Maple Leaf Short Duration 2014 Flow-Through Limited Partnership

National Class

Quebec Class

Financial Statements
June 30, 2014
(unaudited - unaudited - expressed in Canadian dollars)

Maple Leaf Short Duration 2014 Flow-Through Limited Partnership

National Class

Statement of Financial Position

As at June 30, 2014

(expressed in Canadian dollars)

	$
Assets	
Current assets	
Investments - at fair value	1,968,454
Cash	1,505,405
Due from General Partner (note 6)	24,607
Deferred loan arrangement fee	12,500
Interest receivable	3,425
Derivative assets	25,335
	3,539,726
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	43,262
Loan payable (note 3)	403,915
	447,177
Net assets attributable to partners' capital	3,092,549
Partnership units outstanding (note 5)	161,566
Net assets attributable to partners' capital per Partnership unit	19.14
Investments - at average cost	2,546,789

Approved by the General Partner
Maple Leaf Short Duration 2014 Flow-Through Management Corp.

(signed) Hugh Cartwright_____	(signed) Shane Doyle___________________
Hugh Cartwright	**Shane Doyle**
Director	**Director**

The accompanying notes are an integral part of these financial statements.

Maple Leaf Short Duration 2014 Flow-Through Limited Partnership

National Class

Statement of Comprehensive Income

For the period from January 27, 2014 (commencement of operations) to June 30, 2014

(expressed in Canadian dollars)

	$
Investment income	
Interest	3,425
Other changes in fair value of investments and derivatives	
Net change in unrealized appreciation/(depreciation) of investments	(110,288)
	(106,863)
Expenses	
Administrative and other (notes 4 and 6)	32,162
Management fee (notes 4 and 6)	23,101
Amortization of loan arrangement fee (note 3)	12,500
Interest	5,985
Custodial fees	5,250
Audit fees	3,596
Registrar and transfer agent	1,408
	84,002
Decrease in net assets attributable to partners' capital from operations	(190,865)
Decrease in net assets attributable to partners' capital from operations per Partnership unit	(1.18)

The accompanying notes are an integral part of these financial statements.

Maple Leaf Short Duration 2014 Flow-Through Limited Partnership

National Class

Statement of Changes in Net Assets Attributable to Partners' Capital

For the period from January 27, 2014 (commencement of operations) to June 30, 2014

(expressed in Canadian dollars)

	$
Net assets attributable to partners' capital - Beginning of period	-
Decrease in net assets attributable to partners' capital from operations	(190,865)
Partners' transactions	
Proceeds from issuance of Partnership units	4,039,175
Distributions to Limited Partners attributable to tax benefit of Eligible Expenditures	(442,712)
General Partner's contribution	10
Redemption of Partnership unit	(25)
Agents fees	(232,251)
Costs of issue	(80,783)
	3,283,414
Net assets attributable to partners' capital - End of period	3,092,549

The accompanying notes are an integral part of these financial statements.

Maple Leaf Short Duration 2014 Flow-Through Limited Partnership

National Class

Statement of Cash Flows

For the period from January 27, 2014 (commencement of operations) to June 30, 2014

(expressed in Canadian dollars)

	$
Cash flows from operating activities	
Decrease in net assets attributable to partners' capital from operations	(190,865)
Items not affecting cash - amortization of loan arrangement fee	12,500
Net change in unrealized depreciation of investments	110,288
Changes in non-cash balances related to operations	
Interest receivable	(3,425)
Accounts payable and accrued liabilities	43,262
Due from General Partner	(24,607)
	(52,847)
Purchase of investments	(2,546,789)
	(2,599,636)
Cash flows from financing activities	
General Partner's contribution	10
Proceeds from issuance of Partnership units	4,039,175
Redemption of Partnership unit	(25)
Loan arrangement fee	(25,000)
Proceeds from bank loan	403,915
Agents fees	(232,251)
Costs of issue	(80,783)
	4,105,041
Increase in cash	1,505,405
Cash - Beginning of period	-
Cash - End of period	1,505,405
Supplemental cash flow information	
Interest paid	5,985

The accompanying notes are an integral part of these financial statements.

Maple Leaf Short Duration 2014 Flow-Through Limited Partnership

National Class

Schedule of Investment Portfolio

As at June 30, 2014

(expressed in Canadian dollars)

	Number of units/ warrants	Average cost $	Fair value $	Net assets %
Equity investments				
Tourmaline Oil Corp	7,000	477,050	393,820	12.73
Deethree Exploration Ltd	31,200	414,960	355,680	11.50
Artek Explorations Ltd	50,000	252,000	218,000	7.05
Wallbridge Mining Co.	2,222,000	199,960	211,090	6.83
Ascot Resources Ltd	210,500	199,765	174,715	5.65
Encanto Potash Corp	1,052,600	199,983	136,838	4.42
ATAC Resources Ltd.	111,100	199,924	134,431	4.35
Globex Mining Enterprises Inc	571,000	199,850	131,330	4.25
Temex Resources Corp	935,000	102,757	74,800	2.42
Azincourt Uranium Inc.	667,000	200,100	73,370	2.37
Canada Zinc Metals	174,000	100,050	64,380	2.08
Ascot Resources Ltd	7,000	477,050	393,820	12.73
		2,546,399	1,968,454	63.65
Warrants				
Ascot Resources Ltd	105,250	211	17,472	0.56
Wallbridge Mining Co.	1,111,000	20	3,333	0.11
Encanto Potash Corp	526,300	11	2,105	0.07
Temex Resources Corp	467,500	94	1,870	0.06
ATAC Resources Ltd.	55,550	56	556	0.02
		390	25,335	0.82
		2,546,789	1,993,789	64.47
Assets - net of other liabilities			1,098,760	35.53
Net assets attributable to partners' capital			3,092,549	100.00

The accompanying notes are an integral part of these financial statements.

Maple Leaf Short Duration 2014 Flow-Through Limited Partnership

Quebec Class

Statement of Net Assets

As at June 30, 2014

(expressed in Canadian dollars)

	$
Assets	
Investments - at fair value	3,791,553
Cash	4,320,274
Due from General Partner (note 6)	60,922
Interest receivable	8,479
Derivative assets	58,960
	8,240,188
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	16,733
Net assets attributable to partners' capital	8,223,455
Partnership units outstanding (note 5)	400,000
Net assets attributable to partners' capital per Partnership unit	20.56
Investments - at average cost	4,712,020

Approved by the General Partner
Maple Leaf Short Duration 2014 Flow-Through Management Corp.

(signed) Hugh Cartwright_____	(signed) Shane Doyle___________________
Hugh Cartwright	**Shane Doyle**

The accompanying notes are an integral part of these financial statements.

Maple Leaf Short Duration 2014 Flow-Through Limited Partnership

Quebec Class

Statement of Operations

For the period from January 27, 2014 (commencement of operations) to June 30, 2014

(expressed in Canadian dollars)

	$
Investment income	
Interest	17,394
Other changes in fair value of investments and derivatives	
Net change in unrealized appreciation (depreciation) of investments	(288,482)
	(280,003)
Expenses	
Administrative and other (notes 4 and 6)	72,127
Management fee (notes 4 and 6)	61,531
Audit fees	8,904
Custodial fees	5,082
Registrar and transfer agent	883
	148,527
Decrease in net assets attributable to partners’ capital from operations	(428,530)
Decrease in net assets attributable to partners’ capital from operations per Partnership unit	(1.07)

The accompanying notes are an integral part of these financial statements.

Maple Leaf Short Duration 2014 Flow-Through Limited Partnership

Quebec Class

Statement of Changes in Net Assets

For the period from January 27, 2014 (commencement of operations) to June 30, 2014

(expressed in Canadian dollars)

	$
Net assets attributable to partners' capital - Beginning of period	-
Decrease in net assets attributable to partners' capital from operations	(428,530)
Partners' transactions	
Proceeds from issuance of Partnership units	10,000,025
Distributions to Limited Partners attributable to tax benefit of Eligible Expenditures	(573,025)
General Partner's contribution	10
Redemption of Partnership unit	(25)
Agents fees	(575,000)
Costs of issue	(200,000)
	8,651,985
Net assets attributable to partners' capital - End of period	8,223,455

The accompanying notes are an integral part of these financial statements.

Maple Leaf Short Duration 2014 Flow-Through Limited Partnership

Quebec Class

Statement of Cash Flows

For the period from January 27, 2014 (commencement of operations) to June 30, 2014

(expressed in Canadian dollars)

	$
Cash flows from operating activities	
Decrease in net assets attributable to partners' capital from operations	(428,530)
Item not affecting cash – Net change in unrealized depreciation of investments	288,482
Changes in non-cash balances related to operations	
Interest receivable	(8,479)
Due from General Partner	(60,922)
Accounts payable and accrued liabilities	16,733
	(192,716)
Purchase of investments	(4,712,020)
	(4,904,736)
Cash flows from financing activities	
General Partner's contribution	10
Proceeds from issuance of Partnership units	10,000,025
Redemption of Partnership unit	(25)
Agents fees	(575,000
Costs of issue	(200,000)
	9,225,010
Increase in cash	4,320,274
Cash - Beginning of period	-
Cash - End of period	4,320,274

The accompanying notes are an integral part of these financial statements.

Maple Leaf Short Duration 2014 Flow-Through Limited Partnership

Quebec Class

Schedule of Investment Portfolio

As at June 30, 2014

(expressed in Canadian dollars)

	Number of units/ warrants	Average cost $	Fair value $	Net assets %
Equity investments				
Integra Gold Corp.	3,846,500	1,000,090	903,928	10.99
Tourmaline Oil Corp	13,000	885,950	731,380	8.89
Commerce Resources	1,960,000	450,604	490,000	5.96
Canada Carbon Inc	2,500,000	499,750	475,000	5.78
Deethree Exploration Ltd	33,800	449,540	385,320	4.69
Geomega Resources	965,000	675,500	361,875	4.40
Globex Mining Enterprises	1,429,000	500,150	328,670	4.00
Lomiko Metals Inc	1,923,000	249,798	115,3870	1.40
		4,837,530	3,783,207	46.11
Warrants				
Canada Carbon Inc	1,250,000	250	32,500	0.40
Commerce Resources	980,000	196	26,460	0.32
Lomiko Metals Inc	961,500	192	-	0.00
		638	146,983	0.72
		4,712,020	3,930,190	46.82
Assets - net of other liabilities			4,372,942	53.18
Net assets			8,223,455	100.00

The accompanying notes are an integral part of these financial statements.

(expressed in Canadian dollars)

1 Formation and purpose of the Partnership

Maple Leaf Short Duration 2014 Flow-Through Limited Partnership (the “Partnership”) was formed on December 17, 2013 as a limited partnership under the laws of the Province of British Columbia. The financial statements are for the period from commencement of operations on January 27, 2014 to June 30, 2014. The address of the Partnership’s registered office is 609 Granville Street, Vancouver, British Columbia. The Partnership consists of two classes of limited partnership units, the National Class and the Quebec Class, each of which is a separate non-redeemable investment fund for security law purposes with its own investment portfolio and investment objectives. The investment objective of the investment portfolio in respect of the National Class is to provide holders of National Class units of the Partnership (the “National Class Limited Partners”) with a tax assisted investment in a diversified portfolio of flow-through shares and other securities, if any, of resource issuers across Canada with a view to (i) maximizing the tax benefits of an investment in the National Class units, and (ii) achieving capital appreciation and/or income for the National Class Limited Partners. The investment objective of the investment portfolio in respect of the Quebec Class is to provide holders of Quebec Class units of the Partnership (the “Quebec Class Limited Partners”) with a tax assisted investment in a diversified portfolio of flow-through shares and other securities, if any, of resource issuers principally in Quebec with a view to (i) maximizing the tax benefits of an investment in the Quebec Class units, and (ii) achieving capital appreciation and/or for the Quebec Class Limited Partners. The Partnership is managed by Maple Leaf Short Duration 2014 Flow-Through Management Corp. (the “General Partner”). Under the Limited Partnership Agreement between the General Partner and each of the Limited Partners (the “LPA”) dated December 17, 2013, 99.9% of the net income of the Partnership, 100% of the net loss of the Partnership and 100% of any Eligible Expenditures renounced to the Partnership will be allocated pro rata to the Limited Partners and the General Partner is to be allocated 0.01% of the net income of the Partnership. The net assets attributable to Limited Partners and General Partner are classified as liabilities because the criteria in IAS 3216C-D for equity classification are not met.

As per the LPA, if the assets of either the National Class or the Quebec Class (“the Funds”) portfolios are not sufficient to pay any such fees, expenses or liabilities allocated to that portfolio, the deficiency shall be paid from the assets of the other class’ portfolio. Management considers the risk of cross class compensation of expenses and guarantee of liability to be remote.

These financial statements present the carve out financial statements of the Funds as separate reporting entities. As the Funds have not operated as separate entities, these carve-out financial statements are not necessarily indicative of results that would have occurred if the Funds were separate stand-alone entities during the period presented or of future results of the Funds.

These financial statements were authorized for issue by the General Partner on August 27, 2014.

2 Significant accounting policies

Basis of preparation and adoption of IFRS

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) applicable to the preparation of interim FS including IAS 34, Interim Financial Reporting. The financial

(expressed in Canadian dollars)

statements have been applied under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit and loss.

The policies applied in these interim financial statements are based on IFRS issued and outstanding as of August 27, 2014 which is the date on which the interim financial statements were authorized for issue by the General Partner. Any subsequent changes to IFRS that are given effect in the Partnership's annual financial statements for the year ending December 31, 2014 could result in restatement of these interim financial statements, The following is a summary of significant accounting policies used by the Partnership:

Financial instruments

The Partnership recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. The Partnership's investments are classified as fair value through profit or loss. The Partnerships obligation for net assets attributable to partners' capital is presented at the redemption amount. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount expected to be received or required to be paid, discounted, when appropriate at the contract's original effective interest rate. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

The fair value though profit or loss category has two sub-categories: financial assets or financial liabilities held for trading; and those designated at fair value through profit or loss at inception.

(i) Financial assets and liabilities held for trading

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorized as held for trading. The Partnership does not classify any derivatives as hedges in a hedging relationship.

(ii) Financial assets and liabilities designated at fair value through profit or loss at inception

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Partnerships documented investment strategy. Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in profit or loss in the period in which they arise.

All investments of the Funds except for derivatives are designated as fair value through profit or loss.

(expressed in Canadian dollars)

Interest income and expenses are accrued on a daily basis and dividend income is recognized at the ex-dividend date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the statement of comprehensive income and calculated on an average cost basis. Upon disposal of an investment, previously recognized unrealized gains and losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. All costs directly attributable to operating activities are expensed as incurred. General expenses are allocated based on the number of units issued in each Class with the exception of Class specific expenses which are charged to the related Class.

Regular way purchases and sales of financial assets are accounted for on a trade date basis.

Financial assets and liabilities are offset and the net amount reported in the statement of net assets attributable to partners' capital when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. Certain of the Partnership's agreements with third parties allow for related amounts to be offset in certain circumstances, such as bankruptcy, but do not meet the criteria for offsetting in the statement of net assets attributable to partners' capital

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of equity securities traded in active markets is measured using the last traded price at the year-end date where such falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread which is most representative of fair value based on specific facts and circumstances. An appropriate discount from the values of an actively traded security is taken for holdings of securities when a formal restriction limits the sale of the security.

The amounts at which the Partnership's publicly traded investments could be disposed may differ from the carrying value based on the last traded price, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity.

The Partnership's policy is to recognize transfer within, into and out of the fair value hierarchy as of the beginning of the period of the transfer.

Distributions to Limited Partners attributable to tax benefit of Eligible Expenditures

Eligible Expenditures which are renounced to the Partnership through its subscriptions to flow-through share offerings are allocated 100% to the Limited Partners. The tax benefit associated with the Eligible Expenditures allocated to the Limited Partners is presented on the statement of changes in net asset attributable to partners' capital as a distribution to the Limited Partners. This tax benefit is measured as the difference between the transaction price of the associated flow-through shares and the fair value of the flow-through shares excluding the tax benefit on the date of the subscription, which is estimated using trading information of similar shares of the issuer.

(expressed in Canadian dollars)

Warrants

Warrants are recorded at their estimated fair value using a recognized valuation model.

Cash

Cash consists of cash, bank indebtedness and deposits with original maturities of three months or less and is held with a Canadian chartered bank.

Revenue and expense recognition

Issue costs

Expenses related to the initial offering of the Partnership units have been accounted for as a reduction of net assets.

Net assets attributable to partners' capital per Partnership unit

Net assets per Partnership unit are calculated by dividing the net assets attributable to partners' capital by the Partnership outstanding units on each valuation date.

Increase (decrease) in net assets attributable to partners' capital from operations per Partnership unit

Increase (decrease) in net assets attributable to partners' capital from operations per Partnership unit is determined by dividing the increase (decrease) in net assets attributable to partners' capital from operations by the weighted average number of Partnership units outstanding during the reporting period.

Income taxes

Since the Partnership is an unincorporated business, the liability for income taxes is that of the partners and not the Partnership. Accordingly, no provision for income taxes for the Partnership has been made in these financial statements.

For income tax purposes, the adjusted cost base of flow-through shares is reduced by the amount of expenditures renounced to the Partnership. Upon disposition of such shares, a capital gain will result and be allocated to the Limited Partners based upon their proportionate share of the Partnership.

(expressed in Canadian dollars)

Critical accounting estimates and judgments

Preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. Significant areas involving the use of estimates include determining estimated fair value of warrants. In calculating the estimated fair value, the Partnership makes maximum use of publicly available market-based inputs.

Future accounting changes

IFRS 9, Financial Instruments

The final version of IFRS 9, *Financial instruments,* was issued by the IASB in July 2014 and will replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however is available for early adoption. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Fund is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard

3 Loan payable

In February 2014, the Partnership established a credit facility of up to $1,100,000 (subject to certain conditions including borrowing limits based on assets) with a Canadian chartered bank (the "Bank") for the payment of issue costs of the National Class and provided the Bank with a security interest in all the assets of the Partnership. Loan arrangement fees of $25,000 have been deferred and recognized over the expected term of the loan. As at June 30, 2014, the loan principal balance outstanding was $403,915 (less unamortized loan arrangement fees of $12,500). The Partnership pays interest on the outstanding loan balance at the Bank's prime lending rate plus 2.0% per annum.

4 Expenses of the Partnership

Initial expenses are expenses of the offering of the units of the Partnership which include the costs of creating and organizing the Partnership (the "Issue Costs"). Issue Costs include agents' fees, legal and audit, regulatory filing, printing, marketing and sales expenses and shall not, excluding the agents' fees, exceed 2% of the total proceeds from the issuance of partnership units (the "Gross Proceeds"). In the event that the Issue Costs (exclusive of the agents' fee) exceed 2% of the Gross Proceeds, the General Partner will be responsible for the shortfall (note 6). The Partnership paid the Issue Costs for the National Class with proceeds from the

(expressed in Canadian dollars)

Partnership's credit facility (note 3). Issue costs for the Quebec Class were paid with proceeds received from the initial offering.

The Partnership pays all of the expenses of carrying on of its business, including legal and audit fees, interest and administrative costs relating to financial and other reports, and compliance with all applicable laws, regulations and policies. The General Partner is reimbursed for all reasonable out-of-pocket costs and expenses that are incurred by the General Partner on behalf of the Partnership in the ordinary course of business or other costs and expenses incidental to acting as General Partner so long as the General Partner is not in default of its obligations. Such costs and expenses include reimbursement for any overhead costs or costs of personnel of the General Partner and its affiliated companies that provide time and services to the Partnership.

The General Partner is entitled to an annual management fee of 2.0% of the net asset value of the Partnership, calculated and paid in arrears. The General Partner is also entitled to a performance bonus equal to 20% of the product of: (a) the number of units outstanding on Performance Bonus Date (as defined in the LPA); and (b) the amount by which the net asset value attributable to partners' capital per unit (prior to giving effect to the performance bonus) plus the total distributions per unit during the Performance Bonus Term exceeds $28. As at June 30, 2014, this threshold has not been achieved; accordingly, no performance bonus has been accrued.

5 Partners' capital

a) Authorized

The interest of the Limited Partners in the Partnership is divided into an unlimited number of units. The Partnership is authorized to issue a maximum of 400,000 National Class units and 400,000 Quebec Class units.

All Partnership units within each Class are of the same class with equal rights and privileges, including equal participation in any distribution made by each respective Class and the right to one vote at any meeting of the Limited Partners.

As per the LPA, if the assets of the Class are not sufficient to pay any such fees, expenses or liabilities allocated to that Class, the deficiency shall be paid from the assets of the other Class. This cross class guarantee is a financial derivative which, in management's view, has insignificant value.

b) Issued and outstanding

As at June 30, 2014, 161,566 National Class units and 400,000 Quebec Class units were issued and outstanding.

Pursuant to the LPA, the General Partner contributed $10 to the capital of each Class of the Partnership.

6 Related party balances and transactions

The Partnership is responsible for paying management fees to the General Partner equal to 2% of the Net Asset Value of the Partnership's assets. For the period ended June 30, 2014, the management fees payable to the

(expressed in Canadian dollars)

General Partner totalled $84,632 ($23,101 National Class; $61,531 Quebec Class).

The Partnership is responsible to pay all expenses incurred in connection with the operation and administration of the Partnership. The General Partner charged the Partnership $69,300 ($19,938 National Class; $49,362 Quebec Class) in operating and administrative expenses.

As disclosed in note 4, the General Partner is responsible for issue costs incurred by the Partnership in excess 2% of the Gross Proceeds of the offering. The Partnership incurred $143,279 ($41,222 National Class; $102,057 Quebec Class) of issue costs in excess of 2% of the Gross Proceeds of the offering. As at June 30, 2014, the balance due from the General Partner was $24,607 National Class and $60,922 Quebec Class.

Balances and transactions with related parties are unsecured, near no interest and are due on demand.

7 Fair value disclosure

The following table illustrates the classification of the Partnership's investments within the fair value hierarchy as at June 30, 2014. The three levels of fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly

Level 3 - Inputs that are not based on observable market data.

There were no financial instruments that were transferred between levels of the fair value hierarchy during the period ended June 30, 2014.

	Financial assets at fair value as at June 30, 2014			
	Level 1 $	**Level 2** $	**Level 3** $	**Total** $
National Class				
Equities	1,341,026	627,428	-	1,968,454
Warrants	-	25,335	-	25,335
	1,341,026	652,763	-	1,993,789
Quebec Class				
Equities	1,478,575	2,312,978	-	3,791,553
Warrants	-	58,960	-	58,960
	1,478,575	2,371,938	-	3,850,513

(expressed in Canadian dollars)

The fair value of publicly traded equity securities is generally estimated using observable market data in active markets or bid prices from market makers and broker-dealers. Generally, these securities are categorized in Level 1 of the fair value hierarchy as observable market data is readily available. The Partnership's publicly traded equity securities that are thinly traded and where fair values are adjusted for hold period restrictions are categorized as Level 2.

The Partnership's publicly traded warrants are categorized as Level 2. The fair value of remaining warrants is estimated using the Black-Scholes option pricing model that factors in current and contractual prices of the underlying instruments, time value of money, yield curve and volatility.

8 Risk management

The Partnership's activities expose it to a variety of financial instrument risks including market risk (price risk, interest rate risk and currency risk), credit risk and liquidity risk.

The Partnership's overall risk management strategy focuses on the unpredictability of performance of early stage public investments and seeks to minimize potential adverse effects on the Partnership's financial performance. The Partnership uses diversification to moderate risk exposures associated with a concentration of investments.

The Partnership's investment objective is to provide Limited Partners with a tax-assisted investment in a diversified portfolio of flow-through shares of resource issuers with a view to achieving capital appreciation. The principal business of the resource issuers is mineral, oil or gas exploration, development or production and projects in renewable energy and the development of energy efficient technologies.

The Partnership's investment strategy is to invest in flow-through shares of resource companies that are considered to:

a) have experienced and reputable management with a defined track record in the energy, mining or alternative energy industries;

b) have a knowledgeable Board of Directors;

c) have exploration programs or exploration and development programs in place;

d) have securities that are suitably priced and offer capital appreciation potential; and

e) meet certain market capitalization and other investment criteria.

(expressed in Canadian dollars)

Market risk

a) Price risk

The Partnership's investments are exposed to market price risk due to changing market conditions for equities as well as specific industry changes in the energy sector, such as changes in commodity prices and the level of market demand as well as any changes to the tax environment in which the investee entities operate. All investments in equity securities have an inherent risk of loss of capital. The maximum risk resulting from financial instruments investments is determined by the fair value of the financial instruments.

The Partnership seeks to manage market risks by careful selection of securities prior to making an investment in an early stage company and by regular ongoing monitoring of the investment performance of the individual investee companies. CADO Investment Fund Management Inc. (the "Manager") also sets thresholds on individual investments to mitigate the risk of exposure to any one investment. The Partnership's overall market positions are monitored on a daily basis by the Partnership's Manager and are reviewed on a semi-annual basis by the Board of Directors of the General Partner.

The Partnership's overall exposure is managed by the investment restrictions outlined in the prospectus, which include a requirement for all investments to be held in publicly traded resource investments and no more than 20% of investments to be held in any one investment.

At June 30, 2014, the Partnership's market risk is impacted directly by changes in equity prices and indirectly by changes in oil and gas and other commodity prices. The immediate impacts on equities of a 5% increase or decrease in the fair value of investments are approximately $99,689 and $192,526 for the National Class and Quebec Class, respectively.

b) Interest rate risk

The substantial majority of the Partnership's financial assets are non-interest bearing. As a result, the Partnership is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates except for interest on the loan payable. Any excess cash is invested at short-term market interest rates. The Partnership's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Partnership's exposure to interest rate changes results from the difference between assets and liabilities and their respective maturities or interest rate repricing dates. Based on current differences as at June 30, 2014, the Partnership estimates that an immediate and sustained 100 basis point change in interest rates would impact net interest expense over the next 12 months by approximately $7,000 and $37,500 for the National Class and the Quebec Class, respectively.

(expressed in Canadian dollars)

Currency risk

The monetary financial assets and liabilities of the Partnership are all denominated in Canadian dollars. Consequently, the Partnership has no significant direct exposure to currency risk.

Credit risk

The Partnership has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

When the Partnership trades in listed or unlisted securities that are settled upon delivery, the risk of default is considered minimal since delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The Partnership only transacts with reputable brokers with a high credit rating.

The Partnership monitors its credit position regularly, and the Board of Directors reviews it on a periodic basis. The Partnership has not identified any past due assets or receivables as at June 30, 2014.

Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type.

	% of net Assets of National Class	% of net Assets of Quebec Class
Sector/subgroup		
Base metals	9.02	-
Energy	33.66	13.58
Precious metals	13.06	10.99
Other metals	8.74	22.25
Cash	48.68	52.54
Net assets (liabilities)	(13.15)	0.64
	100.00	100.00

Liquidity risk

The Partnership is a closed end partnership and therefore it does not have significant exposure to early redemptions of Partnership units. There is no market for units of the Partnership and it is unlikely that any public market will develop through which units may be sold. See note 10.

(expressed in Canadian dollars)

The Partnership invests in early stage energy resource companies that may be publicly listed securities but thinly traded. Securities purchased by the Partnership may be subject to resale restrictions such as hold periods. During periods when resale restrictions apply, the Partnership may dispose of such securities only pursuant to certain statutory exemptions.

The Partnership manages liquidity risk by maintaining sufficient liquid cash resources and investing in publicly listed resource companies to ensure the Partnership's liquidity requirements are met.

The table below analyzes the Partnership's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date:

	Within 12 months $
National Class	
Accounts payable and accrued liabilities	43,262
Loan payable	403,915
Quebec Class	
Accounts payable and accrued liabilities	16,733

9 Partnership capital

Units issued and outstanding represent the capital of the Partnership. In 2014, the National Class issued 161,566 units for $4,039,150 ($25 per unit) and the Quebec Class issued 400,000 units for $10,000,000 ($25 per unit) before issue costs. The Partnership cannot issue any additional units. Until the time of dissolution of the Partnership, the Limited Partners cannot redeem units. The Partnership manages capital in accordance with its investment objectives. There are no externally imposed restrictions on the Partnership's capital, although any distributions of capital are limited in relation to the borrowing limits on the loan payable (note 3).