This offering memorandum (the "offering memorandum") constitutes an offering of these securities only in the provinces and territories of Canada and therein only by persons permitted to sell such securities and to those persons to whom they may be lawfully offered for sale. ***These securities do not trade on any exchange or market.*** *The issuer is not a reporting issuer or SEDAR filer.* ***No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See "Risk Factors".*** *This offering memorandum is not, and under no circumstances is it to be construed as, a prospectus or advertisement or a public offering of these securities. No person is authorized to give any information or make any representation not contained in this offering memorandum in connection with the offering of these securities and, if given or made, any such information or representation may not be relied upon.* ***Terra 2016 Short-Term Flow-Through Limited Partnership may be considered to be a connected issuer and related issuer of Linden Mills Investments Inc., because each of Linden Mills Investments Inc., Terra Flow-Through GP Management Ltd. and Terra Fund Management Ltd. is controlled by the same individual.*** *See "Plan of Distribution".*

OFFERING MEMORANDUM

Private Placement

Continuous Offering
February 22, 2016

TerraFunds
Tax-Smart Investments

517 Wellington Street West, Suite 207, Toronto, Ontario, M5V 1G1
Toll-Free: 1-888-449-4645
Fax: (416) 203-1544
Email: info@terrafunds.ca

TERRA 2016 SHORT-TERM FLOW-THROUGH LIMITED PARTNERSHIP

$35,000,000 maximum (350,000 Class A Units and Class F Units, in the aggregate)
$150,000 minimum (1,500 Class A Units and Class F Units, in the aggregate)

Purchase Price: $100 per Unit
Minimum Purchase: $2,500 (25 Class A Units and Class F Units)

The Partnership: Terra 2016 Short-Term Flow-Through Limited Partnership ("**Terra LP**" or the "**Partnership**"), a limited partnership established under the laws of the Province of Ontario, proposes to issue transferable limited partnership units in two classes: Class A and Class F (collectively, the "**Units**") at a price of $100 per Unit. See "The Partnership" and "Details of the Offering".

Investment Objectives: The Partnership's investment objective is to provide for a tax-assisted investment in a diversified portfolio of equity securities of Energy and Mining Resource Companies (defined herein) with a view to achieving significant tax benefits and capital appreciation for Limited Partners (defined herein). The Partnership will invest primarily in flow-through shares ("**Flow-Through Shares**") of Energy and Mining Resource Companies, including junior issuers, in accordance with its Investment Guidelines (defined herein) and investment strategies outlined herein. Flow-Through Shares are common shares purchased from the treasury of an Energy and Mining Resource Company under a Flow-Through Investment Agreement (defined herein). Only investors seeking exposure to the oil & gas, energy, alternative energy and mineral resource sectors should invest in the Partnership.

Investment Strategy: The Partnership will invest in Energy and Mining Resource Companies that: (i) represent good value in relation to the market price of the Energy and Mining Resource Company's shares; (ii) have experienced management; (iii) have an exploration or development program in place; (iv) offer potential for future growth; and (v) meet certain specified market capitalization and other criteria. The Partnership will invest an amount substantially equal to its Available Funds (defined herein) on or before December 31, 2016 primarily in Flow-Through Shares of Energy and Mining Resource Companies listed on the Toronto Stock Exchange ("**TSX**"), TSX Venture Exchange ("**TSX-V**") or any other nationally recognized stock exchange as determined by the Investment Fund Manager (defined herein) in its sole discretion, from time to time. The Partnership will not invest more than 20% of its Available Funds in Private Companies (defined herein), if any. A strong preference will be given to companies with existing production, which the Portfolio Advisor (defined herein) believes should mitigate downside risk relative to investing in earlier stage companies. It is anticipated that the Energy and Mining Resource Companies will include a significant number of junior Energy and Mining Resource Companies. The Partnership may invest in securities of Energy and Mining Resource Companies that are not Flow-Through Shares separately or in combination with Flow-Through Shares of the same Energy and Mining Resource Company when they are offered in order to facilitate the acquisition of such Flow-Through Shares and reduce the average cost of the investment in such Energy and Mining Resource Company. The Partnership's investment strategies also include, if the Tax Act is amended, investing in equity securities of Alternative Flow-Through Companies. See "Investment Guidelines". Any funds committed by the Partnership to purchase Flow-Through Shares of an Energy and Mining Resource Company that are returned by the Energy and Mining Resource Company to the Partnership may be used to purchase common shares issued by it or to purchase Flow-Through Shares and other securities that may or may not constitute Flow-Through Shares, if any, in any other Energy and Mining Resource Company. The Partnership currently intends that it will dispose of a portion of the Partnership's initial investment portfolio and purchase additional Flow-Through Shares with a view to providing additional deductions to a Limited Partner for income tax purposes in the aggregate over the term of the Partnership (including deductions from the Partnership's initial investment portfolio and which may include residual deductions extending beyond such term) of approximately 115% of the Limited Partner's original investment in that Partnership. To reduce certain risks to Limited Partners, the Portfolio Advisor will

actively manage the Partnership's investment portfolio, which may involve the sale of Flow-Through Shares and other securities and the reinvestment of the net proceeds from such dispositions. For flexibility, up to 40% of Available Funds from the Offering may be invested in other securities of Energy and Mining Resource Companies providing CDE (as defined herein) and up to 5% of the Gross Proceeds from the Offering may be invested in other securities of Energy and Mining Resource Companies that are not Flow-Through Shares. Preference will be given to CEE (as defined herein) over CDE, if available, for purchase from an issuer at the same time. For a relative comparison of the attributes of an investment in CEE flow-through shares and CDE flow-through shares see "Features of CEE & CDE". Commencing in 2016, the Portfolio Manager (defined herein) may sell Flow-Through Shares at any time (subject to applicable hold periods) and invest the proceeds of sale in other securities of Energy and Mining Resource Companies and non-resource stocks if he is of the opinion that it is in the best interests of the Partnership to do so. Commencing in 2016, the Partnership may invest (a) up to 15% of its Net Asset Value in additional Flow-Through Shares, and (b) up to 50% of its total asset value (based on the lower of cost and market value) in equity securities of Energy and Mining Resource Companies and non-resource stocks listed on the TSX, New York Stock Exchange, or any other nationally recognized stock exchange. All investments will be made in accordance with the Investment Guidelines. In order to maximize the after-tax returns to its Limited Partners, the Partnership intends to invest an amount substantially equal to its Available Funds (i.e. the Gross Proceeds less the Offering Expenses (defined herein), Agents' Fees (defined herein), the portion of the Management Fee (defined herein) and Administration Fee (defined herein) payable at Closing (defined herein) and an initial Working Capital Reserve (defined herein), if any) in Flow-Through Shares such that its Limited Partners (a) will be entitled to claim certain 2016 and 2017 tax deductions from income for income tax purposes and (b) may be entitled to claim certain 2016 tax credits in the case of qualified mineral exploration investments from income.

Except for the portion of Gross Proceeds and Available Funds that may be invested in securities of Energy and Mining Resource Companies that are not Flow-Through Shares, as permitted under the Investment Guidelines, any Available Funds of the Partnership that have not been committed to purchase Flow-Through Shares prior to January 1, 2017 will be distributed on January 31, 2017 on a *pro rata* basis to Limited Partners of record of the Partnership on December 31, 2016.

Management of the Partnership: Terra Flow-Through GP Management Ltd. (the "**General Partner**") is the general partner of the Partnership and has co-ordinated the organization and registration and established the Investment Guidelines of the Partnership. The General Partner will assist the Portfolio Advisor with the identification of prospective investments in Energy and Mining Resource Companies and the negotiation of the terms of such investments and will monitor the investment portfolio of the Partnership to ensure compliance with the Investment Guidelines. The Partnership has retained Terra Fund Management Ltd. (the "**Investment Fund Manager**") to provide management, administrative and other services to the Partnership. See "The General Partner and the Investment Fund Manager".

Portfolio Advisor: The Partnership has retained Cypress Capital Management Ltd. (the "**Portfolio Advisor**" or "**Cypress**") to manage the Partnership's investment portfolio with the objective of maximizing the total return of the Partnership's investments. The Portfolio Advisor has the right and authority to determine which securities will be purchased, held and sold by the Partnership in accordance with the Partnership's investment objective and strategies and, in making any such determinations, may consult with the General Partner. The Portfolio Advisor will enter into Flow-Through Investment Agreements for and on behalf of the Partnership and otherwise manage the Partnership's investment portfolio to the extent provided in the Portfolio Advisory Agreement. All investments for the Partnership will be made in accordance with the Partnership's investment guidelines and investment strategies contained in its Partnership Agreement (the "**Investment Guidelines**") and described herein. See "The Portfolio Advisor".

Mutual Fund Rollover Transaction or alternative Liquidity Event —Between March 31, 2017 and November 30, 2017, the Partnership intends to implement a Liquidity Event, which the General Partner currently intends to be the Mutual Fund Rollover Transaction (defined herein) pursuant to which Limited Partners will receive redeemable Terra Corporate Class Shares (defined herein) of Terra Mutual Funds Ltd. ("**Terra Ltd.**"), a corporation managed by the Investment Fund Manager. Terra Ltd. is qualified as an open-end mutual fund corporation. The Partnership intends to complete the Mutual Fund Rollover Transaction pursuant to the terms of the Transfer Agreement (defined herein). The Transfer Agreement is assignable by Terra Ltd., and Partnership assets may be transferred, to any other open-end mutual fund corporation managed by the Investment Fund Manager. The completion of the Mutual Fund Rollover Transaction or alternative Liquidity Event will be subject to the receipt of all approvals that may be necessary, and with respect to the Mutual Fund Rollover Transaction the other conditions set forth in the Transfer Agreement. **There can be no assurance that the Mutual Fund Rollover Transaction or an alternative Liquidity Event will receive the necessary approvals or be implemented.**

In the event that the Mutual Fund Rollover Transaction or alternative Liquidity Event is not completed on or before June 30, 2018, the Partnership will be dissolved and the net assets of the Partnership will be distributed to its Limited Partners and the General Partner in the form of cash or other assets (the "**Dissolution Transaction**"), unless the Limited Partners approve an Extraordinary Resolution to continue operation with an actively managed portfolio. In connection with a Dissolution Transaction for the Partnership, the General Partner may instruct the Portfolio Advisor to (a) take steps to convert all or any part of the assets of the Partnership to cash, (b) pay or provide for the payment of the debts and liabilities of the Partnership, liquidation expenses and the Performance Bonus (defined herein) allocation, and (c) distribute the remaining assets of the Partnership as to 0.01% to the General Partner and as to 99.99% among the Limited Partners of record the Partnership on the date of dissolution, proportionate to each such Limited Partner's Capital Contribution (defined herein). Alternatively, the General Partner may, after the payment of the debts and liabilities of the Partnership, liquidation expenses and the Performance Bonus allocation, cause the Partnership to distribute to each Partner an undivided interest in each asset of the Partnership as contemplated by subsection 98(3) of the Tax Act on a tax-deferred basis and take steps to partition such undivided interests. See "Risk Factors".

The federal tax shelter identification number for Terra 2016 Short-Term Flow-Through Limited Partnership is TS084228 and the Québec tax shelter identification number is QAF-16-01613.

The identification number issued for this tax shelter shall 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 an investor to claim any tax benefits associated with the tax shelter. There are important tax consequences to holding these securities. See "Certain Income Tax

Considerations". *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.*

	Price to Investor[1]	Agents' Fees [2]	Estimated Offering Costs	Net Proceeds to the Partnership[4]
TERRA LP				
Maximum Offering[5] (350,000 Units)	$35,000,000	$1,750,000[3]	$350,000	$32,900,000
Minimum Offering (1,500 Units).....	$150,000	$7,500[3]	$1,500	$141,000

Notes:

(1) The Subscription Price per Unit was established by the General Partner.

(2) The Agents' Fees (solely for Class A Units) and Offering Expenses will be paid by the Partnership from the proceeds of the Offering raised by the Partnership. The portion of the Management Fee, Administration Fee and Working Capital Reserve, if any, payable at Closing by the Partnership will be paid from the proceeds of the Offering raised by the Partnership. See "Fees and Expenses Payable by the Partnership" and "Summary of the Partnership Agreement—Limited Recourse Financings".

(3) The net proceeds to the Partnership assumes only Class A Units are issued. No Agents' Fee will be paid by the Partnership for the sale of Class F Units.

(4) The expenses of this Offering will not exceed 1% of the Gross Proceeds or $350,000 in the case of the maximum Offering. The General Partner has agreed that the total fees and Offering Expenses to be paid by the Partnership shall not exceed 4.5% of the gross proceeds for Class F Units and 9.5% of the gross proceeds for Class A Units, plus any applicable taxes, of the Offering raised by the Partnership and the General Partner will pay for any excess amount. See "Fees and Expenses Payable by the Partnership - Agents' Fees and Offering Expenses".

(5) The Partnership has granted the Agents an option (the "**Over-Allotment Option**"), exercisable at any time up to the Final Closing Date, to offer additional Units of the Partnership. Pursuant to the Over-Allotment Option, the Agents may offer up to 25% of the aggregate number of Units in respect of the Partnership sold pursuant to the Offering on the same terms set forth above. If the Over-Allotment Option is exercised in full in respect of the Partnership, the total price to the public under the maximum Offering will be $43,750,000, the Agents' Fees will be $2,187,500, estimated offering costs will be $306,250 and the net proceeds to the Partnership will be $41,256,250.

There is no market through which the Units may be sold and none is expected to develop. Consequently, the only liquidity option available to investors of the Partnership may be the Mutual Fund Rollover Transaction or, if the Mutual Fund Rollover Transaction or alternative Liquidity Event is not implemented prior to November 30, 2017, the Dissolution Transaction on or about June 30, 2018, unless the Limited Partners approve an Extraordinary Resolution to continue operation with an actively managed portfolio. You will be restricted from selling your securities for an indefinite period. See "Resale Restrictions".

THESE SECURITIES ARE SPECULATIVE IN NATURE. The purchase of Units involves significant risks. There is no assurance of a return on a Subscriber's initial investment. There is no market through which the Units may be sold and purchasers may not be able to resell Units purchased by way of private placement pursuant to this Offering. No market for the Units is expected to develop. An investment is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. Investors who are not willing to rely on the discretion of the General Partner, which has limited operating history and is expected only to have nominal assets, and of the Portfolio Advisor and key personnel of the Portfolio Advisor should not purchase Units. There is no guarantee that an investment in the Partnership will earn a specified rate of return or any return in the short or long term. The Partnership will invest in securities of junior Energy and Mining Resource Companies, which are typically less liquid and experience more price volatility than securities issued by larger companies. Flow-Through Shares may be issued to the Partnership at prices greater than the market prices of ordinary common shares of the Energy and Mining Resource Companies and may be subject to resale restrictions. Limited Partners must rely on the discretion of the General Partner and the Portfolio Advisor for the management of the Partnership's portfolio. There can be no assurance that the General Partner and the Portfolio Advisor, on behalf of the Partnership, will be able to identify a sufficient number of investments to permit the Partnership to commit its Available Funds to purchase Flow-Through Shares (or other securities as permitted under the Investment Guidelines) by December 31, 2016. Energy and Mining Resource Companies may not renounce Eligible Expenditures (defined below) or CDE equal to the amount paid for the Flow-Through Shares or such previously renounced expenditures or CDE could be reduced in accordance with the Tax Act whereupon the Subscribers would be reassessed accordingly by the CRA (as defined herein). Therefore, the possibility exists that capital may be returned to Limited Partners and Limited Partners may be unable to claim anticipated deductions from income for income tax purposes. Fluctuations in the market price of securities acquired by the Partnership may occur for a number of reasons beyond the control of the General Partner or the Partnership and there is no assurance that an adequate market will exist for such securities. The business activities of Energy and Mining Resource Companies are speculative and may be adversely affected by factors outside the control of those issuers. Limited Partners who sell their Units may not realize proceeds equal to their pro rata share of the Net Asset Value because of their liability for tax on capital gains arising as a result of disposition of Units. The tax benefits resulting from an investment in the Partnership are greatest for a Limited Partner whose income is subject to the highest marginal income tax rate. There is a risk that the Liberal CEE Initiative (as defined herein) will reduce or eliminate tax savings under the Tax Act associated with an investment in Flow-Through Shares. Federal or provincial income tax legislation may be amended, or its interpretation changed, so as to alter fundamentally the tax consequences of holding or disposing of Units. Distributions from the Partnership to Limited Partners in a year may not be sufficient to pay fully any tax that a Limited Partner may owe as a result of being a Limited Partner of the Partnership in that year. Other risk factors associated with an investment in the Partnership include: certain risks inherent in resource operations; Limited Partners could lose their limited liability in certain circumstances; and the General Partner has only nominal assets. There are no assurances that the Mutual Fund Rollover Transaction or alternative Liquidity Event will be implemented. Investors should consult their own professional advisors to assess the income tax, legal and other aspects of the investment. See "Risk Factors".

You have two business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right to either sue for damages or to cancel the agreement. See "Rights of Action for Damages or Rescission".

Linden Mills Investments Inc. ("**Linden Mills**") and such other qualified dealers appointed by Linden Mills (collectively, the "**Agents**"), as agents, conditionally offer the Units of the Partnership on a best efforts basis if, as and when issued, sold and delivered by the Partnership in accordance with the conditions contained in the Partnership Agreement and the Agency Agreement referred to under "Plan of Distribution".

The General Partner or its agent will have the right, in its sole and absolute discretion, to reject any offer to purchase, in whole or in part, for any reason and the right is reserved to close the offering books at any time without notice. The Initial Closing for Terra LP is expected to take place two business days after subscriptions for at least 1,500 Units are received by the General Partner, which is anticipated to be on or about May 31, 2016, or earlier. If less than the maximum number of Units offered hereby is subscribed for at the Initial Closing, one or more subsequent Closings may be held on or before December 31, 2016, at the sole discretion of the General Partner

Linden Mills or other Agents as appointed by the General Partner and FundSERV, as applicable, will hold subscription cheques and proceeds received from investors prior to the Initial Closing until subscriptions for the minimum Offering are received and other closing conditions of this Offering have been satisfied, at which time the Closing will take place. If the minimum Offering is not subscribed for by December 31, 2016, subscription cheques and proceeds will be returned, without interest or deduction, to the investors.

TABLE OF CONTENTS

FORWARD LOOKING STATEMENTS

Certain statements included in this Offering constitute forward looking statements, including those identified by the expressions ''anticipate''; "does not anticipate"; ''believe''; "does not believe"; ''plan''; ''estimate''; ''expect''; "is expected"; ''may''; "might"; "would"; ''will''; ''intend''; and similar expressions to the extent they relate to the Partnership, the General Partner or the Portfolio Advisors. These forward looking statements are not historical facts but reflect the Partnership's, the General Partner's, and/or the Portfolio Advisors' current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. These risks and uncertainties include, but are not limited to, changes in the global economy, general economic and business conditions, existing governmental regulations, supply, demand and other market factors specific to the resource sector and to the securities of Energy and Mining Resource Companies, including those set out under ''Risk Factors''. In light of the many risks and uncertainties surrounding the resource sector, the forward-looking statements contained in this offering memorandum may not be realized. See ''Risk Factors''. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. Forward-looking statements are made as of the date hereof, or such other date specified in such statements, and neither the General Partner, on behalf of the Partnership, nor any other person assumes any obligation to update or revise such forward-looking statements to reflect new information, events or circumstances, except as required by law.

SUMMARY OF KEY DATES

Approximate Date	Event
May 31, 2016	Initial Closing – Investors purchase Units and pay the full purchase price of $100 per Unit.
June 30, 2016 to December 31, 2016	Additional Closings, as required – Investors purchase Units and pay the full purchase price of $100 per Unit.
March 31, 2017	Limited Partners will be sent a 2016 T5013 federal tax receipt and the provincial equivalent thereof in Québec.
March 31, 2017 to November 30, 2017	Anticipated implementation of a Liquidity Event, which the General Partner currently intends to be the Mutual Fund Rollover Transaction(1).
On or about June 30, 2018	The Partnership will be dissolved pursuant to a Dissolution Transaction if the Mutual Fund Rollover Transaction or alternative Liquidity Event is not completed by June 30, 2018, unless the Limited Partners approve an Extraordinary Resolution to continue operation with an actively managed portfolio. If a Dissolution Transaction is implemented, assets will be distributed prior to the expiry of Investor Loans, if any.
March 31, 2018	Limited Partners will be sent a 2017 T5013 federal tax receipt and the provincial equivalent thereof in Québec.

(1) If the Mutual Fund Rollover Transaction is implemented in respect of the Partnership, shares of Terra Ltd. will be distributed as soon as practicable and, in any event, within 60 days following the transfer of the Partnership's assets to Terra Ltd.

ELIGIBILITY FOR INVESTMENT

In the opinion of Stikeman Elliott LLP, counsel to the Partnership and to the Agents, the Units do not constitute "qualified investments" for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, tax-free savings accounts or registered disability savings plans for purposes of the Tax Act.

INVESTOR LOAN ARRANGEMENTS
(All Provinces)

For investors who apply and are approved, a Canadian chartered bank (the ''**Lender**'') has agreed to provide a loan to finance up to 100% of the subscription price for Units ("**Investor Loan**"). Investors who are interested in applying

for such an Investor Loan should contact the Agents. Each Investor Loan is to be a full recourse loan to the investor; as such, the investor has the obligation to fully repay the loan and all interest thereon, whether or not distributions are received from the Partnership. It is not anticipated that the Partnership will make any material distributions to its Limited Partners and, therefore, a Limited Partner will not receive sufficient distributions from the Partnership to pay interest on any such loan. The distribution of assets pursuant to the Mutual Fund Rollover Transaction, alternative Liquidity Event or a Dissolution Transaction will occur prior to the expiry date of any Investor Loan, but there is no assurance that a Limited Partner will receive sufficient liquid assets pursuant to the Mutual Fund Rollover Transaction, alternative Liquidity Event or a Dissolution Transaction to repay the principal amount of such loan. Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If a Limited Partner borrows to purchase securities, the responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines. Each Limited Partner is responsible for ensuring that all principal and interest owing on any such loan is paid in full when due. The failure to pay amounts when due may result in legal action being taken against the Limited Partner by the Lender to enforce payment, the loss of any collateral pledged to the Lender by the Limited Partner and adverse income tax consequences to the Limited Partner. **If any such borrowing by a Limited Partner is, or is deemed to be, a limited recourse borrowing for purposes of the Tax Act, the amount of Eligible Expenditures allocated to such Limited Partner by the Partnership may be reduced.** See ''Certain Canadian Income Tax Considerations''.

HOW TO PURCHASE UNITS

The Units are being offered for sale on a "private placement" basis in reliance on the "accredited investor" and "offering memorandum" exemptions from prospectus requirements of applicable Canadian securities laws. As a result, resale of the Units will be restricted in the manner provided by applicable securities laws. See "Resale Restrictions". **The Investment Fund Manager has made arrangements to offer the Units through the investment fund order system FundSERV, under the following codes**:

TER 316: Class A Units: Terra 2016 Short-Term Flow-Through Limited Partnership

TER 416: Class F Units: Terra 2016 Short-Term Flow-Through Limited Partnership

Class A Units are available to all qualified investors. Class F Units are available only to (i) qualified investors who participate in fee-based programs through their registered dealer and whose registered dealer has signed a Class F agreement with the Investment Fund Manager, (ii) investors for whom the Investment Fund Manager does not incur distribution costs and (iii) investors approved by the Investment Fund Manager. A registered dealer's participation in the Class F program is subject to terms and conditions set by the Investment Fund Manager. Class F Units have "no load". See "Fees and Expenses payable by the Partnership". Instead of paying sales charges, investors pay an annual fee to their registered dealers for ongoing financial planning advice and other services. See "Details of the Offering – How to Purchase Units".

Investors must purchase at least the minimum subscription of 25 Class A Units, 25 Class F Units, any combination of 25 Class A Units and Class F Units, or such other amount as may be determined by the Investment Fund Manager, from time to time. Any investment in excess of the minimum subscription per investor must be made in multiples of $1,000 (10 Class A Units, 10 Class F Units). See "Details of the Offering."

1. Investors may purchase Units through Linden Mills and such other qualified dealers, including investment dealers and mutual fund dealers, appointed by Linden Mills as agents or sub-agents, as the case may be.

2. To acquire Units in the Partnership, an investor must deliver on or prior to the Closing a duly completed and signed Subscription Agreement and Power of Attorney Form (defined herein), together with payment by cheque, bank or wire transfer or bank draft in the amount of $100 per Unit payable to "Terra 2016 Short-Term Flow-Through Limited Partnership". For Units purchased from the qualified dealer on the FundSERV network, an investor must deliver on or prior to the Closing a duly completed and signed Subscription Agreement and Power of Attorney Form, together with payment by electronic or manual settlement. No certificates for Units will be issued to investors. Investors who purchase Units will receive only a customer confirmation from the registered dealer and from or through whom the Units are purchased.

GLOSSARY

When used in this offering memorandum, the following terms have the following meanings ascribed thereto:

"**affiliate**" means an affiliated entity within the meaning of Ontario Securities Commission Rule 45-501.

"**Administration Fee**" a fee equal to 1% of the Gross Proceeds received by the Partnership incurred in connection with the structuring of the Partnership and the Offering.

"**Advisory Board**" has the meaning ascribed thereto in "The Advisory Board".

"**Agency Agreement**" means the agreement dated as of February 22, 2016 among the Partnership, the General Partner and Linden Mills, pursuant to which Linden Mills has agreed to offer the Units for sale on a best efforts basis, as amended from time to time.

"**Agents**" means, collectively, Linden Mills and such other qualified dealers appointed by Linden Mills from time to time, as agents or sub-agents, as the case may be.

"**Agents' Fees**" means the sales commission to be paid by the Partnership to the Agents pursuant to the Agency Agreement, in an amount of up to 5% of the selling price for each Class A Unit sold to an investor. No sales commission will be paid by the Partnership for the sale of Class F Units.

"**Alternative Flow-Through Companies**" means corporations, other than Energy and Mining Resource Companies, that from time to time are eligible to issue securities that have equivalent attributes to Flow-Through Shares, subject to certain conditions and limitations. As of the date of this offering memorandum, there are no Alternative Flow-Through Companies.

"**Alternative Flow-Through Securities**" means the equity securities of Alternative Flow-Through Companies that the Partnership may from time to time invest in. As of the date of this offering memorandum, there are no Alternative Flow-Through Securities.

"**Auditor**" means PricewaterhouseCoopers LLP, Chartered Professional Accountants, of 18 York Street Suite 2600, Toronto Ontario M5J 0B2.

"**Available Funds**" means all funds available from the sale of Units of the Partnership (including any proceeds from the exercise of the Over-Allotment Option) after deducting the Partnership's portion of the Offering Expenses, Agents' Fees, the portion of the Management Fee payable at Closing and an initial Working Capital Reserve.

"**Capital Contribution**" with respect to each Limited Partner, as of a specified date, means the aggregate amount of cash received by the Partnership from such Limited Partner pursuant to its Commitment up to and including such specified date.

"**CDE**" means Canadian development expense as defined in subsection 66.2(5) of the Tax Act, which cannot be renounced as Qualifying CDE to the Partnership, but in any case excluding CEDOE.

"**CEDOE**" means Canadian exploration and development overhead expenses as prescribed under the regulations to the Tax Act for purposes of subsections 66(12.6), 66(12.601) and 66(12.62) of the Tax Act.

"**CEE**" means Canadian exploration expense as defined in subsection 66.1(6) of the Tax Act (which includes CRCE), but in any case excluding CEDOE, expenses in respect of seismic data described in paragraph 66(12.6)(b.1) of the Tax Act and expenses that are deemed to be Canadian exploration expenses by subsection 66.1(9) of the Tax Act, and which includes:

(a) certain expenses incurred for the purpose of exploring for petroleum or natural gas in Canada (including certain drilling expenses);

(b) certain expenses incurred for the purpose of determining the existence, location, extent or quality of a mineral resource in Canada;

(c) certain expenses incurred for the purpose of bringing a new mine in a mineral resource in Canada into production; and

(d) certain expenses incurred in respect of certain alternative energy projects.

"**Class**" means a class of limited partnership units established by the Partnership Agreement.

"**Class A Units**" means Class A limited partnership units of the Partnership.

"**Class F Units**" means Class F limited partnership units of the Partnership.

"**Closing**" means any closing of the sale of Units of the Partnership to investors pursuant to the Offering and includes the Initial Closing.

"**Closing Date**" means the date a Closing takes place but, in any event, not later than December 31, 2016.

"**Commitment**" with respect to each Limited Partner means the aggregate amount of cash agreed to be contributed as capital to the Partnership by such Limited Partner, to be calculated as the Subscription Price for the purchase of Class A Units or Class F Units, as applicable, as specified in the subscription agreement(s) between such Limited Partner and the General Partner, less the Agents' Fee applicable to such Class of Units, if any.

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

"**CRCE**" means Canadian renewable and conservation expense as defined in subsection 66.1(6) of the Tax Act and the regulations thereunder, and is a category of CEE.

"**Custodian**" means NBCN Inc., an independent, wholly-owned subsidiary of National Bank Financial Inc., or such other custodian as may be appointed from time to time.

''**Custodian Agreement**'' means an agreement to be entered into by the Partnership, the General Partner and the Custodian on or before the Initial Closing pursuant to which the Custodian will hold the investment portfolio of the Partnership.

"**Cypress**" means Cypress Capital Management Ltd.

"**Dissolution Transaction**" means the dissolution of the Partnership and the distribution of the net assets of the Partnership to its Limited Partners and the General Partner in the form of cash or other assets (other than in connection with the Mutual Fund Rollover Transaction or alternative Liquidity Event).

"**Eligible Expenditures**" means expenditures in respect of resource exploration and development which qualify as CEE (including CRCE) or as Qualifying CDE.

"**Energy and Mining Resource Company**" means a company, limited partnership or other issuer whose principal business is oil and gas or mining exploration, development, and/or production, certain energy production that may incur CRCE or a related resource business, such as a pipeline or service company or utility.

"**Extraordinary Resolution**" means a resolution passed by 66 2/3% or more of the votes cast at a duly constituted meeting of the Limited Partners called for the purpose of considering such resolution, at which a quorum (as described in Section 15.7 of the Partnership Agreement) is present or, alternatively, a written resolution signed in one or more counterparts by (i) Limited Partners holding 66 2/3% or more of the Class A Units outstanding and (ii) Limited Partners holding 66 2/3% of the Class F Units outstanding.

"**Final Closing Date**" means the date of the last Closing, which shall be not later than December 31, 2016.

"**Flow-Through Investment Agreement**" means an agreement between the Partnership and an Energy and Mining Resource Company pursuant to which the Partnership will subscribe for Flow-Through Shares (including Flow-Through Shares offered as part of a unit) and the Energy and Mining Resource Company agrees to incur Eligible Expenditures in respect of Flow-Through Shares after the date of such agreement and to renounce CEE to the Partnership or an agreement by the Partnership to otherwise invest in or purchase securities of an Energy and

Mining Resource Company, including a trade made through the facilities of a stock exchange or other market.

"**Flow-Through Shares**" means common shares in the capital of an Energy and Mining Resource Company that qualify as flow-through shares for purposes of the Tax Act and in respect of which the Energy and Mining Resource Company renounces Eligible Expenditures to the Partnership, and rights to acquire such shares, which rights qualify as flow-through shares for the purposes of the Tax Act.

"**General Partner**" means Terra Flow-Through GP Management Ltd. and its successors as provided in the Partnership Agreement.

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

"**International Financial Reporting Standards**" or "**IFRS**" means the standards and interpretations adopted by the International Accounting Standards Board, as amended from time to time.

"**Illiquid Investments**" means investments that may not be readily disposed of in a marketplace where such investments are normally purchased and sold and public quotations in common use in respect thereof are available. Examples of Illiquid Investments included limited partnership interests that are not listed on a stock exchange and securities of a Private Company, but do not include Flow-Through Shares of publicly listed companies with resale restrictions which expire on or before December 31, 2017.

"**Index-based Securities**" means index-based investment products that allow the purchase and sale of entire portfolios of securities in a single security.

"**Initial Closing**" means the first closing of the sale of Units to an investor pursuant to the Offering, which is anticipated to be on or about May 31, 2016, or earlier.

"**Investment Fund Manager**" means Terra Fund Management Ltd. or its successors or such other affiliated entity as is acceptable to the Partnership.

"**Investment Guidelines**" means the investment policies and restrictions set forth in the Partnership Agreement as described herein.

"**Investor Loan**" means a loan provided by a Canadian chartered bank to finance up to 100% of the subscription price for Units.

"**Lender**" means a Canadian chartered bank that has agreed to provide a loan to finance up to 100% of the subscription price for Units.

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

"**Limited Partners**" means holders of Units whose names and other prescribed information appear on the record of limited partners maintained by the Partnership pursuant to the *Limited Partnerships Act* (Ontario).

"**Linden Mills**" means Linden Mills Investments Inc., an Agent.

"**Liquidity Event**" means a transaction implemented by the General Partner in order to provide liquidity and the prospect for long-term growth of capital and for income for Limited Partners which the General Partner currently intends will be the Mutual Fund Rollover Transaction but which may be on such other terms as the General Partner may propose for the approval of Limited Partners, provided that the General Partner will propose or implement no such transaction which adversely affects the status of the Flow-Through Shares as flow-through shares for purposes of the Tax Act, whether prospectively or retrospectively.

"**Management Agreement**" means the management agreement dated February 22, 2016 among the Partnership, the General Partner and the Investment Fund Manager, as amended from time to time.

"**Management Fee**" means (i) a one-time fee payable at Closing by the Partnership to the Investment Fund Manager, equal to 2.5% of the selling price for each Unit of the Partnership plus GST/HST sold to an investor and (ii)

commencing in 2017, and continuing until the completion of the Mutual Fund Rollover Transaction or alternative Liquidity Event, a fee equal to 2% of the Net Asset Value of the Partnership plus GST/HST, calculated and paid in full, prior to completion of the Mutual Fund Rollover Transaction or alternative Liquidity Event to the Investment Fund Manager.

"**Mutual Fund**" means a "taxable Canadian corporation" (as defined in the Tax Act) managed by the Portfolio Advisor as determined by the General Partner in its sole discretion and which qualifies as a "mutual fund corporation" for purposes of the Tax Act and any reference to "the Mutual Fund" in this offering memorandum shall mean the Mutual Fund, which is party to the Mutual Fund Rollover Transaction.

"**Mutual Fund Rollover Transaction**" means an exchange transaction pursuant to which the Partnership will transfer its assets to Terra Ltd. on a tax-deferred basis in exchange for Terra Corporate Class Shares, within 60 days of which, upon the dissolution of the Partnership, the Terra Corporate Class Shares will be distributed to the Limited Partners, *pro rata*, on a tax-deferred basis.

"**Net Asset Value**" and "**Net Asset Value per Unit**" have the meanings given to those terms under the heading "Valuation of Investments – Valuation Principles".

"**NI 81-106**" means National Instrument 81-106 - *Investment Fund Continuous Disclosure.*

"**Offering**" means the private placement of Units of the Partnership pursuant to the terms of this offering memorandum and the Partnership Agreement and the applicable Subscription Agreement and Power of Attorney Forms.

"**Offering Expenses**" means expenses related to the Offering and each Closing, including the costs of creating and organizing the Partnership, the costs of printing and preparing this offering memorandum, legal and audit and accounting expenses of the Partnership, FundSERV setup costs, travel, distribution, courier, sales and marketing expenses and legal and other reasonable expenses incurred by the General Partner, Investment Fund Manager and Agents and other incidental expenses.

"**Ongoing and Other Expenses**" means certain expenses related to and incurred in connection with the operation and general administration of the Partnership.

"**Over-Allotment Option**" means the option granted by the Partnership to the Agents, exercisable at any time up to the Final Closing Date, to offer additional Units of the Partnership not exceeding 25% of the aggregate number of Units of the Partnership sold pursuant to the Offering.

"**Partnership**" means Terra 2016 Short-Term Flow-Through Limited Partnership.

"**Partnership Agreement**" means the limited partnership agreement of Terra LP dated February 22, 2016, between the General Partner, John Jacobi, as initial limited partner, and each person who becomes a Limited Partner thereafter, as amended from time to time.

"**Performance Bonus**" means the amount payable to the Investment Fund Manager on the earlier of (i) the business day prior to the completion of the Mutual Fund Rollover Transaction or alternative Liquidity Event and (ii) June 30, 2018, in respect of each Unit of the Partnership outstanding at the end of the preceding calendar month equal to 15% of the amount by which the sum of (A) the Net Asset Value per Unit of the Partnership as of the end of the preceding calendar month and (B) all distributions per Unit of the Partnership on or prior to the end of the preceding calendar month, exceeds $100 (the Subscription Price per Unit).

"**Portfolio Advisor**" means Cypress Capital Management Ltd. or its successors or such other affiliated entity as is acceptable to the General Partner.

"**Portfolio Advisory Agreement**" means the portfolio advisory agreement dated January 10, 2013 among the General Partner, the Investment Fund Manager and the Portfolio Advisor.

"**Portfolio Manager**" means Greg Bay, his successor or any person appointed by Greg Bay or his successor that is duly registered with the Portfolio Advisor.

"**Private Company**" or "**Private Companies**" means a company or companies which does not have any of its

securities listed or quoted on a stock exchange.

"**QTA**" means the *Taxation Act* (Québec), R.S.Q., c. I-3, as amended from time to time, and regulations relating thereto.

"**Qualifying CDE**" means Canadian development expense as defined in subsection 66.2(5) of the Tax Act, which may be renounced as CEE to the Partnership pursuant to subsection 66(12.601) of the Tax Act.

"**Related Issuer**" means an Energy and Mining Resource Company of which the General Partner, the Portfolio Advisor or any of their respective affiliates (other than limited partnerships managed by the General Partner or its affiliates) individually or together beneficially own or exercise direction or control over, directly or indirectly, more than 25% of the outstanding securities after giving effect to the exercise of all convertible securities held by the General Partner, the Portfolio Advisor or their respective affiliates (other than limited partnerships managed by the General Partner or its affiliates).

"**Resource Agreement**" means an agreement between the Partnership and an Energy and Mining Resource Company pursuant to which the Partnership will subscribe for Flow-Through Shares (including Flow-Through Shares offered as part of a unit) or an agreement whereby the Partnership will otherwise invest in or purchase other equity securities, including a trade made through the facilities of a stock exchange or other market.

"**Short-Term Securities**" means: (i) obligations issued or guaranteed by the Government of Canada or any province of Canada or any agency or instrumentality thereof with less than 12 months to maturity; (ii) term deposits, guaranteed investment certificates or banker's acceptances of or guaranteed by any Canadian chartered bank or any other financial institution, the short-term debt or deposits of which have been rated at least investment grade by Standard & Poor's rating service, a division of the McGraw Hill Companies, Inc., Moody's Investors Services, Inc. or DBRS Limited, or a money market mutual fund with similar constraints; and (iii) commercial paper rated at least investment grade by Standard & Poor's rating service, a division of the McGraw Hill Companies, Inc., Moody's Investors Services, Inc. or DBRS Limited, in each case maturing within 365 days after the date of acquisition, or for which the Portfolio Advisor believes that there will be a liquid market for the resale thereof within such 365 day period.

"**Stikeman**" means Stikeman Elliott LLP.

"**Subscriber**" means a person or other entity that subscribes for Units under the Offering.

"**Subscription Agreement and Power of Attorney Form**" means the subscription agreement and power of attorney form between each investor and the Partnership in the form provided by the Partnership in connection with this Offering.

"**Subscription Price**" means the amount of $100 paid to the Partnership for the issue of each Unit of the Partnership.

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

"**Termination Date**" means June 30, 2018 unless (i) dissolved earlier pursuant to the Mutual Fund Rollover Transaction or alternative Liquidity Event or (ii) the Limited Partners approve an Extraordinary Resolution to continue operation with an actively managed portfolio.

"**Terra Corporate Class Shares**" means Terra Small Cap Growth Class Shares, TerraTundra Dividend Growth Class Shares, TerraTundra Money Market Class Shares or other redeemable mutual fund shares of Terra Ltd.

''**Terra Ltd.**'' means Terra Mutual Funds Ltd., a corporation managed by the Investment Fund Manager. Terra Ltd. is qualified as an open-end ''mutual fund corporation'' for purposes of the Tax Act existing under the laws of Canada and includes its permitted assigns, or any successor to such fund by way of merger or amalgamation or any other open-end ''mutual fund corporation'' for purposes of the Tax Act, which is managed by the Investment Fund Manager, to which the assets of the Partnership may be transferred.

"**Terra Small Cap Growth Class Shares**" means redeemable mutual fund shares issued by Terra Ltd.

"**TerraTundra Dividend Growth Class Shares**" means redeemable mutual fund shares issued by Terra Ltd.

"**TerraTundra Money Market Class Shares**" means redeemable mutual fund shares issued by Terra Ltd.

"**Transfer Agreement**" means the agreement dated February 22, 2016 between Terra Ltd. and the Partnership that provides for the Mutual Fund Rollover Transaction, together with all amendments, supplements, restatements and replacements thereof from time to time.

"**TSX**" means Toronto Stock Exchange.

"**TSX-V**" means TSX Venture Exchange.

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

"**Valuation Agent**" means SGGG Fund Services Inc., the valuation agent for the Partnership.

"**Warrants**" means common share purchase warrants that are acquired in connection with an investment in Flow-Through Shares pursuant to a unit offering comprised of Flow-Through Shares and common share purchase warrants but does not include special warrants exercisable for Flow-Through Shares for no additional consideration.

"**Working Capital Reserve**" means funds which, in the opinion of the General Partner, are necessary or advisable to be held in cash or Short-Term Securities, having regard to the current and anticipated cash requirements of the Partnership including, without limitation, funding the Ongoing and Other Expenses of the Partnership. The Working Capital Reserve will be $1,500 in the case of the minimum Offering and a maximum of $175,000.

OFFERING SUMMARY

The information set forth below should be read together with and is qualified by the more detailed information contained elsewhere in this offering memorandum (the "offering memorandum") and the information contained in the Partnership Agreement and the Subscription Agreement and Power of Attorney Forms. Certain capitalized terms used but not defined in this summary and in the body of this offering memorandum are defined under "Glossary".

Issuer:	Terra 2016 Short-Term Flow-Through Limited Partnership ("**Terra LP**" or the "**Partnership**")
Securities Offered:	Class A Limited Partnership Units Class F Limited Partnership Units
FundSERV Codes:	The Investment Fund Manager has made arrangements to offer the Units through the investment fund order system, FundSERV, under the following codes: **TER 316: Class A Units: Terra 2016 Short-Term Flow-Through Limited Partnership** **TER 416: Class F Units: Terra 2016 Short-Term Flow-Through Limited Partnership**
Issue Size:	Maximum Offering: $35,000,000 (350,000 Units, in the aggregate) Minimum Offering: $150,000 (1,500 Units, in the aggregate)
Price Per Unit:	$100
Investor Eligibility:	To subscribe, the investor must qualify as an accredited investor, eligible or non-eligible investor as defined by the provincial securities regulatory authority in the province in which the investor resides. Each Subscriber is also required to provide a fully executed Subscription Agreement (with Risk Acknowledgement Form), which must be delivered in original form to the General Partner. See "Details of Offering".
Minimum Purchase:	$2,500 (25 Class A Units, 25 Class F Units or any combination of 25 Class A Units and Class F Units). Any investment in excess of the minimum purchase amount per investor must be made in multiples of $1,000 (10 Class A Units or 10 Class F Units). See "How to Purchase Units".
Payment Terms:	Payable on or before Closing in the amount of $100 per Unit.
Initial Closing:	On or about two business days after subscriptions for an aggregate of at least 1,500 Units of the Partnership are received by the General Partner, which is anticipated to be on or about May 31, 2016, or earlier.
General Partner:	Terra Flow-Through GP Management Ltd. (the "**General Partner**") has co-ordinated the organization and registration of the Partnership and has established the Investment Guidelines of the Partnership. The General Partner will assist the Portfolio Advisor with the identification of prospective investments in Energy and Mining Resource Companies and the negotiation of the terms of such investments, will work with the Agents in developing and implementing all aspects of the Partnership's communications, marketing and distribution strategies, will monitor the investment portfolio of the Partnership to ensure compliance with the Investment Guidelines and will manage the ongoing business and administrative affairs of the Partnership.
Portfolio Advisor:	Cypress Capital Management Ltd. (the "**Portfolio Advisor**") has been retained by the Partnership to manage the Partnership's investment portfolio with the objective of maximizing the total return of the Partnership's investments. Greg Bay, a cofounder of the Portfolio Advisor, is the Portfolio Manager and has invested in the junior resource sector since 1988. The Investment Fund Manager believes the Portfolio Advisor has a particularly strong capability in the small and medium capitalization areas of the market where the majority of flow-through offerings occur. The Portfolio Advisor has the right and authority to determine which securities will be purchased, held and sold by the Partnership in accordance

with the Partnership's investment objective and strategies and, in making any such determinations, may consult with the General Partner. The Portfolio Advisor will enter into Flow-Through Investment Agreements for and on behalf of the Partnership and otherwise manage the Partnership's investment portfolio to the extent provided in the Portfolio Advisory Agreement. The Portfolio Advisor is a registered investment counsel and portfolio manager in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. The Portfolio Advisor is an independent investment counselling firm providing discretionary investment management services. The Portfolio Adviser is focused, value-oriented, contrarian and long-term in outlook and believes in absolute performance, not relative performance. The Portfolio Advisor is unrelated to the Investment Fund Manager.

Advisory Board: The General Partner has established an advisory board (the ''**Advisory Board**'') for the Partnership that will consist of up to four members appointed by the General Partner to provide independent advice to assist the General Partner and the Investment Fund Manager in performing their services under the Partnership Agreement and Management Agreement. The initial member of the Advisory Board is Don Hunter, FCPA, FCA, MBA, ICD.D who is independent of the General Partner and Investment Fund Manager. All fees and expenses of the Advisory Board will be paid by the Partnership on the Partnership's business and affairs and which have been included in the Partnership's estimated annual operating expenses. See "The Advisory Board".

Valuation Agent: SGGG Fund Services Inc. is the valuation agent for the Partnership and is responsible for providing certain accounting services to the Partnership under the supervision of the Investment Fund Manager, including fund valuation, reconciliation, and financial reporting. The Valuation Agent will be responsible for providing all valuation services to the Partnership and will calculate the Net Asset Value per Unit. See "Valuation of Investments". The Valuation Agent is unrelated to the Investment Fund Manager.

Custodian: NBCN Inc., an independent, wholly-owned subsidiary of National Bank Financial Inc. will be appointed, on or prior to the Initial Closing, as custodian of the investment portfolio of the Partnership pursuant to the Custodian Agreement. The Custodian is unrelated to the Investment Fund Manager**.**

Registrar and Transfer Agent: SGGG Fund Services Inc. will act as transfer agent and registrar for the Partnership. SGGG Fund Services Inc. is unrelated to the Investment Fund Manager.

Auditor: The auditor of the Partnership is PricewaterhouseCoopers LLP, Chartered Professional Accountants. The auditor will provide its services to the Partnership. The auditor is unrelated to the Investment Fund Manager.

Investment Objectives: The Partnership's investment objective is to provide for a tax-assisted investment in a diversified portfolio of equity securities of Energy and Mining Resource Companies with a view to achieving significant tax benefits and capital appreciation for Limited Partners. The Partnership will invest primarily in Flow-Through Shares of Energy and Mining Resource Companies, including junior issuers, in accordance with its Investment Guidelines and investment strategies outlined herein. Only investors seeking exposure to the oil & gas, energy and mining sectors should invest in the Partnership. See "The Partnership".

The Partnership's investment objectives include investing in Alternative Flow-Through Securities, subject to certain conditions, if the Tax Act is amended so as to permit Alternative Flow-Through Companies from time to time to be eligible to issue equity securities that are equivalent to Flow-Through Shares and to renounce expenditures that are equivalent to Eligible Expenditures to investors. It should be noted that as of the date of this offering, there are no Alternative Flow-Through Securities or Alternative Flow-Through Companies. See "Investment Objectives".

Investment Strategies: The Partnership will invest in Energy and Mining Resource Companies that (i) represent good value in relation to the market price of the Energy and Mining Resource Company's shares; (ii) have experienced management; (iii) have an exploration or development program in place; (iv) offer potential for future growth and (v) meet certain specified market

capitalization and other criteria. The Partnership will use its best efforts to invest its Available Funds on or before December 31, 2016 primarily in Flow-Through Shares of Energy and Mining Resource Companies listed on the TSX, TSX-V or any other nationally recognized stock exchange as determined by the Investment Fund Manager in its sole discretion, from time to time such that Limited Partners will be entitled to claim certain deductions from 2016 and 2017 taxable income and tax payable. The Partnership will not invest more than 20% of its Available Funds in Private Companies, if any. A strong preference will be given to companies with existing production, which the Portfolio Advisor believes should mitigate downside risk relative to investing in earlier stage companies. The Partnership may invest in securities of Energy and Mining Resource Companies that are not Flow-Through Shares separately or in combination with Flow-Through Shares of the same Energy and Mining Resource Company when they are offered in order to facilitate the acquisition of such Flow-Through Shares and reduce the average cost of the investment in such Energy and Mining Resource Company. By investing in a number of Energy and Mining Resource Companies, the Partnership will benefit from the reduced risks associated with portfolio diversification. For flexibility, up to 40% of Available Funds from the Offering may be invested in other securities of Energy and Mining Resource Companies that provide CDE and up to 5% of Gross Proceeds from the Offering may be invested in other securities of Energy and Mining Resource Companies that are not Flow-Through Shares. Preference will be given to CEE over CDE, if available, for purchase from an issuer at the same time. For a relative comparison of the attributes of an investment in CEE flow-through shares and CDE flow-through shares see "Features of CEE & CDE". The Partnership may sell options to purchase securities owned by the Partnership, a strategy commonly referred to as covered call writing, in circumstance the Portfolio Advisor considers appropriate, as a means of locking in gains or generating potential income. It is intended that the writing of covered calls may be used to assist the Partnership in offsetting premiums of Flow-Through Shares purchased by the Partnership during any hold period applicable to such securities. There are no investment restrictions or limits regarding the use of such strategy. Other than the sale of such options for these purposes, the Partnership will not purchase or sell derivatives. The allocation of the portfolio to a sector will depend on investment opportunities at the time of investment. No specific allocation is required under the terms of the Partnership Agreement and the percentage of Available Funds invested in each sector may vary. The Investment Fund Manager may, by written notice to the Limited Partners, amend the Partnership's investment strategies in order that the Partnership's investment strategies continue to comply with the provisions of any law or regulation applicable to or affecting the Partnership from time to time.

Any funds committed by the Partnership to purchase Flow-Through Shares of an Energy and Mining Resource Company that are returned by the Energy and Mining Resource Company to the Partnership may be used to purchase common shares issued by it or to purchase Flow-Through Shares and other securities that may or may not constitute Flow-Through Shares, if any, in any other Energy and Mining Resource Company. The Partnership currently intends that it will dispose of a portion of the Partnership's initial investment portfolio and purchase additional Flow-Through Shares with a view to providing additional deductions to a Limited Partner for income tax purposes in the aggregate over the term of the Partnership (including deductions from the Partnership's initial investment portfolio and which may include residual deductions extending beyond such term) of approximately 115% of the Limited Partner's original investment in the Partnership.

To reduce certain risks to Limited Partners, the Portfolio Advisor will actively manage the Partnership's investment portfolio which may involve the sale of Flow-Through Shares and other securities and the reinvestment of the net proceeds from such dispositions. The General Partner may sell Flow-Through Shares (subject to applicable hold periods) at any time if it believes it is in the best interests of the Partnership to do so. Commencing in 2016 the Portfolio Manager may sell Flow-Through Shares at any time (subject to applicable hold periods) and invest the proceeds of the sale in other securities of Energy and Mining Resource Companies and non-resource stocks, if he is of the opinion that it is in the best interests of the Partnership to do so. Commencing in 2016, the Partnership may invest (a) up to 15% of its Net Asset Value in additional Flow-Through Shares, and (b) up to 50% of its total asset value (based on the lower of cost or market value) in equity securities of Energy and Mining Resource Companies and non-resource stocks listed on the TSX, New York Stock

Exchange, or any other nationally recognized stock exchange as determined by the Investment Fund Manager in its sole discretion, from time to time. All investments will be made in accordance with the Investment Guidelines.

By investing in a number of Energy and Mining Resource Companies, the Partnership will benefit from the reduced risks associated with portfolio diversification. In order to maximize the after-tax returns to its Limited Partners, the Partnership intends to invest an amount substantially equal to its Available Funds in Flow-Through Shares such that its Limited Partners will be entitled to claim (a) certain 2016 and 2017 tax deductions from income for income tax purposes and (b) certain 2016 tax credits in the case of qualified mineral exploration investments, if any, from income tax payable for tax purposes.

See "Selected Financial Aspects", "Certain Income Tax Considerations" and "Risk Factors – Possible Tax Deductions".

Liquidity: The Partnership will commit a minimum of 80% of its Available Funds in Energy and Mining Resource Companies listed on public exchanges.

Investment Guidelines: The Partnership has developed certain investment policies and restrictions (the "**Investment Guidelines**") that are more fully described under "Investment Guidelines". The key Investment Guidelines of the Partnership include the following:

Type of Investment	**Investment Restriction** (1)
Securities of Energy and Mining Resource Companies listed on a Canadian stock exchange	At least 80% of Available Funds in 2016 and up to 100% of NAV(2) in 2017
Securities of Energy and Mining Resource Companies and non-resource companies listed on the TSX, New York Stock Exchange, or any other nationally recognized stock exchange as determined by the Investment Fund Manager	Not more than 50% of total assets (based on lower of cost and market value) commencing in 2016
Energy and Mining Resource Companies whose market capitalization is at least $10,000,000	At least 50% of NAV
Cash or Short-Term Securities	Commencing in 2017, the Partnership may invest up to 100% of the Net Asset Value in cash or Short-Term Securities
Illiquid Investments including private companies	Not more than 20% of Available Funds in 2016
Borrowing	Not Permitted
Eligible Expenditures renounced as CEE or Qualifying CDE……	At least 60% of Available Funds
Eligible Expenditures renounced as CDE…….	Not more than 40% of Available Funds
Investment in any one Energy and Mining Resource Company	Not more than 25% of Available Funds
Investment in Related Energy and Mining Resource Companies	Not more than 10% of NAV
Investment in Alternative Flow-Through Companies	Not more than 15% of NAV
Investment in securities of Energy and Mining Resource Companies that are not Flow-Through Shares	Not more than 5% of Gross Proceeds in 2016

Notes:
(1) All amounts or percentage interests are as at the time of investment.
(2) Percentage of Net Asset Value immediately after giving effect to the relevant investment.
(3) Notwithstanding this restriction, the Investment Fund Manager may at its discretion defer a portion of its management fee until January 2017. In addition, any advance made to the Partnership by the Investment Fund Manager incurred on behalf of the General Partner or the Partnership which may be necessary for payment of obligations of the Partnership under Resource Agreements or administrative expenses of the Partnership including taxes, if any, is permitted.

If a percentage guideline on investment or use of assets set forth above is adhered to at the time of the transaction (which in the case of the purchase of a Flow-Through Share, shall be taken to be the date on which the Investment Fund Manager communicates its decision to invest in such Flow-Through Share), later changes to the market value of the investment or total assets of the Partnership will not be considered a violation of these guidelines or require the elimination of any investment. The Investment Guidelines also include a number of general investment restrictions for the Partnership. See "Investment Guidelines". The Investment Fund Manager may, by written notice to the Limited Partners, amend the Partnership's investment strategies in order that the Partnership's investment strategies continue to comply with the provisions of any law or regulation applicable to or affecting the Partnership from time to time.

Investor Loans: For investors who apply and are approved, a Canadian chartered bank will provide a loan to finance up to 100% of the subscription price for Units. See "Investor Loan Arrangements".

Use of Proceeds of the Partnership: This is a blind pool offering. The Partnership will endeavour to use the proceeds of the Offering raised by the Partnership, including any net proceeds from the exercise of the Over-Allotment Option (i) principally to subscribe for Flow-Through Shares, and (ii) to fund the ongoing fees and expenses of the Partnership by way of the Working Capital Reserve, as described herein. See "Use of Proceeds for the Partnership". The Gross Proceeds, the Agents' Fees, the Management Fee and the expenses of the maximum and minimum Offering for the Partnership for Class A Units are set forth in the following table:

	Maximum Offering	Minimum Offering
TERRA LP		
Gross Proceeds	$ 35,000,000	$ 150,000
Agents' Fees[(1)]	1,750,000	7,500
Management Fee[(1)]	875,000	3,750
Offering Expenses[(2)]	350,000	1,500
Administration Fee[(2)]	350,000	1,500
Working Capital Reserve[(3)]	175,000	1,500
Available Funds[(4)]	$ 31,500,000	$ 134,250

Notes:
(1) The Agents' Fees (solely for Class A Units) and the portion of the Offering Expenses and Management Fees payable at Closing by the Partnership will be paid by the Partnership from the Gross Proceeds received by the Partnership. No Agents' Fee will be paid by the Partnership for the sale of Class F Units.
(2) For the Partnership, the General Partner has agreed that the total fees and offering expenses to be paid by the Partnership shall not exceed 4.5% of the gross proceeds for Class F Units and 9.5% of the gross proceeds for Class A Units, plus any applicable taxes, of the Offering raised by the Partnership and the General Partner will pay any excess amount. See "Fees and Expense Payable by the Partnership – Agents' Fees and Offering Expenses".
(3) The Working Capital Reserve will not exceed $175,000 for the Partnership, and $1,500 in the case of the minimum Offering. After December 31, 2016 the General Partner is authorized to fund the Ongoing and Other Expenses of the Partnership in excess of the initial Working Capital Reserve, if any, from sales of securities or shares of Energy and Mining Resource Companies.
(4) Available Funds assumes the issuance of only Class A Units but will increase proportionately with the issuance of Class F Units (as no Agents' Fee applies to Class F Units).

Cash Distributions: The Portfolio Advisor may, on behalf of the Partnership, sell Flow-Through Shares or any other securities in the Partnership's portfolio at any time if it is of the opinion that it is in the best interests of the Partnership to do so. The Partnership Agreement provides that, except for the Performance Bonus, if any, the Partnership will not make distributions of net

earnings, if any, unless otherwise determined appropriate by the General Partner, in its discretion. There can be no assurance that any such distributions will occur and if they do occur be sufficient to satisfy a Limited Partner's tax liability for the year arising from his or her status as a Limited Partner of the Partnership.

Allocations of Net Income or Loss and Eligible Expenditures:

For each fiscal year of the Partnership, 99.99% of the net income of the Partnership, 99.99% of the net loss of the Partnership and 100% of any Eligible Expenditures and CDE renounced to the Partnership will be allocated *pro rata* among the Limited Partners in proportion to each Limited Partner's Capital Contribution, and 0.01% of the net income of the Partnership and 0.01% of the net loss of the Partnership will be allocated to the General Partner. On dissolution, Limited Partners are entitled to 99.99% of the assets of the Partnership and the General Partner is entitled to 0.01% of such assets.

Agents' Fees

The Partnership will pay to the Agents a sales fee of up to $5.00 (5%) for each Class A Unit of the Partnership sold by the Agents to an investor. The sales fee will be paid by the Partnership from the Gross Proceeds received by the Partnership. No sales fee will be paid by the Partnership for the sale of Class F Units.

Management Fee:

The Partnership has retained the Investment Fund Manager to provide management, administrative and other services to the Partnership. In consideration for these services, the Partnership will pay to the Investment Fund Manager (i) a one-time fee payable at Closing, equal to 2.5% of the selling price plus GST/HST for each Unit of the Partnership sold to an investor and (ii) commencing in 2017, and continuing until the completion of the Mutual Fund Rollover Transaction or alternative Liquidity Event, a fee equal to 2% of the Net Asset Value of the Partnership plus GST/HST, calculated and paid in full, prior to completion of the Mutual Fund Rollover Transaction or alternative Liquidity Event. See "Fees and Expenses payable by the Partnership". None of the General Partner, Investment Fund Manager and/or Portfolio Advisor, or any of their respective affiliates or associates will receive any fee, commission, rights to purchase shares of Energy and Mining Resource Companies or any other compensation in consideration for its services as agent or finder in connection with private placements of Flow- Through Shares to the Partnership.

Portfolio Advisor's Fee:

The Portfolio Advisor has been retained to manage and to provide advice on the Partnership's investment portfolio. The Portfolio Advisor's responsibilities include identifying, examining and analyzing investment opportunities, structuring and negotiating prospective investments, making investments for the Partnership in Energy and Mining Resource Companies, monitoring the performance of Energy and Mining Resource Companies and determining the timing, terms, and methods of disposing of investments in Energy and Mining Resource Companies. In consideration for these services, the Investment Fund Manager will pay to the Portfolio Advisor an annual fee based on a number of factors, but not to exceed 1% of Net Asset Value of the Partnership up to the completion of the Mutual Fund Rollover Transaction or alternative Liquidity Event as well as the balance of any fee owing to the Portfolio Advisor for the second calendar year pursuant to the Portfolio Advisory Agreement. In addition, the Investment Fund Manager will pay to the Portfolio Advisor a portion of the Performance Bonus paid by the Partnership, if any. The fees payable to the Portfolio Advisor in respect of the Partnership will be solely the responsibility of the Investment Fund Manager. The Partnership will not reimburse or be accountable for any such fees.

None of the General Partner, the Investment Fund Manager and the Portfolio Advisor, or any of their respective affiliates or associates, will receive any fee, commission, rights to purchase shares of Energy and Mining Resource Companies or any other compensation in consideration for its services as agent or finder in connection with private placements of Flow-Through Shares to the Partnership.

Administrative, Operating, Ongoing & Other Expenses:

The Partnership will pay all of its administrative and operating expenses, which expenses will include expenses relating to portfolio transactions, taxes, legal, audit and valuation fees and Limited Partner reporting costs. The General Partner estimates that these costs (exclusive of the Performance Bonus, if any) for the Partnership will be approximately $15,000 per year in the case of the minimum Offering and approximately $125,000 per year in the case of the maximum Offering, or $250,000 over the life of the Partnership. In addition to the foregoing, the Partnership will also pay an Administration Fee equal to 1% of the Gross Proceeds received by the Partnership incurred in connection with the structuring of the Partnership and the Offering. See "Fees and Expenses Payable by the Partnership".

Performance Bonus:

On the earlier of (i) the business day prior to the completion of the Mutual Fund Rollover Transaction or alternative Liquidity Event and (ii) June 30, 2018, the Partnership shall pay to the Investment Fund Manager an amount in respect of each Unit of the Partnership outstanding as of the end of the preceding calendar month equal to 15% of the amount by which the sum of (A) the Net Asset Value per Unit of the Partnership as of the end of the preceding calendar month and (B) all distributions per Unit of the Partnership on or prior to the end of the preceding calendar month, exceeds $100 (the Subscription Price per Unit).

Performance Bonus Allocation (per Unit):

Value of Portfolio per Unit	Amount Distributed to Limited Partners	Amount Distributed to Investment Fund Manager
Up to $100	Up to $100	NIL
Over $100	$100 + 85% of value in excess of $100	15% of value in excess of $100

Allocation of Fees:

Fees and expenses that are, in whole or in part, allocable to a particular Class of Units are allocated to that Class in computing the Net Asset Value per Unit of that Class. Other fees and expenses will be allocated to the Partnership at the discretion of the General Partner.

Performance of Previous Terra Partnerships:

The following table sets out the minimum invested amount for each of the previous Terra Flow-Through Partnerships and the unaudited net asset value for each as at either (i) the date which such partnership transferred its assets to Terra Mutual Funds Ltd. ("**Terra Ltd**.") or December 31, 2015, as applicable. See "Previous Flow-Through Limited Partnerships".

Name of Partnership	Status	Months to Redeem[1]	Invested Amount	NAV[3]
Terra 2015 Short-Term Flow-Through LP	Active	NA [2]	$10,000	$7,347
Terra 2014 Short-Term Flow-Through LP	Rolled over	10 months	$10,000	$3,573
Terra 2013 Short-Term Flow-Through LP	Rolled over	4 months [2]	$10,000	$8,210
Terra 2013 Charitable Flow-Through LP	Rolled over	3 months [2]	$10,000	$7,582
Terra 2012 Flow-Through LP	Rolled over	2 months	$10,000	$6,616
Terra 2012 Foundation Flow-Through LP	Rolled over	6 months	$10,000	$7,418
Terra 2011 Flow-Through LP	Rolled over	9 months	$10,000	$3,602
Terra 2011 Foundation Flow-Through LP	Rolled over	3 months	$10,000	$7,173
Terra 2010 Mining & Energy Flow-Through LP	Rolled over	9 months	$10,000	$8,785
Terra 2009 Mining & Energy Flow-Through LP	Rolled over	7 months	$10,000	$9,285
Terra 2008 Mining & Energy Flow-Through LP	Rolled over	16 months	$10,000	$6,578
Terra 2007 Energy & Mining Flow-Through LP	Rolled over	15 months	$10,000	$4,567
Terra 2006 Mining Flow-Through LP	Rolled over	16 months	$10,000	$9,315
Terra 2006 Energy Flow-Through LP	Rolled over	16 months	$10,000	$3,306
Terra 2005 Mining Flow-Through LP	Rolled over	15 months	$10,000	$14,130
Terra 2005 Oil & Gas Flow-Through LP	Rolled over	15 months	$10,000	$6,464
Average			$10,000	$7,122

Notes:
(1) Calculated from the first fiscal year-end for the Partnership.
(2) Redemptions have not occurred as at February 22, 2016.
(3) As calculated on rollover except for Terra 2015 Short-Term Flow-Through LP whose NAV is calculated as at December 31, 2015.

Past performance does not guarantee future results. There can be no assurance that the performance of the Partnership will equal or exceed the performance of the previous Terra partnerships.

Liquidity Event (Mutual Fund Rollover Transaction):

Between March 31, 2017 and November 30, 2017, the Partnership intends to implement a Liquidity Event, which the General Partner currently intends to be the Mutual Fund Rollover Transaction pursuant to which Limited Partners will receive redeemable Terra Corporate Class Shares, as set out below. Terra Ltd., a corporation managed by the Investment Fund Manager, is qualified as an open-end mutual fund corporation. It is the current intention of the General Partner that the Partnership will enter into an agreement with Terra Ltd. whereby assets of the Partnership will be exchanged on a tax-deferred basis for Terra Small Cap Growth Class Shares of Terra Ltd. If the General Partner believes it is in the best interests of the Limited Partners to do so, the assets of the Partnership may instead be exchanged on a tax-deferred basis for other redeemable shares of Terra Ltd. or another Mutual Fund. The Partnership intends to complete the Mutual Fund Rollover Transaction pursuant to the terms of the Transfer Agreement. The Transfer Agreement is assignable by Terra Ltd. and Partnership assets may be transferred to any other open-end mutual fund corporation managed by the Investment Fund Manager. The completion of the Mutual Fund Rollover Transaction or alternative Liquidity Event will be subject to the receipt of all approvals that may be necessary, and with respect to the Mutual Fund Rollover Transaction the other conditions set forth in the Transfer Agreement. Following such a transfer, the Partnership would be dissolved and the Terra Small Cap Growth Class Shares or other redeemable shares of Terra Ltd., as applicable, would be distributed to the Limited Partners upon such dissolution, *pro rata*, on a tax-deferred basis. See "Risk Factors".

Dissolution Transaction:

If the General Partner does not complete the Mutual Fund Rollover Transaction or alternative Liquidity Event by June 30, 2018, the Partnership Agreement provides that the Partnership will be terminated on or about June 30, 2018 and the net assets of the Partnership will be distributed to its Limited Partners and the General Partner in the form of cash or other assets (the "**Dissolution Transaction**"). In connection with the Partnership's Dissolution Transaction, the General Partner may instruct the Portfolio Advisor to (a) take steps to convert all or any part of the assets of the Partnership to cash, (b) pay or provide for the payment of the debts and liabilities of the Partnership liquidation expenses and the Performance Bonus allocation, and (c) distribute the remaining assets of the Partnership as to 0.01% to the General Partner and as to 99.99%, *pro rata* among the Limited Partners of record of the Partnership on the date of dissolution, proportionate to each such Limited Partner's Capital Contribution. Alternatively, the General Partner may, if it believes it is in the best interest of Limited Partners, after the payment or provision for the payment of the debts and liabilities of the Partnership, liquidation expenses, partition expenses and the Performance Bonus allocation, cause the Partnership to distribute to each Limited Partner an undivided interest in each asset of the Partnership as contemplated by subsection 98(3) of the Tax Act on a tax-deferred basis and take steps to partition such undivided interests. Securities distributed to former Limited Partners may be illiquid and have restrictions on resale. See "Risk Factors".

Adjusted Cost Base of Flow-Through Shares:

The adjusted cost base of Flow-Through Shares held by the Partnership is deemed to be nil such that all proceeds net of selling costs of such securities are expected to be capital gains for tax purposes. If the Partnership disposes of Flow-Through Shares in consideration for other securities, the Partnership's gain or loss on the disposition of the Flow-Through Share will be calculated by reference to the value of those securities. See "Certain Income Tax Considerations".

Certain Income Tax Considerations:

In general, a taxpayer (other than a principal-business corporation) who is a Limited Partner at the end of a fiscal year of the Partnership may, in computing his, her or its income for his, her or its taxation year in which the fiscal year of the Partnership ends,

subject to the "at-risk" and limited recourse financing rules, deduct an amount equal to 100% of Eligible Expenditures renounced to the Partnership that have been allocated to him, her or it by the Partnership in respect of the fiscal year. See "Selected Financial Aspects".

Any CDE renounced to the Partnership that has been allocated to a Limited Partner by the Partnership in respect of a fiscal year is generally deductible by the Limited Partner at a tax rate of 30% per year (on a declining balance basis) of the Limited Partner's CDE balance.

Income and capital gains realized by the Partnership will be allocated to Limited Partners. The Tax Act deems the cost to the Partnership of any Flow-Through Shares which it acquires to be nil and, therefore, the amount of any such capital gain realized on the disposition of Flow-Through Shares generally will equal the proceeds of disposition of the Flow-Through Shares, net of reasonable costs of disposition. There can be no assurance that distributions of cash to Limited Partners by the Partnership will be sufficient to satisfy a Limited Partner's tax liability for the year arising from his or her status as a Limited Partner of the Partnership. A disposition of Units by Limited Partners may trigger capital gains (or capital losses).

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

Upon the dissolution of the Partnership, each Limited Partner will acquire his, her or its *pro rata* portion of the net assets of the Partnership in proportion to each Limited Partner's Capital Contribution, which may include securities of Energy and Mining Resource Companies then held by the Partnership. A dissolution may trigger capital gains (or capital losses) to Limited Partners; however, if certain requirements in the Tax Act are satisfied, such a distribution may occur on a tax-deferred basis. If the Partnership completes the Mutual Fund Rollover Transaction, provided the appropriate elections are made and filed in a timely manner, it is expected that no taxable capital gains will be realized by the Partnership from the transfer.

Each investor should seek independent advice as to the federal and provincial tax considerations of an investment in Units. See "Certain Income Tax Considerations".

Resale Restrictions: The Units are being offered for sale on a "private placement" basis in reliance on exemptions from prospectus requirements of applicable Canadian securities laws. As a result, resale of the Units will be restricted in the manner provided by such securities laws and certificates evidencing such securities will contain a legend describing such resale restrictions. See "Resale Restrictions".

Risk Factors: An investment in Units is speculative and investors should not invest in Units unless they can absorb the loss of some or all of their investment. Investors should consult with their own professional advisors to assess the legal, tax and other aspects of an investment prior

to investing in Units. The purchase of Units involves significant risk factors.

These risk factors include, but are not limited to:

(a) there is no guarantee that an investment in the Partnership will earn a specified rate of return or any return in the short or long term;

(b) Limited Partners must rely on the discretion of the General Partner and the Portfolio Advisor for the management of the Partnership's portfolio;

(c) there is no assurance that the Partnership will be able to achieve its investment objectives;

(d) there are certain risks inherent in resource exploration and investing in Energy and Mining Resource Companies; Energy and Mining Resource Companies may not hold or discover commercial quantities of minerals, precious metals, oil and gas and their profitability and marketability may be affected by adverse fluctuations in commodity prices, proximity and capacity of resource markets, demand for commodities, general economic conditions and cycles, unanticipated depletion of reserves or resources, native claims, potential claims from operational activities that may not be insurable, liability for environmental damage, competition, imposition of tariffs, duties or other taxes and government regulation, including regulations relating to prices, taxes, royalties, land tenure, land use and environmental protection;

(e) there is no market through which the Units may be sold and purchasers may not be able to resell the Units purchased under this Offering and no market for the Units is expected to develop;

(f) as of the date of this offering, the Partnership has not entered into any Flow-Through Investment Agreements with any Energy and Mining Resource Company;

(g) an Energy and Mining Resource Company's operations may be subject to environmental regulations enacted by government agencies from time to time;

(h) the Partnership has no previous operating history and the General Partner, which has limited operating history, will have, at all material times, only nominal assets and while the General Partner has agreed to indemnify the Limited Partners in certain circumstances, it is unlikely that the General Partner will have sufficient assets to satisfy any claims pursuant to such indemnity;

(i) 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 Energy and Mining Resource Companies in which the Partnership invests would not be materially adversely affected;

(j) fluctuations in the value of the Units due to variations in the value of the securities held by the Partnership due to changes in the market value of securities, lack of assurance of a positive return, market prices for commodities and adverse fluctuations in foreign exchange rates;

(k) difficulties associated with the accurate valuation or sale of investments in certain small or non-listed Energy and Mining Resource Companies;

(l) the size of the Offering will directly affect the degree of diversification of the portfolio of Flow-Through Shares held by the Partnership and may affect the scope of investment opportunities available to the Partnership;

(m) Limited Partners may receive securities of, or other interests in, Energy and Mining Resource Companies upon termination of the Partnership for which there may be an illiquid market or which may be subject to resale restrictions;

(n) because the Partnership will invest primarily in Flow-Through Shares issued by junior and intermediate Energy and Mining Resource Companies its Net Asset Value

may be more volatile than portfolios with a more diversified investment focus;

(o) illiquidity of Flow-Through Shares and other securities, if any, of Energy and Mining Resource Companies owned by the Partnership due to resale and other restrictions under applicable securities laws;

(p) there can be no assurance that the Mutual Fund Rollover Transaction or alternative Liquidity Event will be implemented and an alternative transaction (including the dissolution of the Partnership) may not be available on a tax-deferred basis or a Limited Partner's investment in the Partnership may be less liquid;

(q) there is no assurance that the Partnership will be able to invest all of its Available Funds by December 31, 2016, which is the deadline for when Flow-Through Investment Agreements must be entered into in order for Eligible Expenditures to be renounced to the Partnership with an effective date in 2016;

(r) Flow-Through Shares and securities of Energy and Mining Resource Companies that provide CDE may be issued to the Partnership at prices that exceed the market prices of similar common shares that do not permit Eligible Expenditures or CDE to be renounced in favour of the holders;

(s) an Energy and Mining Resource Company's property interests may be located in Canada and in foreign jurisdictions, and its exploration operations in such foreign jurisdictions may be affected by political and economic instability, and by changes in regulations or shifts in political or economic conditions that are beyond the Energy and Mining Resource Company's control;

(t) the ability of the Partnership to achieve, and an investor to realize, the income tax deductions and tax credits set forth under the heading "Maximum Tax Deductions" in "Selected Financial Aspects", which deduction scenarios are heavily qualified by the assumptions and notes thereunder, is entirely dependent upon the ability of the Partnership to dispose of the Flow-Through Shares at a sale price greater than their adjusted cost base and acquire additional Flow-Through Shares in the quantities described under the heading "Maximum Tax Deductions" in "Selected Financial Aspects";

(u) tax related risks include the following:

  (i) the tax benefits resulting from an investment in the Partnership are greatest for a Limited Partner whose income is subject to the highest marginal income tax rate. Corporate Limited Partners would not be entitled to some tax credits which may be available to individual Limited Partners and the timing of their claims for deductions and losses will be affected if they do not have a taxation year end of December 31;

  (ii) federal or provincial income tax legislation may be amended, or its interpretation changed, so as to alter fundamentally the tax consequences of holding or disposing of Units;

  (iii) the Liberal CEE Initiative may reduce or eliminate the tax benefit of investing in Flow-Through Shares. Draft legislation in this respect has not yet been released and the extent and timing of the impact on the Flow-Through Share regime remains unclear;

  (iv) if a Limited Partner acquires Units using debt financing that is limited recourse borrowing for tax purposes, the amount of Eligible Expenditures and/or losses allocated to all Limited Partners may be reduced;

  (v) Limited Partners may receive allocations of income and/or capital gains in a year without receiving cash distributions from the Partnership in that year sufficient to pay any tax that they may owe as a result of being a Limited Partner in that year;

(vi) if any Limited Partner is not a resident of Canada at the time of the dissolution of the Partnership, any distribution of undivided interests in the assets of the Partnership may not be effected on a tax-deferred basis;

(vii) Energy and Mining Resource Companies may fail to renounce Eligible Expenditures equal to Available Funds invested in Flow-Through Shares and any amount renounced may not qualify as CEE;

(viii) Energy and Mining Resource Companies may fail to renounce CDE equal to any amount invested by the Partnership in securities that provide CDE;

(ix) possible failure of Energy and Mining Resource Companies to comply with the provisions of the Flow-Through Investment Agreement or with the provisions of applicable income tax legislation with respect to the nature of expenses renounced to the Partnership; Limited Partners may, as a result, be reassessed by CRA;

(x) the QTA provides that where an individual taxpayer (including a personal trust) incurs in a given taxation year "investment expenses" in excess of "investment income" earned for that year, such excess shall be included in such taxpayer's income, resulting in an offset of the deduction for such excess investment expenses. For these purposes, investment income includes taxable capital gains not eligible for the lifetime capital gain exemption. Also for these purposes, investment expenses include certain deductible interest and losses of the Partnership attributable to an individual (including a personal trust) that is resident or subject to tax in Québec and 50% of CEE renounced to the Partnership and allocated to and deducted for Québec tax purposes by such Limited Partner, other than CEE incurred in Québec. Accordingly, up to 50% of CEE renounced to the Partnership and allocated to and deducted for Québec tax purposes by such Limited Partner, other than CEE incurred in Québec, may be included in the Limited Partner's income for Québec tax purposes if such 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 investment income earned in any of the three previous taxation years and any subsequent taxation year to the extent investment income exceeds investment expenses for such other year;

(xi) the Partnership intends to treat its gains from dispositions of Flow-Through Shares as capital gains, although there can be no assurance that this treatment will be respected by the CRA; and

(xii) if investments in the Partnership become listed or traded on a stock exchange or other public market, the Partnership could become subject to the rules in the Tax Act relating to "specified investment flow-through partnerships" (the "**SIFT Rules**"). 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 respects adversely, different.

(xiii) the federal and Québec alternative minimum tax could limit tax benefits available to a Limited Partner;

(v) the Portfolio Advisor and Investment Fund Manager will not always review engineering or other technical reports prior to making investments;

(w) if the Portfolio Advisor is changed during the term of the Partnership there is no assurance that the newly appointed portfolio advisor will be as qualified or experienced;

(x) the Partnership may short sell and maintain short positions in securities for the purpose of hedging securities held in the investment portfolio that are subject to resale restrictions and such short sales may expose the Partnership to losses if the

value of the securities sold short increases;

(y) the Partnership may sell options to purchase securities owned by the Partnership, a strategy commonly referred to as covered call writing, in circumstances the Portfolio Advisor considers appropriate, as a means of locking in gains or generating potential income and in certain circumstances, the Partnership may realize a loss as a result of such options;

(z) concentration of Flow-Through Shares held by the Partnership in its investment portfolio with investments in any one issuer limited to 25% of Available Funds;

(aa) prospective investors, as a group, have not been represented by separate counsel and counsel for the Partnership, the General Partner and the Agents do not purport to have acted for investors or to have conducted any investigation or review on their behalf;

(bb) there can be no assurance that the Mutual Fund Rollover Transaction or alternative Liquidity Event will be implemented and in such circumstances, an alternative transaction (including the dissolution of the Partnership) may not be available on a tax-deferred basis or a Limited Partner's investment in the Partnership may be less liquid;

(cc) sale of a Unit, prior to December 31, 2016, could result in failure to realize maximum tax savings and proceeds equal to the Limited Partner's share of the Net Asset Value, and possible liability for capital gains tax;

(dd) the investment fund manager may not be able to identify a sufficient number of investments in Flow-Through Shares, or other securities to the extent permitted under the Investment Guidelines, to fully invest the uncommitted Available Funds by December 31, 2016;

(ee) the Investment Fund Manager and the Portfolio Advisor may in the future act as investment fund manager and/or investment fund advisor for a number of funds and limited partnerships that engage or may engage in the same business activities or pursue the same investment opportunities as the Partnership;

(ff) Limited Partners may lose their limited liability in certain circumstances, including by taking part in the control of the Partnership's business;

(gg) An investment in Units does not constitute an investment by Limited Partners in the securities of Energy and Resource Companies; and

(hh) there can be no assurance that an investor will receive sufficient distributions from the Partnership to pay interest on, or to repay the principal amount of, any loan taken to finance the acquisition of Units.

See "Risk Factors" and "Conflicts of Interest".

SELECTED FINANCIAL ASPECTS

The following tables set forth certain financial aspects, based on the estimates and assumptions set forth below and in the notes to the tables below, for a Limited Partner who is an individual (other than a trust), who has invested $1,000 in Units of the Partnership, assuming marginal income tax rates for each province and territory as set forth in Table 2. **Actual tax rates, tax deductions, money at risk and portfolio values could be significantly different from those shown below.**

The following calculations and assumptions do not constitute a forecast, projection, estimate of possible results, contractual undertaking or guarantee. An investment in Units is appropriate only for investors who have the capacity to absorb a loss of their entire investment. If an investor is not willing to rely on the discretion and judgment of the General Partner, which has limited operating or investment history and is expected to have only nominal assets, and of the Portfolio Advisor and key personnel of the Portfolio Advisor, the investor should not subscribe for Units. The tax benefits resulting from an investment in the Partnership are greatest for an investor whose income is subject to the highest marginal income tax rate. Investors acquiring Units with a view to obtaining tax advantages should obtain independent tax advice from a tax advisor who is knowledgeable in the area of income tax law. The calculations assume that no amendments will be made to the Tax Act to implement the changes in respect of CEE deductions proposed in the now-elected Liberal government's 2015 federal election platform and subsequent mandate letter from the Prime Minister to the Minister of Finance. See "Risk Factors" and "Income Tax Considerations – 2015 Liberal Election Platform".

In order to qualify for income tax deductions available and tax credits in respect of a particular year, an investor must be a Limited Partner at the end of the year. It is assumed that the Limited Partner holds the Units throughout all periods. Investors should be aware that these calculations are based on assumptions made by the General Partner which cannot be represented to be complete or accurate in all respects. 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 investor's present and future tax position and any change in the market value of the portfolio of Flow-Through Shares held by the Partnership. The following illustrations were prepared by the General Partner and are not based on an independent opinion rendered by an accountant or lawyer. The amounts in the following tables are computed based on the following facts and assumptions:

(a) The Partnership will issue Units having an aggregate maximum purchase price of $35,000,000 and a minimum aggregate purchase price of $150,000.

(b) Available Funds of the Partnership (i.e. Gross Proceeds less the Offering Expenses, Agents' Fees, Working Capital Reserve and the portion of the Management Fee and Administration Fee payable at Closing) will be invested solely in Flow-Through Shares that in turn expend such amounts on Eligible Expenditures that are renounced to the Partnership with an effective date in 2016. No investments are made in Alternative Flow-Through Securities or securities of Energy and Mining Resource Companies that provide CDE or that are not Flow-Through Shares.

(c) The Management Fee of this Offering is fully deductible. The Agents' Fees, if any, and expenses of this Offering are deductible for income tax purposes at a rate of 20% per annum.

(d) No portion of the purchase price will be financed with limited recourse financing; See "Certain Income Tax Considerations – Limitation on Deductibility of Expenses or Losses of the Partnership".

(e) Marginal income tax rates for each province and territory have been used and 50% of capital gains are taxable in computing a Limited Partner's income.

(f) Flow-Through Shares are anticipated to be held by the Partnership until at least January 1, 2017 and sold by the Partnership at their original purchase price. The General Partner may sell Flow-Through Shares (subject to the applicable hold periods) on behalf of the Partnership at any time if the General Partner determines that it is in the best interests of the Partnership to do so.

(g) Interest and dividend income earned by the Partnership net of operating expenses will be nil.

(h) The Portfolio Advisor's Fee in 2017 and on-going and other expenses not funded by the Working Capital Reserve will be funded from capital gains earned in the Partnership.

(i) Alternative minimum tax has not been considered; See "Certain Income Tax Considerations – Alternative Minimum Tax".

(j) It is assumed that no portion of the CEE is eligible for the federal 15% non-refundable investment tax credit for the Partnership. See "Certain Income Tax Considerations – Investment Tax Credits". The impact of

provincial tax credits, if any, has not been considered. No portion of the CEE related to oil & gas, energy and alternative energy investments is eligible for the federal non-refundable investment tax credit.

Table 1
Maximum Tax Deductions
Per $1,000 Investment
Assuming a $35,000,000 Offering (Maximum)

	Class A Units				Class F Units			
Year	CEE Deductions	Other Deductions	Total Deductions	Capital Gains Tax	CEE Deductions	Other Deductions	Total Deductions	Capital Gains Tax
2016	$900	$52	$952	$0	$950	$42	$992	$0
2017	150	36	186	46	150	26	176	46
2018 and beyond	0	36	36	0	0	6	6	0
Totals	$1,050	$124	$1,174	$46	$1,100	$74	$1,174	$46

Assuming a $150,000 Offering (Minimum)

	Class A Units				Class F Units			
Year	CEE Deductions	Other Deductions	Total Deductions	Capital Gains Tax	CEE Deductions	Other Deductions	Total Deductions	Capital Gains Tax
2016	$895	$52	$947	$0	$945	$42	$987	$0
2017	150	79	229	57	150	69	219	57
2018 and beyond	0	36	36	0	0	6	6	0
Totals	$1,045	$167	$1,212	$57	$1,095	$117	$1,212	$57

Table 2
Money at Risk & Breakeven Calculations By Province – Class A Units and Class F Units
Highest Marginal Tax Rates

Tax Rate	B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.B.	N.S.	P.E.I.	Nfld.	Nunavut	NWT	Yukon
2016	47.70%	48.00%	48.00%	50.40%	53.53%	53.31%	53.30%	54.00%	51.37%	48.30%	44.50%	47.05%	48.00%
2017 & Beyond	47.70%	48.00%	48.00%	50.40%	53.53%	53.31%	53.30%	54.00%	51.37%	48.30%	44.50%	47.05%	48.00%

Assuming the Maximum Offering ($35,000,000)

	B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.B.	N.S.	P.E.I.	Nfld.	Nunavut	NWT	Yukon
Investment	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
Less: Tax Savings	$560	$563	$563	$591	$628	$625	$625	$634	$603	$567	$522	$552	$563
Add: Capital Gains Tax	$41	$42	$42	$44	$46	$46	$46	$47	$44	$42	$39	$41	$42
Money at Risk	**$482**	**$478**	**$478**	**$452**	**$418**	**$421**	**$421**	**$413**	**$442**	**$476**	**$517**	**$488**	**$478**
Breakeven proceeds on disposition ($)	$633	$629	$629	$604	$571	$574	$574	$566	$595	$628	$665	$638	$629

Assuming the Minimum Offering ($150,000)

	B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.B.	N.S.	P.E.I.	Nfld.	Nunavut	NWT	Yukon
Investment	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
Less: Tax Savings	$578	$582	$582	$611	$649	$646	$646	$655	$623	$586	$540	$570	$582
Add: Capital Gains Tax	$50	$51	$51	$53	$57	$56	$56	$57	$54	$51	$47	$50	$51
Money at Risk	**$472**	**$469**	**$469**	**$442**	**$408**	**$410**	**$410**	**$402**	**$432**	**$466**	**$508**	**$479**	**$468**
Breakeven proceeds on disposition ($)	$620	$617	$617	$591	$557	$559	$559	$551	$581	$614	$653	$626	$616

Notes:

Based on the foregoing estimates and assumptions, cash outlays by and income tax deductions and tax credits for the Limited Partners are estimated as follows:

(1) The Partnership will incur costs that are deductible for income tax purposes, including the Agents' Fees, if any, and the Offering Expenses. The Agents' Fees and Offering Expenses will be fully deductible, to the extent they are reasonable, as to 20% each year and pro-rated for short taxation years. Offering Expenses (excluding Agents' Fees) are assumed to be $350,000 for the maximum Offering and $1,500 for the minimum Offering. Ongoing and Other Expenses are assumed to be a maximum of $125,000 per year or $250,000 over the life of the Partnership and $15,000 per year in the case of the minimum Offering. In addition to the foregoing, the Partnership will also pay an Administration Fee equal to 1% of the Gross Proceeds received by the Partnership incurred in connection with the structuring of the Partnership and the Offering. The General Partner has agreed that the total fees and Offering Expenses to be paid by the Partnership shall not exceed 4.5% of the gross proceeds for Class F Units and 9.5% of the gross proceeds for Class A Units, plus any applicable taxes, of the Offering raised by the Partnership and the General Partner will pay for any excess amount.

(2) It is assumed that the Flow-Through Shares held by the Partnership are sold by the Partnership at their original issue price. If Flow-Through Shares are purchased at a premium to the market price, the market price must appreciate in order for the Partnership to sell the shares at the price at which the Partnership acquired the shares. See "Risk Factors".

(3) It is assumed that through reinvestment of proceeds received upon the sale of Flow-Through Shares in additional Flow-Through Shares, further Eligible Expenditures equal to approximately 15% of the Eligible Expenditures renounced in 2016 would be renounced by Energy and Mining Resource Companies in 2017 as CEE only. Capital gains arising from the sale of Flow-Through Shares are allocated to Limited Partners effective December 31 of the applicable year. If no additional Flow-Through Shares are purchased in 2017, then CEE in 2017 is assumed to be nil.

(4) Capital gains are expected to be realized upon the sale of Flow-Through Shares to fund the purchase of additional Flow-Through Shares in 2017. Capital gains are expected to be realized upon the sale of Flow-Through Shares to pay for ongoing expenses of the Limited Partnership. It is assumed that the maximum total tax deduction available is approximately 115% of the invested amount (i.e. approximately $1,174 per $1,000 invested). If reinvestments as described in Note 3 above do not occur, aggregate deductions for income tax purposes are expected to be approximately $100 per Unit or 100% of the invested amount.

(5) It is assumed that the investor is allocated an overall capital gain of $1,174 for a maximum offering or $212 for a minimum offering, on an investment of $1,000. This includes capital gains realized on disposals to fund the payout of Agents' Fees, if any, and Offering Expenses and to fund post-2016 Portfolio Advisor's fee and general and administrative expenses of the Partnership which continue until June 30, 2018, the proposed dissolution date of the Partnership, upon completion of the Mutual Fund Rollover Transaction or alternative Liquidity Event. An assumed rate of 50.00% is used in Table 1 for illustrative purposes regarding capital gains tax.

(6) Eligible CEE for qualified mineral exploration expenses, if any, may qualify for the 15% federal non-refundable investment tax credit. Any additional provincial investment tax credits that may result will increase the total investment tax credit and lower an investor's money at risk. For example, individuals subject to Ontario income tax in the year who qualify for the federal non-refundable investment tax credit will be entitled to an additional 5% tax credit in respect of eligible Ontario mining flow-through expenditures. In 2017, the tax credits are effectively included in computing taxable income. In the case of residents of British Columbia, Manitoba and Saskatchewan the additional provincial investment tax credits that may result are respectively 20%, 30% and 10%.

(7) Marginal income tax rates for each province and territory, including all existing proposals in that respect, as set forth in Table 2 above have been used. No assurance can be given that existing proposals will be enacted in the form proposed. The actual tax savings/cost for a Limited Partner will vary from the estimates set forth above depending on the Limited Partner's actual marginal tax rate.

(8) It is assumed that the gain included in calculating the capital gains tax in the year of disposition arises from the sale of Flow-Through Shares acquired in 2016. Upon disposition of the shares, it is assumed that 50% of the proceeds of disposition are taxable at the highest combined federal and provincial marginal tax rates for each province or territory. Additional sales of Flow-Through Shares for reinvestment in common shares of Energy and Mining Resource Companies will result in additional capital gains tax in the year of disposition.

(9) Money at risk is calculated as total investment by the Limited Partner less all tax savings plus the expected tax on capital gains realized.

(10) Break-even proceeds of disposition of Flow-Through Shares represents the amount an investor must receive such that, after paying capital gains tax, the investor would recover such investor's money at risk, assuming the assets are disposed at the break-even proceeds amount

(11) Assumes no reinvestments occur in 2016 and that the maximum total tax deduction available is approximately 100% of the invested amount (i.e. approximately $1,000 per $1,000 invested). If reinvestments as described in Note 3 above do occur than the maximum total tax deduction available is approximately 115% of the invested amount (i.e. approximately $1,150 per $1,000 invested). The impact of any additional federal 15% non-refundable investment tax credit and provincial tax credits on qualified investments has not been considered.

(12) For the purposes of Québec, the calculations assume that CEE is validly renounced by Energy and Mining Resource Companies to the Partnership in accordance with the QTA. Additional deductions that may be available to individuals subject to income tax in the Province of Québec are not taken into account.

(13) It is assumed that for Québec provincial tax purposes only, a Limited Partner who is an individual (including a personal trust) resident, or subject to tax, in Québec has investment income that exceeds his or her investment expenses for a given year. For these purposes, investment expenses include certain interest, losses of a Limited Partner and 50% of CEE incurred outside Québec and deducted for Québec tax purposes by such 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 ''Risk Factors — Tax-Related''.

(14) It is assumed that the Partnership will not be a SIFT partnership for the purposes of the Tax Act.

(15) The figures in the foregoing tables may not add due to rounding.
(16) It has been assumed that the Partnership will be dissolved prior to June 30, 2018.

The actual tax deductions and tax credits available to a Limited Partner may vary significantly from the amounts set out in Table 1 and Table 2 due to a variety of factors, including the Partnership not investing all of its Available Funds in Flow-Through Shares, amounts renounced by the Energy and Mining Resource Companies to the Partnership failing to qualify as CEE, a reduction in CEE which may be renounced to the Limited Partners due to limited recourse borrowings by Limited Partners, or changes in applicable income tax legislation. There is no assurance that all Available Funds of the Partnership will be committed to purchase Flow-Through Shares prior to January 1, 2017 or that amounts renounced by Energy and Mining Resource Companies to the Partnership will qualify as CEE. Either of these occurrences will reduce the amount of 2016 tax deductions and tax credits to which Limited Partners may be entitled. Similarly, there is no assurance that the Partnership's strategy of disposing of a portion of its initial Portfolio and investing in additional Flow-Through Shares, as applicable, will be successful or that amounts renounced to the Partnership in connection with such investments will qualify as CEE. Either of these occurrences will reduce the amount of tax deductions available to Limited Partners after 2016. In the event that any Limited Partner acquires Units using limited recourse borrowing for tax purposes, the amount of Eligible Expenditures and/or losses allocated to all Limited Partners of the Partnership will be reduced. In addition, the alternative minimum tax could limit tax benefits available to a Limited Partner. See "Risk Factors".

Except for the 5% of Gross Proceeds from the Offering, which amounts are permitted under the Investment Guidelines to be invested in securities of Energy and Mining Resource Companies that are not Flow-Through Shares, any Available Funds that have not been committed by the Partnership to purchase Flow-Through Shares and other securities of Energy and Mining Resource Companies prior to January 1, 2017 , plus accrued interest thereon, will be distributed by January 31, 2017 on a *pro rata* basis to Limited Partners of record on December 31, 2016 in proportion to each Limited Partner's Capital Contribution.

The Partnership intends to invest an amount substantially equal to its Available Funds in Flow-Through Shares such that its Limited Partners will be entitled to claim (a) certain 2016 and 2017 tax deductions from income and (b) certain 2016 tax credits in the case of qualified mineral exploration investments, if any, from income for income tax purposes. Flow-Through Investment Agreements entered into by the Partnership will provide that Eligible Expenditures must be incurred not later than December 31 of the year following which such agreement is entered into and such Eligible Expenditures will be renounced to the Partnership with an effective date not later than December 31 of the year in which such agreement is entered into. For flexibility, the Partnership may invest up to 40% of its Available Funds in securities in respect of which CDE may be renounced to the Partnership. Preference will be given to CEE over CDE, if available, for purchase from an issuer at the same time. Flow-Through Investment Agreements entered into by the Partnership with Energy and Mining Resource Companies will require each such Energy and Mining Resource Company to represent and warrant that neither it nor any person who does not deal at arm's length with the Energy and Mining Resource Company is a Limited Partner in the Partnership. In addition, each Energy and Mining Resource Company will indemnify the Partnership against any tax payable in the event that CEE, Qualifying CDE or CDE is not properly incurred or renounced in accordance with the terms of the relevant Flow-Through Investment Agreement.

The General Partner will provide a Limited Partner who is an eligible individual with the information required by such Limited Partner to file an application for any provincial investment tax credits available to such Limited Partner.

The Province of Québec allows for a special tax deduction of up to 120% of certain eligible exploration expenses incurred by a qualifying entity for exploration carried out in the Province of Québec. In addition to a base deduction of 100% for CEE, an individual resident or subject to tax in the Province of Québec may be entitled to an additional deduction of 10% in respect of certain exploration expenses incurred in the Province of Québec by a qualified corporation. Such a resident may also be entitled to a supplementary deduction of 10% in respect of certain surface mining and certain oil & gas exploration expenses incurred in the Province of Québec by a qualified corporation. Accordingly, an individual resident or subject to tax in the Province of Québec who is a Limited Partner at the end of the applicable fiscal year of the Partnership may be entitled to deduct up to 120% of his or her share of certain eligible exploration expenses incurred in the Province of Québec by a qualified corporation and renounced by it in favour of the Partnership. 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.

The QTA provides that where an individual taxpayer (including a personal trust) incurs in a given taxation year "investment expenses" in excess of "investment income" earned for that year, such excess shall be included in such taxpayer's income, resulting in an offset of the deduction for such excess investment expenses. For these purposes, investment income includes taxable capital gains not eligible for the lifetime capital gain exemption. Also for these

purposes, investment expenses include certain deductible interest and losses of the Partnership attributable to an individual (including a personal trust) that is resident or subject to tax in Québec and 50% of CEE renounced to the Partnership and allocated to and deducted for Québec tax purposes by such Limited Partner, other than CEE incurred in Québec. Accordingly, up to 50% of CEE renounced to the Partnership and allocated to and deducted for Québec tax purposes by such Limited Partner, other than CEE incurred in Québec, may be included in the Limited Partner's income for Québec tax purposes if such 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 investment income earned in any of the three previous taxation years and any subsequent taxation year to the extent investment income exceeds investment expenses for such other year.

USE OF PROCEEDS FOR THE PARTNERSHIP

The Gross Proceeds for the Partnership will be $35,000,000 if the maximum Offering is completed and $150,000 if the minimum Offering is completed (assuming that the Over-Allotment Option is not exercised). The Partnership will use the Gross Proceeds (i) to subscribe primarily for Flow-Through Shares, and (ii) to fund the ongoing management and operating fees and expenses of the Partnership by way of the Working Capital Reserve.

The following table sets out the Gross Proceeds and the Available Funds for the Partnership in connection with each of the maximum and minimum Offering for Class A Units:

	Maximum Offering	Minimum Offering
TERRA LP		
Gross proceeds	$ 35,000,000	$ 150,000
Agents' Fees[1]	1,750,000[1]	7,500[1]
Management Fee[1]	875,000	3,750
Offering Expenses[2]	350,000	1,500
Administration Fee[2]	350,000	1,500
Working Capital Reserve[3]	175,000	1,500
Available Funds[4]	$ 31,500,000	$ 134,250

Notes:

(1) The Agents' Fees (solely for Class A Units) and the portion of the Offering Expenses, Management Fees and Administration Fee payable at Closing by the Partnership will be paid by the Partnership from the Gross Proceeds received by the Partnership. No Agents' Fee will be paid by the Partnership for the sale of Class F Units.

(2) The General Partner has agreed that the total fees and offering expenses to be paid by the Partnership shall not exceed 4.5% of the gross proceeds for Class F Units and 9.5% of the gross proceeds for Class A Units plus any applicable taxes, of the Offering raised by the Partnership and the General Partner will pay for any excess amount. See "Fees and Expense Payable by the Partnership – Agents' Fees and Offering Expenses".

(3) The Working Capital Reserve will not exceed $175,000 in the case of the maximum Offering or $1,500 in the case of the minimum Offering. After December 31, 2016 the General Partner is authorized to fund the Ongoing and Other Expenses, post 2016 fees of the Portfolio Advisor and expenses of the Partnership in excess of the initial Working Capital Reserve, if any, from sales of shares of Energy and Mining Resource Companies.

(4) Available Funds assumes the issuance of only Class A Units but will increase proportionately with the issuance of Class F Units (as no Agents' Fee applies to Class F Units).

Except for the 5% of Gross Proceeds from the Offering, which amounts are permitted under the Investment Guidelines to be invested in securities of Energy and Mining Resource Companies that are not Flow-Through Shares, any Available Funds that have not been committed by the Partnership to purchase Flow-Through Shares and other securities of Energy and Mining Resource Companies or Alternative Flow-Through Securities prior to January 1, 2017, plus accrued interest thereon, will be distributed by January 31, 2017 on a *pro rata* basis to Limited Partners of record on December 31, 2016 in proportion to each Limited Partner's Capital Contribution. If uncommitted funds are returned in this manner, Limited Partners will not be entitled to claim all of the anticipated deductions from income for income tax purposes.

Linden Mills or other Agents as appointed by the General Partner and FundSERV, as applicable, will hold subscription cheques and proceeds received from investors prior to the Initial Closing until subscriptions for the minimum Offering are received and other closing conditions of this Offering have been satisfied. If the minimum Offering is not subscribed for by December 31, 2016, subscription cheques and proceeds will be returned, without interest or deduction, to the investors.

The proceeds from the issue of the Units will be paid to the Partnership at Closing and deposited in the Partnership's bank account and managed on behalf of the Partnership by the Portfolio Advisor. Pending the investment of

Available Funds in Energy and Mining Resource Companies, all such Available Funds will be invested in cash or Short-Term Securities. Interest earned by the Partnership from time to time on funds of the Partnership will accrue to the benefit of the Partnership with the exception of interest on Available Funds which remain uncommitted after December 31, 2016 and which will be distributed directly to the Limited Partners.

FEATURES OF CEE & CDE SHARES

The following table provides a comparison of the attributes of CEE and CDE flow-through shares:

	CEE	CDE
Tax Deductibility	100% deduction against any source of income in the year of investment.	30% deduction against any source of income in the year of investment and the remaining balance is deductible on a declining balance basis of 30% per year (until 100% is deducted).
Type of Issuers	Typically junior to intermediate producers.	Typically intermediate to large sized producers.
Capital Spending Profiles	Success from exploring and developing a producing resource is typically less certain, but may have the potential for greater returns.	Success from developing a producing resource is typically more certain as they typically have a larger inventory of developing properties.
Share Premiums	Generally higher due to higher demand for immediate tax deductions. Historically, the premium is 15% to 20% above the market price of common shares.	Generally lower due to lower demand for deferred tax deductions. Historically, the premium is 10% above the market price of common shares.

ENERGY AND MINERAL RESOURCE SECTORS

The following information on the oil & gas, energy, alternative energy and mineral resource sectors contains forward-looking statements that involve risks and uncertainties. These forward-looking statements relate to, among other things, strategy, indicators and expectations for the resource sector and Energy and Mining Resource Companies and other expectations, intentions and plans contained in this offering memorandum that are not historical fact. These statements reflect the General Partner's current expectations. They are subject to a number of risks and uncertainties, including, but not limited to, changes in the global economy, the impact of the current global credit crises, changes in general economic and business conditions, existing governmental regulations, supply, demand and other market factors. In light of the many risks and uncertainties surrounding the resource sector, the forward-looking statements contained in this offering memorandum may not be realized.

The General Partner believes share prices for small, mid-sized and large resource companies remain undervalued and provides an investment opportunity for investors.

Energy Sector

Crude Oil

Demand

In January 2016 the International Energy Agency (IEA) projected global oil demand growth of 1.2 million bpd to 95.7 million bpd for 2016, up from 94.5 million bpd in 2015. Despite the current volatility in energy prices, growing rates of oil depletion and current world growth trends will likely lead to higher oil prices in the future. A new report by the IEA, published in November 2015, states that despite uncertainty over the prospects for short-term economic growth, overall demand for energy will grow by nearly one-third by 2040, driven entirely by developing countries which account for 90% of population growth. Five of the world's top-10 oil consumers are now non-OECD countries.

Supply

Crude-oil prices are down more than 70% since their June 2014 peak. Several factors account for pushing crude oil prices below $30 per barrel, including high inventory levels of crude oil, uncertainty about global economic growth and the potential for additional crude oil supply to enter the market. Crude oil and petroleum product inventories, both domestically and internationally, have been growing since mid-2014 and are currently above five-year averages

according to the US Energy Information Administration (EIA).

Saudi Arabia's strategy of allowing oil prices to fall to curb competing sources of production and maintain its market share is succeeding. The US rig count has fallen nearly 70 percent in 2015 and the General Partner believes the speed and magnitude of a fall in US production will pick up. The General Partner also believes that the US industry will not rebound as quickly as expected because there is a shortage of workers due to layoffs and financing to fund new drilling will be more expensive and harder to find.

The General Partner expects the downturn in energy production activity will intensify beyond the US to other non-OPEC producing regions causing output to decline further and help rebalance the global oil market sooner. Non-OPEC production in December 2015 declined sharply by nearly 650,000 bpd to 57.4 million bpd— its lowest level since September 2012, according to the IEA. Another potential source for production cuts includes a coordinated response from OPEC and Russia. It is estimated that a 5% cut in output by OPEC and Russia would remove more than 2 million barrels a day of production and help rebalance the crude oil market. Even with new supply from Iran the General Partner expects declining production elsewhere and continued demand growth to result in a more balanced market and higher prices.

Spare Capacity

The General Partner believes the crude oil market is susceptible to a spike in oil prices because there is little spare production capacity by historical standards. According to the IEA, OPEC's 'effective' spare capacity stood at 2.38 million bpd in December 2015, with Saudi Arabia accounting for nearly 90% of the surplus. Total spare capacity is estimated at less than 4 million bpd, or 4 per cent of global demand. By comparison, spare capacity in 1986 was equal to 12 million bpd, or 20 per cent of global demand.

Canadian Oil Producers

Canadian oil is gaining market share in the US and now accounts for 45 per cent of all U.S. crude imports, which is up from about 30 per cent three years ago, according to the EIA. As U.S. and other non-OPEC production declines, Canada stands to benefit by capturing a growing share and likely at higher prices. The new royalty regime recently introduced in Alberta also provides producers with more cost certainty. The General Partner believes the long-term trend remains favourable for Canadian producers as the market returns to a more balanced state and access to more export markets emerges through the eventual approval of pipelines to tidewater.

Natural Gas

Natural gas prices have been trending between US$2/Mcf and US$5/Mcf for the past 5 years. The current price for the benchmark NYMEX March gas is approximately US$2/Mcf largely due to a surge in natural gas production caused by technological advances, and improved completion techniques such as multi-stage fracking. Expectations of an unusually warm winter due to a strong El Niño pattern has reduced demand and also contributed to lower prices.

The Montney basin that reaches across both British Columbia and Alberta has been shown to compete very favourably on cost with the Marcellus basin in the US due to the much higher liquids content in the form of condensate, propane, butane and ethane. The more liquids, the "richer" the gas. Extraction of these liquids produces a product that usually has a higher sales value than natural gas, making the operations more profitable. Significant technological advancements in the natural gas sector have also lowered the cost structure allowing gas firms to make profits on previously uneconomic reservoirs.

Canadian producers in the liquefied natural gas sector are well positioned for growth because in addition to the high quality liquids rich natural gas resource base, Canadian producers have one of the shortest supply routes to key Asian markets. Approval of a Canadian west coast LNG facility would provide Canadian producers access to Asian markets and position them for continued growth beyond the US market. For these reasons, the General Partner believes the potential enterprise value for Canadian gas firms is likely to improve and provide significant investment opportunities in junior, intermediate and large producers.

Mining Sector

The General Partner believes the resource sectors, especially mineral exploration and development, will rebound, despite recent weakness. Over much of the past decade, soft commodity prices and limited capital have constrained exploration and development. The credit crises and general economic slowdown have further discouraged the

replenishment of producer reserves and has limited funding for grassroots exploration. These factors and others have adversely impacted commodity prices and mining firms. Although demand growth has slowed, bulk commodity and base metal prices are expected to remain at or above current levels. Even though commodity prices saw price corrections, there was a severe sell-off of many mining companies in 2015. Despite recent volatility, the General Partner believes many mining companies are currently trading at historical lows and, at times, trading below their intrinsic value.

The General Partner believes that commodity prices are likely to rebound because Chinese demand is still rising even though the pace of growth has slowed. China's commodity demand is now growing from a much higher base. The General Partner believes that despite uncertainty over the prospects for short-term economic growth, China, India and other emerging countries will factor prominently in the world's trade and economic growth in future years. Chinese demand for metals will re-emerge, as its economy begins to grow again, in turn causing demand for commodities to accelerate.

In the second half of 2015, gold mining shares outperformed other commodities and the General Partner expects this trend to continue. Firms have aggressively reduced their costs and improved margins so there is more operating leverage with gold prices, which may cause gold equities to outperform gold bullion. After years of rising production, gold miners' output is expected to fall in the coming years which the General Partner believes will contribute to a rise in gold prices. Falling grade levels, reduced output, a lack of new discoveries, and extended project development timelines are factors that raise the medium and long-term gold price outlook.

The General Partner expects that decreasing prospects of a U.S. interest rate hike in the near-term and growing concerns about the potential reintroduction of quantitative easing by the US Federal Reserve and quantitative easing pursued by other central banks, including Japan and Europe, and credit uncertainty may also cause continued strength in gold prices.

Other commodities that the General Partner is evaluating include copper, zinc, uranium, nickel and coal. Increasing mergers and acquisitions activity is also likely at these valuations. All these factors lead the General Partner to believe that mineral producers provide attractive investment opportunities.

FLOW-THROUGH SHARE INVESTING

Overview

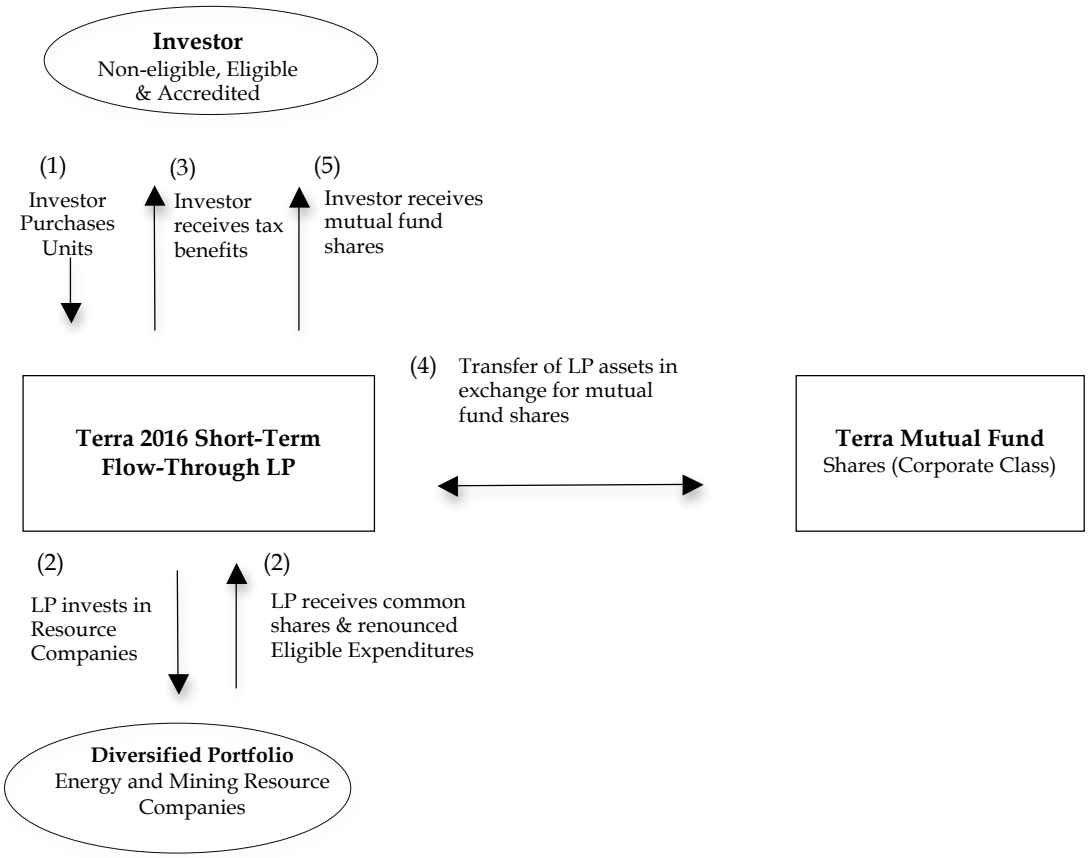
The Tax Act permits the issuance of flow-through shares for qualified resource exploration and renewable energy projects. Flow-Through shares are a well-known source of financing for oil & gas, energy and mineral resource companies. Flow-Through shares are common shares purchased from the treasury of a resource company. These common shares or rights to acquire shares are similar to other common shares or rights issued by the company, with one notable exception: the proceeds from flow-through shares must be spent on qualified resource exploration, referred to as "Canadian exploration expenses". The resource company is permitted to "flow through" these expenses to the investor who can use these deductions against personal income.

Flow-Through share partnerships provide an effective method for investing in the resource sector because investors are not burdened with finding and deciding which resource companies are qualified investments. The advantage with a partnership structure is that investors "pool" their money and rely on the professional manager retained by the partnership to review and select those resource companies with strong management and good upside potential.

Upon the dissolution of the partnership, investors are free to sell the investment for its fair market value (and pay the capital gains tax owing), or they can choose to retain their investment and defer any tax payable until the investment is sold. One common method for deferring the capital gains tax is to "roll over" the investment into a mutual fund corporation for sale at some future date.

Summary of Transactions if the Mutual Fund Rollover Transaction is Implemented

The diagram below illustrates: (i) the structure of an investment in Units; (ii) the relationship among the Partnership and the Energy and Mining Resource Companies; and (iii) the Mutual Fund Rollover Transaction. The numbers 1 through 5 below indicate the chronological order of an investment in Units, acquisition of Flow-Through Shares of Energy and Mining Resource Companies, the flow of tax deductions and issuance of redeemable mutual fund shares to Limited Partners.



Notes:

(1) Subscribers purchase $2,500 of any combination of Class A and Class F Units.

(2) The Partnership enters into Flow-Through Investment Agreements with Energy and Mining Resource Companies, which renounce Eligible Expenditures to the Partnership.

(3) Subscribers must be Limited Partners on December 31, 2016 to obtain tax deductions in respect of such year. Although the Partnership intends to acquire Flow-Through Shares that entitle the investor to the federal 15% non-refundable investment tax credit on qualified mining expenditures there is no assurance that additional investment tax credits will be available or obtained. See "Super Flow-Through Shares".

(4) The Partnership intends to implement a Mutual Fund Rollover Transaction between March 31, 2017 and November 30, 2017. The net assets of the Partnership will be transferred to Terra Ltd., in exchange for redeemable Terra Corporate Class Shares and which will be distributed to the Limited Partners, *pro rata* on a tax deferred basis.

(5) The mutual fund shares are distributed to the Limited Partners *pro rata* on a tax deferred basis.

Super Flow-Through Shares

In October 2000, the Canadian federal government introduced a temporary 15% non-refundable tax credit for qualified mineral resource companies, which most recently was extended to apply to flow-through investment agreements entered into prior to April 1, 2016. Historically, the tax credit has been extended annually by one year, with each extension announced in the annual Federal Budget. The tax credit is in addition to the existing 100% deduction of eligible exploration expenditures and is deductible from the federal portion of one's taxes. To distinguish the flow-through shares in respect of which the additional tax credit may be available from a "regular" flow-through share (typically issued by oil & gas resource companies), these shares are commonly referred to as "super" flow-through shares. The "super" flow-through share program has been very successful in helping junior companies raise much needed funding for mineral exploration. The Prospectors & Developers Association of Canada (PDAC) estimates the program has helped raise over $2.5 billion for mineral exploration since its inception.

THE PARTNERSHIP

The Partnership was formed pursuant to the provisions of the *Limited Partnerships Act* (Ontario) on October 20, 2015. The business of the Partnership is investing in a diversified portfolio of equity securities of Energy and Mining Resource Companies. The General Partner was incorporated under the laws of Canada on December 3, 2009 and changed its name to Terra Flow-Through GP Management Ltd. on December 15, 2010. The registered office of the Partnership and the General Partner is 517 Wellington Street West, Suite 207, Toronto, Ontario, M5V 1G1. The head office of the Partnership and the General Partner is 517 Wellington Street West, Suite 207, Toronto, Ontario, M5V 1G1. The initial limited partner of the Partnership is John Jacobi.

Investment Objectives and Strategies

The Partnership's investment objective is to provide for a tax assisted investment in a diversified portfolio of equity securities of Energy and Mining Resource Companies with a view to achieving significant tax benefits and capital appreciation for Limited Partners. The Partnership will invest primarily in Flow-Through Shares of Energy and Mining Resource Companies, including junior issuers, in accordance with its Investment Guidelines and investment strategies outlined herein. A strong preference will be given to companies with existing production, which the Portfolio Advisor believes should mitigate downside risk relative to investing in earlier stage companies. The allocation of the portfolio to a sector will depend on investment opportunities at the time of investment. The Partnership may invest in securities that are not Flow-Through Shares of Energy and Mining Resource Companies separately or in combination with Flow-Through Shares of the same Energy and Mining Resource Company when they are offered in order to facilitate the acquisition of such Flow-Through Shares and reduce the average cost of the investment in such Energy and Mining Resource Company. Only investors seeking exposure to the oil & gas, energy, alternative energy and mining sectors should invest in the Partnership.

The Partnership's investment objectives may also include investing in Alternative Flow-Through Securities, subject to certain conditions, if the Tax Act is amended so as to permit Alternative Flow-Through Companies from time to time to be eligible to issue equity securities that are equivalent to Flow-Through Shares and to renounce expenditures that are equivalent to Eligible Expenditures to investors. It should be noted that as of the date of this offering, there are no Alternative Flow-Through Securities or Alternative Flow-Through Companies. In addition, any investments in Alternative Flow-Through Securities will be subject to the same terms, restriction and conditions set out herein and in the Limited Partnership Agreement that would apply to the General Partner and the Partnership as if the investments were in Flow-Through Shares.

The Partnership may invest up to 40% of Available Funds from the Offering in other securities of Energy and Mining Resource Companies providing CDE and up to 5% of the Gross Proceeds in other securities of Energy and Mining Resource Companies that are not Flow-Through Shares. Preference will be given to CEE over CDE, if available, for purchase from an issuer at the same time.

The Partnership may sell options to purchase securities owned by the Partnership, a strategy commonly referred to as covered call writing, in circumstance the Portfolio Advisor considers appropriate, as a means of locking in gains or generating potential income. Other than the sale of such options for these purposes, the Partnership will not purchase or sell derivatives.

The allocation of the portfolio to a sector will depend on investment opportunities at the time of investment. No specific allocation is required under the terms of the Partnership Agreement and the percentage of Available Funds invested in each sector may vary.

The Investment Fund Manager may, by written notice to the Limited Partners, amend the Partnership's investment strategies in order that the Partnership's investment strategies continue to comply with the provisions of any law or regulation applicable to or affecting the Partnership from time to time.

In order to maximize the after-tax returns to Limited Partners, the Partnership intends to invest an amount substantially equal to its Available Funds in Flow-Through Shares such that its Limited Partners will be entitled to claim (a) certain tax deductions from 2016 and 2017 income for income tax purposes and (b) certain 2016 tax credits in the case of qualified mineral exploration investments, if any, from income for income tax purposes. Wherever possible, the General Partner intends to obtain incentives for the Partnership, such as share purchase warrants, in addition to purchasing Flow-Through Shares.

Any interest earned on money not yet disbursed by the Partnership and dividends or interest received on Flow-

Through Shares or Short Term Securities purchased by the Partnership will accrue to the benefit of the Partnership.

Any funds committed by the Partnership to purchase Flow-Through Shares of an Energy and Mining Resource Company that are returned by the Energy and Mining Resource Company to the Partnership may be used to purchase common shares issued by it or to purchase Flow-Through Shares and other securities that may or may not constitute Flow-Through Shares, if any, in any other Energy and Mining Resource Company.

The Partnership intends that it will dispose of a portion of the Partnership's initial investment portfolio and purchase additional Flow-Through Shares with a view to providing additional deductions to a Limited Partner for income tax purposes in the aggregate over the term of the Partnership (including deductions from the Partnership's initial investment portfolio and which may include residual deductions extending beyond such term) of approximately 115% of the Limited Partner's original investment in the Partnership.

To reduce certain risks to Limited Partners, the Portfolio Advisor will actively manage the Partnership's investment portfolio which may involve the sale of Flow-Through Shares and other securities and the reinvestment of the net proceeds from such dispositions. Commencing in 2016 the Portfolio Manager may sell Flow-Through Shares at any time (subject to applicable hold periods) and invest the proceeds of sale in other securities of Energy and Mining Resource Companies and non-resource stocks if he is of the opinion that it is in the best interests of the Partnership to do so. Commencing in 2016, the Partnership may invest up to 50% of its total asset value (based on the lower of cost or market value) in equity securities of Energy and Mining Resource Companies and non-resource stocks listed on the TSX, New York Stock Exchange, or any other nationally recognized stock exchange as determined by the Investment Fund Manager in its sole discretion, from time to time. All investments will be made in accordance with the Investment Guidelines.

Flow-Through Shares and other securities of certain Energy and Mining Resource Companies purchased pursuant to exemptions from the prospectus requirements of applicable securities legislation will be subject to resale restrictions. In addition, securities of Energy and Mining Resource Companies that are not reporting issuers (or the equivalent) may be subject to indefinite resale restrictions. It is expected that the resale restrictions applicable to substantially all of the Flow-Through Shares and other securities of Energy and Mining Resource Companies purchased by the Partnership in any Canadian jurisdiction will expire after a four-month period. The Partnership may, in accordance with the by-laws, rules and policies of the applicable stock exchanges and where not prohibited by applicable law, sell securities held at such time by the Partnership and in respect of which the resale restrictions have not yet expired. The General Partner, on behalf of the Partnership, may borrow and sell free-trading shares of Energy and Mining Resource Companies when an appropriate selling opportunity arises in order to "lock-in" the resale price of Flow-Through Shares or other securities of Energy and Mining Resource Companies held in the Partnership's portfolio.

Registered dealers may receive from the Energy and Mining Resource Companies with which the Partnership enters into Share Purchase Agreements a fee based upon the aggregate subscription price of the Flow-Through Shares and other securities purchased by the Partnership and in some cases may also receive the right to purchase shares or other securities of such Energy and Mining Resource Companies. In all such cases, the fee payable to the registered dealer will be paid from funds other than the funds invested in the Flow-Through Shares by the Partnership and the investment decision will be the responsibility of the General Partner and Portfolio Manager.

The Partnership will acquire Flow-Through Shares in accordance with its Investment Guidelines. By investing in a number of Energy and Mining Resource Companies, the Partnership will benefit from the reduced risks associated with portfolio diversification. The Partnership will invest in Energy and Mining Resource Companies that will incur Eligible Expenditures and that (i) represent good value in relation to the market price of the Energy and Mining Resource Company's shares; (ii) have experienced management; (iii) have an exploration or development program in place; (iv) offer potential for future growth; and (v) meet certain specified market capitalization and other criteria.

To enhance liquidity, the Partnership will restrict investment in Private Companies. The Partnership will not invest more than 20% of its Available Funds in Private Companies, if any**.** See "Selected Financial Aspects" and "The Partnership—Investment Guidelines".

Investment Guidelines

The Partnership will follow the Investment Guidelines for the Partnership set forth in the Partnership Agreement. The Investment Guidelines of the Partnership may be changed only by an Extraordinary Resolution passed by holders of $66\,^2/_3\%$ of the Units of the Partnership voting thereon. For the purposes of the Investment Guidelines listed below, all amounts and percentage limitations will be determined on the date the relevant subscription or purchase agreement is entered into between the Partnership and a particular Energy and Mining Resource Company,

and any subsequent change in any applicable percentage resulting from changing Net Asset Values will not require the disposition of any security from the Partnership's portfolio. The Partnership's Investment Guidelines provide, among other things, as follows:

(a) **Canadian Stock Exchange Listing.** Prior to January 1, 2017, the Partnership will endeavour to invest at least 80% of its Available Funds in listed securities of Energy and Mining Resource Companies listed and posted for trading on the TSX, the TSX-V or any other nationally recognized stock exchange as determined by the Investment Fund Manager in its sole discretion. Commencing in 2017, the Partnership may be invested in up to 100% of the Net Asset Value in listed securities of such issuers listed and posted for trading on the TSX, the TSX-V or any other nationally recognized stock exchange as determined by the Investment Fund Manager in its sole discretion.

(b) **International Stock Exchange Listing.** Commencing in 2016, the Partnership may invest up to 50% of its total asset value (based on the lower of cost or market value) in listed securities of Energy and Mining Resource Companies and non-resource stocks listed and posted for trading on the TSX, New York Stock Exchange, or any other nationally recognized stock exchange as determined by the Investment Fund Manager in its sole discretion.

(c) **Market Capitalization.** The Partnership will invest a minimum of 50% of the Net Asset Value in securities of Energy and Mining Resource Companies whose market capitalization is at least $10,000,000.

(d) **Cash or Short-Term Securities.** Commencing in 2017, the Partnership may invest up to 100% of the Net Asset Value in cash or Short-Term Securities.

(e) **Restriction on Short Sales.** The Partnership may only make short sales for hedging purposes against investments in the portfolio.

(f) **No Borrowing.** The Partnership will not engage in borrowing, except for any advance made to the Partnership by the Investment Fund Manager incurred on behalf of the General Partner or the Partnership which may be necessary for payment of obligations of the Partnership under Resource Agreements or administrative expenses of the Partnership including taxes, if any.

(g) **No Control.** The Partnership will endeavour to limit each investment to no more than 20% of any class of securities of any one Energy and Mining Resource Company.

(h) **Diversification.** The Partnership will limit each investment to approximately 10% of the Net Asset Value in any one Energy and Mining Resource Company. If, in the opinion of the Portfolio Advisor and the General Partner, it would be in the best interests of the Partnership to invest above this limit, the Partnership may increase its investment in a particular Energy and Mining Resource Company to a maximum of 25% of Available Funds.

(i) **Restriction on Illiquid Investments.** The Partnership may invest up to 20% of its Available Funds in securities of Energy and Mining Resource Companies whose securities cannot be readily disposed of through market facilities on which public quotations in common use are widely available or are subject to resale restrictions that extend beyond the Termination Date.

(j) **CDE and Non-Flow-Through Investments**. The Partnership may invest up to 40% of Available Funds from the Offering in other securities of Energy and Mining Resource Companies providing CDE and up to 5% of Gross Proceeds from the Offering in other securities of Energy and Mining Resource Companies that are not Flow-Through Shares.

(k) **Warrants.** The Partnership may invest up to 5% of the Available Funds in Warrants forming part of an offering of units consisting of Flow-Through Shares and Warrants, provided that not more than 5% of the aggregate purchase price under the relevant Flow-Through Investment Agreement shall be attributable to Warrants. The Partnership shall not exercise any such Warrants prior to January 1, 2017.

(l) **Purchasing Securities.** The Partnership will not purchase securities other than through normal market facilities unless the purchase price thereof approximates the prevailing market price or is

negotiated or established with Energy and Mining Resource Companies who deal on an arm's length basis with the Partnership, the General Partner and the Portfolio Advisor and their respective affiliates.

(m) **Fixed Price.** The Partnership will not purchase any security which may by its terms require the Partnership to make a contribution in addition to the payment of the purchase price, but this restriction will not apply to the purchase of Warrants or other securities which are paid for on an instalment basis where the total purchase price and the amount of all such instalments is fixed at the time the initial instalment is paid and an appropriate cash reserve will be maintained in order to fund such deferred payments.

(n) **Related Issuers.** The Partnership will not invest more than 10% of the Net Asset Value in Energy and Mining Resource Companies that are Related Issuers; however the Partnership may not otherwise purchase securities from, sell securities to, or otherwise contract with the Portfolio Advisor or the General Partner or any of their respective affiliates, any officer, director, shareholder or partner of any of them, any person, trust, firm or corporation managed by the Portfolio Advisor or the General Partner or any of their respective affiliates, or any firm or corporation in which any officer, director or shareholder of the Portfolio Advisor, the General Partner or their respective affiliates may have a material interest (which, for these purposes, includes beneficial ownership of more than 10% of the voting securities of such entity), unless such transactions are through normal market facilities, or, if not through normal market facilities, the purchase price approximates the prevailing market price. See "Portfolio Advisor."

(o) **Alternative Flow-Through Securities.** The Partnership may invest up to 15% of the Net Asset Value in Alternative Flow-Through Securities.

(p) **Arm's Length with Limited Partners.** The Partnership will not invest in Flow-Through Shares of any Energy and Mining Resource Company with which any Limited Partner does not deal at arm's length within the meaning of the Tax Act.

General Investment Restrictions

(a) **No Commodities.** The Partnership will not purchase or sell commodities if the intention is to take physical delivery of the commodity, except that the Partnership may, after January 1, 2017, purchase or sell gold or gold certificates provided that, following any such purchase, no more than 5% of the Net Asset Value would consist of gold and gold certificates and provided that any purchase of gold certificates shall be restricted to certificates issued by an issuer approved by the securities authorities.

(b) **No Mutual Funds.** The Partnership will not purchase the securities of any mutual fund other than in connection with the Mutual Fund Rollover Transaction or alternative Liquidity Event.

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

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

(e) **No Lending.** The Partnership will not lend money, provided that the Partnership may purchase (i) Short-Term Securities pending the making of investments in accordance with the Investment Guidelines of the Partnership, and (ii) debt obligations which are convertible into equity securities of Energy and Mining Resource Companies that meet the investment objective, investment strategy and Investment Guidelines of the Partnership.

(f) **Restriction on Derivatives.** The Partnership may sell options to purchase securities owned by the Partnership, a strategy commonly referred to as covered call writing, in circumstances the Portfolio Advisor considers appropriate, as a means of locking in gains or generating potential income. Other than the sale of such options for these purposes, the Partnership will not purchase or sell derivatives.

(g) **Restriction on Underwriting.** The Partnership will not act as an underwriter except to the extent that the Partnership may be deemed to be an underwriter in connection with the sale of securities

in its investment portfolio.

(h) **No Mortgages.** The Partnership will not purchase mortgages.

TERRA LTD.

Terra Mutual Funds Ltd. (the "**Terra Ltd.**") is a mutual fund corporation incorporated under the laws of Ontario on February 23, 2007. Redeemable classes of shares of Terra Ltd. are issued to investors pursuant to a Mutual Fund Rollover Transaction. A list of the classes of shares of Terra Ltd., together with a brief description of each class, is set out below. The Investment Fund Manager is paid a monthly fee in arrears for each class of Terra Ltd., which ranges from 0.5% to 1.95% per annum of the monthly net asset value of the applicable class of Terra Ltd. The portfolio manager for Terra Ltd. is Cypress Capital Management Ltd. Additional information in respect of Terra Ltd., including monthly prices, can be obtained by visiting www.terrafunds.ca or by contacting the Investment Fund Manager at 1-888-449-4645. Information contained on Terra Ltd.'s website is not part of this offering memorandum and is not incorporated herein by reference.

Class of Redeemable Shares	Description
Terra Small Cap Growth Class……	Provides long-term growth by investing in a diversified portfolio consisting primarily of small and mid-cap Canadian equity securities.
TerraTundra Dividend Growth Class…..	Provides dividend income and long-term capital growth by investing in a diversified portfolio consisting primarily of Canadian equity securities, as well as U.S. and international equity securities.
TerraTundra Money Market Class……	Provides a steady flow of income while preserving capital primarily through investment in short-term Canadian fixed income securities.

FEES AND EXPENSES PAYABLE BY THE PARTNERSHIP

Agents' Fees and Offering Expenses

The Agents' Fees and the Offering Expenses payable by the Partnership will be paid from the Gross Proceeds received by the Partnership. The Partnership will pay to the Agents a sales fee of up to $5.00 (5%) for each Class A Unit sold by the Agents to an investor, in the case of the maximum Offering (of solely Class A Units), an aggregate of $1,750,000 and, in the case of the minimum Offering (of solely Class A Units), an aggregate of $7,500. No sales fee will be paid by the Partnership for the sale of Class F Units. The expenses of the Offering, which include the costs of creating and organizing the Partnership, the costs of printing and preparing this offering memorandum, legal, audit and accounting expenses of the Partnership, FundSERV setup costs, travel, distribution, courier, sales and marketing expenses and other reasonable out-of-pocket expenses incurred by the General Partner and the Agents and other incidental expenses, will not exceed 1% of the Gross Proceeds or $350,000 in the case of the maximum Offering and $1,500 in the case of the minimum Offering. The General Partner has agreed that the total fees and expenses to be paid by the Partnership shall not exceed 4.5% of the gross proceeds for Class F Units and 9.5% of the gross proceeds for Class A Units, plus any applicable taxes, of the Offering raised by the Partnership and the General Partner will pay any excess amount. See "Certain Income Tax Considerations".

Management Fee

In consideration for the Investment Fund Manager's services, the Partnership will pay to the Investment Fund Manager (i) a one-time fee payable at Closing by the Partnership to the Investment Fund Manager, equal to 2.5% of the selling price for each Unit of the Partnership plus GST/HST sold to an investor on account of expenses (other than Agents' Fees), including without limitation, the costs of marketing, initial audit expenses, fee concession to qualified investors, if any, amounts paid to the Portfolio Advisor, amounts paid to wholesalers involved in the distribution of the Offering and (ii) commencing in 2017, and continuing until the completion of the Mutual Fund Rollover Transaction or alternative Liquidity Event, a fee equal to 2% of the Net Asset Value of the Partnership plus GST/HST, and paid in full, prior to completion of the Mutual Fund Rollover Transaction or alternative Liquidity Event to the Investment Fund Manager.

Portfolio Advisor's Fee

Pursuant to the Portfolio Advisory Agreement, the Investment Fund Manager will pay to the Portfolio Advisor (from the Management Fee) an annual fee based on a number of factors, but not to exceed 1% of Net Asset Value of the Partnership up to the completion of the Mutual Fund Rollover Transaction or alternative Liquidity Event as well as the balance of any fee owing to the Portfolio Advisor for the second calendar year pursuant to the Portfolio Advisory Agreement, in consideration of the Portfolio Advisor's services. In addition, the Investment Fund Manager will pay to the Portfolio Advisor a portion of the Performance Bonus, if any, paid to the Investment Fund Manager by the Partnership.

On-Going and Other Expenses

The Partnership will pay for all expenses (inclusive of applicable taxes) incurred in connection with its operation and administration. It is expected that these expenses will include (a) mailing, printing and other expenses associated with providing periodic reports to Limited Partners; (b) fees payable to the Investment Fund Manager for performing financial, record keeping, Limited Partner reporting and general operating and administrative services; (c) fees payable to the auditors, valuators, legal advisors and service providers (including bookkeeping charges, registrar and transfer agency costs) of the Partnership; (d) fees payable to the Custodian; (e) fees and expenses as a result of or payable to the Advisory Board; (f) taxes and ongoing regulatory filing fees; (g) any reasonable out-of-pocket expenses incurred by the General Partner or its agents in connection with their ongoing obligations to the Partnership, including expenses in respect of any independent qualified persons retained to review any of investments; (h) expenses relating to portfolio transactions; (i) insurance and safekeeping fees; (j) any expenses which may be incurred upon the termination of the Partnership and rollover transaction to a mutual fund corporation; and (k) expenses of any action, suit or other proceeding in respect of which or in relation to which the Investment Fund Manager, the General Partner or the members of the Advisory Board are entitled to indemnity by the Partnership. The Partnership estimates that these expenses will be approximately $15,000 per year in the case of the minimum Offering and a maximum of $125,000 per year, or $250,000 over the life of the Partnership (but excluding amounts advanced by the General Partner which are in addition to the operating and administrative expenses). Such expenses will be funded through the Working Capital Reserve and proceeds from the sale of shares of Energy and Mining Resource Companies. The General Partner currently intends to retain a Working Capital Reserve for the Partnership. The initial Working Capital Reserve will be $1,500 in the case of the minimum Offering and a maximum of $175,000 for the Partnership. In addition to the foregoing, the Partnership will also pay an Administration Fee equal to 1% of the Gross Proceeds received by the Partnership incurred in connection with the structuring of the Partnership and the Offering and will also pay for all expenses incurred in connection with a Dissolution Transaction including liquidation and partition expenses.

In connection with certain investments of the Partnership, the Investment Fund Manager may retain independent advisors and consultants to conduct due diligence investigations of an Energy and Mining Resource Company's business, assets, properties and mineral reserves. At the discretion of the General Partner, fees and expenses incurred by the Investment Fund Manager in retaining such independent advisors may be charged to the Partnership.

Performance Bonus

The Investment Fund Manager will be entitled to a performance bonus per Unit of the Partnership (the **"Performance Bonus"**), as an allocation of income from the Partnership. On the earlier of (i) the business day prior to the completion of the Mutual Fund Rollover Transaction or alternative Liquidity Event and (ii) June 30, 2018, the Partnership shall distribute to the Investment Fund Manager, and in respect of the fiscal year in which such payment occurs, allocate to the Investment Fund Manager, an amount in respect of each Unit of the Partnership outstanding as of the end of the preceding calendar month equal to 15% of the amount by which (a) the sum of (A) the Net Asset Value per Unit of the Partnership as of the end of the preceding calendar month and (B) all distributions per Unit of the Partnership on or prior to the end of the preceding calendar month, exceeds (b) $100 (the Subscription Price per Unit).

Value of Portfolio Per Unit	Amount Distributed to Limited Partners	Amount Distributed to Investment Fund Manager
Up to $100	Up to $100	NIL
Over $100	$100 + 85% of value in excess of $100	15% of value in excess of $100

Allocation of Fees

Fees and expenses that are, in whole or in part, allocable to a particular Class of Units are allocated to that Class in computing the Net Asset Value per Unit of that Class. Other fees and expenses will be allocated to the Partnership at the discretion of the General Partner.

THE GENERAL PARTNER AND THE INVESTMENT FUND MANAGER

The General Partner was incorporated on December 3, 2009 under the laws of Canada to assist with the formation and organization of the Partnership and, thereafter, to manage the Partnership. The Investment Fund Manager was incorporated on April 11, 2005 under the laws of Canada. The principal business address of each of the General Partner and the Investment Fund Manager is 517 Wellington Street West, Suite 207, Toronto, Ontario, M5V 1G1 and its registered office address is 517 Wellington Street West, Suite 207, Toronto, Ontario, M5V 1G1.

The General Partner is the general partner of the Partnership and has co-ordinated the organization and registration and established the Investment Guidelines of the Partnership. The General Partner will assist the Portfolio Advisor with the identification of prospective investments in Energy and Mining Resource Companies and the negotiation of the terms of such investments and will monitor the investment portfolio of the Partnership to ensure compliance with the Investment Guidelines.

The Partnership has retained the Investment Fund Manager to provide management, administrative and other services to the Partnership. The Investment Fund Manager is registered with the Ontario Securities Commission as an "investment fund manager" under National Instrument 31-103, *Registration Requirements and Exemptions.*

Management of the General Partner and the Investment Fund Manager

John Jacobi is the President and Chief Executive Officer and sole director of each of the General Partner and the Investment Fund Manager.

Mr. Jacobi has been President and Chief Executive Officer and sole director of the each of the General Partner and the Investment Fund Manager since its incorporation. He has been or is also the President, Chief Executive Officer and a director of Terra 2005 Oil & Gas Flow-Through Limited Partnership, Terra 2005 Mining Flow-Through Limited Partnership, Terra 2006 Energy Flow-Through Limited Partnership, Terra 2006 Mining Flow-Through Limited Partnership, Terra 2007 Energy & Mining Flow-Through Limited Partnership, Terra 2008 Mining & Energy Flow-Through Limited Partnership, Terra 2009 Mining & Energy Flow-Through Limited Partnership, Terra 2010 Mining & Energy Flow-Through Limited Partnership, Terra 2011 Flow-Through Limited Partnership, Terra 2011 Foundation Flow-Through Limited Partnership, Terra 2012 Flow-Through Limited Partnership, Terra 2012 Foundation Flow-Through Limited Partnership, Terra 2013 Short-Term Flow-Through Limited Partnership, Terra 2013 Charitable Flow-Through Limited Partnership, Terra 2014 Short-Term Flow-Through Limited Partnership and Terra 2015 Short-Term Flow-Through Limited Partnership totalling sixteen private placement flow-through offerings. Mr. Jacobi is also a director of TerraTundra Foundation. He has also been President of Linden Mills Investments Inc. since 2005. During 1999 to 2001 he held senior management positions at Tucows Inc. (an internet services company). Since July 1994 he has been a secretary and director of Jacobi T.V. & Radio Limited. From 1993 to 1996, he was an officer of Trilogy Capital Corporation. Prior to 1993, Mr. Jacobi held a number of senior management positions with high technology start-ups. Mr. Jacobi has a Bachelor of Commerce degree from Queen's University and a Masters of Business Administration degree from the Ivey School of Business, University of Western Ontario.

Management Agreement

Pursuant to the Management Agreement, the Investment Fund Manager will provide management, administrative and other services to the Partnership. The Investment Fund Manager will receive the Management Fee from the Partnership for the provision of such services and will be entitled to reimbursement for certain expenses incurred on behalf of the General Partner or the Partnership, including any advance made to the Partnership which may be necessary for payment of obligations of the Partnership under Resource Agreements or administrative expenses of the Partnership including taxes, if any. The Investment Fund Manager may also provide the Partnership with office facilities, equipment and staff as required and the Partnership will reimburse the Investment Fund Manager for the cost thereof.

The Investment Fund Manager has no obligation to the Partnership other than to render services under the Management Agreement honestly and in good faith and in the best interests of the Partnership and to exercise the

degree of care, diligence and skill a reasonably prudent person would exercise in comparable circumstances.

The Management Agreement provides that the Investment Fund Manager will not be liable in any way to the Partnership if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Partnership has agreed to indemnify the Investment Fund Manager for any losses as a result of the performance of its duties under the Management Agreement. However, the Investment Fund Manager will incur liability, in cases of wilful misconduct, bad faith, negligence or disregard of its duties or standards of care, diligence and skill.

The Management Agreement, unless terminated as described below, will continue until the termination of the Partnership. In each case, either the Investment Fund Manager or the Partnership may terminate the Management Agreement upon 30 days' written notice of such termination, or upon written notice of such termination on the insolvency or bankruptcy of the other party or the failure of the other party to remedy a breach thereof within 30 days after notice of such breach, delivered to the Investment Fund Manager or the General Partner, as applicable.

In the event that the Management Agreement is terminated as provided above, the General Partner shall determine, at its sole discretion, whether to appoint a successor manager to carry out the activities of the Investment Fund Manager or to carry out such activities itself in which case the General Partner will be entitled to a fee no greater than that payable to the Investment Fund Manager under the Management Agreement.

Previous Flow-Through Limited Partnerships

In 2005, the Investment Fund Manager organized the Terra 2005 Oil & Gas Flow-Through Limited Partnership and the Terra 2005 Mining Flow-Through Limited Partnership (together, the "**2005 Partnerships**"). The focus of the 2005 Partnerships was respectively the energy and mining resource sectors. The 2005 Partnerships made investments in 50 issuers. In December 2005, the 2005 Partnerships completed their offering raising total gross proceeds of $5,123,000 by way of private placement at a price of $1,000 per unit. The 2005 Partnerships were rolled into Terra Ltd. and subsequently dissolved in 2007.

In 2006, the Investment Fund Manager organized the Terra 2006 Energy Flow-Through Limited Partnership and the Terra 2006 Mining Flow-Through Limited Partnership (together, the "**2006 Partnerships**"). The focus of the 2006 Partnerships was respectively the energy and mining resource sectors. The 2006 Partnerships made investments in 42 issuers. In December 2006, the 2006 Partnerships completed their offering raising total gross proceeds of $13,341,400 by way of private placement at a price of $100 per unit. The 2006 Partnerships were rolled into Terra Ltd. and subsequently dissolved in 2008.

In 2007, the Investment Fund Manager organized the Terra 2007 Energy & Mining Flow-Through Limited Partnership (the "**2007 Partnership")**. The 2007 Partnership made investments in 34 issuers. In December 2007, the 2007 Partnership completed its offering raising total gross proceeds of $21,868,700 by way of private placement at a price of $100 per unit. The 2007 Partnership was rolled into Terra Ltd. and subsequently dissolved in 2009.

In 2008, the Investment Fund Manager organized the Terra 2008 Mining & Energy Flow-Through Limited Partnership (the "**2008 Partnership**"). The focus of the 2008 Partnership was the energy and mining resource sectors. The 2008 Partnership made investments in 26 issuers. In December 2008, the 2008 Partnership completed its offering raising total gross proceeds of $12,197,000 by way of private placement at a price of $100 per unit. The net proceeds were fully invested in 2008. The 2008 Partnership was rolled into Terra Ltd. and subsequently dissolved in 2010.

In 2009, the Investment Fund Manager organized the Terra 2009 Mining & Energy Flow-Through Limited Partnership (the "**2009 Partnership**"). The focus of the 2009 Partnership was the energy and mining resource sectors. The 2009 Partnership made investments in 35 issuers. In December 2009, the 2009 Partnership completed its offering raising total gross proceeds of $15,680,000 by way of private placement at a price of $100 per unit. The net proceeds were fully invested in 2009. The 2009 Partnership was rolled into Terra Ltd. and subsequently dissolved in 2010.

In 2010, the Investment Fund Manager organized the Terra 2010 Mining & Energy Flow-Through Limited Partnership (the "**2010 Partnership**"). The focus of the 2010 Partnership was the energy and mining resource sectors. The 2010 Partnership made investments in 41 issuers. In December 2010, the 2010 Partnership completed its offering raising total gross proceeds of $36,000,000 by way of private placement at a price of $100 per unit. The net proceeds were fully invested in 2010. The 2010 Partnership was rolled into Terra Ltd and subsequently dissolved in 2011.

In 2011, the Investment Fund Manager organized the Terra 2011 Foundation Flow-Through Limited Partnership (the "**2011 Foundation Partnership**"). The focus of the 2011 Foundation Partnership was the energy and mining resource

sectors. The 2011 Foundation Partnership made investments in 13 issuers. In December 2011, the 2011 Foundation Partnership completed its offering raising total gross proceeds of $1,295,000 by way of private placement at a price of $100 per unit. The net proceeds were fully invested in 2011. The 2011 Foundation Partnership was rolled into Terra Ltd. and subsequently dissolved in 2012.

In 2011, the Investment Fund Manager organized the Terra 2011 Flow-Through Limited Partnership (the "**2011 Partnership**"). The focus of the 2011 Partnership was the energy and mining resource sectors. The 2011 Partnership made investments in 37 issuers. In December 2011, the 2011 Partnership completed its offering raising total gross proceeds of $29,076,000 by way of private placement at a price of $100 per unit. The net proceeds were fully invested in 2011. The 2011 Partnership was rolled into Terra Ltd. and subsequently dissolved in 2012.

In 2012, the Investment Fund Manager organized the Terra 2012 Foundation Flow-Through Limited Partnership (the "**2012 Foundation Partnership**"). The focus of the 2012 Foundation Partnership was the energy and mining resource sectors. The 2012 Foundation Partnership made investments in 19 issuers. In December 2012, the 2012 Foundation Partnership completed its offering raising total gross proceeds of $1,243,500 by way of private placement at a price of $100 per unit. The net proceeds were fully invested in 2012. The 2012 Foundation Partnership was rolled into Terra Ltd. and subsequently dissolved in 2013.

In 2012, the Investment Fund Manager organized the Terra 2012 Flow-Through Limited Partnership (the "**2012 Partnership**"). The focus of the 2012 Partnership was the energy and mining resource sectors. The 2012 Partnership made investments in 31 issuers. In December 2012, the 2012 Partnership completed its offering raising total gross proceeds of $13,287,500 by way of private placement at a price of $100 per unit. The net proceeds were fully invested in 2012. The 2012 Partnership was rolled into Terra Ltd. and subsequently dissolved in 2013.

In 2013, the Investment Fund Manager organized the Terra 2013 Charitable Flow-Through Limited Partnership (the "**2013 Charitable Partnership**"). The focus of the 2013 Charitable Partnership was primarily the energy resource sector. The 2013 Charitable Partnership made investments in 21 issuers. In December 2013, the 2013 Charitable Partnership completed its offering raising total gross proceeds of $1,184,200 by way of private placement at a price of $100 per unit. The net proceeds were fully invested in 2013.

In 2013, the Investment Fund Manager organized the Terra 2013 Short-Term Flow-Through Limited Partnership (the "**2013 Partnership**"). The focus of the 2013 Partnership was primarily the energy resource sector. The 2013 Partnership made investments in 30 issuers. In December 2013, the 2013 Partnership completed its offering raising total gross proceeds of $16,845,300 by way of private placement at a price of $100 per unit. The net proceeds were fully invested in 2013.

In 2014, the Investment Fund Manager organized the Terra 2014 Short-Term Flow-Through Limited Partnership (the "**2014 Partnership**"). The focus of the 2014 Partnership was primarily the energy resource sector. The 2014 Partnership made investments in 23 issuers. In December 2014, the 2014 Partnership completed its offering raising total gross proceeds of $15,767,700 by way of private placement at a price of $100 per unit. The net proceeds were fully invested in 2014.

In 2015, the Investment Fund Manager organized the Terra 2015 Short-Term Flow-Through Limited Partnership (the "**2015 Partnership**"). The focus of the 2015 Partnership was the energy and mining resource sectors. In December 2015, the 2015 Partnership completed its offering raising total gross proceeds of $6,083,000 by way of private placement at a price of $100 per unit. The net proceeds were fully invested in 2015.

PORTFOLIO ADVISOR

Portfolio Advisor

Cypress Capital Management Ltd. has been retained by the Partnership to manage its portfolio. Formed in British Columbia, the Portfolio Advisor is a registered investment counsel and portfolio manager in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. The Portfolio Advisor specializes in portfolio management for individual investors and favours a versatile management style focused on value creation and capital preservation using a disciplined investment approach. Since Cypress's inception in 1998, assets under management have grown to over $3.0 billion including private clients, foundation and institutional mandates. The Portfolio Advisor's investment team is comprised of seven experienced investment professionals, each having a CFA designation. On June 30, 2004, AGF Management Limited acquired 100% of the outstanding shares of Cypress. Cypress's investment team and investment strategies/policies remain independent of AGF Management Limited.

Portfolio Advisor Portfolio Management Experience

The portfolio manager who will have primary responsibility for the execution of the Partnership's investment strategy is Greg Bay and will manage the Partnership. Mr. Bay has extensive investment experience in the junior resource sector since 1998, having developed a long list of relationships in the industry. In particular, Mr. Bay and the Portfolio Advisor have analyzed and owned, on a portfolio basis, various junior resource securities for private clients and pension plan sponsors. The Portfolio Advisor emphasizes fundamentals such as quality management, production profile, reserve additions, reserve quality, finding and development costs, cash flow growth, balance sheet strength and valuation in the market place as critical variables influencing its investment decisions in the junior resource sector. The Investment Fund Manager believes the Portfolio Manager has a particularly strong capability in the small and medium capitalization areas of the market where the majority of flow-through offerings occur.

Greg Bay, B. Comm, CFA: Greg began his career in 1980 with Rhodes Denton as a private placements analyst and went on to work as an account executive with Nesbitt Thomson for two years. Greg then moved to Royal Trust for four years where he worked as a portfolio manager. Following that, he spent four years as the Assistant Vice President of Investments at National Trust. From 1992 to 1998, Greg was a managing partner at M.K. Wong & Associates ("**M.K. Wong**") (now HSBC Asset Management Canada Ltd.) where he specialized in private client and institutional portfolio management. At M.K. Wong, Greg was the lead portfolio manager on the Lotus Canadian Equity Fund and the Hong Kong Bank Small Cap Growth funds. In 1998, Greg became a founding partner of Cypress Capital Management Ltd., which has its head office, located in Vancouver, British Columbia. Mr. Bay is currently President of Cypress Capital Management Ltd. and also serves as Portfolio Manager of Priviti Capital Corporation and Portfolio Manager of AGF Tactical Income Fund. Mr. Bay previously managed the EnerVest Diversified Income Trust, EnerVest Energy and Oil Sands Total Return Trust, EnerVest Natural Resource Fund and EnerVest FTS Limited Partnerships. He is a director of Mullen Group Ltd. and Gear Energy Ltd.

Services to be Provided by the Portfolio Advisor

The Portfolio Advisor has been retained by the Partnership to manage the Partnership's investment portfolio with the objective of maximizing the total return of the Partnership's investments. The Portfolio Advisor has the right and authority to determine which securities will be purchased, held and sold by the Partnership in accordance with the Partnership's investment objective and strategies and, in making any such determinations, may consult with the General Partner. The Portfolio Advisor will enter into Flow-Through Investment Agreements for and on behalf of the Partnership and otherwise manage the Partnership's investment portfolio to the extent provided in the Portfolio Advisory Agreement. The Portfolio Advisor will identify, analyze and select investment opportunities in Energy and Mining Resource Companies, structure and negotiate prospective investments, make investments for the Partnership in securities, monitor the performance of portfolio companies (including following up with Energy and Mining Resource Companies to confirm that they incur and resource to the Partnership Eligible Expenditures within the time frames outlined in the Flow-Through Investment Agreement), and determine the timing, terms, and method of disposing of investments.

The Portfolio Advisor will, prior to January 1, 2017, endeavour to invest all of the Available Funds of the Partnership in Flow-Through Shares. In the purchase and sale of securities for the Partnership, the Portfolio Advisor will seek to obtain overall services and prompt execution of orders on favourable terms.

The Portfolio Advisory Agreement

The Investment Fund Manager will pay to the Portfolio Advisor an annual fee based on a number of factors, but not to exceed 1% of Net Asset Value of the Partnership up to the completion of the Mutual Fund Rollover Transaction or alternative Liquidity Event as well as the balance of any fee owing to the Portfolio Advisor for the second calendar year pursuant to the Portfolio Advisory Agreement. In addition, the Investment Fund Manager will pay to the Portfolio Advisor a portion of the Performance Bonus in respect of the Partnership, if any. The fees payable to the Portfolio Advisor will be solely the responsibility of the Investment Fund Manager. The Partnership will reimburse or be accountable for any such fees. See "Fees and Expenses Payable by the Partnership – Management Fee".

Unless terminated as described below, with respect to the Partnership, the Portfolio Advisory Agreement continues until the effective date of: (a) dissolution of the Partnership or (b) the transfer of all of substantially all of the assets of the Partnership pursuant to the Mutual Fund Rollover Transaction or alternative Liquidity Event. Pursuant to the Portfolio Advisory Agreement, the Portfolio Advisor has agreed to exercise its powers and discharge its duties honestly, in good faith and in the interests of the Limited Partners, and in connection therewith, to devote such time and attention and exercise the degree of care, diligence, and skill that a reasonably prudent and experienced

investment advisor would exercise in the circumstances. Pursuant to the Portfolio Advisory Agreement, the Portfolio Advisor will not be liable in any way for any default, failure or defect in any of the securities comprising the investment portfolio of the Partnership if it has satisfied its duties and complied with the standard of care, diligence, and skill set forth above. The Portfolio Advisor will incur liability, however, in cases of wilful misconduct, bad faith, gross negligence or disregard of its duties or standards of care, diligence and skill.

The Portfolio Advisor may immediately terminate the Portfolio Advisory Agreement, in the event the Investment Fund Manager, or the General Partner is in material breach or material default of the provisions thereof and such breach or default has not been cured within thirty (30) days after notice thereof has been given to the Investment Fund Manager or the General Partner, as the case may be, or in the event there is a material change in the fundamental investment objectives, investment strategy or Investment Guidelines relating to the Partnership. The Investment Fund Manager may immediately terminate the Portfolio Advisory Agreement, without compensation to the Portfolio Advisor or to the Partnership, in the event that the Portfolio Advisor is in breach or default of the provisions thereof and, if capable of being cured, such breach or default has not been cured within thirty (30) business days' notice of such breach or default to the Portfolio Advisor, or if the Portfolio Advisor becomes bankrupt or insolvent, or if any of the licences or registrations necessary for the Portfolio Advisor to perform its duties under the Portfolio Advisory Agreement are no longer in full force and effect. In the event that the Portfolio Advisory Agreement is terminated as provided above, the General Partner shall promptly appoint a successor portfolio advisor to carry out the activities of the Portfolio Advisor.

THE ADVISORY BOARD

The General Partner has established an advisory board (the ''**Advisory Board**'') for the Partnership that will consist of up to four members appointed by the General Partner to provide independent advice to assist the General Partner and the Investment Fund Manager in performing their services under the Partnership Agreement and Management Agreement. The initial member of the Advisory Board is Don Hunter FCPA, FCA, MBA, ICD.D who is independent of the General Partner and Investment Fund Manager. All fees and expenses of the Advisory Board will be paid by the Partnership and have been included in the Partnership's estimated annual operating expenses.

Mr. Hunter is a professional director based in Toronto. Prior to July 2005 he was a partner in the Toronto office of PricewaterhouseCoopers since 1982. He was the audit engagement partner on a number of Canada's largest financial services companies in the banking, investment and asset management sectors. Mr. Hunter has been on the Accounting and Auditing Advisory panel of the Financial Services Commission of Ontario, has lectured at the University of Toronto and the CICA and has participated on numerous community boards. In 2009, Mr. Hunter was elected the FCA designation which is the highest designation that the Institute of Chartered Accountants confers and honors members who have given outstanding service to the profession or brought distinction to it. Mr. Hunter has an MBA from York University, a B.E.Sc. (Engineering) from the University of Western Ontario and is a Chartered Accountant.

The General Partner and Investment Fund Manager will report to the Advisory Board on the operation and performance of the Partnership on a semi-annual basis, including with respect to compliance with the Investment Guidelines and material contracts as amended from time to time.

CERTAIN INCOME TAX CONSIDERATIONS

Tax considerations ordinarily make the Units offered under this offering memorandum most suitable for those taxpayers whose income is subject to the highest marginal income tax rate. Regardless of any tax benefits that may be obtained, a decision to purchase Units should be based primarily on an appraisal of the merits of the investment as such and on an investor's ability to bear possible loss. Investors acquiring Units with a view to obtaining tax advantages should obtain independent tax advice from a tax advisor who is knowledgeable in the area of income tax law.

Introduction

In the opinion of Stikeman Elliott LLP, counsel to the Partnership, the General Partner and the Agents, the following summary fairly presents, as of the date of this offering memorandum, the principal Canadian federal income tax considerations for a Limited Partner who acquires Units pursuant to this Offering. This summary is applicable only to Limited Partners who for the purposes of the Tax Act and at all relevant times, are resident in Canada and who hold their Units and any shares acquired on a dissolution of the Partnership as capital property. Provided a Limited

Partner does not hold Units in the course of carrying on a business of buying and selling securities and has not acquired Units as an adventure in the nature of trade, the Units will generally be considered to be capital property to the Limited Partner. This summary similarly assumes that the Flow-Through Shares and any other securities acquired by the Partnership will be capital property to the Partnership.

Except as otherwise indicated, this summary assumes that recourse for any financing by a Limited Partner of the purchase price for Units is not limited and is not deemed to be limited within the meaning of the Tax Act. This summary also assumes that each Limited Partner of the Partnership will, at all relevant times, deal at arm's length, for purposes of the Tax Act, with each of the Energy and Mining Resource Companies with which the Partnership has entered into a Flow-Through Investment Agreement, and that 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.

This summary is not applicable to Limited Partners that are "financial institutions", as defined in subsection 142.2(1) of the Tax Act, that are "principal-business corporations" within the meaning of subsection 66(15) of the Tax Act, or whose business includes trading or dealing in rights, licences or privileges to explore or drill for, or take, minerals, uranium, petroleum, natural gas, or other hydrocarbons, or to a Limited Partner an interest in which is a "tax shelter investment" within the meaning of the Tax Act, or to a Limited Partner that is a corporation that holds a "significant interest" in the Partnership within the meaning of the Tax Act.

This summary is based on the assumption that the Partnership is not, and will not at any material time be, a "specified person" within the meaning of subsection 6202.5 of the regulations under the Tax Act in relation to any Energy and Mining Resource Company with which it has entered into a Flow-Through Investment Agreement.

The Partnership may acquire Alternative Flow-Through Securities of other issuers. As of the date hereof, the Tax Act and the Tax Proposals (defined herein) do not provide for any such securities. For the purposes of this summary, it is assumed that the Partnership does not acquire any Alternative Flow-Through Securities.

2015 Liberal Election Platform

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

The income tax considerations applicable to a purchaser of Units of the Partnership will vary depending on a number of factors, including whether his or her Units of the Partnership are characterized as capital property, the province or territory in which he or she resides, carries on business, or has a permanent establishment, the amount that would be his or her taxable income but for the interest in the Partnership, and the legal characterization of the purchaser as an individual, corporation, trust or partnership.

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 purchaser of Units, and no representations with respect to the tax consequences to any particular purchaser are made. It is impractical to comment on all aspects of federal income tax laws which may be relevant to any prospective purchaser of Units. Accordingly, each prospective purchaser of Units should obtain independent advice from a tax advisor who is knowledgeable in the area of income tax law, regarding the income tax considerations applicable to investing in the Partnership based on the purchaser's own particular circumstances. This summary does not address the deductibility of interest by a Limited Partner in respect of any borrowing used to acquire Units. A Limited Partner who intends to use borrowed funds to acquire Units should consult his or her own tax advisors in this regard.

This summary is based on the current provisions of the Tax Act and counsel's understanding of the current published administrative practices of the CRA. This summary also takes into account all specific proposals to amend the Tax Act publicly announced by the Minister of Finance prior to the date of this offering memorandum (the "**Tax Proposals**"). This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental, or legislative decision or action, nor does it take into account provincial or foreign income tax legislation or considerations, which may differ materially from these described herein. There is no certainty that the Tax Proposals will be enacted in the form proposed, if at all.

Highlights

These highlights must be read in conjunction with the detailed summary of the income tax considerations which follows. In brief, a taxpayer who is a Limited Partner at the end of a fiscal year of the Partnership (which will be the calendar year) may, in computing income for the taxation year of the Limited Partner in which the fiscal year of the Partnership ends, subject, in each case, to the application of a number of rules in the Tax Act which restrict the ability of a Limited Partner to deduct certain expenses and losses (see "Limitation on Deductibility of Expenses or Losses of the Partnership"):

(a) deduct an amount up to 100% of CEE renounced to the Partnership and allocated to the Limited Partner by the Partnership effective in that fiscal year of the Partnership;

(b) deduct an amount up to 100% of Qualifying CDE renounced to the Partnership which is deemed to be CEE incurred by the Partnership and allocated to the Limited Partner by the Partnership effective in that fiscal year of the Partnership;

(c) deduct an amount up to 30% (on a declining balance basis) of CDE renounced to the Partnership and allocated to the Limited Partner in that fiscal year of the Partnership; and

(d) deduct the Limited Partner's *pro rata* share of any losses of the Partnership (as computed for the purposes of the Tax Act) incurred in that fiscal year of the Partnership without taking into account the expenditures or deductions referred to above.

In addition, a Limited Partner who is an individual (other than a trust) may be entitled to claim an investment tax credit to reduce the Limited Partner's tax otherwise payable in respect of certain Eligible Expenditures renounced to the Partnership and allocated to the Limited Partner. However, the amount of such investment tax credit will reduce the Limited Partner's CCEE account (defined herein) in the following year, thereby potentially giving rise to an income inclusion in that year.

Canadian Exploration Expense and Canadian Development Expense

Provided that certain conditions in the Tax Act are satisfied, the Partnership will be deemed to incur CEE renounced to it by Energy and Mining Resource Companies pursuant to Flow-Through Investment Agreements on the effective date of the renunciation. Provided that certain further conditions in the Tax Act are satisfied, certain CEE incurred by an Energy and Mining Resource Company before January 1, 2018 can be renounced to the Partnership with an effective date of December 31, 2016 and the Partnership will be deemed to have incurred such CEE on December 31, 2016, provided that the Energy and Mining Resource Company makes the renunciation to the Partnership by March 31, 2017. The Flow-Through Investment Agreements for Flow-Through Shares to be entered into during 2016 by the Partnership may permit an Energy and Mining Resource Company to incur CEE at any time up to December 31, 2017, provided that the CEE qualifies for renunciation with an effective date in 2016 and the Resource Company agrees to renounce that CEE to the Partnership by March 31, 2017 with an effective date of December 31, 2016.

In the case of certain expenses incurred for the purpose of developing petroleum or natural gas deposits in Canada (including certain drilling expenses), such expenses ordinarily characterized as Canadian development expense (as defined in the Tax Act) may be deemed to be CEE to a limit of $1,000,000 annually per Energy and Mining Resource Company whose "taxable capital" (as that term is defined in the Tax Act), together with the taxable capital of all corporations with which such Energy and Mining Resource Company is "associated" (within the meaning of the Tax Act) at the relevant time, is not greater than $15,000,000. Flow-Through Investment Agreements to be entered into during 2016 may permit an Energy and Mining Resource Company to incur certain Qualifying CDE, which will be deemed to be CEE, at any time up to December 31, 2017, provided that the Qualifying CDE qualifies for renunciation as CEE with an effective date in 2016 and the Resource Company agrees to renounce that CDE to the Partnership as CEE by March 31, 2017 with an effective date of December 31, 2016. CDE, which does not include Qualifying CDE,

cannot be renounced effective prior to the date on which such CDE is incurred.

For purposes of the following discussion, all references to CEE include Qualifying CDE renounced to the Partnership, which is deemed to be CEE incurred by the Partnership.

If CEE renounced before April 2017, effective December 31, 2016, is not, in fact, incurred in 2017, then the amount of CEE renounced to the Partnership will be reduced accordingly. The reduction will be effective as of December 31, 2016. However, none of the Limited Partners will be charged interest on any unpaid tax arising as a result of such reduction before May 2018.

A Limited Partner does not deduct directly CEE and any CDE renounced to the Partnership and allocated to the Limited Partner in respect of a fiscal year of the Partnership. Rather, a Limited Partner who continues to be a Limited Partner at the end of a particular fiscal period adds such CEE and CDE to the Limited Partner's cumulative Canadian exploration expense ("**CCEE**") and cumulative Canadian development expense ("**CCDE**") accounts. A Limited Partner's share of CEE and any CDE incurred by the Partnership in a fiscal year 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 year. If the Limited Partner's share of CEE or CDE is so limited, any excess will be added to the Limited Partner's share, as otherwise determined, of the CEE or CDE incurred by the Partnership in the immediately following fiscal year, again subject to the at-risk amount limitation.

A Limited Partner may deduct in computing income from all sources for a particular taxation year, such amount as the Limited Partner may claim not exceeding 100% of the balance of the Limited Partner's CCEE and CCDE accounts at the end of that taxation year (as well as 30%, on a declining balance basis, of the Limited Partner's CCDE account at the end of that taxation year). The undeducted balance of a Limited Partner's CCEE and CCDE accounts may generally be carried forward indefinitely. A Limited Partner's CCEE and CCDE are reduced by deductions claimed in prior years, by any investment tax credit in respect of certain Eligible Expenditures or CDE, respectively, deducted in prior years, and by the Limited Partner's share of any amount that the Limited Partner or the Partnership received or is entitled to receive as assistance in respect of the exploration or development activities to which Eligible Expenditures or CDE relate. If, at the end of a taxation year, the reductions in calculating the Limited Partner's CCEE or CCDE accounts exceed the balance of that account at the beginning of the year and additions to it during the year, the excess must be included in computing the Limited Partner's income for that year and the amount of the Limited Partner's CCEE or CCDE accounts at the end of the year will be nil.

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

Investment Tax Credits

Individuals (other than trusts) who are Limited Partners may be entitled to an investment tax credit for "flow-through mining expenditures" (as defined in the Tax Act) equal to 15% of a certain type of CEE renounced to the Partnership and allocated to the Limited Partners. Generally, the CEE that gives rise to the investment tax credit is described as specified surface grass roots mining exploration expenses incurred or deemed incurred in Canada by an Energy and Mining Resource Company before 2017 (provided the Energy and Mining Resource Company renounces CEE incurred in 2017 prior to April 2017 with an effective date in 2016 in accordance with the Tax Act) under an agreement for the issuance of a Flow-Through Share made before April 1, 2016.

Historically, the relevant dates by which a Flow-Through Investment Agreement must be entered into and by which expenses must be incurred thereunder in order to qualify for the investment tax credit have been extended by one year, with such extension announced in each annual Federal budget. Prior to the 2015 Federal election, the now-elected Liberal Government indicated support for an extension, and assuming the Tax Act is amended accordingly, then expenditures incurred or deemed to be incurred before 2018 under Flow-Through Investment Agreements entered into after March 31, 2016 and on or before March 31, 2017, should also qualify for the investment tax credit. There can be no assurance at this time that such extension will be implemented.

The amount of CEE upon which the credit is computed would be reduced by any provincial tax credit that the Limited Partner has received, was entitled to receive or could reasonably have been expected to receive in respect of the CEE.

The federal investment tax credit can be used by a Limited Partner to reduce the tax otherwise payable in the taxation

year of the Limited Partner in which the Limited Partner becomes entitled to the credit. A Limited Partner who is entitled to the federal investment tax credit as a result of being a Limited Partner will be entitled to carry forward such credit for a period of 20 years. To the extent the federal investment tax credit is applied in a year, it is deducted from the Limited Partner's CCEE account in the following taxation year. As discussed above, where the balance of a Limited Partner's CCEE pool is negative at the end of a taxation year, the negative amount must be included in the Limited Partner's income for that taxation year. As such, a Limited Partner who deducts this investment tax credit for the 2016 taxation year will be required to include in his or her 2017 income the amount deducted unless there is a sufficient offsetting balance in his or her CCEE account in 2017.

Computation of Income of Limited Partners

The Partnership itself is not a taxable entity and is not required to file income tax returns except for an annual information return. However, each Limited Partner of the Partnership will be required to include in computing his or her income or loss for tax purposes for a taxation year, subject to the "at-risk" rules, the Limited Partner's *pro rata* share of the income or loss for each fiscal year of the Partnership ending in, or at the end of, that taxation year, whether or not the Limited Partner has received or will receive any distributions from the Partnership. The fiscal year of the Partnership ends on December 31 and will end upon the dissolution of the Partnership.

Each Limited Partner will generally be required to file an income tax return reporting the Limited Partner's share of the income or loss of the Partnership. While the Partnership will provide each of its Limited Partners with information required for income tax purposes pertaining to such Limited Partner's investment in Units, the Partnership will not prepare or file income tax returns on behalf of any Limited Partner. Each person who is a member of the Partnership in a year will be required to file an information return 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 of the dissolution. A return made by any one partner will be deemed to have been made by each member of the Partnership. Under the Partnership Agreement, the General Partner is required to file the necessary return.

The income or loss of the Partnership will be computed as if the Partnership were a separate person resident in Canada without taking into account any deduction in respect of, among other things, CEE and CDE. Any CEE and CDE 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 period of the Partnership which includes the effective date of the renunciation. Each such Limited Partner will be entitled to deduct directly through the Limited Partner's CCEE and CCDE accounts, and not as a part of the income or loss of the Partnership, in accordance with the provisions of the Tax Act, an amount in respect of such CEE and CDE. The income of the Partnership will include the taxable portion of any capital gain that it realizes on a disposition of Flow-Through Shares. As a result of the acquisition cost of the Flow-Through Shares being deemed to be nil, the amount of such capital gain generally will equal the proceeds of disposition of the Flow-Through Shares, net of reasonable costs of disposition, subject to any costs of acquiring other securities which may be identical.

The costs associated with the organization of the Partnership are not fully deductible either by the Partnership or by the Limited Partners. Organization expenses incurred by the Partnership are eligible capital expenditures, three-quarters of which may be deducted by the Partnership at the rate of 7% per year on a declining balance basis (subject to proration for short taxation years). The 2014 Federal Budget contained proposals to repeal the eligible capital expenditures regime and replace it with a new capital cost allowance class. Detailed proposals have not yet been released.

Offering expenses and Agents' fee (to the extent they are reasonable in amount) will be deductible as to 20% in the year they are incurred and each of the four subsequent years (subject to proration for a fiscal period which is 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 *pro rata* share of any such expenses that were not deductible by the Partnership. The adjusted cost base of a Limited Partner's Units will be reduced on dissolution of the Partnership by the Limited Partner's share of such expenses.

To the extent that they are reasonable, the fees payable to the Investment Fund Manager will be deductible in the year in which the services to which they relate are rendered. The General Partner believes that such fees are reasonable within the meaning of the Tax Act.

Limitation on Deductibility of Expenses or Losses of the Partnership

Subject to the "at-risk" rules, a Limited Partner's share of the loss of the Partnership for any fiscal year may be applied against his or her income from any other 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 the Limited Partner in such other years.

The Tax Act contains certain provisions which limit the amount of deductions, including CEE, CDE and losses, that a Limited Partner may claim as a result of his or her investment in the Partnership to the amount that the Limited Partner has "at-risk" in respect thereof. Generally, the Limited Partner's "at-risk" amount will be the amount actually paid for Units plus the amount of any Partnership income (including the full amount of any Partnership capital gains) allocated to such Limited Partner for completed fiscal years less the aggregate of the amount of any CEE and CDE allocated to the Limited Partner and the amount of any Partnership losses allocated to the Limited Partner for completed fiscal years and the amount of any distributions from the Partnership including any amounts returned to Limited Partners in respect of uncommitted funds.

The Tax Act contains additional rules that restrict the deductibility of certain amounts by persons who acquire a "tax shelter investment" for purposes of the Tax Act. The Units of the Partnership have been registered with CRA under the "tax shelter" registration rules and the Units are "tax shelter investments" for the purposes of the Tax Act. If a Limited Partner finances the acquisition of Units with a financing for which recourse is or is deemed to be limited (a "**limited recourse amount**") within the meaning of the Tax Act, the CEE, CDE or other expenses incurred by the Partnership of which he or she is a member may be reduced by the amount of such financing to the extent that the financing can reasonably be considered to relate to such amounts. The Partnership Agreement provides that where CEE or CDE of the Partnership is so reduced the amount of CEE or CDE that would otherwise be allocated by the Partnership to the Limited Partner who incurs the limited recourse amount shall be reduced by the amount of the reduction. Where the reduction of other expenses reduces the loss of the Partnership, the Partnership Agreement provides that such reduction shall first reduce the amount of the loss that would otherwise be allocated to the Limited Partner who incurs the limited recourse amount. The cost of a Unit to a Limited Partner may also be reduced by the total of limited recourse amounts and at-risk adjustments that can reasonably be considered to relate to such Units. Any such reduction may reduce the amount of deductions otherwise available to Limited Partners to the extent that deductions are not reduced at the Partnership level as described above.

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

(a) the debt bears interest at a rate not less than the lesser of the rate prescribed by the Tax Act at the time the debt is incurred or the rate prescribed from time to time during the term of the indebtedness;

(b) interest is paid in respect of the debt at least annually within 60 days of the end of the debtor's tax year; and

(c) *bona fide* written arrangements were made, at the time the debt was incurred, for repayment of principal and interest within a reasonable period not exceeding 10 years (which may include a demand loan).

Prospective purchasers who propose to finance the acquisition of their Units should consult their own advisors.

Income Tax Withholdings and Instalments

Limited Partners who are employees and have income tax withheld at source from their employment income by their employer may prepare a submission to their Tax Services Office of the CRA requesting a reduction in such withholding at source by their employer, which request may be granted at the discretion of the CRA. In this way, Limited Partners may be able to obtain the tax benefits of the investment during the remainder of 2016 after the Closing.

Limited Partners who are required to pay income tax on an instalment basis may, depending on the method used for calculating their instalments, take into account their share, subject to the "at-risk" rules, of CEE, CDE and any loss of the Partnership of which they are a member in determining their instalment remittances.

Disposition of Units

Subject to any adjustment required by the Tax Act, a Limited Partner's adjusted cost base of a Unit for income tax purposes at any time will generally consist of the purchase price of the Unit, increased by any share of income of the Partnership allocated to the Limited Partner (including a *pro rata* share of the full amount of any capital gains realized by the Partnership) for fiscal periods ending before that time and reduced by any share of losses of the Partnership (including a *pro rata* share of the full amount of any capital losses realized by the Partnership) and CEE and CDE allocated to such Limited Partner for fiscal periods ending before that time and the amount of any Partnership distributions made to such Limited Partner before that time. The amount of any negative adjusted cost base will be deemed to be a capital gain of a Limited Partner in the year in which the adjusted cost base becomes a negative amount.

A disposition of Units by a Limited Partner will result in a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of reasonable disposition costs, exceed (or are exceeded by) the adjusted cost base of the Units to the Limited Partner immediately prior to the disposition. One-half of any such capital gain (the "**taxable capital gain**") will be included in the Limited Partner's income for the year of disposition, and one-half of any such capital loss (the "**allowable capital loss**") must be deducted by the Limited Partner against taxable capital gains for the year of disposition. Any excess of allowable capital losses over taxable capital gains of the Limited Partner for the year of disposition generally may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years to the extent and in the circumstances prescribed in the Tax Act.

A Limited Partner that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6⅔% on its "aggregate investment income" for the year, which is defined to include taxable capital gains. Pursuant to Tax Proposals currently contained in Bill C-2 for taxation years that end after 2015, a Canadian-controlled private corporation may be liable to pay refundable tax at an increased rate of 10⅔%. The current 6⅔% rate and proposed 10⅔% rate of refundable tax are proposed to be blended for taxation years that straddle January 1, 2016.

A Limited Partner who is considering disposing of Units during a fiscal year of the Partnership should obtain tax advice before doing so since entitlement to a share of the Partnership's loss, CEE and CDE may be affected by ceasing to be a Limited Partner before the end of the Partnership's fiscal year.

Dissolution of the Partnership

If the Partnership is dissolved following the disposition of all or substantially all of its assets for cash proceeds, any gain or loss realized by the Partnership on the disposition of its assets in its final fiscal year, including any capital gain realized on the disposition of Flow-Through Shares will be reflected in the income or loss of the Partnership in its final fiscal year. Each Limited Partner of the Partnership will be required to take into account, in the computation of the Limited Partner's income, the Limited Partner's share of the Partnership's income, loss, capital gains and capital losses for its final fiscal year in the taxation year in which the dissolution occurs. A Limited Partner's share of the Partnership's income, loss, capital gains and capital losses for its final fiscal year should also be reflected in adjustments to the adjusted cost base of the Limited Partner's Units.

The Partnership Agreement also provides that upon dissolution of the Partnership, each Limited Partner will acquire an undivided interest in each property of the Partnership that has not been disposed of for cash proceeds. It is assumed that each such property (including Flow-Through Shares) will thereafter be partitioned and each Limited Partner will be allocated his or her *pro rata* share of each such property in proportion to each Limited Partner's Capital Contribution. Provided appropriate elections under the Tax Act are made and filed in a timely manner, the dissolution of the Partnership in these circumstances will constitute a disposition by a Limited Partner of the Limited Partner's Units for proceeds equal to the greater of (i) the adjusted cost base of the Units, and (ii) the aggregate of the cash proceeds distributed to the Limited Partner and the Limited Partner's share of the cost amount to the Partnership of each property distributed. Provided that under the relevant law shares may be partitioned, it is the CRA's position that shares may be partitioned on a tax-deferred basis. The cost to a Limited Partner of an undivided interest in a share will generally be equal to the Limited Partner's *pro rata* share of the cost to the Partnership of that share. Since the adjusted cost base of Flow-Through Shares to the Partnership generally will be nil, a Limited Partner will generally acquire an undivided interest in Flow-Through Shares at an adjusted cost base of nil. Consequently, a subsequent disposition of Flow-Through Shares by such a Limited Partner will result in the Limited Partner realizing substantially the whole of the proceeds of disposition as a capital gain.

Transfer of Assets to a Mutual Fund Corporation

If the Partnership transfers its assets to Terra Ltd. in exchange for shares of Terra Ltd. pursuant to the Mutual Fund Rollover Transaction, provided the appropriate elections are made and filed in a timely manner, no taxable capital gains will be realized by the Partnership on the transfer. Terra Ltd. generally will be deemed to acquire each asset of the Partnership at a cost equal to the lesser of the cost amount thereof to the Partnership and the fair market value of the asset at the transfer date. Provided that the dissolution of the Partnership takes place within 60 days after the transfer of the assets to Terra Ltd. and certain other requirements in the Tax Act are satisfied, the shares of Terra Ltd. will be distributed to the Limited Partners at a cost for tax purposes equal to the adjusted cost base of the Units held by such Limited Partner (less any cash received) and a Limited Partner will generally not be subject to tax in respect of such transaction**.**

Tax Status of Terra Ltd.

The Partnership may implement a Mutual Fund Rollover Transaction with Terra Ltd. For the purposes of this summary, it is assumed that Terra Ltd. will qualify as a "mutual fund corporation" for the purposes of the Tax Act at all material times and that Terra Ltd. will not be an "investment corporation" as defined in the Tax Act.

All income of Terra Ltd., including taxable capital gains (net of allowable capital losses) realized by Terra Ltd. (which will include capital gains realized in respect of Flow-Through Shares received from any particular limited partnership) will be subject to tax at the corporate rates applicable to mutual fund corporations. A mutual fund corporation is not eligible for a general rate reduction. Taxes payable by Terra Ltd. on capital gains for taxation years throughout which it is a "mutual fund corporation" will be refundable on a formula basis when Terra Ltd. shares are redeemed or when Terra Ltd. pays "capital gains dividends". With respect to taxable dividends received by Terra Ltd. from taxable Canadian corporations in taxation years throughout which Terra Ltd. is a "mutual fund corporation", Terra Ltd. will generally be subject to a refundable tax under Part IV of the Tax Act at the rate of $33^1/_3\%$ on taxable dividends. Tax Proposals currently contained in Bill C-2 increase the rate of refundable tax imposed under Part IV of the Tax Act from $33^1/_3\%$ to $38^1/_3\%$. Other types of income, such as interest, foreign investment income or income from derivatives will be subject to tax in Terra Ltd., which tax will reduce the amount of income available to be paid out to shareholders of Terra Ltd. as dividends or the value of shares realized on a redemption.

Taxation of Shareholders of Terra Ltd.

An ordinary dividend paid by Terra Ltd., whether received in cash or reinvested in additional shares of Terra Ltd., will be included in computing the taxable income of an individual shareholder for the purposes of the Tax Act as a dividend from a taxable Canadian corporation, 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. Ordinary dividends received from Terra Ltd. by a corporate shareholder will be included in computing its income, but the corporation will generally be entitled to deduct an equivalent amount unless it is a "specified financial institution" as defined in the Tax Act that acquired Terra Ltd. shares in the ordinary course of its business. However, where a shareholder is a private corporation as defined for the purposes of the Tax Act, or other corporation controlled by or for the benefit of an individual or related group of individuals, such shareholder may be liable for refundable tax under Part IV of the Tax Act on dividends for which it is entitled to a dividend deduction in accordance with the Tax Act. In certain circumstances, subsection 55(2) of the Tax Act (as proposed to be amended) will treat a taxable dividend received by a shareholder that is a corporation as proceeds of disposition or a capital gain. Shareholders are urged to consult their own tax advisors in this regard.

Terra Ltd. may also elect to pay capital gains dividends in accordance with the Tax Act to its shareholders representing capital gains realized in a year throughout which it is a "mutual fund corporation". If Terra Ltd. so elects, capital gains dividends will be treated as realized capital gains in the hands of shareholders, one-half of which will be included in computing income in the year such dividends are paid, subject to the general rules relating to the taxation of capital gains.

An actual or deemed disposition by a holder of shares of Terra Ltd. that are capital property, including a redemption of such shares at a time when Terra Ltd. is a "mutual fund corporation", will result in a capital gain (or capital loss) to the extent that the proceeds of disposition, net of disposition costs, exceed (or are less than) the adjusted cost base of those shares immediately before the disposition. Where the holder of the shares is a corporation, the amount of any such capital loss may be reduced by the amount of dividends on the disposed-of shares received or deemed to be received by the holder, to the extent and in the circumstances set out in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns shares. One-half of such a capital gain

must be included in computing the income of a shareholder for the year in which the disposition occurs, subject to the general rules relating to the taxation of capital gains, and one-half of a capital loss may be deducted by a shareholder from taxable capital gains realized in the year, for the three previous years or any subsequent year.

A shareholder who is a "Canadian-controlled private corporation" throughout the year for the purposes of the Tax Act may be liable to pay an additional refundable tax of 6$^{2}/_{3}$% on its "aggregate investment income" for the year, which is defined to include an amount in respect of taxable capital gains. Pursuant to Tax Proposals currently contained in Bill C-2, for taxation years that end after 2015, a Canadian-controlled private corporation may be liable to pay refundable tax at an increased rate of 10$^{2/3}$%. The current 6$^{2/3}$% rate and proposed 10$^{2/3}$% rate of refundable tax are proposed to be blended for taxation years that straddle January 1, 2016.

Alternative Minimum Tax

The Tax Act requires that individuals (including certain trusts) compute an alternative minimum tax determined by reference to the amount by which the taxpayer's "adjusted taxable income" for the year exceeds his or her basic exemption which, in the case of an individual (other than certain trusts), is $40,000. In computing his or her adjusted taxable income, a taxpayer must include, among other things, all taxable dividends (without application of the gross-up), and 80% of net capital gains. Various deductions and credits will be denied including amounts in respect of CEE or CDE and any losses of the Partnership. A federal tax rate of 15% is applied to the amount subject to the minimum tax, from which the individual's "basic minimum tax credit for the year" is deducted. Included in the basic minimum tax credit are certain specified personal and other credits available to an individual under the Tax Act as deductions from tax payable for the year. Generally, if the minimum tax so calculated exceeds the tax otherwise payable under the Tax Act (without regard to any federal surtax), the minimum tax will be payable.

Whether and to what extent the tax liability of a particular individual Limited Partner will be increased as a result of the application of the alternative minimum tax rules will depend on the amount of the Limited Partner's income, the sources from which it is derived, and the nature and amounts of any deductions and credits the Limited Partner claims.

Any "additional tax" (as determined under the Tax Act) payable by an individual for a year as a result of the application of the alternative minimum tax will be deductible in any of the seven immediately following taxation years in computing the amount that would, but for the alternative minimum tax, be the Limited Partner's tax otherwise payable for any such year.

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

Tax Shelter

The federal tax shelter identification number for Terra 2016 Short-Term Flow-Through Limited Partnership is TS084228 and the Québec tax shelter identification number is QAF-16-01613.

The identification number issued for this tax shelter shall 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 an 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*.

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

Certain Québec Tax Considerations

In the opinion of Stikeman Elliott LLP, the following is a summary of certain tax considerations specific to Québec based on the current provisions of the QTA and Stikeman Elliott LLP's understanding of the current published administrative practices of Revenu Québec. This summary also takes into account proposals for specific amendments to the QTA publicly announced by the Minister of Finance (Québec) prior to the date hereof (collectively, the "**Proposed Legislation**"). This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action, nor does it take into account provincial, territorial

or foreign income tax legislation or considerations. There can be no assurance that the Proposed Legislation will be enacted in the form proposed, if at all.

Certain of the deductions described below may be available to Limited Partners resident or subject to tax in the Province of Québec if an Energy and Mining Resource Company makes them available to the Partnership. However, no assurance can be given that an Energy and Mining Resource Company will make such additional deductions available to the Partnership.

The Province of Québec allows for a special deduction in computing income of up to 120% of certain eligible exploration expenses incurred by a qualifying entity for exploration carried out in the Province of Québec. In addition to a base deduction of 100% for CEE, an individual resident or subject to tax in the Province of Québec may be entitled to an additional deduction of 10% in respect of certain exploration expenses incurred in the Province of Québec by a qualified corporation. Such a resident may also be entitled to a supplementary deduction of 10% in respect of certain surface mining exploration expenses or oil and gas exploration expenses incurred in the Province of Québec by a qualified corporation. Accordingly, an individual resident or subject to tax in the Province of Québec who is a Limited Partner at the end of the applicable fiscal year of the Partnership may be entitled to deduct up to 120% of his or her share of certain eligible exploration expenses incurred in the Province of Québec by a qualified corporation and renounced by it in favor of the Partnership. 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.

Furthermore, provided that certain conditions are fulfilled, the QTA provides for a mechanism to exempt part of the taxable capital gain realized by or attributable to an individual upon the sale of a "Resource Property", which defined term should generally include the Units and, provided the required election is made under the QTA, the Terra Corporate Class Shares, as the case may be. This exemption is based on a historical expenditures account (the "Expenditure Account") comprising one-half of the CEE incurred in the Province of Québec that gives rise to the first additional 10% deduction for Québec tax purposes. Upon the sale of the Resource Property, the individual 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, subject to certain other limits provided under the QTA. Any amount thus used from the Expenditure Account will reduce the account balance, while any new deduction of CEE incurred in the Province of Québec that gives rise to the first additional 10% deduction for Québec 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 and the amount accrued in the account may not reduce this gain. Note that each partner of the Partnership will be entitled to benefit from the exemption up to an amount that may reasonably be considered to be the individual's share of the above-mentioned portion of the taxable capital gain.

The QTA provides that where an individual taxpayer (including a personal trust) incurs in a given taxation year "investment expenses" in excess of "investment income" earned for that year, such excess shall be included in such taxpayer's income, resulting in an offset of the deduction for such excess investment expenses. For these purposes, investment income includes taxable capital gains not eligible for the lifetime capital gain exemption. Also for these purposes, investment expenses include certain deductible interest and losses of the Partnership attributable to an individual (including a personal trust) that is resident or subject to tax in Québec and 50% of CEE renounced to the Partnership and allocated to and deducted for Québec tax purposes by such Limited Partner, other than CEE incurred in Québec. Accordingly, up to 50% of CEE renounced to the Partnership and allocated to and deducted for Québec tax purposes by such Limited Partner, other than CEE incurred in Québec, may be included in the Limited Partner's income for Québec tax purposes if such 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 investment income earned in any of the three previous taxation years and any subsequent taxation year to the extent investment income exceeds investment expenses for such other year.

An alternative minimum tax also exists under the QTA. Prospective Subscribers are urged to consult their tax advisors to determine the impact of the alternative minimum tax.

A Limited Partner who is a resident, or subject to tax, in Québec should specifically consult a tax professional with respect to the Québec provincial tax implications of the purchase of Units.

DETAILS OF THE OFFERING

The Partnership will offer a minimum of 1,500 Units, in the aggregate ($150,000) and a maximum of 350,000 Units, in the aggregate ($35,000,000) at a price of $100 per Unit. The minimum purchase per investor is 25 Class A Units, 25 Class F Units ($2,500), any combination of 25 Class A Units and Class F Units, or such other amount as may be determined by the Investment Fund Manager. Any investment in excess of the minimum purchase amount per investor must be made in multiples of $1,000 (10 Class A Units or 10 Class F Units). An investor whose offer to purchase is accepted by the General Partner will become a Limited Partner of the Partnership upon the entering of his or her name and other prescribed information in the record of Limited Partners on or as soon as possible after each Closing.

Class A Units are available to all qualified investors. Class F Units are available only to (i) qualified investors who participate in fee-based programs through their registered dealer and whose registered dealer has signed a Class F agreement with the Investment Fund Manager, (ii) investors for whom the Investment Fund Manager does not incur distribution costs and (iii) investors approved by the Investment Fund Manager. A registered dealer's participation in the Class F program is subject to terms and conditions set by the Investment Fund Manager. Class F Units have "no load". Instead of paying sales charges, investors pay an annual fee to their registered dealers for ongoing financial planning advice and other services. See "Fees and Expenses payable by the Partnership"

Each registered dealer which participates in the Class F program is obligated to notify the Investment Fund Manager if any participating Class F investors are no longer enrolled in a fee-for-service or wrap account program (a **"non-participating investor"**). If the Investment Fund Manager is notified that a non-participating investor no longer meets the eligibility criteria for Class F Units, it will sell or convert such investor's Class F Units in accordance with instructions from such investor's registered dealer. In the absence of instructions, the Investment Fund Manager is entitled, in its sole discretion, to sell, redeem or convert such Class F Units into Class A Units. There may be tax implications arising from any such transaction. See "Certain Income Tax Considerations" for more details.

How to Purchase Units

The Units are being offered for sale on a "private placement" basis in reliance on exemptions from the prospectus and registration requirements of applicable Canadian securities laws. As a result, resale of the Units will be restricted in the manner provided by such securities laws. See "Resale Restrictions".

Investors may subscribe for Units by submitting a Subscription Agreement and Power of Attorney Form to the General Partner, together with the purchase price by way of certified cheque, bank or wire transfer or bank draft. The Investment Fund Manager has also made arrangements to offer the Units through the investment fund order system, FundSERV. Units will only be sold to individuals, corporations and trusts that are permitted to purchase them under applicable securities laws and who certify to the Agents in the Subscription Agreement and Power of Attorney Forms that such purchaser, or any ultimate purchaser for which such purchaser is acting as agent, (i) is an "accredited investor", as that term is defined in National Instrument 45-106 *Prospectus and Registration Exemptions* ("**NI 45-106**"), (ii) is an "eligible investor" or "exempt investor" and is relying on the "offering memorandum" exemption as provided for in section 2.9 of NI 45-106 or (iii) is relying on the "minimum amount investment" exemption as provided for section 2.10 of NI 45-106.

Effective January 13, 2016, issuers in Ontario are able to take advantage of a new prospectus exemption permitting for investments from a wider range of investors through the use of an offering memorandum (the "**OM Exemption**"). This new OM Exemption is designed to facilitate capital-raising by allowing for investments from a wider range of investors as compared to other exemptions such as the accredited investor or the family, friends and business associates exemptions.

Certain investment limits will be imposed on individual investors purchasing securities in reliance on the OM Exemption. The investment limit imposed will vary depending on the circumstances of the individual investor, including whether the investor qualifies as an "eligible investor" by virtue of meeting certain minimum asset or income thresholds.

Eligible investors are individuals with net assets, alone or with a spouse, in the case of an individual, which exceeds $400,000 or whose net income before taxes exceeded $75,000 alone or $125,000 with a spouse in the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year.

Securities administrators in Alberta, New Brunswick, Nova Scotia, Quebec and Saskatchewan have also agreed to

implement amendments to their existing offering memorandum exemption under section 2.9 of NI 45-106 such that the OM Exemption will be substantially harmonized across Ontario and each of these provinces. The necessary amendments in these other provinces are scheduled to come into force on April 30, 2016.

The OM Exemption is subject to investment limits for certain investors, as follows:

i. Non-eligible investors (i.e., investors who do not meet certain income or asset thresholds) - a maximum of $10,000, cumulatively for all investments made in reliance upon the OM Exemption in any 12-month period;

ii. Eligible investors – a maximum of $30,000, cumulatively, for all investments made in reliance upon the OM Exemption in any 12-month period unless they receive suitability advice from a portfolio manager, investment dealer or exempt market dealer, in which case this limit is increased to $100,000;.

iii. Investors who qualify as "accredited investors" or "family, friends and business associates" - no investment limit will be imposed.

iv. Non-individual investors, whether eligible or non-eligible – no investment limit will be imposed.

In Manitoba, Prince Edward Island, Northwest Territories, Yukon and Nunavut there is no investment limit for "eligible investors" but an investment limit of $10,000 is imposed on "non-eligible investors".

In British Columbia and Newfoundland & Labrador there is no investment limit under the OM Exemption for either "eligible investors" or "non-eligible investors".

To acquire Units, an investor must deliver on or prior to the Closing, a duly completed and signed Subscription Agreement and Power of Attorney Form, together with payment (either by cheque, bank, wire transfer or settlement through the FundSERV system under the code TER 316 for Class A Units and TER 416 for Class F Units) in the amount of $100 per Unit payable to "Terra 2016 Short-Term Flow-Through Limited Partnership".

Pending receipt and clearance of all payment cheques or settlement through FundSERV, a Subscriber will be entitled, on written request to be issued an Instalment Receipt evidencing beneficial ownership of the Units purchased, as well as the right to receive a certificate representing such Units upon clearance of payment of all instalments, if any. The General Partner reserves the right to allow a Limited Partner to make an instalment payment on an exceptional basis.

Default by a Limited Partner in the payment of any instalment on the Units subscribed for by such Limited Partner may result in certain actions which may cause the loss of all tax benefits associated with the Units. Reference is made to "Summary of the Partnership Agreement – Units".

Pursuant to the Subscription Agreement and Power of Attorney Forms, an investor, among other things:

(a) irrevocably, directly or indirectly through an Agent, authorizes and consents to the disclosure of certain information to, and the collection and use by, the General Partner and its service providers, including such investor's full name, residential address or address for service, email address, social insurance number or the corporation account number, as the case may be;

(b) acknowledges that he, she or it is bound by the terms of the Partnership Agreement and liable for all obligations of a Limited Partner;

(c) makes representations and warranties, including without limitation, representations and warranties as to the investor's residency and limited recourse financing, set out in the Partnership Agreement, including the representations and warranties to the effect that he, she or it is not a "non-resident" of Canada for the purposes of the Tax Act, a "non-Canadian" within the meaning of the Investment Canada Act or a partnership, and that he, she or it has not financed his, her or its acquisition of the Units with a financing for which recourse is or is deemed to be limited for the purposes of the Tax Act;

(d) is deemed to represent and warrant that the investor is not a "financial institution" as that term is defined in subsection 142.2(1) of the Tax Act unless such investor has provided written notice to the contrary to the General Partner prior to the date of acceptance of the investor's subscription for Units;

(e) irrevocably nominates, constitutes and appoints the General Partner as his, her or its true and lawful attorney with the full power and authority as set out in the Partnership Agreement; 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 Section 18.1 of the Partnership Agreement will be binding upon such investor, and each investor agrees to ratify any of such documents or actions upon request by the General Partner.

An investor who is not an individual may be obliged to provide the General Partner with a declaration that it is not a "financial institution" as that term is defined in subsection 142.2(1) of the Tax Act.

Power of Attorney

The Partnership Agreement contains a power of attorney coupled with an interest, the effect of which is to constitute it an irrevocable power of attorney. The scope of the power of attorney is generally limited to matters relating to an investment in Units of the Partnership. The power of attorney authorizes the General Partner on behalf of the Limited Partners of Partnership, 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 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 of the Partnership, each investor acknowledges and agrees that he, she or it 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 power of attorney shall survive any dissolution or termination of the Partnership.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement among the Agents, the Partnership and the General Partner, 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 in accordance with the terms and conditions of the Agency Agreement. The Partnership is offering a maximum of 350,000 Units, in the aggregate and a minimum of 1,500 Units, in the aggregate (assuming the Over-Allotment Option is not exercised). The Units of the Partnership will be offered, subject to a minimum purchase of 25 Class A Units, 25 Class F Units or any combination of 25 Class A Units and Class F Units, at a price of $100 per Unit. The price per Unit of the Partnership was established by the General Partner. It is expected that the Initial Closing will take place on or about May 31, 2016, or earlier. If less than the maximum number of Units is subscribed for at the Initial Closing, one or more subsequent Closings may be held on or before December 31, 2016. The Partnership will pay to the Agents a sales fee up to 5% of the selling price for each Class A Unit sold to an investor by the Agents. No sales fee will be paid by the Partnership for the sale of Class F Units.

The Partnership has granted the Agents an option (the "**Over-Allotment Option**"), exercisable in whole or in part at any time and from time to time at any time up to the Final Closing Date, to offer a number of additional Units of the Partnership equal to up to 25% of the aggregate number of Units of the Partnership sold pursuant to the Offering on the same terms as set forth above. To the extent that the Over-Allotment Option is exercised, the additional Units will be offered at the offering price hereunder and the Agents will be entitled to a sales fee up to 5% of the selling price for each Class A Unit sold by the Agents to an investor. No sales fee will be paid by the Partnership for the sale of Class F Units.

The General Partner or its agent, on behalf of the Partnership, reserves the right to accept or reject any offer to purchase in whole or in part. An investor whose offer to purchase has been accepted by the General Partner or its agent will become a Limited Partner of the Partnership upon the amendment of the record of limited partners of the Partnership maintained by the General Partner to include their name and other information prescribed by the *Limited Partnerships Act* (Ontario).

While the Agents have agreed to use best efforts to sell the Units, the Agents are not obliged to purchase any Units which are not sold. The obligations of the Agents under the Agency Agreement may be terminated, and the Agents may withdraw all offers to purchase Units on behalf of investors, at the Agents' discretion, on the basis of its assessment of the state of the financial markets or upon the occurrence of certain stated events including any material adverse change in the business, personnel or financial condition of the General Partner or the Partnership.

In the Agency Agreement, the Partnership and the General Partner have agreed to indemnify the Agents upon the occurrence of certain events.

Linden Mills or other Agents as appointed by the General Partner and FundSERV, as applicable, will hold the Subscription Agreements and Power of Attorney forms and cheques payable to the Partnership prior to the Initial Closing until subscriptions for the minimum Offering are received and the other closing conditions of this Offering have been satisfied. If the minimum Offering is not subscribed for by December 31, 2016 subscription cheques and proceeds will be returned, without interest or deduction, to the investors.

The Closing of this Offering will occur only when:

(a) all conditions specified in the Agency Agreement for such Closing have been satisfied or waived; and

(b) on the Initial Closing Date, subscriptions for at least 1,500 Units of Terra LP are accepted by the General Partner.

Linden Mills, the General Partner and the Investment Fund Manager are controlled by the same individual and, as a result, the Partnership may be considered to be a connected issuer and Related Issuer of Linden Mills. The General Partner made the decision to create the Partnership and distribute its Units and, together with the Agents, determined the terms of the Offering. Except for the portion of the Agents' Fees payable to Linden Mills and the Management Fee, none of the proceeds of the Offering will be applied, directly or indirectly for the benefit of Linden Mills. See "Fees and Expenses Payable by the Partnership". The Agents may, from time to time, be involved in raising money for Energy and Mining Resource Companies independent of the Partnership and their activities. The Agents may earn fees on such transactions. For additional information regarding potential conflicts of interest for the Agents, see "Conflicts of Interest".

FLOW-THROUGH INVESTMENT AGREEMENTS

The Portfolio Advisor and the General Partner, on behalf of the Partnership, will enter into Flow-Through Investment Agreements for the purchase of securities of Energy and Mining Resource Companies. Generally, the Flow-Through Investment Agreements for the purchase of Flow-Through Shares provide that Energy and Mining Resource Companies are to incur exploration and development expenditures that qualify as Eligible Expenditures. The Portfolio Advisory Agreement provides that the Portfolio Advisor will monitor on an ongoing basis the performance of the Energy and Mining Resource Companies (including following up with Energy and Mining Resource Companies to confirm that they incur and renounce to the Partnership Eligible Expenditures within the time frames outlined in the Flow-Through Investment Agreement). Where Available Funds of the Partnership have been committed to an Energy and Mining Resource Company which is subsequently unable to incur sufficient expenditures to enable it to issue the maximum number of Flow-Through Shares issuable to the Partnership pursuant to the Flow-Through Investment Agreement, the Partnership may use any portion or all of the committed but unexpended Available Funds to purchase any other securities issued by that Energy and Mining Resource Company or make an investment in any other Energy and Mining Resource Company where, in the discretion of the Portfolio Advisor, making such an investment would be consistent with the investment objective, investment strategy and Investment Guidelines and it would be in the best interests of the Partnership to do so. These substitute securities would not constitute Flow-Through Shares.

The Partnership Agreement provides that the Partnership may initially invest up to 5% of its Available Funds in Warrants forming part of an offering of units consisting of Flow-Through Shares and Warrants provided that not more than 5% of the aggregate purchase price under the relevant Flow-Through Investment Agreement shall be attributable to Warrants. Pursuant to the Portfolio Advisory Agreement, the Portfolio Advisor has undertaken to ensure that the relevant Flow-Through Investment Agreement will provide a good faith allocation of the purchase price of such a unit between the Flow-Through Share and the Warrant or super Flow-Through Share and the Warrant purchased pursuant to such Flow-Through Investment Agreement. In addition, the Portfolio Advisor has agreed not to exercise any such Warrants prior to January 1, 2017.

The Partnership will endeavour on or before December 31, 2016 to use its Available Funds to subscribe primarily for Flow-Through Shares in contemplation of the Energy and Mining Resource Companies incurring Eligible Expenditures and renouncing Eligible Expenditures in an amount equal to the subscription price of the Flow-Through Shares to the Partnership, with an effective date no later than December 31, 2016. Flow-Through Investment Agreements entered into by the Partnership will provide that Eligible Expenditures must be incurred not later than

December 31 of the year following which such agreement is entered into and such Eligible Expenditures will be renounced to the Partnership with an effective date not later than December 31 of the year in which such agreement is entered into. See "Risk Factors - Tax Related". The Flow-Through Investment Agreements may include rights of termination in favour of the Partnership and the Energy and Mining Resource Companies that may be exercised in specified circumstances.

VALUATION OF INVESTMENTS

Valuation Principles

The Net Asset Value of the Partnership will be calculated after the close of business on the last day of each month that the TSX is open for trading (a "**Valuation Date**"). The Net Asset Value per Unit will be calculated on a Class-by-Class basis. The Net Asset Value per Unit of the Partnership is the amount obtained by dividing the Net Asset Value of the Partnership attributable to a particular Class of Units as of a particular date by the total number of that Class of Units of the Partnership outstanding on that date. The Net Asset Value will be calculated on such Valuation Date by the Valuation Agent by subtracting the aggregate amount of the Partnership's liabilities (determined by the Portfolio Advisor in accordance with normal business practices) from the aggregate of the Partnership's assets. The Partnership's assets will be valued in accordance with the following principles:

(a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash received (or declared to holders of record on a date before the date as of which the Net Asset Value is being determined and to be received), and interest accrued and not yet received, shall be deemed to be the full amount thereof, provided that (i) the value of any security which is a debt obligation which, at the time of acquisition, had a remaining term to maturity of one year or less shall be the amount paid to acquire the obligation plus the amount of any interest accrued on such obligation since the time of acquisition (for the purposes of the foregoing, interest accrued will include amortization over the remaining term to maturity of any discount or premium from the face value of an obligation at the time of its acquisition), and (ii) if the Portfolio Advisor and the General Partner have determined that any such deposit, bill, demand note or account receivable is not worth the full amount thereof, the value thereof shall be deemed to be such value as the Portfolio Advisor and the General Partner determine to be the fair value thereof;

(b) the value of any security which is listed on a stock exchange will be the closing sale price on such date or, if there is no closing sale price, the simple average of the closing bid and the closing ask prices on such date, all as reported by any report in common use or authorized by such stock exchange;

(c) the value of a restricted security listed on a stock exchange that was purchased at a premium will be the closing sale price of the same security which is not restricted;

(d) the value of securities quoted in foreign currencies will be converted to Canadian dollars at the exchange rate at noon on such date as announced by the Bank of Canada;

(e) the value of any security which is traded on an over-the-counter market will be the closing sale price on such date or, if there is no closing sale price, the simple average of the closing bid and the closing ask prices on such date, all as reported by the financial press or an independent reporting organization;

(f) except as otherwise expressly provided, assets (including securities of Private Companies) for which no published market exists will be valued at fair market value which typically would be cost unless a different fair market value is determined by the General Partner and the Portfolio Advisor;

(g) tax deductions which accrue to holders of Units shall not be taken into account in making such determination; and

(h) the value of any security or property or other assets to which, in the opinion of the Portfolio Advisor and the General Partner, the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided or for any other reason) shall be

valued at cost or the fair value thereof determined in good faith in such manner as the Portfolio Advisor and the General Partner from time to time adopt.

If an investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Portfolio Advisor and the General Partner to be inappropriate under the circumstances, then notwithstanding such rules the Portfolio Advisor and the General Partner will make such valuation as they consider fair and reasonable and, if there is an industry practice, in a manner consistent with industry practice for valuing such investment. Commencing on January 1, 2016, the Net Asset Value of the Partnership will be calculated as described in this section for all other purposes ("**Transactional NAV**"), but will be calculated in accordance with the principles of IFRS for the purposes of its financial statements.

For financial reporting purposes, IFRS 13, Fair Value Measurement ("**IFRS 13**") allows the Partnership to elect to value the securities in the Partnership's portfolio using the closing market price as at the valuation date for financial reporting purposes, as long as such closing market price falls between the range of closing bid and ask price. For financial reporting purposes, the Partnership will adopt this valuation policy in accordance with IFRS 13 for actively traded securities owned by the Partnership. Under IFRS 13, investments that are not traded in an active market must be valued using appropriate valuation techniques using market-based inputs to the extent possible and may consider recent transactions, discounted cash flows and other pricing models. As a result, the Partnership does not expect that the value of securities in the portfolio used to calculate Transactional NAV will vary materially from the value of the securities in the portfolio for financial reporting purposes.

Management will monitor the closing market price to ensure it falls between the range of the closing bid and ask price. Should the closing market price fall outside of that range, management will adjust the value to the most appropriate price within that range.

The Net Asset Value for each class of the Partnership as at each Valuation Date will be updated on a monthly basis and available to the public on the Investment Fund Manager's website at http://www.terrafunds.ca. Information contained on the Partnership's website is not part of this offering memorandum and is not incorporated herein by reference.

Audit of Financial Statements

Commencing on January 1, 2016, the annual financial statements of the Partnership shall be audited by the Partnership's auditor in accordance with Canadian generally accepted auditing standards. The auditor will be asked to report on the fair presentation of the annual financial statements in accordance with IFRS.

SUMMARY OF THE PARTNERSHIP AGREEMENT

The following is a summary of the Partnership Agreement which is incorporated herein by reference. This summary is not intended to be complete and each investor may request a copy of the Partnership Agreement forming part of this offering memorandum.

The rights and obligations of the Limited Partners and the General Partner under the Partnership Agreement are governed by the laws of the Province of Ontario.

Each investor will directly, or indirectly through an Agent (or authorized member of the selling group formed by the Agents), submit an offer to purchase to the General Partner. An investor whose offer to purchase Units has been accepted by the General Partner or its agent will become a Limited Partner upon the amendment of the record of limited partners maintained by the General Partner. At or as soon as possible after the Initial Closing, the interest of the initial limited partner will be redeemed by the Partnership in the amount of its capital contribution of $10.

Units

The interest of the Limited Partners in the Partnership is divided into an unlimited number of Class A Units and Class F Units, of which an aggregate maximum of 350,000 Units may be issued pursuant to this Offering. Each Unit of a particular class of the Partnership is equal to each other Unit of such Class and has the same rights and obligations attaching to it as each other Unit of such Class. Each Unit of the Partnership has one vote attached to it. For each Unit of the Partnership purchased, a Limited Partner will be required to contribute $100 to the capital of the Partnership. There are no restrictions as to the maximum number of Units that a Limited Partner is entitled to hold

in the Partnership, subject to the approval of the General Partner. The minimum subscription for each Limited Partner is 25 Class A Units, 25 Class F Units, any combination of 25 Class A Units and Class F Units, or such other amount as may be determined by the Investment Fund Manager. No fractional Units will be issued pursuant to this Offering.

In addition, if the General Partner becomes aware that holders of 45% or more of the Units then outstanding are, or may be, financial institutions or other similar entities or that such a situation is imminent, the General Partner may send notice to certain of these Limited Partners requiring them to sell their Units or a portion thereof within a specified period of not less than 15 days. If a Limited Partner fails to comply with any such request, the General Partner shall have the right to sell such Limited Partner's Units or to purchase the same on behalf of the Partnership at fair value as determined by an independent third party selected by the General Partner, whose determination will be final and binding and not subject to review or appeal.

If a Limited Partner defaults in the payment of any instalment amount owing in respect of the Units subscribed for by such Limited Partner, the General Partner may (unless, in respect of payments other than the initial instalment paid at the time of subscription, the default is remedied within 15 calendar days after notice thereof), declare the Units to be irrevocably forfeited to the Partnership. Alternatively, the General Partner or its Agents may sell, under such terms and in such manner as the General Partner may deem appropriate, the defaulting Limited Partner's Units on behalf of the Limited Partner. Alternatively, the General Partner may institute legal proceedings against the defaulting Limited Partner to recover any deficiency caused by any default.

The General Partner may also withhold from the defaulting Limited Partner any distributions which are then, and from time to time thereafter, otherwise distributable to such Limited Partner until such time as the aggregate amount of such distributions withheld is equal to the amount of such unpaid amount owing by such Limited Partner, together with interest thereon, and shall, in such event, apply the withheld distribution against the unpaid amount owing by such Limited Partner, together with interest and, in such event, the defaulting Limited Partner will continue to hold the Units held by him, her or it, other than those Units sold by the General Partner in the exercise of its discretion, with any withheld distribution to be allocated to the defaulting Limited Partner in accordance with the provisions of the Partnership Agreement and to be retained by the Partnership for partnership purposes. All payments owing by the Limited Partner that are in default shall bear interest at the rate of 3% over the prime rate charged by the Partnership's principal bank from time to time. A charge of $50 will be payable to the General Partner by any Limited Partner for each post-dated cheque that is not honoured.

An investor who purchases Units, among other things, (i) irrevocably authorizes the Agents to provide certain information to the General Partner and its service providers for their collection and use, including such investor's full name, residential address or address for service, email address, social insurance number or business number, as the case may be, and the name and registered representative number of the representative of the Agents responsible for such subscription and covenants to provide such information to the Agents, (ii) acknowledges that he, she or it is bound by the terms of the Partnership Agreement and is liable for all obligations of a Limited Partner, (iii) makes the representations and warranties, including without limitation, representations and warranties as to his, her or its residency and limited recourse financing, set out in the Partnership Agreement, (iv) irrevocably nominates, constitutes and appoints the General Partner as his, her or its true and lawful attorney with the full power and authority as set out in the Partnership Agreement, and (v) covenants and agrees that all documents executed and other actions taken on behalf of him, her or it pursuant to the power of attorney will be binding on him, her or it, and agrees to ratify any such documents or actions requested by the General Partner. The Partnership Agreement includes representations, warranties and covenants on the part of the investor that he, she or it is not a "non-resident" for the purposes of the Tax Act, a "non-Canadian" within the meaning of the *Investment Canada Act* or a partnership, that he, she or it will maintain such status during such time as the Units are held by him, her or it and that his, her or its acquisition of the Units has not been financed with borrowings for which recourse is, or is deemed to be, limited within the meaning of the Tax Act. In the Partnership Agreement, each investor is deemed to represent and warrant that (i) the investor is not a "financial institution" as that term is defined in subsection 142.2(1) of the Tax Act and (ii) the investor is not an Energy and Mining Resource Company and deals at arm's length within the meaning of the Tax Act with any Energy and Mining Resource Company unless, in either case, such investor has provided written notice to the contrary to the General Partner prior to the date of acceptance of the investor's subscription for Units.

The General Partner is not required to subscribe for any Units or otherwise contribute capital to the Partnership.

Fees and Operating Expenses

The Partnership shall pay (a) to the Investment Fund Manager, the fees described under "Fees and Expenses Payable by the Partnership – Management Fee", (b) to the Agents, a sales fee of up to 5% of the selling price for each Class A Unit for which an offer to purchase is accepted by the General Partner, and (c) the expenses of this Offering, which will not exceed 1% of the Gross Proceeds or $350,000 and $1,500 in the case of the minimum Offering, provided that, for the Partnership, the General Partner has agreed that the total fees and offering expenses to be paid by the Partnership shall not exceed 4.5% of the gross proceeds for Class F Units and 9.5% of the gross proceeds for Class A Units plus any applicable taxes, of the Offering raised by the Partnership and the General Partner will pay any excess amount.

The Partnership will reimburse the General Partner, or its agents or subcontractors, for all expenses (inclusive of applicable taxes) incurred in connection with the operation and administration of the Partnership in accordance with the Partnership Agreement. It is anticipated that these expenses will include (a) mailing, printing and other expenses associated with providing periodic reports to Limited Partners; (b) fees payable to the Investment Fund Manager for performing financial, record keeping, and Limited Partner reporting and general operating and administrative services; (c) fees payable to the auditors, valuators, legal advisors and service providers (including bookkeeping registrar and transfer agency costs) of the Partnership; (d) fees payable to the Custodian; (e) fees and expenses as a result of or payable to the Advisory Board; (f) taxes and ongoing regulatory filing fees; (g) any reasonable out-of-pocket expenses incurred by the General Partner or its agents in connection with their ongoing obligations to the Partnership, including expenses in respect of any independent qualified persons retained to review any investments; (h) expenses relating to portfolio transactions; (i) insurance and safekeeping fees; (j) any expenses which may be incurred upon the termination of the Partnership; and (k) expenses of any action, suit or other proceeding in respect of which or in relation to which the Investment Fund Manager, the General Partner or the members of the Advisory Board are entitled to indemnity by the Partnership. The Partnership estimates that these expenses will be approximately $15,000 per year in the case of the minimum Offering and approximately $125,000 per year in the case of the maximum Offering, or $250,000 over the life of the Partnership (but excluding amounts advanced by the General Partner which are in addition to the operating and administrative expenses). Such fees will be funded through the Working Capital Reserve and proceeds from the sale of shares of Energy and Mining Resource Companies. The General Partner currently intends to retain a Working Capital Reserve for the Partnership. The Working Capital Reserve will be $1,500 in the case of the minimum Offering and a maximum of $175,000 for the Partnership. In addition to the foregoing, the Partnership will pay an Administration Fee equal to 1% of the Gross Proceeds received by the Partnership incurred in connection with the structuring of the Partnership and the Offering and will also pay for all expenses incurred in connection with a Dissolution Transaction including liquidation and partition expenses.

See also "Fees and Expenses Payable by the Partnership – Performance Bonus".

Net Income and Loss

Commencing in January 2017, the Partnership will, as soon as practicable and in any event within 60 days of the end of the previous fiscal year, subject to the Performance Bonus, if any, allocate *pro rata* among the Limited Partners of record of the Partnership in proportion to each Limited Partner's Capital Contribution on the last day of such fiscal year 99.99% of the Income and Loss (as each are defined in the Partnership Agreement) of the Partnership and 100% of any Eligible Expenditures and CDE renounced to the Partnership for such period. On dissolution of the Partnership, Limited Partners are entitled to 99.99% of the assets of the Partnership and the General Partner is entitled to 0.01% of such assets after payment of all liabilities of the Partnership. The Partnership will make such filings in respect of such allocations as are required by the Tax Act. Limited Partners will be entitled to claim certain deductions from income for income tax purposes as described under "Certain Income Tax Considerations".

Allocation of Eligible Expenditures

The Partnership will allocate all Eligible Expenditures renounced to it by Energy and Mining Resource Companies with an effective date in a particular fiscal year *pro rata* to the Limited Partners of record of the Partnership on the last day of that fiscal year in proportion to each Limited Partner's Capital Contribution, and will make such filings in respect of such allocations as are required by the Tax Act. If Eligible Expenditures of the Partnership are reduced by the limited recourse financing of a particular Limited Partner of the Partnership, such reduction will first reduce that Limited Partner's *pro rata* share of the Eligible Expenditures. See "Limited Recourse Financings".

Cash Distributions

Except for the 5% of Gross Proceeds from the Offering, which amounts are permitted under the Investment Guidelines to be invested in securities of Energy and Mining Resource Companies that are not Flow-Through Shares, any Available Funds that have not been committed by the Partnership to purchase Flow-Through Shares and other securities prior to January 1, 2017 , plus accrued interest thereon, will be distributed by January 31, 2017 on a *pro rata* basis to Limited Partners of record on December 31, 2016 in proportion to each Limited Partner's Capital Contribution.

The Portfolio Advisor may, on behalf of the Partnership, sell Flow-Through Shares or any other securities in the Partnership's portfolio at any time if it is of the opinion that it is in the best interests of the Partnership to do so. The Partnership Agreement provides that except for the Performance Bonus, if any, the Partnership will not make distributions of net earnings, if any, unless otherwise determined appropriate by the General Partner, in its discretion. There can be no assurance that any such distributions will occur or, if they do occur, be sufficient to satisfy a Limited Partner's tax liability for the year arising from his or her status as a Limited Partner.

Functions and Powers of the General Partner

The General Partner has exclusive authority to manage the operations and affairs of the Partnership, to make all decisions regarding the business of the Partnership and to bind the Partnership. The General Partner may, pursuant to the terms of the Partnership Agreement, delegate certain of its powers to third parties where, in the discretion of the General Partner, it would be in the best interests of the Partnership to do so. The General Partner is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Partnership and to exercise the degree of care, diligence and skill of a reasonably prudent and qualified manager. Among other restrictions imposed on the General Partner, it may not dissolve the Partnership nor wind up the Partnership's affairs except in accordance with the provisions of the Partnership Agreement.

The General Partner has the power to make on behalf of the Partnership and each Limited Partner of the Partnership, in respect of 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 of any province or jurisdiction. The General Partner will file, on behalf of the General Partner and the Limited Partners, 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 of any province or jurisdiction.

Accounting and Reporting

The Partnership's fiscal year will be the calendar year. A copy of the audited financial statements will be made available by the General Partner to each Limited Partner within 140 days (or such shorter period as may be required under the *Securities Act* (Ontario)) following the end of each fiscal year. Each statement will be accompanied by a narrative report describing the affairs and operations of the Partnership. The General Partner may, in its sole discretion, seek exemptions relieving the Partnership from its quarterly reporting requirements under applicable securities laws and is authorized to do so under the Partnership Agreement.

In addition, the General Partner shall, by March 31 of each year, forward to each Limited Partner of record of the Partnership on December 31 of the preceding year such information as is necessary to enable the Limited Partner to complete his or her income tax reporting relating to his or her interest in the Partnership.

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

The General Partner shall keep adequate books and records reflecting the activities of the Partnership. A Limited Partner of the Partnership or his, her or its duly authorized representative shall have the right to examine the books and records of the Partnership during normal business hours at the offices of the General Partner. Notwithstanding the foregoing, a Limited Partner shall not have access to any information which, in the opinion of the General Partner, should be kept confidential in the interests of the Partnership.

Limited Recourse Financings

Under the Tax Act, if a Limited Partner finances the acquisition of Units of the Partnership with a financing for which recourse is or is deemed to be limited for the purposes of the Tax Act, the CEE, CDE or other expenses incurred by

the Partnership may be reduced by the amount of such financing. The Partnership Agreement provides that, where CEE or CDE of the Partnership or other expenses incurred by the Partnership are so reduced, the amount of Eligible Expenditures, CDE or other deductions that would otherwise be allocated to the Limited Partner who incurs the limited recourse financing shall be reduced by the amount of the reduction. Where the reduction of other expenses reduces the loss of the Partnership, the Partnership Agreement provides that such reduction shall first reduce the amount of the loss that would otherwise be allocated to the Limited Partner who incurs the limited recourse financing.

The Partnership is not permitted to borrow money. See "Certain Income Tax Considerations - Limitations on Deductibility of Expenses or Losses of the Partnership".

Limited Liability

The Partnership was formed in order for Limited Partners to benefit from liability limited to the extent of their capital contributions to the Partnership together with their *pro rata* share of the undistributed income of the Partnership. Limited Partners may lose the protection of limited liability by taking part in the management or control of the business of the Partnership and may be liable to third parties as a result of false or misleading statements in the public filings made pursuant to the *Limited Partnerships Act* (Ontario) or equivalent filings under the legislation of other jurisdictions. Limited Partners may also lose the protection of limited liability if the Partnership operates, owns property, or incurs obligations, or otherwise carries on business, in a province or territory of Canada which does not recognize the limited liability conferred under the *Limited Partnerships Act* (Ontario).

The General Partner will indemnify and hold harmless each Limited Partner from and against all losses, liabilities, expenses and damages suffered or incurred by the Limited Partner that result from such Limited Partner not having limited liability, except where the lack or loss of limited liability is caused by some act or omission of such Limited Partner or a change in any applicable legislation. However, the General Partner has only nominal assets. Consequently, it is unlikely that the General Partner will have sufficient assets to satisfy any claims pursuant to this indemnity.

Except in the event of a loss of limited liability, no Limited Partner will be obligated to pay any additional assessment or make any further capital contribution on or with respect to the Units held or purchased by him or her; however, the Limited Partners and the General Partner may be bound 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 its existing amount before such distribution if, as a result of such distribution, the capital of the Partnership is reduced and the Partnership is unable to pay its debts as they become due. See "Risk Factors".

Mutual Fund Rollover Transaction or Alternative Liquidity Event

Between March 31, 2017 and November 30, 2017, the Partnership intends to implement a Liquidity Event, which the General Partner currently intends to be the Mutual Fund Rollover Transaction pursuant to which Limited Partners will receive redeemable Terra Corporate Class Shares of Terra Ltd., as set out below. Terra Ltd., a corporation managed by the Investment Fund Manager, is qualified as an open-end mutual fund corporation. It is the current intention of the General Partner that the Partnership will enter into an agreement with Terra Ltd. whereby assets of the Partnership would be exchanged on a tax-deferred basis for Terra Small Cap Growth Class Shares of Terra Ltd. If the General Partner believes it is in the best interests of the Limited Partners to do so, the assets of the Partnership may instead be exchanged on a tax-deferred basis for other redeemable shares of Terra Ltd. The Partnership intends to complete the Mutual Fund Rollover Transaction pursuant to the terms of the Transfer Agreement. The Transfer Agreement is assignable by Terra Ltd., and Partnership assets may be transferred, to any other open-end mutual fund corporation managed by the Investment Fund Manager. The completion of the Mutual Fund Rollover Transaction or alternative Liquidity Event will be subject to the receipt of all approvals that may be necessary, and in the case of the Mutual Fund Rollover Transaction the other conditions set forth in the Transfer Agreement. **There can be no assurance that the Mutual Fund Rollover Transaction or alternative Liquidity Event will receive the necessary approvals or be implemented.**

In the event the Mutual Fund Rollover Transaction or alternative Liquidity Event is not completed on or before June 30, 2018, the Partnership will be dissolved and the net assets of the Partnership will be distributed to its Limited Partners and the General Partner in the form of cash or other assets (the "**Dissolution Transaction**"), unless the Limited Partners approve an Extraordinary Resolution to continue operation with an actively managed portfolio. In connection with a Dissolution Transaction for the Partnership, the General Partner may instruct the Portfolio Advisor to (a) take steps to convert all or any part of the assets of the Partnership to cash; (b) pay or provide for the payment

of the debts and liabilities of the Partnership, liquidation expenses and the Performance Bonus allocation; and (c) distribute the remaining assets of the Partnership as to 0.01% to the General Partner and as to 99.99%, pro rata among the Limited Partners of record the Partnership on the date of dissolution, proportionate to each such Limited Partner's Capital Contribution. Alternatively, the General Partner may, after the payment of the debts and liabilities of the Partnership, liquidation expenses and the Performance Bonus allocation, cause the Partnership to distribute to each Partner an undivided interest in each asset of the Partnership as contemplated by subsection 98(3) of the Tax Act on a tax-deferred basis and take steps to partition such undivided interests.

Dissolution

Unless dissolved earlier upon the occurrence of certain events stated in the Partnership Agreement or continued after June 30, 2018 with the approval of Limited Partners given by Extraordinary Resolution, the Partnership will continue until the Termination Date and thereupon will terminate and the net assets of the Partnership will be distributed to its Limited Partners and the General Partner unless the Mutual Fund Rollover Transaction or alternative Liquidity Event is implemented as described above. Prior to the Termination Date of the Partnership, or such other termination date as may be agreed upon, (a) the Portfolio Advisor, on behalf of 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 will be distributed *pro rata* to the Limited Partners in proportion to each Limited Partner's Capital Contribution. 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 Portfolio Advisor has been unable to convert all of the portfolio assets of the Partnership 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 of the Partnership not be possible or should the Portfolio Advisor consider such liquidation not to be appropriate prior to the Termination Date, such securities will be distributed to partners in *specie*, on a *pro rata* basis, in proportion to each Limited Partner's Capital Contribution, subject to all necessary regulatory 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 Limited Partner of the Partnership an undivided interest in each asset of the Partnership. The General Partner will receive a 0.01% undivided interest in each asset and each Limited Partner will receive an undivided interest in each property equal to 99.99% multiplied by the proportionate Capital Contribution of such Limited Partner.

Transfers of Units

No transfer of Units will be effective unless the General Partner has, in its sole and absolute discretion, provided its prior written consent to such transfer. Only whole Units are transferable. A Limited Partner may transfer all or part of his or her Units by delivering to the transfer agent for the Units (i.e. the Investment Fund Manager) a transfer form and power of attorney, substantially in the form annexed as Schedule "A" to the Partnership Agreement, duly completed and executed by the Limited Partner, as transferor, guaranteed by a Canadian chartered bank, a trust company or members of the Investment Dealers Association of Canada, and the transferee. The transferee, by executing the transfer, agrees to be bound by 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 Section 18.1 of the Partnership Agreement. A transferee who executes the transfer will be required to represent and warrant that he, she or it is not a "non-resident" within the meaning of the Tax Act, is not a "non-Canadian" within the meaning of the *Investment Canada Act* and is not a partnership and will be required to covenant to maintain such status during such time as the Units are held by him, her or it. A transferee executing the transfer will also be required to represent and warrant that their acquisition of the Units from the transferor was not financed through borrowings for which recourse is or is deemed to be limited within the meaning of the Tax Act and that the transferee is not an Energy and Mining Resource Company which has entered into a Flow-Through Investment Agreement with the Partnership and that the transferee deals at arm's length with any such Energy and Mining Resource Company. The transferee will also be required to disclose whether the transferee is or is not a "financial institution" as that term is defined in subsection 142.2(1) of the Tax Act. If the transferee is a "financial institution" or the General Partner believes that it is, the General Partner may reject the transfer. The transferee will furthermore ratify and confirm the power of attorney given to the General Partner in Article 18 of the Partnership Agreement. See "Allocation of Eligible Expenditures" and "Limited Recourse Financings".

If a Limited Partner ceases to be resident in Canada or becomes a "financial institution" for tax purposes and does not sell the Units held by such Limited Partner to a person who is qualified to hold such Units, the General Partner has the right pursuant to the Partnership Agreement either to purchase such Units for cancellation for and on behalf of the Partnership or sell, on behalf of the Partnership, such Units to a person who is qualified to hold Units, in either

case at their Net Asset Value as determined by the Portfolio Adviser and General Partner.

The General Partner has the right, in its sole and absolute discretion, to reject any transfer for any reason and, without limiting the foregoing, will deny the transfer of Units to a "non-resident" for the purposes of the Tax Act, to a partnership or to a transferee who has financed the acquisition of the Units through borrowings for which recourse is or is deemed to be limited within the meaning of the Tax Act. Thereafter, the General Partner reserves the right to repurchase any Units held by a "non-resident" appearing from time to time on the record of Limited Partners of the Partnership. The General Partner will give that Limited Partner 10 days' notice of such repurchase. Pursuant to the provisions of the Partnership Agreement, when the transferee has been registered as a Limited Partner of the Partnership under the *Limited Partnerships Act* (Ontario), the transferee of Units shall become a party to the Partnership Agreement and shall be subject to the obligations and entitled to the rights of a Limited Partner under the Partnership Agreement. A transferor of Units will remain liable to reimburse the Partnership for any amounts distributed to him or her 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 any 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 of the Partnership then outstanding are, or may be, financial institutions (as defined in subsection 142.2(1) of the Tax Act (a "financial institution")) 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 of the Partnership or register a transfer of Units of the Partnership to any person unless that person provides a declaration that it is not a financial institution.

Meetings

The Partnership will not be required to hold annual general meetings. However, meetings of the Limited Partners may be called at any time by the General Partner in respect of all Limited Partners, or, where the nature of the business to be transacted is only relevant to the Limited Partners holding Units of a particular Class, in respect of that Class. Meetings shall be called on receipt of a request in writing of Limited Partners holding, in aggregate, 50% or more of the Units of the Partnership outstanding or, in respect of a matter relevant to Limited Partners holding Units of a particular Class, 50% of the outstanding Units of that Class held by at least 15 Limited Partners. Each Limited Partner is entitled to one vote for each Unit held. The General Partner is entitled to one vote in its capacity as General Partner. At any meeting of Limited Partners or Limited Partners of a Class, two or more Limited Partners, or two or more Limited Partners of the particular Class, present in person or represented by proxy and holding not less than 50% of the Units then outstanding (in the case of a meeting of all Limited Partners) or 50% of the Units then outstanding of a Class (in the case of a meeting of a Class) 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 of each Class present in person or represented by proxy and, in each case, holding not less than 65% of the Units then outstanding of each Class will constitute a quorum. For greater certainty, no particular Class acting without the other Class may pass an Extraordinary Resolution. If a quorum is not present at a meeting within 30 minutes after the time fixed for the meeting, the meeting, if convened pursuant to a written request of Limited Partners, shall be cancelled, but otherwise will be adjourned to such date as selected by the Chair of the meeting. In the event that such meeting is adjourned for less than 30 days, the General Partner will not be required to give notice of the adjourned meeting to the Limited Partners other than by an announcement made at the initial meeting that is adjourned. The Limited Partners present at any adjourned meeting will constitute a quorum for purposes of considering any business that might have been dealt with at the original meeting. The General Partner (in respect of any Units which may be held by it from time to time), insiders of the Partnership (as such expression is defined in the Securities Act (Ontario)) and affiliates of the General Partner, and any director or officer of such persons, who hold Units of the Partnership will not be entitled to vote on any Extraordinary Resolution to be adopted by the Limited Partners.

Amendments

The Partnership Agreement may only be amended with the consent of the Limited Partners given by Extraordinary Resolution passed by holders of not less than $66\,^2/_3\%$ of the Units of the Partnership voting thereon. However, unless all of the Limited Partners consent thereto, no amendment can be made to the Partnership Agreement which would have the effect of reducing the interest in the Partnership of the Limited Partners, changing in any manner the allocation of income or loss for tax purposes, changing the liability of any Limited Partner, allowing any Limited Partner to participate in the control or management of the business of the Partnership, changing the right of a Limited Partner or the General Partner to vote at any meeting, or changing the Partnership from a limited partnership to a general partnership. In addition, no amendment can be made to the Partnership Agreement which would have the effect of reducing the fees or performance bonus payable to the Investment Fund Manager or its

share of the income or assets of the Partnership unless the General Partner, in its sole discretion, consents thereto.

Notwithstanding the foregoing, the General Partner is entitled to make certain amendments to the Partnership Agreement without the consent of the Limited Partners for the purpose of adding any provisions which, in the opinion of the General Partner, based on the recommendation of counsel to the Partnership, are for the protection or benefit of the Limited Partners or the Partnership, for the purpose of curing an ambiguity or for the purpose of correcting or supplementing any provision which may be defective or inconsistent with another provision. Such amendments may be made only if they will not materially affect the interest of any Limited Partner.

Removal of General Partner

The General Partner may not be removed as general partner of the Partnership other than by an Extraordinary Resolution of the Limited Partners, and only if the General Partner is in breach or default of the provisions of the Partnership Agreement and, if capable of being cured, such breach has not been cured within 45 business days' notice of such breach to the General Partner, or if the General Partner becomes bankrupt or insolvent. A quorum for a meeting called for the purposes of removing the General Partner as general partner of the Partnership shall consist of two or more partners of the Partnership present in person or represented by proxy and representing not less than 65% of the Units of the Partnership outstanding.

Power of Attorney

The Partnership Agreement contains a power of attorney coupled with an interest, the effect of which is to constitute it an irrevocable power of attorney. The power of attorney authorizes the General Partner on behalf of the Limited Partners, among other things, to execute the Partnership Agreement, any amendments to the Partnership Agreement and all instruments necessary to reflect the dissolution of the Partnership and 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 purchasing Units of the Partnership, each investor acknowledges and agrees that he, she or it 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 power of attorney shall survive any dissolution or termination of the Partnership. **By subscribing for Units of the Partnership, each investor acknowledges and agrees that he, she or it has given such power of attorney and will ratify any and all actions taken by the General Partner pursuant to such power of attorney.**

RISK FACTORS

Investors who are not willing to rely on the discretion of the General Partner, which has limited operating history and is expected only to have nominal assets, and of the Portfolio Advisor and key personnel of the Portfolio Advisor should not purchase Units. Investors should consult with their own professional advisors to assess the legal, tax and other aspects of an investment prior to investing in Units. There is no assurance of a positive return on a Limited Partner's original investment. Investors should consider the risk factors specified in this offering memorandum, including the following risk factors, before purchasing Units.

Speculative Investments

An investment in Units is speculative in nature and is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. There is no guarantee that an investment in the Partnership will earn a specified rate of return or any return in the short or long term.

Reliance on the Portfolio Advisor and the General Partner

Limited Partners must rely entirely on the discretion of the Portfolio Advisor and the General Partner in entering into Flow-Through Investment Agreements with Energy and Mining Resource Companies, in determining (in accordance with the Partnership's Investment Guidelines) the composition of the portfolio of securities of Energy and Mining Resource Companies to be owned by the Partnership, and in determining the timing of the disposition of such securities (including Flow-Through Shares) owned by the Partnership. Flow-Through Shares may 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 Portfolio Advisor and the General

Partner in negotiating the pricing of those securities and on the knowledge and expertise of the Portfolio Advisor and General Partner. There is no certainty that the Portfolio Advisor's employees who will be responsible for the management of the Partnership's portfolio of securities, will continue to be employees of the Portfolio Advisor throughout the term of the Partnership. The Portfolio Advisor and General Partner will not always receive or review engineering or other technical reports prepared by Energy and Mining Resource Companies in connection with their exploration programs prior to making investments.

No Assurance in Achieving Investment Objective

There is no assurance that the Partnership will be able to achieve its investment objective.

Sector Specific Risks

The business activities of Energy and Mining Resource Companies are speculative and may be adversely affected by factors outside the control of the Partnership, the General Partner or the Portfolio Advisor. Resource exploration involves a high degree of risk that even the combination of experience and knowledge of the Energy and Mining Resource Companies may not be able to avoid. Energy and Mining Resource Companies may not hold or discover commercial quantities of mineral resources, petroleum or natural gas and their profitability may be affected by adverse fluctuations in mineral resources, oil and gas prices, demand for mineral resources and oil and gas, general economic conditions and cycles, unanticipated depletion of reserves or resources, native land claims, liability for environmental damage, protection of agricultural lands, competition, imposition of tariffs, duties or other taxes and government regulation, as applicable.

Because the Partnership will invest in securities issued by Energy and Mining Resource Companies only, the Net Asset Value of the Partnership may be more volatile than portfolios with a more diversified investment focus.

Marketability of Units and Resale Restrictions

There is no market through which the Units may be sold and purchasers may not be able to resell Units purchased under this offering memorandum. No market for the Units is expected to develop. The Units are being sold on a private placement basis and any resale of the Units must be made in accordance with applicable securities laws which will vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with exemptions from registration and prospectus requirements of applicable securities laws. Certificates evidencing the Units shall contain a legend to this effect. See "Resale Restrictions".

Blind Pool

This is a blind pool offering. As of the date hereof, the Partnership has not entered into any Flow-Through Investment Agreements to acquire Flow-Through Shares or other securities of Energy and Mining Resource Companies or selected any Energy and Mining Resource Companies in which to invest. However, the Partnership may, prior to the Initial Closing, enter into Flow-Through Investment Agreements with one of more Energy and Mining Resource Companies, provided such agreements will be conditional upon the completion of the Initial Closing of the Offering. Following the Initial Closing, the Partnership will enter into additional Flow-Through Investment Agreements.

Environmental Regulation

An Energy and Mining Resource Company'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 Energy and Mining Resource Company 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 an Energy and Mining Resource Company'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 an Energy and Mining Resource Company's financial condition, results of operations or prospects.

Operating History and Financial Resources of the General Partner

The Partnership and the General Partner are newly established with no previous operating history and will have, prior to the Closing of this Offering, limited assets. The General Partner will at all material times thereafter only have nominal assets. While the General Partner has agreed to indemnify the Limited Partners in certain circumstances, it is unlikely that the General Partner will have sufficient assets to satisfy any claims pursuant to such indemnity.

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 Energy and Mining Resource Companies in which the Partnership invests would not be materially adversely affected.

Changes in Net Asset Values

The purchase price per Unit paid by a Subscriber at a Closing subsequent to the Initial Closing may be less than or greater than the aggregate Net Asset Value per Unit at the time of purchase.

The value of the Units may fluctuate due to variations in the value of investments held by the Partnership. Fluctuations in the market values of portfolio investments may occur for a number of reasons beyond the control of the Partnership and the Investment Fund Manager, including fluctuations in market prices for commodities and foreign exchange rates and other risks described above under ''Sector Specific Risks''.

The Partnership invests primarily in Flow-Through Shares issued by Energy and Mining Resource Companies. Accordingly, the investment portfolio of the Partnership may be more volatile than portfolios with a more diversified investment focus.

Valuation of Non-Listed Resource Companies

The Partnership's investments in certain small or non-listed Energy and Mining Resource Companies may be difficult to value accurately or to sell, and may trade at a price significantly lower than their value. In general, the less liquid an investment, the more its value tends to fluctuate. As a result, the Partnership may not be able to convert its investments to cash at a fair market price when it needs to or it may bear additional costs in doing so.

Concentration Risk

The Partnership intends to invest the Available Funds in Flow-Through Shares of junior and intermediate Energy and Mining Resource Companies engaged in resource exploration, development and/or production in Canada, with investments in any one issuer limited to 25% of Available Funds. Concentrating its investment in this manner may result in the value of the Units fluctuating to a greater degree than portfolios with a more diversified investment focus. The size of the Offering will directly affect the degree of diversification of the portfolio of Flow-Through Shares held by the Partnership and may affect the scope of investment opportunities available to the Partnership.

Illiquidity of Non-Listed Resource Companies

Flow-Through Shares and other securities, if any, of Energy and Mining Resource Companies owned by the Partnership may be illiquid due to resale and other restrictions under applicable securities laws. There may be a lack of an adequate market for securities owned by the Partnership due to fluctuations in trading volumes.

Volatility of Junior and Intermediate Energy and Mining Resource Companies

The Partnership will invest principally in securities of junior and intermediate Energy and Mining Resource Companies engaged primarily in mineral exploration and, to a lesser extent, in oil and gas exploration, which may result in the value of the portfolio of the Partnership being more volatile than more diversified investments.

Liquidity of Securities of Energy and Mining Resource Companies

The Net Asset Value of Units of the Partnership will vary in accordance with the value of the securities acquired by the Partnership. In some cases the value of securities owned by the Partnership may 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 Portfolio Advisor or the Partnership, and there is no assurance that an adequate market will exist for securities acquired by the Partnership and such securities may lack market liquidity which may impact upon their value and upon their marketability when they are distributed to holders of Units of the Partnership in connection with the Mutual Fund Rollover Transaction or alternative Liquidity Event or a Dissolution Transaction.

Liquidity Event, Dissolution Transaction and Resale Restrictions

There can be no assurance that the Mutual Fund Rollover Transaction or alternative Liquidity Event will be implemented for the Partnership. There is no assurance that the Mutual Fund Rollover Transaction or alternative Liquidity Event can be completed in a tax-deferred manner or result in the distribution to Limited Partners of securities of Terra Ltd. that are not subject to resale restrictions. In the event that the Mutual Fund Rollover Transaction or alternative Liquidity Event is not completed, a Dissolution Transaction may not be available on a tax-deferred basis or may result in the distribution to Limited Partners of securities that are subject to resale restrictions.

For example, if the Partnership is unable to dispose of all investments prior to the completion of the Dissolution Transaction, Limited Partners may receive securities or other interests of Energy and Mining Resource Companies upon the dissolution of the Partnership, which may be subject to resale and other restrictions under applicable securities law.

Flow-Through Shares and Available Funds

There can be no assurance that the Portfolio Advisor will, on behalf of the Partnership, commit all Available Funds of the Partnership for investment in Flow-Through Shares or other securities by December 31, 2016. Any Available Funds of the Partnership, except for the 5% of Gross Proceeds which may be invested in securities of Energy and Mining Resource Companies that are not Flow-Through Shares, not committed to purchase Flow-Through Shares or other securities of Energy and Mining Resource Companies prior to January 1, 2017 will be returned by January 31, 2017 to the Limited Partners of record of the Partnership on December 31, 2016. If uncommitted funds are returned in this manner, Limited Partners of the Partnership will not be entitled to claim the anticipated deductions from income for income tax purposes.

There can be no assurance that Energy and Mining Resource Companies will honour their obligation to incur and renounce Eligible Expenditures and notwithstanding that such Energy and Mining Resource Companies will have indemnified the Partnership for such failure, the Partnership may not be able to recover any losses suffered as a result of such a breach of such obligation by an Energy and Mining Resource Company.

Flow-Through Share Premiums

Flow-Through Shares may be issued to the Partnership at prices that exceed the market prices of similar common shares that do not permit CEE to be renounced in favour of the holders. Competition for the purchase of Flow-Through Shares may increase the premium at which such shares are available for purchase by the Partnership. The Partnership may invest in securities that are not Flow-Through Shares of Energy and Mining Resource Companies separately or in combination with Flow-Through Shares of the same Energy and Mining Resource Company when they are offered to reduce the average cost of the investment in such Energy and Mining Resource Company. Limited Partners must rely entirely on the discretion of the General Partner and the Portfolio Advisor in negotiating the pricing of Flow-Through Shares.

Government Regulation

An Energy and Mining Resource Company's resource exploration or resource operations are subject to government legislation, policies and controls relating to prospecting, land use, trade, environmental protection, taxation, rate of exchange, return of capital and labour relations. An Energy and Mining Resource Company's resource 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 stability, and by changes in regulations or shifts in political or economic conditions that are beyond the Energy and Mining Resource Company's control. Any of these factors may adversely affect the Energy and Mining Resource Company's business and/or its resource property holdings. Although an Energy and Mining Resource Company'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 Energy and Mining Resource Company's operations. Amendments to current laws and regulations governing the operations of an Energy and Mining Resource Company or more stringent enforcement of such laws and regulations could have a substantial adverse impact on the financial results of the Energy and Mining Resource Company.

Possible Tax Deductions

The ability of the Partnership to achieve, and the Investor to realize, the income tax deductions set forth under the heading "Maximum Tax Deductions" in "Selected Financial Aspects", which deduction scenarios are heavily qualified by the assumptions and notes thereunder, is entirely dependent upon the ability of the Partnership to dispose of the Flow-Through Shares at a sale price greater than their adjusted cost base and acquire additional Flow-Through Shares in the quantities described under the heading "Maximum Tax Deductions" in "Selected Financial Aspects". However, the business activities of Energy and Mining Resource Companies are highly speculative and may be adversely affected by factors outside the control of those issuers, which will affect the marketability and value of the underlying Flow-Through Shares and there is no guarantee that the required quantity of Flow-Through Shares will be available for purchase by the Partnership. Energy and Mining Resource Companies may not hold or discover commercial quantities of mineral resources, petroleum or natural gas or obtain or maintain access to adequate resources 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 taxes and government regulation, as applicable. Because the Partnership will invest primarily in securities issued by issuers engaged only in resource businesses (including junior issuers), the value may be more volatile than portfolios with a more diversified investment focus. Also, the value may fluctuate with underlying market price for commodities produced by those sectors of the economy.

Tax authorities may disagree with the characterization of gains realized by the participation on the sale of Flow-Through Shares as being on capital account rather than on income account or with the classification of the Eligible Expenditures made by Energy and Mining Resource Companies, and any such re-characterization or reclassification, as the case may be, resulting from such disagreement will reduce the return on an investment in the Units.

Tax-Related

The tax benefits resulting from an investment in the Partnership are greatest for an investor whose income is subject to the highest marginal income tax rate. Federal or provincial income tax legislation may be amended, or its interpretation changed, so as to alter fundamentally the tax consequences of holding or disposing of Units or the Flow-Through Shares issued to the Partnership. There can be no assurance that the Tax Proposals will be enacted as proposed.

There can be no assurance that Flow-Through Investment Agreements for the purchase of Flow-Through Shares utilizing all of the Available Funds will be entered into with Energy and Mining Resource Companies on or before December 31, 2016 or that all committed funds will be expended on Eligible Expenditures. Either of these occurrences would reduce the amount of the Eligible Expenditures allocated to Limited Partners.

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

There is a further risk that expenditures incurred by an Energy and Mining Resource Company may not qualify as CEE, Qualifying CDE or CDE or that any such resource expenses incurred will be reduced by other events including

failure to comply with the provisions of the Flow-Through Investment Agreements or of applicable income tax legislation. There is no guarantee that Energy and Mining Resource Companies will comply with the provisions of the Flow-Through Investment Agreement, or with the provisions of applicable income tax legislation with respect to the nature of expenses renounced to the Partnership. The Partnership may also fail to comply with applicable legislation. There is no assurance that Energy and Mining Resource Companies will incur all CEE before January 1, 2017 or renounce CEE equal to the price paid for them or otherwise comply with the agreements with the Partnership. These factors may reduce or eliminate the return on a Limited Partner's investment in Units.

If CEE renounced within the first three months of 2017 effective December 31, 2016 is not in fact incurred in 2017, the Partnership's, and consequently, the Limited Partners', CEE may be reassessed by CRA effective as of December 31, 2016 in order to reduce the Limited Partners' deductions with respect thereto. However, none of the Limited Partners will be charged interest on any unpaid tax as a result of such reduction for any period before May 2018.

If a Limited Partner finances the acquisition of the Units of the Partnership with a financing for which recourse is, or is deemed to be, limited, the CEE, CDE or other expenses incurred by the Partnership may be reduced by the amount of such financing.

The possibility exists that a Limited Partner will receive allocations of income without receiving cash distributions from the Partnership in the year sufficient to satisfy the Limited Partner's tax liability for the year arising from his, her or its status as a Limited Partner of the Partnership.

If any Limited Partner is not a resident of Canada at the time of the dissolution of the Partnership, any distribution of undivided interests in the assets of the Partnership may not be effected on a tax-deferred basis.

Certain CEE deductions will be disallowed to the Partnership in respect of an Energy and Mining Resource Company where a Limited Partner does not deal at arm's length with such Energy and Mining Resource Company. In addition, if a Limited Partner that is a corporation is related (for purposes of the Tax Act) to an Energy and Mining Resource Company in which the Partnership invests, the renunciation of Qualifying CDE that could otherwise be deemed to be CEE in respect of such issuer will be prohibited. See "Certain Income Tax Considerations."

The QTA provides that where an individual taxpayer (including a personal trust) incurs in a given taxation year "investment expenses" in excess of "investment income" earned for that year, such excess shall be included in such taxpayer's income, resulting in an offset of the deduction for such excess investment expenses. For these purposes, investment income includes taxable capital gains not eligible for the lifetime capital gain exemption. Also for these purposes, investment expenses include certain deductible interest and losses of the Partnership attributable to an individual (including a personal trust) that is resident or subject to tax in Québec and 50% of CEE renounced to the Partnership and allocated to and deducted for Québec tax purposes by such Limited Partner, other than CEE incurred in Québec. Accordingly, up to 50% of CEE renounced to the Partnership and allocated to and deducted for Québec tax purposes by such Limited Partner, other than CEE incurred in Québec, may be included in the Limited Partner's income for Québec tax purposes if such 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 investment income earned in any of the three previous taxation years and any subsequent taxation year to the extent investment income exceeds investment expenses for such other year.

There is no assurance that the Tax Act will be amended in order for the federal non-refundable investment tax credit to be available to Limited Partners in respect of Flow-Through Investment Agreements entered into after March 31, 2016.

The Partnership intends to treat its gains from dispositions of Flow-Through Shares as capital gains, although there can be no assurance that this treatment will be respected by the CRA.

If investments in the Partnership become listed or traded on a stock exchange or other public market, the Partnership could become subject to the rules in the Tax Act relating to "specified investment flow-throughs" (the "**SIFT Rules**"). 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 respects adversely, different.

The federal or Québec alternative minimum tax may limit tax benefits to Limited Partners.

Reliance on the Investment Fund Manager and the Portfolio Advisor

Subscribers must rely on the discretion of the Investment Fund Manager and the Portfolio Advisor in determining

the composition of the investment portfolio of the Partnership, in negotiating the pricing of securities purchased by the Partnership and in disposing of securities. The Investment Fund Manager and the Portfolio Advisor will not always receive or review engineering or other technical reports prepared by Energy and Mining Resource Companies in connection with their exploration programs prior to making investments. If the Portfolio Advisor is changed during the term of the Partnership, there is no assurance that the newly appointed Portfolio Manager will be as qualified or experienced.

Short Sales

The Partnership may short sell and maintain short positions in securities for the purpose of hedging securities held in the 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.

Covered Call Writing

The Partnership may sell options to purchase securities owned by the Partnership, a strategy commonly referred to as covered call writing, in circumstance the Portfolio Advisor considers appropriate, as a means of locking in gains or generating potential income. In certain circumstances, the Partnership may realize a loss as a result of such options. The use of options involves risks different from, and potentially greater than the risks associated with ownership of certain other securities and other more traditional assets. The Partnership may sell options traded on a recognized exchange or over-the-counter options. The use of over-the-counter derivatives contracts exposes the Partnership to additional risks, including the risk that the counterparty will be unable or unwilling to make timely settlement payments or otherwise honour its obligations. Over-the-counter derivative contracts typically can be closed out only with the other party to the contract. If the counterparty defaults, the Partnership will have contractual remedies, but there can be no assurance that the Partnership will be able to enforce its contractual rights. Other than the sale of such options for these purposes, the Partnership will not purchase or sell derivatives.

Transferability of the Units

The sale of a Unit could result in failure to realize minimum tax savings and proceeds equal to the Limited Partner's share of the Net Asset Value, and possible liability for capital gains tax. Most of the tax advantages that would ordinarily flow through to Limited Partners are expected to be realized for the 2016 taxation year and, to realize such tax advantages, the person must be a Limited Partner as of December 31, 2016, and an assignor of Units before, and an assignee of Units after, December 31, 2016 is not expected to realize such tax advantages.

Lack of Separate Counsel

Counsel for the Partnership in connection with this Offering is also counsel to the General Partner. Prospective investors, as a group, have not been represented by separate counsel and counsel for the Partnership, the General Partner and the Agents do not purport to have acted for investors or to have conducted any investigation or review on their behalf.

Possibility that Limited Partners may Receive Illiquid Securities on Dissolution

There are no assurances that any Mutual Fund Rollover Transaction or Liquidity Event will be implemented. If the Mutual Fund Rollover Transaction is not completed, Limited Partners may receive Flow-Through Shares or other securities of Energy and Mining Resource Companies upon dissolution of the Partnership for which there may be an illiquid market or which may be subject to resale restrictions.

Lack of Suitable Investments

The Investment Fund Manager may not be able to identify a sufficient number of investments in Flow-Through Shares to fully invest the Available Funds by December 31, 2016, and, therefore, capital may be returned to Limited Partners and Limited Partners may be unable to claim anticipated deductions from income for income tax purposes. In such event, the tax advantages available to Limited Partners will be reduced accordingly.

To obtain the tax advantages for Limited Partners as described herein, the Partnership is required to enter into Flow-Through Investment Agreements with Energy and Mining Resource Companies in respect of the Available Funds by December 31, 2016. No assurance can be given that there will be a sufficient number of Energy and Mining Resource Companies willing to enter into such agreements on or before December 31, 2016. For flexibility, up to 40% of

Available Funds from the Offering may be invested in other securities of Energy and Mining Resource Companies providing CDE and up to 5% of Gross Proceeds from the Offering may be invested in other securities of Energy and Mining Resource Companies that are not Flow-Through Shares. Preference will be given to CEE over CDE, if available, for purchase from an issuer at the same time. If the Partnership is unable to enter into Flow-Through Investment Agreements by December 31, 2016 for the remaining uncommitted Available Funds, the General Partner will cause to be returned to each Limited Partner by January 31, 2017 such Limited Partner's share of the amount of the shortfall, except to the extent that such funds are expected to be used to finance the operations of the Partnership, including the accrued management fee. In such event, the tax advantages available to Limited Partners will be reduced accordingly. Any funds committed by the Partnership to purchase Flow-Through Shares and other securities, if any, of Resource Companies that are returned by Resource Companies to the Partnership prior to January 1, 2017 may be used prior to January 1, 2017 to purchase Flow-Through Shares and other securities, if any, of other Resource Companies. See ''Investment Strategies''.

Conflict of Interest of the Investment Fund Manager or the Portfolio Advisor

The Investment Fund Manager and the Portfolio Advisor may in the future act as investment fund manager and/or investment fund advisor for a number of funds and limited partnerships that engage or may engage in the same business activities or pursue the same investment opportunities as the Partnership. Certain conflicts may arise from time to time in the management of such funds or limited partnerships and in assessing suitable investment opportunities.

Liability of Limited Partners

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

Limited Partners remain liable to the Partnership for the return 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.

No Ownership Interest

An investment in Units does not constitute an investment by Limited Partners in the securities of Resource Companies. Limited Partners will not own the securities held by the Partnership.

Loans

There is no assurance that an investor will receive sufficient distributions from the Partnership to pay interest on, or to repay the principal amount of, any loan taken to finance the acquisition of Units. Each investor is responsible for ensuring that all principal and interest owed by the investor in respect of any such loan is paid in full when due. The failure to pay amounts when due under any particular loan may result in legal action being taken against the applicable investor by the Lender to enforce payment thereof, the loss of any collateral pledged to the Lender by such investor, including the Units, and adverse income tax consequences. If any such borrowing by a Limited Partner is, or is deemed to be, a limited-recourse amount for purposes of the Tax Act, the amount of Eligible Expenditures or losses allocated to Limited Partners may be reduced. See "Certain Income Tax Considerations - Limitations on Deductibility of Expenses or Losses of the Partnership", "Summary of the Partnership Agreement - Limited Recourse Financings" and the applicable provisions of the Partnership Agreement.

CONFLICTS OF INTEREST

The General Partner and the Investment Fund Manager

The Investment Fund Manager is entitled to receive the Management Fee and the Performance Bonus from the Partnership. See "Fees and Expenses Payable by the Partnership". In addition, the General Partner holds an undivided 0.01% interest in the Partnership. Certain of the directors and officers of the General Partner and the Investment Fund Manager may also be or become directors or officers of the Energy and Mining Resource Companies in which the Partnership invests. Certain of the directors and officers of the General Partner and the Investment Fund Manager (and their respective affiliates) may own shares in the Energy and Mining Resource Companies in which the Partnership invests.

Directors of the General Partner and the Investment Fund Manager may from time to time be associated with other companies or entities which may give rise to conflicts of interest. In accordance with the *Canada Business Corporations Act*, directors who have a material interest in any person who is a party to a material contract or proposed material contract with the General Partner and the Investment Fund Manager are required, subject to certain exceptions, to disclose that interest and abstain from voting on any resolution to approve that contract. In addition, the directors of the General Partner are required to act honestly and in good faith with a view to the best interests of the General Partner.

The General Partner and the Investment Fund Manager and their respective affiliates may engage in the promotion, management or investment management of any other fund or partnership, including other funds, partnerships or entities which invest primarily in Flow-Through Shares and Energy and Mining Resource Companies in which the Partnership invests and may receive fees from such companies. **None of the General Partner, the Investment Fund Manager and the Portfolio Advisor, or any of their respective affiliates or associates, will receive any fee, commission, rights to purchase shares of Energy and Mining Resource Companies or any other compensation in consideration for its services as agent or finder in connection with private placements of Flow-Through Shares to the Partnership.**

The Portfolio Advisor

The services of the Portfolio Advisor, with respect to investing in Flow-Through Shares, are exclusive to the Partnership. The Portfolio Advisor and its affiliates are not in any way limited or affected in their ability to carry on other business ventures for their own account and for the account of others and currently engage and may in the future engage in the same business activities or pursue the same investment opportunities as the Partnership. The Portfolio Advisor is entitled to receive the Portfolio Advisor's fee from the Investment Fund Manager and a percentage of the Performance Bonus, if any, from the Investment Fund Manager. Certain directors, officers or employees of the Portfolio Advisor and its affiliates (or the associates of such individuals) may be or become directors or officers of Energy and Mining Resource Companies in which the Partnership may invest.

The Agents

The services of the Agents are not exclusive to the Partnership. One of the Agents, Linden Mills, the General Partner and the Investment Fund Manager are controlled by the same individual and, as a result, the Partnership may be considered to be a connected issuer and Related Issuer of Linden Mills. See "Plan of Distribution." The General Partner made the decision to create the Partnership and distribute its Units and, together with the Agents, determined the terms of the Offering. Except for the portion of the Agents' Fees payable to Linden Mills and the Management Fee, none of the proceeds of the Offering will be applied, directly or indirectly, for the benefit of Linden Mills. The Agents will receive a fee of up to 5% for each Class A Unit sold in connection with this Offering as described under ''Plan of Distribution''. No sales fee will be paid by the Partnership for the sale of Class F Units.

The Agents or their affiliates may provide corporate finance or financial advisory services to any other funds, partnerships or entities which invest primarily in Flow-Through Shares, including Energy and Mining Resource Companies in which the Partnership invests and may receive fees from such companies.

Investment Opportunities

The General Partner, the Investment Fund Manager and their respective affiliates are not in any way limited or affected in their ability to carry on other business ventures for their own account and for the account of others and currently engage and may in the future engage in the same business activities or pursue the same investment

opportunities as 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 of Energy and Mining Resource Companies. There is no obligation on the General Partner, the Investment Fund Manager, the Portfolio Advisor or the Agents or their respective officers, directors and affiliates to present any particular investment opportunity to the Partnership and such persons may recommend to others such investment opportunity. The General Partner and the Investment Fund Manager may from time to time disclose to such affiliates information regarding potential investment opportunities for the Partnership. Where conflicts of interest arise with respect to investment opportunities, the Portfolio Advisor will address such conflicts of interest with regard to the investment objectives of each of the parties involved and will act in accordance with the duty of care owed to each of them.

PROMOTER

The General Partner may be considered a promoter of the Partnership by reason of its initiative in forming and establishing the Partnership and taking the steps necessary for the public distribution of the Units. The promoter will not receive any benefits, directly or indirectly, from the issuance of Units offered hereunder other than amounts paid to Linden Mills, one of the Agents, and to the Investment Fund Manager, one of its affiliates, as described under "Fees and Expenses Payable by the Partnership".

EXPERTS

The auditor of the Partnership is PricewaterhouseCoopers LLP, Chartered Professional Accountants. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Partnership within the meaning of the Rules of Professional Conduct of the Institute of the Chartered Accountants of Ontario.

Stikeman Elliott LLP has acted as counsel to the Partnership, the General Partner and the Investment Fund Manager in connection with the establishment of the Partnership and the Offering of Units of the Partnership pursuant to this offering memorandum. Stikeman does not represent investors in Units of the Partnership and no independent or separate legal counsel has been retained by the Partnership, the General Partner or the Investment Fund Manager to represent investors in Units of the Partnership. Stikeman's representation of the Partnership, the General Partner and the Investment Fund Manager is limited to the specific matters on which it was consulted by them and does not take into account the interests of investors in Units of the Partnership. This offering memorandum was prepared based on information furnished by the General Partner and the Investment Fund Manager and Stikeman has not independently verified such information. In addition, Stikeman assumes no obligation to monitor compliance by the Partnership, the General Partner or the Investment Fund Manager with the investment policies and restrictions, the valuation procedures or other guidelines set forth in this offering memorandum nor does Stikeman monitor ongoing compliance with applicable laws.

TRANSFER AGENT AND REGISTRAR, CUSTODIAN

SGGG Fund Services Inc. will act as transfer agent and registrar for the Partnership. The Custodian is NBCN Inc., or such other custodian as may be appointed from time to time.

ENGLISH LANGUAGE

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

RESALE RESTRICTIONS

The distribution of Units is being made only on a private placement basis and is exempt from the requirement that the Partnership prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Units must be made in accordance with applicable securities laws which will vary depending on the relevant jurisdiction and which may require that resales be made in accordance with exemptions

from the registration and prospectus requirements of applicable securities laws. Certificates evidencing the Units will bear a legend describing such resale restrictions. In addition, Limited Partners selling Units of the Partnership may have reporting and other obligations. Purchasers are advised to seek legal advice prior to any resale of the Units.

For trades in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Quebec, Saskatchewan and Yukon these Units will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the Units unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

For trades in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Quebec, Saskatchewan and Yukon unless permitted under securities legislation, you cannot trade the Units before the date that is 4 months and a day after the date the Partnership becomes a reporting issuer in any province or territory of Canada.

Unless permitted under securities legislation, you must not trade the Units without the prior written consent of the regulator in Manitoba unless the Partnership has filed a prospectus with the regulator in Manitoba with respect to the Units you have purchased and the regulator in Manitoba has issued a receipt for that prospectus or you have held the Units for at least 12 months. The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

RIGHTS OF ACTION FOR DAMAGES OR RESCISSION

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

a) Two Day Cancellation Right

You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy securities.

b) Statutory Rights of Action in the Event of a Misrepresentation

Securities legislation in certain of the Canadian provinces provides purchasers of securities pursuant to an offering memorandum (such as this offering memorandum) with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum and any amendment to it contains a "Misrepresentation". Where used herein, "**Misrepresentation**" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation.

Ontario

Section 130.1 of the *Securities Act* (Ontario) provides that every purchaser of securities pursuant to an offering memorandum (such as this offering memorandum) shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering memorandum contains a Misrepresentation. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the Misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer and any selling security holder provided that:

(a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the issuer and the selling security holders, if any;

(b) the issuer and the selling security holders, if any, will not be liable if they prove that the purchaser purchased the securities with knowledge of the Misrepresentation;

(c) the issuer and the selling security holders, if any, will not be liable for all or any portion of

damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and

(d) in no case shall the amount recoverable exceed the price at which the securities were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

This offering memorandum is being delivered in reliance on the exemption from the prospectus requirements contained under section 2.3 of NI 45-106 (the "**accredited investor exemption**"). The rights referred to in section 130.1 of the *Securities Act* (Ontario) do not apply in respect of an offering memorandum (such as this offering memorandum) delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

(a) a Canadian financial institution or a Schedule III bank (each as defined in NI 45-106);

(b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it is deemed to have relied upon that misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for rescission against the issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the issuer or selling security holder,

it shall have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case shall the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Partnership or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission, the earlier of:

(i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

New Brunswick

Section 150 of the *Securities Act* (New Brunswick) provides that where an offering memorandum (such as this offering memorandum) contains a Misrepresentation, a purchaser who purchases securities shall be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase and:

(a) the purchaser has a right of action for damages against the issuer and any selling security holder(s) on whose behalf the distribution is made, or

(b) where the purchaser purchased the securities from a person referred to in paragraph (a), the purchaser may elect to exercise a right of rescission against the person, in which case the purchaser shall have no right of action for damages against the person.

This statutory right of action is available to New Brunswick purchasers whether or not such purchaser relied on the Misrepresentation. However, there are various defences available to the issuer and the selling security holder(s). In particular, no person will be liable for a Misrepresentation if such person proves that the purchaser purchased the securities with knowledge of the Misrepresentation when the purchaser purchased the securities. Moreover, in an action for damages, the amount recoverable will not exceed the price at which the securities were offered under the offering memorandum and any defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

If the purchaser intends to rely on the rights described in (a) or (b) above, such purchaser must do so within strict time limitations. The purchaser must commence an action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. The purchaser must commence its action for damages within the earlier of:

(a) one year after the purchaser first had knowledge of the facts giving rise to the cause of action; or

(b) six years after the date of the transaction that gave rise to the cause of action.

Nova Scotia

The right of action for damages or rescission described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 of the *Securities Act* (Nova Scotia) provides, in relevant part, that in the event that an offering memorandum (such as this offering memorandum), together with any amendment thereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains a Misrepresentation, the purchaser will be deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, while still the owner of the securities purchased by the purchaser, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, directors of the issuer or persons who have signed the offering memorandum, provided that, among other limitations:

(a) no action shall be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia later than 120 days after the date on which the initial payment was made for the securities;

(b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;

(c) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and

(d) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

(a) the offering memorandum or amendment to the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(b) after delivery of the offering memorandum or amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any Misrepresentation in the offering memorandum or amendment to the offering memorandum the person or company withdrew the person's or company's consent to the offering memorandum or amendment to the offering memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or

(c) with respect to any part of the offering memorandum or amendment to the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum or amendment to offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Furthermore, no person or company, other than the issuer, will be liable with respect to any part of the offering memorandum or amendment to the offering memorandum not purporting (a) to be made on the authority of an expert or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation or (ii) believed that there had been a Misrepresentation.

If a Misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum or amendment to the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum or an amendment to the offering memorandum.

Alberta

Section 204 of the *Securities Act* (Alberta) provides that if an offering memorandum contains a Misrepresentation, a purchaser who purchases a security offered by the offering memorandum is deemed to have relied on the representation, if it was a Misrepresentation at the time of the purchase, and has a right of action (a) for damages against (i) the issuer, (ii) every director of the issuer at the date of the offering memorandum, and (iii) every person or company who signed the offering memorandum, and (b) for rescission against the issuer, provided that:

(a) if the purchaser elects to exercise its right of rescission, it shall cease to have a right of action for damages against the person or company referred to above;

(b) no person or company referred to above will be liable if it proves that the purchaser had knowledge of the Misrepresentation;

(c) no person or company (other than the issuer) referred to above will be liable if it proves that the

offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;

(d) no person or company (other than the issuer) referred to above will be liable if it proves that the person or company, on becoming aware of the Misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;

(e) no person or company (other than the issuer) referred to above will be liable if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:

(i) there had been a Misrepresentation; or

(ii) the relevant part of the offering memorandum

(A) did not fairly represent the report, opinion or statement of the expert, or

(B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

(f) the person or company (other than the issuer) will not be liable if with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company

(i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation, or

(ii) believed there had been a Misrepresentation;

(g) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum;

(h) the defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the Misrepresentation;

Section 211 of the *Securities Act* (Alberta) provides that no action may be commenced to enforce these rights more than:

(a) in the case of an action for rescission, 180 days from the day of the transaction that gave rise to the cause of action, or

(b) in the case of any action, other than an action for rescission, the earlier of

(i) 180 days from the day that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) 3 years from the day of the transaction that gave rise to the cause of action.

British Columbia

Section 132.1 of the *Securities Act* (British Columbia) provides that where an offering memorandum which is required to be delivered to a purchaser of a security under section 2.9 of NI 45-106, contains a misrepresentation, an investor who purchases a security offered by the offering memorandum is deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase, and has a right of action for damages against:

(a) the issuer;

(b) every director of the issuer at the date of the offering memorandum; and

(c) every person who signed the offering memorandum.

The investor may elect to exercise a right of rescission against the issuer, in which case the investor has no right of action for damages against the issuer.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) a person will not be liable if the person proves that the investor had knowledge of the misrepresentation;

(b) a person, other than the issuer, will not be liable if the person proves that

(i) the offering memorandum was delivered to investors without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the issuer that it was delivered without the person's knowledge or consent;

(ii) on becoming aware of any misrepresentation in the offering memorandum, the person withdrew the person's consent to the offering memorandum and gave written notice to the issuer of the withdrawal and the reason for it, or

(iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

(c) a person, other than the issuer, will not be liable if the person proves that any part of the offering memorandum not purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, unless the person failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of securities resulting from the misrepresentation;

(e) a person is not liable for a misrepresentation in forward-looking information if the person proves that:

(i) the offering memorandum containing the forward-looking information contained, proximate to that information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information, and

(ii) the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

Section 140 of the *Securities Act* (British Columbia) provides that an action to enforce a civil remedy must not be commenced:

(a) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action other than for rescission, more than the earlier of:

(i) 180 days after the investor first had knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

Manitoba, Newfoundland and Labrador, Prince Edward Island, Yukon, Nunavut and the Northwest Territories

In Manitoba, the *Securities Act* (Manitoba), in Newfoundland and Labrador, the *Securities Act* (Newfoundland and Labrador), in Prince Edward Island, the *Securities Act* (PEI), in Yukon, the *Securities Act* (Yukon), in Nunavut, the *Securities Act* (Nunavut) and in the Northwest Territories, the *Securities Act* (Northwest Territories) provides a statutory right of action for damages or rescission to purchasers resident in Manitoba, Newfoundland, PEI, Yukon, Nunavut and Northwest Territories respectively, in circumstances where this offering memorandum or an amendment hereto contains a misrepresentation, which rights are similar, but not identical, to the rights available to Ontario purchasers.

c) Contractual Rights of Action in the Event of a Misrepresentation

Québec

Notwithstanding that the *Securities Act* (Québec) does not provide, or require the Partnership to provide, to purchasers resident in Québec any rights of action in circumstances where this offering memorandum or an amendment hereto contains a misrepresentation, the Partnership hereby grants to such purchasers contractual rights of action that are equivalent to the statutory rights of action set forth above with respect to purchasers resident in Ontario.

The foregoing summary is subject to the express provisions of the applicable securities laws and the rules, regulations and other instruments thereunder, and reference is made to the complete text of such provisions. Such provisions may contain limitations and statutory defences on which the Partnership and others may rely. The rights of action for damages or rescission discussed above are in addition to, and without derogation from, any other right or remedy which purchasers may have at law.

INDEPENDENT AUDITOR'S REPORT

To the Sole Director of Terra Flow-Through GP Management Ltd., in its capacity as general partner of Terra 2016 Short-Term Flow-Through Limited Partnership (the Partnership)

We have audited the accompanying statement of financial position of the Partnership as at February 22, 2016 and the related notes, which comprise a summary of significant accounting policies and other explanatory information (together the financial statement).

Management's responsibility for the financial statement

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial statement of the Partnership based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement of the Partnership is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement for the Partnership. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement of the Partnership, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial statement.

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

Opinion

In our opinion, the financial statement of the Partnership presents fairly, in all material respects, the financial position of the Partnership as at February 22, 2016, in accordance with those requirements of International Financial Reporting Standards relevant to preparing such a financial statement.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario February 22, 2016

TERRA 2016 SHORT-TERM FLOW-THROUGH
LIMITED PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
(All amounts in C$ unless otherwise stated)

February 22, 2016

ASSETS

CURRENT ASSETS

CASH $10

TOTAL ASSETS $10

NET ASSETS ATTRIBUTABLE TO HOLDER OF LIMITED PARTNERSHIP UNIT

Initial limited partner

1 Class A limited partnership unit (Note 1) $10

See accompanying notes to the Statement of Financial Position, which are an integral part of this Statement of Financial Position.

Approved by the Sole Director of Terra Flow-Through GP Management Ltd., as General Partner.

(Signed) John R. Jacobi
Director

TERRA 2016 SHORT-TERM FLOW-THROUGH
LIMITED PARTNERSHIP
NOTES TO STATEMENT OF FINANCIAL POSITION

February 22, 2016

1. FORMATION OF PARTNERSHIP

Terra 2016 Short-Term Flow-Through Limited Partnership (the "**Partnership**") was formed as a limited partnership with two classes of units; Class A and Class F, under the laws of the Province of Ontario on October 20, 2015. The Partnership has been inactive between the date of formation and the date of this statement of financial position, other than the issuance of one Partnership unit for cash consideration of $10. The principal purpose of the Partnership is to achieve capital appreciation primarily through investment in equity securities (including flow-through shares) of Energy and Mining Resource Companies.

The general partner of the Partnership is Terra Flow-Through GP Management Ltd. (the "**General Partner**") which is a promoter of the Partnership in connection with the offering of Class A and Class F limited partnership units of the Partnership (the "**Units**"). Under the Limited Partnership Agreement between the General Partner and each of the limited partners (the "**LPA**"), the General Partner is entitled to a 0.01% beneficial interest in the Partnership. At February 22, 2016, the General Partner held no Units in the Partnership.

Between March 31, 2017 and November 30, 2017, the Partnership intends to implement an exchange transaction pursuant to which the Partnership intends to: (i) transfer its assets to Terra Mutual Funds Ltd. ("**Terra Ltd.**"), a corporation managed by Terra Fund Management Ltd. (the "**Investment Fund Manager**"), on a tax-deferred basis in exchange for Terra Corporate Class Shares (as defined herein), within 60 days of which, upon the dissolution of the Partnership, the Terra Corporate Class Shares will be distributed to holders of the Units of the Partnership (the "**Limited Partners**"), *pro rata*, on a tax-deferred basis (the "**Mutual Fund Rollover Transaction**") or (ii) an alternative transaction implemented by the General Partner in order to provide liquidity and the prospect for long-term growth of capital and for income for Limited Partners, provided that the General Partner will propose or implement no such transaction which adversely affects the status of the Flow-Through Shares as flow-through shares for purposes of the Tax Act, whether prospectively or retrospectively ("**Liquidity Event**").

Pursuant to the Mutual Fund Rollover Transaction, Limited Partners will receive redeemable shares issued by Terra Ltd. (collectively, the "**Terra Corporate Class Shares**"). Terra Ltd. is an open-end mutual fund corporation. The Partnership intends to complete the Mutual Fund Rollover Transaction pursuant to the terms of an agreement dated February 22, 2016 between Terra Ltd. and the Partnership that provides for the Mutual Fund Rollover Transaction (the "**Transfer Agreement**"). The Transfer Agreement is assignable by Terra Ltd., and Partnership assets may be transferred, to any other open-end mutual fund corporation managed by the Investment Fund Manager. The completion of the Mutual Fund Rollover Transaction or alternative Liquidity Event will be subject to the receipt of all approvals that may be necessary and the other conditions set forth in the Transfer Agreement. **There can be no assurance that the Mutual Fund Rollover Transaction or alternative Liquidity Event will receive the necessary approvals or be implemented.**

The Fund aims to offer its units to a broad group of investors mainly from Canada.

In the event that the Mutual Fund Rollover Transaction or alternative Liquidity Event is not completed on or before June 30, 2018, the Partnership will be dissolved and the net assets of the Partnership will be distributed to its Limited Partners and the General Partner in the form of cash or other assets.

At the date of formation of the Partnership, 1 unit was issued to John Jacobi for $10 cash. John Jacobi wholly owns the Investment Fund Manager and is related to the General Partner.

Under the LPA, the Partnership will be dissolved on or prior to June 30, 2018. This financial statement was authorized for issue by the General Partner on February 22, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Preparation

The statement of financial position of the Partnership has been prepared in accordance with International Financial Reporting Standards (IFRS) relevant to preparing a statement of financial position. The statement of financial position has been prepared under the historical cost convention.

The Partnership has retained the Investment Fund Manager to provide management, administrative and other services to the Partnership. In consideration for these services, the Partnership will pay to the Investment Fund Manager: (i) a one-time fee payable at closing, equal to 2.5% of the selling price for each Unit of the Partnership plus GST/HST sold to an investor and (ii) commencing in 2017, a fee equal to 2% of the net asset value of the Partnership plus GST/HST, calculated and paid prior to the completion of the Mutual Fund Rollover Transaction or alternative Liquidity Event to the Investment Fund Manager. The Investment Fund Manager is also entitled to a performance bonus (the "**Performance Bonus**"), payable on the earlier of (i) the business day prior to the completion of a Liquidity Event; and (ii) June 30, 2018 of an amount in respect of each Unit outstanding at the end of the preceding calendar month equal to 15% of the amount by which (a) the sum of (A) the net asset value of the Partnership per Unit as of the end of the preceding calendar month and (B) all distributions per Unit on or prior to the end of the preceding calendar month, exceeds (b) the Subscription Price per Unit.

The Investment Fund Manager will pay to Cypress Capital Management Ltd., the portfolio advisor for the Partnership, a percentage of both the management fee payable to the Investment Fund Manager (the "**Management Fee**") and the Performance Bonus payable by the Partnership.

The Partnership will pay all costs relating to the proposed offering of Units in the Partnership and the Management Fee and administration fee payable at closing, limited to 4.5% for Class F Units and 9.5% for Class A Units plus applicable taxes of the gross proceeds received on the proposed offering. These costs will be recorded as a charge to capital.

The Partnership will pay all of its administrative, operating, ongoing and other expenses, which expenses will include expenses relating to portfolio transactions, taxes, legal, audit and valuation fees and Limited Partner reporting costs. In addition to the foregoing, the Partnership will also pay an Administration Fee equal to 1% of the gross proceeds of the Offering received by the Partnership incurred in connection with the structuring of the Partnership and the Offering.

The Partnership will pay the sales commission to Linden Mills Investment Inc. ("**Linden Mills**") pursuant to an agreement dated as of February 22, 2016 among the Partnership, the General Partner and Linden Mills (the "**Agency Agreement**"), in an amount of up to 5% of the selling price for each Class A limited partnership unit of the Partnership sold to an investor. No sales commission will be paid by the Partnership for the sale of Class F limited partnership units of the Partnership.

The Partnership will fund the ongoing management and operating fees and expenses of the Partnership by way of a working capital reserve which will not exceed $175,000 for the Partnership, and $1,500 in the case of the minimum offering. In addition, any advance made to the Partnership by the Investment Fund Manager incurred on behalf of the General Partner or the Partnership which may be necessary for payment of obligations of the Partnership under resource agreements or administrative expenses of the Partnership including taxes, if any, is permitted.

In connection with certain investments of the Partnership, the Investment Fund Manager may retain independent advisors and consultants to conduct due diligence investigations of an Energy and Mining Resource Company's business, assets, properties and mineral reserves. At the discretion of the General Partner, fees and expenses incurred by the Investment Fund Manager in retaining such independent advisors may be charged to the Partnership.

The fees and expenses of the Partnership will be allocated to Limited Partners of the relevant Class pro rata in accordance with the number of Units of such Class held on the last day of the fiscal year. The General Partner has the discretion to adjust the allocations described to reflect any additional expenses incurred by the relevant Class.

Functional and presentation currency

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

Financial Instruments

The Partnership recognizes financial instruments at fair value upon initial recognition. Regular way purchases and sales of financial assets are recognized on the trade date, while non-regular way purchases of financial assets are recognized on the settlement date.

Cash is comprised of a deposit with a financial institution.

Classification of Partnership units

The Partnership is scheduled to dissolve prior to June 30, 2018 and consequently, the Partnership's outstanding Partnership units are classified as financial liabilities in accordance with the requirements of International Accounting Standard *32 Financial Instruments: Presentation*.

3. FAIR VALUE

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

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

4. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

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

Credit Risk

The Partnership is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at February 22, 2016, the credit risk is considered limited as the cash balance represents a deposit with an AA-rated financial institution.

Liquidity Risk

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

Capital Risk Management

Units issued and outstanding are considered to be the capital of the Partnership. The Partnership does not have any specific capital requirements on the subscription and redemption of units, other than a minimum subscription of 25 Class A Units, 25 Class F Units or any combination of 25 Class A units and Class F units.

5. PARTNERSHIP UNITS

The Partnership is authorized to issue an unlimited number of Class A units and Class F units.

6. RELATED PARTY TRANSACTIONS

The Partnership may be considered to be a connected issuer and related issuer of Linden Mills, because each of Linden Mills, the General Partner and the Investment Fund Manager is controlled by the same individual.

INDEPENDENT AUDITOR'S REPORT

To the Sole Director of

Terra Flow-Through GP Management Ltd. (the Company)

We have audited the accompanying balance sheets of the Company as at December 31, 2015, December 31, 2014 and the related notes, which comprise a summary of significant accounting policies and other explanatory information (together the financial statements).

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of the financial statements of the Company that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

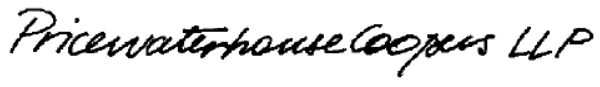
Our responsibility is to express an opinion on the financial statements of the Company based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements of the Company are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of the Company. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements of the Company, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial statements of the Company.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Terra Flow-Through GP Management Ltd. as at December 31, 2015 and December 31, 2014 in accordance with Canadian accounting standards for private enterprises.



Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario February 22, 2016

TERRA FLOW-THROUGH GP MANAGEMENT LTD.
BALANCE SHEETS

December 31, 2015 and December 31, 2014
(All amounts in C$ unless otherwise stated)

ASSETS

CURRENT ASSETS

	2015	2014
CASH	$1	$1
TOTAL ASSETS	$1	$1

SHAREHOLDER'S EQUITY

CAPITAL STOCK

Authorized

Unlimited number of
common shares

Issued and outstanding

1 Common Share (Note 1)	$1	$1

Commitment (Note 5)

See accompanying notes to the balance sheets.

Approved by the Sole Director:

(Signed) John R. Jacobi
Director

TERRA FLOW-THROUGH GP MANAGEMENT LTD.
NOTES TO BALANCE SHEETS

December 31, 2015 and December 31, 2014

1. INCORPORATION

Terra Flow-Through GP Management Ltd. (the "**Company**") was incorporated on December 3, 2009 under the provisions of the Canada Business Corporations Act. On incorporation, the Company issued 1 common share for $1.00 in cash. The Company's primary business activity is to act as general partner of Terra 2016 Short-Term Flow-Through Limited Partnership (the "**Partnership**"). The Company has a 0.01% beneficial interest in the above noted Partnership.

The Company has co-ordinated the organization and registration of the Partnership and has established the investment policies and restrictions of the Partnership (the "**Investment Guidelines**"). The Company will assist the portfolio advisor of the Partnership with the identification of prospective investments in Energy and Mining resource companies and the negotiation of the terms of such investments, will work with the agents in developing and implementing all aspects of the Partnership's communications, marketing and distribution strategies, will monitor the investment portfolio of the Partnership to ensure compliance with the Investment Guidelines and will manage the ongoing business and administrative affairs of the Partnership. The Company's fiscal year end is December 31.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements are prepared in accordance with Canadian accounting standards for private enterprises.

Cash

The cash balance is held at a Canadian Chartered Bank.

3. MATERIAL TRANSACTIONS

The Company's fiscal year end is December 31. The Company has not earned any income or incurred any expenses since inception, accordingly no income statement, statement of changes in shareholder's equity or statement of cash flows is presented.

The Company's investment in the flow through limited partnership (the "**FTLP**") detailed in Note 1 is accounted for at cost less any required impairment charge. Distributions from the FTLP are recognized when declared.

4. ALLOCATIONS OF NET INCOME OR LOSS AND ELIGIBLE EXPENDITURES

Subject to a performance bonus, if any, 99.99% of the net income of the Partnership, 99.99% of the net loss of the Partnership and 100% of any Eligible Expenditures renounced to the Partnership will be allocated *pro rata* among the limited partners of the Partnership in proportion to each limited partner's capital contribution, and 0.01% of the net income of the Partnership and 0.01% of the net loss of the Partnership and the Company is entitled to 0.01% of such assets.

5. COMMITMENT

In connection with a proposed offering of limited partnership units of the Partnership, the Company has committed to pay any related offering expenses and agents' fee that, in total, exceed 4.5% for Class F Units and 9.5% for Class A Units plus applicable taxes of the gross proceeds received on such offering. The Company does not expect the offering expenses to exceed 9.5% and hence does not expect to pay these amounts.

CERTIFICATE OF THE GENERAL PARTNER OF THE ISSUER

I, John Jacobi, the President, Chief Executive Officer and sole director of Terra Flow-Through GP Management Ltd., being the general partner of Terra 2016 Short-Term Flow-Through Limited Partnership, hereby certify in that capacity and not personally that this offering memorandum contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or omit to state a material fact that is necessary to be stated in order for the statement not to be misleading.

Dated at Toronto this 22nd day of February, 2016.

TERRA FLOW-THROUGH GP MANAGEMENT LTD.

By: *(signed) "John R. Jacobi"*

John R. Jacobi
President, Chief Executive Officer and Director

Date: February 22, 2016

ALBERTA CERTIFICATE

TO: Each Applicable Alberta Purchaser of Limited Partnership Units (the "**Units**") issued by Terra 2016 Short-Term Flow-Through Limited Partnership (the "**Partnership**")

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or omit to state a material fact that is necessary to be stated in order for the statement not to be misleading. This Certificate is provided solely to those purchasers purchasing Units of the Partnership pursuant to the exemptions contained in section 2.10 of National Instrument 45-106 *Prospectus and Registration Exemptions* and section 127.01 of the Rules to the *Securities Act* (Alberta).

TERRA FLOW-THROUGH GP MANAGEMENT LTD.

By: *(signed) "John R. Jacobi"*

John R. Jacobi
President, Chief Executive Officer and Director

TerraFunds
Tax-Smart Investments

517 Wellington Street West, Suite 207
Toronto, Ontario, M5V 1G1
Toll-Free: 1-888-449-4645
Fax: (416) 203-1544
Email: info@terrafunds.ca
www.terrafunds.ca

New for 2016:
Now available in Ontario to non-accredited investors

TerraFunds
Tax-Smart Investments

INVESTMENT SUMMARY | TERRA 2016 Short-Term Flow-Through Limited Partnership

A Tax-Advantaged Investment Redeemable in 2017

Why Invest

Investors seeking an investment fund that also reduces taxes should consider the Terra 2016 Short-Term Flow-Through LP. The fund aims to generate attractive returns by investing primarily in public energy and mining firms that will benefit from a modest recovery. Targeted sectors include oil, natural gas, gold, silver and uranium. Another benefit of the fund is early maturity in 2017.

About Terra

Terra flow-through limited partnerships provide considerable tax savings, low cost, early maturity and potential for attractive investment returns. Since inception in 2005 Terra Flow-Through LPs have:

- provided investors over $230 million in tax benefits
- invested in over 450 energy and mining companies
- matured, on average, in less than 10 months
- delivered attractive after-tax returns (see page 2)

Portfolio Management Team

Greg Bay is Senior Portfolio Manager and has over 28 years experience investing in producers, explorers and service companies and access to extensive deal flow. Mr. Bay is a director of Mullen Group (TSX:MTL) and Priviti Capital Corporation.

Jeff Bay is Associate Portfolio Manager and previously worked with the Energy Investment Banking Group at GMP Securities advising on transactions and financings for intermediate and junior oil & gas companies. Mr. Bay holds a B.Comm from the University of Victoria and is a Chartered Financial Analyst.

Tax Savings & Returns

A $1,000 investment provides up to $544 in tax savings, $24 in tax credits and has a break-even of $576, assuming a 50% tax rate. The combination of *tax savings, tax credits* and *return on investment* provides the overall return.

		20% Gain	No Gain	20% Loss	Breakeven
Investment value (on redemption)	A	$1,200	$1,000	$800	$576
Less: Original cost	B	($1,000)	($1,000)	($1,000)	($1,000)
Return on Investment	C	$200	$0	($200)	($424)
Return in form of Tax Savings[1]	D	$544	$544	$544	$544
Return in form of Tax Credits[2]	E	$24	$24	$24	$24
Less: Capital gains tax[3]	F = A x 25%	($300)	($250)	($200)	($144)
Return - $	C + D + E + F	**$468**	**$318**	**$168**	**$0**
Return - %		108%	73%	39%	0%

1. Projected tax savings assume a 50% marginal tax rate. Actual investor tax rates may vary. 2. Assumes federal 15% investment tax credit applies on 35% of investments.
3. Capital gains tax is equal to 50% of the investment value on redemption times an investor's marginal tax rate (50%) or 25%. Capital gains tax may be eliminated if capital losses are utilized.

Speed read

Minimum Purchase	Early Maturity	Sector Focus	Investor Eligibility	Investor Closings	FundSERV Codes
$2,500	June 2017	Energy & Mining	All investors across Canada	Monthly, subject to availability	FE: TER 316 NL: TER 416

TERRA PAST PERFORMANCE

Past Performance - most recent and since inception

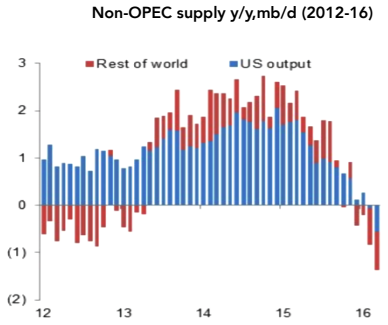
Terra flow-through limited partnerships also provide attractive returns. Current and average returns since inception are shown below.

		After-Tax Returns by Province					
Terra Flow-Through LPs	NAV	BC	AB	SK	MB	ON	QC
Terra 2015 Short-Term FTLP	$1,048	48%	35%	44%	47%	52%	54%
Average since inception in 2005	$731	24%	13%	21%	26%	27%	40%

Net asset value and after-tax returns for a $1,000 investment on rollover. After-tax returns are estimates and assume the highest marginal tax rate and are net of fees. Past performance does not guarantee future results. Returns are expressed as the after-tax gain or loss on the investor's after- tax cost or "money at risk." These returns are also referred to as "cash-on-cash" returns.

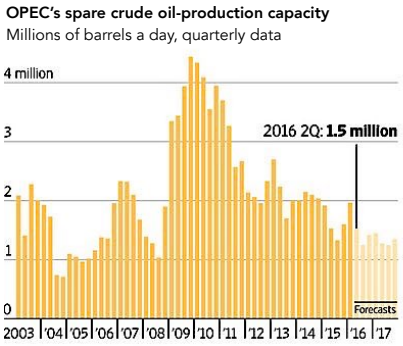
4 REASONS OIL IS HEADING HIGHER

Reason #1: As non-OPEC production falls, OPEC could struggle to meet demand



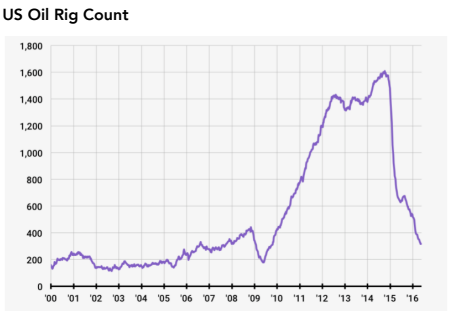
Source: Energy Aspects

Reason #2: Saudi Arabia has little spare capacity so it is unable to undermine the rebalancing of oil markets.

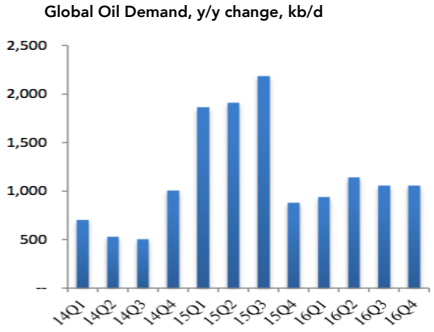


Source: EIA, WSJ

Reason #3: US rig counts have plummeted with low oil prices. The US is no longer the main source of non-OPEC supply growth.



Reason #4: Overall, oil demand growth was quite strong in Q2 2016, with global oil demand growing at around 1.8 mb/d, well above its long-term historical trend.



Terra Milestones

2005
Terra's first funds are launched and raises $5.3 million

2009
Terra launches 1-yr hold LP

2010
Terra introduces first F Class LP units

2011
Terra launches Flow-Through Giving Foundation

2013
Cypress Capital appointed portfolio manager

2015
To date, Terra provides investors over $230 million in tax deductions

Terra Fund Management Ltd. • 517 Wellington St. W. Ste 207 Toronto, ON M5V 1G1 • 1.888.449.4645 • info@terrafunds.ca • www.terrafunds.ca