Dated November 16, 2016 **OFFERING MEMORANDUM**

All provinces and territories of Canada

PROBITY MINING 2016-II SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP

THE ISSUER:

Name:	Probity Mining 2016-II Short Duration Flow-Through Limited Partnership
Head Office:	10 Donwoods Grove, North York, Ontario M4N 2X5
Phone Number:	(647) 280-8901
E-mail Address:	funds@probitycorporation.com
Internet:	www.probitycorporation.com
Currently listed or quoted:	**The securities do not trade on any exchange or market**
Reporting issuer:	No
SEDAR filer:	No

THE OFFERING:

Securities Offered:	Class A and Class F limited partnership units. Class A and Class F Units are identical to each other, except for the Agents' Fees applicable to each class.
Minimum/Maximum Offerings:	Maximum Offering: $10,000,000 (1,000,000 Units) Minimum Offering: $1,000,000 (100,000 Units) **Funds available under the Offering may not be sufficient to accomplish our proposed objectives.**
Price per Security:	$10.00 per Unit
Minimum Subscription Amount:	The minimum subscription amount is 500 Units ($5,000). Additional subscriptions may be made in multiples of 100 Units ($1,000).
Payment Terms:	Payment terms will vary depending on whether the investor is introduced by the Agent or is purchasing the Class A and Class F Units directly. In either case, the investor should follow the payment terms set out in the applicable subscription agreement.
Proposed Closing Dates:	Initial Closing Date expected to occur on or about the end of November, 2016.
Income Tax Consequences:	There are important tax consequences to these securities. See Item 6. **Units cannot be purchased or held by "non-residents" as defined in the Income Tax Act (Canada) (the "Tax Act") nor by partnerships other than "Canadian partnerships" as defined in the Tax Act.**
Selling Agents:	Industrial Alliance Securities Inc. as lead agent. See Item 7.
Resale Restrictions:	Investors will be restricted from selling their securities for an indefinite period. However, the Partnership expects to implement a Liquidity Alternative between September 30, 2017 and March 31, 2018. See Items 2.2 and 10.
Purchaser's Rights:	You have 2 Business Days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel the agreement. See Item 11.

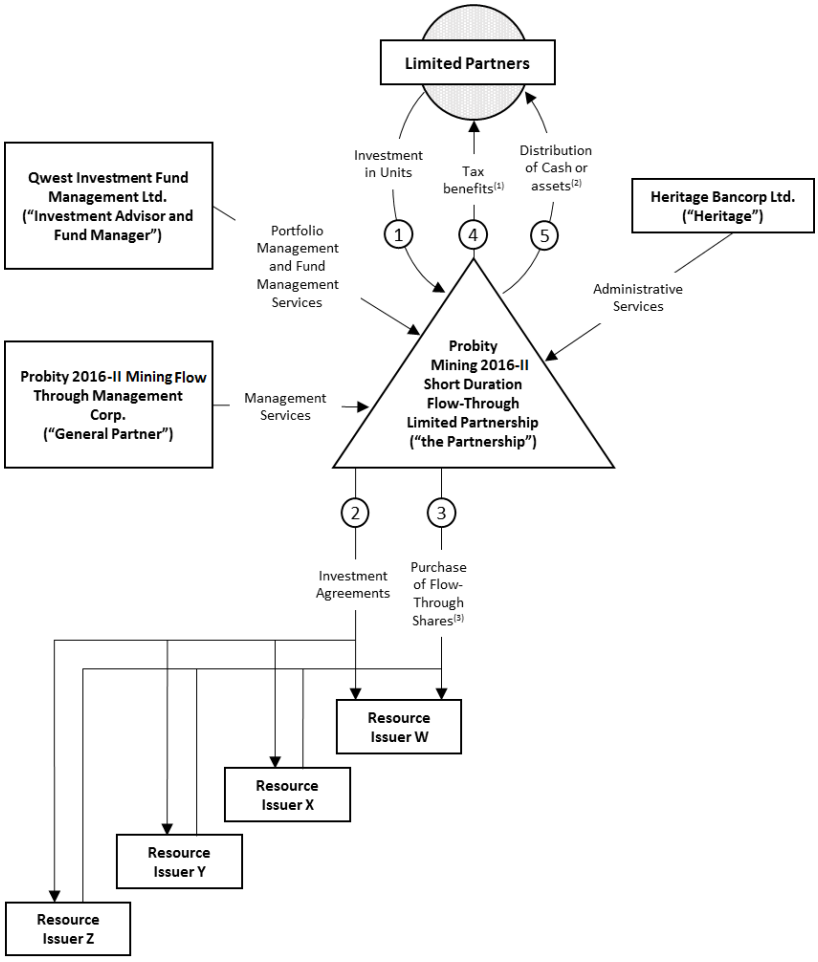
No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See item 8.

The investment strategy and restrictions of the Partnership are different from the investment strategy and restrictions of other flow-through limited partnerships. Up to 35% of the Available Funds may be invested in one Resource Issuer.

TABLE OF CONTENTS

OVERVIEW OF THE INVESTMENT STRUCTURE

The following diagram illustrates: (i) the structure of an investment in Units; (ii) the relationship among the Partnership, the General Partner, the Investment Advisor and Fund Manager, Heritage and the Resource Issuers; and (iii) a possible Liquidity Alternative structure. The numbers 1 through 5 in the diagram below indicate the chronological order of an investment in Units, acquisition of Flow-Through Shares of Resource Issuers, the flow of tax deductions to Limited Partners and a possible Liquidity Alternative.



(1) Investors must be Limited Partners on December 31, 2016 to obtain tax deductions in respect of such year.

(2) To provide Limited Partners with liquidity, the General Partner intends to implement a transaction to improve liquidity (a "Liquidity Alternative") between September 30, 2017 and March 31, 2018, with the exact timing to be determined based primarily on the Investment Advisor and Fund Manager's equity market trend outlook during that time provided that the dissolution of the Partnership will not occur prior to April 1, 2017. The General Partner currently anticipates the Liquidity Alternative will be the sale of the Partnership's assets for cash, whereupon the proceeds shall be distributed to Limited Partners, pro rata, upon the dissolution of the Partnership.

(3) Qwest Investment Fund Management, also the Exempt Market Dealer may receive cash commissions, securities and/or rights to purchase securities of Resource Issuers, in consideration for its services as agent or finder in connection with certain private placements of Flow-Through Shares to the Partnership. The fee payable to the Exempt Market Dealer will be paid by the Resource Issuer from funds other than the funds invested in Flow-Through Shares by the Partnership, and as such will not impact the value of the Partnership Units. There is no percentage limit to the amount of the Partnership's Available Funds that may be invested in Resource Issuers for which the Exempt Market Dealer may receive a fee. See Item 2.6, "Material Agreements—Conflicts of Interest".

ILLUSTRATION OF POTENTIAL TAX CONSEQUENCES

An investment in Units will have a number of tax implications for a prospective subscriber. The following presentation has been prepared by the General Partner to assist prospective subscribers in evaluating the income tax consequences to them of acquiring, holding and disposing of Class A Units. The tables below are intended to illustrate certain income tax implications to subscribers who are Canadian resident individuals (other than trusts) that subscribe for $10,000 in Class A Units (1,000 Units) and who continue to hold their Units in the Partnership as of December 31, 2016 and beyond.

These illustrations are examples only and actual tax rates, tax deductions, money at-risk and portfolio values may vary significantly. The timing of such deductions may also vary from that shown in the table. A summary of the Canadian federal income tax considerations for a prospective subscriber for Units is set forth under Item 6, "Income Tax Consequences". Each prospective subscriber is urged to obtain independent professional advice as to the specific implications applicable to such a subscriber's particular circumstances. The calculations are based on the estimates and assumptions described in the "Notes and Assumptions" set forth below, which form an integral part of the following illustration. Please note that some columns may not sum due to rounding. The actual tax Prospective subscribers should be aware that these calculations do not constitute forecasts, projections, contractual undertakings or guarantees and are based on estimates and assumptions that are necessarily generic and, therefore, cannot be represented to be complete or accurate in all respects. **There is no assurance that any or all of the assumptions upon which the following calculations are based will be applicable to all or any of the Limited Partners, the Partnership or the Flow-Through Shares purchased by the Partnership.**

Investor Subscribes for 1,000 Class A Units ($10.00 each) - Example of Tax Deductions

Table 1 - Minimum Offering

Probity Mining 2016-II Short Duration Flow Through Limited Partnership
Offering Size: $1,000,000
Tax Advantages per $10,000 Investment

	CEE	Other Deductions	Total Deductions
Investment tax credit (100% eligible for 15% credit)	$ 1,116		
2016	$ 7,442	$ 116	$ 7,558
2017 and beyond	$ -	$ 3,192	$ 3,192
ITC income inclusion 2017		$ (1,116)	$ (1,116)
Net tax deductions (income)	$ 7,442	$ 2,192	$ 9,634

	AB	BC	MB	NB	NS	NL	NWT	ON	PEI	QC	SK
Highest Marginal Tax Rate											
2016	48.00%	47.70%	50.40%	53.30%	54.00%	49.80%	47.05%	53.53%	51.37%	53.31%	48.00%
2017 and beyond	48.00%	47.70%	50.40%	53.30%	54.00%	49.80%	47.05%	53.53%	51.37%	53.31%	48.00%
Investment	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
Less:											
Tax Savings from Net Deductions - Federal	$ (4,625)	$ (4,595)	$ (4,855)	$ (5,136)	$ (5,202)	$ (4,798)	$ (4,533)	$ (5,157)	$ (4,949)	$ (5,423)	$ (4,625)
ITC	$ (1,116)	$ (1,116)	$ (1,116)	$ (1,116)	$ (1,116)	$ (1,116)	$ (1,116)	$ (1,116)	$ (1,116)	$ (1,116)	$ (1,116)
Add:											
Tax on Capital Gain	$ 180	$ 179	$ 189	$ 200	$ 203	$ 187	$ 176	$ 201	$ 193	$ 200	$ 180
Money at Risk	$ 4,439	$ 4,468	$ 4,218	$ 3,948	$ 3,885	$ 4,273	$ 4,527	$ 3,928	$ 4,128	$ 3,661	$ 4,439
Breakeven Proceeds of Disposition	$ 5,841	$ 5,867	$ 5,639	$ 5,382	$ 5,322	$ 5,690	$ 5,920	$ 5,364	$ 5,555	$ 4,991	$ 5,841
Less: capital gains tax on sale	$ (1,402)	$ (1,399)	$ (1,421)	$ (1,434)	$ (1,437)	$ (1,417)	$ (1,393)	$ (1,436)	$ (1,427)	$ (1,330)	$ (1,402)
After-tax Proceeds of Disposition/After Tax Purchase Cost	$ 4,439	$ 4,468	$ 4,218	$ 3,948	$ 3,885	$ 4,273	$ 4,527	$ 3,928	$ 4,128	$ 3,661	$ 4,439
Effective earned income written off at current tax rate	$ 11,960	$ 11,973	$ 11,847	$ 11,730	$ 11,700	$ 11,876	$ 12,006	$ 11,719	$ 11,807	$ 12,267	$ 11,960
Effective earned income written off percentage	120%	120%	118%	117%	117%	119%	120%	117%	118%	123%	120%

Probity Mining 2016-II Short Duration Flow Through Limited Partnership
Offering Size: $1,000,000
Tax Advantages per $10,000 Investment

	CEE	Other Deductions	Total Deductions
Investment tax credit (50% eligible for 15% credit)	$ 558		
2016	$ 7,442	$ 116	$ 7,558
2017 and beyond	$ -	$ 3,192	$ 3,192
ITC income inclusion 2017		$ (558)	$ (558)
Net tax deductions (income)	$ 7,442	$ 2,750	$ 10,192

	AB	BC	MB	NB	NS	NL	NWT	ON	PEI	QC	SK
Highest Marginal Tax Rate											
2016	48.00%	47.70%	50.40%	53.30%	54.00%	49.80%	47.05%	53.53%	51.37%	53.31%	48.00%
2017 and beyond	48.00%	47.70%	50.40%	53.30%	54.00%	49.80%	47.05%	53.53%	51.37%	53.31%	48.00%
Investment	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
Less:											
Tax Savings from Net Deductions - Federal	$ (4,892)	$ (4,861)	$ (5,137)	$ (5,433)	$ (5,503)	$ (5,076)	$ (4,795)	$ (5,456)	$ (5,236)	$ (5,577)	$ (4,892)
ITC	$ (558)	$ (558)	$ (558)	$ (558)	$ (558)	$ (558)	$ (558)	$ (558)	$ (558)	$ (558)	$ (558)
Add:											
Tax on Capital Gain	$ 180	$ 179	$ 189	$ 200	$ 203	$ 187	$ 176	$ 201	$ 193	$ 200	$ 180
Money at Risk	$ 4,730	$ 4,760	$ 4,494	$ 4,209	$ 4,142	$ 4,553	$ 4,823	$ 4,187	$ 4,399	$ 4,065	$ 4,730
Breakeven Proceeds of Disposition	$ 6,224	$ 6,251	$ 6,008	$ 5,738	$ 5,674	$ 6,063	$ 6,307	$ 5,717	$ 5,919	$ 5,542	$ 6,224
Less: capital gains tax on sale	$ (1,494)	$ (1,491)	$ (1,514)	$ (1,529)	$ (1,532)	$ (1,510)	$ (1,484)	$ (1,530)	$ (1,520)	$ (1,477)	$ (1,494)
After-tax Proceeds of Disposition/After Tax Purchase Cost	$ 4,730	$ 4,760	$ 4,494	$ 4,209	$ 4,142	$ 4,553	$ 4,823	$ 4,187	$ 4,399	$ 4,065	$ 4,730
Effective earned income written off at current tax rate	$ 11,354	$ 11,361	$ 11,300	$ 11,240	$ 11,224	$ 11,313	$ 11,377	$ 11,235	$ 11,279	$ 11,509	$ 11,354
Effective earned income written off percentage	114%	114%	113%	112%	112%	113%	114%	112%	113%	115%	114%

Table 2 - Maximum Offering

Probity Mining 2016-II Short Duration Flow Through Limited Partnership
Offering Size: $10,000,000
Tax Advantages per $10,000 Investment

	CEE	Other Deductions	Total Deductions
Investment tax credit (100% eligible for 15% credit)	$ 1,349		
2016	$ 8,995	$ 26	$ 9,021
2017 and beyond	$ -	$ 1,069	$ 1,069
ITC income inclusion 2017		$ (1,349)	$ (1,349)
Net tax deductions (income)	$ 8,995	$ (254)	$ 8,741

	AB	BC	MB	NB	NS	NL	NWT	ON	PEI	QC	SK
Highest Marginal Tax Rate											
2016	48.00%	47.70%	50.40%	53.30%	54.00%	49.80%	47.05%	53.53%	51.37%	53.31%	48.00%
2017 and beyond	48.00%	47.70%	50.40%	53.30%	54.00%	49.80%	47.05%	53.53%	51.37%	53.31%	48.00%
Investment	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
Less:											
Tax Savings from Net Deductions - Federal	$ (4,196)	$ (4,170)	$ (4,405)	$ (4,659)	$ (4,720)	$ (4,353)	$ (4,112)	$ (4,679)	$ (4,490)	$ (5,006)	$ (4,196)
ITC	$ (1,349)	$ (1,349)	$ (1,349)	$ (1,349)	$ (1,349)	$ (1,349)	$ (1,349)	$ (1,349)	$ (1,349)	$ (1,349)	$ (1,349)
Add:											
Tax on Capital Gain	$ 22	$ 21	$ 23	$ 24	$ 24	$ 22	$ 21	$ 24	$ 23	$ 24	$ 22
Money at Risk	$ 4,477	$ 4,502	$ 4,269	$ 4,016	$ 3,955	$ 4,320	$ 4,560	$ 3,996	$ 4,184	$ 3,669	$ 4,477
Breakeven Proceeds of Disposition	$ 5,891	$ 5,912	$ 5,707	$ 5,475	$ 5,418	$ 5,752	$ 5,963	$ 5,456	$ 5,630	$ 5,002	$ 5,891
Less: capital gains tax on sale	$ (1,414)	$ (1,410)	$ (1,438)	$ (1,459)	$ (1,463)	$ (1,432)	$ (1,403)	$ (1,460)	$ (1,446)	$ (1,333)	$ (1,414)
After-tax Proceeds of Disposition/After Tax Purchase Cost	$ 4,477	$ 4,502	$ 4,269	$ 4,016	$ 3,955	$ 4,320	$ 4,560	$ 3,996	$ 4,184	$ 3,669	$ 4,477
Effective earned income written off at current tax rate	$ 11,552	$ 11,570	$ 11,417	$ 11,272	$ 11,239	$ 11,450	$ 11,607	$ 11,261	$ 11,367	$ 11,922	$ 11,552
Effective earned income written off percentage	116%	116%	114%	113%	112%	114%	116%	113%	114%	119%	116%

Probity Mining 2016-II Short Duration Flow Through Limited Partnership
Offering Size: $10,000,000
Tax Advantages per $10,000 Investment

	CEE	Other Deductions	Total Deductions
Investment tax credit (50% eligible for 15% credit)	$ 675		
2016	$ 8,995	$ 26	$ 9,021
2017 and beyond	$ -	$ 1,069	$ 1,069
ITC income inclusion 2017		$ (675)	$ (675)
Net tax deductions (income)	$ 8,995	$ 420	$ 9,415

	AB	BC	MB	NB	NS	NL	NWT	ON	PEI	QC	SK
Highest Marginal Tax Rate											
2016	48.00%	47.70%	50.40%	53.30%	54.00%	49.80%	47.05%	53.53%	51.37%	53.31%	48.00%
2017 and beyond	48.00%	47.70%	50.40%	53.30%	54.00%	49.80%	47.05%	53.53%	51.37%	53.31%	48.00%
Investment	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
Less:											
Tax Savings from Net Deductions - Federal	$ (4,519)	$ (4,491)	$ (4,745)	$ (5,018)	$ (5,084)	$ (4,688)	$ (4,430)	$ (5,040)	$ (4,837)	$ (5,192)	$ (4,519)
ITC	$ (675)	$ (675)	$ (675)	$ (675)	$ (675)	$ (675)	$ (675)	$ (675)	$ (675)	$ (675)	$ (675)
Add:											
Tax on Capital Gain	$ 22	$ 21	$ 23	$ 24	$ 24	$ 22	$ 21	$ 24	$ 23	$ 24	$ 22
Money at Risk	$ 4,828	$ 4,855	$ 4,603	$ 4,331	$ 4,265	$ 4,659	$ 4,916	$ 4,309	$ 4,511	$ 4,157	$ 4,828
Breakeven Proceeds of Disposition	$ 6,353	$ 6,376	$ 6,154	$ 5,905	$ 5,842	$ 6,204	$ 6,428	$ 5,884	$ 6,070	$ 5,668	$ 6,353
Less: capital gains tax on sale	$ (1,525)	$ (1,521)	$ (1,551)	$ (1,574)	$ (1,577)	$ (1,545)	$ (1,512)	$ (1,575)	$ (1,559)	$ (1,511)	$ (1,525)
After-tax Proceeds of Disposition/After Tax Purchase Cost	$ 4,828	$ 4,855	$ 4,603	$ 4,331	$ 4,265	$ 4,659	$ 4,916	$ 4,309	$ 4,511	$ 4,157	$ 4,828
Effective earned income written off at current tax rate	$ 10,821	$ 10,830	$ 10,754	$ 10,681	$ 10,665	$ 10,769	$ 10,850	$ 10,676	$ 10,730	$ 11,006	$ 10,821
Effective earned income written off percentage	108%	108%	108%	107%	107%	108%	109%	107%	107%	110%	108%

Notes and Assumptions

The amounts in the tables are computed based on the following facts and assumptions:

(1) The calculations assume that only Class A Units are issued, and that the Offering expenses (excluding the Agents' Fees) are $120,000 in the case of the Minimum Offering and $160,000 in the case of the Maximum Offering, that all Available Funds ($744,167 in the case of the Minimum Offering and $8,995,000 in the case of the Maximum Offering) are invested in Flow-Through Shares of Resource Issuers that, in turn, expend such amounts on Eligible Expenditures which are renounced directly to the Partnership with an effective date in 2016 and allocated to a Limited Partner and deducted by him or her commencing in 2016. It is assumed in the first table under each of "Minimum Offering " and "Maximum Offering" above 100% of the Eligible Expenditures will be used to acquire Flow-Through Shares of Resource Issuers that will entitle a Limited Partner to the 15% federal non-refundable "flow-through mining expenditure" investment tax credit and in the case of the second table under each of "Minimum Offering " and "Maximum Offering" above 50% of the Eligible Expenditures will be used to acquire Flow-Through Shares of Resource Issuers that will entitle a Limited Partner to the 15% federal non-refundable "flow-through mining expenditure" investment tax credit. See Item 6, "Income Tax Consequences - Taxation of Limited Partners". The CRA considers provincial investment tax credits, if applicable, to be assistance received by the Limited Partner and as such, will reduce the Limited Partner's CCEE pool upon receipt of the provincial investment tax credit or when the Limited Partner is legally entitled to the tax credit. In addition, any provincial investment tax credits that the Limited Partner has received or can reasonably expect to receive will reduce the expenditures eligible for the ITC. As the provinces or territories in which CEE will be incurred are unknown, the provincial income tax credits have been assumed to be nil.

(2) The Partnership will incur costs including the Agents' Fees, Offering expenses (including travel, sales and marketing expenses), a payment to sellers and finders, and certain other estimated operating and administration expenses. It is assumed that the operating and administration expenses are only payable in 2016, 2017 and until March 2018. It is assumed that the annual operating and administration expenses are equal to $120,000 in the case of the maximum Offering and $100,000 in the case of the minimum Offering. The Partnership will pay the operating and administration expenses from the Operating Reserve and, to the extent such expenses exceed the Operating Reserve, the Partnership will sell Flow-Through Shares (and realize and allocate to the Limited Partners the taxable capital gains thereon) in order to fund them. On this basis, expenses will be deductible in 2016 and thereafter as follows.

	Taxation Year			
	2016	**2017**	**2018**	**2019 and beyond**
Agents' Fees	20%	20%	20%	40%
Expenses of the Offering	20%	20%	20%	40%
Payment to Sellers and Finders	20%	20%	20%	40%
Annual operating and administration expenses	100%	100%	N/A	N/A

See Note (4) and Item 6, "Income Tax Consequences– Taxation of the Partnership."

(3) No portion of the subscription price for the Units will be financed with a Limited-Recourse Amount. See Item 6, "Income Tax Consequences – Taxation of Limited Partners".

(4) A Limited Partner may not claim tax deductions in excess of such Limited Partner's "at risk" amount. See Item 6, "Income Tax Consequences – Taxation of Limited Partners".

(5) The calculations assume that the Limited Partner is not liable for alternative minimum tax. See Item 6, "Income Tax Consequences - Taxation of Limited Partners".

(6) The amount of tax deductions, income or proceeds of disposition in respect of a particular subscriber will likely be different from those depicted above.

(7) The tax savings are calculated by multiplying the total estimated income tax deductions for each year by the assumed highest marginal tax rate for that year. The highest marginal tax rates used are for individuals and are based on current federal, provincial and territorial rates and existing proposals for 2016 and 2017. Future federal, provincial and territorial budgets may modify any of the rates shown in Table II and, consequently, the actual tax savings may be different than those illustrated. It is assumed that the highest marginal tax rates for 2017 and beyond will be the same as those for 2016, unless otherwise noted. Each individual subscriber's actual tax rate will vary from this assumed marginal rate. The illustration assumes that the subscriber has sufficient income so that the illustrated tax savings are realized in the year shown. In the case of Newfoundland's tax rate, Table II references the highest effective marginal tax rate in such province for 2016.

(8) The Operating Reserve will cover all of the annual operating and administration expenses through to the end of 2016, as described in Note (2). Such expenses paid in during 2016 are expected to be fully deductible in computing income of the Partnership under the Tax Act for the fiscal period ending December 31, 2016. The Partnership intends to sell Flow-Through Shares to fund these annual expenses in excess of the Operating Reserve, the sale of which will generate gains. In computing the Partnership's income, it is assumed that gains are capital gains (and not on income account) and therefore 50% of the gains are taxable.

(9) At-risk capital is calculated generally as the total investment less all anticipated income tax savings.

(10) Break-even proceeds of disposition represent the amount a subscriber must receive such that, after paying capital gains tax, the subscriber would recover his or her at-risk capital.

(11) The calculations do not take into account the time value of money. Any present value calculation should take into account the timing of cash flows, the subscriber's present and future tax position and any change in the market value of the Partnership's Portfolio, none of which can presently be estimated accurately by the General Partner.

(12) It is assumed that for Québec provincial tax purposes only, a Québec Limited Partner who is an individual (including a personal trust) has investment income that exceeds his or her investment expenses for a

given year. For these purposes, investment expenses include certain interest, losses of the Québec Limited Partner and 50% of CEE incurred outside Québec and deducted for Québec tax purposes by such Québec Limited Partner. CEE not deducted in a particular taxation year may be carried over and applied against net investment income earned in any of the three previous taxation years or any subsequent taxation year. See "Income Tax Consequences – Certain Québec Tax Considerations". Also for Québec purposes, the calculations assume that CEE is renounced by Resource Issuers to the Partnership in accordance with the QTA. Additional deductions that may be available to individuals subject to income tax in the Province of Québec are not taken into account.

There can be no assurance that any of the foregoing assumptions will prove to be accurate in any particular case. Prospective subscribers should be aware that these calculations are for illustrative purposes only and are based on assumptions made by the General Partner which cannot be represented to be complete or accurate in all respects and that have been made solely for the purpose of these illustrations. These calculations and assumptions have not been independently verified. See Item 6, "Income Tax Consequences" and Item 8, "Risk Factors".

The investment strategy and restrictions of the Partnership are different from the investment strategy and restrictions of other flow-through limited partnerships. Up to 35% of the Available Funds may be invested in one Resource Issuer.

The federal tax shelter identification number for the Partnership is TS085316. The Québec tax shelter identification number is QAF-16-01644. The identification numbers issued for this tax shelter shall be included in any income tax return filed by the investor. Issuance of the identification numbers is for administrative purposes only and does not in any way confirm the entitlement of an investor to claim any tax benefits associated with the tax shelter. Les numéros d'inscription attribués à cet abri fiscal doivent figurer dans toute déclaration d'impôt sur le revenu produite par l'investisseur. L'attribution de ces numéros n'est qu'une formalité administrative et ne confirme aucunement le droit de l'investisseur aux avantages fiscaux découlant de cet abri fiscal. See "Income Tax Consequences—Taxation of Limited Partners – Tax Shelter Numbers".

GLOSSARY

The following terms used in this Offering Memorandum have the meanings set out below:

"Administrator" means the administrator of the Partnership, initially SGGG Fund Services, Inc.

"**Affiliate**" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"Agency Agreement" means the agreement dated as of November 16, 2016, among the Partnership, the General Partner, the Investment Advisor and Fund Manager and the Agents pursuant to which the Agents have agreed to offer the Units for sale on a best efforts basis.

"**Agents**" means, collectively, Industrial Alliance Securities Inc., and other registered dealers acceptable to the Partnership and Industrial Alliance Securities Inc.

"Agents' Fees" means the sales commission to be paid by the Partnership to Agents involved in the Offering, equal to $0.675 per Class A Unit (6.75%) and $0.25 per Class F Unit (2.5%).

"**Available Funds**" means the Gross Proceeds less the amount of Agents' Fees, other Offering expenses and the Operating Reserve.

"**Business Day**" means a day, other than a Saturday, Sunday or holiday, when banks in the City of Toronto, Ontario, are generally open for the transaction of banking business.

"CEE" or **"Canadian Exploration Expense"** means Canadian exploration expense, as defined in subsection 66.1(6) of the Tax Act which, for greater certainty, includes CRCE.

"CCEE" or **"cumulative Canadian exploration expense"** means cumulative Canadian exploration expense, as defined in subsection 66.1(6) of the Tax Act.

"**Class A Unit**" means the class of units of the Partnership designated as the "Class A Units".

"**Class F Unit**" means the class of units of the Partnership designated as the "Class F Units".

"**Closing**" means the completion of the purchase and sale of any Units.

"**Closing Date**" means the date of the initial Closing, expected to be the end of November, 2016 or such other date as the General Partner may determine, and includes the date of any subsequent Closing, if applicable, provided that the final Closing shall take place not later than 90 days from the initial Closing.

"**CRA**" means the Canada Revenue Agency.

"CRCE" or **"Canadian Renewable and Conservation Expense"** means Canadian renewable and conservation expense defined in subsection 66.1(6) of the Tax Act.

"Custodian" means RBC Investor Services Trust, which will be appointed as custodian for the Partnership on or before the first Closing.

"**Eligible Expenditures**" where used in reference to Flow-Through Shares held by the Partnership, means "Canadian exploration expense" as defined in subsection 66.1(6) of the Tax Act, which includes certain expenses incurred for the purpose of determining the existence, location, extent or quality of a mineral resource in Canada.

"Exempt Market Dealer" means QIFM, which is also the Investment Advisor and Fund Manager. QIFM is registered as an exempt market dealer in British Columbia, Alberta and Ontario.

"**Extraordinary Resolution**" means a resolution passed by the affirmative vote of 66⅔% of the votes cast, either in person or by proxy, at a meeting of Limited Partners or class thereof called and held for such purpose or, alternatively, a written resolution signed in one or more counterparts by Limited Partners holding 66⅔% or more of the Units outstanding entitled to vote on such resolution at a meeting.

"Federal CEE Initiative" means the initiative of the federal government to phase out subsidies for the fossil fuel industry which includes a direction to the Minister of Finance to develop proposals to allow CEE deductions only in cases of unsuccessful exploration.

"**Financial Institution**" means a financial institution, as defined in subsection 142.2(1) of the Tax Act.

"Fiscal Year" means the fiscal period of the Partnership commencing on January 1 each year and ending on the earlier of December 31 of that year or the date of dissolution or other termination of the Partnership.

"**Flow-Through Share**" means a share or right to acquire a share in the capital of a Resource Issuer which is acquired by the Partnership and which qualifies as a "flow-through share" for the purposes of the Tax Act and is not a prescribed share or prescribed right, as the case may be, for the purposes of sections 6202 or 6202.1 of the Regulations and in respect of which such Resource Issuer agrees to renounce to the Partnership CEE; and "**Flow-Through Shares**" means more than one Flow-Through Share.

"**General Partner**" means Probity 2016-II Mining Flow Through Management Corp.

"**Gross Proceeds**" means the gross proceeds of the Offering.

"**Heritage**" means Heritage Bancorp Ltd.

"**High Quality Money Market Instruments**" means money market instruments which are accorded the highest rating category by Standard & Poor's, a division of The McGraw Hill Companies (A-1) or by DBRS Limited (R-1), banker's acceptances and government guaranteed obligations all with a term of one year or less, and interest-bearing deposits with Canadian banks, trust companies or other like institutions in the business of providing commercial loans, operating loans or lines of credit to companies, but does not include bank-sponsored or non-bank sponsored asset backed commercial paper.

"**Illiquid Investments**" means investments which may not be readily disposed of in a marketplace where such investments are normally purchased and sold and public quotations in common use and in respect thereof are available. Examples of Illiquid Investments include limited partnership interests that are not listed on a stock exchange and securities of private companies, but do not include Flow-Through Shares of publicly listed issuers with resale restrictions which expire on or before March 31, 2018, unlisted Warrants, or Flow-Through Shares or other securities of a special purpose private company or partnership formed to undertake a specific resource property exploration or development program, the securities of which are convertible by the Partnership into shares of a listed Resource Issuer.

"**Initial Limited Partner**" means Heritage Bancorp Ltd.

"**Invested Assets**" means the sum of the market value of the securities held in the Portfolio, and shall not include cash or cash equivalents.

"**Investment Advisor and Fund Manager**" means the investment advisor and fund manager appointed by the Partnership and the General Partner to provide advice on the Partnership's investment in Flow-Through Shares, to manage the Partnership's Portfolio and to direct and manage the business and affairs of the Partnership, the initial investment advisor and fund manager being QIFM.

"**Investment Advisor and Fund Manager Agreement**" means the agreement to be entered into on or before the initial Closing Date among the Partnership, the General Partner and the Investment Advisor and Fund Manager pursuant to which the Investment Advisor and Fund Manager will provide investment advice on the Partnership's

investment in Flow-Through Shares and portfolio management and investment fund management services to the Partnership.

"**Investment Agreements**" **or "Flow-Through Agreements"** means agreements pursuant to which the Partnership will subscribe, directly or indirectly, for Flow-Through Shares (including Flow-Through Shares issued as part of a unit) or agreements by the Partnership to otherwise invest in or purchase securities of a Resource Issuer, and:

(a) in respect of Flow-Through Shares comprised of units, the Resource Issuer will covenant and agree:

(i) that the purchase price is reasonably allocable, and will be allocated by the Resource Issuer, such that no less than 90% of the purchase price is allocated to the price for the Flow-Through Share comprised in such units; and

(ii) to use 100% of the purchase price so allocated for the Flow-Through Shares comprised in such units to incur, and renounce (directly or indirectly) to the Partnership, with an effective date of not later than December 31, 2016, CEE.

"**Investment Guidelines**" means the Partnership's investment policies and restrictions contained in the Partnership Agreement. See Item 2.2, "- Our Business - Investment Guidelines and Restrictions".

"**Investment Strategy**" means the investment strategy of the Partnership as described herein.

"ITC" means the federal investment tax credit of 15% in respect of an eligible individual's "flow-through mining expenditure" as defined in subsection 127(9) of the Tax Act.

"**Jurisdictions**" means each of the provinces and territories of Canada.

"**Limited Partner**" means the Initial Limited Partner and each person who is admitted to the Partnership as a limited partner pursuant to the Offering.

"**Limited-recourse amount**" means, as defined in section 143.2 of the Tax Act, the unpaid principal amount of any indebtedness for which recourse is limited, either immediately or in the future and either absolutely or contingently, and the unpaid principal of an indebtedness is deemed to be a limited-recourse amount unless:

(a) bona fide arrangements, evidenced in writing, are made, at the time the indebtedness arises, for repayment of the indebtedness and all interest thereon within a reasonable period not exceeding ten years (which may include a demand loan); and

(b) interest is payable, at least annually, at a rate equal to or greater than the lesser of the prescribed rate of interest under the Tax Act in effect at the time the indebtedness arose and the prescribed rate of interest applicable from time to time under the Tax Act during the term of the indebtedness, and such interest is paid by the debtor in respect of the indebtedness not later than 60 days after the end of each taxation year of the debtor that ends in such period.

See Item 6, "Income Tax Consequences".

"**Liquidity Alternative**" means a transaction implemented by the General Partner, in the General Partner's sole discretion, between September 30, 2017 and March 31, 2018, in order to improve liquidity for Limited Partners. The exact timing of the Liquidity Alternative will be determined based primarily on the Investment Advisor and Fund Manager's equity market trend outlook during that time provided that the dissolution of the Partnership will not occur prior to April 1, 2017. The General Partner currently anticipates the Liquidity Alternative will be the sale of the Partnership's assets for cash, whereupon the proceeds shall be distributed to Limited Partners, pro rata, upon the dissolution of the Partnership.

"NAV" or **"Net Asset Value"** on a particular date will be equal to (i) the aggregate fair value of the assets of the Partnership, less (ii) the aggregate fair value of the liabilities of the Partnership.

"Net Asset Value per Class A Unit" respect of the Class A Units, the NAV of the Partnership allocated to the Class A Units, divided by the number of Class A Units outstanding at the time the calculation is made.

"**Net Asset Value per Class F Unit**" means, in respect of the Class F Units, the NAV of the Partnership allocated to the Class F Units, divided by the number of Class F Units outstanding at the time the calculation is made.

"**Net Asset Value per Unit**" means, in respect of a class of Units, the NAV of the Partnership allocated to the Units of such class, divided by the number of Units of such class outstanding at the time the calculation is made.

"NI 81-102" means National Instrument 81-102 *Investment Funds* of the Canadian Securities Administrators, as it may be amended or replaced from time to time.

"**Offering**" means the offering of Units by the Partnership pursuant to this Offering Memorandum.

"**Operating Reserve**" means the funds necessary to pay the ongoing fees, interest costs and operating and administrative costs in respect of the Partnership that are payable. The Operating Reserve will be deducted from the Gross Proceeds and will not form part of the Available Funds for investment in Flow-Through Shares for the Portfolio.

"**Ordinary Resolution**" means a resolution passed by the affirmative vote of more than 50% of the votes cast, either in person or by proxy, at a meeting of Limited Partners or class thereof called and held for such purpose or, alternatively, a written resolution signed in one or more counterparts by Limited Partners holding more than 50% of the Units outstanding entitled to vote on such resolution at a meeting.

"**Ordinary Income**" (or "**Ordinary Loss**") means the income (or loss) of the Partnership not derived from capital gains (or capital losses) nor from the receipt by the Partnership of taxable dividends.

"**Partners**" means the Limited Partners and the General Partner.

"**Partnership**" means Probity Mining 2016-II Short Duration Flow-Through Limited Partnership, a limited partnership formed under the laws of the Province of British Columbia.

"**Partnership Agreement**" means the limited partnership agreement dated as of November 16, 2016, between the General Partner, Heritage Bancorp Ltd., as Initial Limited Partner, and each person who becomes a Limited Partner thereafter, together with all amendments, supplements, restatements and replacements thereof from time to time.

"**Performance Bonus**" means the performance bonus payable to the General Partner by the Partnership in respect of each class of Units equal to 30% of the product of: (a) the number of Units of the applicable class outstanding on the Performance Bonus Date; and (b) the amount by which the applicable Net Asset Value per Unit on the Performance Bonus Date (prior to giving effect to the Performance Bonus) plus the aggregate value of all distributions per Unit paid on the applicable class of Units during the Performance Bonus Term exceeds $10.00.

"**Performance Bonus Date**" means the last day of the Performance Bonus Term.

"**Performance Bonus Term**" means the period commencing on the date of the Closing and ending on the Business Day immediately prior to the day of dissolution or termination of the Partnership.

"**Portfolio**" means the Partnership's portfolio of investments.

"**Promoter**" means Probity Capital Corporation.

"Québec Limited Partner" means a Limited Partner that is resident in or subject to tax in Québec and that is a Limited Partner at the end of a fiscal year of the Partnership.

"**QIFM**" means Qwest Investment Fund Management Ltd.

"QTA" means the Taxation Act (Québec), as amended from time to time.

"**Registrar and Transfer Agent**" means, as applicable, the registrar and transfer agent of the Partnership appointed by the General Partner for Units issued pursuant to the CDS book-based system, being Computershare Investor Services Inc. or the Administrator for orders for Units placed through the FundServ network.

"**Regulations**" means the regulations, as amended from time to time, promulgated under the Tax Act.

"**Related Corporation**" means a corporation that is related to a Resource Issuer as determined under section 251 of the Tax Act.

"**Related Entities**" means any company or limited partnership in respect of which the General Partner, the Promoter or any of their respective affiliates, directors or officers, individually or together, beneficially own or exercise direction or control over, directly or indirectly, more than 20% of the outstanding voting securities or act as general partner thereof.

"**Resource Issuer**" means a corporation which represents, directly or indirectly, to the Partnership that:

(a) it is a "principal-business corporation" as defined in subsection 66(15) of the Tax Act; and

(b) it intends (either by itself or through a Related Corporation) to incur Eligible Expenditures on at least one property in Canada.

"**Subscription Agreement**" means the subscription agreement and power of attorney substantially in the form set out as Schedule A to the Partnership Agreement.

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

"Taxable Income" and **"Taxable Loss"** means, in respect of any Fiscal Year, the income or loss of the Partnership for such period, including any taxable capital gain or allowable capital loss, determined in accordance with the Tax Act.

"**Termination Date**" means June 30, 2018, unless the Partnership's operations are continued in accordance with the Partnership Agreement.

"**Valuation Date**" means the final Business Day of each month.

"**Units**" means the Class A Units and/or the Class F Units, as applicable.

"**Warrants**" means warrants exercisable to purchase shares or other securities of a Resource Issuer (which shares or other securities may or may not be Flow-Through Shares).

"**$**" means Canadian dollars.

Item 1 USE OF AVAILABLE FUNDS

1.1 Funds.

This is a blind pool offering. The Gross Proceeds of the Offering will be $10,000,000 if the maximum Offering is completed, and $1,000,000 if the minimum Offering is completed. The Partnership will use the Available Funds to acquire (directly or indirectly) Flow-Through Shares of Resource Issuers. The Operating Reserve will be used to fund the ongoing operating fees and expenses of the Partnership.

The following table sets out the Operating Reserve and the Available Funds in connection with each of the maximum and minimum Offering.

	Maximum Offering	**Minimum Offering**
Gross Proceeds to the Partnership:	$10,000,000	$1,000,000
Agent's Fee [(1) (2)]	$675,000	$67,500
Offering expenses[(2)]	$160,000	$120,000
Payment to Sellers and Finders[(2)(3)]	$100,000	$10,000
Operating Reserve [(4)]	$70,000	$58,333
Available Funds:	$8,995,000	$744,167

(1) Assumes only Class A Units are sold. If only Class F Units were sold, the Available Funds would be $9,420,000 in the case of the maximum Offering and $786,667 in the case of the minimum Offering.

(2) The Agent's Fees, Offering expenses and Payment to Sellers and Finders are deductible in computing income of the Partnership pursuant to the Tax Act at a rate of 20% per annum, prorated in short taxation years. The Partnership's share of the Offering expenses will be based on aggregate subscriptions for Units of each class.

(3) The Partnership will pay cash fees to finders, and affiliated and arm's length wholesalers out of the proceeds of the Offering equal to 1% of the gross proceeds raised by the Partnership which will be used to compensate finders, and affiliated and arm's length wholesalers for subscription proceeds for Class A Units and Class F Units generated by the wholesalers.

(4) Of the Gross Proceeds, $70,000 (in the case of the maximum Offering) or $58,333 of the Gross Proceeds (in the case of the minimum Offering) will be set aside as an Operating Reserve to fund the ongoing operating fees and expenses of the Partnership.

1.2 Use of Available Funds.

The Partnership intends to invest all the Available Funds in Flow-Through Shares of Resource Issuers. The principal business of the Resource Issuers will be mining exploration, development and production. Resource Issuers will agree to incur Eligible Expenditures which qualify as CEE, as applicable, in carrying out exploration and development in Canada and renounce (directly or indirectly through other issuers in which the Partnership invests) Eligible Expenditures to the Partnership. Subject to certain limitations, Limited Partners with sufficient income will be entitled to claim deductions for Canadian federal income tax purposes with respect to Eligible Expenditures incurred and renounced to the Partnership. All investments will be made in accordance with the Partnership's Investment Strategy and Investment Guidelines. See Item 6, "Income Tax Consequences".

The Investment Advisor and Fund Manager will be responsible for the investment by the Partnership in Flow-Through Shares and other securities, if any, of Resource Issuers. The Investment Advisor and Fund Manager has experience in analyzing and selecting securities of growth-oriented junior and intermediate Resource Issuers.

Following the initial acquisition, the Partnership's Portfolio will be managed on an ongoing basis by the Investment Advisor and Fund Manager with the primary objective of achieving liquidity, profits and capital appreciation for the Partnership. See Item 2.5, "Material Agreements – Details of the Investment Advisor and Fund Manager Agreement".

The Investment Advisor and Fund Manager will proactively manage the Partnership's Portfolio with the objective of providing liquidity and capital appreciation for the Partnership after the initial investment period. This may involve the sale of Flow-Through Shares and other securities. As well, the Partnership may borrow and sell short free-trading shares of Resource Issuers when an appropriate selling opportunity arises in order to capitalize on an investment decision or to "lock-in" the resale price of Flow-Through Shares or other securities, if any, of Resource Issuers held in the Partnership's Portfolio.

The Gross Proceeds from the issue of the Units will be paid to the Partnership at Closing and deposited in the Partnership's custodial account and managed by the Investment Advisor and Fund Manager. Pending the investment of Available Funds in Flow-Through Shares and other securities, if any, of Resource Issuers, all such Available Funds will be invested in High Quality Money Market Instruments. Interest earned by the Partnership from time to time on Available Funds will accrue to the benefit of the Partnership.

The Agents' Fees will be based on aggregate subscriptions for Units of each class. Other than fees and expenses directly attributable to the Portfolio, ongoing fees and expenses will be based on the Net Asset Value of each class at the end of the month preceding the date such expenses are paid. The Available Funds will be based on aggregate subscriptions for Units of each class.

Available Funds that have not been invested in Flow-Through Shares and other securities, if any, of Resource Issuers by December 31, 2016, other than funds required to finance the operations of the Partnership, will be returned on a *pro rata* basis to Limited Partners of record holding Units as at December 31, 2016, without interest or deduction by February 28, 2017.

The Partnership or the Agent, as the case may be, will hold Unit subscription proceeds received from Subscribers prior to the Closing until subscriptions for the minimum Offering are received and other Closing conditions of the Offering have been satisfied.

1.3 Reallocation.

The Partnership intends to use the Available Funds as set forth above, and will reallocate funds only for sound business reasons.

Item 2 BUSINESS OF PROBITY MINING 2016-II SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP

2.1 Structure.

The Partnership

The Partnership was formed under the laws of the Province of British Columbia pursuant to the Partnership Agreement between Probity 2016-II Mining Flow Through Management Corp., as General Partner, and Heritage Bancorp Ltd. as the initial limited partner and became a limited partnership on the date of filing of its Certificate of Limited Partnership. The Partnership Agreement is summarized in this Offering Memorandum. See Item 4, "Capital Structure – Details of the Partnership Agreement".

The registered office of the Partnership is #530, 355 Burrard Street, Vancouver, British Columbia, V6C 2G8. The head office of the Partnership is 10 Donwoods Grove, North York, Ontario M4N 2X5.

The General Partner

The General Partner was incorporated under the provisions of the *Canada Business Corporations Act* on November 7, 2016 and was extra-provincially registered in Ontario on November 7, 2016 and in British Columbia on November 14, 2016. The General Partner is a wholly-owned subsidiary of the Promoter. The registered office of the General Partner is #530, 355 Burrard Street, Vancouver, British Columbia, V6C 2G8. The head office of the General Partner is 10 Donwoods Grove, North York, Ontario, M4N 2X5.

Subject to the provisions of the Partnership Agreement, any applicable limitations under applicable law and any delegation of its powers, the General Partner has exclusive authority, responsibility and obligation to administer, manage, conduct, control and operate the business and affairs of the Partnership and has all power and authority, for and on behalf of and in the name of the Partnership, to do any act, take any proceeding, make any decision and execute and deliver any instrument, deed, agreement or document necessary or appropriate for or incidental to carrying on the business of the Partnership. The authority and power so vested in the General Partner is broad and includes all authority necessary or incidental to carry out the objects, purposes and business of the Partnership. The General Partner may contract with any third party to carry out the duties of the General Partner under the Partnership Agreement and may delegate to such third party any power and authority of the General Partner under the Partnership Agreement where in the discretion of the General Partner it would be in the best interests of the Partnership to do so, but no such contract or delegation will relieve the General Partner of any of its obligations under the Partnership Agreement. Pursuant to the terms of the Investment Advisor and Fund Manager Agreement, the General Partner has delegated substantially all of its duties to direct and manage the business and affairs of the Partnership to the Investment Advisor and Fund Manager.

During the existence of the Partnership, the General Partner's sole business activity will be acting as general partner of the Partnership.

2.2 Our Business.

The investment strategy and restrictions of the Partnership are different from the investment strategy and restrictions of other flow-through limited partnerships. Up to 35% of the Available Funds may be invested in one Resource Issuer.

Investment Objectives

The Partnership's investment objectives are to provide Limited Partners with a tax assisted investment in flow-through shares and flow-through warrants issued to the Partnership by Resource Issuers engaged in mineral exploration, development and/or production in Canada, with a view to maximizing the tax benefit and achieving

capital appreciation for Limited Partners. The Resource Issuers will covenant to incur, and renounce to the Partnership for income tax purposes, qualified CEE. The allocation of the Partnership's Available Funds for investment in Flow-Through Shares of Resource Issuers will depend on investment opportunities available at the time the Available Funds are invested.

These investment objectives and the Investment Strategy set out below may not be changed without the approval of Limited Partners by Extraordinary Resolution.

Investment Strategy

The Partnership Agreement provides that the investment strategy for the Portfolio (the "Investment Strategy") is to invest in Flow-Through Shares of Resource Issuers that: (i) have experienced and reputable management with a defined track record in the mining industry; (ii) have a knowledgeable board of directors; (iii) have exploration programs or exploration and development programs in place; (iv) have securities that are suitably priced and offer capital appreciation potential; and (v) meet certain market capitalization and other criteria set out in the Investment Guidelines. See Item 2.2, "- Our Business - Investment Guidelines and Restrictions". It is anticipated that the Portfolio will include a number of junior Resource Issuers.

QIFM will be responsible for the selection of the Partnership's initial Portfolio and will provide the Partnership with advice on the ongoing management of the Portfolio after acquisition. See Item 2.5, "Material Agreements - The Investment Advisor and Fund Manager Agreement".

The Partnership will invest in Flow-Through Shares of Resource Issuers in respect of the Portfolio pursuant to Investment Agreements entered into on or before December 31, 2016, which will obligate such Resource Issuers to incur and renounce Eligible Expenditures in an amount equal to the purchase price of the Flow-Through Shares. Pursuant to the terms of the Investment Agreements, Eligible Expenditures will be renounced to the Partnership with an effective date no later than December 31, 2016. The Investment Agreements entered into by the Partnership during 2016 may permit a Resource Issuer to incur in 2017 certain Eligible Expenditures, provided that the Resource Issuer agrees to renounce, directly or indirectly, such Eligible Expenditures to the Partnership with an effective date of December 31, 2016. Following the Partnership's investment in Flow-Through Shares, Limited Partners who have sufficient income, subject to certain limitations, will be entitled to claim certain deductions from income. See Item 6, "Income Tax Consequences".

The Partnership may acquire units consisting of Flow-Through Shares and Warrants pursuant to Investment Agreements. Where the Partnership acquires such units, not more than 10% of the aggregate purchase price under the relevant Investment Agreement shall be allocated and reasonably allocable to securities which do not qualify as Flow-Through Shares.

As the Partnership may invest in Flow-Through Shares and other securities, if any, of certain Resource Issuers pursuant to exemptions from the prospectus and registration requirements of applicable securities legislation, such Flow-Through Shares and other securities, if any, of such Resource Issuers generally will be subject to resale restrictions. It is expected that the resale restrictions applicable to the majority of the Flow-Through Shares and other securities, if any, of the Resource Issuers purchased by the Partnership will expire after a four-month "hold period". The General Partner may, in its sole discretion, require that the principal shareholders of Resource Issuers agree, subject to applicable law, to exchange free-trading shares for the restricted Flow-Through Shares or other securities, if any, of Resource Issuers within the Partnership's Portfolio. Other Flow-Through Shares or other securities, if any, of Resource Issuers purchased by the Partnership may be qualified by a prospectus or other disclosure document of the Resource Issuers filed with the applicable securities authorities and will not be subject to any resale restrictions.

As well, the Partnership may borrow and sell short free-trading shares of Resource Issuers for hedging purposes when an appropriate selling opportunity arises in order to capitalize on an investment decision or to "lock-in" the resale price of Flow-Through Shares or other securities, if any, of Resource Issuers held in the Partnership's

Portfolio that are subject to resale restrictions. This process will generally involve the Partnership borrowing from third parties (in exchange for a fee) and then selling free trading shares of companies whose securities are already held in the Portfolio but which are subject to resale restrictions, and then replacing the borrowed securities once the resale restrictions on the shares in the Portfolio have expired. Short sales of securities or short positions may be maintained by the Partnership for the purposes of hedging (as defined in NI 81-102) the exposure of the Portfolio to equity securities that are to be received by the Partnership in connection with (i) the exercise by the Partnership of a right to acquire such securities pursuant to a conversion or (ii) the exercise by the issuer of a right to issue such securities at maturity. The Partnership may engage in short selling, as permitted by securities laws, and may do so as a complement to the Partnership's investment strategy in circumstances where the Investment Advisor and Fund Manager expects that the securities of an issuer will decrease in market value.

As of the date hereof, the Partnership has not entered into any Investment Agreements to invest in Flow-Through Shares or any other securities or selected any Resource Issuers in which to invest. However, the Partnership may, after the initial Closing Date, enter (directly or indirectly) into Investment Agreements with one or more Resource Issuers.

Any interest earned on Available Funds not disbursed or invested by the Partnership and any dividends received on Flow-Through Shares and other securities, if any, of Resource Issuers purchased by the Partnership will accrue to the benefit of the Partnership. Interest and dividends earned may be used, in the discretion of the General Partner, to purchase more Flow-Through Shares and other securities, if any, of Resource Issuers, for the purchase of High-Quality Money Market Instruments, to pay administrative costs and expenses of the Partnership, to repay indebtedness, including indebtedness that is a limited recourse amount, of the Partnership or for distribution to Limited Partners holding Units of the relevant class if the General Partner is satisfied that the Partnership can otherwise meet its obligations.

QIFM will use commercially reasonable efforts to invest the Available Funds in Flow-Through Shares giving rise to renunciations to the Partnership of Eligible Expenditures, on or before December 31, 2016. The General Partner will cause to be returned to each Limited Partner by February 28, 2017 such Limited Partner's share of the remaining uncommitted amount, except to the extent that such funds are required to finance the operations of the Partnership. In certain circumstances committed funds equal to the tax payable as a consequence of the failure to renounce may be returned to the Partnership by Resource Issuers.

Investment Guidelines and Restrictions

The Partnership Agreement provides that the activities of the Partnership and the transactions in securities comprising the Portfolio will be conducted in accordance with the following Investment Guidelines.

Although the Fund is a "non-redeemable investment fund" as defined in the securities legislation applicable in certain provinces, it does not operate in accordance with the requirements of NI 81-102 and other policies and regulations of the securities regulatory authorities that are applicable to mutual funds that have offered securities under a prospectus and are reporting issuers.

For the purposes of the Investment Guidelines listed below, all amounts and percentage limitations will initially be determined at the date of investment, and any subsequent change in the applicable percentage resulting from changing values will not require the disposition of any securities from the Portfolio. However, if securities in the Portfolio are disposed of, and at the time of disposition the Portfolio does not comply with the Investment Guidelines, the proceeds of disposition cannot be used to purchase securities for that Portfolio other than High Quality Money Market Instruments and securities of issuers in the resource sector which will result in that Portfolio being in compliance or closer to compliance with the Investment Guidelines.

The Portfolio will be managed at all times in such a way as to preserve the ability to undertake a Liquidity Alternative.

- **Resource Issuers.** The Available Funds of the Portfolio will initially be invested by the Partnership in: (i) Flow-Through Shares of Resource Issuers; and (ii) units consisting of Flow-Through Shares and Warrants.

- **Exchange Listing.** The Invested Assets will be invested in securities of Resource Issuers that are listed on a stock exchange.

- **Minimum Market Cap.** At least 50% of the Invested Assets will be invested in securities of issuers with a market capitalization of at least $10,000,000.

- **Limit on Illiquid Investments.** The Partnership will not invest in Illiquid Investments, including securities of private companies. This restriction shall not apply to units comprised of Warrants and common shares that do not constitute Illiquid Investments.

- **Diversification.** The Partnership may invest up to 35% of the Available Funds in the securities of one Resource Issuer provided that Partnership will not invest in fewer than three Resource Issuers.

- **No Control.** The Partnership will not own 20% or more of any class of securities (other than Warrants) of any one issuer and securities will not be purchased by the Partnership for the purpose of exercising control over or management of an issuer.

- **No Other Undertaking.** The Partnership will not engage in any undertaking other than the investment of the Partnership's assets in accordance with the Partnership's Investment Guidelines.

- **No Commodities.** The Partnership will not purchase or sell commodities.

- **No Investment Funds.** The Partnership will not purchase securities of any investment fund.

- **No Guarantees.** The Partnership will not guarantee the securities or obligations of any person.

- **No Real Estate.** The Partnership will not purchase or sell real estate or interests therein.

- **No Lending.** The Partnership will not lend money, provided that the Partnership may purchase High Quality Money Market Investments.

- **Conflict of Interest.** Not more than 10% of the Gross Proceeds from the sale of Units will be invested in Flow-Through Shares or other securities issued by issuers that are Related Entities.

- **No Mortgages.** The Partnership will not purchase mortgages.

- **Short Sales.** The Partnership may borrow and sell short free-trading shares of Resource Issuers for hedging purposes when an appropriate selling opportunity arises in order to capitalize on an investment decision or to "lock-in" the resale price of Flow-Through Shares or other securities, if any, of Resource Issuers held in the Portfolio that are subject to resale restrictions. The Partnership may also borrow cash to sell short free-trading shares of Resource Issuers for hedging purposes when an appropriate selling opportunity arises.

- **Derivatives.** The Partnership may invest in or use derivative instruments solely for the purpose of hedging securities held in the Partnership's investment portfolio.

The investment objectives, the Investment Strategies and these Investment Guidelines may be changed by Extraordinary Resolution duly passed by Limited Partners.

Liquidity Alternative and Termination of the Partnership

In order to provide Limited Partners with enhanced liquidity, the General Partner intends, if all necessary approvals are obtained, to implement a Liquidity Alternative. The General Partner intends to implement the Liquidity Alternative between September 30, 2017 and March 31, 2018, provided that the dissolution of the Partnership does not occur prior to April 1, 2017, with the exact timing to be determined based primarily on the Investment Advisor and Fund Manager's equity market trend outlook during that time.

The General Partner intends the Liquidity Alternative will be the sale of the Partnerships' assets for cash, whereupon the proceeds shall be distributed to Limited Partners, pro rata, upon the dissolution of the Partnership. **There can be no assurance that any such Liquidity Alternative will be implemented.**

In the event a Liquidity Alternative is not implemented on or before March 31, 2018, then, in the discretion of the General Partner, the Partnership may: (a) be dissolved on or about June 30, 2018, and its net assets attributable to a class distributed pro rata to the Partners who hold Units in that class, or (b) subject to the approval by Extraordinary Resolution of the Limited Partners, continue in operation with an actively managed Portfolio. See Item 4.1, "Capital - Details of the Partnership Agreement – Dissolution". The General Partner will not propose or implement any Liquidity Alternative which adversely affects the status of the Flow-Through Shares as flow-through shares for income tax purposes (e.g., by rendering them "prescribed shares" or "prescribed rights" under the regulations to the Tax Act), whether prospectively or retrospectively. Any such dissolution and distribution will be subject to obtaining all necessary approvals and must occur on or prior to June 30, 2018, unless the Partnership's operations are continued past this date in accordance with the Partnership Agreement.

In the event that a Liquidity Alternative is not implemented and (a) the Partnership dissolves on or about June 30, 2018, or (b) if the Partnership continues in operation past this date in accordance with the Partnership Agreement, at the time of dissolution the net assets of the Partnership will consist primarily of cash and securities of Resource Issuers. Prior to that date, the General Partner will attempt to liquidate as much of the Portfolio as possible for cash, with a view to maximizing sale proceeds. In order to allow the assets of the Partnership that have not been converted to cash to be potentially distributed on an income tax-deferred basis, on dissolution each Limited Partner may receive an undivided interest in each asset of the Partnership based on the relative Net Asset Value and the number of Units held as contemplated by subsection 98(3) of the Tax Act. Immediately thereafter, the undivided interest in each Partnership asset may be partitioned and the Limited Partners who hold Units may receive securities of Resource Issuers and other property in proportion to their former interest in the Partnership. The General Partner would then request that the transfer agent for each Resource Issuer provide the General Partner with individual share certificates registered in the name of each Limited Partner for each Resource Issuer. The share certificates registered in the names of the Limited Partners will then be transmitted to the Limited Partners.

Unless dissolved earlier upon the occurrence of certain events stated in the Partnership Agreement or continued after June 30, 2018 with the approval of Limited Partners given by Extraordinary Resolution, the Partnership will continue until the Termination Date and thereupon will terminate and the net assets of the Partnership will be distributed to the Limited Partners and the General Partner unless a Liquidity Alternative is implemented as described below. Prior to the Termination Date, or such other termination date as may be agreed upon, (a) the General Partner will, in its discretion, take steps to convert all or any part of the assets of the Partnership to cash; and (b) the net assets held in the Portfolio will be distributed *pro rata* to the Partners. The General Partner may, in its sole discretion and upon not less than 30 days' prior written notice to the Limited Partners, extend the date for the termination of the Partnership to a date not later than three months after the Termination Date if the Investment Advisor and Fund Manager has been unable to convert all of the portfolio assets to cash and the General Partner determines that it would be in the best interests of the Limited Partners to do so. Should the liquidation of certain securities not be possible or should the Investment Advisor and Fund Manager consider such

liquidation not to be appropriate prior to the Termination Date, such securities will be distributed *pro rata* to Partners, *in specie*, subject to all necessary approvals and thereafter such property will, if necessary, be partitioned. See Item 8, "Risk Factors".

Upon the dissolution of the Partnership, the General Partner shall, after payment or provision for the payment of the debts and liabilities of the Partnership and liquidation expenses, distribute to each Partner an undivided interest in each asset of the Partnership that has not been sold for cash. The General Partner will receive a 0.01% undivided interest in each such asset and each Limited Partner will receive an undivided interest in each such asset held in the Partnership, based on the relative Net Asset Value and the number of Units held as contemplated by subsection 98(3) of the Tax Act.

The General Partner has been granted all necessary power, on behalf of the Partnership and each Limited Partner, to effect a Liquidity Alternative, implement the dissolution of the Partnership thereafter and to file all elections deemed necessary or desirable by the General Partner to be filed under the Tax Act and any other applicable tax legislation in respect of the dissolution of the Partnership. The General Partner may call a meeting of Limited Partners or the Limited Partners may requisition a meeting in accordance with the Partnership Agreement to approve a Liquidity Alternative upon different terms and no Liquidity Alternative will be implemented if a majority of the Units voted at such meeting are voted against the Liquidity Alternative. The General Partner does not intend to call such a meeting unless the terms of such other Liquidity Alternative are substantially different from those described herein. In addition, the General Partner will not propose a Liquidity Alternative or an alternate form of liquidity arrangement where such Liquidity Alternative or alternate form of liquidity arrangement would result in Limited Partners receiving securities of an issuer that is not a reporting issuer in exchange for their Units.

Calculation of Net Asset Value

The Net Asset Value of the Partnership will be calculated by the General Partner at 4:00 p.m. (ET) on each Valuation Date by subtracting the aggregate amount of the Partnership's liabilities from the aggregate amount of the Partnership's assets on that date, as determined using the fair market value of the Partnership's assets and liabilities.

Valuation Policies and Procedures of the Partnership

The Partnership's Net Asset Value will be calculated as the difference on a Valuation Date between:

(a) the market value of the Portfolio and other assets of the Partnership, determined as follows:

(i) the value of any security which is listed for trading upon a stock exchange (whether or not the security is subject to resale restrictions) will be the closing sale price on such date or, if there is no closing sale price, the average of the closing bid price and closing ask price on such date, or if there is no closing bid or ask price, the average of the closing bid and closing ask price on the trading day immediately before such date, as reported by any report in common use or authorized by such stock exchange;

(ii) the value of any security which has ceased to be traded upon a stock exchange but is traded on an over-the-counter market (whether or not the security is subject to resale restrictions) will be priced at the closing sale price on such day, or if there is no closing sale price on such day, the average of the closing bid and ask price on such date or if there is no closing bid or asked price on such date, the average of the closing bid and ask price on the trading day immediately before such date, as reported by the financial press or an independent reporting organization;

(iii) the value of any security, property or other assets (including any Illiquid Investments) to which, in the reasonable opinion of the General Partner, the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, no

published market exists or for any other reason) shall be the fair market value thereof determined in good faith in such manner as the General Partner from time to time adopts;

(iv) the value of assets quoted in foreign currencies will be converted to Canadian dollars at the exchange rate at noon on such date as set by the Bank of Canada; and

(v) where the Partnership has executed an Investment Agreement, but the purchase of the Flow-Through Shares provided for thereunder has not been completed, for the purposes of calculating the Net Asset Value, the Partnership shall be deemed to have invested in the securities of the Resource Issuer at the date the Partnership entered into the applicable Investment Agreement, and the value of the securities deemed to be so acquired valued in accordance with (i), (ii), (iii) and (iv) above, shall be included in calculating Net Asset Value and the amount of cash required to be invested under any Investment Agreement (together with interest accruing thereon for the account of the Resource Issuer, if any) shall be deducted in calculating the Net Asset Value; and

(b) all liabilities of:

(i) the Partnership; and

(ii) the General Partner and the Investment Advisor and Fund Manager incurred in connection with the Partnership or the Portfolio,

as determined by the General Partner.

The Net Asset Value is generally calculated by subtracting the amount of the Partnership's liabilities from the amount of the Partnership's assets on that date, and will be calculated based on the following principles:

(a) the liabilities of the Partnership that are specific to a class will be subtracted from the corresponding Net Asset Value; and

(b) the liabilities of the Partnership will be reviewed to determine the proportionate share of the liabilities of the Partnership that are related to each class, and will be subtracted from the corresponding Net Asset Value.

The Net Asset Value will be calculated in accordance with the rules and policies of the Canadian Securities Administrators or in accordance with any exemption therefrom that the Partnership may obtain.

The NAV per Unit of a class on any day will be obtained by dividing the NAV of the Partnership allocated to the Units of such class, divided by the number of Units of such class then outstanding at the time the calculation is made.

If an investment cannot be valued under the foregoing principles or if the foregoing principles are at any time considered by the General Partner to be inappropriate under the circumstances, then notwithstanding such principles, the General Partner will make such valuation as it considers fair and reasonable and, if there is an industry practice, in a manner consistent with industry practice for valuing such investment.

2.3 Canadian Mining Industry Outlook.

The long term outlook for the mining sector remains tied to global economic growth, in particular that of China and emerging countries. As global economic growth has stalled in recent years, so to have most commodities experienced price corrections. The fall in mining equity prices has been severe, exacerbated by significant capital expenditure between 2005 and 2011 that created oversupply, and in some cases the burden of high debt levels. The Investment Advisor and Fund Manager believes that while volatility within areas of the mining sector will

continue, there are signs that reduced capital expenditure and supply reductions are occurring which will lead to price stability and then price improvement. While partial economic recovery could be frustrated by new economic or political shocks, the International Monetary Fund projects global real GDP growth of 3.4% and 3.6% in 2016 and 2017 respectively. This growth will help eat into oversupply. It is with this in mind that the Investment Advisor and Fund Manager believes valuations within the mining sector are beginning to provide attractive investment opportunities.

Precious Metals

The Investment Advisor and Fund Manager expects precious metals markets to continue to be soft due to low interest rates, weak equity markets and a strong US dollar. Gold markets are expected to slowly recover off the back of global reflation, political volatility and declining gold supply. Gold also acts as backstop for volatile equity markets. In platinum markets, it should be noted that more than half of South African mines are losing money and experiencing negative free cash flow. This is unsustainable and mine closures are expected to accelerate over the course of 2016.

Industrial Metals

The Investment Advisor and Fund Manager expects continued volatility in these markets. Supply reductions have started and are expected to continue for the foreseeable future. This, combined with a forecasted gradual increase in Chinese demand, should slowly stabilize and then improve commodity prices. The largest risk to this outlook remains a further strengthening of the US dollar, the consequences of which will likely be increased supply from non-US producers.

2.4 Long Term Objectives.

The Partnership intends to invest the Available Funds in Flow-Through Shares of Resource Issuers. Immediately after each Closing the Investment Advisor and Fund Manager will analyze investment opportunities for the Available Funds raised with a view to acquiring high-quality Flow-Through Shares. Any Available Funds that have not been invested in Flow-Through Shares and other securities, if any, of Resource Issuers by December 31, 2016, other than funds required to finance the operations of the Partnership, will be returned on a *pro rata* basis to Limited Partners of record holding Units of that class as at December 31, 2016, without interest or deduction by February 28, 2017.

The Investment Advisor and Fund Manager will actively manage the Portfolio with the objective of achieving capital appreciation and/or income for the Partnership. This may involve the sale of Flow-Through Shares and other securities initially acquired.

In order to provide Limited Partners with liquidity, the General Partner intends to implement a Liquidity Alternative between September 30, 2017 and March 31, 2018. The General Partner presently intends the Liquidity Alternative will be the sale of the Partnerships' assets for cash, whereupon the proceeds shall be distributed to Limited Partners, pro rata, upon the dissolution of the Partnership. The General Partner may call a meeting of Limited Partners to approve a Liquidity Alternative upon different terms but intends to do so only if the actual terms of the other Liquidity Alternative are substantially different from those presently intended. If such a meeting is called, no Liquidity Alternative will be implemented unless a majority of Units voted at such meeting vote in favour of proceeding with the Liquidity Alternative. In the event a Liquidity Alternative is not completed by March 31, 2018, then, in the discretion of the General Partner, the Partnership may: (a) be dissolved on or about June 30, 2018, and its net assets distributed *pro rata* to the Partners; or (b) subject to the approval by Extraordinary Resolution of the Limited Partners, continue in operation with an actively managed portfolio. See Item 2.2, “Our Business - Liquidity Alternative and Termination of the Partnership” above for further information.

2.5 Short Term Objectives and How We Intend to Achieve Them.

The following table shows how the Partnership intends to achieve its objectives until the Partnership is dissolved on or about June 30, 2018 (if no Liquidity Alternative is implemented):

What the Partnership must do and how it will do it	Anticipated completion date	Partnership's cost to complete and/or use of proceeds
Invest Available Funds in Flow-Through Shares of Resource Issuers	Prior to December 31, 2016	Available Funds raised in all Closings
Actively manage the Portfolio	Up to March 31, 2018	Proceeds from dispositions of Flow-Through Shares
Implement a Liquidity Alternative	By no later than March 31, 2018	Operational cost
Dissolve the Partnership	June 30, 2018	Operational cost

2.6 Marketing Materials.

The marketing materials delivered or made reasonably available to a prospective purchaser before the termination of the distribution, related to each distribution under this Offering Memorandum, are incorporated by reference in this Offering Memorandum. The Partnership reserves the right to modify these marketing materials in a non-material way without re-delivering or without making reasonably available the said marketing materials to a prospective purchaser.

2.7 Material Agreements.

In addition to the Partnership Agreement (described in Item 4.1, "Capital" below), the Partnership has one agreement that it considers material to its business and operations, the Investment Advisor and Fund Manager Agreement. A description of this agreement, and the services to be provided thereunder, is set out below.

The Investment Advisor and Fund Manager Agreement

QIFM has been retained by the General Partner as Investment Advisor and Fund Manager to provide investment advisory, portfolio management and investment fund management services to the Partnership pursuant to the Investment Advisor and Fund Manager Agreement.

QIFM is a company incorporated under the provisions of the *Canada Business Corporations Act* on September 27, 2005. QIFM is registered as portfolio manager (or the equivalent) under the securities legislation of British Columbia and Alberta, and an investment fund manager (or the equivalent) in British Columbia, Alberta, Ontario, Newfoundland and Labrador, and Québec. The principal office of QIFM is Suite 802 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T8.

Glenn MacNeill, holding the position of Portfolio Manager of QIFM, is responsible for making investment decisions on behalf of and for the day to day management of the Portfolio, with such investment decisions being subject to the oversight of QIFM's compliance committee.

Glenn MacNeill has more than 35 years of investment management experience. This experience comprises managing a number of mining, resource and flow through limited partnerships including managing mining and resource funds for Sentry Investments and nine years as portfolio manager for Sentry Investments' NCE flow through limited partnerships.

Mr MacNeill recently joined QIFM as Portfolio Manager for the Probity Mining 2016 Short Duration Flow-Through Limited Partnership. Prior to joining QIFM, Mr MacNeill served as a portfolio manager for Pangaea Asset Management Inc., and as a Managing Director and portfolio manager for Bennington Investment Management. Mr MacNeill has also been Chief Investment Officer and senior portfolio manager at Lawrence Asset Management Inc. (LAMI) where he managed two income and growth funds as well as a global resource fund. Mr MacNeill spent several years at Sentry Investments where he was responsible for Sentry's Investment Group and the portfolio manager of mining and resource funds. While at Sentry Investments Mr MacNeill spent nine years managing and investing the NCE flow through limited partnerships. Further experience includes being an Energy Equity Analyst with Scotia Capital Markets and HSBC Securities, where he covered integrated oil companies and a selection of petroleum companies, and six years as a portfolio manager with Imperial Life / Laurentian Financial Inc. where he managed several mineral and mining royalty positions.

Mr MacNeill is a Professional Engineer and received a Bachelor of Science Degree in Mechanical Engineering from Queen's University in Kingston, Ontario. Mr MacNeill has been a regular contributor to BNN, GlobeinvestorGold and various other media about trends in the resource industry and investment issues in general.

Details of the Investment Advisor and Fund Manager Agreement

Pursuant to the Investment Advisor and Fund Manager Agreement, QIFM will (either directly or through sub-advisors) make investment decisions for the Partnership with respect to its investments in Flow-Through Shares and the Portfolio and assist and advise the General Partner with respect to the following:

- the investment strategy for the Partnership;
- the examination, evaluation and analysis of Flow-Through Share investment opportunities;
- reviewing Resource Issuers and the resource marketplace;
- educating underwriters and investment advisors;
- monitoring holdings of the Partnership and executing buy and sell orders with a view to maintaining appropriate portfolio weightings, crystallizing gains, minimizing losses and capitalizing on market trading opportunities;
- monitoring the holdings of the Partnership with a view to maximizing Net Asset Value and, in the event that a Liquidity Alternative is effected, ensuring this occurs smoothly;
- exercising Warrants or other convertible or exchangeable securities in the Partnership's Portfolio and to take all steps necessary, including making arrangements for non-cash exercise, if warranted, in connection with such exercise, conversion or exchange;
- monitoring cash balances in the Portfolio and repaying debt or purchasing or selling of money market instruments as appropriate to maximize the utility of any cash balances in the Portfolio;
- determining the timing and means of liquidating the Portfolio's holdings; and

- complying with the Investment Strategy and Investment Guidelines and other mutually agreed policies with respect to the day-to-day operation of the Partnership's Portfolio.

The Investment Advisor and Fund Manager expects to utilize its extensive contacts in the Canadian resource sector as well as its contacts in the investment dealer and investment management communities to evaluate and recommend investment opportunities consistent with the Investment Strategy and the Investment Guidelines. The Investment Advisor and Fund Manager will not be responsible for any record-keeping activities in respect of the Portfolio and such record-keeping activities will be undertaken by the General Partner or by third parties.

In addition to the services described above, the Investment Advisor and Fund Manager will provide investment fund management services and administer, manage, conduct, control and operate the business and affairs of the Partnership. The Investment Advisor and Fund Manager will be entitled to reimbursement by the Partnership for all reasonable out-of-pocket costs and expenses that are incurred on behalf of the Partnership in the ordinary course of business. The Exempt Market Dealer, which is also the Investment Advisor and Fund Manager, may receive cash commissions, securities and/or rights to purchase securities of Resource Issuers, in consideration for its services as agent or finder in connection with certain private placements of Flow-Through Shares to the Partnership.

Under the Investment Advisor and Fund Manager Agreement, QIFM has agreed to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Partnership, the Limited Partners and the General Partner, and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent investment advisor would exercise in the circumstances. The Investment Advisor and Fund Manager Agreement provides that QIFM will not be liable in any way for any liability, loss, damages, expenses or claims, except in respect of acts or omissions of QIFM or its directors, officers, employees or representatives done or suffered in bad faith or through negligence, willful misconduct, willful neglect or failure to fulfill its duties or standard of care, diligence and skill described above or comply with applicable laws.

Unless terminated as described below, the Investment Advisor and Fund Manager Agreement will continue for a term that expires on the earlier of: (a) June 21, 2020; and (b) if no Liquidity Alternative is completed and the operations of the Partnership are not extended with the approval of Limited Partners, June 30, 2018 (or, if the Partnership's operations are extended, then the date of dissolution of the Partnership).

QIFM may terminate the Investment Advisor and Fund Manager Agreement without payment to the General Partner or the Partnership: (a) in certain circumstances involving the bankruptcy or insolvency of the General Partner; (b) if the Partnership or General Partner is in breach or default of the provisions thereof and, if capable of being cured, such breach or default has not been cured within 20 Business Days' written notice of such breach or default to the General Partner; or (c) in the event there is a fundamental change in the Investment Strategy or Investment Guidelines of the Partnership. The General Partner may terminate the Investment Advisor and Fund Manager Agreement without payment to QIFM, other than fees accrued to the date of termination, if: (a) QIFM is in breach or default of any material provision thereof and, if capable of being cured, such breach or default has not been cured within 20 Business Days' written notice of such breach or default to QIFM; (b) if QIFM ceases to carry on business or an order is made or a resolution is passed for the winding-up, dissolution or liquidation of QIFM; (c) if QIFM becomes bankrupt or insolvent or makes a general assignment for the benefit of creditors or a receiver is appointed for QIFM; (d) if any of the licenses or registrations necessary for QIFM to perform its duties under the Investment Advisor and Fund Manager Agreement are no longer in full force and effect; or (e) upon 180 days' written notice. The Limited Partners may cause the General Partner to terminate the Investment Advisor and Fund Manager Agreement by passage of an Extraordinary Resolution to that effect.

In the event that the Investment Advisor and Fund Manager Agreement is terminated as provided above, the General Partner in its sole discretion may elect to appoint a successor investment advisor and fund manager to carry out the activities of QIFM.

Subject to applicable law, QIFM is authorized to delegate its powers and duties under the Investment Advisor and Fund Manager Agreement to agents or sub-contractors, provided that QIFM will be liable to the Partnership for any failure of such agents to discharge any responsibility of QIFM in accordance with the standard of care QIFM owes to the Partnership under the Investment Advisor and Fund Manager Agreement. Any fees or expense payable to agents or sub-contractors so retained by QIFM will be paid by QIFM, and not by the Partnership.

The Investment Advisor and Fund Manager Agreement also provides that the General Partner will provide consulting services to the Investment Advisor and Fund Manager in return for a fee, to be paid by the Investment Advisor and Fund Manager, which may include cash, warrants or a combination thereof.

Conflicts of Interest

QIFM and Heritage are wholly-owned subsidiaries of Qwest Investment Management Corp and share certain common directors and officers. Each of the Promoter, General Partner, QIFM, and Heritage will be reimbursed by the Partnership for costs and expenses incurred by it in connection with all aspects of the business operations, administration and offering expenses of the Partnership and for an estimated portion of other costs and expenses incurred by it with respect to services provided to the Partnership.

The Promoter, the directors and senior officers of the General Partner and QIFM and other partnerships in respect of which subsidiaries of QIFM and the Promoter act as general partner or investment advisor may own shares in certain Resource Issuers. In addition, certain directors and officers of QIFM may be or may become directors of certain Resource Issuers in which the Partnership has invested. Except as disclosed herein, none of the Promoter, the General Partner, QIFM or Heritage will receive any benefit in connection with this Offering.

The Promoter and the General Partner, and the directors and officers of the General Partner and QIFM are and may in the future be actively engaged in a wide range of investment and management activities, some of which are and will be similar to and competitive with those that the Partnership, the General Partner, QIFM and Heritage will undertake. As a result, actual and potential conflicts of interest (including conflicts as to management's time, resources and allocation of investment opportunities) can be expected to arise in the normal course. It is intended that a director of the Promoter and the General Partner will be registered as a dealer representative with QIFM during the course of the Offering to facilitate the execution of various transactions with Resource Issuers, among other functions.

The Exempt Market Dealer may receive cash commissions, securities and/or rights to purchase securities of Resource Issuers, in consideration for its services as agent or finder in connection with certain private placements of Flow-Through Shares to the Partnership. The Promoter may also provide wholesaling services in connection with the Offering and will be compensated accordingly. The fee payable to the Exempt Market Dealer will be paid by the Resource Issuer from funds other than the funds invested in Flow- Through Shares by the Partnership, and as such will not impact the Net Asset Value of the Partnership Units. There is no percentage limit to the amount of the Partnership's Available Funds that may be invested in Resource Issuers for which the Exempt Market Dealer may receive a fee.

There is no assurance that conflicts of interest will not arise which cannot be resolved in a manner most favourable to investors. **Persons considering a purchase of Units pursuant to this Offering are relying on the judgment and good faith of the General Partner and QIFM and their respective directors and officers in resolving such conflict.**

The services of QIFM and its affiliates are not exclusive to the Partnership. As QIFM's other clients may hold securities in or wish to acquire securities issued by one or more of the Resource Issuers which will issue Flow-Through Shares or other securities to the Partnership, conflicts of interest may arise from time to time in allocating investment opportunities, timing investment decisions and exercising rights in respect of and otherwise dealing with such securities and issuers. QIFM will address such conflicts of interest with regard to the investment objectives of each of the clients involved and will act in accordance with the duty of care owed to each of them.

Item 3 DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held.

The following table provides relevant information about each director, officer and promoter of the Partnership or General Partner, as the case may be, and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Partnership (a "principal holder"):

Name and municipality of principal residence	Positions held and the date of obtaining that position	Compensation paid by Partnership since inception, and compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the Partnership held after completion of min. offering	Number, type and percentage of securities of the Partnership held after completion of max. offering
Brent Larkan North York, Ontario	Chief Executive Officer and Director since November 7, 2016	Nil	Nil	Nil
Peter Christiansen Oakville, Ontario	President and Director since November 7, 2016	Nil	Nil	Nil

The General Partner is a wholly-owned subsidiary of Probity Capital Corporation, the Promoter. Certain of the directors and officers of the General Partner are also directors, officers and/or shareholders of the Promoter.

Each of the General Partner and Probity Capital Corporation may be considered to be a promoter of the Partnership within the meaning of securities legislation.

Compensation of the General Partner

The General Partner has co-ordinated the formation, organization and registration of the Partnership and will be responsible for: (i) developing and implementing all aspects of the Partnership's communications, marketing and distribution strategies; (ii) managing the ongoing business and administrative affairs of the Partnership; and (iii) monitoring the Portfolio of the Partnership to ensure compliance with the Investment Guidelines. The Partnership will not pay the General Partner any consideration for these services. The General Partner is entitled to receive 0.01% of the net income of the Partnership. The General Partner will also be compensated by QIFM for consulting services provided to QIFM pursuant to the Investment Advisor and Fund Manager Agreement.

Performance Bonus

As partial consideration for the above-mentioned services and for using its commercially reasonable efforts to structure and present a Liquidity Alternative to Limited Partners, the General Partner will also be entitled to the Performance Bonus which is equal to 30% of the product of: (a) the number of the applicable class of Units outstanding on the Performance Bonus Date; and (b) the amount by which the applicable Net Asset Value per Unit on the Performance Bonus Date (prior to giving effect to the Performance Bonus) plus the aggregate value of all distributions per Unit paid on the applicable class of Units during the Performance Bonus Term exceeds $10.00.

Expenses

The Partnership will be responsible for all expenses associated with its operation and administration, and the General Partner will be entitled to be reimbursed for all reasonable out-of-pocket expenses incurred by it in

connection with the performance of its obligations to the Partnership. For greater certainty, these expenses may include third party due diligence and research reports, where applicable.

3.2 Management Experience.

The General Partner's management group has experience in the financing and management of syndicated tax-assisted investments. The name, municipality of residence, office and principal occupation of each of the directors and senior officers of the General Partner are set out below:

Name and Municipality of Residence	Position with the General Partner	Principal Occupation
Brent Larkan North York, Ontario	Chief Executive Officer and Director	Chief Executive Officer of Probity Capital Corporation
Peter Christiansen Oakville, Ontario	President and Director	President of Probity Capital Corporation

There are no committees of the board of directors of the General Partner.

Biographies of each of the directors and senior officers of the General Partner, including his principal occupations for the last five years, are set out below.

The officers of the General Partner will not be full-time employees of the General Partner, but will devote such time as is necessary to the business and offices of the General Partner.

***Brent Larkan* – Chief Executive Officer and Director**

Brent Larkan is a founder and the Chief Executive Officer of Probity Capital Corporation, and the CEO of ANB Canada Inc.

Mr Larkan has a diverse career history that includes more than a decade in equity capital markets and syndication, public venture capital, investment banking, structured funds and derivative products. Additionally, he has a background in international business with entrepreneurial and consulting experience across Europe, Africa, and North America. Mr Larkan has professional experience that spans multiple industries including agriculture, construction, engineering, finance, information technology, manufacturing, petrochemical, pharma, real estate and education.

Prior to co-founding Probity Capital Corporation with Peter Christiansen in 2014, Mr Larkan was a senior member of the management team at Macquarie Private Wealth Canada Inc. (later acquired by Richardson GMP Limited), where he led a banking team focused on raising capital for private and public companies, including undertaking initial public offerings and exchange listing sponsorships. Mr Larkan was also the head of retail syndication and the investment banker responsible for retail structured funds, which encompasses flow through limited partnership offerings. Prior to joining Macquarie, Mr Larkan was a part of HSBC Securities (Canada) Inc. where he was a senior member of the Equity Capital Markets team as well as the investment banker responsible for retail structured funds. Further experience includes founding Viadata Incorporated and working for Deloitte Consulting.

Mr Larkan has an MBA from IMD Business School (Switzerland) and a Masters of Mechanical Engineering from the University of Kwa-Zulu-Natal (South Africa).

Peter Christiansen **– President and Director**

Peter Christiansen is a founder and the President of Probity Capital Corporation.

Mr Christiansen has approximately 20 years of experience in the financial services industry, offering expertise in mutual funds, labour sponsored funds, hedge funds, and flow-through partnerships. Over the past 15 years, Mr Christiansen has raised significant capital for funds and partnerships through a variety of distribution channels including IIROC, MFDA, EMD, and MGA. Prior to co-founding Probity Capital Corporation with Brent Larkan in 2014, he was the managing partner for Eastern Canada for i9 Capital Consulting. Prior to that position, Mr Christiansen was the Executive Vice President, National Sales for MineralFields Group (including Pathway Asset Management) where he led a sales team that raised more than $1 billion for mining focused flow-through limited partnerships.

Mr Christiansen holds a business degree from St. Francis Xavier University, Nova Scotia.

Item 4 CAPITAL STRUCTURE

4.1 Capital.

Subscribers of Units of the Partnership in this Offering will be governed by the terms of the Partnership Agreement. The following table provides relevant information about the outstanding securities of the Partnership:

Description of Security	Maximum Number authorized to be issued	Number outstanding at November 16, 2016	Number outstanding after min. offering	Number outstanding after max. offering
Partnership Units – Class A Units and Class F Units	1,000,000	1 Class A Unit (to be redeemed at initial Closing)	100,000	1,000,000

Details of the Partnership Agreement

The rights and obligations of the Limited Partners and the General Partner are governed by the Partnership Agreement, the *Partnership Act* (British Columbia) and applicable legislation in each jurisdiction in which the Partnership carries on business. The statements in this Offering Memorandum concerning the Partnership Agreement summarize the Partnership Agreement's material provisions but do not purport to be complete. Reference should be made to the Partnership Agreement for the complete details of these and other provisions therein.

Limited Partners

A subscriber whose Subscription Agreement has been accepted by the General Partner will become a Limited Partner upon the entering of his or her name on the register of Limited Partners and the General Partner executing the Partnership Agreement on behalf of the subscriber. Limited Partners will not be permitted to take part in the management or control of the business of the Partnership or exercise power in connection with the business of the Partnership.

Units

The interests of the Limited Partners in the Partnership will be divided into an unlimited number of Units, of which a minimum of 100,000 Units and a maximum of 1,000,000 Units may be issued pursuant to the Offering. Except as otherwise expressly provided for in the Partnership Agreement, each issued and outstanding Unit shall be equal to each other Unit with respect to all rights, benefits, obligations and limitations provided for in the Partnership Agreement and all other matters, including the right to distributions from the Partnership and no Unit shall have preference, priority or right in any circumstances over any other Units. At all meetings of the Limited Partners, each Limited Partner will be entitled to one vote for each Unit held in respect of each matter the Units of that class are entitled to vote on. Each Limited Partner will contribute to the capital of the Partnership $10.00 for each Unit purchased. There are no restrictions as to the maximum number of Units that a Limited Partner may hold in the Partnership, subject to limitations on the number of Units that may be held by Financial Institutions and provisions relating to take over bids. The minimum purchase for each Limited Partner is 500 Units. Additional purchases may be made in multiples of 100 Units. Fractional Units will not be issued.

The Initial Limited Partner has contributed the sum of $10.00 to the capital of the Partnership. The initial Unit issued to the Initial Limited Partner will be redeemed, and such capital contribution repaid, on the Closing Date. The General Partner has contributed the sum of $10.00 to the capital of the Partnership. The General Partner is not required to subscribe for any Units or otherwise contribute further capital to the Partnership.

Financing Acquisition of Units

Under the terms of the Partnership Agreement, each Limited Partner represents and warrants that no portion of the subscription price for his or her Units has been financed with any borrowing that is a Limited-Recourse Amount. Under the Tax Act, if a Limited Partner finances the acquisition of his or her Units with a Limited-Recourse Amount the expenses incurred by the Partnership may be reduced. The Partnership Agreement provides that where the expenses incurred by the Partnership are so reduced and such reduction results in the reduction of a loss to the Partnership, the General Partner will reduce the amount of that loss which would otherwise be allocated to that Limited Partner by the amount of such reduction, before allocation of that loss to the other Limited Partners. **Subscribers who propose to borrow or otherwise finance the subscription price of Units should consult their own tax and professional advisers to determine whether any such borrowing or financing will be a Limited-Recourse Amount.**

Transfer of Units

There is no market through which the Units may be sold and none is expected to develop. The Units will not be listed on any stock exchange. Investors are likely to find it difficult or impossible to sell their Units. Under the Partnership Agreement, Units may be transferred by a Limited Partner subject to the following conditions: (a) the Limited Partner must deliver to the Partnership and/or Registrar and Transfer Agent a form of transfer and power of attorney, substantially in the form annexed to the Partnership Agreement, duly completed and executed by the Limited Partner, as transferor, and the transferee and other necessary documentation duly executed, together with such evidence of the genuineness of the endorsement, execution and authorization thereof and of such other matters as may reasonably be required by the Partnership and/or the Registrar and Transfer Agent; (b) the transferee will not become a Limited Partner in respect of the Unit transferred to him or her until the prescribed information has been entered on the register of Limited Partners; (c) no transfer of a Unit shall cause the dissolution of the Partnership; (d) no transfer of a fractional part of a Unit shall be recognized; (e) any transfer of a Unit is at the expense of the transferee (but the Partnership will be responsible for all costs in relation to the preparation of any amendment to the Partnership's register and similar documents in jurisdictions other than British Columbia); and (f) no transfer of Units will be accepted by the Registrar and Transfer Agent after notice of dissolution of the Partnership is given to the Limited Partners.

A transferee of Units, by executing the transfer form, agrees to become bound and subject to the Partnership Agreement as a Limited Partner as if the transferee had personally executed the Partnership Agreement and to grant the power of attorney provided for in the Partnership Agreement. The form of transfer includes representations, warranties and covenants on the part of the transferee that the transferee is not a "non-resident" for purposes of the Tax Act and is not a "non-Canadian" for purposes of the *Investment Canada Act*, that no equity interest in the investor is a "tax shelter investment", as defined in the Tax Act, that the investor is not a partnership (other than a "Canadian partnership", as defined in the Tax Act), that he or she is not a Financial Institution unless such investor has provided written notice to the contrary prior to the date of acceptance of the investor's subscription, that, in a written notice provided to the General Partner on or before the date of acceptance of the subscription, the investor identifies all Resource Issuers with which the investor does not deal at arm's length (and, where the investor is a Resource Issuer, acknowledges that the investor is a Resource Issuer), that the acquisition of Units by the transferee was not, and will not be, financed through indebtedness which is a Limited-Recourse Amount and that he or she will continue to comply with these representations, warranties and covenants during the time that the Units are held by him or her. If the General Partner reasonably believes the transferee has financed the acquisition of Units with indebtedness that is a Limited-Recourse Amount, it will reject the transfer. The General Partner has the right to reject the transfer of Units to a transferee who it believes to be a "non resident" for the purposes of the Tax Act or a "non-Canadian" for the purposes of the *Investment Canada Act*. In addition, the General Partner may reject any transfer, among other things,: (a) if in the opinion of counsel to the Partnership such transfer would result in the violation of any applicable securities laws; or (b) if the General Partner believes that the representations and warranties provided by the transferee in the required form of transfer are untrue. A transferor of Units will remain liable to reimburse the Partnership for any amounts distributed to such transferor by the Partnership which may be necessary to restore the capital of the Partnership

to the amount existing immediately prior to such distribution, if the distribution resulted in a reduction of the capital of the Partnership and the incapacity of the Partnership to pay its debts as they became due.

The Partnership Agreement provides that if the General Partner becomes aware that the beneficial owners of 45% or more of the Units then outstanding are, or may be, Financial Institutions or that such a situation is imminent, among other rights set forth in the Partnership Agreement, the General Partner has the right to refuse to issue Units or register a transfer of Units to any person unless that person provides a declaration that it is not a Financial Institution.

Functions and Powers of the General Partner

Pursuant to the Partnership Agreement the General Partner has agreed, among other things: (a) to deliver certain tax shelter information forms, annual reports and financial statements to the Limited Partners; (b) to engage such counsel, auditors and other professionals or other consultants as the General Partner considers advisable in order to perform its duties under the Partnership Agreement and to monitor the performance of such advisors; (c) to execute and file with any governmental body any documents necessary or appropriate to be filed in connection with the business of the Partnership or in connection with the Partnership Agreement; (d) to raise capital on behalf of the Partnership by offering Units for sale; (e) to develop and implement all aspects of the Partnership's communications, marketing and distribution strategy; (f) to implement the investment decisions of the Investment Advisor and Fund Manager, where required; (g) to invest Available Funds in Flow-Through Shares and other securities, if any, of Resource Issuers in accordance with the Investment Strategy and the Investment Guidelines; (h) to execute and file with any governmental body or stock exchange, any document necessary or appropriate to be filed in connection with such investment; (i) pending the investment of the Available Funds in Resource Issuers, to invest, or cause to be invested, all Available Funds in High-Quality Money Market Instruments; (j) to monitor the Portfolio of the Partnership to ensure compliance with the Investment Guidelines; (k) to distribute property of the Partnership in accordance with the provisions of the Partnership Agreement; (l) to make on behalf of the Partnership and each Limited Partner, in respect of each such Limited Partner's interest in the Partnership, any and all elections, determinations or designations under the Tax Act or any other taxation or other legislation or laws of like import of Canada or any province or jurisdiction; and (m) to file, on behalf of the Partnership and each Limited Partner, in respect of such Limited Partner's interest in the Partnership, any information return required to be filed in respect of the activities of the Partnership under the Tax Act or any other taxation or other legislation or laws of like import of Canada or any province or jurisdiction.

Generally, the General Partner is required to exercise its powers and discharge its duties honestly, in good faith, and in the best interests of the Limited Partners and the Partnership and shall, in discharging its duties, exercise the degree of care, diligence and skills that a reasonably prudent and qualified manager would exercise in discharging its duties in similar circumstances. During the existence of the Partnership, the officers of the General Partner will devote such time and effort to the business of the Partnership as may be necessary to promote adequately the interests of the Partnership and the mutual interests of the Limited Partners. Prior to the dissolution of the Partnership, the General Partner shall not engage in any business other than acting as the General Partner of the Partnership.

Pursuant to the terms of the Investment Advisor and Fund Manager Agreement, the General Partner has delegated substantially all of its duties to direct and manage the business and affairs of the Partnership to the Investment Advisor and Fund Manager. See Item 2.5, "Material Agreements – Details of the Investment Advisor and Fund Manager and Fund Management Agreement".

Indemnification of Limited Partners and Liability of General Partner

The General Partner has agreed to indemnify and hold harmless each Limited Partner from any and all losses, liabilities, expenses and damages suffered by such Limited Partner where the liability of such Limited Partner is not limited, provided that such loss of limited liability was caused by an act or omission of the General Partner or by the negligence or wilful misconduct in the performance of, or wilful disregard or breach of, the obligations or

duties of the General Partner under the Partnership Agreement. See "Limited Liability of Limited Partners" below. Such indemnity will apply only with respect to losses in excess of the capital contribution of the Limited Partner. The General Partner has also agreed to indemnify and hold harmless the Partnership and each Limited Partner from and against any costs, damages, liabilities, expenses or losses suffered or incurred by the Partnership and/or the Limited Partner, as the case may be, resulting from or arising out of negligence or wilful misconduct in the performance of, or wilful disregard or breach of, the obligations or duties of the General Partner under the Partnership Agreement. The amount of any such indemnity will be limited to the extent of the assets of the General Partner and will under no circumstance include the assets of the General Partner's parent corporation or any affiliate of the General Partner. The General Partner currently has and will have minimal financial resources or assets and, accordingly, such indemnities of the General Partner will have only nominal value. See "Item 8, Risk Factors".

In any action, suit or other proceeding commenced by a Limited Partner against the General Partner, other than a claim for indemnity pursuant to the Partnership Agreement, the Partnership shall bear the reasonable expenses of the General Partner in any such action, suit or other proceedings in which or in relation to which the General Partner is adjudged not to be in breach of any duty or responsibility imposed upon it hereunder; otherwise, such costs will be borne by the General Partner.

The General Partner has unlimited liability for the debts, liabilities and obligations of the Partnership. The General Partner will not be liable to the Limited Partners for any mistakes or errors in judgment, or for any act or omission believed by it in good faith to be within the scope of the authority conferred upon it by the Partnership Agreement (other than an act or omission which is in contravention of the Partnership Agreement or which results from or arises out of the General Partner's negligence or wilful misconduct in the performance of, or wilful disregard or breach of, a material obligation or duty of the General Partner under the Partnership Agreement) or for any loss or damage to any of the property of the Partnership attributable to an event beyond the control of the General Partner or its affiliates.

Notwithstanding the foregoing, the indemnity to the Limited Partners shall have no force or effect and the Limited Partners shall not have any recourse or rights of action to the extent that such indemnity, recourse, or rights of action would otherwise cause Flow-Through Shares to be "prescribed shares" within the meaning of section 6202.1 of the Regulations.

Fees and Expenses Payable under the Partnership Agreement

The Partnership Agreement provides for the payment of certain fees and the reimbursement of certain expenses. See Item 3.1, "Compensation and Securities Held – Compensation of the General Partner".

Resignation, Replacement or Removal of General Partner

The General Partner may voluntarily resign as the general partner of the Partnership at any time upon giving at least 180 days' written notice to the Limited Partners, provided the General Partner nominates a qualified successor whose admission to the Partnership as a general partner is ratified by the Limited Partners by Ordinary Resolution within such period. Such resignation will be effective upon the earlier of: (i) 180 days after such notice is given, if a meeting of Limited Partners is called to ratify the admission to the Partnership as a general partner of a qualified successor; and (ii) the date such admission is ratified by the Limited Partners by Ordinary Resolution. The General Partner will be deemed to have resigned upon its bankruptcy or dissolution and in certain other circumstances and a new general partner shall be appointed by the Limited Partners by Ordinary Resolution within 180 days' notice of such event, provided that the General Partner shall not cease to be the general partner of the Partnership until the earlier of the appointment of a new general partner or the expiry of the 180 day period. The General Partner is not entitled to resign as general partner of the Partnership if the effect of its resignation would be to dissolve the Partnership.

The General Partner may be removed at any time if (a) the General Partner has committed fraud or wilful misconduct in the performance of, or wilful disregard or breach of, any material obligation or duty of the General Partner under the Partnership Agreement, (b) its removal as general partner has been approved by an Extraordinary Resolution and (c) a qualified successor has been admitted to the Partnership as the general partner and has been appointed as the general partner of the Partnership by Ordinary Resolution of the Limited Partners, provided that the General Partner shall not be removed in respect of a curable breach of an obligation or duty of the General Partner under the Partnership Agreement unless it has received written notice thereof from a Limited Partner and has failed to remedy such breach within 20 Business Days of receipt of such notice. It is a condition precedent to the removal of the General Partner that the Partnership shall pay all amounts payable by the Partnership to the General Partner pursuant to the Partnership Agreement accrued to the date of removal.

The remuneration of any new general partner will be determined by Ordinary Resolution of the Limited Partners. Upon any resignation, replacement or removal of a general partner, the general partner ceasing to so act is required to transfer title of any assets of the Partnership in its name to the new general partner.

Allocation of Income and Loss

Net Capital Gains (and Net Capital Losses). In each Fiscal Year of the Partnership, the Portfolio may yield taxable capital gains (or allowable capital losses). In such a fiscal year, 99.99% of the taxable capital gains (or 100% of allowable capital losses) referable to the Portfolio will be allocated among the Limited Partners who are registered holders of the Units on the last day of that Fiscal Year. The remaining 0.01% of taxable capital gains and allowable capital losses will be allocated to the General Partner.

Ordinary Income (and Ordinary Losses). In each fiscal year of the Partnership, the Portfolio may yield net Ordinary Income (or net Ordinary Losses). In such a Fiscal Year, 99.99% of the net Ordinary Income (or 99.99% of net Ordinary Losses) will be allocated among the Limited Partners who are registered holders of the Units on the last day of that Fiscal Year. The remaining 0.01% of Ordinary Income and Ordinary Losses will be allocated to the General Partner.

Taxable Income (and Taxable Losses). With respect to Taxable Income or Taxable Loss, this will to the extent permitted under the Tax Act, be allocated among the Partners in the proportions that like amounts of net Ordinary Income or net Ordinary Loss, respectively, would have been allocated. Any amount of Taxable Income or Taxable Loss that is, pursuant to any provision of this Agreement, to be allocated to or distributed among Limited Partners will, without regard to the number of days during which any person has been a Limited Partner or has held any Units, be allocated among them *pro rata*.

Allocation of Eligible Expenditures

The Partnership will: (a) allocate all Eligible Expenditures renounced (directly or indirectly) to it by Resource Issuers with an effective date in a particular fiscal year pro rata to the Limited Partners of record holding Units at the end of that fiscal year (subject to adjustment in certain events: see "Financing Acquisition of Units"); and (b) will make such filings in respect of such allocations as are required by the Tax Act.

Distributions

The Partnership expects to make cash distributions to Limited Partners prior to the dissolution of the Partnership. Such distributions will not be made to the extent that the General Partner determines, in its sole discretion, that it would be disadvantageous for the Partnership to make such distributions (including in circumstances where the Partnership lacks available cash). Such distributions may not be sufficient to satisfy a Limited Partner's tax liability for the year arising from his or her status as a Limited Partner.

Upon dissolution, Limited Partners are entitled to 99.99% of the assets of the Partnership to be distributed *pro rata* based on the applicable Net Asset Value per Unit and the General Partner is entitled to 0.01% of assets of the

Partnership. Any unliquidated assets may be distributed in specie rather than in cash, subject to compliance with any securities or other laws applicable to such distributions. See Item 2.2, "Our Business - Liquidity Alternative and Termination of the Partnership".

Limited Liability of Limited Partners

The Partnership was formed in order for Limited Partners to benefit from liability limited to the extent of their capital contributions to the Partnership and their *pro rata* share of the undistributed income of the Partnership. Under the Partnership Agreement, Limited Partners may lose the protection of limited liability: (a) to the extent that the principles of Canadian law recognizing the limitation of liability of limited partners have not been authoritatively established with respect to limited partnerships formed under the laws of one province but operating, owning property or incurring obligations in another province; or (b) by taking part in the management or control of the business of the Partnership; or (c) as a result of false or misleading statements in public filings made pursuant to the Partnership Act (British Columbia). The General Partner will cause the Partnership to be registered as an extra provincial limited partnership in the jurisdictions in which it operates, owns property, incurs obligations, or otherwise carries on business, to keep such registrations up to date and to otherwise comply with the relevant legislation of such jurisdictions. To ensure, to the greatest extent possible, the limited liability of the Limited Partners with respect to activities carried on by the Partnership in any jurisdiction where limitation of liability may not be recognized, the General Partner will cause the Partnership to operate in such a manner as the General Partner, on the advice of counsel, deems appropriate. See "- Indemnification of Limited Partners and Liability of General Partner". Each Limited Partner shall indemnify and hold harmless the Partnership, the General Partner and each other Limited Partner from and against all losses, liabilities, expenses and damages suffered or incurred by the Partnership, the General Partner or the other Limited Partners by reason of misrepresentation or breach of any of the warranties or covenants of such Limited Partner as set out in the Partnership Agreement.

Notwithstanding the foregoing, the indemnity to the General Partner, Limited Partners, and the Partnership shall have no force or effect and the General Partner, Limited Partners, and the Partnership shall not have any recourse or rights of action to the extent that such indemnity, recourse, or rights of action would otherwise cause Flow-Through Shares to be "prescribed shares" within the meaning of section 6202.1 of the Regulations.

Dissolution

The Partnership shall terminate and will be dissolved:

- on the Termination Date;
- on such other date as the General Partner may propose in writing and the Limited Partners may consent to by means of an Extraordinary Resolution;
- if, prior to the foregoing dates, the deemed resignation of the General Partner on the dissolution, liquidation, bankruptcy, insolvency or winding-up or the making of any assignment for the benefit of creditors of the General Partner or the appointment of a trustee, receiver, receiver and manager or liquidator of the General Partner, or following any event permitting a trustee or receiver or receiver and manager to administer the affairs of the General Partner, provided that the trustee, receiver, receiver and manager or liquidator performs its functions for 60 consecutive days, has occurred and a new general partner has not been appointed by the Limited Partners on or before 180 days following the occurrence of such an event; or
- on the implementation of the Liquidity Alternative in accordance with the provisions of the Partnership Agreement.

Liquidity Alternative

In order to provide Limited Partners with enhanced liquidity, the General Partner intends to implement a transaction to improve liquidity, which the General Partner intends will involve the sale of the Partnerships' assets for cash, whereupon the proceeds shall be distributed to Limited Partners, pro rata, upon the dissolution of the Partnership. The General Partner intends to implement the Liquidity Alternative between September 30, 2017 and March 31, 2018, with the exact timing to be determined based primarily on the Investment Advisor and Fund Manager's equity market trend outlook during that time provided that the dissolution of the Partnership does not occur prior to April 1, 2017.

The General Partner may call a meeting of Limited Partners to approve a Liquidity Alternative upon different terms, but does not intend to call such a meeting unless the terms of such other Liquidity Alternative are substantially different from those presently intended. **There can be no assurance that any such Liquidity Alternative will be implemented.** In the event a Liquidity Alternative is not implemented by March 31, 2018, then, at the discretion of the General Partner, the Partnership may: (a) be dissolved on or about June 30, 2018 and its net assets attributable to a class distributed *pro rata* to the Partners who hold Units in that class, or (b) subject to the approval by Extraordinary Resolution of the Limited Partners, continue in operation with an actively managed Portfolio. The General Partner shall file all elections under applicable income tax legislation in respect of any such Liquidity Alternative or the dissolution of the Partnership.

The terms of any Liquidity Alternative will provide for the receipt of all necessary approvals. There can be no assurances that any such transaction will receive the necessary approvals.

Power of Attorney

By placing an order for Units which is accepted by the General Partner, an investor grants to the General Partner an irrevocable power of attorney to execute the subscription form attached to the Partnership Agreement. The Subscription Agreement contains a further power of attorney coupled with an interest, the effect of which is to constitute it an irrevocable power of attorney. This power of attorney authorizes the General Partner on behalf of the Limited Partners, among other things, to execute the Partnership Agreement, any amendments to the Partnership Agreement, and all instruments necessary to reflect the dissolution of the Partnership and distribution and partition of assets distributed to Partners on dissolution, as well as any elections, determinations or designations under the Tax Act or taxation legislation of any province or territory with respect to the affairs of the Partnership or a Limited Partner's interest in the Partnership, including elections under subsections 85(2) and 98(3) of the Tax Act and the corresponding provisions of applicable provincial legislation in respect of the dissolution of the Partnership. **By subscribing for Units, each investor acknowledges and agrees that he or she has given such power of attorney and will ratify any and all actions taken by the General Partner pursuant to such power of attorney**.

The General Partner is required to keep at its principal place of business proper and complete records and books of account reflecting the activities of the Partnership and, through the Registrar and Transfer Agent, maintain a register that will, among other things, list the names and addresses of all the Limited Partners and the number of Units held by each of them. The register will be available for inspection and audit by a Limited Partner or its duly authorized representative, during normal business hours at the offices of the Registrar and Transfer Agent. Any other books and records will be available for inspection and audit by a Limited Partner or its duly authorized representative, during normal business hours at the offices of the General Partner. Notwithstanding the foregoing, a Limited Partner will not have access to any information which, in the opinion of the General Partner, should be kept confidential in the interests of the Partnership.

4.2 Prior Sales

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price Per Security	Total Funds Received
November 16, 2016	Initial Class A Unit	1	$10	$10

Item 5 SECURITIES OFFERED

5.1 Terms of Securities.

Please also refer to Item 4.1, “Capital” for a reference to the Partnership Agreement, which governs the terms of the Units.

5.2 Subscription Procedure.

The Units are offered for sale during the period (the "**Offering Period**"), which is intended to end on or before the 90th day following the initial Closing. The offering price of the Units is $10 per Unit payable on execution of the Subscription Agreement, with a minimum subscription of 500 Units per investor. Additional subscriptions may be made in multiples of 100 Units. The Offering is being made to all residents of Canada.

Payment of the purchase price may be made in one of several ways as noted in the applicable subscription agreement.

The General Partner has the right to accept or reject any subscription and will promptly notify each prospective Subscriber of any such rejection. All subscription proceeds of a rejected subscription will be returned, without interest or deduction, to the rejected Subscriber.

The General Partner and/or the Agent, as applicable will be responsible for collecting all subscription orders and subscription proceeds from subscribers, and for returning same in the case the minimum Offering is not attained.

You may subscribe for Units by returning the following documents to the General Partner on behalf of the Partnership and/or the Agent, as applicable.

1. **for all Subscribers**, a completed and signed Subscription Agreement in the form accompanying this Offering Memorandum;

2. **for all Subscribers except Subscribers in Ontario and Québec**, a completed and signed Risk Acknowledgement (Form 45-106F4) attached to the Subscription Agreement (unless the Subscriber is purchasing as an “Accredited Investor”, or at least $150,000 is purchased by a non-individual Subscriber, in which case the Risk Acknowledgment is not necessary);

3. **for Subscribers who are residents of Alberta, Manitoba, Northwest Territories, Nunavut, Prince Edward Island, Saskatchewan and Yukon and who are subscribing for more than $10,000 in Units and less than $150,000 in Units**, a completed and signed Declaration of Eligible Investor Status attached to the Subscription Agreement;

4. **for Subscribers in Ontario and Québec who purchase less than $150,000 or Subscribers in other Jurisdictions that are purchasing as “Accredited Investors”**, a completed and signed Accredited Investor Certificate attached to the Subscription Agreement; and

5. **for all Subscribers**, a certified cheque, bank draft or wire transfer for the total subscription price of the Units you wish to purchase, payable to **“Probity Mining 2016-II Short Duration Flow-Through Limited Partnership” and/or the Agent as applicable**.

Please read the instructions on the cover of the Subscription Agreement carefully to ensure it is properly completed.

The Agent and/or the Partnership, as the case may be, will hold your subscription funds in trust until closing. Subscription proceeds will be held by the Agent and/or the Partnership pending closing. If the Offering is not

completed because the minimum Offering has not been met by June 30, 2016 all subscription funds will be returned to Subscribers without interest or deduction as soon as possible, unless the Closing Date has been extended.

A Subscriber will be entitled to receive written confirmation from the registered dealer firm that sold Units to them, provided the Subscriber has paid the full subscription price for its Units.

5.3 Exemptions from Prospectus Requirements.

The Offering is being made in reliance upon exemptions from the prospectus requirements provided in National Instrument 45-106 *Prospectus Exemptions* ("**NI 45-106**"). Accordingly, no prospectus has been or will be filed with any securities commission in Canada in connection with the Offering.

(a) Subscribers who are residents of British Columbia, Newfoundland, Labrador, Manitoba, Northwest Territories, Nunavut, Prince Edward Island and Yukon :

Offering Memorandum Exemption

Section 2.9 of NI 45-106 provides exemptions for the sale of Units to Subscribers if the Subscriber purchases as principal and the Partnership delivers this Offering Memorandum to the Subscriber in the required form; and the Subscriber signs the Risk Acknowledgment on Form 45-106F4 attached as Appendix A to the Subscription Agreement that accompanies this Offering Memorandum. Securities legislation in Manitoba, Northwest Territories, Nunavut, Prince Edward Island and Yukon, impose eligibility criteria on persons or companies investing under the offering memorandum exemption. In these jurisdictions, **if** the Subscriber's aggregate subscription price is more than $10,000, then the Subscriber must be an "eligible investor".

An "**eligible investor**" includes the following investors (among other categories):

(a) a person whose

(i) net assets, alone or with a spouse, in the case of an individual, exceed $400,000,

(ii) net income before taxes exceeded $75,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or

(iii) net income before taxes, alone or with a spouse, in the case of an individual exceeded $125,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year,

(b) a person of which a majority of the voting securities are beneficially owned by eligible investors or a majority of the directors are eligible investors,

(c) a general partnership of which all of the partners are eligible investors,

(d) a limited partnership of which the majority of the general partners are eligible investors,

(e) a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are eligible investors,

(f) an accredited investor,

(g) a person described in section 2.5 of NI 45-106 [Family, friends and business associates], or

(h) a person that has obtained advice regarding the suitability of the investment and, if the person is resident in a jurisdiction of Canada, that advice has been obtained from an eligibility adviser.

In British Columbia, Nova Scotia, New Brunswick and Newfoundland and Labrador, a Subscriber may purchase Units with a total subscription price over $10,000, and there is no requirement that the Subscriber be an "eligible investor".

The offering memorandum exemption in section 2.9 of NI 45-106 is not available in New Brunswick, Ontario and Québec to an issuer, like the Partnership, that is an investment fund.

(b) Subscribers who are resident in Alberta, Nova Scotia and Saskatchewan:

Offering Memorandum Exemption

Section 2.9 (2.1) of NI 45-106 provides exemptions for the sale of Units to Subscribers if the Subscriber purchases as principal and the Partnership delivers this Offering Memorandum to the Subscriber in the required form; and the Subscriber signs the Risk Acknowledgment on Form 45-106F4 attached as Appendix A as well as Schedules 1 and 2 to Appendix A to the Subscription Agreement that accompanies this Offering Memorandum. Securities legislation in Alberta, Nova Scotia and Saskatchewan impose eligibility criteria on persons or companies investing under the offering memorandum exemption. In these jurisdictions, if the Subscriber's aggregate subscription price is more than $10,000 but not exceeding $100,000, then the Subscriber must be an "eligible investor" satisfying the criteria above. Further, if the Subscriber's aggregate subscription price is more than $30,000 but not exceeding $100,000, it needs confirm that it has received advice from a portfolio manager, investment dealer or exempt market dealer that the investment is suitable.

(c) Subscribers resident in New Brunswick, Ontario and Saskatchewan:

Accredited Investor Exemption

Section 2.3 of NI 45-106 allows "accredited investors" to purchase Units. The definition of "accredited investor" includes (among other categories):

- an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that, before taxes, but net of any related liabilities, exceeds $1,000,000;

- an individual whose net income before taxes exceeded $200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded $300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year; or

- an individual who, either alone or with a spouse, has net assets of at least $5,000,000.

See the Accredited Investor Certificate attached to the Subscription Agreement for a complete list of the categories of "accredited investor". Each Subscriber who purchases as an accredited investor must complete and sign the Accredited Investor Certificate attached to the Subscription Agreement and if relying on one of the above-noted three categories in the definition of “accredited investor” must also complete and sign the Risk Acknowledgement on Form 45-106F9 attached as an Appendix to the Subscription Agreement, but need not sign the Risk Acknowledgment on Form 45-106F4.

$150,000 Minimum Purchase Exemption

Section 2.10 of NI 45-106 allows a Subscriber who not an individual and who is purchasing as principal and invests not less than $150,000, in cash, to purchase Units, so long as the Subscriber was not created, or is being used, solely to purchase or hold securities in reliance on the exemption from the prospectus requirement in section 2.10 of NI 45-106. A Risk Acknowledgment on Form 45-106F4 need not be signed in this case.

Item 6 INCOME TAX CONSEQUENCES

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

Units cannot be purchased or held by "non-residents" as defined in the *Income Tax Act* (Canada) (the "Tax Act") nor by partnerships other than "Canadian partnerships" as defined in the Tax Act.

Regardless of any tax advantage that may be obtained from an investment in Units offered under this offering memorandum, a decision to subscribe for Units should be based primarily on an appraisal of the merits of the investment and on the prospective investor's ability to bear possible loss. Tax considerations ordinarily make the Units offered under this offering memorandum most suitable for corporate and individual taxpayers whose income is subject to the highest marginal rate of tax and are not subject to minimum tax. Investors acquiring Units with a view to obtaining tax advantages should obtain independent tax advice from a tax advisor who is knowledgeable in this particular area of tax law.

Introduction

In the opinion of Thorsteinssons LLP, counsel to the Partnership and the General Partner, and Stikeman Elliott LLP, counsel to the Agents, the following summary fairly presents, as of the date of this offering memorandum, the principal Canadian federal income tax considerations for an investor who acquires, holds and disposes of Units purchased pursuant to this Offering and becomes a Limited Partner pursuant to this offering memorandum, and in the opinion of Stikeman Elliott LLP, counsel to the Agents, the summary regarding certain Québec tax considerations fairly presents, as of the date of this offering memorandum, the principal Québec income tax considerations for a Québec investor who acquires, holds and disposes of Units purchased pursuant to this Offering and becomes a Limited Partner pursuant to this offering memorandum.

This summary is of a general nature only. It is based on the current provisions of the Tax Act and the Regulations made thereunder, all amendments thereto proposed by or on behalf of the Minister of Finance (the "**Tax Proposals"**) prior to the date hereof, and counsel's understanding of the current published administrative policies and assessing practices of the CRA. This summary assumes that any Tax Proposals will be enacted as proposed, and that legislative, judicial or administrative actions will not modify or change the statements expressed herein. It does not otherwise take into account or anticipate any changes in laws whether by judicial, governmental or legislative decision or action or any changes in administrative policies and assessing practices of the CRA, nor does it take into account other federal or any provincial, territorial, or foreign income tax legislation or considerations. All references to the Tax Act in this summary are restricted to the scope defined in this paragraph. There can be no assurances that any Tax Proposals will be enacted as proposed or at all.

This summary is not intended to be, nor should it be construed as, legal or tax advice to prospective investors in Units. It is impractical to comment on all aspects of the federal income tax laws which may be relevant to any prospective investor in Units. The income tax considerations applicable to a prospective investor in Units will depend on a number of factors. These include whether the investor's Units are characterized as capital property, the province or territory in which the investor resides, carries on business or has a permanent establishment, the amount that would be the investor's taxable income but for the investor's interest in the Partnership, and the legal characterization of the investor as an individual, corporation, trust or partnership.

Accordingly, each prospective investor in Units should obtain independent advice from a knowledgeable tax advisor as to the income tax considerations applicable to investing in Units based on the investor's particular circumstances and a review of the tax-related risk factors.

Limitations, Qualifications and Assumptions

This summary is applicable only to investors who pay the subscription price for their Units in full when due, become Limited Partners, and who, for the purposes of the Tax Act, at all relevant times are resident in Canada and hold their Units (including in due course any property acquired in place of their Units on dissolution of the Partnership) as capital property. Provided a Limited Partner does not hold Units in the course of carrying on a business of trading or dealing in securities and has not acquired Units as an adventure in the nature of trade, the Units will generally be considered to be capital property to the Limited Partner.

This summary is not applicable to Limited Partners:

(a) who are non-residents of Canada;

(b) that are partnerships or trusts;

(c) that are "financial institutions" as defined in subsection 142.2(1) of the Tax Act;

(d) that are "principal-business corporations" for the purposes of subsection 66(15) of the Tax Act;

(e) that make a functional currency reporting election;

(f) whose business includes trading or dealing in rights, licenses or privileges to explore for, drill for, or take minerals, petroleum, natural gas or other related hydrocarbons;

(g) an interest in which is a "tax shelter investment" as defined in subsection 143.2(1) of the Tax Act;

(h) that are corporations which hold a "significant interest" in the Partnership within the meaning of subsection 34.2(1) of the Tax Act; or

(i) that have entered or will enter into a "derivative forward agreement" as defined in subsection 248(1) of the Tax Act with respect to the Units.

Except as may be otherwise specifically indicated, this summary assumes that, in fact, and for the purposes of the Tax Act:

(a) recourse for any borrowing or other financing made by a Limited Partner to fund payment of the subscription price of the Units is not limited and will not be deemed to be limited within the meaning of the Tax Act;

(b) each Limited Partner will, at all relevant times, deal at arm's length, for the purposes of the Tax Act, with the Partnership and with each Resource Issuer with which the Partnership enters into a Flow-Through Agreement;

(c) each Limited Partner will at all relevant times be a resident of Canada for purposes of the Tax Act;

(d) the Partnership is not, and will not be at any material time, a "specified person" (as defined in subsection 6202.1(5) of the Regulations) in relation to any Resource Issuer with which the Partnership enters into a Flow-Through Agreement;

(e) the Flow-Through Shares acquired by the Partnership will be capital property to the Partnership;

(f) not more than 50% of the fair market value of all interests in the Partnership will at any time be owned by persons that are "financial institutions" as defined in subsection 142.2(1) of the Tax Act; and

(g) the Units are not, and will not be, listed or traded on a stock exchange or other public market within the meaning of the Tax Act.

2015 Liberal Election Platform

As part of its 2015 federal election platform (but did not form part of the 2016 Federal Budget), the now-elected Liberal government announced its intention to reduce fossil fuel subsidies and that, as a first step in achieving that goal, the availability of CEE deductions would be limited to cases of unsuccessful exploration. The material in the pre-election fiscal plan indicates that the phase out will commence in the 2017/18 fiscal year. It is unclear whether the proposed changes will also impact CEE incurred in the course of mineral exploration or CRCE. The extent of the impact on the Flow-Through Share regime in the Tax Act is also unclear. Prior to the election, the Liberals indicated support for continuing the mineral exploration tax credit for Flow-Through Share investors (and such credit was, in fact, extended in the 2016 Federal Budget), which may suggest an intention for the Flow-Through Share regime to remain in place, at least in connection with mineral exploration. After the election, the Prime Minister directed the Minister of Finance in a mandate letter that one of his top priorities should be to "develop proposals to allow a Canadian Exploration Expenses tax deduction only in cases of unsuccessful exploration and re-direct any savings to investments in new and clean technologies". To date, specific Tax Proposals have not been introduced and there is no certainty that the proposed changes will be enacted into law, either as proposed or at all. The balance of this summary assumes that no amendments will be made to the Tax Act to implement these proposed changes.

Status of the Partnership

The Partnership itself is not liable for income tax and is not required to file income tax returns except for annual information returns.

Eligibility for Investment

The Units are not qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit savings plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (each a "Deferred Plan").

Taxation of the Partnership

The Partnership must compute its income (or loss) under the Tax Act for each of its fiscal periods as if it were a separate person resident in Canada. A fiscal period of the Partnership will end on December 31 of each year and on its dissolution.

In the following comments regarding computation of income, the terms "Canadian Exploration Expense" (or "CEE"), "CEE", "Flow-Through Shares" and "Resource Issuers" appear frequently. These terms are defined in the glossary set forth earlier in this offering memorandum. The Partnership's principal undertaking is to invest in Flow-Through Shares issued by Resource Issuers pursuant to Flow-Through Agreements made by the Partnership with the Resource Issuers. Pursuant to such a Flow-Through Agreement, the Resource Issuer will renounce CEE in favour of the Partnership, as holder of its Flow-Through Shares.

The General Partner advises that each Flow-Through Agreement will contain covenants and representations of the Resource Issuer necessary to ensure that CEE incurred by the Resource Issuer in an amount equal to the full purchase price payable for the Flow-Through Shares acquired by the Partnership can be renounced to the Partnership with an effective date not later than December 31, 2016.

The Partnership's income (or loss) is computed without taking into account certain deductions including deductions for CEE renounced to it in respect of Flow-Through Shares owned by the Partnership. Any CEE renounced to the Partnership will be allocated, in accordance with the Partnership Agreement and the Tax Act,

to those persons who are Limited Partners at the end of the fiscal year of the Partnership which includes the effective date on which the CEE is renounced, as described in more detail below under "– *Taxation of Limited Partners – Canadian Exploration Expense*". The Partnership income will include taxable capital gains realized by the Partnership on the disposition of Flow-Through Shares. For this purpose, the Partnership's adjusted cost base of its Flow-Through Shares is deemed to be nil under the Tax Act with the result that the Partnership's capital gain realized on any such disposition generally will equal its proceeds of disposition of the Flow-Through Shares, net of any reasonable costs of disposition. The taxable portion of a capital gain realized on a disposition of Flow-Through Shares or other securities, if any, is one-half of the capital gain. The income of the Partnership will include any interest earned on funds held by the Partnership prior to its investment in Flow-Through Shares.

In each fiscal year of the Partnership, 99.99% of the net capital gains and allowable capital losses of the Partnership will be allocated among the Limited Partners who are registered holders of Units on the last day of that fiscal year *pro rata* based on the applicable Net Asset Value per Unit. The remaining 0.01% of net capital gains and allowable capital losses will be allocated to the General Partner. For greater certainty, net income and net loss includes realized capital gains and realized capital losses. The General Partner has the discretion to adjust the allocations described if desirable to reflect the economic results of the Partnership's activities.

The costs associated with the organization of the Partnership are not fully deductible either by the Partnership or by the Limited Partners. Instead, the costs incurred by the Partnership are eligible capital expenditures, three-quarters of which may be deducted by the Partnership at an annual rate of 7% per fiscal period on a declining balance basis, subject to *pro-ration* for fiscal periods that are less than 12 months. Amendments to the Tax Act have been enacted to implement prior Federal Budget proposals to replace, effective January 1, 2017, the current regime for eligible capital expenditures with a new capital cost allowance class for such expenses, which will have an annual depreciation rate of 5% on the entire amount of such expenses.

Reasonable expenses incurred by the Partnership in respect of this offering memorandum, including Offering expenses and Agents' commissions will be deductible as to 20% in the year in which the expense is incurred, and as to 20% in each of the four subsequent years, subject to pro-ration for short fiscal periods that are less than 365 days. The Partnership will not be entitled to deduct any amount in respect of such expenses in the fiscal year ending on its dissolution. After dissolution of the Partnership, Limited Partners will be entitled to deduct, at the same rate, their share of any such expenses that were not deductible by the Partnership.

Generally, reasonable fees and expenses that are incurred by the Partnership and relate to its ongoing business, such as the Performance Bonus (if any), will be deductible in the year incurred.

The CRA has indicated that although a short sale of shares is generally considered to be on income account, it would consider a short sale entered into in order to hedge a taxpayer's position with respect to identical shares held on capital account to be a short sale that is on capital account. Accordingly, depending on the circumstances, gains or losses realized by the investment portfolio on short sale transactions may be capital gains or capital losses, although there can be no assurance that, depending on such circumstances, CRA will not regard them as giving rise to gains that are fully includible in the computation of the income of the investment portfolio. A Limited Partner's share of such a gain or loss that otherwise would be considered to be on income account may in some circumstances be deemed to be a capital gain or capital loss if the Limited Partner has made the irrevocable election under subsection 39(4) of the Tax Act to have all dispositions and deemed dispositions of "Canadian securities" by the Limited Partner be deemed to be dispositions of capital property.

The Partnership may enter into derivatives solely for hedging purposes. Where a derivative has the effect of eliminating all or substantially all of the Partnership's risk of loss and opportunity for profit in respect of any property owned by the Partnership, the Partnership may be deemed to have disposed of such property for proceeds equal to its fair market value at the time the derivative agreement is entered into.

Taxation of Limited Partners

This summary assumes that the Units will be held by the Limited Partners as capital property.

Each Limited Partner, in computing the Limited Partner's taxable income for a taxation year, will be required to include the Limited Partner's share of the income of the Partnership (or, subject to important restrictions described or referred to below under "– *Limitations on Deductibility of Expenses or Losses of Partnership*", to deduct the Limited Partner's share of the loss of the Partnership) allocated to the Limited Partner in accordance with the Partnership Agreement for the fiscal period of the Partnership ending in the Limited Partner's taxation year. The Limited Partner's share of the Partnership income (or loss) must be included (or deducted) whether or not any distribution of income has been made to the Limited Partner by the Partnership. The fiscal year of the Partnership ends on December 31 and will end upon the dissolution of the Partnership.

Any CEE renounced to the Partnership will be allocated, in accordance with the Partnership Agreement and the Tax Act, to those persons who are Limited Partners at the end of the fiscal year of the Partnership which includes the effective date on which the CEE is renounced, as described in more detail below under "*Canadian Exploration Expense*".

Each Limited Partner generally will be required to file an income tax return reporting the Limited Partner's share of the Partnership income or loss. For this purpose, the Partnership will provide each Limited Partner with the necessary tax information relating to the Units of the Limited Partner but the Partnership will not prepare or file income tax returns on behalf of any Limited Partner. Each Limited Partner is required to file an information return in prescribed form on or before the last day of March in the following year in respect of the activities of the Partnership, or where the Partnership is dissolved, within 90 days after dissolution. The General Partner is obliged to file such information return under the Partnership Agreement and, when made, each Limited Partner is deemed to have made this filing.

Canadian Exploration Expense

Provided relevant requirements of the Tax Act are satisfied, the Partnership is deemed to incur CEE renounced to the Partnership by a Resource Issuer pursuant to a Flow-Through Agreement on the effective date of the renunciation. At the end of each fiscal period, the Partnership will allocate in accordance with the Partnership Agreement, its renounced CEE for the fiscal period to its then Limited Partners with the result that the Limited Partners will be deemed to incur the renounced CEE at that time. CEE renounced or allocated to the Partnership in respect of a Portfolio with an effective date in a fiscal year will be allocated to Limited Partners holding Units of the relevant class who are shown as such on the record of the limited partners maintained by the General Partner on the last day of such fiscal year *pro rata* in accordance with the number of Units of the relevant class held on that date. A Limited Partner adds the renounced CEE so allocated to the Limited Partner's CCEE account.

Subject to the "at-risk" rules, the rules restricting the deductibility of expenses in respect of a "tax shelter investment" described below, in computing income from all sources for a taxation year a Limited Partner generally may deduct up to 100% of the balance in the Limited Partner's CCEE account at the end of the year. Any balance in the CCEE account not so deducted can be carried forward indefinitely and claimed as a deduction in a later year. Notwithstanding these general guidelines, a Limited Partner's share of CEE incurred or deemed to be incurred by the Partnership in a fiscal period is considered for these purposes to be limited to the Limited Partner's "at-risk amount" in respect of the Partnership at the end of the fiscal period. If the Limited Partner's share of CEE is so limited, any excess is added back to the Limited Partner's share, as otherwise determined, of the CEE incurred by the Partnership in the immediately following fiscal period (and potentially will be subject to the at-risk rules in that fiscal period).

The CCEE account of a Limited Partner is reduced by deductions in respect of the CCEE account made by the Limited Partner in prior taxation years. CCEE is also reduced by a Limited Partner's share of any amount the Partnership receives or is entitled to receive as assistance or benefits that relate to CEE incurred by the Partnership and any ITC claimed in the preceding taxation year (as described under "– *Federal Investment Tax Credits*"). Where the balance of a Limited Partner's CCEE account is negative at the end of a taxation year because reductions in calculating CCEE exceed additions thereto, the negative amount must be included in the Limited Partner's income for that taxation year and the Limited Partner's CCEE account is adjusted to nil. This adjustment may occur where a Limited Partner claims a deduction for the full balance of the Limited Partner's CCEE account in a taxation year and, in the subsequent taxation year, is required to further reduce the CCEE account by the amount of the ITC received by the Limited Partner (as described below under "– *Federal Investment Tax Credits*").

The sale or other disposition of Units by a Limited Partner will not result in the reduction of the Limited Partner's CCEE account and a sale by the Partnership of any Flow-Through Shares will not result in a reduction in any Limited Partner's CCEE account.

If relevant conditions in the Tax Act are met, certain CEE incurred or to be incurred by a Resource Issuer in a particular calendar year may be renounced effective December 31 of the preceding calendar year provided that the renunciation is made in the first three months of the particular calendar year. For example, where a Resource Issuer incurs certain CEE at any time up to December 31, 2017, provided certain conditions are met, including that (i) the Resource Issuer and the Partnership deal with each other at arm's length (as the term is used for the purposes of the Tax Act) throughout the year ended December 31, 2017 and (ii) the Resource Issuer renounces such CEE in January, February or March of 2017 with an effective date of December 31, 2016, the Resource Issuer is deemed to have incurred such CEE on December 31, 2016. Essentially, this "look-back" rule permits a Resource Issuer to incur certain CEE in 2017 while being deemed under the Tax Act to have incurred such CEE in 2016. If CEE renounced before April 2017, effective December 31, 2016, is not in fact incurred in 2017, the Partnership will have its CEE reduced accordingly, effective as of December 31, 2016. The result is that the CEE that was in fact allocated by the Partnership to Limited Partners as at December 31, 2016 will be reduced accordingly and the Limited Partners will be required to amend their 2016 income tax returns to take into account the reduction in the CEE allocated for the year. However, Limited Partners will not be charged interest on any unpaid income tax arising as a result of such reduction for the period provided that any unpaid tax liability is settled on or prior to April 30, 2018.

Federal Investment Tax Credits

A Limited Partner who is an individual (other than a trust) may be entitled to the ITC, which is a non-refundable investment tax credit equal to 15% of certain CEE renounced to the Partnership and allocated to the Limited Partner. Generally, the CEE which will give rise to the ITC relates to certain mining exploration expenses incurred or deemed incurred in Canada by a Resource Issuer before 2018 (including expenses that are deemed by subsection 66(12.66) of the Tax Act to have been incurred before 2018) pursuant to a Flow-Through Agreement entered into on or before March 31, 2017, in conducting mining exploration activities for the purpose of determining the existence, location, extent or quality of certain mineral resources (commonly referred to as 'grass roots' mining exploration). The types of CEE that will qualify for the ITC are expenses (net of certain assistance payments including provincial government assistance) incurred or deemed to be incurred before 2018 in conducting mining exploration activity from or above the surface of the earth for the purpose of determining the existence, location, extent or quality of a mineral resource in Canada (including a base or precious metal deposit, but not including a coal or oil sands deposit), but excluding expenses incurred in collecting and testing samples of more than a specified weight, in trenching for the purpose of carrying out such sampling or in the digging of most test pits. The CCEE of a Limited Partner for a taxation year is reduced by the amount of the ITC claimed in the preceding taxation year. As discussed above under "– *Canadian Exploration Expense*", a negative CCEE account balance at the end of a taxation year must be included in income. Therefore, a Limited Partner who deducts an ITC in 2017 will be required to include in income in 2018 the amount so deducted unless there is a sufficient offsetting balance in its CCEE account in 2018.

Limitations on Deductibility of Expenses or Losses of the Partnership

Subject to the "at-risk" rules discussed below, a Limited Partner's share of the business losses of the Partnership for any fiscal year may be applied against the Limited Partner's income from any source to reduce net income for the relevant taxation year and, to the extent it exceeds other income for that year, generally may be carried back three years and forward twenty years and applied against taxable income of such other years.

The Tax Act contains "at-risk" rules that may, in certain circumstances, limit the amount of deductions, including CEE and losses (including losses arising from transactions in derivatives engaged in for hedging purposes), that a Limited Partner may claim in respect of the Partnership to the amount the Limited Partner has at risk in respect thereof. Under these rules, a Limited Partner cannot deduct losses of the Partnership or CEE allocated to the Limited Partner by the Partnership in a fiscal year to the extent that these amounts exceed the Limited Partner's "at-risk amount" in respect of the Partnership at the end of that fiscal year.

The Tax Act contains additional rules that restrict the deductibility of certain amounts by persons who acquire a "tax shelter investment" for purposes of the Tax Act. The Units have been registered with the CRA under the "tax shelter" registration rules and will be "tax shelter investments" under the Tax Act.

As the Units are tax shelter investments, the cost of a Unit to a Limited Partner may be reduced by the total of limited-recourse amounts and "at-risk adjustments" that can reasonably be considered to relate to such Units. Any such reduction may reduce the amount of deductions otherwise available to the Limited Partner.

For purposes of the Tax Act, a "limited-recourse amount" is the unpaid principal amount of any debt for which recourse is limited, and the unpaid principal amount of a debt is deemed to be a limited-recourse amount unless:

(a) *bona fide* written arrangements were made, at the time the debt was incurred, for payment of principal and interest within a reasonable period not exceeding ten years (which may include a demand loan);

(b) interest is payable on the debt at a rate not less than the lesser of the rate prescribed in the Tax Act at the time the indebtedness arose or the rate prescribed from time to time during the term of the debt; and

(c) interest is paid in respect of the debt at least annually within 60 days of the end of the debtor's taxation year.

The Partnership Agreement provides that if the actions of a particular Limited Partner result in a reduction for tax purposes in the net loss of the Partnership or a reduction in the amount of any CEE of the Partnership, the amount of such reduction shall reduce the share of the net loss or the CEE, as applicable, that would otherwise be allocated to the Limited Partner.

Prospective investors in Units who propose to finance the acquisition of their Units should consult their own tax advisors.

Specified Investment Flow-Through Entities

The Tax Act contains certain rules (the "**SIFT Rules**") that apply a tax on certain publicly-listed or traded partnerships at rates of tax comparable to the combined federal and provincial corporate tax. Units will not be listed or traded on an exchange or other public market and provided that there is no trading system or other organized facility on which the Units are listed or traded (excluding a facility that is operated solely to carry out

the issuance or redemption, acquisition or cancellation of Units), the SIFT Rules should not apply to the Partnership. If the SIFT Rules were to apply to the Partnership, the tax consequences to the Partnership and Limited Partners would be materially, and in some cases, adversely different.

Income Tax Withholdings and Instalments

Limited Partners who are employees and have income tax withheld at source from their employment income may request that the CRA exercise its discretionary authority and authorize a reduction of such withholding. This way, Limited Partners may be able to obtain the tax benefits of the investment in 2016.

Limited Partners who are required to pay income tax on an instalment basis may take into account their share, subject to the "at-risk" rules, of CEE and any loss of the Partnership in determining their instalment remittances.

Adjusted Cost Base of Units

The cost to a Limited Partner of the Limited Partner's Units will be the subscription price paid for the Units plus any reasonable costs of acquisition. Subject to adjustments required under the Tax Act, the adjusted cost base to a Limited Partner of the Limited Partner's Units at a particular time will generally be the cost to such Limited Partner of those Units less (i) the amount of any financing related to the acquisition of such Units for which recourse is or is deemed to be limited for purposes of the Tax Act, (ii) Limited Partner's share of CEE and any losses of the Partnership allocated to the Limited Partner for fiscal periods ending before that time (in each case after taking into account the "at-risk" rules) and (iii) the amounts distributed to such Limited Partner before such time, plus (iv) any income of the Partnership allocated to such Limited Partner in respect of such Units, including the full amount of any capital gain realized by the Partnership on a disposition of Flow-Through Shares or other securities, if any, for fiscal periods ending before that time.

If a Limited Partner's adjusted cost base of such Limited Partner's Units is negative at the end of a fiscal period of the Partnership, the amount by which it is negative will be deemed to be a capital gain realized by the Limited Partner at that time and the Limited Partner's adjusted cost base of such Units will be increased by the amount of the deemed gain.

Disposition of Partnership Units

A disposition by a Limited Partner of Units held by the Limited Partner as capital property will result in a capital gain (or capital loss) to the extent that the Limited Partner's proceeds of disposition, net of reasonable disposition costs, exceed (or are less than) the adjusted cost base of the Units immediately prior to disposition. One-half of the amount of a capital gain is a "taxable capital gain" and is required to be included in computing a Limited Partner's income in the year and one-half of a capital loss is an "allowable capital loss" and is deductible only against taxable capital gains for the year. The unused portion of a capital loss may be carried back three years or forward indefinitely, and deducted against taxable capital gains, in accordance with the rules of the Tax Act.

A Limited Partner which is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be subject to an additional refundable tax on certain "aggregate investment income", which is defined to include an amount in respect of taxable capital gains.

A Limited Partner who is considering a disposition of Units during a fiscal period of the Partnership should obtain tax advice before doing so since only a person who is a Limited Partner at the end of the Partnership's fiscal period is entitled to their share of the Partnership's income or loss for the fiscal period as determined in accordance with the Partnership Agreement and CEE incurred during the fiscal period.

Minimum Tax

Under the Tax Act, taxpayers who are individuals (including certain trusts) must compute their potential liability for "minimum tax". In general, the tax payable by such a taxpayer for a taxation year is the greater of (a) the tax otherwise determined and (b) the amount of minimum tax. The minimum tax, computed at a rate of 15% for 2016 and subsequent taxation years, is applied against the amount by which the taxpayer's "adjusted taxable income" for the year exceeds the taxpayer's basic exemption which, in the case of an individual (other than certain trusts) is $40,000. In computing adjusted taxable income, a taxpayer must generally include all taxable dividends (without application of the gross-up) and 80% of net capital gains, but certain deductions and credits otherwise available may be limited, including amounts in respect of CEE and any losses of the Partnership.

Whether and to what extent the tax liability of a Limited Partner will be increased by the minimum tax will depend on the amount of Limited Partner's income, the sources from which it is derived and the nature and amount of any deductions claimed.

Any additional tax payable by an individual for a year resulting from the application of the minimum tax will be deductible in any of the seven immediately following taxation years in computing the amount that would, but for the minimum tax, be the individual's tax otherwise payable for any such year.

Prospective investors are urged to consult their tax advisors to determine the impact of the minimum tax.

Tax Shelter Identification Numbers

The federal tax shelter identification number in respect of the Partnership is TS085316. The Québec tax shelter identification number is QAF-16-01644. The identification numbers issued for this tax shelter shall be included in any income tax return filed by the investor. Issuance of the identification numbers is for administrative purposes only and does not in any way confirm the entitlement of an investor to claim any tax benefits associated with the tax shelter. Les numéros d' inscription attribués à cet abri fiscal doivent figurer dans toute declaration d'impôt sur le revenu produite par l'investisseur. L'attribution de ces numéros n'est qu'une formalité administrative et ne confirment aucunement le droit de l'investisseur aux avantages fiscaux découlant de cet abri fiscal.

The General Partner will file all necessary tax shelter information returns and, where applicable, provide each Limited Partner with copies thereof.

Certain Québec Tax Considerations

The QTA provides that where an individual taxpayer (including a personal trust) incurs, in a given taxation year, "investment expenses" to earn "investment income" in excess of the investment income earned for that year, such excess shall be included in the taxpayer's income, resulting in an offset of the deductions for such portion of the investment expenses. For these purposes, investment expenses include certain deductible interest and losses, such as losses of the Partnership allocated to a Québec Limited Partner who is an individual (including a personal trust) and 50% of CEE renounced to the Partnership and allocated to, and deducted for Québec tax purposes, by such Québec Limited Partner, other than CEE incurred in Québec, and investment income includes taxable capital gains not eligible for the lifetime capital gains exemption. Accordingly, up to 50% of CEE renounced to the Partnership and allocated to, and deducted for Québec tax purposes, by such Québec Limited Partner, other than CEE incurred in Québec, may be included in the Québec Limited Partner's income for Québec tax purposes if such Québec Limited Partner has insufficient investment income, thereby offsetting such deduction. The portion of the investment expenses (if any) which have been included in the taxpayer's income in a given taxation year may be deducted against net investment income earned in any of the three previous taxation years and any subsequent taxation year.

An alternative minimum tax also exists under the QTA under which a basic exemption of $40,000 is available and the

net capital gain inclusion rate is 80%. The Québec alternative tax rate is 16%. **Prospective purchasers of Units are urged to consult their tax advisors to determine the impact of the alternative minimum tax.**

A Québec Limited Partner should specifically consult a tax professional with respect to the Québec provincial tax considerations of the purchase of Units, including certain possible additional deductions pursuant to the QTA in respect of CEE incurred in the Province of Québec and renounced to the Partnership by Resource Issuers that are qualified corporations for the purposes of the QTA.

Dissolution of the Partnership

It is intended that the Partnership be dissolved following the disposition of all of its assets for cash proceeds with the Limited Partners allocated their proportionate share of any income of the Partnership resulting from such disposition. In the case of assets of the Partnership which are Flow-Through Shares, the income or gain of the Partnership resulting from the disposition will be a capital gain, the amount of which will generally be equal to the proceeds of disposition net of reasonable costs of the disposition. The disposition of other assets, including shares which are not Flow-Through Shares, may result in a capital gain (or loss) of the Partnership equal to the proceeds of disposition less the adjusted cost base of the assets and net of reasonable disposition costs. The Partnership Agreement also provides that upon dissolution of the Partnership, each Limited Partner will acquire an undivided interest in each property of the Partnership that has not been disposed of for cash proceeds, where the percentage interest received by each Limited Partner will be determined as if all of the Units belong to the same class and in accordance with a ratio to be determined under the Partnership Agreement. If the Limited Partners acquire an undivided interest in each property of the Partnership, it is assumed that each such property (including Flow-Through Shares) will thereafter be partitioned and each Limited Partner will be allocated a *pro rata* share of each such property.

Where the Partnership has liquidated all of its assets, the dissolution of the Partnership will constitute a disposition by a Limited Partner of the Limited Partner's Units for an amount equal to the greater of the adjusted cost base of the Limited Partner's Units and the aggregate of the cash proceeds distributed to the Limited Partner. In computing the adjusted cost base of the Limited Partner's Units, an amount is added for the capital gain allocated to them on the liquidation of the assets by the Partnership.

Should the liquidation of any assets of the Partnership not be possible or should the Investment Advisor and Fund Manager consider such liquidation not to be appropriate prior to the termination, such assets will be distributed to the Limited Partners and the General Partners *in specie*, in accordance with the Partnership Agreement, subject to compliance with any securities or other laws applicable to such distributions. On dissolution of the Partnership in this manner, if appropriate income tax elections are filed and certain conditions are met (including the condition that all of the partners are residents of Canada for purposes of the Tax Act), each Limited Partner will generally be deemed to have disposed of such Limited Partner's Units for proceeds of disposition equal to the greater of the adjusted cost base thereof and the amount of money received plus the Limited Partner's share of the cost amount to the Partnership of each property distributed (which will generally consist of shares of Resource Issuers).

Provided that under the relevant law shares may be partitioned, such shares may be partitioned on a tax-deferred basis. Since the adjusted cost base of Flow-Through Shares to the Partnership generally will be nil, a Limited Partner will generally acquire its undivided interest in Flow-Through Shares at an adjusted cost base of nil. Consequently, a subsequent disposition of Flow-Through Shares by such a Limited Partner will result in the Limited Partner realizing substantially the whole of the proceeds of disposition as a capital gain.

Tax Implications of the Partnership's Distribution Policy

Except for the return of funds which are not expended or committed to acquire Flow-Through Shares of Resource Issuers by December 31, 2016, the Partnership may make, but is not obligated to making, cash distributions to Limited Partners prior to the dissolution of the Partnership.

Generally, a distribution from the Partnership will retain its character in the hands of the Limited Partner. CEE will be dealt with as described under "*Federal Income Tax Considerations – Taxation of Limited Partners – Canadian Exploration Expense*".

Any dividends received by the Partnership will be allocated to and included in the income of a Limited Partner. Dividends received by individuals will be subject to the normal gross-up and dividend tax credit provisions of the Tax Act, including an enhanced dividend tax credit in respect of "eligible dividends" received from "taxable Canadian corporations" (as those terms are defined in the Tax Act) where the dividends have been designated as eligible dividends by the dividend paying corporation in accordance with the Tax Act. Dividends received by a corporate shareholder will be included in computing its income but generally, the corporation will be entitled to deduct an equivalent amount. Where a shareholder is a private corporation or subject corporation, as those terms are defined in the Tax Act, such shareholder may be liable for a refundable tax under Part IV of the Tax Act on taxable dividends received, or deemed received, by it from taxable Canadian corporations to the extent that such dividends are deductible in computing its taxable income. Part IV tax payable will be refundable on the basis of $1 for every $2.61 of taxable dividends paid by it. The adjusted cost base of a Limited Partner's Units with respect to any distributions will be adjusted as described under "*Federal Income Tax Considerations – Taxation of Limited Partners – Adjusted Cost Base of Units*".

Item 7 FEES AND EXPENSES

Initial Fees and Expenses

The expenses of the Offering (including the costs of creating and organizing the Partnership, the costs of printing and preparing this offering memorandum, legal expenses, marketing expenses and other reasonable out-of-pocket expenses incurred by the Agents and other incidental expenses), which are estimated to be $160,000 in the case of the maximum offering and $120,000 in the case of the minimum Offering, will be paid out of the Gross Proceeds by the Partnership. In addition, the Agents' Fees will be paid to the Agents from the Gross Proceeds by the Partnership.

Fees payable to the Agents

The Class A and F Units are being offered for sale in several different manners as referenced in the applicable subscription agreement.

Pursuant to an Agency Agreement among the Partnership, the General Partner, Investment Advisor and Fund Manager and the Agent, a fee of $0.675 per Class A Unit (6.75%) and $0.25 per Class F Unit (2.5%) is payable by the Partnership to the Agents.

Other than the Agency Agreement, as of the date of this Offering Memorandum, neither the Partnership nor the General Partner has entered into any agency offering agreement with any person registered to trade in securities pursuant to applicable securities laws.

Save and except as disclosed herein, there are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with this Offering.

Further compensation paid to sellers and finders

The Partnership may pay cash fees to compensate finders, and affiliated and arm's length wholesalers out of the proceeds of the Offering equal to 1% of the gross proceeds raised by the Partnership for subscription proceeds for Class A Units and Class F Units generated by the wholesalers.

Management Fee

There is no management fee.

Servicing Fee

There is no servicing fee.

Ongoing Expenses

The Partnership will pay for all expenses incurred in connection with its operation and administration which, in the case of the Partnership will generally be allocated to the Units pro rata based on the Net Asset Value applicable to each class of Units.

The General Partner estimates that ongoing expenses will be approximately $120,000 per year for the Partnership (assuming an aggregate size of the Offering of approximately $10,000,000).

Item 8 RISK FACTORS

Subscribers should consider the following risk factors before purchasing Units:

This is a speculative offering. There is no assurance of a positive return on a Limited Partner's original investment. There is no assurance of any return on an investment in Units. As of the date of this Offering Memorandum, the Partnership has not entered into any Flow-Through Agreements or selected any Resource Issuers in which to invest. The purchase of Units involves a number of significant risk factors and is suitable only for investors who are in high marginal income tax brackets, who are aware of the inherent risks in mineral exploration and development, who are able and willing to risk a total loss of their investment, and who have no immediate need for liquidity.

The Partnership strongly recommends that prospective investors review this entire Offering Memorandum and consult with their own independent legal, tax, investment and financial advisors to assess the appropriateness of an investment in Units given their particular financial circumstances and investment objectives, before purchasing any Units.

***Blind Pool*. This Offering is a blind pool offering.** As of the date hereof, the Partnership has not entered into any Investment Agreements to acquire Flow-Through Shares or other securities, if any, of Resource Issuers nor selected any Resource Issuers in which to invest.

Purchasing in Closings after the Initial Closing. The purchase price per Unit paid by a subscriber at a Closing subsequent to the initial Closing Date may be less or greater than the applicable Net Asset Value per Unit at the time of the purchase. Since the Available Funds will be net of the Agents' Fee (if any), expenses of the Offering and the Operating Reserve, unless the Partnership's Portfolio increases in value, whether the purchase price per Unit for such purchasers will be greater or less than the Net Asset Value per Unit will depend on a variety of factors, including whether or not the Partnership acquires Flow-Through Shares at a premium or discount to market prices and changes in value of the Partnership's Portfolio.

Reliance on the Investment Advisor and Fund Manager. Limited Partners must rely entirely on the discretion of the Investment Advisor and Fund Manager with respect to the terms of the Investment Agreements to be entered into with Resource Issuers. Limited Partners must also rely entirely on the discretion of the Investment Advisor and Fund Manager in determining (in accordance with the Partnership's Investment Strategy and Investment Guidelines) the initial composition of the Partnership's Portfolio, and must rely entirely on the discretion of the Investment Advisor and Fund Manager in determining whether to dispose of securities (including Flow-Through Shares) comprising the Portfolio. The Investment Advisor and Fund Manager will not always review engineering or other technical reports prepared in anticipation of an exploration program being financed by Flow-Through Shares issued to the Partnership. In some cases, the nature of an exploration program to be financed will not warrant an engineering or technical report and the Resource Issuer's management will decide on the proposed exploration program. Flow-Through Shares generally will be issued to the Partnership at prices greater than the market prices of comparable ordinary common shares not qualifying as Flow-Through Shares, and Limited Partners must rely entirely on the discretion of the Investment Advisor, Fund Manager in negotiating the pricing of those securities. The Partnership and the General Partner have no previous operating or investment history and are expected only to have nominal assets. The board of directors of the Investment Advisor and Fund Manager, and, therefore, management of the Investment Advisor and Fund Manager, may be changed at any time. Those who are not willing to rely on the discretion and judgment of the Investment Advisor and Fund Manager should not subscribe for Units.

Flow-Through Shares and Available Funds. There can be no assurance that the Investment Advisor and Fund Manager will, on behalf of the Portfolio, be able to identify a sufficient number of suitable Resource Issuers willing to issue Flow-Through Shares at prices deemed to be acceptable by the General Partner to permit the Portfolio to commit all Available Funds to purchase Flow-Through Shares by December 31, 2016. As at the date hereof, the Partnership has not entered into any Flow-Through Agreements. Any Available Funds not committed to Resource Issuers on or before December 31, 2016 may be returned to the applicable Limited Partners of record on

December 31, 2016 by February 28, 2017. If uncommitted funds are returned in this manner, Limited Partners will not be entitled to claim anticipated deductions for income tax purposes.

There can be no assurance that Resource Issuers will honour their obligation to incur or renounce Eligible Expenditures or that the Partnership will be able to recover any losses suffered as a result of such a breach of such obligation by a Resource Issuer.

Marketability of Units. Although the Units are transferable subject to certain restrictions contained in the Partnership Agreement, there is no market through which the Units may be sold and purchasers may not be able to resell Units purchased under this Offering Memorandum. No market for the Units is expected to develop.

Marketability of Underlying Securities. The value of Units will vary in accordance with the value of the securities acquired by the Partnership. The value of securities owned by the Partnership will be affected by such factors as investor demand, resale restrictions, general market trends or regulatory restrictions. Fluctuations in the market values of such securities may occur for a number of reasons beyond the control of the General Partner, the Investment Advisor and Fund Manager or the Partnership, and there is no assurance that an adequate market will exist for securities acquired by the Partnership.

The Portfolio Will Include Securities of Junior Issuers. Up to 100% of the Available Funds may be invested by the Partnership in securities of junior Resource Issuers. Securities of junior issuers may involve greater risks than investments in larger, more established companies. Further, generally speaking, the markets for securities of junior issuers that are publicly traded are less liquid than the markets for securities of larger issuers, and therefore the liquidity of a significant portion of the Portfolio may be limited. This may limit the ability of the Partnership to realize profits and/or minimize losses, which may in turn adversely affect the Net Asset Value of the Partnership and the return on investment in Units.

The Portfolio May be Highly Concentrated. The investment strategy and restrictions of the Partnership are different from the investment strategy and restrictions of other flow-through limited partnerships. Given the short duration focus of the Partnership, the Fund Manager will prioritise liquidity of issuers to ensure that a Liquidity Alternative can be executed within the time frame of the Limited Partnership. As such up to 35% of the Available Funds may be invested by the Partnership in one Resource Issuer if the Fund Manager deems that Resource Issuer to be sufficiently liquid such that he may execute the Liquidity Alternative within the proposed time frame.

Sector Specific Risks. The business activities of Resource Issuers are speculative and may be adversely affected by factors outside the control of those issuers. Resource Issuers may not hold or discover commercial quantities of petroleum or natural gas and their profitability may be affected by adverse fluctuations in commodity prices, demand for commodities, general economic conditions and cycles, unanticipated depletion of reserves or resources, native land claims, liability for environmental damage, competition, imposition of tariffs, duties or other tax or governmental regulation, as applicable.

Because the Partnership will invest primarily in securities issued by Resource Issuers engaged in the resource sector (including junior issuers), the Net Asset Values may be more volatile than portfolios with a more diversified investment focus. Also, the Net Asset Values may fluctuate with underlying market prices for commodities produced by those sectors of the economy.

Premium Pricing, Resale and Other Restrictions Pertaining to Flow-Through Shares. Flow-Through Shares may be purchased at prices greater than the market prices of ordinary common shares of the Resource Issuers issuing such Flow-Through Shares. Competition for the purchase of Flow-Through Shares may increase the premium at which the shares are available for purchase by the Partnership. Flow-Through Shares and other securities, if any, of Resource Issuers may be purchased by the Partnership on a private placement basis, and will be subject to resale restrictions. In the case of publicly traded Resource Issuers, these resale restrictions will generally last for four months. The Investment Advisor and Fund Manager will manage the Partnership's Portfolio, and this may involve the sale of some or all of the Flow-Through Shares and other securities pursuant to certain statutory exemptions.

The existence of resale restrictions may hamper the ability of the Investment Advisor and Fund Manager to take advantage of opportunities for profit taking, or limitation of losses, which might be available in the absence of resale restrictions, and this in turn may reduce the amount of capital appreciation or magnify the capital loss in the Partnership's Portfolio.

Resale Restrictions May be an Issue if a Liquidity Alternative is not Implemented. There are no assurances that any Liquidity Alternative will be implemented. In such circumstances, each Limited Partner's *pro rata* interest in the assets of the Partnership will be distributed upon the dissolution of the Partnership, which will occur on or before June 30, 2018, unless its operations are extended as described herein.

For example, if no Liquidity Alternative is completed and the Investment Advisor and Fund Manager is unable to dispose of all investments prior to the Termination Date, Limited Partners may receive securities or other interests of Resource Issuers, for which there may be an illiquid market or which may be subject to resale and other restrictions under applicable securities law.

Available Capital. If the proceeds of the Offering are significantly less than the maximum Offering, the expenses of the Offering and the ongoing fees and administrative expenses and interest expense payable by the Partnership may result in a substantial reduction in the Net Asset Value or a substantial reduction or even elimination of the returns which would otherwise be available to Limited Partners.

The ability of the Investment Advisor and Fund Manager to negotiate favourable Investment Agreements on behalf of the Partnership is, in part, influenced by the total amount of capital available for investment in Flow-Through Shares. Accordingly, if the proceeds of the Offering are significantly less than the maximum Offering, the ability of the General Partner to negotiate and enter into favourable Investment Agreements on behalf the Partnership may be impaired and therefore the Investment Strategy may not be fully met.

Liability of Limited Partners. Limited Partners may lose their limited liability in certain circumstances, including by taking part in the control or management of the business of the Partnership. The principles of law in the various jurisdictions of Canada recognizing the limited liability of the limited partners of limited partnerships subsisting under the laws of one province but carrying on business in another province or territory have not been authoritatively established. If limited liability is lost, there is a risk that Limited Partners may be liable beyond their contribution of capital and share of undistributed net income of the Partnership in the event of judgment on a claim in an amount exceeding the sum of the net assets of the General Partner and the net assets of the Partnership. While the General Partner has agreed to indemnify the Limited Partners in certain circumstances, the General Partner has only nominal assets, and it is unlikely that the General Partner will have sufficient assets to satisfy any claims pursuant to such indemnity.

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

Short Sales and use of Derivative Instruments. The Partnership may borrow and short sell and maintain short positions in securities, as well as use derivative instruments, for hedging purposes in order to capitalize on an investment decision or "lock-in" the resale price of Flow-Through Shares or other securities held in the Partnership's Portfolio that are subject to resale restrictions. These short sales may expose the Partnership to losses if the value of the securities sold short increases. The use of derivative instruments may expose the Partnership to losses.

Tax-Related Risks. The tax benefits resulting from an investment in the Partnership are greatest for corporations and individual investors whose income is subject to the highest marginal income tax rate. Regardless of any tax benefits that may be obtained, a decision to purchase Units should be based primarily on an appraisal of the merits of the investment and on an investor's ability to bear a loss of his or her investment. Investors acquiring Units with

a view to obtaining tax advantages should obtain independent tax advice from a tax advisor who is knowledgeable in the area of income tax law. The tax consequences of acquiring, holding or disposing of Units or the Flow-Through Shares issued to the Partnership may be fundamentally altered by changes in federal, provincial or territorial income tax legislation. All of the Available Funds may not be invested in Flow-Through Shares. Amounts renounced by Resource Issuers to the Partnership may not qualify as CEE. Each Limited Partner will represent that he or she is not a non-resident of Canada and has not acquired Units with limited-recourse borrowing for the purposes of the Tax Act, however there is no assurance that these representations will be true.

Any of the above occurrences would reduce the amount of the Eligible Expenditures and/or losses allocated to Limited Partners and in certain circumstances may require the Limited Partners to amend their tax returns filed for previous years. There may be disagreements with the CRA with respect to certain tax consequences of an investment in Units of the Partnership. The alternative minimum tax could limit tax benefits available to Limited Partners who are individuals or certain trusts.

Limited Partners can receive certain tax benefits associated with Eligible Expenditures in the years in which the Partnership invests in Flow-Through Shares and will benefit to the extent that any gains on the disposition of Flow-Through Shares by the Partnership are capital gains rather than income for tax purposes. However, the sale of Flow Through Shares by the Partnership will trigger larger tax liabilities in the year any gain is recognized than would be the case upon the sale of common shares that do not constitute Flow-Through Shares because the cost of the Flow-Through Shares is deemed to be nil for purposes of the Tax Act. As a result, there is a risk that Limited Partners will receive allocations of income and/or capital gains for a year without receiving distributions from the Partnership in that year sufficient to pay any tax they may owe as a result of being a Limited Partner during that year. To reduce this risk, in respect of each year the Partnership may distribute 50% of the amount that a Limited Partner will be required to include in income in respect of a Unit for that year. See Item 4.1, “Capital - Details of the Partnership Agreement - Distributions”.

Where a Resource Issuer has a “prohibited relationship” as defined in the Tax Act with an investor that is a trust, corporation or partnership, the Resource Issuer may not renounce CEE to such an investor. Briefly, a Resource Issuer has a prohibited relationship with a trust, a particular corporation or a partnership if the Resource Issuer or a corporation related to the Resource Issuer is beneficially interested in the trust or is a member of the partnership or if the Resource Issuer is related to the particular corporation. Further, a Resource Issuer may not renounce CEE incurred by it after December 31, 2016 with an effective date of December 31, 2016 to an investor with which it does not deal at arm’s length at any time during 2017. **Subscribers are required to identify all Resource Issuers with which he or she does not deal at arm’s length to the General Partner in writing prior to the acceptance of the subscription.**

The Partnership may not be able to invest 100% of the Available Funds in Resource Issuers in respect of which the ITC will be applicable.

If a Limited Partner finances the subscription price of his or her Units with a borrowing or other indebtedness that is, or is deemed under the Tax Act to be, a limited recourse financing, the tax benefits of the investment to such Limited Partner, and possibly to other Limited Partners, will be adversely affected. The summary set out under “Federal Income Tax Considerations” does not address the deductibility of interest by Limited Partners, and any Limited Partner who has borrowed money to acquire Units should consult his or her own tax advisor in this regard.

There is a risk that the Federal CEE Initiative will reduce or eliminate tax savings under the Tax Act associated with an investment in Flow-Through Shares. As part of its 2015 federal election platform, the now-elected government announced its intention to reduce fossil fuel subsidies and that, as a first step in achieving that goal, the availability of CEE deductions would be limited to cases of unsuccessful exploration. The material in the pre-election fiscal plan indicated that the phase out would commence in the 2017/18 fiscal year. Prior to the election, the now-elected government also indicated support for continuing the mineral exploration investment tax credit for Flow-Through Share investors (and such credit was, in fact, extended in the 2016 Federal Budget), which may suggest an intention for the Flow-Through Share regime to remain in place, at least in connection with mineral exploration.

After the election, the Prime Minister of Canada directed the Minister of Finance (Canada) in a mandate letter that one of his "top priorities" should be to "develop proposals to allow a Canadian Exploration Expenses tax deduction only in cases of unsuccessful exploration and re-direct any savings to investments in new and clean technologies." It is unclear whether the proposed changes will impact CEE incurred in the course of mineral exploration or CRCE. The extent and timing of the impact on the Flow-Through Share regime in the Tax Act is also unclear. To date, specific Tax Proposals have not been introduced and there is no certainty that the Federal CEE Initiative will be enacted into law, either as proposed or at all.

No Advance Income Tax Ruling. No advance income tax ruling has been applied for or received with respect to the income tax consequences described in this Offering Memorandum including, but not limited to, the deductibility and the timing of deductions in respect of fees for services or other expenses, the allocation of costs between capital and expenses, the effect of the limited recourse rules on money borrowed to purchase Units or the application of the general anti-avoidance rule. Accordingly, there can be no assurance that the CRA will not challenge certain assumptions or other statements made in this Offering Memorandum with respect to the income tax consequences of an investment in the Units.

Status of the Partnership. Although the Partnership is a "non-redeemable investment fund" under Canadian securities laws, it is not subject to the restrictions and provisions contained in NI 81-102 that apply to public mutual funds to ensure diversification and liquidity of a fund's portfolio.

Lack of Operating History. The Partnership and the General Partner are newly established entities and have no previous operating or investment history. The Partnership will, prior to the Closing Date, have only nominal assets and the General Partner will at all material times thereafter only have nominal assets. Prospective subscribers who are not willing to rely on the business judgment of the General Partner and the Investment Advisor and Fund Manager should not subscribe for Units.

Financial Resources of the General Partner. The General Partner has unlimited liability for the obligations of the Partnership and has agreed to indemnify the Limited Partners against losses, costs or damages suffered if the Limited Partners' liabilities are not limited as provided herein, provided that such loss of liability was caused by an act or omission of the General Partner or by the negligence or wilful misconduct in the performance of, or wilful disregard or breach of, the obligations or duties of the General Partner under the Partnership Agreement. However, such indemnity will apply only with respect to losses in excess of the agreed capital contribution of the Limited Partner and the amount of this protection is limited by the extent of the net assets of the General Partner and such assets will not be sufficient to fully cover any actual loss. The General Partner is expected to have only nominal assets and, therefore, the indemnity of the General Partner will have nominal value. Limited Partners also will not be able to rely upon the General Partner to provide any additional capital or loans to the Partnership in the event of any contingency.

Financial Resources of the Partnership. The only sources of cash to pay the Partnership's current and future expenses, liabilities and commitments, including reimbursement of operating and administrative costs incurred by the General Partner and the Investment Advisor and Fund Manager and the General Partner's Fee, will be the Operating Reserve and cash generated from sales of securities comprising the Partnership's Portfolio. Accordingly, if the Operating Reserve in respect of a Portfolio has been expended, and there are no trading profits in the Portfolio, payment of operating and administrative costs and the General Partner's Fee will diminish the Portfolio assets.

Conflicts of Interest. The directors and officers of the General Partner and QIFM are involved in other business ventures some of which are in competition with the business of the Partnership, including acting as directors and officers of the general partners and investment advisors of other issuers engaged in the same business as the Partnership. Accordingly, conflicts of interest may arise between Limited Partners and the directors, shareholders, officers, employees and any affiliates of the General Partner and QIFM. None of the General Partner, QIFM or any Related Entities is obligated to present any particular investment opportunity to the Partnership, and Related Entities may take such opportunities for their own account. Under the Investment Guidelines, up to 10% of the

Gross Proceeds from the sale of Units may be invested in Flow-Through Shares and other securities, if any, of Related Entities. There are no assurances that conflicts of interest will not arise which cannot be resolved in a manner most favourable to Limited Partners. Persons considering a purchase of Units pursuant to this Offering must rely on the judgement and good faith of the shareholders, directors, officers and employees of the General Partner and QIFM in resolving such conflicts of interest as may arise.

There is no obligation on the General Partner or QIFM or their employees, officers and directors and shareholders to account for any profits made from other businesses that are competitive with the business of the Partnership.

An affiliate of the Investment Advisor and Fund Manager, namely the Exempt Market Dealer, which is the same corporation as the Investment Advisor and Fund Manager may receive cash commissions, securities and/or rights to purchase securities of Resource Issuers, in consideration for its services as agent or finder in connection with certain private placements of Flow-Through Shares to the Partnership. The fee payable to the Exempt Market Dealer will be paid by the Resource Issuer from funds other than the funds invested in Flow-Through Shares by the Partnership, and as such will not impact the Net Asset Value of the Partnership Units. The General Partner will receive such fees earned by the Exempt Market Dealer and will compensate Investment Advisor and Fund Manager for services rendered to the Partnership from such fees. **There is no percentage limit to the amount of the Partnership's Available Funds that may be invested in Resource Issuers for which the Exempt Market Dealer may receive a fee.** The registered staff who work for the Exempt Market Dealer will not partake in the decision as to whether the Investment Advisor and Fund Manager will invest in the shares of any Resource Issuer. Representatives of the General Partner may or may not become registrants of the Exempt Market Dealer in order to assist the Exempt Market Dealer in acting as agent in connection with certain private placements of Flow-Through Shares to the Partnership.

The Agents may receive fees and, in some cases, rights to purchase shares or units from the Resource Issuers with which the Partnership enters into Flow-Through Agreements.

Concentration Risk. The Partnership intends to invest the Available Funds in Flow-Through Shares of junior and intermediate Resource Issuers engaged in mineral exploration and development in Canada. Concentrating its investment in this manner may result in the value of the Units fluctuating to a greater degree than if the Partnership invested in a broader spectrum of issuers or industries. While an investment strategy with less emphasis on mineral exploration and development might reduce the potential for, or extent of fluctuations in value of the Units, such an investment strategy would not provide the potential tax benefits to investors, which is among the Partnership's principal investment objectives.

Risks Associated with Resource Issuers. In general, the business of the Partnership will be to make investments in Resource Issuers. The business activities of Resource Issuers are typically speculative and may be adversely affected by sector specific risk factors, outside the control of the Resource Issuers, which may ultimately have an impact on the Partnership's investments in the Resource Issuers' securities. Due to such factors, the Net Asset Value of the Portfolio may be more volatile than portfolios with a more diversified investment focus.

Exploration and Mining Risks. The business of exploring for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At the time the Partnership invests in a Resource Issuer, it may not be known if the Resource Issuer's properties have a body of ore of commercial grade. Unusual or unexpected formations, formation pressures, fires, explosions, power outages, labour disruptions, flooding, cave-ins, landslides, and the inability of the Resource Issuer to obtain suitable machinery, equipment or labour are all risks that may occur during exploration for and development of mineral deposits. Substantial expenditures are needed to establish reserves through drilling, to develop metallurgical processes to extract the metal from the ore, to develop the mining, production, gathering or processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineral deposit, no assurance can be given that the Resource Issuers will discover minerals in sufficient quantities to justify commercial operations or that these issuers will be able to obtain the funds needed for development on a timely basis or at all. The economics of developing mining properties is affected by many factors, including the cost of operations,

variations in the grade of ore mined, fluctuations in the prices of ore which can be obtained on the metal markets, and such other factors as aboriginal land claims and government regulations, including regulations relating to royalties, allowable production, importing and exporting, and environmental protection. There is no certainty that the expenditures to be made by the Resource Issuer in the exploration and development of the interests will result in discoveries of commercial quantities of a resource.

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

No assurance can be given that commodity prices will be sustained at levels which will enable a Resource Issuer to operate profitably.

Uninsurable Risks. Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations, rock bursts, cave-ins, fires, explosions, blow-outs, formations of abnormal pressure, flooding and other conditions may occur from time to time. A Resource Issuer may become subject to liability for pollution, cave-ins or other hazards against which it cannot insure or against which it may elect not to insure due to the high premiums associated with such insurance. The payment of such liabilities may have a material, adverse effect on a Resource Issuer's financial position.

No Assurance of Title or Boundaries, or of Access. While a Resource Issuer may have registered its mining claims with the appropriate authorities and filed all pertinent information to industry standards, this cannot be construed as a guarantee of title. In addition, a Resource Issuer's properties may consist of recorded mineral claims or licences that have not been legally surveyed, and therefore, the precise boundaries and locations of the claims or leases may be in doubt and may be challenged. A Resource Issuer's properties may also be subject to prior unregistered agreements or transfers or native land claims, and a Resource Issuer's title may be affected by these and other undetected defects.

Government Regulation. A Resource Issuer's mineral exploration or mining operations are subject to government legislation, policies and controls including those that relate to prospecting, land use, trade, environmental protection, taxation, rate of exchange, return of capital, and labour relations. A Resource Issuer's mining property interests may be located in foreign jurisdictions, and its exploration operations in such jurisdictions may be affected in varying degrees by political and economic instability, and by changes in regulations or shifts in political or economic conditions that are beyond the Resource Issuer's control. Any of these factors may adversely affect the Resource Issuer's business and/or its mining property holdings. Although a Resource Issuer's exploration activities may be carried out in accordance with all applicable rules and regulations at any point in time, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the Resource Issuer's operations. Amendments to current laws and regulations governing the operations of a Resource Issuer or more stringent enforcement of such laws and regulations could have a substantial adverse impact on the financial results of the Resource Issuer.

Environmental Regulation. A Resource Issuer's operations may be subject to environmental regulations enacted by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced or used in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition on the Resource Issuer of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that has led to stricter standards and enforcement and greater fines and

penalties for non-compliance. The cost of compliance with government regulations may reduce the profitability of a Resource Issuer's operations.

No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect a Resource Issuer's financial condition, results of operations or prospects.

Commodity Prices. Commodity prices can and do change by substantial amounts over short periods of time, and are affected by numerous factors, including changes in the level of supply and demand, international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production arising from improved mining and production methods and new discoveries. These factors may affect the value of investments in Resource Issuers or the premium paid to obtain Flow-Through Shares.

Global Economic Downturn. In the event of a continued general economic downturn or a recession, there can be no assurance that the business, financial condition and results of operations of the Resource Issuers in which the Partnership invests would not be materially adversely affected.

Item 9 REPORTING OBLIGATIONS

As required under the Partnership Agreement, the General Partner will deliver or otherwise reasonably make available to each person who was a Limited Partner at the end of each fiscal year an annual report for such fiscal year containing the information, and within the time periods, set out in the Partnership Agreement.

The General Partner will ensure that the Partnership complies with all other reporting and administrative requirements under securities or partnership law in all applicable jurisdictions in Canada.

Item 10 RESALE RESTRICTIONS

In addition to requiring the approval of the General Partner to transfer Units, these securities will be subject to a number of resale restrictions on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

For trades in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Saskatchewan, and Yukon:

Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the date the Partnership becomes a reporting issuer in any province or territory of Canada. **As there is no present intention for the Partnership to become a reporting issuer in any province or territory of Canada, you may never be able to transfer your Units unless you comply with an exemption from the prospectus and registration requirements under securities legislation.**

For trades in Manitoba:

Unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless:

The Partnership has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or

You have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

Subscribers of Units offered hereunder who wish to resell such securities should consult with their own legal advisors prior to engaging in any resale, in order to ascertain the restriction on any such resale.

It is the responsibility of each individual Subscriber of Units to ensure that all forms required by the applicable securities legislation are filed as required upon disposition of the Units acquired pursuant to this Offering.

Item 11 PURCHASERS' RIGHTS

If you purchase these securities, you will have certain rights, some of which are described below. For information about your rights, you should consult a lawyer.

Two-Day Cancellation Right for all Purchasers of Units

You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the second Business Day after you sign the agreement to buy the securities.

Statutory Rights of Action in the Event of a Misrepresentation

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

the Partnership to cancel your agreement to buy these securities, or

for damages against the Partnership, the General Partner and its officers and directors.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within no later than 180 days after the date of the transaction that gave rise to the cause of action.

Subscribers should consult their own legal advisers with respect to their rights and the remedies available to them.

The rights discussed above are in addition to and without derogation from any other rights or remedies, which subscribers may have at law.

Item 12 FINANCIAL STATEMENTS

Attached is an audited opening balance sheet for the Partnership.

Financial Statements for the General Partner are not included in this Offering Memorandum as the General Partner is relying on the exemption contained in Item D.1 of Form 45-106F2 - *Offering Memorandum for Non-Qualifying Issuers*. The exemption states that an issuer will satisfy the financial statement requirements of the form if it includes the financial statements required by securities legislation for a prospectus. The General Partner is not required under securities legislation for a prospectus to prepare and include financial statements.

Item 13 MARKETING MATERIALS

The marketing materials delivered or made reasonably available to a prospective purchaser before the termination of the distribution, related to each distribution under this Offering Memorandum, are incorporated by reference in this Offering Memorandum. The Partnership reserves the right to modify these marketing materials in a non-material way without re-delivering or without making reasonably available the said marketing materials to a prospective purchaser.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Probity 2016-II Mining Flow Through Management Corp. in its capacity as General Partner of Probity Mining 2016-II Short Duration Flow-Through Limited Partnership. (the "Partnership")

We have audited the accompanying balance sheet of the Partnership as at November 16, 2016 and the related notes, which comprise a summary of significant accounting policies and other explanatory information (together, the financial statement).

Management's responsibility for the financial statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with those requirements of International Financial Reporting Standards, relevant to preparing such a financial statement and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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, if any, made by management, as well as evaluating the overall presentation of the financial statement.

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 statement presents fairly, in all material respects, the financial position of the Partnership as at November 16, 2016 in accordance with those requirements of International Financial Reporting Standards relevant to preparing such a financial statement.

(signed) PricewaterhouseCoopers LLP
Chartered Professional Accountants
250 Howe Street, Suite 700
Vancouver, BC V6C 3S7
November 16, 2016

PROBITY MINING 2016-II SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP

BALANCE SHEET
As at November 16, 2016

ASSETS

Current Assets

Cash	$20
Total Assets	$20

LIABILITIES

Net assets attributable to partners

General Partner Contribution	$10
Issued and fully paid Class A limited partnership unit	$10
	$20

See accompanying notes to the balance sheet on pages F3 to F6.

Approved on behalf of Probity Mining 2016-II Short Duration Flow-Through Limited Partnership by the Board of Directors of its General Partner, Probity 2016-II Mining Flow Through Management Corp.

(signed) BRENT LARKAN
Director

(signed) PETER CHRISTIANSEN
Director

PROBITY MINING 2016-II SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP

NOTES TO BALANCE SHEET

NOVEMBER 16, 2016

1. FORMATION OF PARTNERSHIP

Probity Mining 2016-II Short Duration Flow-Through Limited Partnership (the "Partnership") was formed on November 16, 2016 as a limited partnership under the laws of the Province of British Columbia. Its registered office is located at 530 – 355 Burrard Street, Vancouver, BC V6C 2G8. The general partner of the Partnership is Probity 2016-II Mining Flow-Through Management Corp (the "General Partner") whose ultimate parent is Probity Capital Corporation. The beneficial interest in the net assets and net income of the Partnership is divided into units of two classes, Class A Units and Class F Units. The Partnership is authorized to issue an unlimited number of Units of each class. The Class A Units and the Class F Units are identical to each other, except for the fees applicable to each class. The principal purpose of the Partnership is to provide Limited Partners with a tax-assisted investment in a portfolio of flow-through shares of resource issuers for capital appreciation and profits. Management's intention is that an investment in Units will provide the Class A and Class F Limited Partners exposure to a portfolio (the "Portfolio") comprising primarily shares of resource issuers that qualify as "flow-through shares" for the purposes of the Income Tax Act (Canada) (the "ITA") pursuant to which the resource issuer agrees to incur and renounce to the Partnership "Canadian exploration expense" (as defined in the ITA) ("CEE"). There has been no activity in the Partnership since its formation on November 16, 2016 except for the issuance of one Class A Unit as the initial limited partner units and a capital contribution by the General Partner. Accordingly, no statement of comprehensive income, changes in net assets or cash flows for the period have been presented.

The balance sheet was approved and authorized for issue by the Board of Directors of the General Partner on November 16, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the balance sheet are set out below.

Basis of preparation

The balance sheet has been prepared in accordance with International Financial Reporting Standards ("IFRS") relevant to preparing a balance sheet.

IFRS requires management to exercise its judgement in the process of applying the Partnership's accounting policies and making certain critical accounting estimates that affect the reported amounts of assets, liabilities, income and expenses during any reporting period. Actual results could differ from those estimates. The following is a summary of significant accounting policies that will be followed by the Partnership in the preparation of its balance sheet.

Functional currency and presentation currency

The balance sheet is presented in Canadian dollars, which is the Partnership's functional and presentational currency.

Issue costs

Issue costs incurred in connection with the offering will be charged against the net assets attributable to partners.

Financial Instruments

The Partnership recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognised on the trade date.

Cash is comprised of amounts held in trust with the Partnership's legal counsel.

The Partnership's obligation for net assets attributable to partners is presented at the redemption amount.

Classification of partnership units

The Limited Partnership Agreement between the General Partner and each of the Limited Partners (the "LPA") dated November 16, 2016 imposes a contractual obligation for the Partnership to deliver a pro rata share of its net assets to the Partners on termination of the Partnership. Based on the terms of the LPA the General Partner and Limited Partner are both considered to have an interest in the residual net assets of the Partnership, however they are not considered to have identical contractual obligations. Consequently the net assets attributable to Limited Partners and General Partner are classified as liabilities because the criteria in IAS 32 16 C-D for equity classification are not met.

Valuation of partnership units for transaction purposes

Net Asset Value per unit on any day will be obtained by dividing the Net Asset Value on such day by the number of units then outstanding.

The General Partner has contributed capital of $10 cash to the Partnership. Under the LPA between the General Partner and each of the Limited Partners dated November 16, 2016, in each fiscal year of the Partnership, 99.99% of the net Ordinary Income (or 99.99% of net Ordinary Losses) will be allocated among the Limited Partners who are registered holders of the Units on the last day of that Fiscal Year. The remaining 0.01% of Ordinary Income and Ordinary Losses will be allocated to the General Partner.

The Partnership will pay all costs relating to the proposed offering of Limited Partnership Units in the Partnership. These expenses will be borne by the Partnership. The Agents for the offering will be paid a fee equal to $0.675 per Class A Unit (6.75%) and $0.25 per Class F Unit (2.5%). Agents' Fees are treated as costs of the offering and will be charged against net assets attributable to partners.

The Partnership will pay for all costs and expenses incurred in connection with the operation and administration of the Partnership. It is expected that these expenses will include, without limitation: (a) mailing and printing expenses for periodic reports to Limited Partners and for meeting materials, if any, including in connection with a Liquidity Alternative (as defined in the LPA) proposed to Limited Partners; (b) fees payable to the custodian of the Partnership for custodial services, and fees and disbursements payable to auditors and legal advisors of the Partnership; (c) fees and disbursements payable to the Partnership's registrar and transfer agent, and service providers for performing certain financial, record-keeping, reporting and general administrative services; (d) taxes and ongoing regulatory filing fees; (e) any reasonable out-of-pocket expenses incurred by the General Partner or Qwest Investment Fund Management Ltd., the Partnership's Investment Advisor and Fund Manager, or their respective agents in connection with their ongoing obligations to the Partnership; (f) expenses relating to portfolio transactions; and (g) any expenditures which may be incurred in connection with the dissolution of the Partnership or a Liquidity Alternative. Such expenses incurred shall be charged against the Partnership.

In order to provide Limited Partners with enhanced liquidity, the General Partner intends to implement a transaction to improve liquidity (a "Liquidity Alternative"). The General Partner intends to implement the Liquidity Alternative between September 30, 2017 and March 31, 2018, with the exact timing to be determined based primarily on the Investment Advisor and Fund Manager's equity market trend outlook during that time. In the event a Liquidity Alternative is not implemented by March 31, 2018, then, at the discretion of the General Partner, the Partnership may: (a) be dissolved on or about June 30, 2018, and its net assets attributable to a class distributed *pro rata* to the partners who hold Units in that Class, or (b) subject to the approval by extraordinary resolution of the Limited Partners, continue in operation with an actively managed Portfolio.

Pursuant to the LPA, the Partnership is not required to pay the General Partner a fee. The General Partner is however entitled to a performance bonus in respect of each class of Units equal to 30% of the product of: (a) the number of Units of the applicable class outstanding on the Performance Bonus Date; and (b) the amount by which the applicable Net Asset Value per Unit on the Performance Bonus Date (prior to giving effect to the Performance Bonus) plus the aggregate value of all distributions per Unit paid on the applicable class of Units during the Performance Bonus Term exceeds $10.00.

3. FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of cash and the Partnership's obligation for net assets attributable to partners approximate their fair values.

4. SALE OF UNITS

The Partnership is undertaking a private placement of Units in each of the provinces and territories of Canada, for maximum gross proceeds of up to $10,000,000 and minimum gross proceeds of $1,000,000.

5 RISKS ASSOCIATED WITH THE FINANCIAL INSTRUMENTS

The Partnership's overall risk management program seeks to maximize the returns derived for the level of risk to which the Partnership is exposed and seeks to minimize potential adverse effects on the Partnership's financial performance.

Credit risk

The Partnership is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at November 16, 2016, the credit risk is considered limited as the cash balance is held in trust with the Partnership's legal counsel.

Liquidity risk

Liquidity risk is the risk that the Partnership will encounter difficulty in meeting obligations associated with financial liabilities. The Partnership maintains sufficient cash on hand to meet its current obligations.

Capital risk management

Units issued and outstanding are considered to be the capital of the Partnership. The Partnership does not have any specific capital requirements on the subscription of units, other than certain minimum subscription requirements of 500 units. Additional subscriptions may be made in multiples of 100 units.

DATE AND CERTIFICATE

Dated November 16, 2016

This Offering Memorandum does not contain a misrepresentation.

On behalf of PROBITY MINING 2016-II SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP, by its General Partner Probity 2016-II Mining Flow Through Management Corp.

"Brent Larkan"
Brent Larkan, Director

On behalf of the General Partner, PROBITY 2016-II MINING FLOW THROUGH MANAGEMENT CORP.

"Brent Larkan"
Brent Larkan, CEO

On behalf of the board of directors of the General Partner,
PROBITY 2016-II MINING FLOW THROUGH MANAGEMENT CORP.

"Brent Larkan"
Brent Larkan, Director

"Peter Christiansen"
Peter Christiansen, Director