



## MAPLE LEAF OIL & GAS ROYALTY INCOME PROGRAMS

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CREATING MONTHLY INCOME,  
TAX DEDUCTIONS AND GROWTH  
FOR CANADIAN INVESTORS

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# OUR FOCUS

## **Maple Leaf Oil & Gas Royalty Income programs focus on acquiring and managing portfolios of high quality royalties on long life, low decline oil and gas assets.**

- Maple Leaf raises capital and matches it with typically low-risk income paying oil and gas royalty investments.
- We offer operational excellence and disciplined risk management when selecting assets.
- We aim for strong, reliable and sustainable cash flow from existing production.
- We provide an efficient structure for individual investors to profit from ownership of an exclusive asset class which compliment the balance of their portfolios.

### **What We Do**

We raise capital throughout Canada and invest that capital in the purchase of royalties on producing oil and gas assets. The cash flow from these royalties is then paid to investors monthly.

### **Why Invest in Energy Royalties?**

A unique opportunity currently exists to acquire royalties at historically low valuations. These assets provide reliable, distributable cash flow and upside potential.

### **What is our investment jurisdiction?**

Our investments are located in the Western Canadian Sedimentary Basin, which is a vast sedimentary basin underlying 1,400,000 square kilometres of Western Canada. The majority of our investments will be in Alberta and Saskatchewan.

## **Maple Leaf targets high-quality oil and gas royalties with the following characteristics:**

- No exploration drilling
- Low risk conventional royalty assets
- Disciplined risk management
- Predictable and regular cash flow, with long term production profile
- Production and cash flow



## Why Invest in a Maple Leaf Oil & Gas Royalty Income Limited Partnership?

# 1

### Access to Exclusive Oil and Gas Royalties That Are Not Typically Available to Individual Investors

- Direct participation in oil and gas royalty investments are not typically accessible to individual investors due to high minimum investment thresholds, and the high level of geological and engineering expertise necessary to properly evaluate such investments.

# 2

### Monthly Cash Distributions Paid to Investors

- Cash distributions are paid monthly from royalties off “top-line” revenues from oil and gas production, **targeting a 12% annualized return on “at-risk” capital<sup>(1)</sup>** after fees and expenses.

# 3

### “Premium-Free” Direct Investing

- Unique structure by-passes premiums paid by traditional flow-through funds when purchasing flow-through shares of energy and mining resource companies.
- 100% of capital invested<sup>(2)</sup> will be directly allocated towards the relevant Maple Leaf Oil & Gas Royalty Income Limited Partnership (the “Partnership”) royalty asset investments.

# 4

### A 100% Tax Deductible Investment (over time)

- An attractive tax efficient structure provides for a 100% tax deduction with potential for monthly Cash Distributions and capital appreciation.
- At-risk capital approximately 60% (Alberta) of the cost of the investment - offering investors significant downside protection.

# 5

### Tax-Deferred Liquidity Event

- A liquidity event is generally established within 30 to 36 months.
- Investors are anticipated to receive shares of a publicly traded company on a tax deferred basis, in exchange for Partnership units.

(1) not including tax savings  
(2) net of fees and expenses

# INVESTMENT PORTFOLIO

## Canadian oil and gas royalties are highly-prized assets that provide attractive cash-flow and value for investors.

### What do investors own?

Investors (or Limited Partners) own units in a Partnership which will acquire a portfolio of high quality oil and gas royalties. In return for an investment in a Partnership, investors receive income via monthly cash distributions, a 100% tax deductible investment (over time), future liquidity and an opportunity to create a capital gain.

### What type of investments will a Limited Partnership focus on?

#### Producing Royalties on Existing Long Life Assets:

##### Providing Canadian Oil and Gas Property Expense (COGPE) Tax Deductions

- A Partnership may acquire royalties on already existing producing oil and natural gas properties that have long life reserves, predictable production performance, and strong cash flow profiles (“Producing Royalties”).
- Producing Royalties provide investors with COGPE tax deductions, which are deducted 10% per year on a declining balance basis.

#### Development Royalties Through Joint Ventures:

##### Providing Canadian Development Expenses (CDE) Tax Deductions

- A Partnership may acquire royalties through a pool of professionally selected joint ventures on proven and producing oil and/or natural gas development properties (“Development Royalties”).
- Development means in-fill drilling into existing producing pools of oil and natural gas where infrastructure (i.e. pipelines and processing facilities) is already in place in order to facilitate rapid tie-in of production and cash flow to investors.
- Development Royalties provide investors with CDE tax deductions, which are deducted at approximately 30% per year on a declining basis.

Both the COGPE and CDE tax deductions may be carried forward to future years and may be used against any source of taxable income including capital gains.

**Our investments are primarily located in the Western Canadian Sedimentary Basin.**

# 1

## Access to Exclusive Oil and Gas Royalties

Direct participation in oil and gas royalties are not typically accessible to the individual investor due to high minimum investment thresholds and the high level of geological and engineering expertise necessary to properly evaluate such investments.

### What is a Royalty Interest?

- A royalty interest is a percentage ownership interest in the volume of production from a producing asset that is retained and paid to the mineral rights owner.
- A royalty interest is one of the highest quality and lowest risk asset classes to own.
- Royalty interests are not exposed to the additional on-going expenses and capital costs associated with the day-to-day operation of an oil and gas company.

### TOP-LINE REVENUE ON OIL AND GAS PRODUCTION

#### CROWN ROYALTY SHARE

#### MAPLE LEAF ROYALTY SHARE

#### OIL AND GAS COMPANY SHARE

Oil and gas companies are responsible for:

- drill cost over-runs
- servicing costs
- tie-in costs
- abandonment costs
- field operating costs
- head office costs
- engineering costs



# 2

## Monthly Cash Distributions Paid to Investors

- Cash distributions are paid from the monthly income stream earned from the relevant Partnerships' royalty interests.
- Generally it takes 3 to 12 months from the date of the closing an offering to source and fully invest capital.
- Monthly cash distributions to investors typically commence within 45 to 60 days of the acquisition of a Producing Royalty, or within 6 months after the participation in a Development Royalty.

# 3

## A Premium-Free Investment

- Unique structure by-passes all costly premiums typically paid by traditional flow-through limited partnerships when purchasing flow-through shares of resource companies.
- 100% of capital (net of fees and expenses) will be directly allocated towards the acquisition of Producing Royalties and Development Royalties.

# 4

## An Attractive 100% Tax Deductible Investment (over time)

An investment in a Partnership provides investors with up to a 100% tax deduction (over time). The initial deductions will generally be in the range of 10 to 40% of the amount invested and are received within the initial year of operation with the balance deductible on an annual declining basis.

### TARGETED TAX DEDUCTION EXAMPLE <sup>1</sup>

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5 <sup>2</sup>	TOTAL <sup>3</sup>
<b>Initial Investment</b>	\$10,000	\$-	\$ -	\$ -	\$ -	\$10,000
<b>Total Tax Deductions</b>	\$3,500	\$1,900	\$1,605	\$1,545	\$1,450	\$10,000
<b>Tax Savings</b>	\$1,575	\$855	\$722	\$695	\$653	\$4,500

**After-tax investment cost and at-risk capital = \$5,500**

<sup>1</sup> Assuming 45% tax rate. These calculations are for illustrative purposes only and are based on a number of assumptions and conditions. There can be no assurance that these assumptions and conditions will be correct or accurate. Tax implications and the deductibility of expenses are particular to each individual investor's circumstances, therefore anyone considering an investment in a Partnership should consult their tax or financial advisor prior to purchase. **The actual tax implications of an investment in a Maple Leaf Oil & Gas Royalty Income Limited Partnership may vary materially from those set out above, please review the relevant prospectus or offering memorandum of the Partnership to which you are considering.**

<sup>2</sup> Following a liquidity event, investors may continue to receive certain tax deductions.

<sup>3</sup> Total tax deductions over time.

# 5

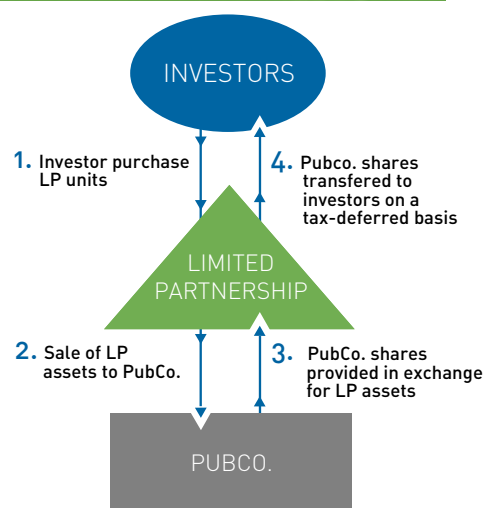
## Tax-Deferred Liquidity Event

A tax-deferred liquidity transaction is typically implemented within approximately 30 to 36 months after the final closing of the relevant Partnership offering.

At that time a publicly traded company ("PubCo.") will make a fair market value offer to acquire the Partnership's assets in return for shares of a PubCo.

The PubCo. shares are to be distributed to investors on a tax-deferred basis. Should investors elect to sell their shares in the future, capital gains tax will be payable.

### EXAMPLE STEPS TO LIQUIDITY



# EXECUTIVE MANAGEMENT TEAM

**The Executive Management team is comprised of a group of experienced professionals with proven and established success in Canadian financial services and the energy investment management business.**



**Hugh Cartwright, B.Comm - Chairman and Director**

- Over 20 years experience in the investment management industry, specialising in structured finance, syndication and fund administration.
- Over \$150MM raised in 10 prior royalty income focused Limited Partnerships.
- Bachelor of Commerce degree, specialising in finance.



**Shane Doyle, BA, MBA - President, Chief Executive Officer and Director**

- Significant experience in corporate finance advisory, business development, client relationship management and territorial oversight.
- Masters of Business Administration and Bachelor of Arts (Political Science) from St. Mary's University, Halifax.



**John Dickson, CGA, BA - Chief Financial Officer**

- Over 15 years experience in financial management, accounting and securities reporting, as well as oversight of all back-office accounting and reporting duties required for tax assisted limited partnerships.
- Certified General Accountant and has earned a Bachelor of Administration degree from Lakehead University, Ontario.



**Bruce Fair - Director**

- Over 19 years experience in corporate finance advisory, business development and client relationship management.
- Currently President and Director of Mench Capital Corp. - a financial services and capital markets consulting company, and also Executive Vice President (Western Canada) for Maple Leaf Funds, Group of Companies.

## CORPORATE GOVERNANCE

Maple Leaf Funds specializes in tax-assisted investment products focused on the Canadian natural resource sector. Maple Leaf Funds, Group of Companies encompasses Short Duration Flow-Through Funds, Oil and Gas Royalty Income funds, Mutual Funds and other alternative funds. Over the past 10 years, Maple Leaf Funds has raised in excess of \$500M of capital for financing in the Canadian resource sector.

**Maple Leaf Funds is a proponent of strong corporate governance.**

- Independent Annual Auditors
- Independent Annual Reserve Evaluations
- Independent Legal Counsel
- Independent Transfer Agent



# OUR OUTLOOK

**Maple Leaf believes that the long-term fundamental outlook for the energy sector is attractive and that the timing is right for the acquisition of a portfolio of royalty interests.**

When investing in commodities, timing is everything.

The recent decline in oil and gas commodity prices have provided an exceptional buying opportunity in the Canadian energy industry.

- Valuations have fallen dramatically and in some cases by over 70%.
- Banks and other energy sector lenders are starting to demand repayment of loans from defaulting producers.
- Many oil and gas companies with stretched balance sheets are currently being forced to liquidate their core assets to pay down their lines of credit.
- Junior oil and gas companies are now more than ever, actively searching for alternative forms of financing for their projects.

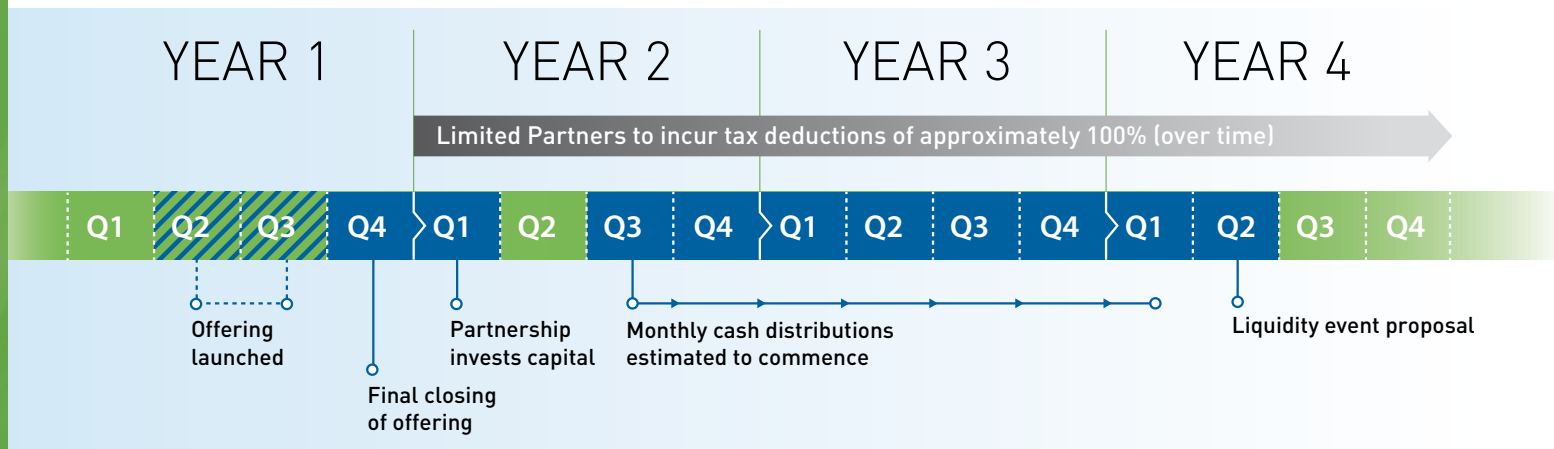
The Partnerships are formed specifically to take advantage of this rare opportunity to buy royalty assets at deeply discounted prices. The Partnerships use the net proceeds raised to acquire or manufacture royalty interests on high quality, long life, income producing assets that will realize attractive cash flow and value for investors.

**Maple Leaf can provide much needed capital for oil and gas companies on better terms than those typically available through traditional capital markets or banks.**

- Enhanced IRR and improved capital efficiency
- Capital without loss of control
- Non-competitive financial partner
- CAPEX budget accelerator
- Non-dilutive
- Alternative to incurring debt to maintain strong balance sheets



# INVESTMENT TIMELINE (EXAMPLE)



## FREQUENTLY ASKED QUESTIONS

### When will monthly cash distributions commence?

Monthly cash distributions to investors typically commence within 45 to 60 days of the acquisition of a Producing Royalty or within 6 months after the participation in a Development Royalty joint venture. Cash distributions will be automatically deposited directly into investors accounts via their dealer's back office.

### How and when do investors receive their tax slips?

Prior to the end of April of the year following an investment in a Partnership, investors will be mailed a T5013 federal tax slip from Maple Leaf's back office. Investors will receive a T5013 tax slip for each year the Partnership is active, including the year that the Partnership is dissolved.

### How will investors receive current information on the status of their investment?

Maple Leaf strives to provide the best possible customer service to investors and part of that service includes monthly e-Updates on each active Partnership. Once cash distributions commence, monthly e-Updates are sent to subscribed investors which will include monthly per unit distribution amounts, production and revenue reports, status of drilling and notices of liquidity. To subscribe to monthly e-Updates, investors may visit the [News & Updates](#) section of our website, [MapleLeafFunds.ca/RoyaltyIncome](http://MapleLeafFunds.ca/RoyaltyIncome). Alternatively, investors can provide their email address to Maple Leaf Funds at [info@MapleLeafFunds.ca](mailto:info@MapleLeafFunds.ca).

### When will the liquidity event take place and what will investors receive at that time?

A tax-deferred liquidity event typically occurs within approximately 30 to 36 months, whereby investors receive shares of a publicly traded company ("PubCo"). Going forward investors will continue to carry forward the COGPE & CDE tax deductions from their initial investment, which may be used against any source of taxable income including capital gains. Investors may also continue to hold their PubCo shares and collect dividends or sell their PubCo shares and create a capital gain.

## DISCLAIMER

- There are certain risks inherent in investing in the oil and gas sector. Oil and gas companies profitability may be affected primarily by adverse fluctuations in commodity prices, demand for commodities, general economic conditions and cycles, and unanticipated depletion of reserves or resources.
- There can be no assurance that investments will perform as forecasted or be of the quality anticipated. Partnerships may not hold or discover commercial quantities of oil or natural gas.
- There are tax risks associated with an investment.

The content of this document is for information only and does not constitute an offer to sell or an advertisement, solicitation, or recommendation to buy securities of any Maple Leaf Oil & Gas Royalty Income Limited Partnerships. Nothing in this document constitutes investment, legal or tax advice, nor was it prepared in consideration of the investment objectives, financial situation, particular needs or any specific recipient.

**There are a number of significant risks associated with an investment in a Maple Leaf Oil & Gas Royalty Income Limited Partnership. Qualified investors should read the relevant prospectus or offering memorandum carefully and consult with their tax and investment advisors before investing.**

## CONTACT US

- To reach out to our client services team, please email: [info@MapleLeafFunds.ca](mailto:info@MapleLeafFunds.ca) or call us at 604.684.5750 or toll free at 1.866.688.5750.

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## KEY INVESTMENT FEATURES:

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- ACCESS TO OIL AND GAS ROYALTY ASSETS
- UP TO 100% TAX DEDUCTION (OVER TIME)
- INCOME VIA MONTHLY CASH DISTRIBUTIONS
- LIQUIDITY



[www.MapleLeafFunds.ca/RoyaltyIncome](http://www.MapleLeafFunds.ca/RoyaltyIncome)