2007 BCSECCOM 691

November 7, 2007

Headnote
Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 81-106, s.17.1 - Continuous Disclosure Requirements for Investment Funds

AIF requirement - A fund wants relief from subsection 9.2 of NI 81-106 that requires a fund that does not have a current prospectus as at its financial year end to prepare an annual information form - The issuers are a short-term vehicles formed solely to invest their available funds in flow-through shares of resource issuers; the issuers' securities are not redeemable and there is no secondary trading in the issuers' securities; the issuers' other continuous disclosure documents will provide all relevant information necessary for investors to understand the issuers' business, financial position and future plans

Proxy voting record - A fund wants relief from subsections 10.3 and 10.4 of NI 81-106 that requires a fund to maintain a proxy voting record and annually to post the proxy voting record on its website - The issuers are short-term vehicles formed solely to invest their available funds in flow-through shares of resource issuers; the issuers' securities are not redeemable and there is no secondary trading in the issuers' securities; the issuers' other continuous disclosure documents will provide all relevant information necessary for investors to understand the issuers' business, financial position and future plans

Applicable British Columbia Provisions
National Instrument 81-106, ss. 9.2, 10.3, 10.4 and 17.1

In the Matter of
the Securities Legislation of
British Columbia, Alberta, Saskatchewan, Manitoba, Ontario,
Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador,
Northwest Territories, Nunavut Territory and Yukon Territory
(the "Jurisdictions")

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of

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GGOF 2007 Mining Flow-Through Limited Partnership
(The "Partnership")
and Guardian Group of Funds Ltd. ("GGOF")
(collectively, the "Filers")

MRRS Decision Document

Background
The local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions has received an application from the Filers on behalf of the Partnership and each future limited partnership managed by GGOF that is identical to the Partnership in all respects which are material to this decision (the "Future Partnerships" and together with the Partnership, the "Partnership Filers"), for an exemption from:

(i) the requirement in section 9.2 of National Instrument 81-106 *Investment Fund Continuous Disclosure* ("NI 81-106") to prepare and file an annual information form (the "AIF");

(ii) the requirement in section 10.3 of NI 81-106 to maintain a proxy voting record (the "Proxy Voting Record"); and

(iii) the requirements in section 10.4 of NI 81-106 to prepare a Proxy Voting Record on an annual basis for the period ending June 30 of each year, to post the Proxy Voting Record on the Filers' website no later than August 31 of each year and to send the Proxy Voting Record to the limited partners of the Partnership Filers (the "Limited Partners") upon request,

((i), (ii), and (iii) are collectively the "Requested Relief").

Under the Mutual Reliance Review System for Exemptive Relief Applications:

(a) the Ontario Securities Commission is the principal regulator for this application; and

(b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation
Defined terms contained in National Instrument 14-101 - *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filers:

1. The Partnership was formed pursuant to the provisions of the *Limited Partnerships Act* (Ontario) on July 26, 2007.

2. On August 31, 2007, the Partnership became a reporting issuer in each Jurisdiction and in Prince Edward Island. Any Future Partnership will also be a reporting issuer in each Jurisdiction.

3. GGOF is the manager of the Partnership and will be the manager of the Future Partnerships. As manager, GGOF provides or will cause to be provided all of the administrative services required by the Partnership Filers.

4. The principal office address and the registered office address of the Filers are located in Toronto, Ontario.

5. The Partnership was formed, and any Future Partnerships will be formed, to invest in certain common shares ("Flow-Through Shares") of companies that operate, as their principal business, in any of the precious metals, base metals, minerals or other resource-based industries ("Resource Issuers") pursuant to agreements ("Investment Agreements") between the Partnership Filer and the Resource Issuer. Under the terms of each Investment Agreement, the Partnership Filer will subscribe for Flow-Through Shares of the Resource Issuer and the Resource Issuer will agree to incur and renounce to the Partnership Filer, in amounts equal to the subscription price of the Flow-Through Shares, expenditures in respect of resource exploration and development that qualify as Canadian exploration expense and that may be renounced as Canadian exploration expense to the Partnership Filer.

6. On or about August 31, 2009, the Partnership will be dissolved and the Limited Partners of the Partnership will receive their pro rata share of the net assets of the Partnership.

7. It is the current intention of the general partner of the Partnership that the Partnership will transfer its assets to a mutual fund corporation managed by GGOF in exchange for shares of a class of shares of a mutual fund corporation managed by GGOF that is an open-end mutual fund. Upon dissolution, the Limited Partners would receive their pro rata share of the shares of that mutual fund. Any Future Partnership will be terminated approximately two years after it is formed on the same basis as the Partnership.

8. The Partnership Filers are not, and will not be, operating businesses. Rather, each Partnership Filer is, or will be, a short-term special purpose vehicle that

will be dissolved within approximately two years of its formation. The primary investment purpose of the Partnerships Filers is not to achieve capital appreciation, although this is a secondary benefit, but rather to obtain for the Limited Partners the significant tax benefits that accrue when Resource Issuers renounce resource exploration and development expenditures to the LPs through Flow-Through Shares.

9. The units of the Partnership Filers (the "Units") are not, and will not be, listed or quoted for trading on any stock exchange or market. The Units are not redeemable by the Limited Partners. Generally, Units are not transferred by Limited Partners, since Limited Partners must be holders of the Units on the last day of each fiscal year of the Partnership Filer in order to obtain the desired tax deduction.

10. Since its formation, the Partnership's activities have been limited to (i) completing the issue of the Units under its prospectus, (ii) investing its available funds in accordance with its respective investment objectives and (iii) incurring expenses as described in its prospectus. Any Future Partnerships will be structured in a similar fashion.

11. Given the limited range of business activities to be conducted by the Partnership Filers, the short duration of their existence and the nature of the investment of the Limited Partners, the preparation and distribution of an AIF by the Partnership Filers would not be of any benefit to the Limited Partners and may impose a material financial burden on the Partnership Filers. Upon the occurrence of any material change to a Partnership Filer, Limited Partners would receive all relevant information from the material change reports the Partnership Filer is required to file with the Decision Makers.

12. As a result of the implementation of NI 81-106, investors purchasing Units of the Partnership Filers were, or will be, provided with a prospectus containing written policies on how the Flow-Through Shares or other securities held by the Partnership Filer are voted (the "Proxy Voting Policies"), and had, or will have, the opportunity to review the Proxy Voting Policies before deciding whether to invest in Units.

13. Generally, the Proxy Voting Policies require that the securities of companies held by a Partnership Filer be voted in a manner most consistent with the economic interests of the Limited Partners of the Partnership Filer.

14. Given a Partnership Filer's short lifespan, the production of a Proxy Voting Record would provide Limited Partners with very little opportunity for recourse if they disagreed with the manner in which the Partnership Filer

exercised or failed to exercise its proxy voting rights, as the Partnership Filer would likely be dissolved by the time any potential change could materialize.

15. Preparing and making available to Limited Partners a Proxy Voting Record will not be of any benefit to Limited Partners and may impose a material financial burden on the Partnership Filers.

16. The Filers are of the view that the Requested Relief is not against the public interest, is in the best interests of the Partnership Filers and their Limited Partners and represents the business judgment of responsible persons uninfluenced by considerations other than the best interest of the Partnership Filers and their Limited Partners.

Decision
Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted.

Vera Nunes
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Ontario Securities Commission