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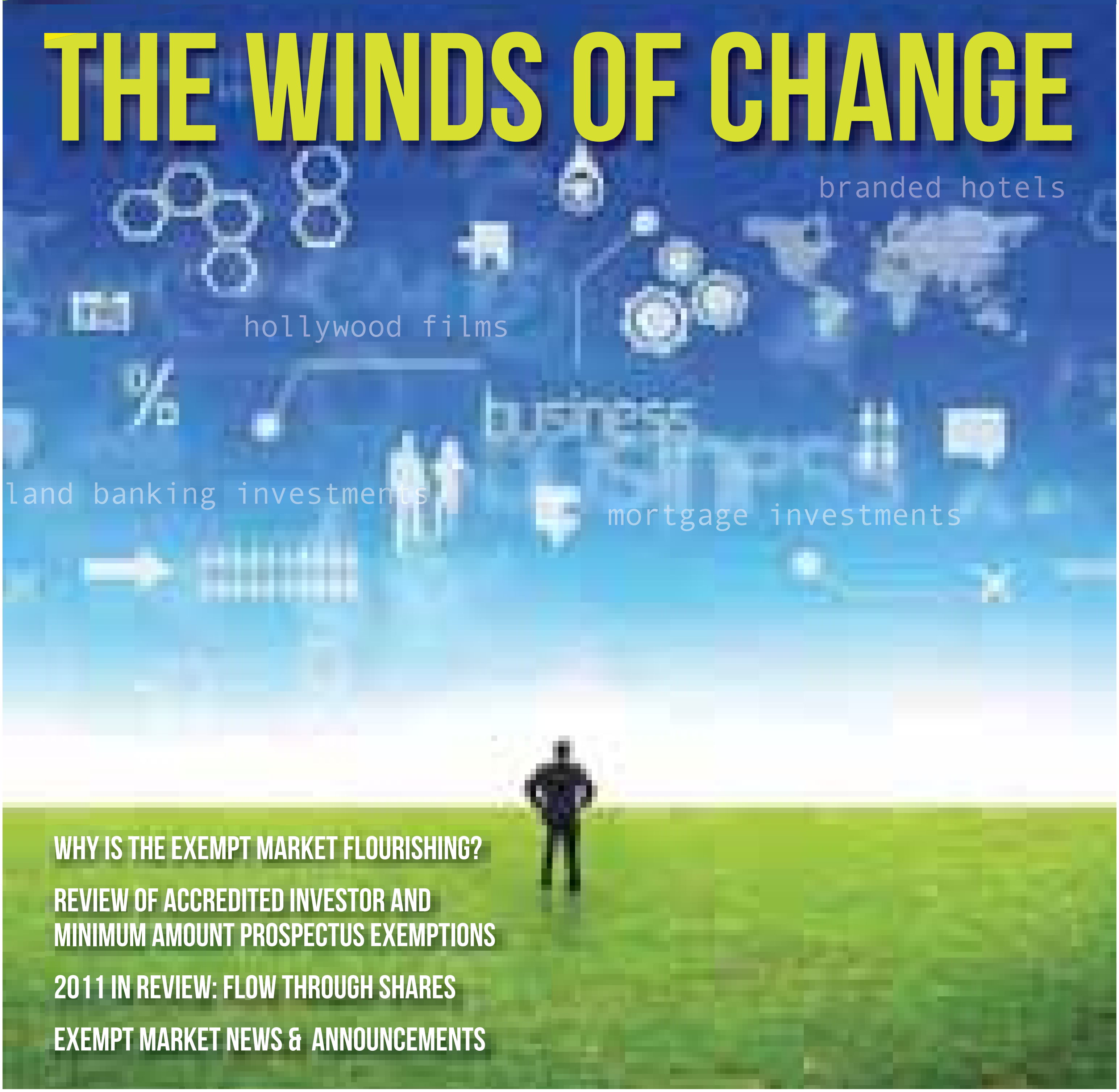
THE WINDS OF CHANGE



WHY IS THE EXEMPT MARKET FLOURISHING?

REVIEW OF ACCREDITED INVESTOR AND MINIMUM AMOUNT PROSPECTUS EXEMPTIONS

2011 IN REVIEW: FLOW THROUGH SHARES

EXEMPT MARKET NEWS & ANNOUNCEMENTS

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The start of a new year always seems to be a perfect time to reflect on what happened over the past 12 months and to look forward to the challenges and opportunities that the next 12 will bring.

Our contributors this month provide us with many ideas to contemplate. Most notably on the minds of Exempt Market Issuers is the CSA review of the Accredited Investor and minimum amount prospectus exemptions. **Brian Prill**, President of the Exempt Market Dealers Association (EMDA), walks us through the various considerations. From the Western Exempt Market Association (WEMA), **Craig Skauge**, President, provides us with a 2011 summary from Western Canada. During this time of market uncertainty, **Stephen Johnston**, Co-founder of Agcapita, explains why the exempt market is flourishing while other investment funds are suffering. **Steve Elliott**, Senior Vice President Western Canada, Mineralfields/Pathway Asset Management, reviews Flow Through Shares and how they fit into portfolios.

I thank you for taking the time to read **Vol 2 Issue 1 January 2012**. We look forward hearing from you – and what you see as the opportunities the new year brings. With many possible changes on the table, we know that this will be an interesting year in the Exempt Markets. Wishing you all the best for 2012.

Tony Sanfelice, President
Radius Financial Education

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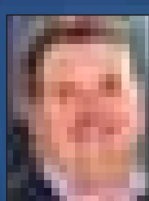
THE WINDS OF CHANGE

The winds of change blew with the force of a hurricane in the exempt market in 2011.



Craig Skauge
Board Member
Western Exempt Market Association

December 31st marked the first full calendar year of the exempt market dealer regime in Western Canada. The changing of the Western exempt market to a more regulated environment with registration requirements had a significant impact on the capital markets in times that are already complex. The additional regulatory and registration requirements slowed the industry down significantly in the first 6 months however by year's end a number of significant Exempt Market Dealers with Western-based head offices became registered. The four Western provinces are quickly becoming well known as the place to have small to medium amounts of capital raised for a reasonable cost and in a timely fashion. With the lack of the offering memorandum exemption in Ontario, many Exempt Market Dealers and issuers have found capital easier to access in the West where the entire adult population can participate in exempt offerings. Perhaps Ontario will note the efficiency of this tool in the West and take some initial steps to bring it on board in the coming years...

2011 had the Western Canadian securities regulators busy monitoring and dialoguing with newly regulated Exempt Market Dealers while concurrently analyzing those individuals bypassing registration and relying on the Northwest Exemption. 2012 will likely see a push for a number of parties to ultimately get registered which should set the necessary precedents to clarify who should and shouldn't have been relying on the NW exemption from its inception. Some say the Mayan calendar indicates the end of the world in late 2012. While that's highly unlikely, you can rest assured that 2012 will likely spell the end of an era for those improperly operating without registration.

The entire year had the industry abuzz about pending mergers between various Exempt Market Dealers to help absorb the costs of the new registration regime. As is typically the case, most rumours turned out to be just talk; however, the merger of Pinnacle Wealth Brokers and Global Exempt Market Solutions saw the creation of Canada's largest Exempt Market Dealer in regards to dealing representatives. With both financial and time costs of running an Exempt Market Dealer being significant (as illustrated by numerous Exempt Market Dealers closing their doors in 2011), 2012 will certainly see some additional consolidation amongst firms with synergies like Global and Pinnacle, while we're also likely see some smaller firms get "swallowed" by their larger and more well heeled competitors. While we're likely to see some new firms throw their hat into the ring in 2012, the overall number of EMDs will likely decrease by the end of the year with the top 5-10 firms wielding significant power and influence. It will be a race to watch with fierce competition for dealing representatives from both the exempt world and those jumping ship from other investment sectors.

We currently find our industry in an extreme imbalance between the number of issuers in search of capital and the number of EMDs willing and able to raise it. While this imbalance has ultimately improved the quality of product offered to the end investor (with EMDs being able to cherry pick the best products for their shelves) it has resulted in higher costs (marketing, due diligence, legal, commissions, etc.) for those in search of capital. In order for any investment product to be sustainable, the associated costs have to be reasonable. While these costs may still be reasonable today, we'll hopefully see the increases halt and maybe even regress a bit in 2012.

The continuing credit crunch and outrageous costs and regulatory hurdles of going public have created a bottleneck of sorts that has resulted in a number of extremely unique and well branded products coming to the exempt market in search of capital. While the exempt market was once known primarily as a place for mortgage and land banking investments, the industry now has a broad range of products ranging from equity investments in Hilton branded hotels to the financing of Hollywood films. 2011 was the year of the United States vulture fund with a new offering in this field popping up monthly. It will be interesting to see what the product of choice is in 2012.

With the recognition of an ongoing need to communicate with both industry and regulatory bodies, a number of significant industry participants joined forces in 2011 and established the Western Exempt Market Association (**www.wemaonline.ca**) with a goal to balance regulatory efficiency of the capital markets and investor protection while improving and increasing the exempt market's overall public profile. This initiative has been received extremely well with nearly 100 exempt market related firms joining, with memberships even coming from Ontario (despite the association's Western base and namesake). It's evident that industry feels a need for one strong unified voice and 2012 will hopefully see some well thought out regulatory changes and positive press for our industry from the association's efforts. On that note, in an effort to continually improve the exempt market, the Canadian Securities Administrators continued to ask for industry feedback on a number of areas in 2011, most notably being a request for comment on potential changes to both the Accredited Investor and Minimum Purchase exemptions. All industry participants are encouraged to provide their feedback to the CSA to help steer them in the right direction regarding this and all changes. Those Exempt Market Dealers in Ontario should take particular note with these being two of the most commonly used exemptions in that jurisdiction. Information on this and other items out for comment can be reviewed on the CSA's website at **www.securities-administrators.ca**

In May 2010, Federal Finance Minister Jim Flaherty introduced the Proposed Canada Securities Act. In this proposal, the federal government called for the regulatory bodies of Canada's 13 provinces and territories to voluntarily join a movement towards a national regulatory body. With staunch opposition from multiple jurisdictions, most notably Alberta and Quebec, some clarity on whether or not this idea was even constitutional, let alone a good idea, was sought from Canada's highest court. December 22, 2011, saw the Supreme Court of Canada reject the Ottawa drafted, Ontario Securities Commission backed proposal to put securities regulation in the hands of the federal government. The cooperation that has been illustrated with individual Provinces working together to achieve common standards will remain untouched with Ottawa's proposal deemed unconstitutional as it did not respect the division of power in the Constitution Act of 1867.

With a number of significant issues and changes now behind us, 2012 will hopefully see everyone more focused on their core business of raising capital. In these ever-changing economic times, the exempt market has become more important than ever and a well established and respected part of our capital markets. Here's hoping 2012 proves to be a banner year for all of us.

Craig Skauge, *is the president of Exempt Market Consultants Inc., a firm specializing in the preparation of RRSP eligible exempt market offerings. He is also the president of Target Capital Inc., an investment company listed on the TSX-V. He holds board positions with both Olympia Trust Company and the Western Exempt Market Association.*

WEMA
WESTERN EXEMPT MARKET ASSOCIATION

WHY IS THE EXEMPT MARKET FLOURISHING?

Why is the alternative market (otherwise known as the "Exempt" market) flourishing while mutual funds suffer outflows? I would argue that the trend is driven primarily by risk adjusted returns and alignment of interests. What do I mean by this?

Stephen Johnston
Partner
Agcapita Partners

AGCAPITA

Why is the alternative market (otherwise known as the "Exempt" market) flourishing while mutual funds suffer outflows? I would argue that the trend is driven primarily by risk adjusted returns and alignment of interests. What do I mean by this?

Volatility

Public markets have demonstrated extremely high volatility over the last two decades. There are many alternative asset classes with much lower volatility – some which have experienced approximately 1/4 the volatility of the S&P 500.

Absolute Returns

Many alternative asset classes have a track record of higher absolute returns than public markets. The combination of lower volatility and higher absolute returns leads to one of the most important metrics on which investors should be focusing - risk adjusted returns or Sharpe Ratios.

Risk Adjusted Returns/Sharpe Ratios

Investors in public markets are being asked to accept nominal returns below 6% over long periods but with increasingly high volatility. Meanwhile, many alternative asset classes generate higher absolute returns but with lower volatility. The result is superior risk adjusted returns over public markets - often by a material margin. Investors are beginning to realize that they are not being properly compensated for the volatility of public markets and I believe that the alternative market is becoming the beneficiary of a secular reduction in public market exposure amongst retail investors. Perhaps this is the reason mainstream financial firms do not discuss the risk-adjusted returns of listed equities and prefer to talk about nominal average returns with their clients? In the face of poor risk adjusted returns, retail capital is starting to emulate what endowments and pension funds have been doing for years and diversifying elsewhere.

Correlation

Correlation is an area where alternative asset classes tend to excel as many demonstrate a low correlation to traditional asset classes - public equities and bonds and commercial real estate. Most of these traditional investments are exhibiting high positive cross correlations so it is difficult for investors to construct diversified portfolios. For investors looking for better diversification, allocations to the alternative market continue to grow in appeal.

Counterparty Risk

The recent bankruptcy of MF Global has shown that investors cannot afford to be complacent about counterparties. It is increasingly apparent that many financial intermediaries only appear to be well capitalized because risks, where apparent, are thought to be hedged. Via hedge transactions, intermediaries argue that net exposure, rather than gross, is the key measure for investors to consider. This is not the case and where there is a concentration of risk in critical counterparties (e.g. AIG), in a world of high positive correlations across markets and asset classes, hedges can fail leaving catastrophic gross rather than net exposure and therefore bankrupt counterparties behind. Where alternative investments offer exposure to the underlying physical assets (effectively segregated) they are able to strip out a material amount of counterparty risk.

Margin of Safety

By virtue of being more niche ideas, where significant amounts of capital have not been deployed, alternative investments often are able to find mis-priced assets more easily than their large, massively capitalized mutual fund brethren. As a consequence, if managed properly, I believe alternative investments have a better chance of providing investors with a genuine margin of safety. Of course, margin of safety returns are much more difficult to find and require more investment selection skills than the “leveraged beta returns” that have been passed of as “alpha returns” over the last 2 decades. This is another area where large, mainstream financial firms are conspicuously silent with their clients.

Alignment of Interests

The traditional financial sector has shown that there is a poor alignment of interest between the managers/banks offering the funds and the investors themselves – often even deliberately so as large mainstream financial service companies focus on asset gathering and the concomitant fees as opposed to the more difficult take of generating real, risk adjusted returns. Managers in the alternative space often seek to create alignment with investors as a key design criteria of their offerings. A common example is alternative managers who have capital invested alongside investors and are only compensated on terminal/realized performance. Compare this to a bank, mutual fund manager with none of his own capital in the fund, a large salary & bonus and the ability to move elsewhere in the bank if the fund does not generate the desired returns. Alternative managers typically do not have this luxury – they must succeed in order to be compensated and rarely get a second chance to be correct.

This is obviously not an exhaustive list of reasons why I believe the alternative market is thriving, but I hope it provides some food for thought. I want to leave you with a short list of questions for RRSP season. While you are making your investment decisions this year, on top of everything else, be sure to ask your advisor:

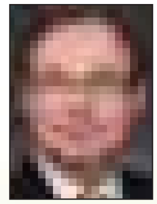
How are my investments cross-correlated?
What is the volatility of my investments?
What is my historical average nominal return?
What is my historical average real (inflation adjusted) return?
What is my historical average risk adjusted return?
What are my investments’ correlations to inflation?
What is the leverage of my counterparties?
Are there exempt/alternative options that would improve my portfolio composition?

I think the answers may surprise you.

Stephen Johnston *graduated from the London Business School and is the co-founder of Agcapita (one of Canada's largest farmland investment funds) and Petrocapita (an energy investment fund). Mr. Johnston has over 15 years experience as a fund manger - working for organizations such as the European Bank for Reconstruction and Development, Societe Generale Asset Management and Baring Brothers. Mr. Johnston has appeared frequently on Business News Network and been quoted in a wide range of media outlets including Fortune, the Financial Times, Macleans and The Globe and Mail. His monthly investment briefing goes out to over 20,000 readers.*

REVIEW OF ACCREDITED INVESTOR AND MINIMUM AMOUNT PROSPECTUS EXEMPTIONS

On November 10, 2011, the Canadian Securities Administrators (the "CSA") published CSA Staff Consultation Note 45-401 - Review of Minimum Amount and Accredited Investor Exemptions - Public Consultation ("CN 45-401")[1]



Brian Prill
President
Exempt Market Dealers Association of Canada

The purpose of CN 45-401 is to provide notice to capital market stakeholders, including investors, issuers, dealers and others that the CSA is considering changes to the accredited investor and the minimum amount prospectus exemptions (sections 2.3 and 2.10 of National Instrument 45-106 - Prospectus and Registration Exemptions ("NI 45-106")). The CSA is inviting interested stakeholders to provide written comments on CN 45-401 on or before February 29, 2012. Upon the CSA completing their consultation process, the CSA may propose changes to these exemptions or recommend keeping them in their current form.

The purpose of this article is to provide stakeholders with some of the background with respect to these exemptions and alert stakeholders to some of the options contemplated in CN 45-401.

Reason For Review

As a result of the recent global financial crisis and the ensuing international regulatory development, questions have been raised by various parties about the use of the minimum amount exemption (the "$150K exemption") and the accredited investor exemption (the "AI exemption"). Consequently, the CSA has decided to consult with stakeholders to obtain information that will assist the CSA in deciding whether changes to these exemptions are necessary in Canada.

The CSA has stated that their review will be governed by their regulatory mandate which is:

- Protecting investors from unfair, improper or fraudulent practices; and
- Fostering fair and efficient capital markets and confidence in those markets.[2]
- The CSA has also stated that they will be guided by principles that:
- Regulatory initiatives must effectively address the risks to investors and markets that are identified; and
- The benefits of any regulatory initiative must be proportional to its cost to industry and the restrictions it imposes on market participants.[3]

EMDA
Exempt Market Dealers Association of Canada

Underlying Principles

When the $150K exemption and the AI exemption were introduced they were premised on the concept that investors accessing these exemptions would have one or more of the following:

- A certain level of sophistication;
- The ability to withstand financial loss;
- The financial resources to obtain expert advice; and
- The incentive to carefully evaluate the investment given its size.

Background

The $150K Exemption

The $150K exemption has been with us since 1987 and has not been adjusted for inflation since inception. If the $150K exemption were to be adjusted for inflation it would be the equivalent of $265,000 in 2011 dollars.[4]

The following is a list of options the CSA may propose as a result of its review of the $150K exemption:

- Retain the $150K exemption in its current form;
- Adjust the $150,000 threshold;
- Limit the use of the exemption to certain investors, such as institutional investors and not individuals; [5]
- Use alternative qualification criteria;
- Impose other investment limitations; or
- Repeal the exemption.

The AI Exemption

The AI exemption was instituted in the United States by the Securities and Exchange Commission in 1982 and subsequently adopted by the CSA in the early 2000s. Similar to the $150K exemption, the threshold income numbers have not been adjusted for inflation since inception. The current individual income threshold is set at $200,000. In 2011 dollars this amount would be equal to $443,000 (using a 1982 base year) or $245,000 (using a 2001 base year).[6]

The following is a list of options the CSA may propose as a result of its review of the AI exemption:

- Retain the AI exemption in its current form;
- Adjust the income and asset level thresholds in the AI definition;
- Use alternative qualification criteria for individuals;
- Limit the use of the exemption to certain investors, such as institutional investors and not individuals; and
- Impose other investment limitations.[7]

Stakeholder Considerations

The $150K Exemption

This exemption has gained wide spread use by issuers in certain jurisdictions. One of the assumptions of the $150K exemption is that an investment of this magnitude is an indication that the investor has the necessary sophistication to evaluate the investment prior to making the investment decision. Another assumption is that the $150K threshold is a measurement of an investor's ability to withstand financial loss. However these assumptions may be problematic.

For example, the high threshold can lead investors to invest more in a particular offering than business or investment reasons justify, thereby exposing the investor to a level of risk that they might not have otherwise undertaken if there had been a lower threshold available. Other stakeholders submit that the $150K exemption is too low and allows investors that do not have the necessary sophistication to participate in exempt offerings.

However, if the $150K threshold was raised to $265,000, certain investors could lose access to this exemption. This could be problematic for those investors that do not require the protections provided by a prospectus offering and are unable to access any of the other prospectus exemptions provided for in NI 45-106.

Similarly, if the threshold on the $150K exemption were adjusted to 2011 levels, issuers that rely on the $150K exemption may suddenly find that there access to the capital markets has been negatively impacted due to the ensuing reduction in the size of the pool of qualified investors.

The AI Exemption

The AI exemption is probably one of the most widely used prospectus exemptions in Canada. The AI exemption is based the same concepts as the $150K exemption, one of them being that income and asset thresholds are a measurement of sophistication.

However, while an individual may have significant income or assets, this does not necessarily mean that the individual has the experience or the investment knowledge to understand the business fundamentals underlying a particular offering. Conversely, individuals that may understand the business fundamentals underlying an offering, but that have not yet attained the income or asset thresholds in the AI exemption, are denied the opportunity to participate in the offering.[8] This is sometimes viewed as problematic as it allows individuals of a certain income or asset level to participate in exempt market offerings and denies individuals of a lower income or asset level the same opportunity.

As part of its review, the CSA has asked stakeholders whether certain alternative criteria should be considered such as:

1 Investment experience (the investor has engaged in transactions of a significant size at a given frequency);

2 Investment portfolio size (the portfolio must exceed a specified amount);

3 Work experience (the investor's professional occupation requires knowledge of securities investments); and/or

4 Education (the investor has completed certain specified courses relevant to the securities industry, business or finance).

The CSA has also asked stakeholders to consider whether there should be a requirement to have a registered individual (a "Registrant") involved in the distribution of the securities. This would place the onus on the Registrant to be the sophisticated party in the transaction and not the investor. This would also require the Registrant to review the exempt market offering with the prospective investor to determine whether the risks associated with the offering are suitable for the investor given the investor's financial circumstances and investment objectives, thus making the Registrant the investor's "trusted advisor".[9]

Conclusion

Many stakeholders would question whether this is the appropriate time to be undertaking a review of these particular exemptions, given the uncertainty that exists in the capital markets today. Others would say that the current state of the capital markets is the direct result of a failure to regulate the capital markets appropriately.

For certain investors, an increase in the threshold values established in the $150K and AI exemptions pose the possibility of being denied access to certain offerings that these investors normally participate in.

For certain issuers, this could significantly affect their ability to raise capital in Canada. An increase in the threshold levels for the $150K exemption and the AI exemption will reduce the pool of eligible investors that currently purchase securities issued under a prospectus exemption. This will likely have a negative effect on the ability of issuers to engage in certain development or resource projects and impose higher costs on issuers as they seek new ways to raise capital.

For Registrants, the requirement to undertake a suitability analysis of an offering with a prospective investor is already a requirement Registrants have to comply with under NI 31-103. A review of the thresholds provided for in the $150K or AI exemptions will not alleviate the Registrants from that requirement.

This article is only a summary of the proposals in CN 45-401. Investors, issuers, dealers and their advisors are advised to review CN 45-401 and submit their comments to the appropriate regulator. The comment period closes February 29, 2012.

Brian Prill, *is a Partner at Blaney McMurtry LLP, President of the Exempt Market Dealers Association of Canada and Corporate Secretary of Hudson River Minerals Ltd. Brian's practice focuses on corporate and securities laws transactions including exempt market financings, initial public offerings, dealer registration, mining related transactions and mergers and acquisitions Brian is a frequent speaker at seminars and conferences involving dealer registration and the sale of exempt market securities. Brian also serves on the Securities Law Sub-Committee of the Ontario Bar Association.*

[1] The complete text of CN 45-401, which includes additional background and specific consultation questions, can be found at **www.securities-administrators.ca/aboutcsa.aspx?id=993.**
[2] CN 45-401.
[3] Ibid.
[4] Ibid.
[5] For example, the CSA has published for comment "Notice of Proposed National Instrument 41-103 - Supplementary Prospectus Disclosure Requirements for Securitized Products" ("NI 41-103"). Pursuant to NI 41-103, the CSA has proposed a new regulatory regime for certain securitized products that would, among other things, limit the class of eligible investors to those persons, other than individuals, that have net assets of at least $25 million as shown on their most recent balance sheet.
[6] CN 45-401.
[7] Ibid.
[8] Consider the situation where a university graduate with the requisite education to understand the business or investment fundamentals of an offering is denied the opportunity to participate because their income level has not reached the AI thresholds set out in NI 45-106.
[9] Pursuant to National Instrument 31-103 - Registration Requirements, Exemptions and Ongoing Registrant Obligations ("NI 31-103"), all registrants have an obligation to undertake a suitability analysis of an offering with a prospective investor.

2011 IN REVIEW: FLOW THROUGH SHARES

As Senior VP in Western Canada, it is my job to break down our expertise at Pathway Asset Management so that the average lay person can get a decent handle on what Flow Through Shares are and how they could possibly be beneficial in someone's portfolio. When purchasing one of three exempt products, whether it be our Mineralfields product, Energyfields product and/ or our GORR (Gross Over Riding Royalty) product, they all have many different aspects whether that be tax deductions, managers and/or structures.

Steve Elliott
Senior Vice-President
Pathway Asset Management

pathway ASSET MANAGEMENT

Our Mineralfields and Energyfields flow-through LPs are generally buying treasury shares of companies that are still in the exploration phase of their business cycle. These companies are generally considered to be junior or microcap. We tend to only deal with publicly traded companies for liquidity reasons.

Our GORR LPs' mandate is to offer the clients Canadian Development Expenses with a royalty income stream from production. The GORR's we create with this product are not publicly traded, offering some diversification to clients looking for tax advantages, but not the volatility of the stock market.

Recently, I spoke about the fact analysts are saying that we are in our third global "super cycle" of commodities. The first one occurred in the latter part of the 19th century leading up to the First World War (1870-1913), with annual GDP growth of 2.7% on average, which does seem high, but was a full percentage point higher than in the previous half a century. The second "super cycle" came after the Second World War (1946-1970) with a whopping average annual GDP growth of 5%. Forecasted GDP growth for 2000-2030 is estimated at 3.7% per annum. Unfortunately, as many of you know, this growth will not always be consistently strong. This has obviously been the case in 2011.

This commodity bull market forecast has been derived from the Emerging Economies, or what many call the BRICS nations. Brazil, Russia, India, China and South Africa. Increased business being conducted in these countries has meant that many of these countries are creating more and more middle class citizens every day. These countries' middle classes are growing on average 4.6%-5.3%/ annum. Today's population is currently 28% middle class in the world, and it is estimated that by 2025 it will be 57% middle class. The middle class is generally paying the majority of the taxes in most societies as well as consisting of the people that consume the most.

And this influx comes with some headaches for these growing nations. For example, China has gone from 13 cars per 1,000 people in 2007 to 56 cars per 1,000 people today. They also have a huge migration trend that sees its population in Beijing grow by an estimated 600,000 people per year. Earlier this year this traffic growth resulted in a 6 day and 9 day traffic jam. During this problem there were reports that people were paying up to $35.00 for Big Macs. Even after the traffic jam issues were resolved the effects still rippled through the economy, with the price of fresh produce increasing by 17% 30 days after the two traffic jams.

So how do these trends affect you and me here in Canada, and how does this possibly benefit our mining companies?

Very shortly after the two traffic jams, the Chinese Government worked on trying to figure out how to keep the price of fresh produce down. Their first solution was take fresh produce out of their GDP calculations.

And the next solution was to create more food in order to keep to the price down.

As we all know – creating more food isn't as easy as it seems. You need to make the land more fertile which typically means added use of fertilizer. And that is likely why a lot of people in Saskatchewan heard a ton about the rumour that the Chinese Government was trying to buy Potash Corp.

Another trend related to the automobile is the increasing growth in numbers of cars in these developing nations. China has been consuming up to 1.3 million new cars monthly, outpacing the USA in consumption. Some reports indicate India has added whopping 1.1 million new cars every month. And while this trend in China has cooled off slightly (the Chinese now have to apply for a permit to get their new vehicle on the road), companies like General Motors are estimating another 10% increase in new car sales again next year in China.

So we like following cars as an economic indicator. If we break out the various components in cars, this trend gives us hints into growth rates for the commodities that the components use. For example pretty much every car has a catalytic converter which is made with Platinum, Palladium and Magnesium. This group of elements is commonly referred to as the PGM's. The largest reserves of both Platinum and Palladium are in South Africa. However, In South Africa the shallow reserves have mostly been mined and this means they have to go deeper to bring these elements to the surface. They also face major political instability issues and a lack of regulation when it comes to mining, which has hindered them in getting financing for their mining activities. We believe that these short comings are a great opportunity for Canadian PGM producers/mines because all these issues either hinder their production or make it more expensive.

From the equities point of view, the graph below shows numerous trends. The first thing that comes to mind when I look at the amount of money that went into the market in 2007 is a statement from Warren Buffet. His quote "when people are greedy you should be fearful and when people are fearful you should be greedy". The most money that ever went into mutual funds as well as flow- through shares was in 2007.

2011 was not good on the prices of commodities and if you also combine this with equities markets, 2011 year was very tough on our existing Limited Partnerships. Barring a major economic downturn the mining equities are at a real discount as you can see above.

"The current market is not a particularly good one for the junior mining sector from the issuers' perspective. Macro market risks are taking a lot of investors out of this speculative end of the market. This makes it a good time for those willing to accept these risks to enter the market with the benefit of the advantages of flow through investing." This was a Quote from Ronald Wortel, P.Eng,. MBA, Mining Analyst with Pathway Asset Management.

Whether the risks are systematic or unsystematic there will always risk in any investment. One of the ways we mitigate the risks in our MineralFields and EnergyFields flow-through limited partnerships is the fact that we only deal with publicly traded companies for liquidity purposes. We also buy a basket of companies in our LP's across many mining sectors and geographical locations. As well, our due diligence process is extremely stringent. This multi-layered process consists of extensive expertise from two senior mining analysts, one senior technical analyst, two excellent portfolio managers, a geological consulting firm, and a full in-house legal team to bring it all together.

So with all this instability in the macro and micro environments why would someone still want to put their hard earned dollars into a flow-through investment? Flow-through investments have been offering a tax incentive of Canadian Exploration Expenses (CEE) since 1954, which allows people to invest pretax dollars, thereby offering a huge advantage. The federal tax credit of 15% is available until March 31st, 2012 for mining LP's as well. There are also provincial tax credits available in many of the provinces if you invest with mining LP's. These tax credits and incentives are helping maintain a very strong mining sector, which brings in close to $40 billion year of foreign investment. If this infrastructure was not stable, these companies would not attract the offshore dollars like they currently do.

Flow-through investments are obviously very attractive for the higher income earners, but are also beneficial to people who have larger registered accounts, whether they be RRSP's, LIRA's or LIF's. Corporations are also able to invest in flow-through limited partnerships, although they are not eligible for the federal or provincial tax credits; but because a flow-through investment generates a capital gain, half of the proceeds of the investment are a credit to a corporation's capital dividend account and could be pulled out of the corporation, personally, on a tax-free basis. One other strategy we have been seeing people utilizing flow through investments to offset their past capital losses.

For more information about Flow Through investments, please talk to your local advisor or visit **www.mineralfields.com**.

Steve Elliott *is Senior Vice-President in Western Canada of Pathway Asset Management. Prior to that he was an advisor and VP of Wealth Management firm Aurora Capital Partners.*

CHARTERED
ALTERNATIVE
INVESTMENT
PLANNER™

CHAIP™

The **Chartered Alternative Investment Planner (CHAIP)™ Programme** was developed in 2005, in response to the rapidly growing hedge funds market and the large variety of related alternative investment products available. With a higher degree of complexity and challenges facing the hedge fund industry, the programme was updated in 2009, including a tax and legal update from McMillan. **CHAIP™** provides a comprehensive body of knowledge outlining the standards now required by advisors and planners, managers and analysts to make informed decisions on the purchase or recommendation of hedge funds.

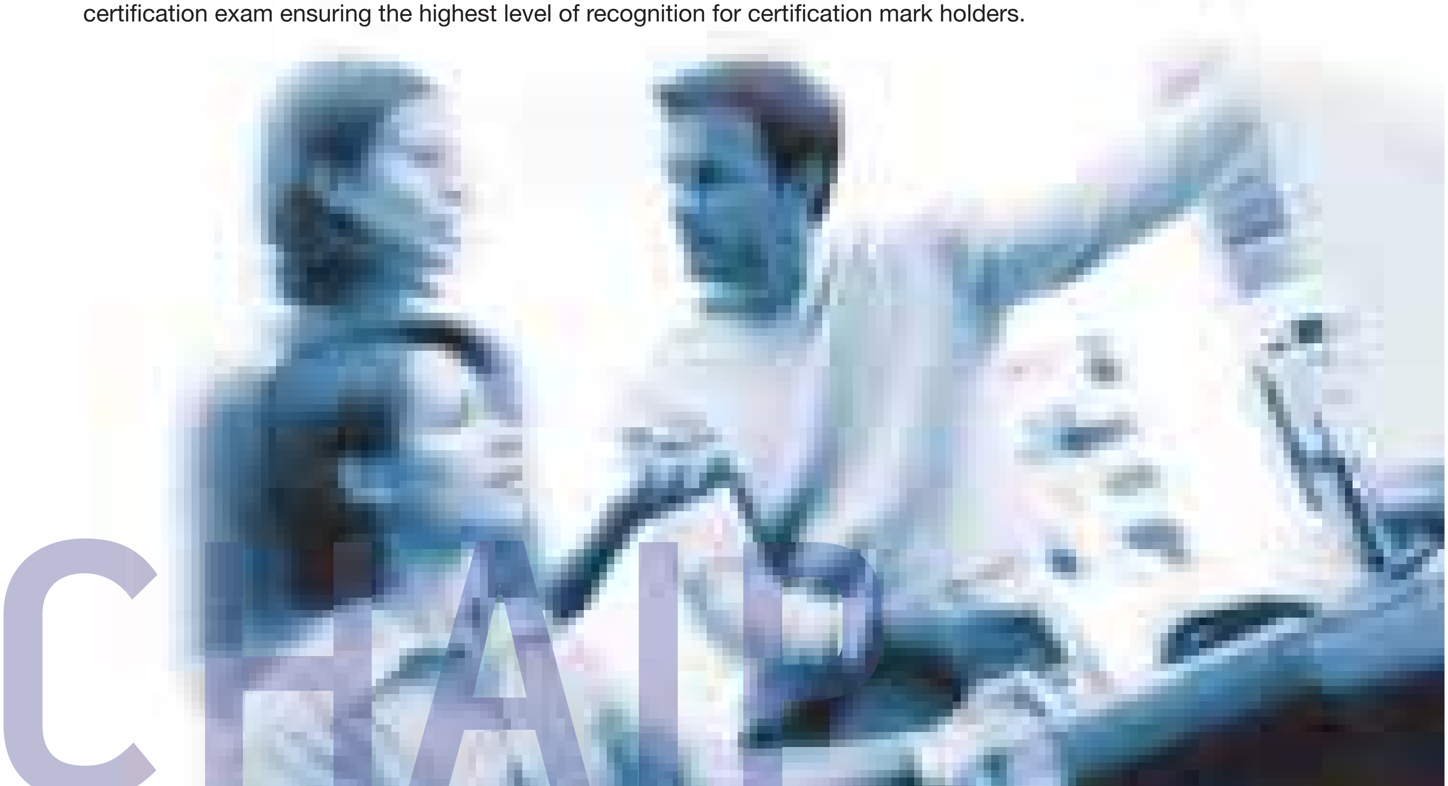
Unlike other alternative investment courses, CHAIP is low-cost, can be completed in a short time period and contains specific Canadian content updated with recent data.

Developed with the direct input of Canadian hedge fund and alternative investment professionals, the **CHAIP™** certification process includes:

1. An independent certification board of academic and practice experts who will certify the **CHAIP™** curriculum and examination, set practice standards and determine continuing education requirements.

2. A comprehensive self-study course (approximately 75 study hours) providing a body of knowledge through theory and applied practice on the parameters, application and risks of hedge funds as an alternative in an investment portfolio, the history and theory of hedge funds, best practices that need to be employed by the Alternative Investment Planner, and a rigorous evaluation through the completion of course unit assignments and case studies.

3. The **CHAIP™** designation can be earned by completing the course and passing the 4-hour proctored certification exam ensuring the highest level of recognition for certification mark holders.



The **CHAIP™** course is available online. For enrolment and qualification details, please go to **www.chaip.com** or call **1-416-306-0151 x2224**

A Pivotal Year Ahead for Regulators

National and provincial regulators will have more to deal with in 2012 than they've had in quite some time

By James Langton | Dec 21, 2011

Although there were some significant shifts in the regulatory landscape in 2011, the year ahead promises to be a pivotal one in Canadian securities regulation.

Certainly the biggest macro event looming over the regulatory environment in 2012 is the pending decision by the Supreme Court of Canada on the constitutionality of federal securities regulation. That case, which was heard in April 2011, is a landmark event that offers some hope that a debate that has dragged on for more than 40 years will finally be put to rest, once and for all.

When the court concluded its hearings, it was expected that its opinion would be delivered by the end of December. If that hasn't happened (Investment Executive went to press before monthend), it won't be long into the new year; a decision must be handed down by February because of the pending retirement of a couple of the judges that heard the case.

Although it would be pointless to try to guess how the SCC will rule, there's no question it will have a major impact on the future of Canadian securities regulation. The SCC ruling will either effectively kill the dream of a national securities regulator and thrust the spotlight back on the existing provincial securities commissions or it will finally open the door to the creation of a national authority. Either result could be messy.

Even if the SCC endorses federal jurisdiction, the voluntary model being pursued by the feds is likely to create its own significant uncertainty about just which provinces will join and which won't. For now, only Ontario looks like a sure thing. Alberta and Quebec have long been entrenched against the idea, and some of the other provinces have gone back and forth on whether they are in or out. Either way, the SCC's long-awaited ruling in this case is going to be a momentous event that sets the course for Canada's regulatory structure in the years ahead.

Despite the fundamental structural issues that regulators are likely to face this year, the capital markets also are facing a structural upheaval of their own with the consolidation and integration of the trading and clearing businesses being proposed by Maple Group Acquisition Corp.

Both the Ontario Securities Commission and the Autorité des marchés financiers have now held public policy hearings into the proposed deal. Their decisions on whether to allow the proposed transactions, and what conditions they might impose if they do, will be a critical issue for the markets in the year ahead.

Apart from those two structural issues, there are several other issues closer to the ground that bear examination as well.

At the head of the list is enforcement. The regulators are relentlessly criticized for inadequate enforcement – and they are forever promising to improve it. In recent months, the OSC has been demonstrating a more active approach, and it's considering several procedural and policy changes designed to improve enforcement productivity. It remains to be seen whether the OSC will adopt these new tools; and, if so, whether they will have the desired effect on enforcement productivity – and whether their use will spread to the rest of the country.

A close second on the regulators' to-do list is investor protection. There have been signs that retail investors' issues are making their way onto the regulators' radar screens. The emergence of the OSC's investor advisory panel as a credible voice on behalf of inves-tors has helped bolster the work of existing investor advocates, such as the Canadian Foundation for Advancement of Investor Rights and Small Investor Protection Association Inc.

These groups are helping to provide a retail investor's perspective on regulatory policy and pushing retail investors' issues onto the regulatory agenda. For example, in response to efforts by both groups, the OSC has promised to study the question of whether a statutory fiduciary duty should apply to financial advisors, and has also pledged to explore ways to improve access to investor restitution.

So far, the promise of these two new initiatives has yet to be matched by any action. But the test of whether investor advocates are being heard may come first in the regulators' responses to existing rule-making efforts when investor advocates oppose what the regulators are proposing, such as the plan to allow investment fund companies to use the new Fund Facts document in place of traditional prospectuses or the proposal to reduce regulatory requirements on venture-level companies.

The policy direction that regulators take on these ongoing initiatives will be a strong sign regarding whether investors' voices are ultimately being heard.

Finally, amid all these other issues, regulators will be challenged in the coming year to nail down reforms in response to the financial crisis – ranging from their own initiatives targeting structured products and exempt markets through to meeting Canada's G20 commitments to reform the regulation of the over-the-counter derivatives market.

Continued on page 20

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Top Court Rules Against National Regulator

National securities regulator not constitutionally legal

By James Langton | December 22, 2011 09:50

After more than 40 years of debate, the federal government has been rejected in its bid to create a national regulator by the Supreme Court of Canada.

In a decision handed down Thursday morning, Canada's top court said the federal government's proposed legislation to create a securities regulator "is not valid under the general branch of the federal power to regulate trade and commerce" under the constitution, and that it would upset the balance of federal and provincial powers.

The court says that the proposed legislation to create a national regulator would effectively usurp provincial power by duplicating and displacing the existing provincial and territorial regimes, and it ruled that the proposed law does not deal with a matter of genuine national importance, which would allow the feds to claim jurisdiction. "Canada has not established that the area of securities has been so transformed that it now falls to be regulated under the federal head of power," it says.

Instead, it says that securities regulation deals with essentially provincial concerns that fall within property and civil rights in the provinces. Issues of national importance, such as dealing with systemic risk, are not enough on their own to sustain a viable national scheme, it says. Ultimately, it concludes that the proposed legislation "overreaches genuine national concerns".

"While the economic importance and pervasive character of the securities market may, in principle, support federal intervention that is qualitatively different from what the provinces can do, they do not justify a wholesale takeover of the regulation of the securities industry which is the ultimate consequence of the proposed federal legislation," it concludes.
"A co-operative approach that permits a scheme recognizing the essentially provincial nature of securities regulation while allowing Parliament to deal with genuinely national concerns remains available and is supported by Canadian constitutional principles and by the practice adopted by the federal and provincial governments in other fields of activities," it adds.

The court heard the case back in April, but only handed down its decision today. At the two-day hearing, the federal government argued that it can claim jurisdiction under its trade and commerce power, and that securities regulation is a national concern. It was supported in its position by Ontario, and a variety of interveners from the industry.

The feds were opposed by Alberta, Quebec, and several other provinces, along with several interveners from Quebec, which argued that granting federal jurisdiction would represent an unprecedented federal intrusion into an area of provincial jurisdiction, and that it would dramatically upset the balance of federal and provincial powers – arguments that have found favour with the court.

OSC seeks input on CSA review of exempt market

Three sessions scheduled for February

By James Langton

The Ontario Securities Commission will host a series of consultation sessions to consider the review of exempt markets.

The OSC has scheduled three roundtable consultations for early February as part of the Canadian Securities Administrators' review of a couple of the primary routes into the exempt market, the minimum amount (or $150,000) prospectus exemption, and the accredited investor prospectus exemption. Back in November, the CSA announced that it's reviewing these key exemptions to determine whether any changes are necessary in an area which has seen numerous compliance problems in recent years, and which was also exposed by the global financial crisis.

In its original notice, the CSA noted that the minimum amount exemption could be left unchanged. It could alter the $150,000 threshold, or limit the exemption to certain investors, such as institutional investors and not individuals. Or, it could introduce alternative qualification criteria; impose other investment limitations; or repeal the exemption altogether.

In terms of the accredited investor exemption, the CSA indicated that some argue the current income and asset thresholds that define eligibility for the exemption are too low; and that income and asset thresholds are not adequate proxies for investor sophistication. As a result, it's to consider: adjusting the income and asset thresholds; using alternative qualification criteria; limiting the exemption; or imposing other investment limitations.Or, it could decide to leave it as is.

Each of the sessions will be held at the OSC's offices in Toronto, and they are slated for 90 minutes (between 9:00 ET and 10:30 ET). They will be held on February 2, 8 and 13. The OSC suggests attendees should include investors, both retail and institutional; investment dealers and advisors; issuers; and, market players such as legal counsel, auditors and other professional advisors.

The CSA's formal public consultation on these exemptions is scheduled to conclude on February 29.

The Jaymor Group Becomes Founding Member of WEMA

The Jaymor Group ("Jaymor") is pleased to announce their involvement as a Founding Member of the recently established Western Exempt Market Association ("WEMA"). Jaymor's role will include providing views from an eastern Canada perspective. Based in Calgary, Alberta, WEMA was founded in 2011 by a group of dealers, issuers, and service providers who are involved in the exempt market securities industry in Western Canada. The founders of WEMA recognized an ongoing need to collaborate, evaluate, and communicate regarding the effects of some of the ideas brought forth by the industry's regulatory and governing bodies.

"We were immediately interested in becoming involved with the WEMA initiative and are excited to be an integral member of the association", said Fab Lucchese, President & CEO of The Jaymor Group, and a WEMA Board Member. "Being a Founding Member of WEMA provides Jaymor the opportunity to be more actively in-tune with the exempt market in Canada. The market has undergone substantial changes over the years, and we believe it is still in transition. We are confident that WEMA will be the representative voice for the exempt market, and we expect to have a long association with them."

Western Exempt Market Association Partners With Aon and GCNA (Guarantee Company of North America) to Offer FIB Bond Insurance to Members

Calgary, Alberta – November 18, 2011 – The Western Exempt Market Association (WEMA) and Aon are pleased to announce a very competitive insurance package exclusive for members of the Western Exempt Market Association.

As a requirement of National Instrument 31-103 a registered dealer must maintain bonding or insurance to varying degrees depending on the assets under management.

"We are thrilled to be able to partner with such a prestigious broker in Aon and underwriter in GCNA to offer such competitive rates and superior coverage to our valued members." said Craig Skauge, President of WEMA "with such competitive rates, our dealer members will be able to cover a vast majority of the cost of membership with the savings on the insurance alone."

The Western Exempt Market Association chose Aon as an insurance broker because of their national presence, excellence in service, and dedication to the exempt market.

MineralFields Group Announces Sale of Assets (Including Pathway Asset Management and EnergyFields Group) to Global Financial Group of Companies

January 9, 2012 – The MineralFields Group is pleased to announce that it has entered into an agreement with the Global Financial group of companies and its investment fund manager, Global Growth Assets Inc. ("Global") to sell to Global the assets of MineralFields Group and its affiliated entities Pathway Asset Management and EnergyFields Group (collectively "MineralFields"), which include flow-through limited partnerships branded as Pathway, MineralFields and EnergyFields flow-through LPs, and includes the mutual fund Pathway Multi Series Fund Inc. Completion of the transaction is subject to applicable conditions precedent and regulatory approvals. Approval of the holders of mutual fund shares of Pathway Multi Series Fund Inc. is required through a vote in early February, because the transaction involves a change of investment fund manager from MineralFields Fund Management Inc. to Global Growth Assets Inc.

MineralFields is well-known for its tax advantaged flow-through products in the mineral exploration and oil and gas industries through flow-through limited partnerships, while Global is a leading Canadian independent financial services company that identifies and aligns itself with tax advantaged and tax efficient financial product solutions for Canadians.

Mr. Joe C. Dwek, President of MineralFields, referred to the acquisition as the right opportunity for Global to pursue its strategic plans in both the resource sector and the tax-advantaged product space. Global was seen as having the vision to take MineralFields to the next level now that MineralFields has completed 10 successful years.

2012 CALENDAR OF EVENTS

2012 CALENDAR OF EVENTS

Brought to you by radius Financial Education

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Niagara Institutional Dialogue Interim Meeting

Tuesday, January 24
Toronto ~ Rosewater

We have had an overwhelming request from our **NID** members to host a meeting to discuss ***"How do we get out of this mess?"***. January 2012 will be our first meeting, designed to increase the "dialogue" for our members.

Niagara Institutional Dialogue
An Exchange of New Ideas Knowledge Practices For Institutional Investors

institutionaldialogue.com

Exchange Traded Forum ~ Toronto

Wednesday, April 25 to Thursday, April 26
Westin Harbour Castle

ETPs, ETFs, ETNs, Indexing
In its third year, the **Exchange Traded Forum** conference will address the latest trends and developments in this rapidly changing and growing sector. The agenda features industry experts sharing their experiences and forecasts in a format designed for retail and institutional investment professionals.

EXCHANGE TRADED FORUM 2012

exchangetradedforum.com

World Alternative Investment Summit Canada ~ Calgary

Monday, May 28
Hotel Arts

WAISC is in its 11th year and is Canada's largest gathering of alternative professionals. For 2012 we are bringing the conference to **Calgary**. More money is raised every year in the newly regulated exempt markets. These products are unique and offer diversification and cash flow to a traditional portfolio of stocks and bonds. The **World Alternative Investment Summit Canada** will educate, connect and update all participants in this rapidly growing and ever changing segment of the Canadian capital markets.

WAISCWEST 2012
World Alternative Investment Summit Canada

waisc.com

Niagara Institutional Dialogue

Monday, June 11 to Wednesday, June 13
Niagara-on-the-Lake ~ Queen's Landing

Niagara Institutional Dialogue is an exchange of ideas, knowledge and practices for Canadian Institutional Investors. A selected group of senior representatives from Canadian pensions and family offices, will participate in three days of informative discussions, education and networking.
This confidential closed-door event is reserved for select industry participants.

Niagara Institutional Dialogue
An Exchange of New Ideas Knowledge Practices For Institutional Investors

institutionaldialogue.com

radiusfinancialeducation.com

2012 CALENDAR OF EVENTS

Exchange Traded Forum ~ Western Canada

Monday, June 18 ~ Calgary ~ Hotel Arts
Wednesday, June 20 ~ Vancouver

ETPs, ETFs, ETNs, Indexing
In its second year in western Canada, the **Exchange Traded Forum** conference will address the latest trends and developments in this rapidly changing and growing sector.

EXCHANGE TRADED FORUM 2012

exchangetradedforum.com

World Alternative Investment Summit Canada ~ Niagara Falls

Tuesday, September 18 to Thursday, September 20
Fallsview Casino Resort

WAISC is Canada's largest annual gathering of **alternative** and **exempt market investment** professionals and service providers. Featuring panel discussions with top-level international speakers, fund managers and leading service providers, WAISC brings together over 400 delegates to explore every side of **alternative** investments.

WAISC2012
11th World Alternative Investment Summit Canada

waisc.com

Exchange Traded Forum ~ Montreal

Thursday, October 4
Hotel Omni Mont-Royal

ETPs, ETFs, ETNs, Indexing
In its second year in Montreal, the **Exchange Traded Forum** conference will address the latest trends and developments in this rapidly changing and growing sector.

EXCHANGE TRADED FORUM 2012

exchangetradedforum.com

Retirement Coaching Conference (RCC) ~ Toronto

Monday, October 22 to Tuesday, October 23
Le Méridien King Edward

2011 marked the year that the first Baby Boomers turned 65 and every single day more than 10,000 boomers will retire. This demographic will redefine retirement and clients will need "coaching" in many crucial decisions. This is a huge opportunity for the advisor who gets it right. RCC will focus on all aspects of "retirement planning", enabling a successful experience for clients.

RCC
Retirement Coaching Conference
FOR INVESTMENT ADVISORS

Radius Financial Education

Radius Financial Education (Radius), a division of **CHW Inc.,** has been producing high level conferences within the financial services sector in Canada for over 10 years.

As Canada's leading producer of conferences within the financial sector, **Radius** events focus completely on education and networking through an exchange of unbiased ideas and information, allowing our delegates to be leaders in their chosen fields.

Our top-down approach to the agenda enables us to deliver timely, thought-provoking, cutting edge, and sometimes controversial insight in a stimulating manner. We understand the importance of learning from the best. Each conference offers a well balanced speaker composition consisting of insight from authors, educators, economists, regulatory bodies and industry leaders from around the globe.

For more information, please contact:
Radius Financial Education T 416.306.0151 info@radiusfinancialeducation.com

EXEMPT MARKET COMPANY LISTING			
ISSUER	PRODUCT	WEBSITE	PRODUCT TYPE
Agcapita Partners LP	Agcapita Farmland Fund III	www.farmlandinvestmentpartnership.com	Other
All Canadian Investment Management Corporation	All Canadian Investment Corp	www.acicinvestor.ca/	MIC
Alta Pacific Mortgages & Investments	Alta Pacific Mortgage Investment Corporation	www.altapacificmortgages.com	MIC
American Residential Homes	American Residential Income Fund	www.americanresidentialhomes.com	Real Estate
Apollo Energy Income Trust	Apollo Energy Income Trust	apolloenergytrust.com	Oil & Gas
Arlington Street Investments	Arlington Street MIC	www.arlingtonstreet.ca	MIC
Axcess Capital	Axcess Mortgage Fund	www.axcesscapital.com	MIC
Axiom Legal Financing Fund	Axiom Legal Financing Fund	www.theaxiomfund.com	Other
Azcan RPG Corp.	Azcan	azcan.ca	Real Estate
Bedford Biofuels	Tana Delta Phase 1 Investment Corporation	bedfordbiofuels.ca	Oil & Gas
Brookfield Asset Management Inc.	Brookfield Americas Infrastructure Fund	www.brookfield.com	PE
Brookfield Asset Management Inc.	Brookfield Brazil Retail Fund	www.brookfield.com	REIT
Brookfield Asset Management Inc.	Brookfield Brazil Timber Fund	www.brookfield.com	Other - Timberland
Brookfield Asset Management Inc.	Brookfield Global Timber Fund	www.brookfield.com	Other - Timberland
Brookfield Asset Management Inc.	Brookfield Special Situations Fund I	www.brookfield.com	Private Equity
Brookfield Asset Management Inc.	Brookfield Special Situations Fund II	www.brookfield.com	Private Equity
Brookfield Asset Management Inc.	Canadian Office Fund	www.brookfield.com	REIT
Brookfield Asset Management Inc.	Chilean Transmission Fund	www.brookfield.com	PE
Brookfield Asset Management Inc.	Columbia Infrastructure Fund	www.brookfield.com	PE
Brookfield Asset Management Inc.	Island Timerberlands	www.brookfield.com	Other - Timberland
Brookfield Asset Management Inc.	Peru Infrastructure Fund	www.brookfield.com	PE
Brookfield Asset Management Inc.	Real Estate Finance Fund	www.brookfield.com	REIT
Brookfield Asset Management Inc.	Real Estate Opportunities Fund	www.brookfield.com	REIT
Brookfield Asset Management Inc.	US Office Fund	www.brookfield.com	REIT
Brookfield Asset Management Inc.	US Office Fund	www.brookfield.com	REIT
Canadian Horizons	Canadian Horizons Blended Mortgage Investment Corporation	www.canadianhorizons.ca	MIC
Canadian Horizons	Canadian Horizons First Mortgage Investment Corporation	www.canadianhorizons.ca	MIC
CanBridge Yield Fund Limited Partnership	CanBridge Yield Fund	www.canbridgeyf.com	bridge, mezzanine and special situation
Canyon Acquisitions International, LLC	Copal Beach	www.canyonacquisitions.com/	Real Estate
Calvert Home Mortgage Investment Corporation	Calvert Home Mortgage Investment Corporation	www.chmic.ca	MIC
Canyon Acquisitions International, LLC	Panther Golf Club	www.canyonacquisitions.com/	Real Estate
Canyon Acquisitions International, LLC	Rendezvous Island	www.canyonacquisitions.com/	Real Estate
Canyon Acquisitions International, LLC	The Palencia Airport	www.canyonacquisitions.com/	Real Estate
Canyon Acquisitions International, LLC	The Palencia Marina	www.canyonacquisitions.com/	Real Estate
Capa-City Real Estate	Capa-City Growth Fund	www.capa-city.com/	Real Estate
Capa-City Real Estate	Patterson Project	www.capa-city.com/	Real Estate
Capstone Real Estate Corporation	Saguaro Capital Fund Series 2	capstonerealestate.ca	REIT
Carevest Capital Inc.	CareVest Blended Mortgage Investment Corporation	www.carevest.com	MIC
Carevest Capital Inc.	CareVest Capital Blended Mortgage Investment Corporation	www.carevest.com	MIC
Carevest Capital Inc.	CareVest Capital First Mortgage Investment Corporation	www.carevest.com	MIC
Carevest Capital Inc.	CareVest First Mortgage Investment Corporation	www.carevest.com	MIC
Carevest Capital Inc.	CareVest Second Mortgage Investment Corporation	www.carevest.com	MIC
CBI Group Investments Ltd.	Chestermere Lands	cbigroupinvestments.com/	REIT
CBI Group Investments Ltd.	Preferred Incom	cbigroupinvestments.com/	REIT
CBI Group Investments Ltd.	Valley of the Sun	cbigroupinvestments.com/	REIT
Centurion Apartment REIT	Centurion Apartment REIT	www.centurionapartmentreit.com/	REIT
Crossroads-DMD Mortgage Investment Corporation	Crossroads-DMD Mortgage Investment Corporation	www.crossroadsdmdmic.com/	REIT
DarMar Foods	DarMar Foods Limited Partnership	www.darmarfoods.com	Other - trout farming
Edgeworth MIC	Edgeworth Mortgage Investment Corporation	edgeworthmic.com	MIC
Edgeworth Properties Inc.	Creekside Estates	edgeworthproperties.com/	Real Estate

EXEMPT MARKET COMPANY LISTING			
ISSUER	PRODUCT	WEBSITE	PRODUCT TYPE
Edgeworth Properties Inc.	Edgeworth Place @ Spruce Ridge Road	edgeworthproperties.com/	Real Estate
Edgeworth Properties Inc.	Ellerslie Ridge Estates	edgeworthproperties.com/	
Edgeworth Properties Inc.	Estates @ Manning Drive Phase 1	edgeworthproperties.com/	Real Estate
Edgeworth Properties Inc.	Southpoint Landing	edgeworthproperties.com/	Real Estate
EnergyFields Group	EnergyFields 2011 Special FTLP (MIN1105)	www.energyfields.ca/	Flow Through
EnerVue Resources	EnerVue Oil and Gas Income Fund	www.enervue.ca	Oil & Gas
EquiGenesis Corporation	EquiGenesis 2011 Structured Giving and Investment Program	www.equigenesis.com/	Other
Fisgard Capital Corporation	Fisgard Mortgage Investment Corporation	www.fisgard.com/	MIC
Fortress Real Capital	Capital Pointe	www.fortressrealcapital.com/	Syndicate mortgages
Fortress Real Capital	Crates Landing (Round 2)	www.fortressrealcapital.com/	Syndicate mortgages
Fortress Real Capital	Munir on Duffins Creek	www.fortressrealcapital.com/	Syndicate mortgages
Fortress Real Capital	Old Market Lane	www.fortressrealcapital.com/	Syndicate mortgages
Fortress Real Capital	SoBa	www.fortressrealcapital.com/	Syndicate mortgages
Gateway Mortgage Investment Corp.	Gateway Mortgage Investment Corporation	www.gatewaymic.ca	MIC
Ground Floor Capital	Hengchang	www.groundfloorcapital.com/	Other - agriculture
Ground Floor Capital	Kirin International	www.groundfloorcapital.com/	Real Estate
Harvest Group of Companies	ASMIC	foundationsecurities.ca/asmic	Real Estate
Harvest Group of Companies	Cimarron Medicine Hat	foundationsecurities.ca/cimarron	Real Estate
Harvest Group of Companies	Foundation Resources Oil and Gas Trust	www.foundationresourcestrust.ca/	Oil & Gas
Harvest Group of Companies	Solar Income Fund	/www.solarincomefund.com/	Other - energy
Heritage Capital Corporation	Seventh Avenue Parkade (Park - 20) Project	www.heritagecapital.ca/	Real Estate
Homerun Securities	The Dublin	homerunsecurities.com/	Real Estate
Homerun Securities	The Stockholm	homerunsecurities.com/	Real Estate
Infuse Capital Corp	infuseCAPITAL Mortgage Investment Corporation	www.infusecapital.com/	MIC
Investicare Seniors Housing Corp.	The Heritage (is the name of the current investment prop)	www.investicare.ca/	Other
InvestPlus Properties Canada	InvestPlus Fund LP IV	www.investplusproperties.com/	Real Estate
Invico Capital Corporation	Invico Energy III	www.invicocapital.com	
Jaymor Group	Jaymor American Opportunity	www.jaymorgroup.com	Real Estate
Jaymor Group	Jaymor Diversified Limited Partnership	www.jaymorgroup.com	Real Estate
Just Freehold Energy Corp	Just Freehold Drilling Limited Partnership	www.justfreehold.com/	Oil & Gas
Katana Oil and Gas Fund LP	Katana Oil and Gas Fund	www.katanaoil.com/	Oil & Gas
KingSett Capital	KingSett Canadian Real Estate Income Fund LP	www.kingsettcapital.com/	Real Estate
League Asset Corp.	IGW Real Estate Investment Trust	www.league.ca	REIT
League Asset Corp.	League Family Equity Fund	www.league.ca	
League Asset Corp.	Member-Partners Solar Energy LP	www.league.ca	Other - energy
Magenta Mortgage Corporation	Magenta II Mortgage Investment Corporation	www.magentainvestment.ca/	MIC
Magenta Mortgage Corporation	Magenta Mortgage Investment Corporation	www.magentainvestment.ca/	MIC
Medallion Development Corp.	MonTerra on Cochrane Lakes	www.medalliondevcorp.com/	Real Estate
Millennium Development Corporation	Alexandra Living	www.millenniumdevelopment.com/	Real Estate
Mineral Fields Group	Mineralfields 2011	www.mineralfields.com	Flow Through
Mineral Fields Group	Pathway Oil & Gas 2011	www.mineralfields.com	Flow Through
N.A Energy Resources Corporation	Kentucky Petroleum LP Fund	www.energyresourcescorp.ca/	Oil & Gas
Northern Premier Investments Ltd.	Gateway to the Heartland	www.northernpremier.ca	Real Estate
OmniArch Capital Group	OmniArch Fixed Income Bond	www.omniarchcapital.com/	
Optimus US Real Estate Fund	Optimus US Real Estate Fund	optimususrealestate.com	REIT
Pacific Investments and Development Ltd.	Arraijan Villas Project	www.pacdev.com/	Real Estate
Pacific Investments and Development Ltd.	Coventry Crossing Business Lands	www.pacdev.com/	Real Estate
Pacific Investments and Development Ltd.	Pacific Alberta Income Fund	www.pacdev.com/	Real Estate
Pacific Investments and Development Ltd.	Pacific North American Income Fund	www.pacdev.com/	Real Estate
Pacific Investments and Development Ltd.	Panama Highlands Golf Estates Phase I	www.pacdev.com/	Real Estate

EXEMPT MARKET COMPANY LISTING			
ISSUER	PRODUCT	WEBSITE	PRODUCT TYPE
Pacific Investments and Development Ltd.	Panama Highlands Golf Estates Phase II	www.pacdev.com/	Real Estate
Partners REIT	Partners REIT	www.partnersreit.com	REIT
Pennant Capital Partners	Pennant Pure Yield Fund	www.pennantcap.com/	
Petrocapita Oil and Gas Limited Partnership	Petrocapita Income Trust	www.petrocapita.com	Oil & Gas
Phoenix Capital Partners	Champion 2012 Partners, L.P	www.pcpre.com/	
Prestige Capital	Calgary Airport Hotel & Conference Centre	www.prestigecapital.ca/	Real Estate
Prestigious Properties	Kings Castle LP	www.prestprop.com/	Real Estate
Prime Funds Inc.	Lethbridge Income Fund	www.primefunds.ca/	Real Estate
PrimeWest Mortgage Corporation	PrimeWest Mortgage Investment Corporation	www.primewest.ca/	MIC
PRISM Developments	Balzac Commercial Plaza	prismdevelopments.com/	Real Estate
PRISM Developments	Bella Casa Condos	prismdevelopments.com/	Real Estate
PRISM Developments	Heritage Hills Plaza	prismdevelopments.com/	Real Estate
PRISM Developments	PRISM Place	prismdevelopments.com/	Real Estate
PRISM Developments	Summa Manor	prismdevelopments.com/	Real Estate
Quadrexx Asset Management		www.quadrexx.com	
Silver Falls Development	Possession Point	silverfalls.ca	Real Estate
Sincerus Capital	Sincerus Park Hill Project	www.sinceruscapital.ca	Real Estate
Standard Resources	Standard Resources Fund	www.standardrf.com/	Oil & Gas
Syntaris Power Corporation	Kinskuch River	syntarispower.com/	Energy
Ten Peaks Capital Group	Panarama at Pueblo	www.tenpeakscapital.com/	Real Estate
Ten Peaks Capital Group	Willow Creek at Bearspaw	www.tenpeakscapital.com/	Real Estate
TerraFunds	Terra 2011 Flow-Through Limited Partnership	www.terrafunds.ca/	
TerraFunds	Terra 2011 Foundation Flow-Through Limited Partnership	www.terrafunds.ca/	
TerraPro Group of Companies	TerraPro Mat Ownership Group	www.terraprogroup.com	Other
Timbercreek Asset Management	Timbercreek Mortgage Investment Corporation	www.timbercreekfunds.com	Real Estate
Trez Capital	Bison Income Trust II Series C2	www.trezcapital.com/	
Trez Capital	Bison Prime Mortgage Fund	www.trezcapital.com/	
Trez Capital	TG Income Trust II	www.trezcapital.com/	
UrbanStar Glendale Manor Inc.	Glendale Manor Inc.	www.urbanstarcapital.com/	Real Estate
UrbanStar Windy Ridge Commercial Inc.	Windy Ridge Commercial Inc.	www.urbanstarcapital.com/	Real Estate
W.A. Robinson & Associates	Frontenac Mortgage Investment Corporation	fmic.ca/	MIC
W.A. Robinson & Associates	Mortgage Investment Corporation of Eastern Ontario	miceo.ca/	MIC
Walton International	Canadian Land 1 Dev	www.waltoninternational.com	Real Estate
Walton International	Crossroads LP	www.waltoninternational.com	Real Estate
Walton International	Fletcher Mills LP	www.waltoninternational.com	Real Estate
Walton International	Gardner Ridge LP	www.waltoninternational.com	Real Estate
Walton International	Walton Income 3	www.waltoninternational.com	Real Estate
Wave Capital	Estevan 18 Suite Apartment Building	wavecapitalinvestments.com/	Real Estate
Westpoint Capital	High Yield MIC	www.westpointcapital.ca	MIC
982 Film Fund	982 Film Fund	982media.com/suits	Other

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