

# **Maple Leaf Corporate Funds Ltd.**

Financial Statements  
**November 30, 2013 and 2012**



February 28, 2014

## **Independent Auditor's Report**

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

We have audited the accompanying financial statements of each of the Funds, which comprise the statement of investment portfolio as at November 30, 2013, the statements of net assets as at November 30, 2013 and 2012 and the statements of operations, changes in net assets and cash flows for the years then ended, 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 the financial statements of each of the Funds 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 the financial statements of each of the Funds based on our audits. We conducted our audits 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Funds as at November 30, 2013 and 2012 and the results of each of their operations, the changes in each of their net assets and each of their cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

**(Signed) "PricewaterhouseCoopers LLP"**

**Chartered Accountants**

# Maple Leaf Corporate Funds Ltd.

## Maple Leaf Resource Class

Statements of Net Assets

As at November 30, 2013 and 2012

	2013 \$	2012 \$
<b>Assets</b>		
<b>Investments</b> - at fair value*	6,053,072	10,709,462
<b>Cash</b>	910,580	1,091,309
<b>Refundable taxes</b>	34,803	15,963
<b>Dividends receivable</b>	3,934	2,967
<b>Due from related party</b> (note 6)	4,813	-
<b>Due from broker</b>	73,169	138,542
	<u>7,080,371</u>	<u>11,958,243</u>
<b>Liabilities</b>		
<b>Accounts payable and accrued liabilities</b>	116,202	52,689
<b>Income taxes payable</b>	34,803	15,963
<b>Due to broker</b>	-	60,801
<b>Redemptions payable</b>	19,205	80,803
	<u>170,210</u>	<u>210,256</u>
<b>Net assets</b>	<u>6,910,161</u>	<u>11,747,987</u>
<b>Series A shares outstanding</b> (note 9)	<u>1,152,952</u>	<u>1,473,312</u>
<b>Net asset value per Series A share</b> (note 7)	<u>5.99</u>	<u>7.97</u>
<b>*Investments</b> - at cost	<u>5,682,193</u>	<u>10,872,008</u>

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

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

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

**Maple Leaf Corporate Funds Ltd.**  
**Maple Leaf Resource Class**  
Statements of Operations  
For the years ended November 30, 2013 and 2012

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Investment income</b>		
Dividends	56,521	48,288
<b>Expenses</b>		
Management fees (note 6)	206,109	272,176
Recordkeeping fees	62,827	66,790
Administrative and other (note 6)	190,095	197,059
Legal fees	48,896	24,178
Harmonized sales tax	36,920	77,931
Filing	31,877	6,116
Audit fees	30,000	31,060
Valuation fees	26,601	32,466
Custodial fees	13,481	26,253
Independent review committee fees	8,020	1,617
	654,826	735,646
Less: Fee rebate and expenses absorbed by the Manager (note 6)	(171,000)	(23,167)
	483,826	712,479
<b>Net investment loss</b>	(427,305)	(664,191)
<b>Gain (loss) on investments</b>		
Net realized loss on sale of investments	(2,957,424)	(748,720)
Portfolio transaction costs	(64,760)	(112,969)
Foreign exchange gain	24,470	-
Change in unrealized appreciation (depreciation) of investments	533,423	(522,066)
	(2,464,291)	(1,383,755)
<b>Decrease in net assets from operations</b>	(2,891,596)	(2,047,946)
<b>Decrease in net assets from operations per Series A share</b>	(2.10)	(1.61)

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

**Maple Leaf Corporate Funds Ltd.**  
**Maple Leaf Resource Class**  
 Statements of Changes in Net Assets  
 For the years ended November 30, 2013 and 2012

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	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Net assets - Beginning of year</b>	11,747,987	8,817,687
<b>Decrease in net assets from operations</b>	(2,891,596)	(2,047,946)
<b>Capital gains distributions to shareholders</b>	(4,883,550)	(34,074)
<b>Share transactions</b>		
Shares issued for rollover from limited partnerships	6,957,985	19,131,920
Transfer from Income Class	6,456	-
Reinvested capital gains distributions	4,883,550	34,074
Consideration paid for redemption	(8,910,671)	(14,153,674)
	2,937,320	5,012,320
<b>Net assets - End of year</b>	6,910,161	11,747,987

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

**Maple Leaf Corporate Funds Ltd.**  
**Maple Leaf Resource Class**  
**Statements of Cash Flows**  
**For the years ended November 30, 2013 and 2012**

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	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Net investment loss	(427,305)	(664,191)
Changes in non-cash working capital items		
Refundable taxes	(18,840)	(15,963)
Dividends receivable	(967)	(2,206)
Due from related party	(4,813)	-
Due from broker	65,373	(138,542)
Accounts payable and accrued liabilities	63,513	(17,478)
Income taxes payable	18,840	15,963
Due to broker	(60,801)	60,801
Redemptions payable	(61,590)	34,733
Due to related party	-	(14,629)
Unrealized gain on foreign exchange	-	738
	<u>(426,590)</u>	<u>(740,774)</u>
Purchase of investments	(9,599,845)	(10,282,974)
Proceeds from sale of investments	18,084,870	21,999,063
Transaction costs	(64,760)	(112,969)
	<u>7,993,675</u>	<u>10,862,346</u>
<b>Cash flows from financing activities</b>		
Cash received on acquisition of net assets from limited partnerships	736,267	3,689,542
Consideration paid for redemption of Series A shares	(8,910,671)	(14,153,674)
	<u>(8,174,404)</u>	<u>(10,464,132)</u>
<b>(Decrease) increase in cash</b>	(180,729)	398,214
<b>Cash - Beginning of year</b>	<u>1,091,309</u>	<u>693,095</u>
<b>Cash - End of year</b>	<u>910,580</u>	<u>1,091,309</u>
<b>Non-cash transactions</b>		
Acquisition of net assets for limited partnerships for Series A shares (note 1)		

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

# Maple Leaf Corporate Funds Ltd.

## Maple Leaf Resource Class

### Statement of Investment Portfolio

As at November 30, 2013

	Number of shares/ warrants	Average cost \$	Fair value \$	Net assets %
<b>Canadian equity investments</b>				
Ainsworth Lumber Co Ltd.	20,200	71,327	77,366	1.12
Almonty Industries Inc.	287,500	258,750	135,125	1.96
Alpha Minerals Inc.	32,359	235,391	199,008	2.89
Argonaut Gold Inc.	6,781	53,595	37,499	0.54
Artek Exploration Ltd.	48,700	89,608	168,015	2.43
Athabasca Oil Corp.	6,100	49,617	39,406	0.57
B2Gold Corp.	13,900	35,269	30,580	0.44
Bankers Petroleum Ltd.	41,600	103,021	164,736	2.38
Boralex Inc.	8,300	63,828	90,802	1.31
Cameco Corp.	3,900	81,988	84,006	1.22
Canada Fluorspar Inc.	206,000	79,310	43,260	0.63
Canada Lithium Corp.	87,400	30,153	34,960	0.51
Canadian Natural Resources Ltd.	3,200	103,479	110,432	1.60
Canelson Drilling Inc.	11,500	61,147	71,760	1.04
Canfor Corp.	6,900	130,739	161,322	2.33
Canfor Pulp Products Inc.	6,100	65,890	66,002	0.96
Cenovus Energy Inc.	4,600	146,766	141,956	2.05
Cequence Energy Ltd.	66,000	105,600	113,520	1.64
Deethree Exploration Ltd.	14,400	77,536	131,904	1.91
Denison Mines Corp.	57,908	62,130	68,911	1.00
Donnycreek Energy Inc.	37,500	74,364	75,375	1.09
Enterprise Group Inc.	88,800	42,624	72,816	1.03
Essential Energy Services Ltd.	24,100	68,448	73,987	1.07
Finavera Wind Energy Inc.	2,163,100	399,020	183,864	2.66
Horizon North Logistics Inc.	12,100	70,466	108,900	1.58
International Forest Products Ltd.	13,800	125,291	169,878	2.46
International Minerals Corp.	54,500	156,061	152,600	2.21
Ithaca Energy Inc.	32,000	63,274	81,280	1.18
Kelt Exploration Ltd.	14,400	82,921	130,032	1.88
Kivalliq Energy Corp.	165,100	67,126	33,020	0.48
Long Run Exploration Ltd.	26,343	117,687	138,564	2.01
Manitok Energy Inc.	24,900	59,193	54,282	0.79
North American Energy Partners	12,000	73,131	68,760	1.00
Oryx Petroleum Corp Ltd.	7,800	116,286	104,130	1.51
Panoro Minerals Ltd.	166,600	118,593	45,815	0.66
Paramount Resources Ltd.	4,000	142,200	145,200	2.10
Parex Resources Inc.	24,000	120,316	152,640	2.20
Platino Energy Corp.	39,300	56,258	20,436	0.30
Precision Drilling Corp.	3,900	40,680	38,298	0.55
Questor Technology Inc.	19,500	33,489	40,755	0.59
Raging River Exploration Inc.	40,460	88,652	254,898	3.69
RMP Energy Inc.	23,400	95,092	138,294	2.00
Santonia Energy Inc.	44,900	74,990	68,697	0.99
ShawCor Ltd.	3,900	126,300	156,039	2.26
Southern Pacific Resource Corp.	128,000	82,061	40,960	0.59
Suncor Energy Inc.	4,500	137,698	163,890	2.37
Tamarack Valley Energy Ltd.	26,733	63,377	102,120	1.48
TORC Oil & Gas Ltd.	13,600	114,651	140,216	2.03
Tourmaline Oil Corp.	5,467	176,038	229,177	3.32
Trevali Mining Corp.	141,700	133,072	114,777	1.66
Uranium Participation Corp.	24,300	119,965	136,080	1.97
West Fraser Timber Co. Ltd.	1,700	128,117	159,256	2.30
Western Forest Products Inc.	33,100	43,626	56,270	0.81
Whitecap Resources Inc.	19,218	155,432	245,414	3.55
Yoho Resources Inc.	17,400	51,330	55,157	0.80
		5,522,973	5,922,447	85.70



**Maple Leaf Corporate Funds Ltd.**  
**Maple Leaf Resource Class**  
Statement of Investment Portfolio ...continued  
As at November 30, 2013

	Number of shares/ warrants	Average cost \$	Fair value \$	Net assets %
<b>US equity investments</b>				
Barrick Gold Corp.	2,000	38,487	34,956	0.51
El du Pont de Nemours & Co.	1,100	71,503	71,562	1.04
		109,990	106,518	1.55
<b>Warrants</b>				
Advanced Explorations Inc.	231,500	-	-	-
Alexandria Minerals Corp.	936,000	-	-	-
Bluescout Technologies Ltd.	73,150	-	-	-
Bowmore Exploration Ltd.	216,650	5,130	22	0.00
Canada Lithium Corp.	30,000	-	480	0.01
Canada Lithium Corp.	76,000	8,360	8,595	0.12
Carlisle Goldfields Ltd.	343,750	1,719	-	-
Commerce Resource Corp.	385,000	-	-	-
Integra Gold Corp.	183,500	551	-	-
Marathon Gold Corp.	35,600	21,360	-	-
Nemaska Lithium Inc	115,000	1,840	-	-
Northern Tiger Resources Inc.	425,000	-	-	-
Ridgmont Iron Ore Corp.	312,500	-	-	-
Western Forest Products Inc.	79,000	10,270	15,010	0.22
		49,230	24,107	0.35
		5,682,193	6,053,072	87.60
<b>Assets - net of other liabilities</b>			857,089	12.40
<b>Net assets</b>			6,910,161	100.00

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

# Maple Leaf Corporate Funds Ltd.

## Maple Leaf Income Class

Statements of Net Assets

As at November 30, 2013 and 2012

	2013 \$	2012 \$
<b>Assets</b>		
<b>Investments</b> - at fair value*	1,501,701	1,197,833
<b>Cash</b>	26,670	62,275
<b>Refundable tax</b>	38,444	15,162
<b>Dividends receivable</b>	1,907	2,695
<b>Due from related party</b> (note 6)	69,431	51,149
<b>Due from broker</b>	67,491	-
	<u>1,705,644</u>	<u>1,329,114</u>
<b>Liabilities</b>		
<b>Accounts payable and accrued liabilities</b>	8,010	18,309
<b>Income tax payable</b>	38,444	15,162
<b>Redemptions payable</b>	25,883	-
<b>Due to broker</b>	85,289	-
	<u>157,626</u>	<u>33,471</u>
<b>Net assets</b>	<u>1,548,018</u>	<u>1,295,643</u>
<b>Series A shares outstanding</b> (note 9)	<u>136,714</u>	<u>130,546</u>
<b>Net asset value per Series A share</b> (note 7)	<u>11.32</u>	<u>9.92</u>
<b>*Investments</b> - at cost	<u>1,336,985</u>	<u>1,151,569</u>

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

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

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

**Maple Leaf Corporate Funds Ltd.**  
**Maple Leaf Income Class**  
 Statements of Operations  
 For the years ended November 30, 2013 and 2012

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Investment income</b>		
Dividend	69,846	45,865
<b>Expenses</b>		
Management fees (note 6)	31,819	17,183
Administrative and other (note 6)	30,275	16
Valuation fees	27,602	30,069
Custodial fees	15,002	13,258
Recordkeeping fees	8,183	-
Audit fees	8,000	9,793
Harmonized sales tax	5,675	8,412
Independent review committee fees	1,398	-
	127,954	78,731
Less: Fee rebate and expenses absorbed by the Manager (note 6)	(65,000)	(53,183)
	62,954	25,548
<b>Net investment income</b>	6,892	20,317
<b>Gain (loss) on investments</b>		
Net realized gain on sale of investments	67,251	26,826
Portfolio transaction costs	(1,091)	(1,138)
Change in unrealized appreciation of investments	118,452	43,981
	184,612	69,669
<b>Increase in net assets from operations</b>	191,504	89,986
<b>Increase in net assets from operations per Series A share</b>	1.23	1.02

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

**Maple Leaf Corporate Funds Ltd.**  
**Maple Leaf Income Class**  
 Statements of Changes in Net Assets  
 For the years ended November 30, 2013 and 2012

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	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Net assets - Beginning of year</b>	1,295,643	225,505
<b>Increase in net assets from operations</b>	191,504	89,986
<b>Capital gains distributions to shareholders</b>	(26,539)	(2,032)
<b>Share transactions</b>		
Shares issued	711,917	1,216,610
Reinvested capital gains distributions	26,539	2,032
Consideration paid for redemption	(651,046)	(236,458)
	87,410	982,184
<b>Net assets - End of year</b>	<b>1,548,018</b>	<b>1,295,643</b>

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

**Maple Leaf Corporate Funds Ltd.**  
**Maple Leaf Income Class**  
**Statements of Cash Flows**  
**For the years ended November 30, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Net investment income	6,892	20,317
Changes in non-cash working capital items		
Refundable taxes	(23,282)	(15,162)
Dividends receivable	788	(2,277)
Due from broker	(67,491)	-
Due to broker	85,289	-
Due from related party	(18,282)	(51,387)
Income taxes payable	23,282	15,162
Accounts payable and accrued liabilities	(10,299)	4,903
Redemptions payable	25,883	-
	22,780	(28,444)
Purchase of investments	(1,461,568)	(1,593,507)
Proceeds from sale of investments	1,343,403	663,962
Transaction costs	(1,091)	(1,138)
	(96,476)	(959,127)
<b>Cash flows from financing activities</b>		
Cash received on shares issued	711,917	1,216,610
Consideration paid for redemption of Series A shares	(651,046)	(236,458)
	60,871	980,152
<b>(Decrease) increase in cash</b>	<b>(35,605)</b>	<b>21,025</b>
<b>Cash - Beginning of year</b>	<b>62,275</b>	<b>41,250</b>
<b>Cash - End of year</b>	<b>26,670</b>	<b>62,275</b>

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

# Maple Leaf Corporate Funds Ltd.

## Maple Leaf Income Class

### Statement of Investment Portfolio

As at November 30, 2013

	Number of shares	Average cost \$	Fair value \$	Net assets %
<b>Equity investments</b>				
Algonquin Power & Utilities Co.	11,100	76,397	75,258	4.86
Altagas Ltd.	2,000	70,197	77,460	5.00
American Hotel Income Properties	3,600	37,620	37,728	2.44
Bank of Montreal	1,000	58,247	73,650	4.76
Bell Aliant Inc.	4,300	115,823	116,186	7.51
Bonterra Energy Corp.	100	4,757	5,390	0.35
Canadian Imperial Bank of Commerce	900	66,399	81,918	5.29
Cineplex Inc.	900	27,584	38,457	2.48
Genivar Inc.	2,500	57,787	78,500	5.07
Granite Real Estate Inc.	3,000	115,528	106,740	6.90
Manitoba Telecom Services Inc.	2,600	82,919	75,478	4.88
National Bank of Canada	800	62,639	73,928	4.78
Pengrowth Energy Corp.	5,800	38,222	37,990	2.45
Power Corp of Canada	3,700	94,654	119,547	7.72
Sun Life Financial Inc.	2,100	66,421	77,112	4.98
TELUS Corp.	2,000	72,939	75,040	4.85
Toronto-Dominion Bank	1,200	94,060	116,136	7.50
TransCanada Corp.	1,600	73,913	74,960	4.84
Tricon Capital Group Inc.	9,900	60,476	74,943	4.84
Whistler Blackcomb Holdings Inc.	5,200	60,403	85,280	5.51
		<u>1,336,985</u>	1,501,701	97.01
<b>Assets - net of other liabilities</b>			<u>46,317</u>	2.99
<b>Net assets</b>			<u>1,548,018</u>	100.00

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

# Maple Leaf Corporate Funds Ltd.

## Notes to Financial Statements

November 30, 2013 and 2012

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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 Series 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 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 Resource Class commenced operations on October 21, 2011, and the Income Class commenced operations on November 9, 2011.

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 (the “Manager”).

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 from the following partnerships during the year ended November 30, 2013:

<b>Date</b>	<b>Partnership</b>	<b>Net assets received \$</b>	<b>Shares issued</b>
March 8, 2013	Maple Leaf Short Duration 2012 Flow-Through Limited Partnership - National Class	4,252,352	589,394
March 8, 2013	Maple Leaf Short Duration 2012 Flow-Through Limited Partnership - Quebec Class	2,705,633	375,012

The general partners of the above partnerships and the Manager are related parties under common control.

# Maple Leaf Corporate Funds Ltd.

## Notes to Financial Statements

November 30, 2013 and 2012

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The Resource Class received the following subscriptions in exchange for net assets transferred from the following partnerships during the year ended November 30, 2012:

Date	Partnership	Net assets received \$	Shares issued
May 8, 2012	Maple Leaf Short Duration 2011 Flow-Through Limited Partnership	12,029,688	1,440,181
May 8, 2012	Maple Leaf Short Duration 2011-II Flow-Through Limited Partnership - National Class	6,150,085	736,281
May 8, 2012	Maple Leaf Short Duration 2011-II Flow-Through Limited Partnership - Quebec Class	952,147	113,990

The general partners of the above partnerships and the Manager are related parties under common control.

## 2 Significant accounting policies

These financial statements are prepared in accordance with Chartered Professional Accountants (“CPA”) Handbook Part V - Pre-change Accounting Standards (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 year-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.



# Maple Leaf Corporate Funds Ltd.

## Notes to Financial Statements

November 30, 2013 and 2012

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### **Cash**

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

### **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 values of dividends receivable, due from related party, due from/to broker, accounts payable and accrued liabilities, income taxes payable and redemption payable approximate fair values due to the relatively short period to maturity.

## **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.

# Maple Leaf Corporate Funds Ltd.

## Notes to Financial Statements

November 30, 2013 and 2012

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### 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 a 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.

### 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.

# Maple Leaf Corporate Funds Ltd.

## Notes to Financial Statements

November 30, 2013 and 2012

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Balances and transactions are as follows:

	2013 \$	2012 \$
<b>Maple Leaf Resource Class</b>		
CADO Investment Fund Management Inc.		
Fee rebate and expenses absorbed receivable	4,813	-
Management fee expense	206,109	272,176
Fee rebate and expenses absorbed	171,000	23,167
CADO Bancorp Ltd.		
Administrative fee expense	135,000	165,000
<b>Maple Leaf Income Class</b>		
CADO Investment Fund Management Inc.		
Fee rebate and expenses absorbed receivable	69,431	51,149
Management fee expense	31,819	17,183
Administrative fee expense	30,000	-
Fee rebate and expenses absorbed	65,000	53,183

Management fees incurred by the Resource Class of \$171,000 for the year ended November 30, 2013 (2012 - \$23,167) have been absorbed by the Manager.

Operating expenses incurred by the Income Class of \$65,000 for the year ended November 30, 2013 (2012 - \$53,183) have been absorbed by the Manager.

Also see note 1.

# Maple Leaf Corporate Funds Ltd.

## Notes to Financial Statements

November 30, 2013 and 2012

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### 7 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 GAAP is required for financial reporting purposes. For investments that are traded in an active market where quoted prices are readily and regularly available, CPA Handbook Section 3855, *Financial Instruments - Recognition and Measurement*, 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 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:

	2013			2012		
	Net asset value per NI 81 - 106 \$	Section 3855 adjustment \$	Net asset value per Section 3855 \$	Net asset value per NI 81 - 106 \$	Section 3855 adjustment \$	Net asset value per Section 3855 \$
<b>Maple Leaf Resource Class</b>						
Total net assets	6,948,544	(38,383)	6,910,161	11,883,987	(136,000)	11,747,987
Total per unit	6.01	(0.02)	5.99	8.06	(0.09)	7.97
<b>Maple Leaf Income Class</b>						
Total net assets	1,549,771	(1,753)	1,548,018	1,300,453	(4,810)	1,295,643
Total per unit	11.33	(0.01)	11.32	9.96	(0.04)	9.92

### 8 Risk management

The Corporation's activities expose it to a variety of financial instrument risks including market risk (which includes 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:

- have experienced and reputable management with a defined track record in the energy, mining or alternative energy industries;
- have a knowledgeable Board of Directors;
- have exploration programs or exploration and development programs in place;

# Maple Leaf Corporate Funds Ltd.

## Notes to Financial Statements

November 30, 2013 and 2012

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- 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 investments is equal to the fair value of the financial instruments.

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 daily by the Corporation's Manager and are reviewed semi-annually 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 the investment portfolio to be held in any one investment.

At November 30, 2013, 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 \$302,654 (2012 - \$535,473) and \$75,085 (2012 - \$59,892) for the Resource Class and the 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

At November 30, 2013, the Corporation's foreign exchange risk is impacted directly by changes in the exchange rate of the United States dollar. The immediate impacts of a 5% appreciation or depreciation of the United States dollar against the Canadian currency are \$13,149 (2012 - \$35,933) and \$nil (2012 - \$nil) for the Resource Class and the Income Class, respectively.

# Maple Leaf Corporate Funds Ltd.

Notes to Financial Statements

November 30, 2013 and 2012

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## Concentration risk

	% of net assets of Maple Leaf Resource Class <sup>(1)</sup>	
	2013	2012
<b>Sector/subgroup</b>		
Energy	59.32	32.31
Materials	19.94	34.66
Alternative energy	2.66	12.00
Cash	14.24	9.29
Energy services	2.17	5.61
Uranium	1.97	4.64
Foreign	1.53	-
Forest products	-	1.93
Other net liabilities	(1.83)	(0.44)
	<hr/> 100.00	<hr/> 100.00

  

	% of net assets of Maple Leaf Income Class <sup>(1)</sup>	
	2013	2012
<b>Sector/subgroup</b>		
Financial	49.20	20.76
Telecommunications	17.23	19.70
Energy	12.65	18.95
Consumer services	7.99	10.73
Real estate	-	10.42
Utilities	4.86	7.23
Cash	0.57	4.81
Industrial services	5.07	4.66
Other net assets (liabilities)	2.43	2.74
	<hr/> 100.00	<hr/> 100.00

- (1) The 2013 and 2012 concentration risk allocation may not be comparable as each year is based on a different source for the allocation.

# Maple Leaf Corporate Funds Ltd.

## Notes to Financial Statements

November 30, 2013 and 2012

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### **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 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 periodically. The Corporation has not identified any past due assets or receivables as at November 30, 2013 and 2012.

### **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.

The liabilities of the Funds come due within three months of the year-end.

### **Fair value disclosure**

The three levels of the fair value hierarchy as per CPA Handbook Section 3862, *Financial Instruments - Disclosures*, are as follows:

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

November 30, 2013 and 2012

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The following tables illustrates the classification of the Corporation's financial instruments within the fair value hierarchy:

	Financial assets at fair value as at November 30, 2013			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Maple Leaf Resource Class</b>				
Equity investments	5,893,840	135,125	-	6,028,965
Warrants	-	-	24,107	24,107
	<hr/>	<hr/>	<hr/>	<hr/>
	5,893,840	135,125	24,107	6,053,072
<b>Maple Leaf Income Class</b>				
Equity investments	<hr/>	<hr/>	<hr/>	<hr/>
	1,501,701	-	-	1,501,701

The \$135,125 of equity securities transferred from Level 1 to Level 2 relate to positions whose trading was inactive as at November 30, 2013 but was actively traded on November 30, 2012.

	Financial assets at fair value as at November 30, 2012			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Maple Leaf Resource Class</b>				
Equity investments	10,686,423	-	-	10,686,423
Warrants	-	1,125	21,914	23,039
	<hr/>	<hr/>	<hr/>	<hr/>
	10,686,423	1,125	21,914	10,709,462
<b>Maple Leaf Income Class</b>				
Equity investments	<hr/>	<hr/>	<hr/>	<hr/>
	1,197,833	-	-	1,197,833



# Maple Leaf Corporate Funds Ltd.

## Notes to Financial Statements

November 30, 2013 and 2012

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The following table reconciles the Corporation's Level 3 fair value measurements:

	2013 \$	2012 \$
<b>Maple Leaf Resource Class</b>		
Balance - Beginning of year	21,914	268,896
Acquired through rollover from limited partnerships	1,719	226,483
Purchases	24,107	20,067
Sales/expiry	(23,093)	(54,541)
Unrealized loss	(1,665)	(248,707)
Exercised	-	-
Relisting of an investment	-	(190,684)
Transfers in from Level 2	1,125	400
	<hr/>	<hr/>
Balance - End of year	24,107	21,914

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 limited trading volumes are categorized as Level 2.

The fair value of 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 are involved to determine volatility. A 10% increase (decrease) in volatility would result in an increase (decrease) in estimated fair values of approximately \$3,780 (\$16,140) in the Resource Class portfolio. The Income Class portfolio does not hold any warrants.

# Maple Leaf Corporate Funds Ltd.

## Notes to Financial Statements

November 30, 2013 and 2012

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### 9 Corporation capital

Shares issued and outstanding represent the capital of the Corporation. The Corporation manages capital in accordance with its investment objectives. There are no externally imposed restrictions on the Corporation's capital.

	2013	2012
<b>Maple Leaf Resource Class - Series A</b>		
Shares issued and outstanding - Beginning of year	1,473,312	850,353
Shares issued	964,406	2,290,452
Reinvested distributions	1,197,564	34,074
Shares redeemed	(2,482,330)	(1,701,567)
Shares issued and outstanding - End of year	<u>1,152,952</u>	<u>1,473,312</u>
<b>Maple Leaf Income Class - Series A</b>		
Shares issued and outstanding - Beginning of year	130,546	23,698
Shares issued	69,604	129,224
Reinvested distributions	2,669	2,032
Shares redeemed	(66,105)	(24,408)
Shares issued and outstanding - End of year	<u>136,714</u>	<u>130,546</u>

### 10 Future accounting standards

#### International Financial Reporting Standards ("IFRS")

The Canadian Institute of Chartered Accountants Accounting Standards Board extended the deferral of the mandatory IFRS changeover date for investment companies to fiscal years beginning on or after January 1, 2014. The Funds, which are investment companies, will adopt IFRS commencing December 1, 2015.

In order to prepare for the transition to IFRS, the Funds have performed an assessment of the impact of significant accounting differences between IFRS and GAAP. Currently, the Fund's do not expect any significant impact to net assets per unit from the changeover to IFRS. This current assessment may change if new standards are issued or if interpretations of existing standards are revised. The impact of IFRS on accounting policies and implementation decisions will mainly be in the additional information disclosures in the notes to financial statements, the expected elimination of the difference between the net assets per unit and the net asset value per unit at the financial statement reporting dates, the expected change in the presentation of net assets, and other modified presentation and/or additional schedules which will be required. Further updates on implementation progress and any changes to reporting impacts from the adoption of IFRS will be provided during the 2015 implementation period.

# Maple Leaf Corporate Funds Ltd.

## Notes to Financial Statements

November 30, 2013 and 2012

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Upon transition to IFRS the Funds will value their investments in accordance with IFRS 13- *Fair Value Measurement* and as a result the CPA Handbook Section 3855 adjustment will no longer be required. The quantitative impact of the transition to IFRS is reflected in Note 7 which reconciles NI 81-1 06 to CPA Handbook Section 3855.

### **11 Subsequent events**

On January 28, 2014, the Resource Class paid a notional capital gains distribution of \$3,372,382 or \$3.2162 per Series A share to all Series A shareholders of record as of January 23, 2014.