Portfolio Advisor will receive a fee and expense reimbursement for such services.

Mr. Douglas Waterson, the Chief Financial Officer and Portfolio Manager of the Portfolio Advisor, will be principally responsible for managing Master LP's portfolio. Mr. Waterson is a co-founder of Faircourt, has been its Chief Financial Officer since its inception and took on the role of Portfolio Manager in 2005. Mr. Waterson has been the Portfolio Manager for Faircourt Gold Income Corp. since its inception in November 2007. Faircourt Gold Income Corp., a closed-end fund listed on the TSX has maintained leading performance in the precious metals equity fund category since its inception. Mr. Waterson has over 15 years of financial and investment management experience. Prior to joining Faircourt, Mr. Waterson worked at the Office of the Superintendent of Financial Institutions (Canada) (OSFI), where he was responsible for monitoring and conducting risk assessments of Schedule I banks. From 2000 to 2001, Mr. Waterson worked as an Analyst in the Investment Banking Group at Charles Schwab Canada, Co. where he was responsible for the initial review of prospective transactions as well as detailed due diligence and company research, including analysis of financial models and business plans. Prior to that he held several positions within the TD Bank Financial Group from 1996 to 1999, including two years as an investment advisor with TD Evergreen. Mr. Waterson is also a director of Faircourt CSCRF 2008 No.1 Management Ltd., the general partner of Faircourt CSCRF 2008 No. 1 LP. Mr. Waterson is a CFA Charterholder and a Chartered Accountant, and holds a B.Sc. from the University of Waterloo.

Services to be Provided by the Portfolio Advisor

The Portfolio Advisor will be responsible for identifying, analyzing and selecting investment opportunities and structures and negotiating prospective investments for Master LP. Under the Advisory Services Agreement, the Portfolio Advisor has agreed to act at all times on a basis that is fair and reasonable to Master LP and to act honestly and in good faith with a view to the best interests of Master LP, and, in connection therewith, to exercise the degree of care, diligence, and skill that a reasonably prudent person having the experience and qualifications of the Portfolio Advisor would exercise in comparable circumstances. The Advisory Services Agreement provides that the Portfolio Advisor will not be liable in any way for any loss, default, failure, or defect in any of the securities comprising the investment portfolio of Master LP, unless such loss, default, failure or defect is directly attributable to the Portfolio Advisor's failure to satisfy the foregoing standard of care.

The Advisory Services Agreement

The Advisory Services Agreement is for an initial term expiring June 30, 2024 and thereafter continues until (i) it is terminated by either party on 60 days' written notice; (ii) either the Portfolio Advisor or Master LP becomes bankrupt or insolvent; (iii) Master LP is wound-up or dissolved; or (iv) any of the licences or registrations necessary for the Portfolio Advisor to perform its duties under the Advisory Services Agreement is no longer in full

force and effect. The Advisory Services Agreement is also terminable by either party as a result of a breach or default of the provisions thereof, which is not cured within a prescribed period.

If the Advisory Services Agreement is terminated as provided above, the Master General Partner is authorized to and will promptly appoint a successor portfolio advisor to carry out the activities of Portfolio Advisor.

The Portfolio Advisor is entitled to an annual fee, payable by the Master General Partner from its management fee, in an amount equal to 0.75% of the NAV of Master LP, payable and calculated quarterly in arrears, and during the term of the Advisory Services Agreement, the Master General Partner may elect to pay all or a portion of the Incentive Bonus payable to it to the Portfolio Advisor.

Conflicts of Interest

The services of the Portfolio Advisor and the senior officers of the Portfolio Advisor are not exclusive to Master LP.

The officers and directors of the Portfolio Advisor and its Affiliates and Associates may engage in the promotion, management or investment management of any other fund or partnership, including other funds, partnerships or other entities. There is no obligation on the Portfolio Advisor or its officers, directors, Affiliates or Associates to present any particular investment opportunity to Master LP and such persons may recommend such investment opportunities to others.

Conflicts may arise from time to time in allocating investment opportunities, timing investment decisions and exercising rights in respect of and otherwise dealing with securities and issuers. The Portfolio Advisor will address such conflicts of interest in accordance with its trade allocation policies, a copy of which is available upon written request to Faircourt at 141 Adelaide Street, Suite 1402, Toronto, Ontario, M5H 3L5.

OVERVIEW OF INVESTMENT OBJECTIVES AND STRATEGY

Continued investment in Master LP offers former holders of each Partnership the ability to remain invested in a portfolio of resource issuers that include shares of junior resource companies. By investing in both small and large capitalization companies, the portfolio will provide investors with a diversified portfolio approach, by sector, by resource, as well as by market capitalization, providing the broadest opportunity for long term growth.

The Master LP serves primarily as a roll over investment vehicle for the Partnerships and, potentially, future limited partnerships established by the Portfolio Advisor or its affiliates. Due to the generous tax advantages, Master LP will most likely hold a low or zero adjusted cost base and will, in the course of managing the portfolio, enter into trades or sell positions causing taxable events for Limited Partners prior to selling their positions in Master LP.

Investment Objectives

Master LP's primary investment objective is to seek long-term capital growth by investing in a diversified portfolio of resource issuers that are listed on a North American stock exchange.

The portfolio will include: (i) equity securities as well as special warrants, warrants, options, rights and/or other convertible securities entitling the holder to acquire equity securities in the capital of resource companies; (ii) debt instruments of resource companies, including without limitation, convertible debentures and/or other debentures, bonds, commercial paper or other evidence of indebtedness, whether or not convertible into equity securities; and (iii) may also include derivative instruments. Master LP may invest in "flow-through shares" (as that term is defined in the Tax Act) of resource companies but it is not in any way restricted to investing in flow-through shares. By comparison, the Partnerships generally invest only in flow-through shares.

Investment Strategy

The Portfolio Advisor intends to achieve Master LP's investment objectives by investing primarily in equity securities of companies in the mining and minerals, oil and gas sectors (referred to as the "**Natural Resource**" sectors).

Generally, for the purposes of the Investment Objectives, a "Natural Resource" company means any company or other entity that, directly or indirectly, is engaged or intends to engage in mining or exploring for minerals (a "mining issuer" or "mining company") and/or exploring or drilling for petroleum or natural gas (an "oil and gas issuer" or "oil and gas company") or provides support services to these companies.

Natural Resource companies may also be issuers engaged, or that intend to engage, in the generation of electricity or other energy forms through alternative means or the development of projects for alternative energy generation such as "clean-coal" power production, wind power or solar power, or for the production of alternative fuels ("alternative energy companies"). Also, although Master LP expects to primarily invest directly in resource companies, it may also invest indirectly, such as by investing in the securities of other resource-based investment funds.

The Portfolio Advisor seeks leading Natural Resource companies, focusing on strong fundamentals including promising projects supported by sound geological reports, attractive levels of project profitability, trading liquidity, operating and administrative efficiencies, cash flow strength as well as overall management expertise in exploration, development and/or operations.

In addition, when assessing investment opportunities of smaller capitalization Natural Resource companies, the Portfolio Advisor will consider the following: (i) significant ownership in shares by management and insiders; (ii) small percentage of warrants relative to issued and outstanding shares; (iii) low debt levels; (iv) availability of cash resources to fund exploration and development; (v) significant joint venture partners or large shareholders; (vi) project and geographic diversity; (vii) trading liquidity; and (viii) level of political risk.

The Portfolio Advisor intends to focus on those companies with one or more of the following characteristics: (i) low multiples to net asset value or cash flow based on conservative metal price assumptions; (ii) advancing exploration projects with undervalued metal and mineral deposits; (iii) advanced exploration deposits that the Portfolio Advisor believes have high probability potential for expansion prior to feasibility studies and production financing; (iv) trading opportunities driven by financing needs and liquidity events related to capital structure; or (v) represent discounted investment opportunities, particularly those with additional leverage from warrants.

INVESTMENT RESTRICTIONS

In investing the funds of Master LP, the Master General Partner and Portfolio Advisor will adhere to the following investment restrictions, to the effect that Master LP may not:

- (a) purchase any security issued by any issuer (other than short-term debt securities issued or guaranteed by the Government of Canada or any Canadian province or municipality) if as a result more than 10% of Master LP's total assets would consist of securities issued by such issuer;
- (b) borrow money in excess of 15% of Master LP's total assets after giving effect to the borrowing;
- (c) purchase or sell commodities or commodity contracts except as permitted by National Instrument 81-102 *Mutual Funds* ("**NI 81-102**") (as if Master LP were subject to NI 81-102);

- (d) make loans or guarantee obligations, except that Master LP may purchase and hold debt obligations (including bonds, debentures or other obligations and certificates of deposit, bankers' acceptances and fixed time deposits) in accordance with its investment objectives;
- (e) invest for the purpose of exercising control over management of any issuer;
- (f) invest more than 5% of its total assets in securities of private issuers that are not listed on any North American stock exchange (excluding securities of private companies acquired pursuant to the Merger);
- (g) invest in any securities of an entity that would be a controlled foreign affiliate of Master LP for purposes of the Tax Act;
- (h) hold securities of any non-resident of Master LP, fund or other entity if Master LP would be required to mark its investment in such securities to market in accordance with proposed section 94.2 of the Tax Act or to include any significant amounts in income pursuant to proposed section 94.1 or 94.3 of the Tax Act, or invest in any interest in a non-resident fund other than an "exempt Fund" as defined in proposed section 94 of the Tax Act, as set forth in the proposed amendments to the Tax Act dealing with foreign investment entities and non-resident funds released on July 18, 2005 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto);
- (i) lend portfolio assets except as permitted by NI 81-102 (as if Master LP were subject to NI 81-102);
- (j) purchase real estate or real estate mortgage loans (other than securities issued by issuers that invest in real estate); or
- (k) act as an underwriter except to the extent that Master LP may be deemed to be an underwriter in connection with the sale of securities in its portfolio.

If a percentage restriction on investment or use of assets set forth above is adhered to at the time of the transaction, later changes to the market value of the investment or the total assets of Master LP will not be considered a violation of the restriction. If Master LP receives from an issuer subscription rights to purchase securities of that issuer, and if Master LP exercises such subscription rights at a time when the Master LP's portfolio holdings of securities of that issuer would otherwise exceed the limits set forth above, it will not constitute a violation if, prior to receipt of securities upon exercise of such rights, Master LP has sold at least as many securities of the same class and value as would result in the restriction being complied with.

The foregoing investment restrictions may not be changed without the approval of the Limited Partners, by a resolution passed by two-thirds of the votes cast at a meeting of Limited Partners called for such purpose, unless such changes are necessary to ensure compliance with all applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time. See "Master Limited Partnership Agreement".

Borrowing

Under the terms of the Master Limited Partnership Agreement, Master LP is permitted to borrow from an arm's length financial institution an amount not exceeding 15% of the value of the total assets of Master LP for the purpose of making investments in accordance with its investment objectives and restrictions, for working capital purposes and to pledge its assets to secure the borrowings. Initially, Master LP does not intend to borrow any funds.

Derivatives

Master LP may invest in derivative instruments that are consistent with its overall investment objective.

In that regard, although Master LP may invest in derivatives for non-hedging or speculative purposes, generally, Master LP expects to use derivatives with the intention of offsetting or reducing risks associated with an investment or group of investments in resource securities and may use derivatives rather than direct investments in resource companies to reduce transaction costs, achieve greater liquidity, create effective exposure to broader markets or increase speed and flexibility in making portfolio changes. Master LP may seek to enhance the return to its portfolio through the use of derivatives by seeking to reduce the potential for loss or by accepting a more certain lower return rather than seeking a less certain higher potential return. Derivatives may be used by Master LP to position its investment portfolio so that it may profit from declines in financial markets. Subject to applicable laws, the derivatives that Master LP may invest in or use may include, without limitation, options, stock exchange indexes or index funds, future contracts, options on futures, over-the-counter put or call options, forward contracts, debt-like securities and listed or unlisted warrants and Master LP may invest in or use such derivatives for hedging purposes and for non-hedging purposes.

SPECIALIZED AUDIT PROCEDURES FOR NET ASSET VALUE AND EXCHANGE RATIOS

Engagement of PricewaterhouseCoopers LLP

The General Partners of the Partnerships have retained PricewaterhouseCoopers to audit the fair value of the statement of investments that will form part of Master LP at June 29, 2009 in accordance with the valuation principles as defined by the Master Limited Partnership Agreement. The investments form a significant component in the determination of NAV. In addition, PricewaterhouseCoopers will be engaged to recalculate the Exchange Ratios as at June 29, 2009 as defined in this Circular and attest to the accuracy of these calculations. PricewaterhouseCoopers will receive a fee of approximately \$7,500 per approving Partnership for completing the engagement. In addition, PricewaterhouseCoopers is entitled to recover reasonable costs and expenses incurred with respect to their engagement and to be indemnified in certain circumstances for liabilities arising in connection with such calculations. The fees and expenses will form part of the expenses of the Merger allocated to the Partnerships.

VALUATION OF INVESTMENTS

Net Asset Value and Net Asset Value per Unit

The General Partner of each Partnership will calculate the NAV of that Partnership and the NAV per Unit as at the Effective Date. On the Effective Date (and any Valuation Date on which Master LP's assets are valued in accordance with the Master Limited Partnership Agreement), (i) NAV is the amount determined by subtracting the Partnership's aggregate liabilities, determined in accordance with Canadian generally accepted accounting principles, as at that date (including principal and accrued interest owing under the loan facility and earned but unpaid management fees including any incentive bonuses, in accordance with the terms of the respective Partnership Agreement) from the aggregate value of the Partnership's assets as at that date, and (ii) NAV per Unit is the amount determined by dividing the NAV by the total number of Units outstanding on that date.

Valuation Principles

In valuing a Partnership's assets, each General Partner will value investment portfolio securities for which there is a published market based on the most recently published trading price of those securities. For that purpose, a published market means any market on which such securities are traded if the prices are regularly published in a newspaper or business or financial publication of general and regular paid circulation. Portfolio investments for which no published market exists will be valued at cost unless the General Partner determines that a different value would be more appropriate. The Master General Partner will value portfolio investments of Master LP on the same basis going forward.

The process of valuing investments for which no published market exists is inherently uncertain. The values determined may differ materially from the prices at which the investments may subsequently be sold.

A Partnership's assets will be valued by its General Partner in accordance with the following valuation principles:

- (a) securities listed and traded on a stock exchange will be valued based on the most recently posted bid price;
- (b) securities traded over-the-counter will be valued based on the most recently posted bid price quoted by a major dealer in such securities, unless the General Partner determines that a different value would be more appropriate;
- (c) securities for which no published market exists will be valued at cost unless the General Partner determines that a different value would be more appropriate;
- (d) 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 NAV 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 determines that any such deposit, bill, demand note or account receivable is worth less than the full amount thereof, the value thereof shall be such value as the General Partner determines to be appropriate;
- (e) trading prices and other information reported in a 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; and
- (f) if, for any reason, the General Partner determines that it would be inappropriate to value any portfolio securities or other Partnership assets based on the foregoing principles, the value thereof shall be determined on such basis as the General Partner determines to be appropriate.

The NAV per Unit will be calculated in accordance with the rules and policies of the Canadian Securities Administrators or in accordance with any exemption therefrom that the Partnerships may obtain. The NAV per Unit determined in accordance with the principles set out above may differ from NAV per Unit determined under Canadian generally accepted accounting principles.

The Master General Partner will follow the same principles and procedures for valuing Master LP's assets. The quarterly NAV per Unit will be available on Master LP's website at www.faircourtassetmgt.com. Information contained on the Master LP's website is not part of this prospectus and is not incorporated herein by reference.

Calculation of Exchange Ratios

Upon the occurrence of the Merger, as described in this Circular, the Units held by a Limited Partner of an approving Partnership will be exchanged for Master LP Units based on the calculated Exchange Ratio for the particular Partnership.

The Exchange Ratio of each Partnership will be calculated based upon the following formula:

$$\frac{x \div 5}{y}, \quad \text{where "x" is the aggregate NAV of the Partnership calculated as described above, "5" is the dollar value of each Master LP Unit issued pursuant to the Merger and "y" is the total number of outstanding units in the Partnership.}$$

Using the indicative NAVs calculated in accordance with the formula described above as at December 31, 2008 for the purposes of this Circular, if the Exchange were to occur as at December 31, 2008, the Units of the Partnerships would be exchanged for Master LP Units resulting in the following Exchange Ratios:

	<u>Total # of Partnership Units</u>	<u>NAV</u>	<u>Total # of Master LP Units to be issued ⁽¹⁾</u>	<u>Exchange Ratio ⁽²⁾⁽³⁾</u>
CSCRF 2006 No. 1 LP	762,271	1,898,510	379,702	0.4981
CSCRF 2006 No. 2 LP	450,373	853,500	170,700	0.3790
CSCRF 2007 No. 1 LP	1,031,354	1,317,985	263,597	0.2556
CSCRF 2007 No. 2 LP	500,000	320,545	64,109	0.1282
Faircourt CSCRF 2008 No. 1 LP	531,894	2,312,014	462,403	0.8694

⁽¹⁾ Under the Exchange, limited partners of Partnerships will not receive fractional Master LP Units and no cash will be paid in lieu thereof.

⁽²⁾ For ease of presentation the Exchange Ratio has been rounded to the nearest 0.0001.

⁽³⁾ Multiply the Exchange Ratio by the number of Partnership Units held by you to determine the number of Master LP Units you will receive pursuant to the Exchange.

These numbers are for indicative purposes only. The actual NAVs and Exchange Ratios used for the purposes of effecting the Merger will be calculated as at June 29, 2009.

MASTER LIMITED PARTNERSHIP AGREEMENT

The rights and obligations of the Limited Partners and the Master General Partner of Master LP will be governed by the Master Limited Partnership Agreement, the *Partnership Act* (British Columbia) and applicable legislation in each jurisdiction in which the Master LP carries on business. The statements in this Circular concerning the Master Limited Partnership Agreement summarize only some of its provisions and do not purport to be complete. The Partnership Agreement will be available (i) on SEDAR at www.sedar.com and (ii) upon written request to the Master General Partner at 141 Adelaide Street, Suite 1402, Toronto, Ontario, M5H 3L5. Reference should be made to the Master Limited Partnership Agreement for the complete details of these and other provisions therein.

Units

Each Unit entitles the holder to the same rights and obligations as a holder of any other Unit and no Limited Partner is entitled to any privilege, priority or preference in relation to any other Limited Partner. Each Limited Partner is entitled to one vote for each Unit held. See “- Meetings”. On dissolution, the Limited Partners of record holding the then outstanding Units are entitled to receive 99.99% of the net assets of Master LP remaining after payment of debts, liabilities and liquidation expenses of Master LP. See “- Net Income and Loss” and “- Dissolution”.

The Master Limited Partnership Agreement includes representations, warranties and covenants on the part of the investors that they are not “non-residents” for the purposes of the Tax Act, that they will maintain such status during such time as the Units are held by them, that they are not a partnership or a financial institution, and that payment of the subscription price of their Units was not financed with indebtedness for which recourse is, or is deemed to be, limited for the purposes of the Tax Act. The Master General Partner may require a Limited Partner

that is a non-resident of Canada for the purposes of the Tax Act or that is a partnership that is not a “Canadian partnership” within the meaning of the Tax Act to sell its Units to residents of Canada. In addition, if the Master General Partner becomes aware that owners of 45% or more of the Units then outstanding are, or may be, financial institutions or that such a situation is imminent, the Master General Partner may send notice to certain of these Limited Partners requiring them to sell their Units or a portion thereof within a specified period of not less than 15 days. If a Limited Partner fails to comply with any such request, the Master General Partner shall have the right to sell such Limited Partner’s Units or to purchase the same on behalf of Master LP at fair value as determined by an independent third party selected by the Master General Partner, whose determination will be final and binding and not subject to review or appeal.

Redemption Rights

Redemption of Units

Commencing in 2010, Master LP Units may be redeemed annually on June 30 (the “Redemption Date”), provided that a notice of the redemption for the year is provided to the Master General Partner by May 1 of the year. Limited Partners whose Master LP Units are redeemed will be entitled to receive a redemption price per Master LP Unit equal to the NAV per Unit determined as of the Redemption Date and will receive payment on or before the fifteenth business day following the Redemption Date (the “Redemption Payment Date”), subject to the Master General Partner’s right to suspend redemption in certain circumstances. Any unpaid distributions payable on or before the Redemption Date in respect of Master LP Units tendered for redemption will also be paid on the Redemption Payment Date.

A Limited Partner who wishes to exercise redemption privileges must do so by causing the CDS Participant through which the Limited Partner’s Master LP Units are held to deliver to CDS at its office in the City of Toronto, on behalf of the Limited Partner, a written notice of the Limited Partner’s intention to redeem Units and setting out the number of Master LP Units to be redeemed. The Limited Partner should ensure that the CDS Participant is provided with notice of the Limited Partner’s wish to exercise redemption rights sufficiently in advance of May 1 of the year so as to permit CDS to deliver a notice to the Master General Partner.

By causing a CDS Participant to deliver to CDS a notice of the Limited Partner’s intention to redeem Master LP Units, the Limited Partner will be irrevocably deemed to have surrendered that number of the Limited Partner’s Master LP Units set out in the Limited Partner’s written notice for redemption and appointed such CDS Participant to act as the Limited Partner’s exclusive settlement agent with respect to the redemption and the receipt of payment of the redemption proceeds.

Any redemption notice that CDS determines to be incomplete, not in proper form or not duly executed will for all purposes, be void and of no effect and the redemption privilege to which it relates will be considered, for all purposes, not to have been exercised. A failure by a CDS Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with a Limited Partner’s instructions will not give rise to any obligation or liability on the part of the Master LP or the Master General Partner to the CDS Participant or the Limited Partner.

The Master General Partner may establish different or additional procedures for submitting redemption requests from time to time.

The Master General Partner shall allocate a portion of the income of Master LP for a fiscal period to each Master LP Unit that has been redeemed in the fiscal period equal to the lesser of the redemption proceeds paid in respect of the Unit, and the Unit’s share of the income and unrealized taxable capital gains of the Partnership for the fiscal period accrued up to the time of redemption, all determined in such manner, and having regard to such circumstances, as appear to the Master General Partner to be reasonable.

Suspension of Redemptions

The Master General Partner may suspend the redemption of Units or payment of redemption proceeds (a) for the whole or any part of a period during which normal trading is suspended on one or more stock exchanges, options exchanges or futures exchanges on which more than 50% of the Master LP's assets (by value) are listed and traded; or (b) if the Master General Partner determines that conditions exist which render impractical the sale of assets of Master LP (including a situation where there are insufficient liquid assets in the Master LP to fund such redemptions or where the liquidation of Units would be to the detriment of Master LP generally) or which impair the ability of the manager to determine the value of the assets of Master LP. The suspension may apply to all requests for redemption received prior to the suspension, but as for which payment has not been made, as well as to all requests received while the suspension is in effect. All Limited Partners who have requested redemptions shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first business day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. Redemptions following the termination of a suspension of redemptions will be made utilizing the Net Asset Value per Unit at the next scheduled Valuation Date, and payment to the redeeming Limited Partners will be made with 15 Business Days thereafter to the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Master LP, any declaration of suspension made by the Master General Partner shall be conclusive.

In addition, the Master General Partner reserves the right to limit redemptions (on a pro-rata basis) if, in its opinion, sufficient liquidity does not exist in the portfolio positions to fund the outstanding redemption requests fully without adversely affecting the trading prices of the portfolio positions.

Distributions

Cash may be generated from interest on money market instruments, dividends received on securities purchased by Master LP, and the net proceeds of the sale of securities. Subject to the repayment of some or all of the amounts owing by Master LP, the Master General Partner may, in its sole discretion, make distributions at any time to the Limited Partners who are shown as such on the register of Limited Partners maintained by Master LP. Such distributions will not be made if the Master General Partner determines that it would be disadvantageous for Master LP to make any such distribution.

Fees and Expenses

Master LP will be obligated to pay the amounts described in this Circular under "Fees and Expenses Payable by Master LP".

Net Income and Loss

Subject to any adjustments made by the Master General Partner to allocate income or loss to Units that have been redeemed in the course of the fiscal period, Master LP will allocate *pro rata* among the Limited Partners of record on the last day of each fiscal year and on dissolution 99.99% of the net income or net loss (determined in accordance with Canadian generally accepted accounting principles) of Master LP for such fiscal year. Master LP will make such filings in respect of such allocations as are required by the Tax Act or any other taxation or other legislation or laws of like import of Canada or of any province or jurisdiction. Limited Partners will be entitled to claim certain deductions from income for income tax purposes as described under "Canadian Federal Income Tax Considerations".

Functions and Powers of the Master General Partner

The Master General Partner has exclusive authority to manage the operations and affairs of Master LP, to make all decisions regarding the business of Master LP and to bind Master LP. The Master General Partner is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of Master LP and to exercise the care, diligence and skill of a reasonably prudent and qualified manager. Among other

restrictions imposed on the Master General Partner, it may neither dissolve the Master LP nor wind up Master LP's affairs except in accordance with the provisions of the Master Limited Partnership Agreement. The Master General Partner may not engage in any activity other than managing and acting as the Master General Partner of Master LP.

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

Accounting and Reporting

Master LP's fiscal year will be the calendar year. The Master General Partner, on behalf of Master LP, will file and deliver to each Limited Partner, as applicable, such financial statements (including interim unaudited and annual audited financial statements) and other reports as are from time to time required by applicable law and the Master Limited Partnership Agreement. The annual financial statements of Master LP shall be audited by Master LP's auditors in accordance with Canadian generally accepted auditing standards. The auditors will be asked to report on the fair presentation of the annual financial statements in accordance with Canadian generally accepted accounting principles. The Master General Partner, on behalf of Master LP, may seek exemptions from certain continuous disclosure obligations under applicable securities laws and is authorized to do so under the Master Limited Partnership Agreement.

In addition, on or before March 31 of each year or as soon as possible thereafter and within 60 days of the date of dissolution of Master LP, the Master General Partner will forward to each Limited Partner of record on December 31 of the preceding year or on the date of dissolution, as the case may be, information in a suitable form to enable the Limited Partner to complete its income tax reporting relating to its interest in Master LP, if applicable. The Master General Partner will ensure that Master LP complies with all other reporting and administrative requirements.

The Master General Partner will keep adequate books and records reflecting the activities of Master LP. A Limited Partner or his or her duly authorized representative shall have the right to examine the books and records of Master LP during normal business hours at the offices of the Master General Partner. Notwithstanding the foregoing, a Limited Partner shall not have access to any information, which in the opinion of the Master General Partner, should be kept confidential in the interests of the Partnership.

Limited Liability

Master LP is being formed in order for Limited Partners to benefit from limited liability to the extent of their capital contributions to the Partnership together with their *pro rata* share of the undistributed income of Master LP. Limited Partners may lose the protection of limited liability by taking part in the control of the business of Master LP and may be liable to third parties as a result of false or misleading statements made by them in certain filings made pursuant to the *Partnership Act* (British Columbia). Limited Partners may also lose the protection of limited liability if Master LP carries on business in a province or territory of Canada, which does not recognize the limited liability conferred under the *Partnership Act* (British Columbia).

The Master General Partner has unlimited liability for the obligations and liabilities of Master LP. The Master General Partner has agreed to indemnify the Limited Partners against any costs, damages, liability or loss incurred by a Limited Partner that result from such Limited Partner not having limited liability, except where the lack or loss of limited liability is caused by some action of such Limited Partner or a change in any applicable legislation. **However, the Master General Partner has nominal assets. Consequently, it is unlikely that the Master General Partner will have sufficient assets to satisfy any claims for indemnity.**

In all cases other than the possible loss of limited liability, no Limited Partner will be obligated to pay any additional assessment on or with respect to the Units held or purchased by him, her or it; however, the Limited Partners and the Master General Partner may be bound to return to Master LP such part of any amount distributed to them as may be necessary to restore the capital of Master LP to its existing amount before such distribution if, as a result of such distribution, the capital of Master LP is reduced and Master LP is unable to pay its debts as they become due.

Dissolution

Master LP will pursue its activities until it is dissolved on or before June 30, 2024, unless dissolved prior to that date in accordance with the Master Limited Partnership Agreement.

Transfers of Units

Only whole Units are transferable. A Limited Partner may transfer all or part of such Limited Partner's Units by delivering to the Master General Partner a form of transfer, substantially in the form annexed to the Master Limited Partnership Agreement, or such other form as is acceptable to the Master General Partner, duly executed by the Limited Partner, as transferor, and the transferee. The transferee, by executing the transfer, agrees to be bound by the Master Limited Partnership Agreement as a Limited Partner as if the transferee had personally executed the Master Limited Partnership Agreement. Transferees who execute the transfer thereby represent and warrant that they are not "non-residents" within the meaning of the Tax Act and covenant to maintain such status during such time as the Units are held by them. Transferees executing the transfer also thereby represent and warrant that they are not a partnership that is not a "Canadian partnership" within the meaning of the Tax Act and that their acquisition of the Units from the transferor was not financed with a borrowing or other indebtedness for which recourse is, or is deemed to be, limited for the purposes of the Tax Act, ratify and confirm the power of attorney given to the Master General Partner in the Master Limited Partnership Agreement and, unless they provide written notice to the contrary to the Master General Partner with the delivery of such executed transfer form, are deemed to represent and warrant that they are not a "financial institution" within the meaning of subsection 142.2(1) of the Tax Act as aforesaid and to covenant that they will not become a "financial institution" while they hold Units.

The Master General Partner may accept or reject a transfer, in its sole discretion and will deny the transfer of Units to a "non-resident" for the purposes of the Tax Act, to a partnership that is not a "Canadian partnership" within the meaning of the Tax Act, or to a transferee who has financed the acquisition of the Units with a borrowing or other indebtedness for which recourse is, or is deemed to be, limited for the purposes of the Tax Act. The Master General Partner reserves the right to sell any Units held by a "non-resident" or "financial institution" or partnership appearing from time to time on the record of Limited Partners or to purchase the same on behalf of Master LP.

Pursuant to the provisions of the Master Limited Partnership Agreement, when the transferee has been registered as a Limited Partner in accordance with the Master Limited Partnership Agreement, the transferee of Units shall become a party to the Master Limited Partnership Agreement and shall be subject to the obligations and entitled to the rights of a Limited Partner under the Master Limited Partnership Agreement. A transferor of Units will remain liable to reimburse Master LP for any amounts distributed to him by Master LP which may be necessary to restore the capital of Master LP to the amount existing immediately prior to such distribution, if the distribution resulted in a reduction of the capital of Master LP and the incapacity of Master LP to pay its debts as they became due.

There is no public market through which the Units may be sold and none is expected to develop. The Master General Partner does not intend to approve transfers of Units except in exceptional circumstances. Limited Partners may find it difficult or impossible to sell their Units.

Meetings

Master LP is not required to hold annual meetings. The Master General Partner may at any time convene a meeting of the partners of Master LP and will be required to convene a meeting on receipt of a request in writing of Limited Partners holding, in aggregate, 25% or more of the Units then outstanding. The Master Limited Partnership

Agreement provides that Limited Partners may convene a meeting if the Master General Partner fails to do so after having received such a request.

Each Limited Partner is entitled to one vote for each Unit held. The Master General Partner is entitled to one vote in its capacity as general partner. A quorum consists of one or more Limited Partners present in person or by proxy and representing not less than 10% of the Units then outstanding except in the case of an extraordinary resolution to remove the Master General Partner which requires 50% of the Units then outstanding to establish quorum. If a quorum is not present at any meeting within thirty minutes after the time fixed for the meeting, the meeting, if convened pursuant to a request of Limited Partners, will be cancelled, but otherwise will be adjourned to another day, not less than 5 days nor more than 21 days later, selected by the Master General Partner and notice will be given to the Limited Partners of such adjourned meeting. The Limited Partners present at any adjourned meeting will constitute a quorum. The Master General Partner in respect of any Units which may be held by it from time to time, insiders of Master LP (as such expression is defined in the *Securities Act* (British Columbia)), affiliates of the Master General Partner and any director or officer of such persons, who hold Units shall not be entitled to vote on any extraordinary resolution to be adopted by the Limited Partners.

Amendments

The Master Limited Partnership Agreement may only be amended in writing and with the consent of the Limited Partners given by extraordinary resolution passed by holders of not less than 66% of the Units voted thereon as provided in the Master Limited Partnership Agreement. However, unless all of the Limited Partners consent thereto, no amendment can be made to the Master Limited Partnership Agreement which would have the effect of reducing the interest in Master LP of any Limited Partner, changing in any manner the allocation of income or loss for tax purposes, changing the liability of any Limited Partner, allowing any Limited Partner to participate in the control or management of the business of Master LP, changing the right of a Limited Partner or the Master General Partner to vote at any meeting or changing Master LP from a limited partnership to a general partnership. In addition, no amendment can be made to the Master Limited Partnership Agreement which would have the effect of reducing the fees payable to the Master General Partner or its share of the net income or assets of Master LP unless the Master General Partner, in its sole discretion, consents thereto or upon a change of the general partner.

Notwithstanding the foregoing, the Master General Partner is entitled to make certain amendments to the Master Limited Partnership Agreement without the consent of the Limited Partners for the purpose of adding any provisions which, in the opinion of counsel to Master LP, are for the protection or benefit of the Limited Partners or Master LP, for the purpose of curing an ambiguity or for the purpose of clarifying or amending any provision which may be defective or inconsistent with another provision or required by law. Such amendments may be made only if they do not and will not, in the opinion of the Master General Partner, materially adversely affect the interest of any Limited Partner.

Removal of the Master General Partner

The Master General Partner may not be removed other than by an extraordinary resolution passed by the holders of at least two-thirds of the Units voted at a meeting of the Limited Partners called for the purpose of removing the Master General Partner, in circumstances where the Master General Partner is in breach or default of its obligations under the Master Limited Partnership Agreement and if such breach or default, if capable of being cured, has not been cured within 20 business days after notice of such breach has been given to the Master General Partner, or if the Master General Partner becomes bankrupt or insolvent. A quorum for a meeting called for the purposes of removing the Master General Partner shall consist of two or more Limited Partners present in person or by proxy and representing not less than 50% of the Units outstanding, and an extraordinary resolution to remove the Master General Partner must be passed by at least two-thirds of the votes cast by Limited Partners present at the meeting in person or by proxy. A new general partner may be appointed by ordinary resolution.

Power of Attorney

The Master Limited Partnership Agreement includes an irrevocable power of attorney which authorizes the Master General Partner on behalf of the Limited Partners, among other things, to execute the Master Limited Partnership Agreement, any amendments to the Master Limited Partnership Agreement and all instruments necessary to effect the Merger, the dissolution of Master LP or any other transfer of its assets as well as any elections, determinations or designations under the Tax Act or taxation legislation of any province or other jurisdiction with respect to the affairs of Master LP or a Limited Partner's interest in Master LP including, without limitation, elections under subsection 85(2) of the Tax Act and the corresponding provisions of applicable provincial legislation in respect of the Merger, the dissolution of Master LP and to make any applications to securities regulatory authorities that the Master General Partner deems advisable. **Upon the completion of the Merger, each investor acknowledges and agrees that such investor has given such power of attorney and will ratify any and all actions taken by the Master General Partner pursuant to such power of attorney.** The power of attorney shall survive any dissolution or termination of Master LP.

FEES AND EXPENSES PAYABLE BY MASTER LP

Merger Expenses

It is estimated that the total cost of completing the Merger of the Partnerships, including the costs of creating and organizing Master LP, legal and accounting fees, and printing and mailing costs will be approximately \$200,000. A portion of this amount is expected to be allocated to the Partnerships (including a portion to the Partnerships which do not approve the Merger) in 2009. The outstanding balance will be allocated to Master LP.

Management Fee

The Master General Partner has coordinated the organization of Master LP, will develop and implement all aspects of Master LP's communications, marketing and distribution strategies and will manage the ongoing business, investment and administrative affairs of Master LP. In consideration for those services and pursuant to the terms of the Master Limited Partnership Agreement, Master LP will pay to the Master General Partner an annual fee in an amount equal to 2.0% of the Net Asset Value, calculated and paid quarterly in arrears based on the NAV at the end of the preceding quarter. From that management fee, the Master General Partner is obligated to pay annual fees to the Portfolio Advisor (0.75% of NAV). The Master General Partner may contract with any person to carry out any of the duties of the Master General Partner under the Master Limited Partnership Agreement and may delegate to such person any power and authority of the Master General Partner, but no such contract or delegation to such person shall relieve the Master General Partner of any of its obligations under the Master Limited Partnership Agreement. In accordance with the terms of the Master Limited Partnership Agreement, certain of these fees will be in addition to the management fee referred to above. See "Interest of Management in Material Transactions".

Portfolio Advisor's Fee

Pursuant to the Advisory Services Agreement, the Portfolio Advisor will be entitled to an annual fee in an amount equal to 0.75% of the NAV, calculated and paid quarterly in arrears. The fee will be paid by the Master General Partner from the management fee it receives from Master LP. The Portfolio Advisor is also entitled to share in the Incentive Bonus, if any, in the circumstances described below.

Administrative and Operating Expenses

Master LP will pay for all expenses incurred in connection with the operation and administration of Master LP. It is expected that these expenses will include, without limitation:

- (i) mailing and printing expenses for periodic reports to Limited Partners;
- (ii) fees payable to the Auditors and the legal and other professional advisors of Master LP;

- (iii) taxes and ongoing regulatory filing fees;
- (iv) any reasonable out-of-pocket expenses incurred by the Master General Partner or its agents in connection with their ongoing obligations to Master LP;
- (v) expenses relating to portfolio transactions (including commissions);
- (vi) payment of principal and interest on any borrowings (if any);
- (vii) expenditures incurred in connection with the dissolution of Master LP;
- (viii) the Partnership's pro rata share of all reasonable costs and expenses reasonably incurred in connection with the Partnership's compliance with National Instrument 81-107 *Independent Review Committee for Investment Funds*; and
- (ix) fund accounting and financial reporting costs.

In connection with proposed portfolio investments, the Master General Partner may retain advisors and consultants to conduct due diligence investigations of resource issuers' businesses, assets, properties and reserves. At the discretion of the Master General Partner, fees and expenses incurred by it in retaining such independent advisors may be charged to Master LP at cost.

The Master General Partner may act as custodian of Master LP investments and may act as Master LP's registrar and transfer agent for the Units. No additional fee will be payable to the Master General Partner for these services; however, it will be entitled to reimbursement for reasonable out-of-pocket expenses related to its performances of those services. The Master General Partner has determined to appoint Computershare Trust Company of Canada as Master LP's registrar and transfer agent for the Units, and the fees and expenses payable to the registrar and transfer agent will be borne by Master LP.

Incentive Bonus

The Master General Partner will be entitled to receive, in addition to the fees payable to the Master General Partner described above, a bonus (the "**Incentive Bonus**") from the Master LP described below. The Master General Partner may elect to pay all or a portion of the Incentive Bonus payable to it to the Portfolio Advisor.

The Incentive Bonus is intended to provide an incentive for the Master General Partner and the Portfolio Advisor to maximize the Limited Partners' return on their investment in Units. The aggregate Incentive Bonus will be equal to 20% of the amount, if any, by which the increase (or decrease) of the NAV of Master LP over the Performance Period exceeds (or is less than) the increase (or decrease) in the Benchmark over the same Performance Period. For purposes of the Incentive Bonus, the "Performance Period" means each quarter of the Master LP's fiscal year, and the "Benchmark" is composed of the returns on the following indices, based on the noted weights: 40% S&P/TSX Capped Diversified Metals & Mining Index; 35% S&P/TSX Venture Composite Index; 20%; S&P/TSX Capped Energy Index; and 5% cash and cash equivalents.

The Master General Partner will not be entitled to an Incentive Bonus in respect of a Performance Period unless:

- (1) the return of the Benchmark over the Performance Period is positive; and
- (2) either:
 - (a) the cumulative return of the Master LP is positive over the period since the period in respect of which an Incentive Bonus was last paid; or

- (b) the cumulative return of the Master LP has outperformed the Benchmark over the period since the period in respect of which an Incentive Bonus was last paid.

Notwithstanding the foregoing, in the event the conditions in both 2(a) and (b) have been satisfied, an Incentive Bonus will be payable in respect of a Performance Period even if the condition in (1) is not satisfied.

Where an incentive bonus is payable in respect of a Performance Period, it is payable within 10 business days of the end of that Performance Period.

RISK FACTORS

Limited Partners should consider the following factors before making the decision as to whether to vote in favour of the Extraordinary Resolution.

No Secondary Market for Units

There is no public market through which Master LP Units may be sold and none is expected to develop. Master LP will endeavour to provide Limited Partners with enhanced liquidity for their Units.

Suspension of Redemptions

The Master LP may suspend the redemption of Units or payment of redemption proceeds (a) for the whole or any part of a period during which normal trading is suspended on one or more stock exchanges, options exchanges or futures exchanges on which more than 50% of the Master LP's assets (by value) are listed and traded; or (b) for any period during which the Master General Partner determines that condition exist which render impractical the sale of assets of the Master LP (including a situation where there are insufficient liquid assets in the Master LP to fund such redemptions or where the liquidation of Units would be to the detriment of Master LP generally) or which impair the ability of the Master General Partner to determine the value of the assets of the Master LP. In the event of a suspension of redemptions, Limited Partners may experience reduced liquidity.

Reliance on the Master General Partner and Portfolio Advisor

Limited Partners must rely on the expertise of the Master General Partner (with advice from the Portfolio Advisor) in determining (in accordance with Master LP's Investment Strategy and Investment Restrictions) the composition of the portfolio of securities of resource issuers to be owned by Master LP, and in determining whether to dispose of securities owned by Master LP. The Master General Partner will not always review engineering or other technical reports prepared in anticipation of an exploration program. In some cases the nature of an exploration program to be financed will not warrant an engineering or technical report and the proposed exploration program will be determined by management of the resource issuer. In assessing the suitability of an investment in any resource issuer, the Master General Partner will consider the experience and track record of management of the resource issuer and publicly available information concerning the resource property interests held by such resource issuer.

Tax-Related Risks

Limited Partners who do not file a Tax Election Form in connection with the Exchange may, and Limited Partners who do so file a Tax Election Form but whose Units have a negative adjusted cost base will, realize a capital gain on the Exchange.

The dissolution of the Partnerships pursuant to the Merger may result in taxable capital gains to Master LP that will be allocable to Limited Partners of Master LP of record on December 31, 2009, with a potential tax liability for such Limited Partners as a result.

Master LP has engaged the Master General Partner to perform management services and, consistent with that arrangement, Master LP intends to deduct management fees payable to the Master General Partner in computing

income in the year in which the services to which they relate are rendered. CRA may assert that an entitlement of the Master General Partner to management fees is more appropriately treated as an entitlement to share in any income of Master LP as a partner and, therefore, does not result in a deduction in computing Master LP's income. If CRA successfully applied any such treatment then a loss of Master LP otherwise allocable to the Limited Partners would be reduced or denied to the extent of such deduction.

Dissolution of Master LP may result in capital gains (or capital losses) allocable to a Limited Partner, with a potential tax liability for the Limited Partner as a result.

Fluctuations in Value of Underlying Securities

The value of Units will vary in accordance with the value of the securities acquired by Master LP and in some cases the market price of securities owned by Master LP may be affected by such factors as investor demand, resale restrictions, general market trends or regulatory restrictions. Fluctuations in the market values of such securities may occur for a number of reasons beyond the control of the Master General Partner or Master LP.

Portfolio Volatility Due to Concentration

Master LP will invest principally in securities of junior and intermediate resource issuers engaged in mineral and oil and gas exploration and certain "green" energy production, all of which may result in the value of Master LP's portfolio being more volatile than more diversified portfolios. The value of Master LP's portfolio may fluctuate with the underlying market prices for commodities and "green" energy and may be adversely affected if programs conducted by resource issuers are not successful. Resource issuers may not hold or discover commercial quantities of minerals, and profitability and the trading prices of their securities may be affected by various factors, including adverse fluctuations in commodity prices, unanticipated depletion of reserves, liability for environmental damage, competition, and government regulation.

Illiquidity of Portfolio Investments

Master LP may have difficulty reselling certain securities in which it invests. Up to 5% of Master LP's assets may be invested in securities of non-reporting issuers (excluding securities of private issuers acquired pursuant to the Merger), which are subject to a continuing hold period. These securities, if distributed to the Limited Partners in connection with a dissolution of Master LP, may not be sold by a Limited Partner unless an exemption is available under applicable securities laws. Many of the securities held by Master LP, including those listed and not subject to resale restrictions, may be relatively illiquid and may decline in price if a significant number of shares are offered for sale. As at December 31, 2008, assuming completion of the Merger, a significant portion of Master LP's investment portfolio would have consisted of illiquid investments.

Conflicts of Interest

Conflicts of interest may exist between the Master General Partner and Master LP. Some of those conflicts arise as a result of the power and authority of the Master General Partner to manage and operate the business and affairs of Master LP. The Master General Partner has fiduciary obligations to the Limited Partners of Master LP. Those conflicts of interest could have a detrimental effect on the NAV of Master LP.

The Master General Partner may not act as the general partner of any other limited partnerships or engage in any business other than the management of the business of Master LP as set out in the Master Limited Partnership Agreement. However, the directors and officers of the Master General Partner and their affiliates (including the Portfolio Advisor) are not in any way limited or affected in their ability to carry on other transactions or business ventures for their own account or for the account of others, and may be engaged in the ownership, acquisition and operation of businesses which compete with Master LP or may contract for services to be provided to the Master General Partner. Investment in Master LP will not carry with it the right for either Master LP or any Limited Partner to invest in any other property or venture of the directors and officers of the Master General Partner or their affiliates, or to any profit there from or to any interest therein. The directors of the Master General Partner have the discretion to determine whether Master LP will avail itself of an investment opportunity and, if it does not, any of

the directors and officers of the Master General Partner and any of their affiliates shall be able to decide amongst themselves whether to pursue the opportunity for their respective accounts. If the investment opportunity did not arise solely from their activities on behalf of the Master General Partner, the directors and officers of the Master General Partner have no obligation to offer an investment opportunity to Master LP.

The Master General Partner will receive fees as described herein under “Management of Master LP – Role of the Master General Partner” and “Fees and Expenses Payable by Master LP”. Conflicts may arise because none of the directors or officers of the Master General Partner will devote his full time to the business and affairs of Master LP or the Master General Partner. However, each director and officer of the Master General Partner will devote as much time as is necessary for the management of the business and affairs of the Master General Partner and Master LP.

The services of the Portfolio Advisor and the senior officers of the Portfolio Advisor are not exclusive to Master LP.

The officers and directors of the Portfolio Advisor and its Affiliates and Associates may engage in the promotion, management or investment management of any other fund or partnership, including other funds, partnerships or other entities. There is no obligation on the Portfolio Advisor or its officers, directors, Affiliates or Associates to present any particular investment opportunity to Master LP and such persons may recommend such investment opportunities to others.

Possible Loss of Limited Liability of Limited Partners

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

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

Risks Associated With Resource Issuers

The business activities of resource issuers in which Master LP will invest are typically speculative and may be adversely affected by sector specific risk factors, outside the control of the resource issuers, which may ultimately have an impact on Master LP’s investments in such companies’ securities. Because of such factors, the NAV of Master LP may be more volatile than portfolios with a more diversified investment focus. Investors should consider the following risk factors, which may be relevant to certain resource issuers in which Master LP invests:

(a) Exploration Risks

The business of resource exploration involves a high degree of risk. Few properties that are explored are ultimately developed into commercial quantities of precious metals, minerals, oil or gas. At the time of investment in a resource issuer by Master LP, it may not be known if such resource issuer’s properties contain a known body of commercial grade mineral or commercial quantities of oil or gas.

Unusual or unexpected formations, formation pressures, fires, explosions, power outages, labour disruptions, flooding, cave-ins, landslides and the inability of the Resource Issuer to obtain suitable machinery, equipment or labour are all risks which may occur during exploration for and development of mineral or oil and gas deposits. Substantial expenditures are required in order to establish reserves through drilling, to develop metallurgical processes to extract the metal from the ore, to develop the mining, production, gathering or processing

facilities and infrastructure at any site chosen for mining or to determine if a property contains commercial quantities of oil or gas. Although substantial benefits may be derived from the discovery of a major mineral or oil or gas deposit, no assurance can be given that minerals, oil or gas will be discovered in sufficient quantities by the resource issuers in which Master LP may invest to justify commercial operations or that such issuers will be able to obtain the funds required for development on a timely basis or at all.

The economics of developing resource properties are affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in the prices of ore which can be obtained on the metal markets, fluctuations in commodity prices, demand for commodities and demand costs of processing equipment and such other factors as aboriginal land claims and government regulations, including regulations relating to royalties, allowable production, importing and exporting and environmental protection.

(b) Market Risks

The marketability of natural resources, which may be acquired or discovered by a resource issuer, will be affected by numerous factors, which are beyond the control of such resource issuer. These factors include market fluctuations in the price of the minerals, oil or gas, and “green” energy, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of materials and environmental protection. The exact effect of these factors cannot be accurately predicted, but any one or a combination of these factors could result in a resource issuer not receiving an adequate return for shareholders.

(c) Commodity Prices

Commodity prices can and do change by substantial amounts over short periods of time, and are affected by numerous factors, including changes in the level of supply and demand, international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production arising from improved mining and production methods and new discoveries, all which may affect the value of investments in resource issuers.

(d) Uninsurable Risks

Mining and oil and gas operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations, rock bursts, cave-ins, fires, explosions, blow-outs, formations of abnormal pressure, flooding or other conditions may occur from time to time. A resource issuer may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on such resource issuer’s financial position.

(e) No Assurance of Title or Boundaries, or of Access

While a resource issuer may have registered its resource holdings or interests with the appropriate authorities and filed all pertinent information to industry standards, this cannot be construed as a guarantee of title. In addition, a resource issuer’s properties may consist of recorded interests that have not been legally surveyed, and therefore, the precise boundaries and locations of such interests may be in doubt and may be challenged. A resource issuer’s properties may also be subject to prior unregistered agreements or transfers or native land claims, and a resource issuer’s title may be affected by these and other undetected defects.

(f) Government Regulation

A resource issuer’s operations are subject to government legislation, policies and controls relating to prospecting, land use, trade, environmental protection, taxation, rate of exchange, return of capital and labour relations.

A resource issuer may, in addition to its Canadian resource property, have resource property interests located in foreign jurisdictions, and its exploration operations in such jurisdictions may be affected in varying

degrees by the extent of political and economic stability, and by changes in regulations or shifts in political or economic conditions that are beyond the control of the resource issuer. Such factors may adversely affect the resource issuer's business and/or its resource property holdings.

Although a resource issuer's exploration activities may be carried out in accordance with all applicable rules and regulations at any point in time, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the resource issuer's operations. Amendments to current laws and regulations governing the operations of a resource issuer or more stringent enforcement of such laws and regulations could have a substantial adverse impact on the financial results of the resource issuer.

(g) Environmental Regulation

A resource issuer's operations may be subject to environmental regulations enacted by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain resource industry operations, which would result in environmental pollution. A breach of such legislation may result in the imposition on the resource issuer of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner, which leads to stricter standards and enforcement and greater fines and penalties for non-compliance. The cost of compliance with government regulations may reduce the profitability of a resource issuer's operations.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Borden Ladner Gervais LLP, counsel to the Partnerships and Master LP, the following summary fairly summarizes the principal Canadian federal income tax consequences under the Tax Act of the Merger, and of holding and disposing of Master LP Units thereby acquired, generally applicable to a Limited Partner who disposes of Units pursuant to the Merger in the circumstances described in this Circular. This summary applies only to Limited Partners each of whom, at all material times for the purposes of the Tax Act,

- is an individual (other than a trust) or corporation who is resident in Canada and is not resident in any other jurisdiction,
- deals at arm's length with each Partnership and Master LP,
- holds all Units, and will hold all Master LP Units, solely as capital property,
- is not a "financial institution" or a "principal-business corporation",
- is not an person or partnership an interest in which is a "tax shelter investment",
- does not make a functional currency reporting election, and
- does not carry on a business that includes trading or dealing in rights, licences or privileges to explore for, drill for or take minerals, petroleum or other related hydrocarbons,

and expressly does not apply to any other Limited Partner.

This summary assumes that, at all material times for the purposes of the Tax Act,

- Master LP will be a "Canadian partnership",
- no Limited Partner in Master LP after the completion of the Merger will be an entity an interest in which is a "tax shelter investment", and

- no Limited Partner will have acquired a Unit using borrowed funds for which recourse is limited in any way.

This summary is of a general nature and is based on the current provisions of the Tax Act and the regulations thereunder, all specific proposals to amend the Tax Act and regulations publicly announced by the Minister of Finance prior to the date hereof, and counsel's understanding of the current published administrative practices of CRA. It is assumed that all such amendments will be enacted as currently proposed, and that there will be no other change to any applicable law or administrative practice, whether by judicial, governmental or legislative action or decision, although no assurance can be given in these respects. Except as otherwise expressly set out, this summary does not take into account any provincial, territorial or foreign tax law or treaty.

This summary is of a general nature only and is not, and is not to be construed as, legal or tax advice to any particular Limited Partner. Accordingly, each Limited Partner is urged to consult the Limited Partner's own tax advisers with respect to the tax consequences of the Merger, including the filing of tax elections as discussed herein, applicable to the Limited Partner's particular circumstances.

Any references to "income" or "loss" in this summary means income or loss as determined for the purposes of the Tax Act.

The Merger

Exchange of Units for Master LP Units – No Tax Election

A Limited Partner who exchanges Units for Master LP Units (the "Exchange") pursuant to the Merger and who does not validly file a Tax Election Form with the CRA in accordance with the Tax Act with respect to the Exchange will realize a capital gain (capital loss) on the Exchange equal to the amount by which the fair market value of the Master LP Units received on the Exchange exceeds (is exceeded by) the adjusted cost base of the exchanged Units determined immediately before the Exchange and reasonable costs of disposition, and will acquire the Master LP Units at a cost equal to their fair market value at the time of the Exchange. The Limited Partner will be required to include one half of any such gain (taxable capital gain) in income in the Limited Partner's taxation year in which the Exchange occurs, and may deduct one half of any such capital loss (allowable capital loss) against taxable capital gains realized in that year and, to the extent not so deductible, against allowable capital losses realized in any of the preceding three taxation years or any subsequent taxation year.

In general, the adjusted cost base of a Limited Partner's Units at a particular time is equal to the Limited Partner's original cost of the Units plus (or minus) the Limited Partner's share of the income (or loss) of the Partnership for fiscal periods of the Partnership ending before that time, less Canadian exploration expense allocated to the Limited Partner in respect of the Units and all amounts distributed on the Units before that time, and plus or minus other adjustments as provided in the Tax Act. The adjusted cost base of the Limited Partner's Units at the particular time may, as a result of the foregoing calculation, be a positive or negative amount.

Exchange of Units for Master LP Units – Tax Election

A Limited Partner who validly files a Tax Election Form with the CRA in accordance with the Tax Act in respect of an Exchange will realize a capital gain on the Exchange equal to the amount, if any, by which the elected amount set out in the Tax Election Form exceeds (is exceeded by) the adjusted cost base of the exchanged Units determined immediately before the Exchange as described above, and will acquire the Master LP Units at a cost equal to the elected amount. The Limited Partner may choose in the Tax Election Form to elect any positive amount that is not less than the fair market value and the adjusted cost base of the Units (whichever is less), and not more than the fair market value of the Units immediately before the Exchange. The elected amount cannot be nil or a negative number. Consequently, a Limited Partner whose Units immediately before the Exchange have

- a positive adjusted cost base may, by electing an amount in the Tax Election Form equal to that adjusted cost base, realize a nil capital gain on the Exchange, and

- a negative adjusted cost base may, by electing at \$1, realize a capital gain equal to the negative adjusted cost base plus \$1.

Any capital gain that a Limited Partner realizes by electing an amount greater than the adjusted cost base of the Units will be subject to the usual rules applicable to the taxation of capital gains as described above.

Dissolution of the Partnerships

Management has advised counsel that Master General Partner and Master LP, in their capacities as the sole general and limited partner respectively of each Partnership immediately after the Exchanges, intend to elect that the provisions of §98(3) will apply to the dissolution of each Partnership, and this portion of the summary assumes that such elections will be validly made in accordance with the applicable provisions of the Tax Act.

The fiscal period of each Partnership that is dissolved in the course of the Merger will end immediately before the time that is immediately before its dissolution, and any income or loss of the Partnership for that fiscal period will be allocated to the Master General Partner and the Master LP in their respective capacities as the sole general and limited partner of the Partnership at that time in accordance with the terms of the applicable Partnership Agreement. Each Partnership will be deemed to have disposed of each of its properties on the dissolution for proceeds equal to the cost amount to it of the property, and consequently will not realize any gain or loss in respect of the disposition of any such property.

The Master General Partner and the Master LP will each realize a capital gain on the disposition of its general partner's interest in, or Units of, the Partnership (as applicable) equal to the amount, if any, by which the aggregate of all money of the Partnership distributed to it on the dissolution, and its *pro rata* percentage of the cost amount of the Partnership's property immediately before the dissolution, exceeds the adjusted cost base of its interest or Units (as applicable) immediately before the dissolution. Capital gains so realized by Master LP, if any, will be allocated to Master LP's Limited Partners of record at the end of Master LP's fiscal period in which the dissolution occurs in accordance with the Master Limited Partnership Agreement.

Alternative Minimum Tax

In certain circumstances, capital gains realized by a Limited Partner may give rise to liability for alternative minimum tax.

Holding and Disposing of Master LP Units

Computation of Income

Master LP will not be liable for Canadian federal income tax, but will be required to compute its income or loss for each fiscal period in accordance with the Tax Act as if it were a separate person resident in Canada with a taxation year corresponding to its fiscal period. The fiscal period of Master LP will end annually on December 31. Each Limited Partner that is a member of Master LP during a fiscal period must include, in computing the Limited Partner's income or loss for the Limited Partner's taxation year that includes the end of Master LP's fiscal period, the Limited Partner's share of the income or loss of the Partnership for that fiscal period allocated in accordance with Master Limited Partnership Agreement, whether or not the Limited Partner has received any distribution of cash or other assets from Master LP. Subject to the "at-risk rules" discussed below (see "At-risk Rules"), the Limited Partner will be entitled to deduct the Limited Partner's share of any loss of the Partnership from a business or property from the Limited Partner's income from any source in the year and, to the extent not so deductible in that year, from any such income in any of the three preceding or twenty subsequent taxation years. In addition but subject to the at-risk rules, the Limited Partner generally will be entitled to deduct the Limited Partner's share of any allowable capital losses of the Partnership from the Limited Partner's taxable capital gains realized in the year and, to the extent not so deductible, from net taxable capital gains realized in any of the three preceding taxation years or any subsequent taxation year.

At-risk Rules

The Tax Act contains at-risk rules which, if applicable, will restrict a Limited Partner's ability to deduct in a taxation year the Limited Partner's share of Master LP's losses from a business or property for a fiscal period of Master LP that ends in the taxation year, to the extent that such losses exceed the Limited Partner's "at-risk amount" in respect of Master LP at the end of the fiscal period. Any such excess will be added to the Limited Partner's "limited partnership loss" in respect of Master LP and may be deducted by the Limited Partner in any subsequent year, but only to the extent, if any, that the total of the Limited Partner's at-risk amount with respect to Master LP for the subsequent year exceeds the Limited Partner's share of any loss of Master LP from a business or property for the subsequent year, and subject to certain other adjustments set out in the Tax Act.

For these purposes, a Limited Partner's at-risk amount at any time in respect of Master LP generally will be the adjusted cost base of the Limited Partner's Master LP Units at that time plus, if the time is at the end of a fiscal period of the Partnership, the Limited Partner's share of any income of the Partnership for the fiscal period of the Partnership computed in accordance with certain rules, and less indebtedness, if any, to Master LP of the Limited Partner or persons with whom the Limited Partner does not deal at arm's length.

Disposition and Adjusted Cost Base of Master LP Units

A Limited Partner who disposes or is deemed to dispose of a Master LP Unit in a taxation year (including a disposition arising on the redemption of the Master LP Unit, or on the dissolution of Master LP) will realize a capital gain (capital loss) equal to the amount by which the proceeds of disposition exceed (are exceeded by) the adjusted cost base of the Master LP Unit to the Limited Partner determined immediately before the disposition and reasonable costs of disposition. The Limited Partner must include one half of any such gain (taxable capital gain) in income, and may deduct one half of any such loss (allowable capital loss) from taxable capital gains realized in the year and, to the extent not so deductible, from net taxable capital gains realized in any of three preceding taxation years or any subsequent year.

The adjusted cost base of a Master LP Unit to a Limited Partner at any particular time generally will be its cost to the Limited Partner, plus

- the Limited Partner's share of the income of Master LP in respect of the Unit for fiscal periods ending before that time, computed in accordance with the Tax Act, and
- any additional capital contributions made by the Limited Partner to Master LP in respect of the Unit,

and minus

- the Limited Partner's share of any losses (excluding limited partnership losses) of Master LP in respect of the Unit for fiscal periods ending before that time, computed in accordance with the Tax Act,
- the Limited Partner's limited partnership losses in respect of the Unit to the extent deducted by the Limited Partner in a previous taxation year, and
- the amount of any cash or other property distributed to the Limited Partner in respect of the Unit by Master LP before that time,

and subject to certain other adjustments required by the Tax Act. For the purposes of computing the capital gain or loss on the disposition of Master LP Units of a Limited Partner who ceases to be a member of Master LP during a fiscal period of Master LP (including on the redemption of all of the Limited Partner's Master LP Units during the fiscal period), the adjusted cost base of the Limited Partner's Master LP Units will be deemed to have been adjusted immediately prior to the disposition to take into account the amount, if any, of any income or loss of Master LP for the fiscal period that is allocated to the Limited Partner in accordance with the Master Limited Partnership Agreement.

A Limited Partner the adjusted cost base of whose Master LP Units is negative at the end of a fiscal period of Master LP will be deemed to have realized a capital gain on the disposition of Master LP Units at that time equal to the negative amount, and will be required to include one half of any such amount in income as a taxable capital gain, to be taxed as discussed above, in the Limited Partner's taxation year in which the fiscal period ends. The amount of any such gain will be added to the adjusted cost base of the Limited Partner's Master LP Unit immediately after the end of the fiscal period, thereby restoring the adjusted cost base to nil.

Since the adjusted cost base of a Limited Partner's Master LP Units at the end of a fiscal period of Master LP is increased by the Limited Partner's share of partnership income for fiscal periods ending before that time, the Limited Partner may have a negative adjusted cost base resulting in a deemed capital gain if Master LP distributes income, money or other property in the same fiscal period in which the income is earned.

Interest Expense Incurred by a Limited Partner

A Limited Partner who at the time of the Merger was entitled in computing income to deduct interest paid or payable (depending on the method regularly followed by the Limited Partner in computing income) on borrowed funds used to purchase Units of a dissolved Partnership generally will be entitled to continue to deduct such interest after the Merger provided that the Limited Partner continues to own all Master LP Units acquired on the Exchange throughout the period during which the interest accrues, and Master LP has not returned capital to such person before or during that period.

Dissolution of Master LP

In general, any income, loss, capital gain or capital loss realized by Master LP on the disposition of its assets in the course of its dissolution or termination will be included in computing its income and allocated to the Limited Partners in accordance with the Master Limited Partnership Agreement. The adjusted cost base of each Limited Partner's Master LP Units will be increased or decreased as described above to reflect the Limited Partner's share of Master LP's income or loss and the fair market value of property and any cash distributed to the Limited Partner in the course of the dissolution. The Limited Partner will realize a capital gain (or capital loss) equal to any remaining negative (or positive) adjusted cost base of the Limited Partner's Master LP Units after all of Master LP's property has been distributed to the persons legally entitled thereto. One half of any such capital gain or capital loss will be taxable or deductible as described above.

Alternative Minimum Tax

In certain circumstances, capital gains realized by a Limited Partner may give rise to liability for alternative minimum tax.

Partnership Returns

Each Limited Partner is required to file an annual information return in prescribed form with respect to Master LP with the CRA. The Master General Partner has undertaken to file all necessary information returns in accordance with the Tax Act and, upon its doing so, each Limited Partner will be deemed to have complied with the Limited Partner's obligation to file such a return.

Tax Shelter Rules

While Master LP's status as a "tax shelter" for the purposes of the Tax Act is not free from doubt, the Master General Partner will, as a precaution, apply for a tax shelter identification number in respect of Master LP.

The Tax Act requires the following statement to be included in this Circular:

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.

A Limited Partner may not deduct or claim any amount in respect of Master LP Units for Canadian federal income tax purposes unless the Limited Partner files a prescribed form containing certain information including Master LP's tax shelter identification number with the CRA.

Non-Eligibility for Investment by Deferred Income Plans

A Master LP Unit will not be a qualified investment under the Tax Act for purposes of a registered retirement savings plan, registered disability savings plan, registered retirement income fund, deferred profit sharing plan, or tax-free savings account.

SOLICITATION OF PROXIES

This Circular is furnished to all Limited Partners of each Partnership in connection with the solicitation by the General Partner of each Partnership of proxies for use at the Meeting as described in the Notice. The cost of solicitation of proxies and the other costs of the Meeting will be borne by the Partnerships. Solicitation of proxies will be made by officers, directors and employees of the General Partners personally, by telephone or by mail. The General Partners may engage agents to assist them with the solicitation of proxies from Limited Partners of the Partnerships. Meetings of the Limited Partners of each Partnership will be held concurrently at the time indicated in the Notice.

Appointment of Proxyholders and Revocation of Proxies

The persons named in the enclosed form of proxy ("**Proxy Form**") represent management of the General Partners of the Partnerships and the Master General Partner. **Each Limited Partner has the right to appoint some other person (who need not be a Limited Partner) to attend and act on his or her behalf at the Meeting by inserting the name of that other person in the blank space provided for that purpose in the Proxy Form.** To exercise the right to appoint another person as proxyholder, a Limited Partner shall strike out the names of the persons named as proxyholder in the enclosed Proxy Form and insert the name of the Limited Partner's nominee in the blank space provided, or complete another proper Proxy Form.

A Proxy Form must be signed by a Limited Partner or by the Limited Partner's attorney authorized in writing, or, if the Limited Partner is a corporation, it must either be under its common seal or signed by a duly authorized officer. Evidence of the authority of such attorney or officer, as applicable, must accompany the Proxy Form.

Each Limited Partner wishing to be represented by proxy at the Meeting, or any adjournment thereof must, in all cases, send the completed proxy to Computershare at 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 or by fax to 1-866-249-7775, prior to the close of business on the day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or deliver it to the General Partner prior to the commencement of the Meeting or any adjournment thereof.

Proxy Forms given by Limited Partners may be revoked at any time prior to their use. In addition to revocation in any other manner permitted by law, a Limited Partner may revoke his or her proxy by completing and signing a proxy form bearing a later date and depositing it as aforesaid or depositing an instrument of revocation in writing executed by the Limited Partner, or by such person's attorney authorized in writing or, if the Limited Partner is a corporation, by a duly authorized officer or attorney thereof. Such instrument of revocation must either be sent to the General Partner of the Partnership, at the address and facsimile number set out in the previous paragraph, at any time prior to the close of business on the day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or deposited with the chair of the Meeting prior to the commencement of the Meeting or any adjournment thereof.

A Limited Partner attending the Meeting has the right to vote in person and, if he or she does so, his or her proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

Advice to Non-Registered Beneficial Limited Partners

Only registered Limited Partners or duly appointed proxyholders for registered Limited Partners are permitted to vote at the Meeting. Limited Partners who do not hold their Units in their own names (referred to herein as "Non-Registered Beneficial Limited Partners") are advised that only proxies from Limited Partners of record can be recognized and voted at the Meeting.

If Units are listed in an account statement provided to a Unit holder by a broker, then in almost all cases those Units will not be registered in such Limited Partner's name on the records of the Partnership. Such Units will more likely be registered under the name of the Limited Partner's broker or an agent of that broker. **Accordingly, many Limited Partners of a Partnership are "Non-Registered Beneficial Limited Partners" because the Units they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Units.** More particularly, a person is a Non-Registered Beneficial Limited Partner in respect of Units which are held on behalf of that person, but which are registered either: (a) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Beneficial Limited Partner deals with in respect of the Units (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as CDS) of which the Intermediary is a participant. In Canada, the vast majority of such Units are registered under the name of CDS, which company acts as nominee for many Canadian brokerage firms. Units so held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Non-Registered Beneficial Limited Partner. Without specific instructions, brokers/nominees are prohibited from voting Units held for Non-Registered Beneficial Limited Partners. The directors and officers of the General Partner do not know for whose benefit the Units registered in the name of CDS or any other securities depository firms or brokerage house are held.

In accordance with National Instrument 54-101 of the Canadian Securities Administrators, the General Partner, on behalf of the particular Partnership has distributed copies of the Notice of Meeting, this Information Circular and the form of proxy (the "**Meeting Materials**") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Beneficial Limited Partners with a request for voting instructions. Applicable regulatory policy requires Intermediaries/brokers to seek voting instructions from Non-Registered Beneficial Limited Partners in advance of Limited Partners' meetings unless the Non-Registered Beneficial Limited Partners have waived the right to receive meeting materials. Every Intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Non-Registered Beneficial Limited Partners in order to ensure that their Units are voted at the Meeting. Often the request for voting instructions supplied to a Non-Registered Beneficial Limited Partner by its broker is identical to the form of proxy provided by the Partnership to the registered Limited Partners. However, it is not a valid proxy; rather it is to be used as a means of instructing the registered security holder how to vote on behalf of the Non-Registered Beneficial Limited Partner. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered

Beneficial Limited Partners. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a Proxy Form **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of Units beneficially owned by the Non-Registered Beneficial Limited Partner but which is otherwise not completed. Because the Intermediary has already signed the Proxy Form, this Proxy Form is not required to be signed by the Non-Registered Beneficial Limited Partner when submitting the Proxy Form. In this case, the Non-Registered Beneficial Limited Partner who wishes to submit a Proxy Form should otherwise properly complete the Proxy Form and deliver it to the Partnership's registrar and transfer agent, Computershare as provided above; or
- (b) more typically, be given a voting instruction form **which is not signed by the Intermediary**, and which, when properly completed and signed by the Non-Registered Beneficial Limited Partner and returned to the Intermediary or its service company, will constitute voting instructions (often called a "proxy authorization form") which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions, which contains a removable label containing a bar code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Beneficial Limited Partner must remove the label from the instructions and affix it to the Proxy Form, properly complete and sign the Proxy Form and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

The majority of brokers now delegate responsibility for obtaining voting instructions from Non-Registered Beneficial Limited Partners to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically supplies a special sticker to be attached to the proxy forms and asks Non-Registered Beneficial Limited Partners to return the completed proxy form to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Units to be represented at the Meeting. **A Non-Registered Beneficial Limited Partner receiving such a proxy from Broadridge cannot use that proxy to vote Units directly at the Meeting – the proxy must be returned to Broadridge well in advance of the Meeting in order to instruct Broadridge how to vote the Units.**

In either case, the purpose of these procedures is to permit Non-Registered Beneficial Limited Partners to direct the voting of the Unit of the Partnership, which they beneficially own. **Should a Non-Registered Beneficial Limited Partner who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Beneficial Limited Partner), the Non-Registered Beneficial Limited Partner should strike out the names of the Management Proxyholders and insert the name of the Non-Registered Beneficial Limited Partner (or such other person voting on behalf of the Non-Registered Beneficial Limited Partner) in the blank space provided or follow such other instructions as may be provided by their brokers/nominees. In either case, Non-Registered Beneficial Limited Partners should carefully follow the instruction of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

All reference to Limited Partners in this Circular and the accompanying Notice of Meeting and Proxy Form are to registered Limited Partners of record unless specifically stated otherwise.

Voting and Discretion of Proxies

Units represented by a Proxy Form will be voted for or against the matters specified thereon in accordance with the instructions of the Limited Partner. **In the absence of such instructions, such Units represented by the proxy form will be voted in favour of each of the applicable resolutions set out in Appendix A to this Information Circular.**

The Proxy Form sent to Limited Partners with this Circular confers discretionary authority upon the proxyholders with respect to amendments to or variations of the matters identified in the Notice of Meeting, or other matters that may properly come before the Meeting, or any adjournment thereof. As of the date of this Circular, management of the General Partners of each of the Partnerships is aware of no such amendment, variation or other matter. However, if any other matters should properly come before the Meeting, the Units represented by proxy will be voted on such matters in accordance with the best judgment of the proxyholders.

In the event of any inconsistency with respect to any information regarding ownership and number of Units of a Partnership between the Partnership's register and that indicated, for convenience, on the Proxy Form or by a Limited Partner on his or her proxy form, the Partnership's register will prevail.

Interest of Certain Persons In Matters To Be Acted Upon

Except as otherwise disclosed herein, none of:

- a) the directors or executive officers of any General Partners at any time since the beginning of the last financial year of the General Partners; or
- b) any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting .

Voting of Units and Principal Holders of Voting Securities

Each Limited Partner is entitled to one vote for each whole Unit held by him or her on all matters proposed to come before the Meeting. Holders of record of Units at the close of business on May 14, 2009 are entitled to receive notice of and vote at the Meeting.

To the knowledge of management of each of the General Partners, no person or company owns of record or beneficially, directly or indirectly, more than 10% of the outstanding Units of each Partnership respectively.

Two or more persons present and holding or representing by proxy at least 10% of the Units outstanding of each Partnership will constitute a quorum at the Meeting. If a quorum is not present at the Meeting within 30 minutes after the time fixed for holding the Meeting, the Meeting will be adjourned to such date not less than 10 or more than 21 days after the original date for the Meeting as is determined by the General Partners at a time and location determined by the General Partners. The Limited Partners present or represented at such adjourned Meeting will constitute a quorum for the transaction of any business to have been dealt with at the original Meeting in accordance with the Notice of Meeting of Limited Partners.

Additional Copies of Meeting Materials

Additional copies of the materials for the Meeting, comprising the Notice of Meeting, this Circular and the Proxy Form, will be available at the Transfer Agent and the Registered Office during normal business hours.

INTEREST OF MANAGEMENT IN MATERIAL TRANSACTIONS

The Master General Partner will be entitled to receive fees and an Incentive Bonus related to the NAV of Master LP. See “Fees and Expenses Payable by Master LP - Management Fee” and “- Incentive Bonus”. The General Partner is also entitled to receive 0.01% of any net income or assets allocated to the Limited Partners. See “Master Limited Partnership Agreement - Units” and “ – Net Income and Loss”. Except as disclosed elsewhere in this Circular, to the knowledge of the Master General Partner, no director or officer of the Master General Partner has any interest in any material transaction involving Master LP.

The Master General Partner, on behalf of Master LP, intends to enter into an agreement with Faircourt for the provision of certain accounting, tax compliance, financial and administrative services, including the services of a chief financial officer. The terms of the services agreement was negotiated on an arm’s-length basis and the Master General Partner believes that the terms reflect market terms and payment provisions. The annual fees payable to Faircourt for management services under the Services Agreement will be approximately \$60,000 and will be paid by Master LP. The Master General Partner, on behalf of Master LP, will also enter into an agreement with Faircourt for the provision of portfolio advisory services.

CERTIFICATE

The Board of Directors of each of the General Partners of the Partnerships have approved the contents of this Circular and its distribution. Except as otherwise stated, the information contained in this Circular is current to May 21, 2009. Each Partnership takes responsibility only for the information in this Circular which relates to that Partnership and does not assume liability for any information relating to any other Partnership.

Canadian Small Cap Resource Fund 2006 No. 1 Management Ltd.
Canadian Small Cap Resource Fund 2006 No. 2 Management Ltd.
Canadian Small Cap Resource Fund 2007 No. 1 Management Ltd.
Canadian Small Cap Resource Fund 2007 No. 2 Management Ltd.
Faircourt CSCRF 2008 No. 1 Management Ltd.
the General Partners of each of the Partnerships

(signed) "Stephen J. Wilkinson"

Stephen J. Wilkinson
Chief Executive Officer

SCHEDULE A

EXTRAORDINARY RESOLUTIONS TO BE CONSIDERED BY THE PARTNERSHIPS

A. Extraordinary Resolution to be Considered by CSCRF 2006 No.1 LP, CSCRF 2006 No.2 LP, CSCRF 2007 No.1 LP and CSCRF 2007 No.2 LP

RESOLVED as an Extraordinary Resolution of the Partnership that:

1. the Partnership Agreement be amended on such date as may be selected by the General Partner to:
 - (a) require that the outstanding Units of the Partnership be exchanged for Master LP Units on the Effective Date based on the Exchange Ratio;
 - (b) authorize the purchase by the General Partner of all Units held by Non-Residents immediately prior to the Effective Date payable no later than 60 days after the Effective Date; and
 - (c) make such other amendments which, in the opinion of the General Partner, may be necessary or desirable in connection with the Merger;
2. all Units held by Non-Residents be purchased by the General Partner immediately prior to the Effective Date payable no later than 60 days after the Effective Date;
3. the Units of the Partnership be exchanged for the relevant number of Master LP Units valued at \$5 per Master LP Unit based on the Exchange Ratio, without any further approval by Limited Partners and without the issuance of fractional Master LP Units nor payment of cash in lieu of fractional Master LP Units;
4. the Partnership assign the LP Assets of the Partnership to Master LP and Master LP assume the LP Liabilities of the Partnership;
5. the Partnership be dissolved;
6. the Master General Partner make a capital contribution to Master LP in an amount equal to the capital contribution made by the General Partner to the Partnership;
7. the Master General Partner assign the GP Assets of the Partnership to Master LP in consideration for a payment equal to the capital contribution made by the General Partner to the Partnership;
8. the appropriate officers of the General Partner be authorized and directed to do all acts and things and sign, execute and deliver all documents, instruments and writings as may be necessary or desirable to give effect to the foregoing Extraordinary Resolution and the Merger;
9. the board of directors of the General Partner and the Master General Partner be authorized to revoke this Extraordinary Resolution in its sole and absolute discretion, without further approval of the Limited Partners of the Partnership, at any time prior to the completion of the Merger contemplated by this Extraordinary Resolution;
10. the definition of Dissolution Date contained in the Partnership Agreement and the date by which a Liquidity Alternative may be approved and implemented is extended to August 31, 2009; and

11. any one director or officer of the General Partner, in its capacity as general partner of the Partnership, is hereby authorized and directed to do all such acts and things and sign all such documents and instruments as he or she may consider necessary or desirable to give effect to the purpose and intent of this resolution, including, without limitation, all conveyances and other instruments necessary to reflect the dissolution of the Partnership.

B. Extraordinary Resolution to be Considered by Faircourt CSCR 2008 No.1 LP

RESOLVED as an Extraordinary Resolution of the Partnership that:

1. the Partnership Agreement be amended on such date as may be selected by the General Partner to:
 - (a) require that the outstanding Units of the Partnership be exchanged for Master LP Units on the Effective Date based on the Exchange Ratio;
 - (b) authorize the purchase by the General Partner of all Units held by Non-Residents immediately prior to the Effective Date payable no later than 60 days after the Effective Date; and
 - (c) make such other amendments which, in the opinion of the General Partner, may be necessary or desirable in connection with the Merger;
2. all Units held by Non-Residents be purchased by the General Partner immediately prior to the Effective Date payable no later than 60 days after the Effective Date;
3. the Units of the Partnership be exchanged for the relevant number of Master LP Units valued at \$5 per Master LP Unit based on the Exchange Ratio, without any further approval by Limited Partners and without the issuance of fractional Master LP Units nor payment of cash in lieu of fractional Master LP Units;
4. the Partnership assign the LP Assets of the Partnership to Master LP and Master LP assume the LP Liabilities of the Partnership;
5. the Partnership be dissolved;
6. the Master General Partner make a capital contribution to Master LP in an amount equal to the capital contribution made by the General Partner to the Partnership;
7. the Master General Partner assign the GP Assets of the Partnership to Master LP in consideration for a payment equal to the capital contribution made by the General Partner to the Partnership;
8. the appropriate officers of the General Partner be authorized and directed to do all acts and things and sign, execute and deliver all documents, instruments and writings as may be necessary or desirable to give effect to the foregoing Extraordinary Resolution and the Merger;
9. the board of directors of the General Partner and the Master General Partner be authorized to revoke this Extraordinary Resolution in its sole and absolute discretion, without further approval of the Limited Partners of the Partnership, at any time prior to the completion of the Merger contemplated by this Extraordinary Resolution; and

10. any one director or officer of the General Partner, in its capacity as general partner of the Partnership, is hereby authorized and directed to do all such acts and things and sign all such documents and instruments as he or she may consider necessary or desirable to give effect to the purpose and intent of this resolution, including, without limitation, all conveyances and other instruments necessary to reflect the dissolution of the Partnership.

All initially capitalized terms not defined in these Extraordinary Resolutions shall have the meanings set forth in the Joint Management Information Circular of the Partnerships dated May 21, 2009.

SCHEDULE B

**PRO FORMA FINANCIAL STATEMENTS OF
MASTER LIMITED PARTNERSHIP**

MASTER LIMITED PARTNERSHIP

Pro Forma Financial Statements
(Unaudited)

December 31, 2008

(Expressed in Canadian dollars)

Management's Letter

The accompanying unaudited pro forma financial statements of Master Limited Partnership ("Master LP") have been jointly prepared by Canadian Small Cap Resource Fund 2006 No. 1 Management Ltd., Canadian Small Cap Resource Fund 2006 No. 2 Management Ltd., Canadian Small Cap Resource Fund 2007 No. 1 Management Ltd., Canadian Small Cap Resource Fund 2007 No. 2 Management Ltd., and Faircourt CSCRF 2008 No. 1 Management Ltd., ("CSCRF Group of GPs"). The CSCRF Group of GPs are responsible for the information and representations contained in these unaudited pro forma financial statements.

The General Partner maintains processes to ensure that relevant and reliable financial information is produced. The unaudited pro forma financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. See the accompanying notes to the unaudited pro forma financial statements for a detailed description of the basis of presentation and the assumptions and adjustments performed in the development of these pro forma financial statements.

A pro forma financial statement is based on management assumptions and adjustments which are inherently subjective. The unaudited pro forma financial statements are not intended to reflect the results of operations of the financial position of Master LP which would have actually resulted had the merger been effected on the dates indicated. The unaudited pro forma statement of net assets gives effect to the consolidation of Canadian Small Cap Resource Fund 2006 No. 1 Limited Partnership, Canadian Small Cap Resource Fund 2006 No. 2 Limited Partnership, Canadian Small Cap Resource Fund 2007 No. 1 Limited Partnership, Canadian Small Cap Resource Fund 2007 No. 2 Limited Partnership, and Faircourt CSCRF 2008 No. 1 Limited Partnership, ("CSCRF Group of LPs") being the five existing partnerships into a single master limited partnership ("Master LP"), as though it had taken place as at December 31, 2008. The unaudited pro forma statement of operations has been prepared as if the merger of the CSCRF Group of LPs had occurred on January 1, 2008. Actual amounts recorded upon approval of the merger will likely differ from those recorded in the unaudited pro forma financial statements. Further, the unaudited pro forma financial information is not necessarily indicative of the results of operations that may be obtained in the future.

On behalf of the CSCRF Group of GPs,

Mr. Stephen Wilkinson
CEO

Master Limited Partnership

Pro Forma Statement of Net Assets

December 31, 2008

(Unaudited)

(Expressed in Canadian Dollars)

	2008
Assets	
Cash and cash equivalents	\$ 1,367,250
Investments at fair value	5,468,116
Other receivable	-
Due from General Partner	53,433
Total Assets	\$ 6,888,799
Liabilities	
Accounts payable and accrued liabilities	\$ 186,245
Net Assets	\$ 6,702,554
Number of partnership units outstanding	1,340,510
Net assets per partnership unit	\$ 5.00

See accompanying notes to the unaudited pro forma financial statements.

Master Limited Partnership

Pro Forma Statement of Operations

For the year ended December 31, 2008

(Unaudited)

(Expressed in Canadian Dollars)

	2008
Investment income:	
Interest income	\$ 40,487
Expenses:	
Unitholder administration and communication	514,480
General Partner fee	223,012
Portfolio Advisory fee	119,046
Agents' service commission	12,788
Commissions and other portfolio transaction costs	50,141
Audit fees	160,111
Legal fees	60,253
Interest expense	150,734
	1,290,565
Net investment loss	(1,250,078)
Realized loss on sale of investments	(605,264)
Change in unrealized depreciation of investments	(20,953,195)
Decrease in net assets from operations	\$ (22,808,537)
Net investment loss per unit	\$ (0.93)
Realized loss on sale of investments per unit	(0.45)
Change in unrealized depreciation of investments per unit	(15.63)
Decrease in net assets from operations per partnership unit	\$ (17.01)

See accompanying notes to the unaudited pro forma financial statements.

Master Limited Partnership

Pro Forma Statement of Changes in Net Assets

For the year ended December 31, 2008

(Unaudited)

(Expressed in Canadian Dollars)

	2008
Net assets, beginning of year	\$ 24,870,316
Decrease in net assets from operations	(22,808,537)
Partners' transactions:	
Proceeds from issuance of partnership units	5,318,940
Cost of issuance of partnership units	(678,165)
	4,640,775
Net assets, end of year	\$ 6,702,554

See accompanying notes to the unaudited pro forma financial statements.

Master Limited Partnership

Pro Forma Statement of Cash Flows

For the year ended December 31, 2008

(Unaudited)

(Expressed in Canadian Dollars)

	2008
Cash provided by (used in):	
Operating Activities:	
Decrease in net assets from operations	\$ (22,808,537)
Realized loss/(gain) on sale of investments	20,953,195
Change in unrealized depreciation of investments	605,264
	(1,250,078)
Purchase of investments	(5,689,969)
Purchase of Guaranteed Investment Certificate	225,000
Proceeds on sale of investments	4,661,400
Net change in non-cash balances related to operations	(408,449)
	(2,462,096)
Cash flow from (used in):	
Financing Activities:	
Repayment of promissory note	(1,580,000)
Repayment of loan payable	(400,000)
Units issued	5,318,940
Issue costs	(678,165)
	2,660,775
Increase in cash during the year	198,679
Cash and cash equivalent, beginning of year	1,168,571
Cash and cash equivalent, end of year	\$ 1,367,250

See accompanying notes to the unaudited pro forma financial statements.

Master Limited Partnership
Pro Forma Statement of Investments
December 31, 2008
(Unaudited)
(Expressed in Canadian Dollars)

Issuer	# of Common Shares	# of Warrants	Expiry Date of Warrants	Exercise Price of Warrants	Average Cost (\$)	Fair Value as at December 31, 2008 (\$)	% of Portfolio as at December 31, 2008
PUBLICLY-TRADED:							
Alto Ventures Ltd.	2,880,000				374,400	86,400	1.58%
Arsenal Energy Inc.	1,094,590				563,864	202,502	3.70%
Astral Mining Corp.	493,000				230,527	24,650	0.45%
Astral Mining Corp.		50,000	3-May-09	0.65	16,200	827	0.02%
Athabasca Potash Inc. ¹	90,000				81,000	99,900	1.83%
Avalon Ventures Ltd.	230,400				277,440	119,808	2.19%
Benton Resource Corp	195,000				215,266	28,275	0.52%
Berkley Resources Inc.	1,010,000				909,000	35,350	0.65%
Black Panther Mining Corp. (Formerly known as Venturex Exploration Inc.)	400,000				468,125	54,000	0.99%
Capella Resources Ltd.	109,000				198,384	4,905	0.09%
Capella Resources Ltd.		62,500	04-Mar-09/10	.50/.75	22,495	1,000	0.02%
Chalice Diamond Corp.	666,500				97,425	26,660	0.49%
Chalice Diamond Corp.		666,500	10-May-09	0.15	2,550	883	0.02%
CMC Metals Ltd.	350,000				260,550	43,750	0.80%
Columbia Yukon Explorations Inc.	342,500				221,518	41,100	0.75%
Cuda Capital Corp.	1,150,000				114,770	11,500	0.21%
CZM Capital Corp.	700,000				175,000	17,500	0.32%
Delta Uranium Inc.	300,000				150,000	19,500	0.36%
Eagle Plains Resources Ltd.	480,000				367,198	60,000	1.10%
Eagle Plains Resources Ltd.		357,000	21-Jun-09	1.00	1,793	723	0.01%
Eloro Resources Ltd.	255,000				165,700	12,750	0.23%
Eloro Resources Ltd.		192,500	17-Feb-09	0.95	75	-	0.00%
Fjordland Exploration Inc.	3,085,000				567,778	107,975	1.97%
Flying A Petroleum Ltd.	1,705,500				513,057	8,528	0.16%
Garson Gold Corp.	1,579,238				526,061	47,376	0.87%
Garson Resources Ltd.	1,084,000				358,971	32,520	0.59%
Geo Minerals Ltd.	130,000				26,000	5,200	0.10%
Golden Band Resources Inc.	694,500				375,478	111,120	2.03%
Golden Band Resources Inc.		930,000	28-Sep-09	0.75	8,700	4,577	0.08%
Goldeye Exploration Ltd.	3,338,000				438,061	66,760	1.22%

See accompanying notes to the unaudited pro forma financial statements.

Master Limited Partnership
Pro Forma Statement of Investments
December 31, 2008
(Unaudited)
(Expressed in Canadian Dollars)

Issuer	# of Common Shares	# of Warrants	Expiry Date of Warrants	Exercise Price of Warrants	Average Cost (\$)	Fair Value as at December 31, 2008 (\$)	% of Portfolio as at December 31, 2008
PUBLICLY-TRADED (continued):							
Gowest Amalgamated Resources Ltd.	2,300,000				478,592	34,500	0.63%
Guardian Exploration Inc.	750,000				262,500	37,500	0.69%
International Bethlehem Mining Corp.	2,810,000				674,733	42,150	0.77%
Kettle River Resources Ltd.	1,750,000				350,000	52,500	0.96%
Klondike Gold Corp.	1,000,000				93,250	20,000	0.37%
Klondike Silver Corp.	249,000				121,139	22,410	0.41%
Knight Resources Ltd.	183,500				73,106	6,423	0.12%
Laurion Mineral Exploration Inc.	974,000				103,317	14,610	0.27%
Laurion Mineral Exploration Inc.		500,000	16-Nov-09	0.20	8,925	1,237	0.02%
Lions Gate Energy Inc.	1,600,000				199,700	32,000	0.59%
Meadow Bay Capital Corp.	834,000				250,200	29,190	0.53%
Meadow Bay Capital Corp.		417,000	21-Aug-09	0.45	-	7	0.00%
Menika Mining Ltd.	1,667,000				197,802	50,010	0.91%
Menika Mining Ltd.		833,500	15-Jun-09	0.25	2,238	348	0.01%
Moneta Porcupine Mines Inc.	3,054,500				456,359	137,453	2.51%
Moss Lake Gold Mines Ltd.	600,000				198,000	111,000	2.03%
Mountain Boy Minerals Ltd.	691,000				388,734	34,550	0.63%
Mountain Boy Minerals Ltd.		833,500	15-Jun-09	0.70	31,200	389	0.01%
New Nadina Explorations Ltd.	467,500				94,281	51,425	0.94%
Northern Continental Resources Inc.	785,000				306,000	62,800	1.15%
Northern Continental Resources Inc.		437,500	14-Dec-09	0.60	8,000	9,536	0.17%
Otish Energy Inc. (Formerly known as Kakanda Resources Corp.)	553,666				166,100	16,610	0.30%
Pacific Cascade Minerals Inc.	793,000				237,472	19,825	0.36%
PanTerra Resource Corp.	1,574,000				550,900	86,571	1.58%
Patch International Corp. ²	200,000				200,000	4,408	0.08%
Pinnacle Mines Ltd.	424,000				212,000	23,320	0.43%
Pinnacle Mines Ltd.		245,000	9-Apr-09	1.00	-	22	0.00%
Plato Gold Corp.	2,273,000				250,030	45,460	0.83%
Plato Gold Corp.		2,273,000	12-Dec-09	0.30	-	23,180	0.42%

See accompanying notes to the unaudited pro forma financial statements.

Master Limited Partnership
Pro Forma Statement of Investments
December 31, 2008
(Unaudited)
(Expressed in Canadian Dollars)

Issuer	# of Common Shares	# of Warrants	Expiry Date of Warrants	Exercise Price of Warrants	Average Cost (\$)	Fair Value as at December 31, 2008 (\$)	% of Portfolio as at December 31, 2008
PUBLICLY-TRADED (continued):							
Prize Mining Corp.	436,000				117,720	15,260	0.28%
Prophecy Resource Corp.	650,000				225,700	16,250	0.30%
Prophecy Resource Corp.		325,000	30-Apr-09	0.45	1,800	-	0.00%
Purepoint Uranium Group Inc.	342,800				233,104	20,568	0.38%
Q-Gold Resources Ltd. ¹	325,000				52,490	3,250	0.06%
Red Rock Energy Inc.	357,000				249,900	24,990	0.46%
Redcliff Explorations Inc.	185,000				122,100	33,300	0.61%
Reef Resources Ltd.	540,000				238,876	16,200	0.30%
Reef Resources Ltd.		550,000	21-Dec-09	0.90	4,200	4,393	0.08%
Rochester Energy Corp. ⁵	700,000				280,000	7,000	0.13%
Rolling Rock Resources Corp.	1,500,000				233,939	67,500	1.23%
Rolling Rock Resources Corp.		750,000	17-Jul-09	0.45	6,061	5,132	0.09%
Sable Resources Ltd. ¹	470,400				362,480	94,080	1.72%
Sage Gold Inc.	725,000				293,694	58,000	1.06%
Sage Gold Inc.		250,000	14-Nov-09	0.75	675	300	0.01%
Sanatana Diamonds Inc.	712,200				178,810	49,852	0.91%
Sanatana Diamonds Inc.		667,500	23-Apr-09	0.35	65,325	2,508	0.05%
Sentinel Rock Oilsands Corp.	417,000				250,200	25,020	0.46%
Silvershield Resources Corp.	1,001,000				250,250	25,025	0.46%
Silvershield Resources Corp.		500,500	14-Dec-09	0.45	-	2,336	0.04%
Stratabound Minerals Corp.	496,000				223,200	22,320	0.41%
Sultan Minerals Inc. ¹	743,000				172,715	26,005	0.48%
Superior Canadian Resources Inc. ⁴	2,800,000				349,100	14,000	0.26%
Superior Canadian Resources Inc. ⁴		1,400,000	23-Oct-09	0.20	900	-	0.00%
Tagish Lake Gold Corp.	1,200,000				202,620	12,000	0.22%
Tagish Lake Gold Corp.		750,000	22-Apr-09	0.25	1,725	-	0.00%
TTM Resources Inc.	102,000				152,588	17,340	0.32%
Tyhee Development Corp.	1,196,000				649,338	143,520	2.62%
Uracan Resources Ltd.	500,000				293,100	102,500	1.87%
Uracan Resources Ltd.		250,000	21-Dec-09	1.00	6,900	8,973	0.16%
Uranium North Resources Corp.	2,861,000				1,660,925	200,270	3.66%

See accompanying notes to the unaudited pro forma financial statements.

Master Limited Partnership

Pro Forma Statement of Investments

December 31, 2008

(Unaudited)

(Expressed in Canadian Dollars)

Issuer	# of Common Shares	# of Warrants	Expiry Date of Warrants	Exercise Price of Warrants	Average Cost (\$)	Fair Value as at December 31, 2008 (\$)	% of Portfolio as at December 31, 2008
PUBLICLY-TRADED:							
ValGold Resources Ltd. ¹	500,000				145,800	10,000	0.18%
Wildcat Exploration Ltd.	1,950,000				487,500	58,500	1.07%
Yankee Hat Minerals Ltd.	1,000,000				150,000	20,000	0.37%
Yukon Gold Corporation Inc.	2,000,000				300,000	50,000	0.91%
ZincCorp Resources Inc.	1,661,000				244,460	83,050	1.52%
ZincCorp Resources Inc.		700,000	2-Oct-09	0.25	4,800	19,724	0.36%
					21,854,959	3,504,639	64.09%
PUBLICLY-TRADED-HALTED:							
Gold Bullion Development Corp.	1,057,500				118,575	42,300	0.77%
Orestone Mining Corp.	835,000				187,800	20,875	0.38%
Orestone Mining Corp.		835,000	16-Jul-	0.35/0.50	62,700	630	0.01%
Tajzha Ventures Ltd.	1,430,000				468,775	2	0.00%
Tajzha Ventures Ltd.		715,000	22-Jul-09	0.45	24,225	-	0.00%
Tajzha Ventures Ltd.		715,000	28-Dec-09	0.45	7,500	-	0.00%
					869,575	63,807	1.17%
PUBLICLY-TRADED -RESTRICTED:							
Avalon Ventures Ltd. ³	700,000				350,000	350,000	6.40%
Bitterroot Resources Ltd. ³	2,000,000				240,000	240,000	4.39%
Formation Capital Corp. ³	1,666,667				200,000	200,000	3.66%
Garson Gold Corp. ³	6,000,000				300,000	180,000	3.29%
Houston Lake Mining Inc.	834,000				167,120	167,690	3.07%
Houston Lake Mining Inc.		417,000	30-Dec-10	0.35	83,080	83,080	1.52%
Primary Petroleum Corp. ³	3,000,000				300,000	120,000	2.19%
Strategic Oil & Gas Ltd.	525,000				210,000	152,250	2.78%
					1,850,200	1,493,020	27.30%

See accompanying notes to the unaudited pro forma financial statements.

Master Limited Partnership

Pro Forma Statement of Investments

December 31, 2008

(Unaudited)

(Expressed in Canadian Dollars)

Issuer	# of Common Shares	# of Warrants	Expiry Date of Warrants	Exercise Price of Warrants	Average Cost (\$)	Fair Value as at December 31, 2008 (\$)	% of Portfolio as at December 31, 2008
PRIVATELY-TRADED:							
1250900 Alberta Ltd.	600,000				300,000	163,312	2.99%
Blind Creek Resources Ltd.	500,000				244,975	29,838	0.55%
Blind Creek Resources Ltd.		250,000	11-Mar-09	0.65	5,025	-	0.00%
Optima Minerals Inc.	250,000				100,000	7,500	0.14%
Optima Minerals Inc.		200,000	none	-	100,000	6,000	0.11%
Reliable Energy Ltd. ⁶	250,000				200,000	200,000	3.66%
					950,000	406,650	7.44%
TOTAL					25,524,734	5,468,116	100.00%

¹ Related to the CSCRF Group of LPs through common directorship.

² Shares traded in US dollars.

³ Shares publicly traded without restrictions subsequent to December 31, 2008.

⁴ Shares halted subsequent to December 31, 2008.

⁵ Company name changed subsequent to December 31, 2008 to Southern Pacific Resources Corp.

⁶ Company name changed subsequent to December 31, 2008 to Ceres Capital Corp.

See accompanying notes to the unaudited pro forma financial statements.

Master Limited Partnership

Notes to the Pro Forma Financial Statement

December 31, 2008

(Unaudited)

(Expressed in Canadian Dollars)

1. Basis of Presentation

A pro forma financial statement is based on management assumptions and adjustments which are inherently subjective. The accompanying unaudited pro forma statement of net assets as at December 31, 2008 and the unaudited pro forma statement of operations for the year ended December 31, 2008, have been prepared by Canadian Small Cap Resource Fund 2006 No. 1 Management Ltd., Canadian Small Cap Resource Fund 2006 No. 2 Management Ltd., Canadian Small Cap Resource Fund 2007 No. 1 Management Ltd., Canadian Small Cap Resource Fund 2007 No. 2 Management Ltd., and Faircourt CSCRF 2008 No. 1 Management Ltd., ("CSCRF Group of GPs"). The unaudited pro forma statement of net assets gives effect to the consolidation of Canadian Small Cap Resource Fund 2006 No. 1 Limited Partnership, Canadian Small Cap Resource Fund 2006 No. 2 Limited Partnership, Canadian Small Cap Resource Fund 2007 No. 1 Limited Partnership, Canadian Small Cap Resource Fund 2007 No. 2 Limited Partnership, and Faircourt CSCRF 2008 No. 1 Limited Partnership, ("CSCRF Group of LPs") being the five existing partnerships, into a single master limited partnership ("Master LP"), as though it had taken place as at December 31, 2008. The unaudited pro forma statement of operations has been prepared as if the merger of the CSCRF Group of LPs had occurred on January 1, 2008.

The unaudited pro forma financial statements have been prepared from information derived from the audited annual December 31, 2008 financial statements for each of the CSCRF Group of LPs which were prepared in accordance with Canadian generally accepted accounting principles.

The unaudited pro forma financial statements are not intended to reflect the results of operations of the financial position of Master LP which would have actually resulted had the merger been effected on the dates indicated. Actual amounts recorded upon approval of the merger will likely differ from those recorded in the unaudited pro forma financial statements. Any potential synergies that may be realized and integration costs that may be incurred upon approval of the merger have been excluded from the unaudited pro forma financial statements. Further, the unaudited pro forma financial information is not necessarily indicative of the results of operations that may be obtained in the future.

2. Significant Accounting Policies

The accounting policies used in the preparation of these unaudited pro forma financial statements are consistent with those set out in the notes to the audited financial statements of each of the CSCRF Group of LPs for the year ended December 31, 2008.

Master Limited Partnership

Notes to the Pro Forma Financial Statement

December 31, 2008

(Unaudited)

(Expressed in Canadian Dollars)

3. Master Limited Partnership Units

Under the terms of the proposed merger of the CSCRF Group of LPs, the newly created Master LP will have all the assets and liabilities and carry on the business activities currently carried on individually by each of the approving partnerships in the CSCRF Group of LPs. Upon acceptance of the merger, each approving partnership in the CSCRF Group of LPs will exchange all units of the respective partnership for Master LP Units valued at \$5 per Master LP Unit based on an Exchange Ratio as defined in the Notice and Joint Management Information Circular dated May 21, 2009, without the issuance of fractional Master LP Units nor payment of cash in lieu of fractional Master LP units.

For the basis of presentation of these pro forma financial statements, the number of Master LP units has been calculated based on the aggregated net asset value of CSCRF Group of LP's individual net asset values as at December 31, 2008, divided by the \$5 per unit price. All disclosed per unit amounts in the pro forma financial statements have been calculated using the number of Master LP units as calculated above.

The number of actual units to be issued by Master LP will be determined based on the Net Asset Value of the individual approving partnerships within the CSCRF Group of LPs as at June 29, 2009. For the purposes of these pro forma financial statements, the December 31, 2008 net asset values have been used. Net Asset Values at December 31, 2008 will differ from Net Asset Values on June 29, 2009 due to fluctuations in market conditions. As such, the actual number of Master LP units that will be exchanged as a result of the merger, will vary from the number of Master LP units used for purposes of these pro forma financial statements.

Additionally, for purposes of these pro forma financial statements, all five partnerships of the CSCRF Group of LPs have been merged to form Master LP. The actual number of Master LP units exchanged as a result of the merger is dependent upon the number of approving partnerships within the CSCRF Group of LPs.

4. Pro Forma Adjustments and Assumptions

- a. The unaudited pro forma statement of net assets reflects the following assumptions and adjustments as if the events had occurred as at December 31, 2008:
 - i. The repayment of the Promissory Note of \$128,750 by the Canadian Small Cap Resource Fund 2007 No. 1 Limited Partnership which occurred on February 9, 2009; and
 - ii. The repayment of the Loans Payable of \$400,000 recorded by Canadian Small Cap Resource Fund 2007 No. 2 Limited Partnership which occurred on March 31, 2009.

Master Limited Partnership

Notes to the Pro Forma Financial Statement

December 31, 2008

(Unaudited)

(Expressed in Canadian Dollars)

4. Pro Forma Adjustments and Assumptions (*continued*)

- b. The unaudited pro forma statement of operations reflects the following assumptions and adjustments as if the events had occurred for the year ended December 31, 2008:
- i. The amounts recorded as expenses in the pro forma statements of Master LP are an amalgamation of the financial information of each existing partnership of the CSCRFF Group of LPs and are based on historical information which may not be indicative of future results. As well, since this information is derived from historical data, certain expenses have been calculated on a basis consistent with terms that are specific to an existing individual Limited Partnership's Partnership Agreement which may be different to that of the proposed new Master LP Agreement. Consequently, the amounts of the disclosed expenses in these pro forma statements may vary from actual amounts as a result of the new terms agreed to with respect to the Master Limited Partnership Agreement;
 - ii. The amounts recorded as realized loss on sale of investments and the change in unrealized depreciation of investments in the unaudited pro forma statements are an amalgamation of the financial information of each existing partnership of the CSCRFF Group of LPs and are based on historical information which may not be indicative of future market conditions and results thereon; and
 - iii. The amounts recorded as expenses in the pro forma statements of Master LP are an amalgamation of the financial information of each existing partnership of the CSCRFF Group of LPs and are based on historical information. No adjustments have been made to these unaudited pro forma amounts to reflect any potential synergies that may be realized and integration costs that may be incurred upon approval of the merger.

