*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

**PROSPECTUS**

*Initial Public Offering* February 20, 2020

# Probity Mining 2020 Short Duration Flow-Through Limited Partnership

| **Probity Mining 2020 Short Duration Flow-Through Limited Partnership** | **Probity Mining 2020 Short Duration Flow-Through Limited Partnership** | **Probity Mining 2020 Short Duration Flow-Through Limited Partnership** |
|---|---|---|
| **National Class**<br>• **NC-A Units**<br>• **NC- F Units** | **British Columbia Class**<br>• **BC-A Units**<br>• **BC-F Units** | **Québec Class**<br>• **QC-A Units**<br>• **QC-F Units** |

**Maximum Offering: aggregate of $40,000,000 comprising**
**$20,000,000 for National Class Units; $10,000,000 for British Columbia Class Units; and $10,000,000 for Québec Class Units**
**(2,000,000 NC-A and/or NC-F Units; 1,000,000 BC-A and/or BC-F Units; and 1,000,000 QC-A and/or QC-F Units)**

**Minimum Offering: $1,500,000**
**(150,000 Class A and/or Class F Units).**

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**Price per Unit: $10.00**
**Minimum Purchase: $5,000 (500 Units)**
**Fractional Units will not be issued.**

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**Each Class of Limited Partnership Units is a separate non-redeemable investment fund.**

**The Partnership:** This prospectus qualifies the distribution by Probity Mining 2020 Short Duration Flow-Through Limited Partnership (the "**Partnership**"), a limited partnership formed under the laws of British Columbia, of a maximum of 2,000,000 National Class A limited partnership units (**"NC-A Units**") and National Class F limited partnership units ("**NC-F Units**") (together, the "**National Class Units**") at a price of $10.00 per National Class Unit, a maximum of 1,000,000 British Columbia Class A limited partnership units ("**BC-A Units**") and British Columbia Class F limited partnership units ("**BC-F Units**") (together, the "**British Columbia Class Units**") at a price of $10.00 per British Columbia Class Unit, and a maximum of 1,000,000 Québec Class A limited partnership units ("**QC-A Units**") and Québec Class F limited partnership units ("**QC-F Units**") (together, the "**Québec Class Units**") at a price of $10.00 per Québec Class Unit.

The National Class Units, the British Columbia Class Units, and the Québec Class Units are together referred to as the "**Units**".

The Offering is subject to a minimum subscription of 500 Units for $5,000. **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.** See "Overview of the Legal Structure of the Partnership" and "Canadian Federal Income Tax Considerations". Capitalized terms used in this prospectus are defined in the Glossary.

**The Portfolios:** Each class of Units is a separate non-redeemable investment fund for securities laws purposes and will have its own investment portfolio and investment objectives. The investment portfolio of the National Class Units (the "**National Portfolio**") is intended for investors in any of the provinces in which National Class Units are sold. The investment portfolio of the British Columbia Class Units (the "**British Columbia Portfolio**") is most suitable for investors who are resident in the Province of British Columbia or are otherwise liable to pay income tax in British Columbia. The investment portfolio of the Québec Class Units (the "**Québec Portfolio**") is most suitable for investors who are resident in the Province of Québec or are otherwise liable to pay income tax in Québec.

The National Portfolio's investment objective is to provide holders of National Class Units ("**National Class Limited Partners**") with an investment in a diversified portfolio of Flow-Through Shares of Resource Issuers engaged in the mining sector incurring Eligible

Expenditures across Canada with a view to maximizing the tax benefits of an investment in National Class Units and achieving capital appreciation and/or income for National Class Limited Partners.

The British Columbia Portfolio's investment objective is to provide holders of British Columbia Class Units ("**British Columbia Class Limited Partners**") with an investment in a diversified portfolio of Flow-Through Shares of Resource Issuers engaged in the mining sector incurring Eligible Expenditures principally in the Province of British Columbia with a view to maximizing the tax benefits of an investment in British Columbia Class Units and achieving capital appreciation and/or income for British Columbia Class Limited Partners.

The Québec Portfolio's investment objective is to provide holders of Québec Class Units ("**Québec Class Limited Partners**") with an investment in a diversified portfolio of Flow-Through Shares of Resource Issuers engaged in the mining sector incurring Eligible Expenditures principally in the Province of Québec with a view to maximizing the tax benefits of an investment in Québec Class Units and achieving capital appreciation and/or income for Québec Class Limited Partners.

The National Class Limited Partners, the British Columbia Class Limited Partners and the Québec Class Limited Partners are together referred to as the "**Limited Partners**".

Under normal market conditions, the British Columbia Portfolio is expected to invest approximately 80% of its Available Funds in Flow-Through Shares issued by Resource Issuers incurring Eligible Expenditures primarily in the Province of British Columbia. Until the British Columbia Portfolio is fully invested, all investment opportunities in the Province of British Columbia will be allocated to the British Columbia Portfolio to the extent QIFM believes it is appropriate to do so.

Under normal market conditions, the Québec Portfolio is expected to invest approximately 80% of its Available Funds in Flow-Through Shares issued by Resource Issuers incurring Eligible Expenditures primarily in the Province of Québec. Until the Québec Portfolio is fully invested, all investment opportunities in the Province of Québec will be allocated to the Québec Portfolio to the extent QIFM believes it is appropriate to do so.

All other investment opportunities will be allocated between the Portfolios based on aggregate subscriptions for each class of Units, to the extent QIFM believes it is appropriate to do so.

**Investment Strategies:** The Partnership Agreement provides that the investment strategy for the Portfolios (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.

**The General Partner:** Probity 2020 Mining Flow Through Management Corp. is the general partner of the Partnership (the "**General Partner**") and has co-ordinated the formation, organization and registration of the Partnership. The General Partner is 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 Portfolios to ensure compliance with the Investment Guidelines. The General Partner has retained the Investment Advisor and Fund Manager to provide advice on the Partnership's Portfolios. See "Organization and Management Details of the Partnership – The General Partner".

**The Investment Fund Manager:** The General Partner has retained Qwest Investment Fund Management Ltd. (the **"Investment Advisor and Fund Manager" or "QIFM"**) to provide advice on the Partnership's investment in Flow-Through Shares. The ultimate designated person ("**UDP**") of the Investment Advisor and Fund Manager is Maurice Levesque. See "Organization and Management Details of the Partnership – The Investment Advisor and Fund Manager".

**Liquidity Alternative:** The General Partner, in the General Partner's sole discretion, will implement a liquidity alternative (the "**Liquidity Alternative**") before September 30, 2021, 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. 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 the Partners upon the dissolution of the Partnership. See "Liquidity Alternative and Termination of the Partnership".

| | Price to Public | Agents' Fees[2][4] | Proceeds to the Partnership[3] |
|---|---|---|---|
| Per National Class Unit[1] | $10.00 | $0.675 | $9.325 |
| Per Québec Class Unit[1] | $10.00 | $0.675 | $9.325 |
| Per British Columbia Class Unit[1] | $10.00 | $0.675 | $9.325 |
| Maximum Offering – National Class Units | $20,000,000 | $1,350,000 | $18,650,000 |
| Maximum Offering – Québec Class Units | $10,000,000 | $675,000 | $9,325,000 |
| Maximum Offering – British Columbia Class Units | $10,000,000 | $675,000 | $9,325,000 |
| Minimum Offering – All Units[5] | $1,500,000 | $101,250 | $1,398,750 |

(1) The subscription price per Unit was determined by negotiations between the Lead Agent and the General Partner.

(2) Pursuant to an Agency Agreement among the Partnership, the General Partner, the Investment Advisor and Fund Manager and the Agents, 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.

(3) Before deducting other expenses of the Offering (including but not limited to legal, accounting and audit, travel and sales expenses).

(4) This table assumes all Units being sold under the Offering are Class A Units.

(5) The minimum Offering applies to sales of all Offered Units and there is no minimum required for each class.

The Offering is subject to a minimum subscription from each subscriber of 500 Units for $5,000.

**There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors".**

**This is a speculative offering. No market for the Units is expected to develop. 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. 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. 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. There can be no assurance that the Investment Advisor and Fund Manager will, on behalf of the Portfolios, 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 Portfolios to commit all Available Funds to purchase Flow-Through Shares by December 31, 2020. There can also 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. Furthermore, 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 prospectus. No market for the Units is expected to develop. 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. Further, there is a risk that certain investments may be difficult or impossible for the Partnership to purchase or sell at an advantageous time or price or in sufficient amounts to achieve the desired level of exposure. The Partnership may be required to dispose of other investments at unfavorable times or prices to satisfy obligations, which may result in a loss or may be costly to the Partnership. 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.**

**Given the short duration focus of the Partnership, the Investment Advisor and Fund Manager will prioritize liquidity of issuers to ensure that a Liquidity Alternative can be executed within the time frame of the Partnership. The business activities of Resource Issuers are speculative and may be adversely affected by factors outside the control of those issuers. 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. There are no assurances that any Liquidity Alternative will be implemented. In such circumstances, each Limited Partner's interest in the assets of the Partnership will be distributed upon the dissolution of the Partnership, which will occur on or before December 31, 2021, unless its operations are extended as described herein.**

**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. 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 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 Portfolios 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.**

**There are various tax-related risks that are outlined herein. No advance income tax ruling has been applied for or received with respect to the Canadian Federal Income Tax Considerations described in this prospectus 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.**

**The Partnership and the General Partner are newly established entities and have no previous operating or investment history. 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. 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 Portfolios. 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. 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. 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. Exploration and mining risks, market risks and various other risks apply to the business of Resource Issuers.**

**There are risk factors specific to the Québec Class Units and the British Columbia Class Units that are more particularly outlined herein.**

**See "Risk Factors".**

Industrial Alliance Securities Inc. (the "**Lead Agent**"), Canaccord Genuity Corp., Raymond James Ltd., Echelon Wealth Partners Inc., PI Financial Corp., Hampton Securities Limited and Laurentian Bank Securities Inc. (collectively, the "**Agents**") conditionally offer the Units for sale on a best efforts basis, if, as and when subscriptions are accepted by the General Partner on behalf of the Partnership, in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution" and subject to approval of certain legal and tax matters on behalf of the Partnership and the General Partner by Getz Prince Wells LLP and Thorsteinssons LLP, and on behalf of the Agents by Stikeman Elliott LLP.

Subscriptions will be received subject to allotment by the Agents and subject to acceptance or rejection by the General Partner on behalf of the Partnership, in whole or in part, and the right is reserved to close the Offering books at any time without notice. It is expected that the initial Closing will take place in or about February 2020. The initial Closing is conditional upon receipt of subscriptions for a minimum of 150,000 Class A Units and/or Class F Units. The Agents will hold subscription proceeds received from Subscribers prior to the initial Closing and any subsequent Closing. The initial Closing is subject to receipt of subscriptions for the minimum number of Units and other closing conditions of the Offering. If the minimum Offering is not subscribed for by the date that is 90 days from the date of the final prospectus or any amendment thereto, subscription proceeds received will be returned, without interest or deduction, to the Subscribers. If less than the maximum number of Units are subscribed for at the initial Closing Date, subsequent Closings may be held on or before the date that is 90 days from the date of the final prospectus or any amendment thereto. Registrations of interests in the Units will be made only through the book-based system administered by CDS Clearing and Depository Services Inc. ("**CDS**"). Non-certificated interests representing the Units will be recorded in the name of CDS or its nominee on the register of the Partnership maintained by Computershare Investor Services Inc. on the date of each Closing. No certificates representing the Units will be issued. A Subscriber who purchases Units will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Units are purchased.

The federal tax shelter identification number in respect of the Partnership is TS089466. The Québec tax shelter identification number in respect of the Partnership is QAF-20-01840. The identification number issued for this tax shelter must be included in any income tax return filed by the investor. Issuance of the identification number is for administrative purposes only and does not in any way confirm the entitlement of the investor to claim any tax benefits associated with the tax shelter. Le numéro d'identification attribué à cet abri fiscal doit figurer dans toute déclaration d'impôt sur le revenu produite par l'investisseur. L'attribution de ce numéro n'est qu'une formalité administrative et ne confirme aucunement le droit de l'investisseur aux avantages fiscaux découlant de cet abri fiscal.

## TABLE OF CONTENTS

## SCHEDULE OF EVENTS

| Approximate Date | Event |
|---|---|
| In or about February, 2020 ..... | Initial Closing – Subscribers purchase Units and pay the full purchase price of $10.00 per Unit. Subsequent closings may be held, if appropriate. |
| March 2021 ..... | Limited Partners receive 2020 T5013 federal tax receipt. |
| On or prior to September 30, 2021 ..... | General Partner intends to implement a Liquidity Alternative. |

## FORWARD LOOKING STATEMENTS

Certain statements in this prospectus as they relate to the Partnership, General Partner and Investment Advisor and Fund Manager are "forward-looking statements". Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "does not expect", "is expected", "anticipates", "does not anticipate", "plans", "estimates", "believes", "does not believe" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved), including, but not limited to, the Partnership's expected portfolio mix and composition, its ability to invest all Available Funds in Flow-Through Shares of Resource Issuers by December 31, 2020, its ability to complete a Liquidity Alternative as contemplated by September 30, 2021, and its expectations with respect to the resource sectors as set out under "Overview of the Sectors that the Partnership Invests In", are not statements of historical fact and may be "forward-looking statements". Forward-looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. These include, but are not limited to, the risks of the business of the Partnership, changes in the global economy, general economic and business conditions, existing governmental regulations, changes to tax legislation, supply, demand and other market factors specific to the resource sector and to the securities of Resource Issuers, including those set out under "Risk Factors". See "Risk Factors". Accordingly, investors are cautioned against placing undue reliance on these forward-looking statements. None of the Partnership, the General Partner, QIFM or the Agents undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by applicable laws.

## PROSPECTUS SUMMARY

*The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Certain capitalized terms used but not defined in this summary are defined on the face page of this prospectus or in the Glossary which immediately follows this summary.*

| | |
|---|---|
| **Issuer:** | Probity Mining 2020 Short Duration Flow-Through Limited Partnership, a limited partnership formed under the laws of British Columbia pursuant to the Partnership Agreement. See "Organization and Management of the Partnership" and "Overview of the Legal Structure of the Partnership". |
| **Securities Offered:** | National Class limited partnership units ("**National Class Units**"), British Columbia Class limited partnership units (**"British Columbia Class Units**") and Québec Class limited partnership units ("**Québec Class Units**" and, together with the National Class Units and the British Columbia Class Units, the "**Units**"). See "Illustration of Potential Tax Consequences", "Investment Objectives" and "Attributes of the Units". |
| **Portfolios:** | Each Class of Units is a separate non-redeemable investment fund for securities laws purposes and will have its own investment portfolio and investment objectives. See "Investment Objectives". |
| **National Portfolio:** | The investment portfolio comprising the National Class Units (the "**National Portfolio**") is intended for investors in any of the provinces and territories in which National Class Units are sold. |
| **British Columbia Portfolio:** | The investment portfolio comprising the British Columbia Class Units (the "**British Columbia Portfolio**") is most suitable for investors who are resident in the Province of British Columbia or are otherwise liable to pay income tax in British Columbia. |
| **Québec Portfolio:** | The investment portfolio comprising the Québec Class Units (the "**Québec Portfolio**") is most suitable for investors who are resident in the Province of Québec or are otherwise liable to pay income tax in Québec. |
| **Offering Size:** | Maximum Offering: aggregate of $40,000,000, comprising of $20,000,000 for National Class Units; $10,000,000 for British Columbia Class Units; and $10,000,000 for Québec Class Units (2,000,000 NC-A and/or NC-F Units; 1,000,000 BC-A and/or BC-F Units; and 1,000,000 QC-A and/or QC-F Units).<br><br>Minimum Offering: $1,500,000 (150,000 Class A and/or Class F Units).<br><br>See "Purchases of Securities" and "Plan of Distribution". |
| **Price per Unit:** | $10.00 per Unit. |
| **Minimum Subscription:** | 500 Units ($5,000). |
| **Investment Objectives – National Portfolio:** | The National Portfolio's investment objective is to provide holders of National Class Units ("**National Class Limited Partners**") with a tax-assisted investment in a diversified portfolio of Flow-Through Shares of Resource Issuers engaged in the mining sector incurring Eligible Expenditures across Canada with a view to maximizing the tax benefits of an investment in National Class Units and achieving capital appreciation and/or income for National Class Limited Partners. |

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|---|---|
| **Investment Objectives – British Columbia Portfolio:** | The British Columbia Portfolio's investment objective is to provide holders of British Columbia Class Units ("**British Columbia Class Limited Partners**") with a tax-assisted investment in a diversified portfolio of Flow-Through Shares of Resource Issuers engaged in the mining sector incurring Eligible Expenditures principally in the Province of British Columbia with a view to maximizing the tax benefits of an investment in British Columbia Class Units and achieving capital appreciation and/or income for British Columbia Class Limited Partners. |
| **Investment Objectives – Québec Portfolio:** | The Québec Portfolio's investment objective is to provide holders of Québec Class Units ("**Québec Class Limited Partners**") with a tax-assisted investment in a diversified portfolio of Flow-Through Shares of Resource Issuers engaged in the mining sector incurring Eligible Expenditures principally in the Province of Québec with a view to maximizing the tax benefits of an investment in Québec Class Units and achieving capital appreciation and/or income for Québec Class Limited Partners. |
| **Investment Strategy and Guidelines:** | **Up to 20% of the Partnership's net assets may be invested in one Resource Issuer.**<br><br>The Partnership Agreement provides that the investment strategy for the Portfolios (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.<br><br>See "Investment Strategy", "Overview of the Sectors that the Partnership Invests In" and "Investment Guidelines and Restrictions". |
| **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 before September 30, 2021, with the exact timing to be determined based primarily on the Investment Advisor and Fund Manager's equity market trend outlook during that time.<br><br>The General Partner intends the Liquidity Alternative will be the sale of the Partnership's assets for cash, whereupon the proceeds shall be distributed to the Partners upon the dissolution of the Partnership. There can be no assurance that any such Liquidity Alternative will be implemented.<br><br>See "Liquidity Alternative and Termination of the Partnership". |
| **Use of Proceeds:** | **This Offering is a blind pool offering.** The Gross Proceeds of the Offering will be $40,000,000 if the maximum Offering is completed, and $1,500,000 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.<br><br>Of the Gross Proceeds, $155,000 (in the case of the maximum Offering) or $130,000 (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 for a period of 10 months from the initial Closing Date.<br><br>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: | $40,000,000 | $1,500,000 |
| Agents' Fee[1][2] | 2,700,000 | 101,250 |
| Offering expenses[2] | 300,000 | 285,000 |
| Payment to sellers and finders[2][3] | 400,000 | 15,000 |
| Operating Reserve[4] | 155,000 | 130,000 |
| Available Funds: | $36,545,000 | $968,750 |

(1) Assumes only Class A Units are sold. If only Class F Units were sold, the Available Funds would be $38,245,000 in the case of the maximum Offering and $1,032,500 in the case of the minimum Offering.

(2) The Agents' 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 Class A and/or Class F 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, $155,000 (in the case of the maximum Offering) or $130,000 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 for a period of 10 months from the initial Closing Date.

See "Use of Proceeds".

**Allocations:** 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 to the Limited Partners of record holding Offered Units at the end of that Fiscal Year; and (b) will make such filings in respect of such allocations as are required by the Tax Act. See "Canadian Federal Income Tax Considerations".

**Purchases of Securities:** A Subscriber must purchase at least 500 Units and pay $10.00 per Unit subscribed for at Closing. Payment of the purchase price may be made either by direct debit from the Subscriber's brokerage account or by cheque or bank draft made payable to an Agent or a registered dealer or broker who is a member of the selling group. Prior to each Closing, all certified cheques and bank drafts will be held by the Agents or selling group members. 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. See "Purchases of Securities".

**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. Such distributions will be made in the following manner:

(a) firstly, to holders of Class A Units and Class F Units pro rata in accordance with the Capital Accounts (as defined in the Partnership Agreement) of the holders of Class A Units and Class F Units up to an aggregate cumulative maximum (including prior distributions) not exceeding the Gross Proceeds;

(b) secondly, to the holders of Class A Units, Class F Units, and Class P Units pro rata in accordance with the Capital Accounts of the holders of the Class A Units, Class F Units, and Class P Units (as determined after the distribution of cash pursuant to paragraph (a) above).

See "Distribution Policy".

| | |
|---|---|
| **Risk Factors:** | This is a speculative Offering. There is no market through which the Units may be sold and Subscribers may not be able to resell securities purchased under this prospectus. No market for the Units is expected to develop. The purchase of Units involves a number of significant risk factors and is suitable only for investors who are aware of the inherent risks in mineral exploration and development, who are willing and able to risk a loss of some or all of their investment, and who have no immediate need for liquidity. There is no assurance of a positive return or any return on an investment in Units. The tax benefits resulting from an investment in Units are greatest for a purchaser whose income is subject to the highest marginal income tax rate.<br><br>This Offering is a blind pool offering. As at the date of this prospectus, the Partnership has not entered into any Investment Agreements to acquire Flow-Through Shares or other securities of Resource Issuers or selected any Resource Issuers in which to invest. See "Risk Factors". |
| **Canadian Federal Income Tax Considerations:** | Each Subscriber should seek independent advice as to the federal, provincial and territorial tax consequences of an investment in Units, including the consequences of any borrowing to finance an acquisition of Units.<br><br>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 "Canadian Federal income Tax Considerations – Taxation of Limited Partners − Limitations on Deductibility of Expenses or Losses of the 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.<br><br>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 under heading "Canadian Federal Income Tax Considerations – Taxation of Limited Partners – Canadian Exploration Expense".<br><br>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 Offered 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.<br><br>See "Canadian Federal Income Tax Considerations" and "Risk Factors" before purchasing Units. |
| **Québec Income Tax Considerations:** | The following summary of Québec income tax considerations applies to Québec Class Limited Partners only.<br><br>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 Class 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 Class 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 Class Limited Partner, other than CEE incurred in Québec, may be included in the Québec Class Limited Partner's income for Québec tax purposes if such Québec Class 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 current Québec alternative tax rate is 15%. Prospective purchasers of Offered Units are urged to consult their tax advisors to determine the impact of the alternative minimum tax.

See "Canadian Federal Income Tax Considerations – Taxation of Limited Partners – Certain Québec Tax Considerations".

**British Columbia Income Tax Considerations:**

The following summary of British Columbia income tax considerations applies to British Columbia Class Limited Partners only.

The *Income Tax Act (British Columbia)* provides a non-refundable BC mining flow-through share tax credit to an individual equal to 20% of the individual's aggregate "BC flow-through mining expenditure" for the year. Generally, and for summary purposes, "BC flow-through mining expenditure" is defined in the *Income Tax Act (British Columbia)* as certain Canadian Exploration Expenses renounced (or allocated by a partnership, to which the expenses were renounced to,) to the individual that were in respect of mining exploration activity all or substantially all of which is conducted in British Columbia for the purpose of determining the existence, location, extent or quality of a mineral resource in British Columbia.

See "Canadian Federal Income Tax Considerations – Taxation of Limited Partners – British Columbia Income Tax Considerations".

**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. See "Organization and Management Details of the Partnership – Conflicts of Interest".

**Eligibility for Investment:**

In the opinion of Thorsteinssons LLP, tax counsel to the Partnership and the General Partner, and Stikeman Elliott LLP, counsel to the Agents, the Units are not "qualified investments" for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans or tax-free savings accounts for purposes of the Tax Act and, to avoid adverse consequences under the Tax Act, the Units should not be purchased by or held in such plans or accounts. See "Canadian Federal Income Tax Considerations – Taxation of Registered Plans".

**Financial Information:**

As of the date of this prospectus, the statement of financial position of the Partnership shows that the total assets of the Partnership are comprised of $30 in cash. Total net assets attributable to partners is $30.

## ORGANIZATION AND MANAGEMENT OF THE PARTNERSHIP

| Management of the Partnership | Services Provided to the Partnership | Municipality of Residence |
|---|---|---|
| **General Partner:** | Probity 2020 Mining Flow Through Management Corp. is the General Partner of the Partnership. The General Partner has co-ordinated the formation, organization and registration of the Partnership and will be responsible for retaining competent advisors 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 Portfolios of the Partnership to ensure compliance with the Investment Guidelines. | The General Partner is located in North York, Ontario. |
| **Investment Advisor and Fund Manager:** | QIFM has been retained by the General Partner as Investment Advisor and Fund Manager to provide investment advisory services to the Partnership pursuant to the Investment Advisor and Fund Manager Agreement. | QIFM is located in Vancouver, British Columbia. |
| **Registrar and Transfer Agent:** | Computershare Investor Services Inc. has been appointed as the registrar and transfer agent for Units of the Partnership. | The Registrar and Transfer Agent is located in Calgary, Alberta. |
| **Custodian:** | RBC Investor Services Trust is the custodian of the assets of each Portfolio and will hold separately the assets of each such Portfolio. | The Custodian is located in Toronto, Ontario. |
| **Auditor:** | KPMG LLP is the auditor of the Partnership and have confirmed with respect to the Partnership that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations. | The Auditor is located in Vancouver, British Columbia. |
| **Promoters:** | The General Partner and Probity Capital Corporation, the parent of the General Partner, took the initiative in establishing the Partnership, and therefore may be considered the promoters of the Partnership under applicable securities laws. | The Promoters are located in North York, Ontario. |

## AGENTS

Industrial Alliance Securities Inc., Canaccord Genuity Corp., Raymond James Ltd., Echelon Wealth Partners Inc., PI Financial Corp., Hampton Securities Limited and Laurentian Bank Securities Inc. (collectively, the "**Agents**") conditionally offer the Units for sale on a best efforts basis, if, as and when subscriptions are accepted by the General Partner on behalf of the Partnership, in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution" and subject to approval of certain legal and tax matters on behalf of the Partnership and the General Partner by Getz Prince Wells LLP and Thorsteinssons LLP, and on behalf of the Agents by Stikeman Elliott LLP.

See "Plan of Distribution".

## SUMMARY OF FEES AND EXPENSES

This table lists the fees and expenses payable by the Partnership which will therefore reduce the value of your investment in Units. No fees or expenses will be payable directly by you. For more particulars, see "Fees and Expenses".

| Type of Fee / Expense | Amount and Description |
|---|---|
| **Fees Payable to the Agents for Selling the Units:** | $0.675 (6.75%) per Class A Unit and $0.25 (2.50%) per Class F Unit |
| **Expenses of the Offering:** | The expenses of the Offering (including the costs of creating and organizing the Partnership, the costs of printing and preparing this prospectus, legal expenses, marketing expenses and other reasonable out-of-pocket expenses incurred by the Agents and other incidental expenses), which are estimated to be $300,000 in the case of the maximum Offering and $285,000 in the case of the minimum Offering, will be paid out of the Gross Proceeds by the Partnership. Offering expenses will be allocated between the Portfolios based on aggregate subscriptions for each class of Units. |
| **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. |
| **General Partner's Administration Fee:** | $200 per month, plus applicable taxes. |
| **General Partner's Management Fee:** | There is no management fee. |
| **Servicing Fee:** | There is no servicing fee. |
| **Distribution from Class P Units:** | The Class P Units will be entitled to an allocation of income of 30% of the balance of cumulative Ordinary Income (as defined in the Partnership Agreement) that exceeds the amount equal to the Gross Proceeds (as defined in the Partnership Agreement). On the dissolution of the Partnership, the General Partner will be entitled to receive a distribution of an undivided interest in the property of the Partnership in proportion to the Capital Account of the Class P Units. |
| **Operating and Administrative 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.<br><br>The General Partner estimates that ongoing expenses will be approximately $186,000 per year for the Partnership (assuming an aggregate size of the Offering of approximately $40,000,000). |

## GLOSSARY

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

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

"**Administrative Services Agreement"** means the administrative services agreement dated November 21, 2019, between the General Partner and Heritage Bancorp Ltd.

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

**"Agency Agreement"** means the agreement dated as of February 20, 2020, 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., Canaccord Genuity Corp., Raymond James Ltd., Echelon Wealth Partners Inc., PI Financial Corp., Hampton Securities Limited and Laurentian Bank 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: (a) in respect of the Partnership, all funds available after deducting from the total proceeds of the issue of Offered Units under this prospectus Agents' Fees, other Offering expenses and the Operating Reserve; and (b) in respect of a Portfolio, that proportion of Available Funds of the Partnership that reflects subscriptions for Offered Units representing the relevant Portfolio.

**"British Columbia Class Limited Partner"** means a Limited Partner holding British Columba Class Units that is resident in or subject to tax in British Columbia and that is a Limited Partner at the end of a Fiscal Year of the Partnership.

**"British Columbia Portfolio"** means the Partnership's portfolio of investments derived from the gross proceeds of the sale of BC-A Units and BC-F Units.

**"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.

**"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, collectively, the class of units of the Partnership designated as the "Class A Units".

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

**"Class P Unit"** means the class of units of the Partnership designated as the "Class P 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 in or about February, 2020, 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 date of the final prospectus.

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

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**"Custodian"** means RBC Investor Services Trust, which has been 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, with respect to each Portfolio, 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 Alberta, British Columbia, Nova Scotia, Ontario, Québec and Saskatchewan.

**"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.

**"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 2020 Mining Flow Through Management Corp.

**"GP Administration Fee"** means the administration fee of $200 per month, plus applicable taxes, payable by the Partnership to the General Partner.

**"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, unlisted Warrants, which expire on or before December 31, 2022, 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 Portfolios, 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, the initial investment advisor and fund manager being QIFM.

**"Investment Advisor and Fund Manager Agreement**" means the agreement dated November 21, 2019, between 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, so that the Partnership and the Portfolios comply with the Investment Strategy, the Investment Guidelines and securities legislation in each of the Provinces and Territories of Canada in which Units of the Partnership are sold to investors.

**"Investment Agreements" or "Flow-Through Agreements**" means written agreements pursuant to which the Partnership will subscribe 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 in respect of Flow-Through Shares comprised of units, the Resource Issuer will covenant and agree:

(a) 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 Shares comprised in such units; and

(b) 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, 2020, CEE.

**"Investment Guidelines"** means the Partnership's investment policies and restrictions contained in the Partnership Agreement. See "Investment Guidelines and Restrictions".

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

**"IRC"** means the Independent Review Committee of QIFM**.**

**"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, at any particular time, any party to the Partnership Agreement who is bound by the Partnership Agreement as a limited partner of the Partnership and is shown on the Register as a limited partner.

**"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 10 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 "Canadian Federal Income Tax Considerations".

**"Liquidity Alternative"** means a transaction implemented by the General Partner, in the General Partner's sole discretion, before September 30, 2021, 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. 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 the Partners upon the dissolution of the Partnership.

**"National Class Limited Partner"** means a Limited Partner holding National Class Units that is resident in or subject to tax in Canada and that is a Limited Partner at the end of a Fiscal Year of the Partnership.

**"National Portfolio"** means the Partnership's portfolio of investments derived from the gross proceeds for the sale of the NC-A Units and NC-F Units.

**"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 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, it being assumed that the NAV for each of the NC-A, BC-A, QC-A, NC-F, BC-F and QC-F Units will be different based on the portfolio allocations.

**"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.

**"Offered Units"** means the Class A Units and the Class F Units.

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

**"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 of each of the Portfolios on a pro-rated basis and will not form part of the Available Funds for investment in Flow-Through Shares for the Portfolios.

**"Ordinary Income" (or "Ordinary Loss")** means the income (or loss) of the Partnership including capital gains (or capital losses) and taxable dividends received by the Partnership.

**"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.

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

**"Partnership"** means Probity Mining 2020 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 21, 2019, among 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.

**"PCC"** means Probity Capital Corporation, the parent of the General Partner.

**"Person"** means an individual, sole proprietorship, corporation, body corporate, partnership, joint venture, association, trust or unincorporated organization or any natural person in his capacity as trustee, executor, administrator or other legal representative;

**"Portfolios"** means the Partnership's portfolios of investments, including, collectively, the National Portfolio, the British Columbia Portfolio and the Québec Portfolio.

**"Promoters"** means the General Partner and PCC.

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

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

**"Québec Class Limited Partner"** means a Limited Partner holding Québec Class Units 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.

**"Québec Class Units"** means the QC-A Units and QC-F Units.

**"Québec Portfolio"** means the Partnership's portfolio of investments derived from the gross proceeds of the sale of the Québec Class Units.

**"Register"** means the register of Limited Partners required to be maintained by the Partnership at the Partnership's registered office pursuant to Subsection 54(2) of the *Partnership Act* (British Columbia).

**"Registrar and Transfer Agent"** means, as applicable, the registrar and transfer agent of the Partnership to be 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 Entities"** means any company or limited partnership in respect of which the General Partner, PCC 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 to incur Eligible Expenditures on at least one property in Canada.

**"Subscriber"** means a Person who subscribes for Units.

"**Subscription Agreement**" means the subscription agreement formed by the acceptance by the General Partner (on behalf of the Partnership) of a Subscriber's offer to purchase Units (made through a registered dealer), whether in whole or in part, on the terms and conditions set out in this prospectus and 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 the date, after March 31, 2021, that falls on the earliest of:

(a) December 31, 2021, unless the Partnership is extended pursuant to the Partnership Agreement;

(b) the date upon which the Partnership disposes of all its assets; and

(c) a date determined and approved by the General Partner and authorized by an Extraordinary Resolution unless the Partnership is dissolved on a different date in accordance with the Partnership Agreement. Upon dissolution, the General Partner shall deal with the assets of the Partnership as described in the Partnership Agreement.

**"UDP"** means the ultimate designated person of the Investment Advisor and Fund Manager who is Maurice Levesque.

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

**"Valuation Date"** means 4:00 p.m. (Eastern Time) on the final Business Day of each week.

**"Warrant"** means a warrant 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.

## 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 Canadian federal income tax considerations 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 (1,000 Units) in NC-A Units, BC-A Units and QC-A Units and who continue to hold their Units in the Partnership as of December 31, 2020, 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 herein. 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 illustrations. Please note that some columns may not sum due to rounding. The 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 – National Class

**Probity Mining 2020 Short Duration Flow Through Limited Partnership**
**Offering Size: $1,500,000**
**Tax Advantages per $10,000 Investment**

| | CEE | Other Deductions | Total Deductions |
|---|---|---|---|
| **Investment tax credit (100% eligible for 15% Federal credit)** | $ 969 | | |
| 2020 | $ 6,458 | $ 1,313 | $ 7,771 |
| 2021 and beyond | $ - | $ 3,009 | $ 3,009 |
| ITC income inclusion 2020 | | $ (969) | $ (969) |
| **Net tax deductions (income)** | $ 6,458 | $ 3,353 | $ 9,811 |

| | AB | BC | MB | NB | NS | NL | NWT | ON | PEI | QC | SK |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Highest Marginal Tax Rate** | | | | | | | | | | | |
| 2020 | 48.00% | 53.50% | 50.40% | 53.30% | 54.00% | 51.30% | 47.05% | 53.53% | 51.37% | 53.31% | 47.50% |
| 2021 and beyond | 48.00% | 53.50% | 50.40% | 53.30% | 54.00% | 51.30% | 47.05% | 53.53% | 51.37% | 53.31% | 47.50% |
| 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 | $ (4,709) | $ (5,248) | $ (4,944) | $ (5,229) | $ (5,298) | $ (5,033) | $ (4,616) | $ (5,252) | $ (5,040) | $ (5,479) | $ (4,660) |
| ITC | $ (969) | $ (969) | $ (969) | $ (969) | $ (969) | $ (969) | $ (969) | $ (969) | $ (969) | $ (969) | $ (969) |
| Add: | | | | | | | | | | | |
| Tax on Capital Gain | $ 187 | $ 209 | $ 197 | $ 208 | $ 211 | $ 200 | $ 183 | $ 209 | $ 200 | $ 208 | $ 185 |
| **Money at Risk** | $ 4,509 | $ 3,992 | $ 4,284 | $ 4,010 | $ 3,944 | $ 4,198 | $ 4,598 | $ 3,988 | $ 4,191 | $ 3,760 | $ 4,556 |
| **Breakeven Proceeds of Disposition** | $ 5,933 | $ 5,450 | $ 5,727 | $ 5,467 | $ 5,403 | $ 5,646 | $ 6,012 | $ 5,445 | $ 5,640 | $ 5,126 | $ 5,975 |
| Less: capital gains tax on sale | $ (1,424) | $ (1,458) | $ (1,443) | $ (1,457) | $ (1,459) | $ (1,448) | $ (1,414) | $ (1,457) | $ (1,449) | $ (1,366) | $ (1,419) |
| After-tax Proceeds of Disposition/After Tax Purchase Cost | $ 4,509 | $ 3,992 | $ 4,284 | $ 4,010 | $ 3,944 | $ 4,198 | $ 4,598 | $ 3,988 | $ 4,191 | $ 3,760 | $ 4,556 |
| Effective earned income written off at current tax rate | $ 11,829 | $ 11,621 | $ 11,732 | $ 11,629 | $ 11,606 | $ 11,700 | $ 11,870 | $ 11,622 | $ 11,697 | $ 12,096 | $ 11,851 |
| Effective earned income written off percentage | 118% | 116% | 117% | 116% | 116% | 117% | 119% | 116% | 117% | 121% | 119% |

**Probity Mining 2020 Short Duration Flow Through Limited Partnership**
**Offering Size: $1,500,000**
**Tax Advantages per $10,000 Investment**

| | CEE | Other Deductions | Total Deductions |
|---|---|---|---|
| **Investment tax credit (50% eligible for 15% Federal credit)** | $ 484 | | |
| 2020 | $ 6,458 | $ 1,313 | $ 7,771 |
| 2021 and beyond | $ - | $ 3,009 | $ 3,009 |
| ITC income inclusion 2020 | | $ (484) | $ (484) |
| **Net tax deductions (income)** | $ 6,458 | $ 3,838 | $ 10,296 |

| | AB | BC | MB | NB | NS | NL | NWT | ON | PEI | QC | SK |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Highest Marginal Tax Rate** | | | | | | | | | | | |
| 2020 | 48.00% | 53.50% | 50.40% | 53.30% | 54.00% | 51.30% | 47.05% | 53.53% | 51.37% | 53.31% | 47.50% |
| 2021 and beyond | 48.00% | 53.50% | 50.40% | 53.30% | 54.00% | 51.30% | 47.05% | 53.53% | 51.37% | 53.31% | 47.50% |
| 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 | $ (4,942) | $ (5,508) | $ (5,189) | $ (5,488) | $ (5,560) | $ (5,281) | $ (4,844) | $ (5,512) | $ (5,289) | $ (5,613) | $ (4,890) |
| ITC | $ (484) | $ (484) | $ (484) | $ (484) | $ (484) | $ (484) | $ (484) | $ (484) | $ (484) | $ (484) | $ (484) |
| Add: | | | | | | | | | | | |
| Tax on Capital Gain | $ 187 | $ 209 | $ 197 | $ 208 | $ 211 | $ 200 | $ 183 | $ 209 | $ 200 | $ 208 | $ 185 |
| **Money at Risk** | $ 4,761 | $ 4,217 | $ 4,524 | $ 4,236 | $ 4,167 | $ 4,435 | $ 4,855 | $ 4,213 | $ 4,427 | $ 4,111 | $ 4,811 |
| **Breakeven Proceeds of Disposition** | $ 6,264 | $ 5,757 | $ 6,048 | $ 5,775 | $ 5,708 | $ 5,965 | $ 6,348 | $ 5,753 | $ 5,957 | $ 5,605 | $ 6,310 |
| Less: capital gains tax on sale | $ (1,503) | $ (1,540) | $ (1,524) | $ (1,539) | $ (1,541) | $ (1,530) | $ (1,493) | $ (1,540) | $ (1,530) | $ (1,494) | $ (1,499) |
| After-tax Proceeds of Disposition/After Tax Purchase Cost | $ 4,761 | $ 4,217 | $ 4,524 | $ 4,236 | $ 4,167 | $ 4,435 | $ 4,855 | $ 4,213 | $ 4,427 | $ 4,111 | $ 4,811 |
| Effective earned income written off at current tax rate | $ 11,304 | $ 11,200 | $ 11,256 | $ 11,205 | $ 11,193 | $ 11,238 | $ 11,324 | $ 11,201 | $ 11,238 | $ 11,438 | $ 11,314 |
| Effective earned income written off percentage | 113% | 112% | 113% | 112% | 112% | 112% | 113% | 112% | 112% | 114% | 113% |

# Table 2 - Maximum Offering – National Class

**Probity Mining 2020 Short Duration Flow Through Limited Partnership**
**Offering Size: $20,000,000**
**Tax Advantages per $10,000 Investment**

| | CEE | Other Deductions | Total Deductions |
|---|---|---|---|
| **Investment tax credit (100% eligible for 15% Federal credit)** | $ 1,367 | | |
| 2020 | $ 9,111 | $ 180 | $ 9,291 |
| 2021 and beyond | $ - | $ 743 | $ 743 |
| ITC income inclusion 2020 | | $ (1,367) | $ (1,367) |
| **Net tax deductions (income)** | $ 9,111 | $ (443) | $ 8,668 |

| | AB | BC | MB | NB | NS | NL | NWT | ON | PEI | QC | SK |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Highest Marginal Tax Rate** | | | | | | | | | | | |
| 2020 | 48.00% | 53.50% | 50.40% | 53.30% | 54.00% | 51.30% | 47.05% | 53.53% | 51.37% | 53.31% | 47.50% |
| 2021 and beyond | 48.00% | 53.50% | 50.40% | 53.30% | 54.00% | 51.30% | 47.05% | 53.53% | 51.37% | 53.31% | 47.50% |
| 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 | $ (4,161) | $ (4,637) | $ (4,369) | $ (4,620) | $ (4,680) | $ (4,446) | $ (4,079) | $ (4,640) | $ (4,453) | $ (4,972) | $ (4,117) |
| ITC | $ (1,367) | $ (1,367) | $ (1,367) | $ (1,367) | $ (1,367) | $ (1,367) | $ (1,367) | $ (1,367) | $ (1,367) | $ (1,367) | $ (1,367) |
| Add: | | | | | | | | | | | |
| Tax on Capital Gain | $ 8 | $ 9 | $ 9 | $ 9 | $ 9 | $ 9 | $ 8 | $ 9 | $ 9 | $ 9 | $ 8 |
| **Money at Risk** | $ 4,480 | $ 4,005 | $ 4,273 | $ 4,022 | $ 3,962 | $ 4,196 | $ 4,562 | $ 4,002 | $ 4,189 | $ 3,670 | $ 4,524 |
| **Breakeven Proceeds of Disposition** | $ 5,895 | $ 5,468 | $ 5,713 | $ 5,483 | $ 5,427 | $ 5,644 | $ 5,965 | $ 5,465 | $ 5,637 | $ 5,004 | $ 5,933 |
| Less: capital gains tax on sale | $ (1,415) | $ (1,463) | $ (1,440) | $ (1,461) | $ (1,465) | $ (1,448) | $ (1,403) | $ (1,463) | $ (1,448) | $ (1,334) | $ (1,409) |
| After-tax Proceeds of Disposition/After Tax Purchase Cost | $ 4,480 | $ 4,005 | $ 4,273 | $ 4,022 | $ 3,962 | $ 4,196 | $ 4,562 | $ 4,002 | $ 4,189 | $ 3,670 | $ 4,524 |
| Effective earned income written off at current tax rate | $ 11,517 | $ 11,222 | $ 11,381 | $ 11,233 | $ 11,198 | $ 11,331 | $ 11,575 | $ 11,222 | $ 11,330 | $ 11,892 | $ 11,545 |
| Effective earned income written off percentage | 115% | 112% | 114% | 112% | 112% | 113% | 116% | 112% | 113% | 119% | 115% |

**Probity Mining 2020 Short Duration Flow Through Limited Partnership**
**Offering Size: $20,000,000**
**Tax Advantages per $10,000 Investment**

| | CEE | Other Deductions | Total Deductions |
|---|---|---|---|
| **Investment tax credit (50% eligible for 15% Federal credit)** | $ 683 | | |
| 2020 | $ 9,111 | $ 180 | $ 9,291 |
| 2021 and beyond | $ - | $ 743 | $ 743 |
| ITC income inclusion 2020 | | $ (683) | $ (683) |
| **Net tax deductions (income)** | $ 9,111 | $ 241 | $ 9,352 |

| | AB | BC | MB | NB | NS | NL | NWT | ON | PEI | QC | SK |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Highest Marginal Tax Rate** | | | | | | | | | | | |
| 2020 | 48.00% | 53.50% | 50.40% | 53.30% | 54.00% | 51.30% | 47.05% | 53.53% | 51.37% | 53.31% | 47.50% |
| 2021 and beyond | 48.00% | 53.50% | 50.40% | 53.30% | 54.00% | 51.30% | 47.05% | 53.53% | 51.37% | 53.31% | 47.50% |
| 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 | $ (4,489) | $ (5,003) | $ (4,713) | $ (4,984) | $ (5,050) | $ (4,797) | $ (4,400) | $ (5,006) | $ (4,804) | $ (5,161) | $ (4,442) |
| ITC | $ (683) | $ (683) | $ (683) | $ (683) | $ (683) | $ (683) | $ (683) | $ (683) | $ (683) | $ (683) | $ (683) |
| Add: | | | | | | | | | | | |
| Tax on Capital Gain | $ 8 | $ 9 | $ 9 | $ 9 | $ 9 | $ 9 | $ 8 | $ 9 | $ 9 | $ 9 | $ 8 |
| **Money at Risk** | $ 4,836 | $ 4,323 | $ 4,613 | $ 4,342 | $ 4,276 | $ 4,529 | $ 4,925 | $ 4,320 | $ 4,522 | $ 4,165 | $ 4,883 |
| **Breakeven Proceeds of Disposition** | $ 6,363 | $ 5,902 | $ 6,167 | $ 5,920 | $ 5,858 | $ 6,091 | $ 6,440 | $ 5,899 | $ 6,085 | $ 5,678 | $ 6,404 |
| Less: capital gains tax on sale | $ (1,527) | $ (1,579) | $ (1,554) | $ (1,578) | $ (1,582) | $ (1,562) | $ (1,515) | $ (1,579) | $ (1,563) | $ (1,513) | $ (1,521) |
| After-tax Proceeds of Disposition/After Tax Purchase Cost | $ 4,836 | $ 4,323 | $ 4,613 | $ 4,342 | $ 4,276 | $ 4,529 | $ 4,925 | $ 4,320 | $ 4,522 | $ 4,165 | $ 4,883 |
| Effective earned income written off at current tax rate | $ 10,775 | $ 10,628 | $ 10,706 | $ 10,632 | $ 10,617 | $ 10,682 | $ 10,803 | $ 10,628 | $ 10,681 | $ 10,963 | $ 10,789 |
| Effective earned income written off percentage | 108% | 106% | 107% | 106% | 106% | 107% | 108% | 106% | 107% | 110% | 108% |

## Table 3 - Minimum Offering – British Columbia Class

**Probity Mining 2020 Short Duration Flow Through Limited Partnership**
**Offering Size: $1,500,000**
**Tax Advantages per $10,000 Investment**

| | CEE | Other Deductions | Total Deductions |
|---|---|---|---|
| **Investment tax credit (100% eligible for 15% Federal credit)** | $ 775 | | |
| **Investment tax credit (100% eligible for 20% BC credit)** | $ 1,292 | | |
| 2020 | $ 6,458 | $ 1,313 | $ 7,771 |
| 2021 and beyond | $ - | $ 3,009 | $ 3,009 |
| ITC income inclusion 2020 - Federal | | $ (775) | $ (775) |
| ITC income inclusion 2020 - BC | | $ (1,292) | $ (1,292) |
| **Net tax deductions (income)** | $ 6,458 | $ 2,255 | $ 8,713 |

| | BC |
|---|---|
| **Highest Marginal Tax Rate** | |
| 2020 | 53.50% |
| 2021 and beyond | 53.50% |
| Investment | $ 10,000 |
| Less: | |
| Tax Savings from Net Deductions | $ (4,661) |
| ITC - Federal | $ (775) |
| ITC - BC | $ (1,292) |
| Add: | |
| Tax on Capital Gain | $ 209 |
| **Money at Risk** | $ 3,481 |
| **Breakeven Proceeds of Disposition** | $ 4,752 |
| Less: capital gains tax on sale | $ (1,271) |
| After-tax Proceeds of Disposition/After Tax Purchase Cost | $ 3,481 |
| Effective earned income written off at current tax rate | $ 12,576 |
| Effective earned income written off percentage | 126% |

**Probity Mining 2020 Short Duration Flow Through Limited Partnership**
**Offering Size: $1,500,000**
**Tax Advantages per $10,000 Investment**

| | CEE | Other Deductions | Total Deductions |
|---|---|---|---|
| **Investment tax credit (50% eligible for 15% Federal credit)** | $ 387 | | |
| **Investment tax credit (50% eligible for 20% BC credit)** | $ 646 | | |
| 2020 | $ 6,458 | $ 1,313 | $ 7,771 |
| 2021 and beyond | $ - | $ 3,009 | $ 3,009 |
| ITC income inclusion 2020 - Federal | | $ (387) | $ (387) |
| ITC income inclusion 2020 - BC | | $ (646) | $ (646) |
| **Net tax deductions (income)** | $ 6,458 | $ 3,289 | $ 9,747 |

| | BC |
|---|---|
| **Highest Marginal Tax Rate** | |
| 2020 | 53.50% |
| 2021 and beyond | 53.50% |
| Investment | $ 10,000 |
| Less: | |
| Tax Savings from Net Deductions | $ (5,214) |
| ITC - Federal | $ (387) |
| ITC - BC | $ (646) |
| Add: | |
| Tax on Capital Gain | $ 209 |
| **Money at Risk** | $ 3,962 |
| **Breakeven Proceeds of Disposition** | $ 5,409 |
| Less: capital gains tax on sale | $ (1,447) |
| After-tax Proceeds of Disposition/After Tax Purchase Cost | $ 3,962 |
| Effective earned income written off at current tax rate | $ 11,677 |
| Effective earned income written off percentage | 117% |

## Table 4 - Maximum Offering – British Columbia Class

**Probity Mining 2020 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% Federal credit)** | $ 1,093 | | |
| **Investment tax credit (100% eligible for 20% BC credit)** | $ 1,822 | | |
| 2020 | $ 9,111 | $ 180 | $ 9,291 |
| 2021 and beyond | $ - | $ 743 | $ 743 |
| ITC income inclusion 2020 - Federal | | $ (1,093) | $ (1,093) |
| ITC income inclusion 2020 - BC | | $ (1,822) | $ (1,822) |
| **Net tax deductions (income)** | $ 9,111 | $ (1,991) | $ 7,120 |

| | BC |
|---|---|
| **Highest Marginal Tax Rate** | |
| 2020 | 53.50% |
| 2021 and beyond | 53.50% |
| Investment | $ 10,000 |
| Less: | |
| Tax Savings from Net Deductions | $ (3,809) |
| ITC - Federal | $ (1,093) |
| ITC - BC | $ (1,822) |
| Add: | |
| Tax on Capital Gain | $ 9 |
| **Money at Risk** | $ 3,285 |
| **Breakeven Proceeds of Disposition** | $ 4,485 |
| Less: capital gains tax on sale | $ (1,200) |
| After-tax Proceeds of Disposition/After Tax Purchase Cost | $ 3,285 |
| Effective earned income written off at current tax rate | $ 12,568 |
| Effective earned income written off percentage | 126% |

**Probity Mining 2020 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% Federal credit)** | $ 547 | | |
| **Investment tax credit (50% eligible for 20% BC credit)** | $ 911 | | |
| 2020 | $ 9,111 | $ 180 | $ 9,291 |
| 2021 and beyond | $ - | $ 743 | $ 743 |
| ITC income inclusion 2020 - Federal | | $ (547) | $ (547) |
| ITC income inclusion 2020 - BC | | $ (911) | $ (911) |
| **Net tax deductions (income)** | $ 9,111 | $ (534) | $ 8,577 |

| | BC |
|---|---|
| **Highest Marginal Tax Rate** | |
| 2020 | 53.50% |
| 2021 and beyond | 53.50% |
| Investment | $ 10,000 |
| Less: | |
| Tax Savings from Net Deductions | $ (4,589) |
| ITC - Federal | $ (547) |
| ITC - BC | $ (911) |
| Add: | |
| Tax on Capital Gain | $ 9 |
| **Money at Risk** | $ 3,962 |
| **Breakeven Proceeds of Disposition** | $ 5,409 |
| Less: capital gains tax on sale | $ (1,447) |
| After-tax Proceeds of Disposition/After Tax Purchase Cost | $ 3,962 |
| Effective earned income written off at current tax rate | $ 11,303 |
| Effective earned income written off percentage | 113% |

## Table 5 - Minimum Offering – QC Class

**Probity Mining 2020 Short Duration Flow Through Limited Partnership**
**Offering Size: $1,500,000**
**Tax Advantages per $10,000 Investment**

| | CEE | Other Deductions | Total Deductions |
|---|---|---|---|
| **Investment tax credit (100% eligible for 15% Federal credit)** | $ 969 | | |
| **Quebec additional deduction (100% eligible for 20% QC deduction)** | $ 1,292 | | |
| 2020 | $ 6,458 | $ 1,313 | $ 7,771 |
| 2021 and beyond | $ - | $ 3,009 | $ 3,009 |
| ITC income inclusion 2020 - Federal | | $ (969) | $ (969) |
| **Net tax deductions (income)** | $ 6,458 | $ 3,353 | $ 9,811 |

| | QC |
|---|---|
| **Highest Marginal Tax Rate** | |
| 2020 | 53.31% |
| 2021 and beyond | 53.31% |
| Investment | $ 10,000 |
| Less: | |
| Tax Savings from Net Deductions | $ (5,479) |
| ITC - Federal | $ (969) |
| Quebec Additional Deduction | $ (333) |
| Add: | |
| Tax on Capital Gain | $ 208 |
| **Money at Risk** | $ 3,427 |
| **Breakeven Proceeds of Disposition** | $ 4,673 |
| Less: capital gains tax on sale | $ (1,246) |
| After-tax Proceeds of Disposition/After Tax Purchase Cost | $ 3,427 |
| Effective earned income written off at current tax rate | $ 12,719 |
| Effective earned income written off percentage | 127% |

**Probity Mining 2020 Short Duration Flow Through Limited Partnership**
**Offering Size: $1,500,000**
**Tax Advantages per $10,000 Investment**

| | CEE | Other Deductions | Total Deductions |
|---|---|---|---|
| **Investment tax credit (50% eligible for 15% Federal credit)** | $ 484 | | |
| **Quebec additional deduction (50% eligible for 20% QC deduction)** | $ 646 | | |
| 2020 | $ 6,458 | $ 1,313 | $ 7,771 |
| 2021 and beyond | $ - | $ 3,009 | $ 3,009 |
| ITC income inclusion 2020 - Federal | | $ (484) | $ (484) |
| **Net tax deductions (income)** | $ 6,458 | $ 3,838 | $ 10,296 |

| | QC |
|---|---|
| **Highest Marginal Tax Rate** | |
| 2020 | 53.31% |
| 2021 and beyond | 53.31% |
| Investment | $ 10,000 |
| Less: | |
| Tax Savings from Net Deductions | $ (5,613) |
| ITC - Federal | $ (484) |
| Quebec Additional Deduction | $ (166) |
| Add: | |
| Tax on Capital Gain | $ 208 |
| **Money at Risk** | $ 3,945 |
| **Breakeven Proceeds of Disposition** | $ 5,378 |
| Less: capital gains tax on sale | $ (1,434) |
| After-tax Proceeds of Disposition/After Tax Purchase Cost | $ 3,945 |
| Effective earned income written off at current tax rate | $ 11,749 |
| Effective earned income written off percentage | 117% |

## Table 6 - Maximum Offering – QC Class

**Probity Mining 2020 Short Duration Flow Through Limited Partnership**
**Offering Size: $5,000,000**
**Tax Advantages per $10,000 Investment**

| | CEE | Other Deductions | Total Deductions |
|---|---|---|---|
| **Investment tax credit (100% eligible for 15% Federal credit)** | $ 1,350 | | |
| **Quebec additional deduction (100% eligible for 20% QC deduction)** | $ 1,800 | | |
| 2020 | $ 8,998 | $ 232 | $ 9,230 |
| 2021 and beyond | $ - | $ 841 | $ 841 |
| ITC income inclusion 2020 - Federal | | $ (1,350) | $ (1,350) |
| **Net tax deductions (income)** | $ 8,998 | $ (278) | $ 8,720 |

| | QC |
|---|---|
| **Highest Marginal Tax Rate** | |
| 2020 | 53.31% |
| 2021 and beyond | 53.31% |
| Investment | $ 10,000 |
| Less: | |
| Tax Savings from Net Deductions | $ (4,996) |
| ITC - Federal | $ (1,350) |
| Quebec Additional Deduction | $ (464) |
| Add: | |
| Tax on Capital Gain | $ 19 |
| **Money at Risk** | $ 3,210 |
| **Breakeven Proceeds of Disposition** | $ 4,376 |
| Less: capital gains tax on sale | $ (1,166) |
| After-tax Proceeds of Disposition/After Tax Purchase Cost | $ 3,210 |
| Effective earned income written off at current tax rate | $ 12,773 |
| Effective earned income written off percentage | 128% |

**Probity Mining 2020 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% Federal credit)** | $ 683 | | |
| **Quebec additional deduction (50% eligible for 20% QC deduction)** | $ 911 | | |
| 2020 | $ 9,111 | $ 180 | $ 9,291 |
| 2021 and beyond | $ - | $ 743 | $ 743 |
| ITC income inclusion 2020 - Federal | | $ (683) | $ (683) |
| **Net tax deductions (income)** | $ 9,111 | $ 241 | $ 9,352 |

| | QC |
|---|---|
| **Highest Marginal Tax Rate** | |
| 2020 | 53.31% |
| 2021 and beyond | 53.31% |
| Investment | $ 10,000 |
| Less: | |
| Tax Savings from Net Deductions | $ (5,161) |
| ITC - Federal | $ (683) |
| Quebec Additional Deduction | $ (235) |
| Add: | |
| Tax on Capital Gain | $ 9 |
| **Money at Risk** | $ 3,930 |
| **Breakeven Proceeds of Disposition** | $ 5,359 |
| Less: capital gains tax on sale | $ (1,428) |
| After-tax Proceeds of Disposition/After Tax Purchase Cost | $ 3,930 |
| Effective earned income written off at current tax rate | $ 11,402 |
| Effective earned income written off percentage | 114% |

**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 a minimum Offering consists of either all National Class Units, all British Columbia Class Units or all Québec Class Units. The calculations further assume that a maximum Offering of either all National Class Units, all British Columbia Class Units or all Québec Class Units constitutes an aggregate of $40,000,000 comprising of $20,000,000 for National Class Units; $10,000,000 for British Columbia Class Units; and $10,000,000 for Québec Class Units.

(2) The calculations assume that the total Offering expenses (excluding the Agents' Fees) are $285,000 in the case of the minimum Offering and $300,000 in the case of the maximum Offering. The calculations pro rate Offering expenses depending on the size of the specific class of limited partnership Units that constitute the maximum Offering. For example, pro rated Offering expenses for the Québec Class limited partnership Units for a maximum Offering would be $75,000 of the $300,000 total Offering expenses.

(3) The calculations assume that all Available Funds ($968,750 in the case of the minimum Offering and $36,545,000 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 2020 and allocated to a Limited Partner and deducted by him or her commencing in 2020.

(4) It is assumed in the first tables (for each of Tables 1-6 above) under each of "Minimum Offering" and "Maximum Offering" that 100% of the Available Funds will be used to acquire Flow-Through Shares of Resource Issuers that will entitle National Class Units to the 15% federal non-refundable "flow-through mining expenditure" investment tax credit and that 100% of all Available Funds for each of the British Columbia Class Units and Québec Class Units are invested in Flow-Through Shares of Resource Issuers within those respective provinces that, in turn, expend such amounts on Eligible Expenditures which are renounced directly to the Partnership with an effective date in 2020 and allocated to a Limited Partner and deducted by him or her commencing in 2020. The calculations assume that such investments will be eligible for the additional provincial tax credits or deductions, as the case may be, available in each of those respective provinces. It is assumed in the second tables (for each of Tables 1-6 above) under each of "Minimum Offering" and "Maximum Offering" that 50% of the Available Funds 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 that 50% of all Available Funds for each of the British Columbia Class Units and Québec Class Units are invested in Flow-Through Shares of Resource Issuers within those respective provinces that, in turn, expend such amounts on Eligible Expenditures which are renounced directly to the Partnership with an effective date in 2020 and allocated to a Limited Partner and deducted by him or her commencing in 2020. The calculations assume that such investments will be eligible for the additional provincial tax credits or deductions, as the case may be, available in each of those respective provinces (and the other 50% of the Available Funds is used to acquire Flow-Through Shares of Resource Issuers that will not entitle a Limited Partner to an investment tax credit). See "Canadian Federal Income Tax Considerations – Taxation of Limited Partners". The CRA considers provincial investment tax credits and additional deductions, 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 for the National Class Units, the provincial income tax credits and additional provincial deductions have been assumed to be nil for the National Class Units.

(5) An individual (other than a trust or estate) may deduct from tax otherwise payable under the *Income Tax Act (British Columbia)* for a taxation year not exceeding the lesser of the individuals BC mining flow-through share tax credit of the individual at the end of the year and the tax otherwise payable by the individual under the *Income Tax Act (British Columbia)* for the taxation year. The BC mining flow-through share tax credit is, generally, 20% of an individual's BC flow-through mining expenditure of the individual for the year.

(6) The Québec mining flow-through share incentives allow individuals who are residents of Québec or are otherwise liable to pay tax in Québec that invest in flow-through shares to claim certain additional deductions where QC flow-through mining expenditures are incurred or deemed by the QTA to have been incurred by a corporation. Under the program, such an individual may claim an additional 10% deduction in respect of certain CEE and another additional 10% deduction in respect of certain surface mining exploration expenses incurred in the Province of Québec. The calculations in the first tables (in each of tables 5-6 above) assume that all of the Available Funds under the Québec Class Units are eligible for both the additional 10% deduction in respect of certain CEE and the additional 10% deduction in respect of certain surface mining exploration expenses. The calculations in the second tables (in each of Tables 5-6 above) assume that 50% of the Available Funds under the Québec Class Units are eligible for both the additional 10% deduction in respect of certain CEE and the additional 10% deduction in respect of certain surface mining exploration expenses.

(7) For the Québec Portfolio, the calculations assume a federal marginal tax rate of 27.56% and a Québec provincial marginal tax rate of 25.75% applicable to Québec residents. The tax savings are calculated by multiplying the total estimated income tax deductions for each year by the assumed marginal tax rate for that year. It is assumed that the Subscriber has sufficient income so that the illustrated tax savings are realized in the year shown.

(8) 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 2020 and 2021. It is assumed that the annual operating and administration expenses are equal to $186,000 in the case of the maximum Offering and $156,000 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 2020 and thereafter as follows:

| | **Taxation Year** | | | |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023 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% | N/A | N/A | N/A |

(9) No portion of the subscription price for the Units will be financed with a Limited Recourse Amount. See "Canadian Federal Income Tax Considerations – Taxation of Limited Partners".

(10) A Limited Partner may not claim tax deductions in excess of such Limited Partner's "at risk" amount. See "Canadian Federal Income Tax Considerations – Taxation of Limited Partners".

(11) The calculations assume that the Limited Partner is not liable for alternative minimum tax. See "Canadian Federal Income Tax Considerations – Taxation of Limited Partners".

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

(13) 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 2020 and 2021. The 2020 tax rates based on existing proposals are assumed to apply for all subsequent years. Future federal, provincial and territorial budgets may modify any of the rates shown in the Tables above and, consequently, the actual tax savings may be different than those illustrated. It is assumed that the highest marginal tax rates for 2021and beyond will be the same as those for 2020, 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.

(14) The Operating Reserve will cover all of the annual operating and administration expenses for a period of 10 months from the initial Closing Date. Such expenses paid during 2020 and 2021 are expected to be fully deductible in computing income of the Partnership under the Tax Act for the fiscal periods ending December 31, 2020 and December 31, 2021, respectively. The Partnership intends to sell Flow-Through Shares to fund 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.

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

(16) 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.

(17) 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 Portfolios, none of which can presently be estimated accurately by the General Partner.

(18) It is assumed that for Québec provincial tax purposes only, a Québec Class 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 Class Limited Partner and 50% of CEE incurred outside Québec and deducted for Québec tax purposes by such Québec Class 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 "Canadian Federal Income Tax Considerations – Taxation of Limited Partners – 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. Except as specifically indicated herein, additional deductions that may be available to individuals subject to income tax in the Province of Québec are not taken into account.

(19) It is assumed that not all CEE may be eligible for the ITC.

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 "Canadian Federal Income Tax Considerations" and "Risk Factors".

**Up to 20% of the Partnership's net assets may be invested in one Resource Issuer.**

## OVERVIEW OF THE LEGAL STRUCTURE OF THE PARTNERSHIP

The Partnership was formed under the laws of the Province of British Columbia under the name "Probity Mining 2020 Short Duration Flow-Through Limited Partnership" pursuant to the Partnership Agreement between the General Partner and Heritage Bancorp. Ltd., as the Initial Limited Partner, and became a limited partnership effective November 25, 2019, the date of filing of its Certificate of Limited Partnership. Certain provisions of the Partnership Agreement are summarized in this prospectus. See "Organization and Management Details of Partnership – Details of the Partnership Agreement".

The Partnership has the following classes of Units, the National Class Units, the British Columbia Class Units, the Québec Class Units and the Class P Units. Each class of Units is a separate non-redeemable investment fund for securities law purposes and will have its own investment portfolio and investment objectives. The investment portfolio of the National Class Units (the "**National Portfolio**") is intended for investors in any of the provinces in which National Class Units are sold. The investment portfolio of the British Columbia Class Units (the "**British Columbia Portfolio**") is most suitable for investors who are resident in the Province of British Columbia or are otherwise liable to pay income tax in British Columbia.

The investment portfolio of the Québec Class Units (the "**Québec Portfolio**") is most suitable for investors who are resident in the Province of Québec or are otherwise liable to pay income tax in Québec.

None of the National Portfolio, the British Columbia Portfolio, nor the Québec Portfolio is considered a mutual fund under applicable Canadian securities legislation.

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

## INVESTMENT OBJECTIVES

### National Portfolio

The National Portfolio's investment objective is to provide National Class Limited Partners with a tax-assisted investment in a diversified portfolio of Flow-Through Shares of Resource Issuers engaged in the mining sector incurring Eligible Expenditures across Canada, with a view to maximizing the tax benefits of an investment in National Class Units and achieving capital appreciation and/or income for National Class Limited Partners.

### British Columbia Portfolio

The British Columbia Portfolio's investment objective is to provide British Columbia Class Limited Partners with a tax-assisted investment in a diversified portfolio of Flow-Through Shares of Resource Issuers engaged in the mining sector incurring Eligible Expenditures principally in the Province of British Columbia with a view to maximizing the tax benefits of an investment in British Columbia Class Units and achieving capital appreciation and/or income for British Columbia Class Limited Partners.

### Québec Portfolio

The Québec Portfolio's investment objective is to provide Québec Class Limited Partners with a tax-assisted investment in a diversified portfolio of Flow-Through Shares of Resource Issuers engaged in the mining sector incurring Eligible Expenditures principally in the Province of Québec, with a view to maximizing the tax benefits of investing in Québec Class Units and achieving capital appreciation and/or income for Québec Class Limited Partners.

## INVESTMENT STRATEGY

The Partnership Agreement provides that the investment strategy for the Portfolios (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 "Investment Guidelines and Restrictions". It is anticipated that the Portfolios will include a number of junior Resource Issuers.

QIFM will be responsible for the selection of the Partnership's initial Portfolios and will provide the Partnership and the General Partner with investment advice for the ongoing management of the Portfolios after acquisition. See "Organization and Management Details of the Partnership – The Investment Advisor and Fund Manager – Details of the Investment Advisor and Fund Manager Agreement".

The Partnership will invest in Flow-Through Shares of Resource Issuers in respect of the Portfolios pursuant to Investment Agreements entered into on or before December 31, 2020, 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, 2020. The Investment Agreements entered into by the Partnership during 2020 may permit a Resource Issuer to incur in 2021 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, 2020. 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 "Canadian Federal Income Tax Considerations".

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 Portfolios. 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 Portfolios 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 Portfolios but which are subject to resale restrictions, and then replacing the borrowed securities once the resale restrictions on the shares in the Portfolios 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 Portfolios 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.

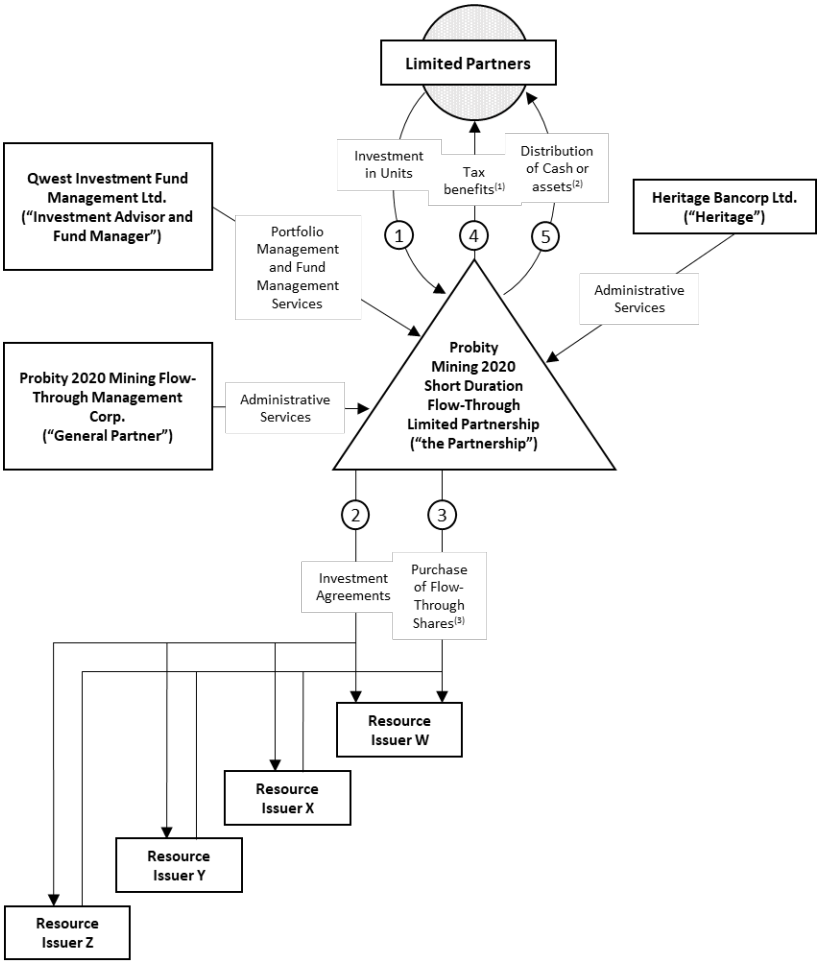
As of the date hereof, the Partnership has not entered into any Investment Agreements to invest in Flow-Through Shares or any other securities or selected any Resource Issuers in which to invest. However, the Partnership may, after the initial Closing Date, enter (directly or indirectly) into Investment 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, 2020. The General Partner will cause to be returned to each Limited Partner by February 28, 2021, 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.

## 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, 2020, 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**") before September 30, 2021, 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 currently anticipates the Liquidity Alternative will be the sale of the Partnership's assets for cash, whereupon the proceeds shall be distributed to the Partners upon the dissolution of the Partnership. The General Partner has subscribed for one Class P Unit, which entitles the General Partner to income allocations if certain conditions have been met.

(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 Units of the Partnership. 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 "Organization and Management Details of the Partnership – Conflicts of Interest".

## OVERVIEW OF THE SECTORS THAT THE PARTNERSHIP INVESTS IN

### Overview of the Resource Sector

The Investment Advisor and Fund Manager believes that 2019 was a mixed year for commodities and the junior mining sector. While some junior miners have seen their stock prices and hence market capitalizations improve as a result of interest from larger mining companies, the majority of junior miners have seen their stock prices and hence market capitalizations decline due to the lack of capital available to the junior mining sector. The cost of capital for the junior mining sector remains high and equity valuations are therefore low. Low equity valuations make junior mining companies attractive investments.

At the same time, improving fundamentals in large cap mining companies have created increased investor interest in the overall mining sector. This has resulted in rising equity valuations in the large cap sector. The Investment Advisor and Fund Manager believes rising equity valuations in the large cap sector should cascade down to junior mining companies. Large cap companies that are seeking to exploit new mineral discoveries will likely look to acquire smaller undervalued explorers. Rising merger and acquisition activity should help boost the junior mining sector. Mining companies that are about to transition from exploration to production remain attractive investments. Production provides cashflow, reducing the need for equity financing and setting the stage for rising equity valuations.

This unfolding scenario constitutes a divergence between equity values and fundamentals.

*Gold and Precious Metals*

The Investment Advisor and Fund Manager remains bullish on gold and precious metals. Gold and silver, to a lesser extent, have historically been considered safe havens. With uncertainty in the economy due to trade wars and with bond yields falling, gold and silver prices have moved upwards. The Investment Advisor and Fund Manager believes uncertainty is likely to persist in 2020, particularly with a potentially acrimonious US presidential election that could rattle markets to come. The Investment Advisor and Fund Manager therefore believes that gold and silver may continue to shine. It should be noted that a pull-back of prices is possible should uncertainty fade.

*Base and Electric Metals*

Demand for base and electric metals, such as copper, zinc, cobalt and lithium, is generally driven by the strength of the global economy. China and the United States continue to be the largest consumers of these metals. The Investment Advisor and Fund Manager believes that the global economy would benefit were these two countries to agree to a trade deal, which would be good for base and electric metals demand. Growing sales of hybrid and electric cars also continue to drive demand for these materials. Demand for improved infrastructure should increase prices for steel, coking coal and various other additives.

*Uranium and Diamonds*

Uranium and diamond prices are expected to remain stagnant. Supply and demand are however expected to balance out in the future. Capital investment will continue to flow into the few companies with successful results. Such companies warrant investment consideration.

### 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 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, 2020, 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, 2020, without interest or deduction by February 28, 2021.

The Investment Advisor and Fund Manager will actively manage the Portfolios 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 before September 30, 2021. The General Partner presently intends the Liquidity Alternative will be the sale of the Partnership's assets for cash, whereupon the proceeds shall be distributed to the Partners 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 September 30, 2021, then, in the discretion of the General Partner, the Partnership may: (a) be dissolved on or about December 31, 2021 and the Partnership's net assets will be distributed to the Partners with reference to their respective Capital Accounts in accordance with the terms of the Partnership Agreement; or (b) subject to the approval by Extraordinary Resolution of the Limited Partners, continue in operation with an actively managed Portfolio. See "Liquidity Alternative and Termination of the Partnership" below for further information.

## INVESTMENT GUIDELINES AND RESTRICTIONS

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

Although the Partnership 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 Portfolios. However, if securities in the Portfolios are disposed of, and at the time of disposition the Portfolios do 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 Portfolios 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 Portfolios 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 20% of the Partnership's net assets 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 10% 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 Portfolios 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 Portfolios.

The Partnership will not engage in any leverage mechanisms. 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 before September 30, 2021, 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 Partnership's assets for cash, whereupon the proceeds shall be distributed to the Partners 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 September 30, 2021, then, in the discretion of the General Partner, the Partnership may be dissolved on or about December 31, 2021, unless the Partnership is extended pursuant to the Partnership Agreement. See "Organization and Management Details of the Partnership – Details of the Partnership Agreement – Dissolution". Any such dissolution and distribution will be subject to obtaining all necessary approvals and must occur on or prior to December 31, 2021, 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 December 31, 2021, 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 Portfolios as possible for cash, with a view to maximizing sale proceeds.

Unless dissolved earlier upon the occurrence of certain events stated in the Partnership Agreement or continued after December 31, 2021, 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 Partners 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 Portfolios will be distributed to the Partners holding units in respect of such Portfolio with reference to their respective Capital Accounts in accordance with the terms of the Partnership Agreement. 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 Portfolios' 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 to the Partners, in specie, subject to all necessary approvals and thereafter such property will, if necessary, be partitioned. See "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 the remaining property of the Partnership in accordance with Article 13 of the Partnership Agreement.

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

See "Calculation of Net Asset Value".

## PRIOR SALES

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:

| Date of Issuance | Type of Security Issued | Number of Securities Issued | Price Per Security | Total Funds Received |
|---|---|---|---|---|
| November 28, 2019 | Initial NC-A Unit | 1 | $10 | $10 |
| November 28, 2019 | Class P Unit | 1 | $10 | $10 |

## 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 prospectus, legal expenses, marketing expenses and other reasonable out-of-pocket expenses incurred by the Agents and other incidental expenses), which are estimated to be $300,000 in the case of the maximum Offering and $285,000 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.

### Compensation of the General Partner

The General Partner has co-ordinated the formation, organization and registration of the Partnership and will be responsible for retaining competent advisors 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 Portfolios of the Partnership to ensure compliance with the Investment Guidelines. The General Partner is entitled to receive 0.01% of the net income of the Partnership. The General Partner may receive an allocation of net income by virtue of its ownership of Class P Units.

The General Partner is entitled to the GP Administration Fee of $200 per month (plus applicable taxes).

PCC may be compensated by QIFM for consulting services provided to QIFM pursuant to the Investment Advisor and Fund Manager Agreement. 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.

The General Partner has outsourced to third parties all services performed for the Partnership pursuant to the Administrative Services Agreement and the Investment Advisor and Fund Manager Agreement (together, the "Outsourced Service Agreements"). The Partnership shall pay to the General Partner all payments required under the Outsourced Service Agreements, which the General Partner will then pass onto the applicable service providers under the Outsourced Service Agreements.

**Fees payable to the Agents**

Pursuant to an Agency Agreement among the Partnership, the General Partner, Investment Advisor and Fund Manager and the Agents, a fee of $0.675 per Class A Unit (6.75%), $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 prospectus, 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.

## RISK FACTORS

**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 prospectus, 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 aware of the inherent risks in mineral exploration and development, who are willing and able to risk a loss of some or all of their investment, and who have no immediate need for liquidity.

The Partnership strongly recommends that prospective investors review this entire prospectus 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 Portfolios increase 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 Portfolios.

**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 Portfolios, 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 Portfolios. 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 and 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 Portfolios, 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 Portfolios to commit all Available Funds to purchase Flow-Through Shares by December 31, 2020. 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, 2020, may be returned to the applicable Limited Partners of record on December 31, 2020, by February 28, 2021. 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 prospectus. No market for the Units is expected to develop.

**Marketability and Liquidity 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.

Further, there is a risk that certain investments may be difficult or impossible for the Partnership to purchase or sell at an advantageous time or price or in sufficient amounts to achieve the desired level of exposure. The Partnership may be required to dispose of other investments at unfavorable times or prices to satisfy obligations, which may result in a loss or may be costly to the Partnership.

**The Portfolios 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 Portfolios 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 Portfolios May be Highly Concentrated.** Given the short duration focus of the Partnership, the Investment Advisor and Fund Manager will prioritize liquidity of issuers to ensure that a Liquidity Alternative can be executed within the time frame of the Partnership. As such, up to 20% of the Partnership's net assets may be invested by the Partnership in one Resource Issuer if the Investment Advisor and Fund Manager deems that Resource Issuer to be sufficiently liquid such that it 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 minerals 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 Portfolios, 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 Portfolios.

**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 interest in the assets of the Partnership will be distributed upon the dissolution of the Partnership, which will occur on or before December 31, 2021, 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 Jurisdictions 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 Portfolios 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 generally greatest for 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 Offered 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 Offered 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 Offered 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 might not be invested in Flow-Through Shares. Amounts renounced by Resource Issuers to the Partnership might not qualify as CEE. Each Limited Partner will represent that he or she is not a non-resident of Canada and has not acquired Offered 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 Offered 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 for the purposes of the Tax Act is reduced by the amount of CEE renounced to the Partnership. 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 "Organization and Management Details of the Partnership – 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, 2020, with an effective date of December 31, 2020, to an investor with which it does not deal at arm's length at any time during 2020.

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 Offered 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 "Canadian 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.

**No Advance Income Tax Ruling.** No advance income tax ruling has been applied for or received with respect to the Canadian federal income tax considerations described in this prospectus 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 or the Agence du Revenu du Québec will not challenge certain assumptions or other statements made in this prospectus with respect to the Canadian federal income tax considerations and Québec income tax considerations, as applicable, 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 on behalf of the General Partner and the Investment Advisor and Fund Manager and the GP Administration Fee, will be the Operating Reserve and cash generated from sales of securities comprising the Partnership's Portfolios. 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 GP Administration Fee will diminish the Portfolios' 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. The independent review committee of QIFM (the "**IRC**") shall have oversight over all matters of the Partnership pertaining to conflicts of interest. 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.

QIFM, 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 Net Asset Value of the Units of the Partnership. The Investment Advisor and Fund Manager and PCC may receive a portion of 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.

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 Portfolios 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 a 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.

***Risk Factors Specific to Québec Class Units***

**Québec Tax-Related Risk.** The restrictions on the deduction of investment expenses (including certain CEE) under the QTA may limit the tax benefits available for Québec tax purposes to individual Limited Partners who are residents of Québec or liable to pay Québec income taxes if such Limited Partners have insufficient investment income. Such Limited Partners should consult their own Québec tax advisers. The tax benefits resulting from an investment in Québec Class Units are greatest for a Québec Class Limited Partner whose income is subject to the highest marginal income tax rate and who is resident in the Province of Québec or otherwise liable to pay income tax in Québec. If all or part of the Available Funds of the Québec Portfolio are not invested in the Province of Québec as contemplated, the potential tax benefits to a Québec Class Limited Partner who owns Québec Class Units and who is an individual resident in the Province of Québec or otherwise liable to pay income tax in Québec will be reduced. The QTA provides that, in certain circumstances, CEE of a partnership may be reallocated on a basis other than that provided by the Partnership Agreement. Any such reallocation of CEE could reduce deductions from income claimed by Québec Class Limited Partners.

**Québec Mining Act Risk**. The Québec provincial government passed Bill 70 on December 10, 2013, which amended Québec's *Mining Act* to, among other things, give additional powers to municipalities to control mining activities in their territory, and requires Resource Issuers to conduct public consultations in connection with, and receive approvals from, the Minister of Energy and Natural Resources for the attribution of a mining lease. Because of these new rules, Resource Issuers may not receive the approvals necessary for their projects or may experience significant delays in obtaining such approvals and, as a result, may fail to renounce, effective in 2020 or at all, Eligible Expenditures equal to the Available Funds invested in their Flow-Through Shares.

**Québec Portfolio Concentration Risk**. It is intended that, under normal market conditions, approximately 80% of the Available Funds of the Québec Portfolio will be invested in qualified entities engaged in exploration and development in the Province of Québec. This geographic concentration enhances the exposure of the Québec Portfolio to the economy, government legislation including regulations and policies concerning taxation, land use and environmental protection and the proximity and capacity of resource markets, supply of commercial reserves, the availability of equipment, labour and related infrastructure in the Province of Québec, as well as to competition from other investment funds similar to the Partnership and other similar factors which may have a material adverse effect on the value of the Québec Portfolio.

***Risk Factors Specific to British Columbia Class Units***

**British Columbia Tax-Related Risk.** Individuals (other than estates and trusts) who are residents of British Columbia and whose income is subject to the highest marginal tax rate will benefit the most from the BC mining flow-through share tax credit. If all or part of the Available Funds of the British Columbia Portfolio are not invested in the Province of British Columbia as contemplated, the potential tax benefits to a British Columbia Class Limited Partner who owns British Columbia Class Units and who is an individual resident in the Province of British Columbia or otherwise liable to pay income tax in British Columbia will be reduced.

An individual who wishes to claim the BC mining flow-through share tax credit must file, with the return of income, an application for the tax credit in the form, and containing the information, required by the Commissioner of Income Tax. An individual is not entitled to include an amount in respect of a BC flow-through mining expenditure in computing the tax credit unless the individual files the form containing the information required in the aforementioned application in respect of the expenditure on or before the day that is one year after the individual's filing due date for the taxation year that includes the effective date of renunciation for that expenditure.

Subscribers should obtain independent tax advice from a tax advisor to assist with the completion of all requisite forms in respect of the BC mining flow-through share tax credit.

**British Columbia Portfolio Concentration Risk.** It is intended that, under normal market conditions, approximately 80% of the Available Funds of the British Columbia Portfolio will be invested in qualified entities engaged in exploration and development in the Province of British Columbia. This geographic concentration enhances the exposure of the British Columbia Portfolio to the economy, government legislation including regulations and policies concerning taxation, land use and environmental protection and the proximity and capacity of resource markets, supply of commercial reserves, the availability of equipment, labour and related infrastructure in the Province of British Columbia, as well as to competition

from other investment funds similar to the Partnership and other similar factors which may have a material adverse effect on the value of the British Columbia Portfolio.

## DISTRIBUTION POLICY

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. Such distributions will be made in the following manner:

(a) firstly, to holders of Class A Units and Class F Units pro rata in accordance with the Capital Accounts (as defined in the Partnership Agreement) of the holders of Class A Units and Class F Units up to an aggregate cumulative maximum (including prior distributions) not exceeding the Gross Proceeds;

(b) secondly, to the holders of Class A Units, Class F Units, and Class P Units pro rata in accordance with the Capital Accounts of the holders of the Class A Units, Class F Units, and Class P Units (as determined after the distribution of cash pursuant to paragraph (a) above).

## PURCHASES OF SECURITIES

A Subscriber must purchase at least 500 Units and pay $10.00 per Unit subscribed for at Closing. Payment of the purchase price may be made either by direct debit from the Subscriber's brokerage account or by certified cheque or bank draft made payable to an Agent or a registered dealer who is a member of the selling group. Prior to each Closing, all proceeds will be held in trust by the Agents or selling group members.

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 ACCEPTANCE BY THE GENERAL PARTNER (ON BEHALF OF THE PARTNERSHIP) OF A SUBSCRIBER'S OFFER TO PURCHASE UNITS (MADE THROUGH A REGISTERED DEALER), WHETHER IN WHOLE OR IN PART, CONSTITUTES A SUBSCRIPTION AGREEMENT BETWEEN THE SUBSCRIBER AND THE PARTNERSHIP, UPON THE TERMS AND CONDITIONS SET OUT IN THIS PROSPECTUS AND THE PARTNERSHIP AGREEMENT.**

The foregoing Subscription Agreement shall be evidenced by delivery of the final prospectus to the Subscriber, provided that the subscription has been accepted by the General Partner on behalf of the Partnership. Joint subscriptions for Units will be accepted.

Pursuant to the Partnership Agreement, each Subscriber, among other things:

(a) consents to the disclosure of certain information to, and the collection and use by, the General Partner and its service providers, including such Subscriber's full name, residential address or address for service, social insurance number or the corporation account number, as the case may be, for the purpose of administering such Subscriber's subscription for Units;

(b) acknowledges that the Subscriber is bound by the terms of the Partnership Agreement and is liable for all obligations of a Limited Partner;

(c) makes the representations and warranties and covenants set out in the Partnership Agreement, including, among other things, that (a) such Subscriber is not a "non-resident" of Canada for the purposes of the Tax Act or a "non-Canadian" within the meaning of the Investment Canada Act; (b) the acquisition of Units by such Subscriber has not been financed with borrowings for which recourse is, or is deemed to be, limited within the meaning of the Tax Act; (c) unless such Subscriber has provided written notice to the contrary to the General Partner prior to the date of becoming a Limited Partner, such Subscriber is not a "financial institution" within the meaning of the Tax Act; (d) no interest in such Subscriber is a "tax shelter investment" as defined in the Tax Act; (e) such Subscriber is not a

partnership (except a "Canadian partnership" for purpose of the Tax Act); and (f) such Subscriber will maintain such status as set out in (a) to (e) above during such time as Units are held by such Subscriber;

(d) irrevocably nominates, constitutes and appoints the General Partner as its true and lawful attorney with full power and authority as set out in the Partnership Agreement;

(e) irrevocably authorizes the General Partner to file on behalf of the Subscriber all elections under applicable income tax legislation in respect of any such Liquidity Alternative or the dissolution of the Partnership; and

(f) covenants and agrees that all documents executed and other actions taken on behalf of the Limited Partners pursuant to the power of attorney set out in the Partnership Agreement will be binding upon such Subscriber, and such Subscriber agrees to ratify any of such documents or actions upon request by the General Partner.

Subscription proceeds from this Offering will be held in trust by the Agents, or such other registered dealers as are authorized by the Agents, in a segregated account until subscriptions for the minimum Offering are received and other closing conditions of this Offering have been satisfied.

Subscriptions will be received subject to acceptance or rejection in whole or in part and the right is reserved to close the Offering at any time without notice. The Offering will be conducted under the book-based system. A Subscriber who purchases Units will receive a customer confirmation from the registered dealer through whom Units are purchased and which is a CDS depository service participant. CDS will record the CDS participants who hold Units on behalf of owners who have purchased Units as owners in accordance with the book-based system.

CDS requires that any Units registered in the book-based system be represented in the form of a fully registered global Unit certificate held by, or on behalf of, CDS as custodian of such certificate for CDS participants and registered in the name of CDS. The name in which a global certificate is issued is for the convenience of the book-based system only and will have no bearing on the identity of the Limited Partners. CDS participants include securities dealers, banks and trust companies. A Subscriber who purchases Units will therefore receive only a customer confirmation from the registered dealer which is a CDS participant and through whom the Units are purchased. If CDS notifies the Partnership that it is unwilling or unable to continue as depository in connection with such global certificate, or if at any time CDS ceases to be a clearing agency or otherwise ceases to be eligible to be a depositary, the General Partner will make appropriate arrangements to replace the book-based system in an orderly fashion and to issue Unit certificates to the Limited Partners in an orderly fashion. No certificates for Units will be issued to Subscribers.

Any distributions will be made by the Partnership to CDS in respect of Units represented by the global Unit certificate held by CDS. Any such distributions will be forwarded by CDS to the applicable CDS participants and, thereafter, by such participants to the Limited Partners whose Units are represented by that global certificate.

The ability of a holder of a Unit to pledge his or her Unit or take action with respect thereto (other than through a CDS participant) may be limited due to the lack of physical certificates and the rights of the Partnership under the Partnership Agreement.

A Subscriber whose subscription for Units 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.

## CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

You should consult your own professional advisers to obtain advice on the Canadian Federal Income Tax Considerations that apply to you.

Units cannot be purchased or held by "non-residents" as defined in 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 the Offered Units described in this prospectus, a decision to subscribe for the Offered 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 Offered Units described in this prospectus 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 any Offered 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, tax 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 prospectus, the principal Canadian federal income tax considerations for an investor who acquires, holds and disposes of any Offered Units purchased pursuant to this Offering and becomes a Limited Partner pursuant to this prospectus, 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 prospectus, the principal Québec income tax considerations for a Québec investor who acquires, holds and disposes of any Offered Units purchased pursuant to this Offering and becomes a Limited Partner pursuant to this prospectus.

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 any Offered Units. It is impractical to comment on all aspects of the federal income tax laws which may be relevant to any prospective investor in any Offered Units. The income tax considerations applicable to a prospective investor in any Offered Units will depend on a number of factors. These include whether the investor's Offered 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 any Offered Units should obtain independent advice from a knowledgeable tax advisor as to the income tax considerations applicable to investing in the Offered 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 Offered 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 Offered Units (including in due course any property acquired in place of their Offered Units on dissolution of the Partnership) as capital property. Provided a Limited Partner does not hold Offered Units in the course of carrying on a business of trading or dealing in securities and has not acquired Offered Units as an adventure in the nature of trade, the Offered 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 Offered 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 Offered 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 Offered 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.

**Status of the Partnership**

Generally, the Partnership is not a person for the purposes of the Tax Act. The income (or loss) of the Partnership is computed as if the Partnership were a separate person residing in Canada and is allocated to the partners of the Partnership in accordance with the Partnership Agreement.

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

The Offered Units of the Partnership are not "qualified investments" as defined in the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit-saving plans, registered education savings plans, registered disability savings plans, and tax-free savings accounts.

**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"), "Flow-Through Shares" and "Resource Issuers" appear frequently. These terms are defined in the glossary set forth earlier in this prospectus. 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, 2020.

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 holding Offered Units 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 should be deemed to be nil under the Tax Act (assuming the Resource Issuer renounces CEE to the Partnership equal to the subscription price of the Flow-Through Shares) 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, generally 99.99% of the net income of the Partnership will be allocated among the Partners who are registered holders of Class A Units, Class F Units, and Class P Units in accordance with the terms of the Partnership Agreement. The remaining 0.01% of such net income will be allocated to the General Partner.

The costs associated with the organization of the Partnership are not fully deductible either by the Partnership or by the Limited Partners. Instead, certain costs incurred by the Partnership are added to a capital cost allowance class, with an annual depreciation rate of 5% on a declining basis.

Reasonable expenses incurred by the Partnership in respect of this prospectus, 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 deducted by the Partnership.

Generally, reasonable fees and expenses that are incurred by the Partnership and relate to its ongoing business, such as the GP Administration Fee and the fees payable to the Investment Advisor and Fund Manager, 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. Limited Partners are urged to consult their tax advisors before making such an election.

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**

*Allocation of Income and Losses*

This summary assumes that the Offered 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 the 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.

Income allocated from the Partnership retains its character in the hands of the Limited Partner. 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 generally be refundable on the basis of $1 for every $2.61 of taxable dividends paid by it subject to the corporation's refundable dividend tax on hand. Limited partners should seek independent tax advice from a knowledgeable tax advisor. The adjusted cost base of a Limited Partner's Offered Units with respect to any distributions will be adjusted as described under "Canadian Federal Income Tax Considerations – Taxation of Limited Partners – Adjusted Cost Base of Units".

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 Offered 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 Limited Partners who hold Offered Units at such time with the result that such 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 Offered Units 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. Such 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 Offered 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, 2021, 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, 2021 and (ii) the Resource Issuer renounces such CEE in January, February or March of 2021 with an effective date of December 31, 2020, the Resource Issuer is deemed to have incurred such CEE on December 31, 2020. Essentially, this "look-back" rule permits a Resource Issuer to incur certain CEE in 2021 while being deemed under the Tax Act to have incurred such CEE in 2020. If CEE renounced before April 2021, effective December 31, 2020, is not in fact incurred in 2021, the Partnership will have its CEE reduced accordingly, effective as of December 31, 2020. The result is that the CEE that was in fact allocated by the Partnership to Limited Partners holding Offered Units as at December 31, 2020 will be reduced accordingly and such Limited Partners will be required to amend their 2020 income tax returns to take into account the reduction in the CEE allocated for the year. However, such 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, 2022.

*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 specified grass-roots mining exploration expenses incurred or deemed incurred in Canada by a Resource Issuer before 2025 (including expenses that are deemed by subsection 66(12.66) of the Tax Act to have been incurred before 2025) pursuant to a Flow-Through Agreement entered into on or before March 31, 2024, 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 2025 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 2020 will be required to include in income in 2021 the amount so deducted unless there is a sufficient offsetting balance in its CCEE account in 2021.

*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 Offered 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 Offered Units are tax shelter investments, the cost of an Offered 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 Offered 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 10 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 Offered Units who propose to finance the acquisition of their Offered 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 2020.

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 Offered Units*

The cost to a Limited Partner of the Limited Partner's Offered Units will be the subscription price paid for the Offered 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 Offered Units at a particular time will generally be the cost to such Limited Partner of those Offered Units less (i) the amount of any financing related to the acquisition of such Offered 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 Offered 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 Offered Units will be increased by the amount of the deemed gain.

*Disposition of Offered Units*

A disposition by a Limited Partner of Offered Units held by the Limited Partner as capital property should 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 Offered 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 capital gain to a "Canadian controlled private corporation" may reduce the company's small business deduction.

A Limited Partner who is considering a disposition of Offered 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 2020 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.

*Certain Québec Tax Considerations*

The following is a summary of certain Québec income tax considerations for a Québec Class Limited Partner in addition to the Canadian federal income tax considerations summarized above. The summary is based on the current provisions of the QTA and the regulations adopted thereunder, all amendments thereto proposed by the Minister of Finance (Québec) prior to

the date hereof, and counsels' understanding of the current administrative policies of the Agence du Revenu du Québec that are publicly available. This summary does not otherwise take into account or anticipate any changes in laws whether by judicial, governmental or legislative decision or action. There is no certainty that the proposed amendments will be enacted in the form proposed, if at all.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Subscriber, and no representations with respect to the tax consequences to any particular Subscriber are made. It is impractical to comment on all aspects of Québec income tax laws which may be relevant to any potential Subscriber. Accordingly, each prospective Subscriber of Québec Class Units should obtain independent advice from a tax advisor who is knowledgeable in the area of Québec as well as Canadian federal income tax law.

Subject to limitations described below and under "Canadian Federal Income Tax Considerations", in computing income for Québec income tax purposes for a taxation year, a Québec Class Limited Partner generally may deduct up to 100% of the balance in the Québec Class Limited Partner's "cumulative Canadian exploration expense" (as defined under the QTA) account at the end of the year.

In computing income for Québec tax purposes for a taxation year, a Québec Class Limited Partner who is an individual may be entitled to an additional deduction of 10% in respect of his or her share of certain CEE incurred in the Province of Québec by a "qualified corporation" (as defined in the QTA). Also, such a Québec Class Limited Partner may be entitled to another additional deduction of 10% in respect of his or her share of certain surface mining exploration expenses or oil and gas exploration expenses incurred in the Province of Québec by such a qualified corporation. Accordingly, provided applicable conditions under the QTA are satisfied, a Québec Class Limited Partner who is an individual at the end of the applicable fiscal year of the Partnership may be entitled to deduct for Québec income tax purposes up to 120% of his or her share of certain CEE incurred in the Province of Québec and renounced to the Partnership by a Resource Issuer that is a qualified corporation.

In computing income for Québec income tax purposes, a Québec Class Limited Partner that is a corporation may be entitled to an additional deduction of 25% of its share in respect of certain CEE incurred in the "northern exploration zone" in the Province of Québec by a qualified corporation. Accordingly, provided applicable conditions under the QTA are satisfied, a Québec Class Limited Partner that is a corporation subject to income tax in the Province of Québec may be entitled to deduct up to 125% of its share of certain exploration expenses incurred in the Province of Québec and renounced to the Partnership by a qualified Resource Issuer.

A corporation has the option for Québec tax purposes to utilize the above-mentioned flow-through share system or claim a Québec tax credit for its exploration expenses.

Under the QTA, if the principal purpose for the allocation of CEE under the Partnership Agreement may reasonably be considered to reduce tax that might otherwise be payable under the QTA and such allocation were unreasonable having regard to all the circumstances, the CEE may be reallocated. Any such reallocation of CEE could reduce deductions from income claimed by Québec Class Limited Partners.

Provided that certain conditions are met, the QTA provides for a mechanism to exempt part of the taxable capital gain realized by or attributed to an individual Québec Class Limited Partner (other than a trust) on the disposition of a "resource property" as defined in the QTA (a "Resource Property"), which should generally include the Units. For these purposes, a Resource Property includes a Flow-Through Share, an interest in a partnership that acquires a Flow-Through Share, as well as property substituted for such Flow-Through Share or interest in a partnership that is received on certain transfers of such property by the individual or the partnership to a corporation in exchange for shares and in respect of which an election is made under the QTA. This deduction is based on a historical expenditure account ("Expenditure Account") comprising one-half of the CEE incurred in the Province of Québec that gives rise to the additional 10% deduction for Québec income tax purposes described first above.

Upon the disposition of a Resource Property, a Québec Class Limited Partner may claim a deduction in computing his or her income in respect of a portion of the taxable capital gain realized that is attributable to the excess of the price paid to acquire the Resource Property over their deemed cost (of nil). In general, the amount of the deduction may not exceed the lesser of (i) such portion of the taxable capital gain realized, and (ii) the amount of the Expenditure Account at the time, subject to certain other limits provided under the QTA. Any amount so claimed will reduce the balance of the Expenditure Account of

the Québec Class Limited Partner, while any new deduction in respect of CEE incurred in the province of Québec that gives rise to the additional 10% deduction for Québec income tax purposes will increase it. The portion of the taxable capital gain represented by the increase in value of the Resource Property over the price paid to acquire the Resource Property will continue to be taxable as a capital gain and will not be eligible for the above-mentioned exemption.

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 Class 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 Class 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 Class Limited Partner, other than CEE incurred in Québec, may be included in the Québec Class Limited Partner's income for Québec tax purposes if such Québec Class 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 individual taxpayer's "cumulative Canadian exploration expense" for Québec tax purposes does not need to be reduced by the amount of the Federal investment tax credit claimed for a preceding 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 current Québec alternative tax rate is 15**%. Prospective purchasers of Units are urged to consult their tax advisors to determine the impact of the alternative minimum tax.**

*British Columbia Income Tax Considerations*

The *Income Tax Act* (British Columbia) ("**BCITA**") provides a BC mining flow-through share tax credit which individuals (other than trusts or estates) may deduct from tax otherwise payable under the BCITA. The tax credit is non-refundable. The tax credit is equal to 20% of the total of all amounts each of which is a BC flow-through mining expenditure of the individual for the year and for the preceding 10 taxation years and the following 3 taxation years less the total of all amounts deducted from tax otherwise payable by the individual for a preceding year or any of the preceding 10 taxation years or the following 2 taxation years.

"BC flow-through mining expenditure" is defined in subsection 4.721(1) of the BCITA and includes expenses renounced to the individual (or allocated to the individual who is a member of a partnership) that fall within paragraph (f) of the definition of "Canadian exploration expenses" in subsection 66.1(6) of the Tax Act and is in respect of mining exploration activity all or substantially all of which is conducted in British Columbia for the purpose of determining the existence, location, extent or quality of a mineral resource in British Columbia.

An individual who wishes to claim the BC mining flow-through share tax credit must file, with the return of income, an application for the tax credit in the form, and containing the information, required by the Commissioner of Income Tax. An individual is not entitled to include an amount in respect of a BC flow-through mining expenditure in computing the tax credit unless the individual files the form containing the information required in the aforementioned application in respect of the expenditure on or before the day that is one year after the individual's filing due date for the taxation year that includes the effective date of renunciation for that expenditure.

Subscribers should obtain independent tax advice from a tax advisor to assist with the completion of all requisite forms in respect of the BC mining flow-through share tax credit.

*Dissolution of the Partnership*

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 Offered Units for an amount equal to the greater of the adjusted cost base of the Limited Partner's Offered Units and the aggregate of the cash proceeds distributed to the Limited Partner. In computing the

adjusted cost base of the Limited Partner's Offered 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 Partners in specie, in accordance with the Partnership Agreement, subject to compliance with any securities or other laws applicable to such distributions.

**Taxation of Registered Plans**

The Offered 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.

**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, 2020, the Partnership may make, but is not obligated to making, cash distributions to Limited Partners prior to the dissolution of the Partnership.

A 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 Partner by 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 "Canadian Federal Income Tax Considerations – Taxation of Limited Partners – Canadian Exploration Expense".

Amounts distributed to a Partner will reduce the adjusted cost base of the Offered Units to the Partner. If a Limited Partner's adjusted cost base of such Limited Partner's Offered 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 Offered Units will be increased by the amount of the deemed gain.

**Tax Shelter Identification Numbers**

The federal tax shelter identification number in respect of the Partnership is TS089466. The Québec tax shelter identification number is QAF-20-01840. 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.

## ORGANIZATION AND MANAGEMENT DETAILS OF THE PARTNERSHIP

**The Partnership**

The Partnership was formed under the laws of the Province of British Columbia pursuant to the Partnership Agreement between Probity 2020 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 prospectus. See "Organization and Management Details of the Partnership – Details of the Partnership Agreement".

The registered office of the Partnership is Suite 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 13, 2019 and was extra-provincially registered in Ontario on November 13, 2019 and in British Columbia on November 14, 2019. The General Partner is a wholly-owned subsidiary of PCC. The registered office of the General Partner is Suite 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 has contracted with third parties to carry out the duties of the General Partner under the Partnership Agreement and has delegated to such third parties 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 retained the Investment Advisor and Fund Manager as investment advisor to provide investment advice to the Partnership, the Portfolios and the General Partner, respectively.

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

**Officers and Directors of the General Partner**

The name, municipality of residence, office or position held with the General Partner 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<br>North York, Ontario | Chief Executive Officer and Director | Chief Executive Officer of Probity Capital Corporation, the principal business of which is creating, structuring and promoting funds. |
| Peter Christiansen<br>Oakville, Ontario | President and Director | President of Probity Capital Corporation, the principal business of which is creating, structuring and promoting funds. |

The directors of the General Partner have been directors since November 13, 2019. Directors are elected for a term of one year, the term of office of each of the current directors of the General Partner will expire at the General Partner's next annual meeting at which time they will be re-elected by shareholders. The General Partner has no board committees.

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

***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 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 member of the Equity Capital Markets team as well as the investment banker responsible for retail structured funds.

Mr. Larkan has an MBA from IMD Business School (Switzerland) and a Master 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 over 23 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 19 years, Mr. Christiansen has raised 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 money for mining focused flow-through limited partnerships.

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

**Cease Trade Orders**

No director or executive officer of the General Partner is or has been, within the 10 years preceding the date of this prospectus, a director, chief executive officer or chief financial officer of any company that: (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of this prospectus, an "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to an exemption under securities legislation, and such order was in effect for a period of more than 30 consecutive days.

**Bankruptcies**

No director or executive officer of the General Partner, or shareholder holding a sufficient number of securities of the General Partner to affect materially the control of the General Partner, is or has been, within the 10 years preceding the date of this prospectus:

(a) a director or an executive officer of any company that, while the person was acting in that capacity, or within a year of that person ceasing to act in the capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets or made a proposal under any legislation relating to bankruptcies or insolvency; or

(b) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

**Penalties or Sanctions**

No director or executive officer of the General Partner or any shareholder holding a sufficient number of securities of the General Partner to materially affect the control of the General Partner has:

(a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

**Personal Bankruptcies**

No director or executive officer of the General Partner, or any shareholder holding a sufficient number of securities of the General Partner to affect materially the control of the General Partner or a personal holding company of any such persons has, within the 10 years before the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

**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 prospectus 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 under this Offering 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 Offered Units, of which a minimum of 150,000 Offered Units and a maximum of 4,000,000 Offered Units may be issued pursuant to the Offering. Except as otherwise expressly provided for in the Partnership Agreement, each issued and outstanding Class A Unit shall be equal to each other Class A Unit, and each issued and outstanding Class F Unit shall be equal to each other Class F 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 holding Class A Units and/or Class F Units will be entitled to one vote for each Unit held by him or her in respect of all matters to be decided by the Limited Partners holding Units. Each Limited Partner will contribute to the capital of the Partnership $10.00 for each Offered Unit purchased. There are no restrictions as to the maximum number of Offered Units that a Limited Partner may hold in the Partnership, subject to limitations on the number of Offered Units that may be held by Financial Institutions and provisions relating to take over bids. The minimum purchase for each Limited Partner is 500 Class A Units and/or Class F Units. Fractional Units will not be issued.

The Class P Units will be entitled to an allocation of income of 30% of the balance of cumulative Ordinary Income (as defined in the Partnership Agreement) that exceeds the amount equal to the Gross Proceeds (as defined in the Partnership Agreement). On the dissolution of the Partnership, the General Partner will be entitled to receive a distribution of an undivided interest in the property of the Partnership in proportion to the Capital Account of the Class P Units.

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 initial 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, in such form as the General Partner may prescribe from time to time, 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 may include 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 Portfolios 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.

Pursuant to the terms of the Investment Advisor and Fund Manager Agreement, the General Partner has retained the Investment Advisor and Fund Manager as investment advisor to provide investment advice to the Partnership, the Portfolios and the General Partner, respectively. See "Organization and Management Details of the Partnership – The Investment Advisor and Fund Manager – Details of the Investment Advisor and Fund Manager 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 "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.

*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 "Fees and Expenses – 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*

**Ordinary Income (and Ordinary Losses).** In each Fiscal Year of the Partnership, the Portfolios may yield net Ordinary Income. In such a Fiscal Year, Ordinary Income shall be allocated among the Partners as follows:

(a) firstly, pro-rata to the holders of the National Class Units, British Columbia Class Units, or Québec Class Units (as the case may be) to the extent that Ordinary Losses in respect of the particular Portfolio allocated to the holders of the National Class Units, British Columbia Class Units, or Québec Class Units (as the case may be) in prior Fiscal Years exceeds Ordinary Income in respect of the particular Portfolio allocated to the holders of such Units;

(b) secondly, to the General Partner 0.01% of the remaining unallocated Ordinary Income;

(c) thirdly, to the holders of National, British Columbia, or Québec Class Units, pro rata with the proportion of such Units held by the partner to all such Units issued by the Partnership, up to an aggregate cumulative maximum (including prior year allocations and allocations pursuant to paragraph (a) above) not exceeding the Gross Proceeds;

(d) fourthly, the balance of the unallocated Ordinary Income shall be allocated as follows:

(i) 30% to the holders of the Class P Units pro rata in accordance with the proportion of the Class P Units held by the partner to the Class P Units issued by the Partnership;

(ii) 70% to the holders of the National Class Units, British Columbia Class Units, or Québec Class Units pro rata with the proportion of such Units held by the partner to all such Units issued by the Partnership.

**Ordinary Losses.** In each Fiscal Year of the Partnership, the Portfolios may yield Ordinary Losses. In such a Fiscal Year, Ordinary Losses shall be allocated among the Limited Partners who are registered holders of the Class A Units and Class F Units, pro rata in accordance with the proportion of Class A Units and Class F Units held by a Partner to all Class A Units and Class F Units issued by the Partnership.

**Taxable Income (and Taxable Losses).** Taxable Income or Taxable Loss of the Partnership in respect of a Fiscal Year shall be allocated as at the end of the Fiscal Year among the Partners in the same proportions as Ordinary Income and Ordinary Losses, respectively, in respect of such Fiscal Year are allocated.

*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 Offered Units (in respect of the particular Portfolio) at the end of that Fiscal Year (subject to adjustment in certain events: see "Details of the Partnership Agreement – Financing Acquisition of Units" above); 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. Such distributions will be made in the following manner:

(a) firstly, to holders of Class A Units and Class F Units pro rata in accordance with the Capital Accounts of the holders of Class A Units and Class F Units up to an aggregate cumulative maximum (including prior distributions) not exceeding the Gross Proceeds;

(b) secondly, to the holders of Class A Units, Class F Units, and Class P Units pro rata in accordance with the Capital Accounts of the holders of the Class A Units, Class F Units, and Class P Units (as determined after the distribution of cash pursuant to paragraph (a) above).

*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 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 "Details of the Partnership Agreement – Indemnification of Limited Partners and Liability of General Partner" above. 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.

*Dissolution*

The Partnership shall terminate and will be dissolved:

(a) on the Termination Date;

(b) 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;

(c) 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

(d) on the implementation of the Liquidity Alternative in accordance with the provisions of the Partnership Agreement.

In connection with the termination and dissolution of the Partnership as contemplated by the Partnership Agreement, the General Partner or its designee shall act as receiver of the assets of the Partnership and, in the order of priority set forth below, shall:

(a) wind up the affairs of the Partnership and liquidate the assets of the Partnership as fully and promptly as reasonably possible. The General Partner (or such other receiver) shall, unless otherwise directed by an Extraordinary Resolution, sell, in the market or by private sale, all of the securities owned by the Partnership, with the sole objective of ensuring that such assets are completely liquidated and that no distribution of such assets to the Partners in specie is required to be made and with a view to maximizing sales proceeds. Should the liquidation of certain securities not be practicable or appropriate, those securities will either be distributed to the Partners in specie, in accordance with the Partnership Agreement, on such date, subject to all regulatory approvals and thereafter such property will, if necessary, be partitioned to the Limited Partners as described in the Partnership Agreement; and thereafter

(b) pay or provide for the payment of the debts and liabilities of the Partnership, liquidation expenses, contingent liabilities and any other indebtedness of the Partnership, including interest accrued thereon; and thereafter

(c) distribute the proceeds of such sale and any remaining assets of the Partnership as set out in the Partnership Agreement; and thereafter

(d) satisfy all applicable formalities relating to the dissolution of limited partnerships in such circumstances as may be prescribed by applicable law, including the filing of a notice of termination pursuant to the *Partnership Act* (British Columbia).

*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 Partnership's assets for cash, whereupon the proceeds shall be distributed to the Partners upon the dissolution of the Partnership. The General Partner intends to implement the Liquidity Alternative before September 30, 2021, 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 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 September 30, 2021, then, at the discretion of the General Partner, the Partnership may: (a) be dissolved on or about December 31, 2021, and the Partnership's net assets will be distributed to the other Partners with reference to their respective Capital Accounts in accordance with the terms of the Partnership Agreement, 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*

The General Partner is authorized 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.

**The Investment Advisor and Fund Manager**

*History and Background*

The Investment Advisor and Fund Manager (as previously defined, QIFM) has its office located at Four Bentall Centre, 1055 Dunsmuir Street, Suite 732, Box 49256, Vancouver, British Columbia V7X 1L2. QIFM provides investment fund management and portfolio management for its various investment funds. QIFM is a company incorporated under the provisions of the *Canada Business Corporations Act* on September 27, 2005. QIFM is registered as a portfolio manager (or the equivalent) under the securities legislation of Alberta, British Columbia, Nova Scotia, Ontario, Québec and Saskatchewan, and as an investment fund manager (or the equivalent) in Alberta, British Columbia, Newfoundland and Labrador, Nova Scotia, Ontario, Québec and Saskatchewan. The UDP of the Investment Advisor and Fund Manager is Maurice Levesque.

*Duties and Services to be Provided by the Investment Advisor and Fund Manager*

QIFM has been retained by the General Partner as Investment Advisor and Fund Manager to provide investment services to the Partnership, the Portfolios and the General Partner, respectively, pursuant to the Investment Advisor and Fund Manager Agreement, such that the Partnership and the Portfolios comply with the Investment Strategy, the Investment Guidelines and securities legislation in each of the Provinces and Territories of Canada in which Units of the Partnership are sold to investors.

*Details of the Investment Advisor and Fund Manager Agreement*

Pursuant to the Investment Advisor and Fund Manager Agreement, the Investment Advisor and Fund Manager will make investment decisions in respect of the Partnership's investments in Flow-Through Shares and other securities and in respect

of the Partnership's investments in the Portfolios in accordance with the Investment Strategy and the Investment Guidelines, and shall be responsible to assist and advise the Partnership and 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;
- exercising Warrants or other convertible or exchangeable securities in the Partnership's Portfolios 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 Portfolios 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 a 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 Portfolios.

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 Portfolios and such record-keeping activities will be undertaken by the General Partner or by third parties.

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. QIFM, 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 Investment Advisor and Fund Manager will also receive a fee of $1,000 plus applicable taxes for each investment into a Resource Issuer.

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 30, 2023; and (b) if no Liquidity Alternative is completed and the operations of the Partnership are not extended with the approval of Limited Partners, December 31, 2021, (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, the Partnership or the Limited Partners: (a) in certain circumstances involving the bankruptcy or insolvency of the General Partner and no new general partner is appointed within 10 Business Days; (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.

PCC may 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.

The Investment Advisor and Fund Manager shall not provide any services provided to the Partnership by Heritage pursuant to the Administrative Services Agreement between Heritage, the Partnership and the General Partner, as described below.

*Administrative Services Agreement*

The General Partner has entered into an administrative services agreement dated November 21, 2019 (the "**Administrative Services Agreement**") with Heritage Bancorp Ltd. ("**Heritage**") the initial limited partner, pursuant to which the General Partner has retained Heritage to provide certain fund valuation, accounting, financial reporting and unitholder recordkeeping services to the Partnership. Heritage will receive an annual fee of approximately $25,000 plus applicable taxes as consideration for providing such services.

*Officers and Directors of the Investment Advisor and Fund Manager*

| Name and Municipality of Residence | Position with the Investment Advisor and Fund Manager (QIFM) | Principal Occupation During the Past Five Years |
|---|---|---|
| Maurice Levesque<br>Edmonton, Alberta | Chairman, Chief Executive Officer, Chief Compliance Officer and the Ultimate Designated Person | Director (Chairman), Chief Executive Officer and Chief Compliance Officer of Qwest Investment Fund Management Ltd.; Director (Chairman) and President of Heritage Bancorp Ltd; Director (Chairman) and Chief Executive Officer of Qwest Investment Management Corp. and Qwest Funds Corp. Director and/or officer of other private and public companies. |
| Peter Fang<br>West Vancouver, British Columbia | Director, Chief Operating Officer, Portfolio Manager and Dealing Representative | Chief Operating Officer of Qwest Investment Fund Management Ltd.; Portfolio Manager and Director of Qwest Investment Fund Management Ltd.; Portfolio Manager of MY Capital Management Corp. (March 2016 to December 2017); Investment Advisor of Manulife Securities Inc. (December 2013 to July 2015); Principal & Co-founder of Promerita Investment Management (2013 to 2017); Founder of Hoovest Enterprises Corp.. |
| Victor Therrien<br>Vancouver, British Columbia | Director, Senior Vice-President, Mutual Funds | Chief Executive Officer and Director of AlphaDelta Management Corp.; Founder and Director, Click Realty Holdings Ltd. and MyClick Technologies (2010 to 2014); Vice President (Ontario) of Richardson GMP Ltd. (2006 to 2010). |
| Don Short<br>Calgary, Alberta | Director, Senior Vice-President and Portfolio Manager | Director and Senior Vice-President and Portfolio Manager of Qwest Investment Fund Management Ltd.; Director of Qwest Funds Corp. and Canada Crypto Corp.; President of Origin Capital Management Ltd. (2006 to 2010). |
| Jackie Chen<br>Vancouver, British Columbia | Director | Chief Executive Officer and Director of Uni-innovate Consulting Corp.; Chief Executive Officer and Director of INP Capital Management Ltd. and holds same positions in wholly owned INP Capital Inc.; Director of Euclideon Pty Ltd., INP Greengold Fund I Limited Partnership, INP Grandoak Investment Management Ltd., Une-Innovation Consulting Australia Pty Ltd., INP Capital Australia Pty Ltd. and INP Capital GP Limited. |

| Name and Municipality of Residence | Position with the Investment Advisor and Fund Manager (QIFM) | Principal Occupation During the Past Five Years |
|---|---|---|
| Glenn MacNeill<br>Toronto, Ontario | Portfolio Manager | Portfolio Manager of Qwest Investment Fund Management Ltd. (since January 2016); Portfolio Manager for Pangaea Asset Management Inc (November 2012 to January 2016); Managing Director and Portfolio Manager for Bennington Investment Management (December 2010 to November 2012); Chief Investment Officer and Senior Portfolio Manager at Lawrence Asset Management Inc. (February 2009 to April 2010). |

*Cease Trade Orders*

No director or executive officer of QIFM is or has been, within the 10 years preceding the date of this prospectus, a director, chief executive officer or chief financial officer of any company that: (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of this prospectus, an "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to an exemption under securities legislation, and such order was in effect for a period of more than 30 consecutive days.

*Bankruptcies*

Other than specified below, no director or executive officer of QIFM, or shareholder holding a sufficient number of securities of QIFM to affect materially the control of QIFM, is or has been, within the 10 years preceding the date of this prospectus:

(a) a director or an executive officer of any company that, while the person was acting in that capacity, or within a year of that person ceasing to act in the capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets or made a proposal under any legislation relating to bankruptcies or insolvency; or

(b) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

Don Short was an independent director of Avatar Energy Ltd. ("Avatar") from September 2011 until February 2013. In early February 2013, Avatar received a Notice of Intention to Enforce Security from its bank lender, and subsequently approved the receivership. In connection with the receivership order, the directors of Avatar, including Mr. Short, resigned from their positions with Avatar.*Penalties or Sanctions*

Except as set out below, no director or executive officer of QIFM or any shareholder holding a sufficient number of securities of QIFM to materially affect the control of QIFM has:

(a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

*Personal Bankruptcies*

No director or executive officer of QIFM, or any shareholder holding a sufficient number of securities of QIFM to affect materially the control of QIFM or a personal holding company of any such persons has, within the 10 years before the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

**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 Promoters, 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 Promoters and the directors and senior officers of the General Partner and QIFM and other partnerships in respect of which subsidiaries of QIFM and the Promoters 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 Promoters, 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.

QIFM, 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. PCC 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 Units of the Partnership. 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.

**Independent Review Committee**

In accordance with National Instrument 81-107 Independent Review Committee for Investment Funds ("**NI 81-107**"), QIFM has established the IRC for the Partnership to whom the General Partner and the Investment Advisor and Fund Manager will refer all conflict of interest matters for review or approval. The IRC will assist the General Partner and the Investment Advisor and Fund Manager in performing their respective services under the Partnership Agreement by providing independent advice to, and oversight of, the General Partner and the Investment Advisor and Fund Manager, solely with respect to conflicts of interest and potential conflicts of interest identified by the General Partner and the Investment Advisor and Fund Manager. It is expected that the fees and expenses payable by the Partnership in relation to its portion of the IRC fees and expenses will

be between $4,000 and $10,000 annually, which amount is included in the fees payable to the Investment Advisor and Fund Manager under the Investment Advisor and Fund Manager Agreement.

The IRC has approved a Charter which establishes rules of conduct designed to ensure fair treatment of Limited Partners and security holders of the investment funds managed by PCC or its subsidiary companies, including the Partnership, and to ensure that at all times the interests of the funds and their security holders, including those of the Partnership and its Limited Partners, are placed above personal interests of employees, officers and directors of the General Partner and the Investment Advisor and Fund Manager and their respective affiliates. The IRC meets at least quarterly each year.

The General Partner or the Investment Advisor and Fund Manager will notify each member of the IRC in writing of any conflict of interest or potential conflict of interest concerning the General Partner, the Investment Advisor and Fund Manager or the Partnership (other than any such conflicts of interest or potential conflicts of interest relating to matters with respect to which the approval of Limited Partners is required under the Partnership Agreement) and consult with the IRC in respect of any such conflicts of interest or potential conflicts of interest. In the event of an unresolved dispute between the IRC and the General Partner or the Investment Advisor and Fund Manager with respect to a conflict of interest or potential conflict of interest, the IRC will decide whether the Limited Partners should be notified of such matter and if it decides that notification is required, upon written direction of the IRC, the General Partner must notify Limited Partners holding Units of the conflict of interest or potential conflict of interest. Should the conflict result in a breach of a condition imposed by securities legislation or the IRC in its approval of the matter, the IRC would notify the British Columbia Securities Commission. A summary report by the IRC will be included in the Partnership's annual report to Limited Partners. The reports of the IRC will be available free of charge from QIFM on request by contacting QIFM at (604) 602-1142 or by email at info@qwestfunds.com and will be posted on the Internet at www.qwestfunds.com. Information contained on this website is not and shall not be deemed to be incorporated by reference into this prospectus.

The IRC is currently comprised of three members, all of whom are independent of the General Partner and Investment Advisor and Fund Manager. The name, municipality of residence and principal occupation of each member of the IRC are set out in the table below.

| Name and Municipality of Residence | Principal Occupation |
|---|---|
| David M. Gilkes<br>Halton, Ontario | President, North Star Compliance and Regulatory Solutions |
| Gary Arca, CPA, CA<br>Delta, British Columbia | Chief Financial Officer, Starcore International Mines Ltd. |
| Colin Bell<br>Vancouver, British Columbia | Corporate Controller, Methanex Corporation |

**Prior Partnerships**

***Probity Mining 2019-II Short Duration Flow-Through Limited Partnership***

Probity Mining 2019-II Short Duration Flow-Through Limited Partnership (the "2019-II LP") issued 958,570 limited partnership units at a price of $10.00 per Unit, for gross proceeds of $9,585,700. As at January 31, 2020, the net asset value of the National Class portfolio of the 2019-II LP was $8.9552 for the Class A Units and $9.3609 for the Class F Units. As at January 31, 2020, the net asset value of the Québec Class portfolio of the 2019-II LP was $9.8050 for the Class A Units and $10.3375 for the Class F Units. As at January 31, 2020, the net asset value of the BC Class portfolio of the 2019-II LP was $9.2083 for the Class A Units and $9.4376 for the Class F Units.

***Probity Mining 2019 Short Duration Flow-Through Limited Partnership***

Probity Mining 2019 Short Duration Flow-Through Limited Partnership (the "2019 LP") issued 643,075 limited partnership units at a price of $10.00 per Unit, for gross proceeds of $6,430,750. As at January 31, 2020, the net asset value of the National Class portfolio of the 2019 LP was $7.9670 for the Class A Units and $8.3443 for the Class F Units. As at January 31, 2020, the net asset value of the Québec Class portfolio of the 2019 LP was $8.8162 for the Class A Units and $9.2517 for

the Class F Units. As at January 31, 2020, the net asset value of the BC Class portfolio of the 2019 LP was $6.8497 for the Class A Units and $7.1330 for the Class F Units.

***Probity Mining 2018–II Short Duration Flow-Through Limited Partnership***

Probity Mining 2018–II Short Duration Flow-Through Limited Partnership (the "2018-II LP") issued 525,480 limited partnership units at a price of $10.00 per Unit, for gross proceeds of $5,254,800. As at January 31, 2020, the net asset value of the National Class portfolio of the 2018-II LP was $3.6475 for the Class A Units and $3.8284 for the Class F Units. As at January 31, 2020, the net asset value of the Québec Class portfolio of the 2018-II LP was $1.4095 for the Class A Units and $1.4786 for the Class F Units. As at January 31, 2020, the net asset value of the BC Class portfolio of the 2018-II LP was $3.0148 for the Class A Units and $3.1474 for the Class F Units. An initial distribution of $3.0847 per BC-A Unit, $3.2197 per BC-F Unit, $2.0010 per NC-A Unit, $2.0998 per NC-F Unit, $2.4860 per QC-A Unit and $2.6069 QC-F Unit was made effective August 30, 2019. A final distribution of $4.7766 per BC-A Unit, $4.9866 per BC-F Unit, $2.5535 per NC-A Unit, $2.6801 per NC-F Unit, $1.5557 per QC-A Unit and $1.6320 per QC-F Unit was made effective February 14, 2020. The 2018-II LP is set to dissolve effective February 28, 2020.

***Probity Mining 2018 Short Duration Flow-Through Limited Partnership***

Probity Mining 2018 Short Duration Flow-Through Limited Partnership (the "2018 LP") issued 400,345 limited partnership units at a price of $10.00 per Unit, for gross proceeds of $4,003,450. An initial distribution of $2.5349 per Class A Unit and $2.6567 per Class F Unit was made on February 20, 2019. A final distribution of $2.4714 per Class A Unit and $2.5901 per Class F Unit was made effective August 30, 2019. The 2018 LP was dissolved effective August 31, 2019.

***Probity Mining 2017–II Short Duration Flow-Through Limited Partnership***

Probity Mining 2017–II Short Duration Flow-Through Limited Partnership (the "2017-II LP") issued 716,410 limited partnership units at a price of $10.00 per Unit, for gross proceeds of $7,164,100. An initial distribution of $2.7036 per Class A Unit and $2.8316 per Class F Unit was made on October 1, 2018. A final distribution of $1.6405 per Class A Unit and $1.7183 per Class F Unit was made on February 20, 2019. The 2017-II LP was dissolved effective March 15, 2019.

***Probity Mining 2017 Short Duration Flow-Through Limited Partnership***

Probity Mining 2017 Short Duration Flow-Through Limited Partnership (the "2017 LP") issued 368,200 limited partnership units at a price of $10.00 per Unit, for gross proceeds of $3,682,000. An initial distribution of $3.2156 per Class A Unit and $3.3716 per Class F Unit was made on January 29, 2018. A final distribution of $1.7225 per Class A Unit and $1.8100 per Class F Unit was made on October 1, 2018. The 2017 LP was dissolved effective October 26, 2018.

***Probity Mining 2016-II Short Duration Flow-Through Limited Partnership***

Probity Mining 2016-II Short Duration Flow-Through Limited Partnership (the "2016-II LP") issued 142,345 limited partnership units at a price of $10.00 per Unit, for gross proceeds of $1,423,450. An initial distribution of $3.4675 per Class A Unit and $3.6409 per Class F Unit was made on June 9, 2017. A final distribution of distribution of $3.7388 per Class A Unit and $3.9258 per Class F Unit was made on August 31, 2017. The 2016-II LP was dissolved effective September 29, 2017.

***Probity Mining 2016 Short Duration Flow-Through Limited Partnership***

Probity Mining 2016 Short Duration Flow-Through Limited Partnership (the "2016-II LP") issued 168,700 limited partnership units at a price of $10.00 per Unit, for gross proceeds of $1,687,000. An initial distribution of $4.0497 per Class A Unit and $4.2233 per Class F Unit was made on April 13, 2017). A final distribution of distribution of $3.5046 per Class A Unit and $3.7586 per Class F Unit, was made on October 6, 2017. The 2016 LP was dissolved effective October 27, 2017.

**Custodian**

The Partnership has appointed RBC Investor Services Trust, at its principal offices in Toronto, Ontario, as the custodian of each Portfolio's assets. The custodian will provide safekeeping and custodial services in respect of each Portfolio's assets.

The custodian agreement may be terminated by any party to the agreement on 30 days' written notice. RBC Investor Services Trust shall be entitled to compensation for its services and expenses agreed to between the parties from time to time.

**Auditor**

KPMG LLP is the auditor of the Partnership and have confirmed with respect to the Partnership, that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

**Transfer Agent and Registrar**

The Partnership has appointed Computershare, at its principal offices in Calgary, Alberta, as the registrar and transfer agent for the Units.

**Promoters**

Probity Capital Corporation was incorporated under the provisions of the *Canada Business Corporations Act* on December 2, 2014. The business of Probity Capital Corporation is to use its investment banking experience and business acumen to create, structure and promote funds. The registered office of Probity Capital Corporation is 10 Donwoods Grove, North York, Ontario M4N 2X5. The head office of Probity Capital Corporation is 10 Donwoods Grove, North York, Ontario M4N 2X5.

The General Partner may also be considered to be a promoter for the purposes of applicable securities laws. For further information on the General Partner, please see "Organization and Management Details of the Partnership – The General Partner" and "Organization and Management Details of the Partnership – Officers and Directors of the General Partner".

**Officers and Directors of Probity Capital Corporation**

The General Partner is a wholly-owned subsidiary of Probity Capital Corporation. All of the directors and officers of the General Partner are also directors and officers of Probity Capital Corporation. See "Organization and Management Details of the Partnership – Officers and Directors of the General Partner".

## CALCULATION OF NET ASSET VALUE

**Calculation of Net Asset Value**

The Net Asset Value of each class of Units as a separate non-redeemable investment fund and the Net Asset Value per Unit of each class of Units within each Portfolio will be calculated by the General Partner at 4:00 p.m. (ET) on the final Business Day of each week (the "**Valuation Date**") by subtracting the aggregate amount of the Partnership's liabilities attributable to the applicable Portfolio from the aggregate amount of the Partnership's assets of the applicable Portfolio on that date, as determined using the fair market value of the Partnership's assets and liabilities, and dividing by the total number of Units of that Class outstanding.

**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 Portfolios 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 Portfolios,

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 of Units will be subtracted from the corresponding value of the assets attributable to such class of Units; 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 of Units, and will be subtracted from the corresponding value of the assets attributable to such class of Units.

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 Net Asset Value per Unit for each class of Units is determined in accordance with the principles set out above may differ from the Net Asset Value per Unit for each class of Units as determined under International Financial Reporting Standards.

The process of valuing investments for which no published market exists is based on inherent uncertainties, and the resulting values may differ from values that would have been used had a ready market existed for the investments and may differ from the prices at which the investments may be sold.

**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.**

**Reporting of Net asset Value per Unit**

The Net Asset Value per Unit of each class of Units as at each Valuation Date will be available on the internet at www.probitycorporation.com. None of the information contained on this website is or shall be deemed to be incorporated in this prospectus by reference.

## ATTRIBUTES OF THE UNITS

**Description of the Units Distributed**

The interests of the Limited Partners in the Partnership will be divided into an unlimited number of Units, of which a maximum of 2,000,000 National Class Units, 1,000,000 British Columbia Class Units and 1,000,000 Québec Class Units, and a minimum of 150,000 Units will be issued. Each issued and outstanding Unit of a Class shall be equal to each other Unit of that Class 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 of a Class shall have preference, priority or right in any circumstances over any other Unit of that Class. At all meetings of the Limited Partners, each Limited Partner will be entitled to one vote for each Unit held in respect of all matters upon which holders of Units of that Class are entitled to vote. 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. Fractional Units will not be issued. The Units constitute securities for the purposes of the *Securities Transfer Act* (Ontario) and similar legislation in other jurisdictions. See "Organization and Management Details of the Partnership – Details of the Partnership Agreement".

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 | Price per security | Number outstanding at February 20, 2020 | Number outstanding after minimum Offering | Number outstanding after maximum Offering |
|---|---|---|---|---|---|
| Partnership Units – Class A Units and Class F Units | 4,000,000 | $10.00 | 1 NC-A Unit (to be redeemed at initial Closing) | 150,000 | 4,000,000 |
| Class P Units (issued to the General Partner) | 1 | $10.00 | 1 Class P Unit | 1 | 1 |

## LIMITED PARTNER MATTERS

**Meetings of Limited Partners**

The Partnership will not be required to hold annual general meetings, but 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.

The General Partner will call a meeting of Limited Partners on receipt of a written request from the Limited Partners holding, in the aggregate, not less than 10% of all Units outstanding stating sufficiently for compliance the purpose for which the meeting is to be held. If the General Partner fails to call a meeting of Limited Partners within 30 days after receipt of such written request, any Limited Partner may call such meeting in accordance with the terms hereof.

Notice of any Partners' meeting will be given to each Limited Partner entitled to vote and to the General Partner. The notice will be mailed at least 21 and not more than 60 days prior to the meeting and must specify the time and place of the meeting

and, in reasonable detail, the nature of all business to be transacted. Notice of adjourned meetings will be given not less than 10 days in advance and otherwise in accordance with the provisions for notice contained in the Partnership Agreement, except that the nature of the business to be transacted need not be specified.

All Partners' meetings will be held in the City of Toronto, Ontario or in such other municipality in Ontario as the General Partner may designate.

For the purpose of determining those Limited Partners who are entitled to vote or act at any meeting or any adjournment of any meeting, or for the purpose of any other action, the General Partner shall fix a date not less than 30 or more than 60 days prior to the date of any meeting of Partners or such other action, as a record date for the determination of those Limited Partners entitled to vote at such meeting or any adjournment of any meeting, or to be treated as Limited Partners of record for purposes of any other such action. The persons so determined shall be the persons deemed to have such entitlements, except to the extent that a Limited Partner has transferred any of his or her Units after such record date and the transferee of the Units:

(a) establishes to the satisfaction of the General Partner that he or she is the owner of the Units in question; and

(b) requests, not later than 10 days before the meeting, or such shorter period before the meeting as the General Partner may consider acceptable, that the transferee's name be included in the list of Limited Partners as of such record date, in which case the transferee shall be treated as a Limited Partner of record for the purposes of such entitlements in place of the transferor.

The chair of all meetings will be chosen by the General Partner, unless those Limited Partners entitled to vote that are present in person or represented by proxy at the meeting choose, by Ordinary Resolution, some other person present to be chair.

Two or more Limited Partners present in person or by proxy and representing not less than 5% of the Units then outstanding will constitute a quorum at a meeting of the Limited Partners, except a meeting called to consider an Extraordinary Resolution at which two or more Limited Partners present in person or by proxy and representing not less than 20% of the Units then outstanding will constitute a quorum. If a quorum is not present for a Partners' meeting within 30 minutes after the time fixed for holding the meeting, the meeting, if convened pursuant to a written request of the Limited Partners, will be cancelled, but otherwise will be adjourned to such date not less than 10 and not more than 21 days after the original date for the meeting as is determined by the General Partner, and the Partners entitled to vote and present in person or by proxy at such adjourned meeting will constitute a quorum for the transaction of any business that might have been dealt with at the original meeting in accordance with the notice calling the same.

At all meetings of Partners, each Limited Partner will be entitled to one vote for each Class A and/or Class F Unit held on matters which a Limited Partner is entitled to vote. Limited Partners shall be entitled to vote at a meeting of Partners. The General Partner will be entitled to one vote in its capacity as General Partner, except on a motion to remove the General Partner. If the General Partner or a related entity is the holder of a Unit, the General Partner or the related entity will also be entitled to vote in respect of such Unit, except on a resolution to remove the General Partner. The Chair of the meeting of Limited Partners will not have a casting vote. Every question submitted to a meeting of Partners will be decided by a show of hands unless a poll is demanded by a Limited Partner or the chair before the question is put or after the results of the show of hands have been announced and before the meeting proceeds to the next item of business, in which case a poll will be taken. At any meeting of the Limited Partners, on a matter voted upon:

(a) for which no poll is requested, a declaration made by the chair of the meeting as to the voting on any particular resolution will be conclusive evidence thereof; or

(b) for which a poll is requested, the result of the poll will be deemed to be the decision of the meeting on the question or resolution in respect of which the poll was taken.

**Matters Requiring Limited Partner Approval**

At any meeting of Limited Partners, any Limited Partner may vote by proxy in a form acceptable to the General Partner, provided the proxy has been received by the General Partner prior to the meeting. Any individual who is 18 years of age or older may be appointed as proxy. No instrument of proxy will be considered valid if dated more than one year before the date of the meeting. The Chair will determine the validity of any challenged instrument of proxy. A proxy will be valid notwithstanding the subsequent death, incapacity, insolvency, bankruptcy or dissolution of the Limited Partner giving the

proxy or the revocation of the proxy, provided that no written notice of such death, incapacity, insolvency, bankruptcy, dissolution or revocation has been received by the General Partner at the place of meeting prior to the time fixed for the holding of the meeting. A Limited Partner that is a corporation may appoint an officer, director or other authorized individual who is 18 years of age or older as its representative to attend, vote and act on its behalf at meetings of Limited Partners, and may by a like instrument revoke any such appointment, and for all purposes of meetings of Limited Partners, other than the giving of notice, an individual so appointed will be deemed to be the holder of every Unit held by the corporation it represents. Notwithstanding the foregoing, neither the General Partner nor any of its affiliates may vote or have its Units voted on a matter in which any of them have a material interest.

In addition to all other powers conferred on them by, and except as otherwise provided in, this Agreement, the Limited Partners may only by Extraordinary Resolution:

(a) remove Probity 2020 Mining Flow Through Management Corp. as the General Partner and appoint a new general partner as the General Partner, as provided in the Partnership Agreement;

(b) remove a General Partner other than Probity 2020 Mining Flow Through Management Corp. and appoint a successor, as provided in the Partnership Agreement;

(c) approve the transfer of the interest of the General Partner in the Partnership as required in the Partnership Agreement;

(d) waive any default on the part of the General Partner on such terms as they may determine and release the General Partner from any claims in respect thereof;

(e) approve a change of the Termination Date of the Partnership as contemplated in the Partnership Agreement;

(f) authorize the sale, lease, transfer or other disposition of all or substantially all of the assets of the Partnership, other than pursuant to a Liquidity Alternative;

(g) authorize the actions described in the Partnership Agreement;

(h) amend the Partnership Agreement;

(i) approve amendments to the business, Investment Strategy and Investment Guidelines adopted by the Partnership and set out in the Partnership Agreement; and

(j) approve any transaction proposed to be made outside the normal course of business (as defined in the Partnership Agreement).

The General Partner (in respect of Units it may hold), its affiliates and any director or officer of such persons who hold Units will not be entitled to vote on any Extraordinary Resolutions on any matters described items (i), (ii), (iii) or (iv) above, or to make a loan to itself, or to any party which is a related party to the General Partner or Initial Limited Partner or out of the assets of the Partnership.

Any Extraordinary Resolution or Ordinary Resolution will be binding on all Limited Partners, whether or not such Limited Partner was present or represented by proxy at the meeting at which such resolution was passed and whether or not such Limited Partner voted in favour of such resolution.

**Reporting to Limited Partners**

The Partnership's Fiscal Year will be the calendar year. The General Partner, on behalf of the Partnership, will file and deliver to each Limited Partner, as applicable, such financial statements (including interim unaudited and annual audited financial statements) and other reports as are from time to time required by applicable law. The annual financial statements of each Class shall be audited by the Partnership's auditor. The auditor will be asked to report on the fair presentation of the annual financial statements in accordance with International Financial Reporting Standards. The General Partner, on behalf of the Partnership, may seek exemptions from certain continuous disclosure obligations under applicable securities laws.

The General Partner will forward, or cause to be forwarded on a timely basis, to each Limited Partner, either directly or indirectly through CDS, the information necessary for the Limited Partner to complete such Limited Partner's Canadian federal and provincial income tax returns with respect to Partnership matters for the preceding year. The General Partner will make all filings required with respect to tax shelters by the Tax Act.

The General Partner and QIFM will ensure that the Partnership complies with all other reporting and administrative requirements.

The General Partner is required to keep adequate books and records reflecting the activities of each class of Units in accordance with normal business practices and IFRS. The *Partnership Act* (British Columbia) provides that any person may, on demand, examine the register of limited partners. A Limited Partner has the right to examine the books and records of the Class in which he or she holds Units at all reasonable times. 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 and which is not required to be disclosed by applicable securities laws or other laws governing the Partnership.

## LIQUIDITY ALTERNATIVE AND TERMINATION OF THE PARTNERSHIP

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 Partnership's assets for cash, whereupon the proceeds shall be distributed to the Partners upon the dissolution of the Partnership. The General Partner intends to implement the Liquidity Alternative before September 30, 2021, 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 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 September 30, 2021, then, at the discretion of the General Partner, the Partnership may: (a) be dissolved on or about December 31, 2021, the Partnership's net assets will be distributed to the other Partners with reference to their respective Capital Accounts in accordance with the terms of the Partnership Agreement, 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.

In the event that a Liquidity Alternative is not implemented and (a) the Partnership dissolves on or about December 31, 2021, 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 Portfolios as possible for cash, with a view to maximizing sale proceeds.

Unless dissolved earlier upon the occurrence of certain events stated in the Partnership Agreement or continued after December 31, 2021, 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 Partners 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 Portfolios will be distributed to the Partners with reference to their respective Capital Accounts in accordance with the terms of the Partnership Agreement. 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 Portfolios' 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 to the Partners, in specie, subject to all necessary approvals and thereafter such property will, if necessary, be partitioned. See "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. Each Partner will receive an undivided interest in each such asset held in the Partnership, 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.

## USE OF PROCEEDS

**This Offering is a blind pool offering**. The Gross Proceeds of the Offering will be $40,000,000 if the maximum Offering is completed, and $1,500,000 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: | $40,000,000 | $1,500,000 |
| Agents' Fee[(2)] | $2,700,000 | $101,250 |
| Offering expenses[(2)] | $300,000 | $285,000 |
| Payment to sellers and finders[(2)(3)] | $400,000 | $15,000 |
| Operating Reserve[(4)] | $155,000 | $130,000 |
| Available Funds[(1)]: | $36,545,000 | $968,750 |

(1) Assumes only Class A Units are sold. If only Class F Units were sold, the Available Funds would be $38,245,000 in the case of the maximum Offering and $1,032,500 in the case of the minimum Offering.

(2) The Agents' 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 Class A and/or Class F 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, $155,000 (in the case of the maximum Offering) or $130,000 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 for a period of 10 months from the initial Closing Date.

**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 "Canadian Federal Income Tax Considerations".

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 Portfolios 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 "Organization and Management Details of the Partnership – Investment Advisor and Fund Manager – Details of the Investment Advisor and Fund Manager Agreement".

The Investment Advisor and Fund Manager will proactively manage the Partnership's Portfolios 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 Portfolios.

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. 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 Class A and/or Class F Units. Other than fees and expenses directly attributable to the Portfolios, 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 Class A and/or Class F Units.

The Agents will hold Class A and/or Class F 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.

**Reallocation**

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

**Breakdown of Operating Reserve**

The following is a breakdown of the Operating Reserve for each of the minimum and maximum Offering:

| | Maximum Offering | Minimum Offering |
|---|---|---|
| Audit Expenses | $35,000 | $28,000 |
| Custodian Expenses | $12,000 | $12,000 |
| Fund Accounting Expenses paid to Administrator | $42,000 | $42,000 |
| GP Administration Fee | $2,500 | $2,500 |
| Administration fee paid to Heritage Bancorp Ltd. | $25,000 | $25,000 |
| Legal Expenses and Regulatory Filing Fees | $15,000 | $15,000 |
| Manager Placement Fee (Amortized) | $18,000 | $3,000 |
| Accounting Fees | $1,500 | $1,500 |
| Transfer Agent Fees | $3,000 | $3,000 |
| Unitholder Record Keeping Expenses | $21,000 | $15,000 |
| Wind-Up Costs for Partnership | $5,000 | $5,000 |
| Contingency | $6,000 | $4,000 |
| **Total Operating Reserve:** | **$186,000** | **$156,000** |

## PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Agents have agreed to offer Units for sale to the public in each of the provinces and territories of Canada, on a best efforts basis if, as and when issued by the Partnership. Pursuant to an Agency Agreement among the Partnership, the General Partner, the Investment Advisor and Fund Manager and the Agents, a fee of $0.675 per Class A Unit (6.75%), $0.25 per Class F Unit (2.5%) is payable by the Partnership to the Agents.

The Offering of Units consists of a maximum Offering of 2,000,000 NC-A and/or NC-F Units, 1,000,000 BC-A and/or BC-F Units; and 1,000,000 QC-A and/or QC-F Units and the minimum Offering of 150,000 Class A and/or Class F Units. The minimum purchase is 500 Units. Fractional Units will not be issued. The subscription price per Unit was determined by negotiations between the Lead Agent and the General Partner. The General Partner, on behalf of the Partnership, reserves the right to accept or reject any subscription in whole or in part.

While the Agents have agreed to use their best efforts to sell the Units, they are not obliged to purchase any Units that are not sold. The obligations of the Agents under the Agency Agreement may be terminated, and the Agents may withdraw all subscriptions on behalf of Subscribers, at the Agents' discretion, on the basis of their assessment of the state of the financial markets or upon the occurrence of certain events described in the Agency Agreement.

The Offering will take place during the period commencing on the date a receipt is issued for the prospectus by the British Columbia Securities Commission and ending at the close of business on the date of the Closing. It is expected that the initial Closing Date will be in or about February, 2020. Subscription proceeds received by the Agents will be held by the Agents until the Closing Date. If subscriptions for a minimum of 150,000 Units have not been received within 90 days after the issuance of a final receipt for this prospectus or any amendment thereto, this Offering may not continue and the subscription proceeds for the Units or the Units of the applicable Class, as applicable, will be returned, without interest or deduction, to the Subscribers. If the maximum Offering is not achieved at the initial Closing Date, subsequent Closings may be completed on or before the date that is 90 days from the date of this prospectus or any amendment thereto.

The General Partner, on behalf of the Partnership, reserves the right to accept or reject any subscription in whole or in part and to reject all subscriptions. If a subscription is rejected or accepted in part, unused monies received will be returned to the Subscriber. If all subscriptions are rejected, subscription proceeds will be returned to the Subscribers with no interest payable

thereon. A Subscriber whose subscription for Units has been accepted by the General Partner will become a Limited Partner upon the entering of his or her name in the register of Limited Partners on or as soon as possible after the relevant Closing.

The Offering will close if all conditions specified in the Agency Agreement for the closing have been satisfied or waived, and the Agents have not exercised any right to terminate the Offering; and on the date of the Closing of the Offering, subscriptions for at least 150,000 Units are accepted by the General Partner.

**Book Entry System**

Subscriptions will be received subject to acceptance or rejection in whole or in part and the right is reserved to close the Offering at any time without notice. The Offering will be conducted under the book-entry system. At each Closing, non-certificated interests representing the aggregate number of Units subscribed for at such Closing will be recorded in the name of CDS or its nominee on the register of the Partnership maintained by Computershare on the date of such Closing. Any purchase or transfer of Units must be made through CDS depository service participants, which includes registered dealers, banks and trust companies ("**CDS Participants**"). Indirect access to the book-entry system is also available to other institutions that maintain custodial relationships with a CDS Participant, either directly or indirectly. Each Subscriber will receive a customer confirmation of purchase from the CDS Participant from or through whom such Subscriber purchased Units, which confirmation will be in accordance with the practices and procedures of such CDS Participant.

No Limited Partner will be entitled to a certificate or other instrument from the General Partner, Computershare or CDS evidencing such Limited Partner's interest in or ownership of Units, nor, to the extent applicable, will such Limited Partners be shown on the records maintained by CDS, except through an agent who is a CDS Participant. Distributions on Units, if any, will be made by the Partnership to CDS and will then be forwarded by CDS to the CDS Participants and thereafter to the Limited Partners.

The General Partner, on behalf of the Partnership, has the option to terminate the book-entry system through CDS, in which case CDS will be replaced or Unit certificates in fully registered form will be issued to Limited Partners as of the effective date of such termination.

The ability of a holder of a Unit to pledge his or her Unit or take action with respect thereto (other than through a CDS Participant) may be limited due to the lack of physical certificates and the rights of the Partnership under the Partnership Agreement.

## RELATIONSHIP BETWEEN THE PARTNERSHIP AND AGENT

The Partnership is not a "connected issuer" or "related issuer" as those terms are defined in applicable securities legislation to the Agents.

## PRINCIPAL HOLDERS OF SECURITIES OF THE PARTNERSHIP

**Principal Holders of Partnership Interests**

As of the date hereof, the only partners of the Partnership are the Initial Limited Partner, Heritage Bancorp, whose interest will be redeemed on the initial Closing Date, and the General Partner.

**Principal Holders of Shares of the General Partner**

As of the date hereof, the General Partner is a wholly-owned subsidiary of Probity Capital Corporation.

## INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The General Partner is a wholly-owned subsidiary of Probity Capital Corporation. All of the directors and officers of the General Partner are also directors and officers of Probity Capital Corporation. To the knowledge of the General Partner, except as disclosed herein under "Fees and Expenses", "Organization and Management Details of the Partnership, " Conflicts of Interest" and "Liquidity Alternative and Termination of the Partnership", no director or officer of the General Partner has any interest in any actual material transaction involving the Partnership, or has any interest in any proposed material transaction involving the Partnership. QIFM, 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 Net Asset Value of the Units of the Partnership. The Investment Advisor and Fund Manager and PCC may receive a portion of 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.

## PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

### Policies and Procedures

Subject to compliance with the provisions of applicable law, QIFM, in its capacity as Investment Advisor and Fund Manager, acting on the Partnership's behalf, has the right to vote proxies relating to the securities of Resource Issuers in the Portfolios. Proxies must be voted in a manner consistent with the best interests of the Partnership and the Limited Partners. All proxy voting instructions are to be submitted on a timely basis and all proxy votes must be approved by a portfolio manager at QIFM or, in certain circumstances, QIFM's Chief Compliance Officer.

Because the Partnership does not purchase securities for the purposes of exercising control or direction over Resource Issuers, proxies will be assessed but generally will be voted with management of a Resource Issuer on routine business. Examples of routine business applicable to a Resource Issuer are voting on the size, nomination and election of the board of directors and the appointment of auditor. All other special or non-routine matters will be assessed on a case-by-case basis with a focus on the potential impact of the vote on the value of the Partnership's investment in that Resource Issuer. Examples of non-routine business are stock based compensation plans, executive severance compensation arrangements, shareholder rights plans, corporate restructuring plans, going private transactions in connection with leveraged buyouts, supermajority approval proposals, and stakeholder or shareholder proposals.

On rare occasions, the Investment Advisor and Fund Manager may abstain from voting a proxy or a specific proxy item when it is concluded that the potential benefit of voting the proxy of that Resource Issuer is outweighed by the cost of voting the proxy. In addition, the Investment Advisor and Fund Manager will not vote proxies received for securities of Resource Issuers which are no longer held in the Portfolios.

### Proxy Voting Conflicts of Interest

Where proxy voting could give rise to a conflict of interest or perceived conflict of interest, in order to balance the interest of the Partnership in voting proxies with the desire to avoid the perception of a conflict of interest, the Investment Advisor and Fund Manager has instituted procedures to help ensure that the Partnership's proxy is voted in accordance with the business judgment of the person exercising the voting rights on behalf of the Partnership, uninfluenced by considerations other than the best interests of the Partnership.

The procedures for voting Resource Issuers' proxies where there may be a conflict of interest include escalation of the issue to the independent member of the board of directors of the General Partner, for his consideration and advice, although the responsibility for deciding how to vote the Partnership's proxies and for exercising the vote remains with the Investment Advisor and Fund Manager.

### Disclosure of Proxy Voting Guidelines and Record

A copy of the Investment Advisor and Fund Manager's proxy voting guidelines will be made available on the Internet at www.qwestfunds.com. The most recent proxy voting record for investment funds managed by QIFM for the most recent period ended June 30 of each year will also be available on the Internet at www.qwestfunds.com or will be sent, upon request, to security holders of the Partnership at any time after August 31 of that year. Information contained on this website is not and shall not be deemed to be incorporated by reference into this prospectus.

## MATERIAL CONTRACTS

The Partnership has entered into, or will enter into on or prior to the Closing Date, the following material contracts:

(1) the Partnership Agreement (See "Organization and Management Details of the Partnership – Details of the Partnership Agreement");

(2) the Agency Agreement (See "Plan of Distribution");

(3) the Investment Advisor and Fund Manager Agreement (See "Organization and Management Details of the Partnership – Investment Advisor and Fund Manager – Details of the Investment Advisor and Fund Manager Agreement"); and

(4) the Administrative Services Agreement (See "Organization and Management Details of the Partnership – The Investment Advisor and Fund Manager – Administrative Services Agreement").

Copies of the agreements referred to above may be inspected during normal business hours over the course of the Offering at the registered office of the General Partner, Suite 530, 355 Burrard Street, Vancouver, British Columbia V6C 2G8 and will also be filed on SEDAR at www.sedar.com under the Partnership's Issuer Profile.

## LEGAL AND ADMINISTRATIVE PROCEEDINGS

Neither the General Partner nor the Partnership are currently involved in any litigation or proceedings which are material either individually or in the aggregate to the continued business operations of the General Partner and/or the Partnership and, to each of their knowledge, no legal proceedings of a material nature involving the General Partner and/or the Partnership are currently contemplated by any individuals, entities or government authorities.

## EXPERTS

### Auditor

KPMG LLP is the auditor of the Partnership and have confirmed with respect to the Partnership, that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

### Legal Opinions

Certain tax matters arising in connection with the Offering will be passed upon, on behalf of the Partnership and the General Partner, by Thorsteinssons LLP and, on behalf of the Agents, by Stikeman Elliott LLP. As at the date hereof, the partners and associates of each of Thorsteinssons LLP and Stikeman Elliott LLP own, directly or indirectly, less than 1% of the outstanding securities or other property of the Partnership.

## PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two Business Days after receipt, or deemed receipt, of a prospectus and any amendment. In certain provinces and territories, securities legislation further provides a purchaser with remedies for rescission or, in some Jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to a purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. A purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

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# INDEPENDENT AUDITORS' REPORTS

To the Directors of Probity 2020 Mining Flow Through Management Corp., in its capacity as the General Partner of the Partnership

## *Opinion*

We have audited the opening statement of financial position of Probity Mining 2020 Short Duration Flow-Through Limited Partnership (the "Partnership") as at January 30, 2020, and notes to the statement of financial position, including a summary of significant accounting policies (Hereinafter referred to as the "financial statement").

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the Partnership as at January 30, 2020, in accordance with International Financial Reporting Standards (IFRS).

## *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statement***" section of our auditors' report.

We are independent of the Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statement in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## *Responsibilities of the General Partner and Those Charged with Governance for the Financial Statement*

The General Partner is responsible for the preparation and fair presentation of the financial statement in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, the General Partner is responsible for assessing the Partnership's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Partnership or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Partnership's financial reporting process.

## *Auditors' Responsibilities for the Audit of the Financial Statement*

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statement.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Partnership's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the General Partner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Partnership to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
February 14, 2020

**PROBITY MINING 2020 SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP**

**OPENING STATEMENT OF FINANCIAL POSITION**
**As at January 30, 2020**

**ASSETS**

Current Assets

| | |
|---|---|
| Cash | $30 |
| Total assets | $30 |

**LIABILITIES**

Net assets attributable to partners

| | |
|---|---|
| General Partner Contribution | $10 |
| Issued and fully paid National Class A unit | $10 |
| Issued and fully paid Class P limited partnership unit | $10 |
| Total net assets attributable to partners | $30 |

The notes on pages 2 to 7 are an integral part of this statement

Approved on behalf of Probity Mining 2020 Short Duration Flow-Through Limited Partnership by the Board of Directors of its General Partner, Probity 2020 Mining Flow Through Management Corp.

*(signed)* BRENT LARKAN
Director

*(signed)* PETER CHRISTIANSEN
Director

**PROBITY MINING 2020 SHORT DURATION FLOW-THROUGH LIMITED PARTNERSHIP**

**NOTES TO OPENING STATEMENT OF FINANCIAL POSITION**

**January 30, 2020**

## 1. FORMATION OF PARTNERSHIP

Probity Mining 2020 Short Duration Flow-Through Limited Partnership (the "Partnership") was formed on November 25, 2019 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 2020 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 seven classes, National Class A Units, British Columbia Class A Units, Quebec Class A Units (collectively, "Class A Units"); National Class F Units, British Columbia Class A Units, Quebec Class F Units (collectively, "Class F Units"); and Class P 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. A Class P Unit is issued to the General Partner which entitles the General Partner to income allocations if certain conditions are met. 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 Offered 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"). Since the Partnership's formation on November 25, 2019, one Class NC-A Unit was issued to Heritage Bancorp Ltd. as the initial limited partner unit and a capital contribution of $10 was made by the General Partner. The General Partner also subscribed for one Class P Unit.

Under the Limited Partnership Agreement between the General Partner and each of the Limited Partners dated November 21, 2019 (herein referred to as the "LPA"), in each Fiscal Year of the Partnership, the Portfolio may yield Ordinary Income (as defined by the LPA). In such a Fiscal Year, Ordinary Income shall be allocated among the Partners on the following basis:

(a) firstly, pro rata to the holders of the National, BC, or Québec Class Units (as the case may be) to the extent that Ordinary Losses in respect of the particular Portfolio allocated to the holders of the National, BC, or Québec Class Units (as the case may be) in prior fiscal years exceeds Ordinary Income in respect of the particular Portfolio allocated to the holders of such Units;

(b) secondly, to the General Partner 0.01% of the remaining unallocated Ordinary Income;

(c) thirdly, to the holders of the National, BC, or Québec Class Units (as the case may be), pro rata with the proportion of such Units held by the partner to all such Units issued by the Partnership, up to an aggregate cumulative maximum (including prior year allocations and allocations pursuant to paragraph 6.3(a) above) not exceeding the Gross Proceeds in respect of such Units;

(d) fourthly, the balance of the unallocated Ordinary Income in respect of the particular Portfolio shall be allocated as follows:

    (i) 30% to the holders of the Class P Units pro rata with the proportion of the Class P Units held by the partner to the Class P Units issued by the Partnership;

    (ii) 70% to the holders of the National, BC, or Québec Class Units (as the case may be) pro rata with the proportion of such Units held by the partner to all such Units issued by the Partnership.

**1. FORMATION OF PARTNERSHIP (continued)**

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%), $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 (as defined by the LPA), 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") before September 30, 2021 with the exact timing to be determined based 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, 2021. The General Partner intends 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, up to and upon the dissolution of the Partnership. The General Partner may call a meeting of Limited Partners to approve a Liquidity Alternative and no Liquidity Alternative will be implemented if a majority of the Units voted at such meeting are voted against such Liquidity Alternative. In the event a Liquidity Alternative is not implemented by September 30, 2021, the General Partner may, in its discretion, dissolve the Partnership on or about December 31, 2021. 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.

Pursuant to the LPA, the Partnership is required to pay the General Partner a monthly fee of $200.

The opening statement of financial position was approved and authorized for issue by the Board of Directors of the General Partner on February 14, 2020.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of the statement of financial position are set out below.

(a) Basis of preparation

The statement of financial position has been prepared in accordance with International Financial Reporting Standards ("IFRS") relevant to preparing such a financial statement.

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 used by the Partnership in the preparation of its statement of financial position.

(b) Functional currency and presentation currency

The statement of financial position is presented in Canadian dollars, which is the Partnership's functional currency.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(c) Financial instruments

Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the Partnership becomes a party to the contractual provisions of the instrument. The Partnership derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Partnership has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition the Partnership may irrevocably elect to measure financial assets that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Financial assets are not reclassified subsequent to their initial recognition, unless the Partnership changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Partnership has not classified any of its financial assets as FVOCI.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(c) Financial instruments (continued)

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at fair value through profit or loss, such as derivatives liabilities. The Partnership may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Partnership uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Fund Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Partnership's policy is to recognize transfers into and out of the fair value hierarchy levels as of the beginning of the period of the transfer.

The fair value of financial assets and liabilities that are not traded in an active market, including non-publicly traded derivative instruments, is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and others commonly used by market participants and which make the maximum use of observable inputs. Should the value of the financial asset or liability, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

The Partnership classifies its investments at FVTPL.

Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method, less any impairment losses.

The Partnership classifies cash as amortized cost. Cash is comprised of amounts held in trust with the Partnership's legal counsel.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

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.

(d) Partnership units

The Limited Partnership Agreement between the General Partner and each of the Limited Partners (the "LPA") dated November 21, 2019 imposes a contractual obligation for the Partnership to deliver a share of its net assets to the holders of Class A Units, Class F Units and/or Class P Units on termination of the Partnership.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(d) Partnership units (continued)

Based on terms of the LPA, the General Partner and the Limited Partners 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 as the criteria in IAS 32 16c-d for equity classification are not met.

The Partnership's obligation for net assets attributable to partners is presented at the distribution amount, which is the residual amount of assets of the Partnership after deducting all of its liabilities.

**3. SALE OF UNITS**

The Partnership is undertaking a private placement of Class A and/or Class F Units in each of the provinces and territories of Canada, for maximum gross proceeds of up to $40,000,000 and minimum gross proceeds of $1,500,000.

**4. FINANCIAL RISK MANAGEMENT**

4.1 Risk management framework

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.

(a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Partnership, resulting in a financial loss to the Partnership.

The Partnership's policy over credit risk is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with credible counterparties. As at January 30, 2020 the credit risk is considered limited as the cash balance is held in trust with the Partnership's legal counsel.

(b) Liquidity risk

Liquidity risk is the risk that the Partnership will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Partnership's policy and the Fund Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Partnership's reputation.

(c) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate as a result of changes in market interest rates.

The monetary financial assets and liabilities of the Partnership are non-interest bearing. As a result, the Partnership is not subject to significant amounts of risk due to fluctuations in prevailing levels of market interest rates.

**4. FINANCIAL RISK MANAGEMENT (continued)**

4.1 Risk management framework (continued)

(c) Market risk (continued)

(ii) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies other than the functional currency of the Partnership will fluctuate due to changes in foreign exchange rates.

The monetary financial assets and liabilities of the Partnership are all denominated in Canadian dollars. As a result, the Partnership is not subject to significant amounts of risk due to fluctuations in prevailing levels of foreign exchange rates.

(iii) Other price risk

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market.

The Partnership's overall exposure is managed by investment restrictions which include a requirement for investments to be invested in resource issuers that are listed on a stock exchange. As at January 30, 2020, the Partnership is not exposed to significant other price risk as only cash balances are held.

**5. CAPITAL MANAGEMENT**

Units issued and outstanding are considered to be the capital of the Partnership. The Partnership's objective in managing its capital is to ensure a stable base to maximize returns to all investors. The Partnership does not have any internally or externally imposed restrictions on its capital.

**CERTIFICATE OF THE PARTNERSHIP, THE INVESTMENT ADVISOR AND FUND MANAGER AND THE PROMOTERS**

Dated: February 20, 2020.

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the Provinces and Territories of Canada.

**Probity Mining 2020 Short Duration Flow-Through Limited Partnership**
**by Probity 2020 Mining Flow Through Management Corp.**

| | |
|---|---|
| *"Brent Larkan"* | *"Peter Christiansen"* |
| Brent Larkan<br>Chief Executive Officer of the General Partner | Peter Christiansen<br>President of the General Partner |

On behalf of the Board of Directors of the General Partner

| | |
|---|---|
| *"Brent Larkan"* | *"Peter Christiansen"* |
| Brent Larkan<br>Director | Peter Christiansen<br>Director |

**Qwest Investment Fund Management Ltd.**

| | |
|---|---|
| *"Maurice Levesque"* | *"Peter Fang"* |
| Maurice Levesque<br>Chief Executive Officer | Peter Fang<br>Chief Operating Officer |

On behalf of the Board of Directors of the Investment Advisor and Fund Manager

| | |
|---|---|
| *"Don Short"* | *"Victor Therrien"* |
| Don Short<br>Director | Victor Therrien<br>Director |

On behalf of the Promoter

**Probity Capital Corporation**

| | |
|---|---|
| *"Brent Larkan"* | *"Peter Christiansen"* |
| Brent Larkan<br>Chief Executive Officer and Director | Peter Christiansen<br>President and Director |

## CERTIFICATE OF THE AGENTS

Dated: February 20, 2020.

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

**INDUSTRIAL ALLIANCE SECURITIES INC.**

By: *"Jeret Bode"*
Name: Jeret Bode
Title: Managing Director, Investment Banking

**CANACCORD GENUITY CORP**

By: *"Michael Shuh"*
Name: Michael Shuh
Title: Managing Director

**RAYMOND JAMES LTD.**

By *"Matthew Cowie"*
Name: Matthew Cowie
Title: Vice President

**ECHELON WEALTH PARTNERS INC.**

By: *"Beth Shaw"*
Name: Beth Shaw
Title: Head of Equity Capital Markets

**PI FINANCIAL CORP.**

By *"Trina Wang"*
Name: Trina Wang
Title: Vice President, Equity Capital Markets

**HAMPTON SECURITIES LIMITED**

By: *"Mike Ligeti"*
Name: Mike Ligeti
Title: Senior Vice President, Investment Banking

**LAURENTIAN BANK SECURITIES INC.**

By *"Joseph Gallucci"*
Name: Joseph Gallucci
Title: Managing Director