

# **Maple Leaf Corporate Funds Ltd.**

Financial Statements  
**November 30, 2011**

February 28, 2012

## **Independent Auditor's Report**

**To the Shareholders of  
Maple Leaf Corporate Funds Ltd. being  
Maple Leaf Resource Class  
Maple Leaf Income Class**

We have audited the accompanying financial statements of Maple Leaf Corporate Funds Ltd., which comprise the statements of net assets and investment portfolio of Maple Leaf Resource Class and Maple Leaf Income Class as at November 30, 2011 and the statements of operations, changes in net assets and cash flows of Maple Leaf Resource Class and Maple Leaf Income Class for the period from the commencement of operations to November 30, 2011, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Maple Leaf Resource Class and Maple Leaf Income Class as at November 30, 2011 and the results of their operations and cash flows for the period from the commencement of operations to November 30, 2011 in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

**Chartered Accountants**

# Maple Leaf Corporate Funds Ltd.

## Maple Leaf Resource Class

Statement of Net Assets

As at November 30, 2011

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	\$
<b>Assets</b>	
Cash	693,095
Dividends receivable	761
Investments - at fair value	<u>8,254,696</u>
	<u>8,948,552</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	70,167
Redemptions payable	46,069
Due to related parties (note 6)	<u>14,629</u>
	<u>130,865</u>
Net assets	<u>8,817,687</u>
Series A shares outstanding (note 10)	<u>850,353</u>
Net assets per Series A share	<u>10.37</u>

Approved on behalf of the Board of Directors of Maple Leaf Corporate Funds Ltd.

\_\_\_\_\_(signed) Hugh Cartwright\_\_\_\_\_  
Director

\_\_\_\_\_(signed) Shane Doyle\_\_\_\_\_  
Director

# Maple Leaf Corporate Funds Ltd.

## Maple Leaf Resource Class

### Statement of Changes in Net Assets

For the period from commencement of operations on October 21, 2011 to  
November 30, 2011

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	\$
<b>Net assets - Beginning of period</b>	<u>-</u>
<b>Increase in net assets from operations</b>	<u>650,874</u>
<b>Share transactions</b>	
Shares issued on Series A shares	150,510
Shares issued for rollover from limited partnership	12,289,117
Payment for securities redeemed	<u>(4,272,814)</u>
	<u>8,166,813</u>
<b>Net assets - End of period</b>	<u>8,817,687</u>

# Maple Leaf Corporate Funds Ltd.

## Maple Leaf Resource Class

### Statement of Operations

For the period from commencement of operations on October 21, 2011 to  
November 30, 2011

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	\$
<b>Investment income</b>	
Dividends	761
	<hr/>
<b>Expenses</b>	
Administrative and other	5,852
Audit fees	16,800
Commissions	12,564
Custodial fees	2,675
Filing	12,493
Harmonized sales tax	4,662
Independent review committee fees	2,077
Management fees (note 6)	26,332
Recordkeeping fees	11,146
Valuation fees	2,760
	<hr/>
	97,361
	<hr/>
<b>Net investment loss</b>	(96,600)
<b>Net realized gain on sale of investments</b>	377,532
<b>Unrealized appreciation on investments</b>	369,942
	<hr/>
<b>Increase in net assets from operations</b>	650,874
	<hr/>
<b>Increase in net assets from operations per Series A share</b>	0.77
	<hr/>

# Maple Leaf Corporate Funds Ltd.

## Maple Leaf Resource Class

### Statement of Cash Flows

For the period from commencement of operations on October 21, 2011 to November 30, 2011

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	\$
<b>Cash flows from operating activities</b>	
Net investment loss	(96,600)
Changes in non-cash working capital items	
Dividends receivable	(761)
Accounts payable and accrued liabilities	70,167
Redemptions payable	46,069
Due to related parties	14,629
	<hr/>
	33,504
Purchase of investments	(357,129)
Proceeds from sale of investments	2,448,965
	<hr/>
	2,125,340
<b>Cash flows from financing activities</b>	
Proceeds from issue of Series A shares	150,510
Cash received on rollover from limited partnership	2,690,059
Consideration paid for redemption of Series A shares	(4,272,814)
	<hr/>
	(1,432,245)
<b>Increase in cash</b>	693,095
<b>Cash - Beginning of period</b>	<hr/> -
<b>Cash - End of period</b>	<hr/> 693,095

# Maple Leaf Corporate Funds Ltd.

## Maple Leaf Resource Class

Statement of Investment Portfolio

As at November 30, 2011

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	Number of shares/ warrants	Average cost \$	Fair value \$	Net assets %
<b>Equity investments</b>				
Angle Energy Inc.	74,700	459,405	520,659	5.91
Boralex Inc.	10,600	70,445	72,080	0.82
Canada Fluorspar Inc.	368,000	141,680	128,800	1.46
Catch the Wind Ltd.	488,100	78,096	107,382	1.22
Centamin Egypt Limited	84,200	143,140	136,404	1.55
Clifton Star Resources Inc.	77,200	223,880	190,684	2.16
DeeThree Exploration Ltd.	130,000	358,800	276,900	3.14
Denison Mines Corp.	50,000	68,000	71,000	0.81
Fission Energy Corps.	310,500	235,980	245,295	2.78
Frontier Rare Earths Ltd.	58,500	56,745	66,105	0.75
Gowest Gold Ltd.	95,100	23,775	15,692	0.18
Great Western Minerals Group Ltd.	169,200	113,364	96,444	1.09
Hyperion Exploration Corp.	151,000	105,700	128,350	1.46
Kaminak Gold Corporation	62,200	169,806	157,988	1.79
Malaga Inc.	352,000	49,280	42,240	0.48
Niogold Mining Corp.	991,000	331,985	327,030	3.71
Noront Resources Limited	343,500	175,185	271,365	3.08
Open Range Energy Corp.	50,400	105,084	97,272	1.10
Pace Oil & Gas Ltd.	96,300	430,461	433,350	4.91
Paramount Resources Limited	2,700	93,177	109,566	1.24
PC Gold Inc.	220,300	93,628	74,902	0.85
Poseidon Concepts Corp.	8,453	81,049	95,688	1.09
Premier Gold Mines Ltd.	38,020	197,324	199,605	2.26
Queenston Mining Inc.	50,600	278,300	300,564	3.41
Rio Verde Minerals Development Corporation	46,075	15,666	17,048	0.19
RMS Systems Inc.	254,400	226,416	152,640	1.73
Rock Energy Inc.	133,200	299,700	314,352	3.57
Royal Nickel Corporation	159,990	111,993	111,993	1.27
Sabina Gold & Silver Corp.	295,200	944,640	1,183,752	13.43
SilverBirch Energy Corporation	98,300	540,650	630,103	7.15
Carried forward	5,269,738	6,223,354	6,575,253	74.59



# Maple Leaf Corporate Funds Ltd.

## Maple Leaf Resource Class

Statement of Investment Portfolio

For the period ended November 30, 2011

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	Number of shares/ warrants	Average cost \$	Fair value \$	Net assets %
Brought forward	5,269,738	6,223,354	6,575,253	74.59
Talon Metals Corp.	106,300	59,528	53,150	0.60
Temex Resources Corp.	831,179	183,981	157,924	1.79
Trelawney Mining and Exploration Inc.	137,600	493,984	462,336	5.24
Tyhee Gold Corp.	2,130,000	191,700	213,000	2.42
UEX Corp.	352,900	215,269	215,269	2.44
Waldron Energy Corporation	100,000	149,000	127,000	1.44
Westfire Energy Ltd.	33,700	161,760	158,053	1.79
YOHO Resources Inc.	57,800	170,510	202,300	2.29
	<hr/>	<hr/>	<hr/>	<hr/>
	9,019,217	7,849,086	8,164,285	92.60
<b>Warrants</b>				
Cap-Ex Ventures Ltd.	82,500	660	20,702	0.23
Catch the Wind Ltd.	244,050	464	9,378	0.11
Kiska Metals Corp.	48,500	2,910	1,940	0.02
Macusani Yellowcake Inc.	89,500	1,790	1,790	0.02
North American Tungsten Corporation Ltd.	87,000	3,480	870	0.01
Royal Nickel Corporation	80,000	9,200	7,600	0.09
Starfield Resources Inc.	6,650,000	-	15,152	0.17
Talon Metals Corp.	137,650	-	734	0.01
Tyhee Gold Corp.	2,083,500	17,710	26,631	0.30
URSA Major Minerals Inc.	533,500	-	5,203	0.06
Vena Resources Inc.	215,000	-	411	0.00
	<hr/>	<hr/>	<hr/>	<hr/>
	10,251,200	36,214	90,411	1.02
	<hr/>	<hr/>	<hr/>	<hr/>
	19,270,417	7,885,300	8,254,696	93.62
Assets - net of other liabilities			<hr/>	<hr/>
			562,991	6.38
<b>Net assets</b>			<hr/>	<hr/>
			8,817,687	100.00

# Maple Leaf Corporate Funds Ltd.

## Maple Leaf Income Class

Statement of Net Assets

As at November 30, 2011

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	\$
<b>Assets</b>	
Cash	41,250
Dividends receivable	419
Investments - at fair value	<u>197,480</u>
	<u>239,149</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	13,406
Due to related parties (note 6)	<u>238</u>
	<u>13,644</u>
Net assets	<u>225,505</u>
Series A shares outstanding (note 10)	<u>23,698</u>
Net assets per Series A share	<u>9.52</u>

Approved on behalf of the Board of Directors of Maple Leaf Corporate Funds Ltd.

\_\_\_\_\_(signed) Hugh Cartwright\_\_\_\_\_  
Director

\_\_\_\_\_(signed) Shane Doyle\_\_\_\_\_  
Director

# **Maple Leaf Corporate Funds Ltd.**

## **Maple Leaf Income Class**

Statement of Changes in Net Assets

**For the period from commencement of operations on November 9, 2011 to  
November 30, 2011**

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	\$
<b>Net assets - Beginning of period</b>	-
<b>Decrease in net assets from operations</b>	(10,590)
<b>Share transactions</b>	
Shares issued	<u>236,095</u>
<b>Net assets - End of period</b>	<u>225,505</u>

# Maple Leaf Corporate Funds Ltd.

## Maple Leaf Income Class

### Statement of Operations

For the period from commencement of operations on November 9, 2011 to  
November 30, 2011

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	\$
<b>Investment income</b>	
Dividend	398
	<hr/>
<b>Expenses</b>	
Administrative and other	54
Audit fees	10,000
Commissions	33
Custodial fees	1,309
Harmonized sales tax	460
Management fee (note 6)	238
Valuation fees	1,577
	<hr/>
	13,671
	<hr/>
<b>Net investment loss</b>	(13,273)
	<hr/>
<b>Unrealized appreciation on investments</b>	2,683
	<hr/>
<b>Decrease in net assets from operations</b>	(10,590)
	<hr/>
<b>Decrease in net assets from operations per Series A share</b>	(0.45)
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# Maple Leaf Corporate Funds Ltd.

## Maple Leaf Income Class

### Statement of Cash Flows

For the period from commencement of operations on November 9, 2011 to  
November 30, 2011

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	\$
<b>Cash flows from operating activities</b>	
Net investment loss	(13,273)
Changes in non-cash working capital items	
Dividends receivable	(419)
Accounts payable and accrued liabilities	13,406
Due to related parties	238
	<hr/>
	(48)
Purchase of investments	<hr/> (194,797)
	(194,845)
<b>Cash flows from financing activities</b>	
Cash received on shares issued	<hr/> 236,095
<b>Increase in cash</b>	41,250
<b>Cash - Beginning of period</b>	<hr/> -
<b>Cash - End of period</b>	<hr/> <hr/> 41,250

# Maple Leaf Corporate Funds Ltd.

## Maple Leaf Income Class

Statement of Investment Portfolio

As at November 30, 2011

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	Number of shares	Average cost \$	Fair value \$	Net assets %
<b>Equity investments</b>				
BCE Inc.	500	19,775	19,995	8.87
Bank of Montreal	200	11,450	11,932	5.29
Bonterra Energy Corp.	100	4,986	5,169	2.29
Canadian Imperial Bank of Commerce	100	7,090	7,268	3.22
Emera Inc.	300	9,489	9,825	4.36
Fortis Inc.	300	9,891	10,053	4.46
MI Developments Inc.	300	9,750	9,783	4.34
Manitoba Telecom Services Inc.	200	5,732	5,994	2.66
Poseidon Concepts Corp.	900	10,440	10,188	4.52
Power Corporation of Canada	400	9,004	8,912	3.95
Rogers Communications Inc.	400	14,596	15,116	6.70
Russell Metals Inc.	200	4,726	4,648	2.06
Shaw Communications Inc.	500	10,645	10,500	4.66
TMX Group Inc.	200	9,032	8,794	3.90
Telus Corporation	200	10,082	10,434	4.63
Toronto Dominion Bank	200	14,114	14,438	6.40
Transcanada Corporation	500	20,835	21,285	9.44
Transglobe Apartment REIT Trust Unit	400	4,553	4,520	2.00
Wajax Corporation	100	3,758	3,746	1.66
Whister Blackcomb Holdings Inc.	500	4,850	4,880	2.16
	<u>6,500</u>	<u>194,798</u>	<u>197,480</u>	<u>87.57</u>
Assets - net of other liabilities			<u>28,025</u>	<u>12.43</u>
<b>Net assets</b>			<u>225,505</u>	<u>100.00</u>

# Maple Leaf Corporate Funds Ltd.

Notes to Financial Statements

November 30, 2011

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## 1 General

Maple Leaf Corporate Funds Ltd. (the “Corporation”) is a mutual fund corporation incorporated under the laws of Canada on December 15, 2010. The authorized capital of the corporation consists of an unlimited number of Class A Shares and special shares (“mutual fund shares”). Each class of mutual fund shares is a separate mutual fund. The Corporation’s articles permit it to issue an unlimited number of mutual fund shares in one or more series. The Corporation currently only offers series A shares.

The Maple Leaf Resource Class (“the Resource Class”) and the Maple Leaf Income Class (“the Income Class”) are separate classes of special shares issued by the Corporation (the “Funds”).

The investment objective of the Resource Class is to maximize capital appreciation by investing primarily in equity securities of natural resource companies and companies that support resource companies.

The investment objective of the Income Class is to achieve a high level of dividend income consistent with prudent levels of capital preservation and liquidity. The Income Class primarily invests in equity and equity-related securities that pay a dividend or distribution.

CADO Investment Fund Management Inc. is the manager of the Funds.

T.I.P. Wealth Manager Inc. is responsible for managing the investment portfolio of the Funds.

The Resource Class received the following subscriptions in exchange for net assets transferred to the Resource Class during the period:

<b>Date</b>	<b>Partnership</b>	<b>Net assets received \$</b>	<b>Shares issued \$</b>
October 21, 2011	Maple Leaf Short Duration 2010 Flow-Through Limited Partnership	12,289,117	1,228,912

# Maple Leaf Corporate Funds Ltd.

Notes to Financial Statements

November 30, 2011

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## 2 Significant accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The following is a summary of significant accounting policies used by the Corporation:

### Investments in public equity securities and warrants

The fair value of equity securities traded in active markets is measured using the closing bid price at the period-end date. An appropriate discount from the value of an actively traded security is taken for holdings of securities when a formal restriction limits the sale of the security. The amount at which the Corporation's publicly traded investments could be disposed of may differ from the carrying value based on closing bid prices, 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.

### Warrants

Warrants that are not publicly traded are recorded at their estimated fair value using a recognized valuation model as adjusted for liquidity considerations.

### Transaction costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of investments, are recorded as an expense in the statement of operations.

### Cash

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



# Maple Leaf Corporate Funds Ltd.

Notes to Financial Statements

November 30, 2011

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## **Revenue and expense recognition**

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 operations 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. Interest is recorded on an accrual basis. All costs directly attributable to operating activities are expensed as incurred.

Purchases and sales of securities are accounted for on a trade date basis.

## **Increase (decrease) in net assets from operations per Series A share**

Increase (decrease) in net assets from operations per Series A share is determined by dividing the net increase (decrease) in net assets from operations by the weighted average number of Series A shares outstanding during the reporting period.

## **Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and income and expenses during the reporting period. Actual results could differ from those reported and the differences could be material. Significant areas involving the use of estimates include determining the estimated fair value of warrants. In calculating the estimated fair value, the Corporation makes maximum use of publicly available market-based inputs.

## **Financial instruments**

The carrying value of dividends receivable, accounts payable and accrued liabilities, redemptions and amounts payable to related parties approximate fair value due to the relatively short period to maturity.

# Maple Leaf Corporate Funds Ltd.

Notes to Financial Statements

November 30, 2011

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## 3 Distributions

The Funds may pay annually to shareholders ordinary dividends and capital gains dividends. Ordinary dividends will generally be paid in November and capital gains dividends will generally be paid in January. Dividends may be paid at other times determined by the Manager. See note 12.

## 4 Income taxes

The Corporation qualifies as a mutual fund corporation as defined in the Income Tax Act (Canada). A mutual fund corporation is subject to a special 33-1/3% tax on taxable dividends received from corporations resident in Canada and to tax at normal corporate rates on other income and net taxable realized capital gains for the year. The special 33-1/3% tax is refundable at the rate of \$1 for every \$3 of ordinary dividends paid. All the tax on net taxable realized capital gains is refundable on a formula basis when shares are redeemed or capital gains dividends are paid.

Temporary differences between the carrying value of assets and liabilities for accounting and income tax purposes give rise to future income tax assets and liabilities. When the fair value of a security in the corporation exceeds its cost base, a future tax liability arises. When the cost base of a security exceeds its fair value, a future income tax asset exists but a full valuation allowance is often offset against the future income tax asset when the expected realization of the future income tax asset does not meet the more likely than not realization test. The general income tax rules associated with a public corporation also apply to a mutual fund corporation with the exception that income taxes payable on capital gains are refundable on a formula basis when shares are redeemed or capital gains dividends are paid.

## 5 Expenses

The Funds are responsible for all charges and expenses of carrying on business, including legal and audit fees, administrative costs relating to financial and other reports, and compliance with all applicable laws, regulations and policies.

# Maple Leaf Corporate Funds Ltd.

Notes to Financial Statements

November 30, 2011

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## 6 Related party balances and transactions

The Manager has retained CADO Bancorp Ltd., a company related to the Manager by common ownership and directors, to perform certain administrative functions on behalf of the Manager.

The Resource Class management fee is calculated at 2.25% per annum of the daily net asset value of the Resource Class, paid monthly.

The Income Class management fee is calculated at 2.00% per annum of the daily net asset value of the Income Class, paid monthly.

Balances and transactions are as follows:

	\$
<b>Maple Leaf Resource Class</b>	
CADO Bancorp Ltd.	
Management fee payable	5,852
CADO Investment Fund Management Inc.	
Management fee payable	2,926
<b>Maple Leaf Income Class</b>	
CADO Bancorp Ltd.	
Management fee payable	60
CADO Investment Fund Management Inc.	
Management fee payable	42

Filing fees incurred by Maple Leaf Income Class of \$12,492 for the period ended November 30, 2011 is to be paid on behalf of the fund by CADO Investment Fund Management Inc., a related party.

The initial investment in shares of \$150,510 in Maple Leaf Income Class was contributed by Directors of CADO Investment Fund Management Inc., the Manager.

# Maple Leaf Corporate Funds Ltd.

Notes to Financial Statements

November 30, 2011

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## 7 Custodial fees

During the period ended November 30, 2011, the Corporation incurred custodial fees of \$2,675 in the Maple Leaf Resource Class and \$1,309 in the Maple Leaf Income Class, which are included in administrative and other expenses in the statement of operations.

## 8 Reconciliation of net asset value

In accordance with the decision made by the Canadian securities regulatory authorities, a reconciliation between the transactional net asset value determined under National Instrument 81 - 106 ("NI 81 - 106") and the net assets of an investment fund as determined under Canadian GAAP is required for financial reporting purposes. For investments that are traded in an active market where quoted prices are readily and regularly available, Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855 requires bid prices (for investments held) and ask prices (for investments sold short) to be used in the fair valuation of investments, rather than the use of closing prices currently used for the purposes of determining net asset value under NI 81 - 106. For investments that are not traded in an active market, Section 3855 requires the use of specific valuation techniques, rather than the use of valuation techniques by virtue of general practice in the investment fund industry. These changes account for the difference between net asset value and net assets as follows:

	<b>Net asset value per NI 81 - 106</b>	<b>Section 3855 adjustment</b>	<b>Net asset value per Section 3855</b>
	\$	\$	\$
<b>Maple Leaf Resource Class</b>			
Total net assets	8,920,642	102,955	8,817,687
Total per unit	10.49	0.12	10.37
<b>Maple Leaf Income Class</b>			
Total net assets	226,435	930	225,505
Total per unit	9.56	0.04	9.52

# Maple Leaf Corporate Funds Ltd.

Notes to Financial Statements

November 30, 2011

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## 9 Risk management

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

The Corporation'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 Corporation's financial performance. The Corporation uses diversification to moderate risk exposures associated with a concentration of investments.

The Corporation's investment strategy is to invest in 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.

### Market risk

- a) Price risk

The Corporation'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.

# Maple Leaf Corporate Funds Ltd.

Notes to Financial Statements

November 30, 2011

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The Corporation 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. The Manager also sets thresholds on individual investments to mitigate the risk of exposure to any one investment. The Corporation's overall market positions are monitored on a daily basis by the Corporation's Manager and are reviewed on a semi-annual basis by the Board of Directors.

The Corporation'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 November 30, 2011, the Corporation'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 \$410,292 and \$9,874 for the Maple Leaf Resource Class and Maple Leaf Income Class, respectively.

b) Interest rate risk

The substantial majority of the Corporation's financial assets are non-interest bearing. As a result, the Corporation is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash is invested at short-term market interest rates.

c) Foreign exchange risk

The Corporation is not exposed to any significant foreign exchange risk.

### **Credit risk**

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

When the Corporation trades in listed or unlisted securities that are settled upon delivery using approved brokers, 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

# Maple Leaf Corporate Funds Ltd.

Notes to Financial Statements

November 30, 2011

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have been received by the broker. The Corporation only transacts with reputable brokers with a high credit rating.

The Corporation monitors its credit position regularly, and the Board of Directors reviews it on a periodic basis. The Corporation has not identified any past due assets or receivables as at November 30, 2011.

## Concentration risk

<b>Sector/subgroup</b>	<b>% of net assets of Maple Leaf Resource Class</b>
Energy	36.82
Precious metals	36.95
Base metals	11.66
Uranium	6.05
Alternative energy	2.14
Cash	7.86
Net liabilities	<u>(1.48)</u>
	<u>100.00</u>

# Maple Leaf Corporate Funds Ltd.

Notes to Financial Statements

November 30, 2011

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<b>Sector/subgroup</b>	<b>% of net assets of Maple Leaf Income Class</b>
Financials	29.11
Telecommunications	27.51
Utilities	18.25
Energy	6.81
Industrial	3.72
Consumer	2.16
Cash	18.29
Net liabilities	(5.85)
	<hr/>
	100.00

## **Liquidity risk**

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

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

## **Fair value disclosure**

The three levels of the fair value hierarchy as per CICA Handbook Section 3862, *Financial Instruments - Disclosures*, 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.



# Maple Leaf Corporate Funds Ltd.

## Notes to Financial Statements

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The following table illustrates the classification of the Corporation's financial instruments within the fair value hierarchy as at November 30, 2011:

	<b>Financial assets at fair value as at November 30, 2011</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Maple Leaf Resource Class</b>				
Equities	6,865,743	1,107,857	190,684	8,164,284
Warrants	-	12,200	78,212	90,412
	<u>6,865,743</u>	<u>1,120,057</u>	<u>268,896</u>	<u>8,254,696</u>
<b>Maple Leaf Income Class</b>				
Equities	<u>197,480</u>	-	-	<u>197,480</u>

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 or 2 of the fair value hierarchy as observable market data is readily available. The Corporation'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 Corporation's publicly traded warrants are categorized as Level 2. The fair value of remaining warrants is estimated using the Black-Scholes pricing model that factors in current and contractual prices of the underlying instruments, time value of money, yield curve and volatility. These warrants are categorized in Level 3 because significant judgment and estimates were involved to determine volatility. A 10% increase (decrease) in volatility would result in an increase (decrease) in estimated fair values of approximately \$10,358 (\$nil) in the Maple Leaf Resource Class portfolio. The Maple Leaf Income Class portfolio does not hold any warrants.

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## 10 Corporation capital

Shares issued and outstanding represent the capital of the Corporation. In 2011, the Maple Leaf Resource Class issued 1,243,912 units for \$12,439,627 and the Maple Leaf Income Class issued 23,698 units for \$236,095. The Corporation manages capital in accordance with its investment objectives. There are no externally imposed restrictions on the Corporation's capital.

	<b>Resource</b>	<b>Income</b>
	\$	\$
Shares issued outstanding for LP	1,228,912	23,698
Shares issued during the year	15,000	-
Shares redeemed during the year	(393,559)	-
	<hr/>	<hr/>
Shares issued and outstanding at end of year	<u>850,353</u>	<u>23,698</u>

## 11 Future accounting standards

In 2008, the CICA affirmed its intention to transition to International Financial Reporting Standards ("IFRS") for publicly accountable enterprises. The Canadian Accounting Standards Board has decided to extend the deferral of mandatory adoption of IFRS for investment companies until January 1, 2014. The decision is in response to the International Accounting Standards Board's announcement in late 2010 that its investment company project is delayed.

## 12 Subsequent event

On January 30, 2012, the Maple Leaf Resource Class paid a capital gains dividend of \$345,996 or \$0.470155 per Series A share to all Series A shareholders of record as of January 27, 2012.

On January 30, 2012, the Maple Leaf Income Class paid a capital gains dividend of \$19,515 or \$0.44852 per Series A share to all Series A shareholders of record as of January 27, 2012.