

*This prospectus constitutes a public offering of these securities only in Saskatchewan and Manitoba and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

## Prospectus

Continuous Offering

December 30, 2011



### **Class A (SK) Shares, Class A (MB) Shares, Class I (SK) Shares and Class I (MB) Shares**

Offering Price:	Pricing Net Asset Value per Share
Minimum Initial Subscription:	\$250
Minimum Subsequent Subscription:	\$25
Maximum Annual Offerings:	\$50 million of SK Shares in any SK Offering Year and \$30 million of MB Shares in any MB Offering Year*

\* Or such other limits as are prescribed by applicable legislation from time to time.

**The Fund:** The Fund is a corporation incorporated under the laws of Saskatchewan and registered to carry on business under the laws of Manitoba. The Fund is also registered as a labour-sponsored venture capital corporation under the Saskatchewan Act and under the Manitoba Act. See "**Overview of the Legal Structure of the Fund**".

The Fund invests in small and medium-sized Saskatchewan and Manitoba businesses as authorized by the Saskatchewan Act and the Manitoba Act, respectively, all with the objective of achieving long-term capital appreciation with respect to its investments. See "**Investment Objectives**" and "**Investment Strategies**".

**The Sponsor:** The sponsor of the Fund is the Construction and General Workers' Union, Local 180, a trade union as defined in *The Trade Union Act* (Saskatchewan). See "**Organization and Management Details of the Fund - Sponsor**".

**The Manager:** The manager of the Fund is Westcap Mgt. Ltd. See "**Organization and Management Details of the Fund – Management of the Fund - Manager**".

**The Offering:** The Shares are offered on a continuous basis and issued at the Pricing Net Asset Value per Share as of the next valuation of the Fund following the subscription. The Pricing Net Asset Value per Share is determined on a weekly basis as at the Weekly Valuation Update. Shares subscribed for during the period commencing at 4:00 p.m. (Eastern time) on a Weekly Valuation Update and prior to 4:00 p.m. (Eastern time) on the date of the immediately next following Weekly Valuation Update shall be issued at the Pricing Net Asset Value per Share as at the next Weekly Valuation Update which follows the receipt of the subscription by the Fund, or, subject to applicable law, as at such other date as the Chief Executive Officer and Chief Financial Officer of the Fund may in their discretion deem appropriate, except in respect of Shares subscribed for subsequent to the last Weekly Valuation Update prior to the Cut-off Date, which will be issued for a purchase price equal to the Pricing Net Asset Value per Share as of the Cut-off Date. See "**Calculation of Net Asset Value**" and "**Description of the Securities Distributed**".

SK Shares may be issued only to an individual or a RRSP who, at the time of subscribing for SK Shares, meets all conditions of the Saskatchewan Act. SK Shares cannot be issued to a TFSA. For an individual purchasing SK Shares during the taxation year in respect of which he/she intends to apply for the tax credits applicable to such purchase, the onus rests with the individual to ensure that he/she is still resident in Saskatchewan (for purposes of payment of provincial income tax) on December 31 of that year. If this is not the case, such individual will not be eligible for the 20% Saskatchewan tax credit in respect of the purchase of the SK Shares. See "**Income Tax Considerations – Tax Credits Available to First Purchaser of SK Shares**".

MB Shares may be issued only to an individual or a RRSP or a TFSA who, at the time of subscribing for MB Shares, meets all conditions of the Manitoba Act. For an individual purchasing MB Shares during the taxation year in respect of which he/she intends to apply for the tax credits applicable to such purchase, the onus rests with the individual to ensure that he/she is still resident in Manitoba (for purposes of payment of provincial income tax) on December 31 of that year. If this is not the case, such individual will not be eligible for the 15% Manitoba tax credit in respect of the purchase of the MB Shares. See "**Income Tax Considerations – Tax Credits Available to First Purchaser of MB Shares**".

The Fund may suspend offering Shares and recommence offering Shares at any time that the Fund, in its discretion, deems appropriate. The minimum initial subscription for Shares is \$250, with a minimum subsequent subscription of \$25, subject to waiver by the Fund to accommodate pre-authorized contribution plans and payroll deduction plans.

Pursuant to the Saskatchewan Act, the maximum dollar amount of SK Shares that can be issued by the Fund in any one SK Offering Year is \$50 million (or such other limit as is prescribed by the Saskatchewan Act from time to time).

Pursuant to the Manitoba Act, the maximum dollar amount of MB Shares that can be issued by the Fund in any one MB Offering Year is \$30 million (or such other limit as is prescribed by the Manitoba Act from time to time).

The Shares are offered for sale only through registered dealers or other persons licensed to sell Shares of the Fund. See "**Purchase of Securities (Plan of Distribution)**". Subscriptions are received subject to rejection in whole or in part and such decision will be made within two days of receipt of the subscription. In the event the subscription is rejected in whole or in part the applicable subscription monies (or portion thereof) will be refunded immediately.

**Investment Objectives:** The general objective of the Fund is to realize long-term capital appreciation of its investments in eligible businesses and eligible business entities. The Fund is subject to certain investment restrictions under the Saskatchewan Act, the Manitoba Act and applicable securities laws. In addition, the Fund has adopted certain investment policies and guidelines. Potential eligible investments will be evaluated according to, among other things: stage of development; size; quality of management; the market potential of the products and services sold or distributed; the profit potential of the eligible business or eligible business entity; and the opportunity for realization, by the Fund, of its investments. See "**Investment Objectives**", "**Investment Strategies**" and "**Use of Proceeds**".

**Tax Benefits:** Individual Saskatchewan residents (other than trusts) who purchase SK Shares will be eligible for a 15% Federal tax credit to a maximum of \$750 per taxation year (which is reached at an investment of \$5,000) and a 20% Saskatchewan tax credit to a maximum of \$1,000 per taxation year (which is reached at an investment of \$5,000), as indicated below.

	<u>Tax Credit</u>	<u>Maximum Credit</u>	<u>Maximum Investment<sup>(3)</sup></u>
Federal	15%	\$ 750 <sup>(1)</sup>	\$5,000
Saskatchewan	20%	\$1,000 <sup>(2)</sup>	\$5,000

Notes:

- (1) The maximum Federal tax credit is an annual, aggregate limit applicable to purchases by an individual of shares of prescribed labour-sponsored venture capital corporations.
- (2) The maximum Saskatchewan tax credit is an annual, aggregate limit applicable to purchases by an individual of shares of prescribed Saskatchewan labour-sponsored venture capital corporations.
- (3) Amounts in this column indicate the maximum investment amount for which a tax credit is available.

Individual Manitoba residents (other than trusts) who purchase MB Shares will be eligible for a 15% Federal tax credit to a maximum of \$750 per taxation year (which is reached at an investment of \$5,000) and a 15% Manitoba tax credit to a maximum of \$1,800 per taxation year (which is reached at an investment of \$12,000), as indicated below.

	<u>Tax Credit</u>	<u>Maximum Credit</u>	<u>Maximum Investment<sup>(3)</sup></u>
Federal	15%	\$ 750 <sup>(1)</sup>	\$ 5,000
Manitoba	15%	\$1,800 <sup>(2)</sup>	\$12,000

Notes:

- (1) The maximum Federal tax credit is an annual, aggregate limit applicable to purchases by an individual of shares of prescribed labour-sponsored venture capital corporations.
- (2) The maximum Manitoba tax credit is an annual, aggregate limit applicable to purchases by an individual of shares of prescribed Manitoba labour-sponsored venture capital corporations.
- (3) Amounts in this column indicate the maximum investment amount for which a tax credit is available.

An individual (other than a trust) who is an annuitant under an RRSP or the spouse or the common law partner of the annuitant under a spousal or common law partner RRSP will be entitled to the Federal tax credit in respect of the purchase of Shares by the RRSP provided the RRSP is the first purchaser of the Shares.

An individual Saskatchewan resident (other than a trust) who is an annuitant under an RRSP or the spouse or the common law partner of the annuitant under a spousal or common law partner RRSP will be entitled to the Saskatchewan tax credit in respect of the purchase of SK Shares by the RRSP provided the RRSP is the first purchaser of the Shares.

An individual Manitoba resident (other than a trust) who is an annuitant under an RRSP or the spouse or the common law partner of the annuitant under a spousal or common law partner RRSP will be entitled to the Manitoba tax credit in respect of the purchase of MB Shares by the RRSP provided the RRSP is the first purchaser of the Shares.

Shares may also be purchased by individuals and transferred to trusts governed by RRSPs or RRIFs. Where the Shares are purchased by an individual and transferred to a trust governed by a RRIF, the tax credits will also generally be available to the contributor to the RRIF. A trust governed by a RRIF cannot subscribe for Shares.

Unless and until amendments are made to the Saskatchewan Act, Shares may not be issued to or transferred to TFSAs of Saskatchewan residents. Shares may be issued to TFSAs of Manitoba residents but may not be transferred to TFSAs of Manitoba residents, unless and until amendments are made to the Manitoba Act.

Investors who purchase Shares in the first 60 days of any year and on or prior to the Cut-off Date in 2012 may elect to have their tax credits apply in respect of their 2011 taxation year instead of the 2012 taxation year. The maximum tax credits apply in respect of an investor's aggregate purchase of shares issued by prescribed labour-sponsored venture capital corporations for each taxation year, including the Fund.

If, in the opinion of the Saskatchewan Minister, the number of corporations registered as labour-sponsored venture capital corporations pursuant to the Saskatchewan Act is sufficient to take up the maximum annual tax credits available in Saskatchewan, the Saskatchewan Minister may suspend the further registration of corporations, suspend the allowance of tax credits or allocate the tax credits amongst the registered corporations.

See "**Income Tax Considerations**" and "**Description of the Securities Distributed – Class A Shares – Transfer**" and "**Description of the Securities Distributed – Class I Shares – Transfer**".

**Redemption:** The Fund may have contingent liability for the repayment of tax credits in certain circumstances. Investors who request a redemption of Shares within the Eight Year Holding Period will, subject to certain exceptions, be subject to a withholding fee equal to the tax credits received on the purchase of such Shares. In addition, investors may be subject to redemption fees if their Shares are redeemed prior to the seventh anniversary of such Shares being issued. See "**Income Tax Considerations**".

Redemption of the Shares is substantially restricted both by law and due to the fact that the obligation of the Fund to redeem the Shares is based on the profitability and retained earnings of the Fund. In particular, with respect to redemption of Shares:

- (1) the Fund is prohibited by law from making redemptions in certain circumstances;
- (2) the Fund may suspend redemptions for substantial periods of time in certain circumstances;
- (3) the Fund, in any fiscal year and subject to certain exceptions, will not redeem Class A Shares if: (i) the redemption would create a working capital deficiency for the Fund with respect to the Class A Shares, (ii) the redemption would cause the Fund to be in default of its financial obligations under an arm's length loan agreement, (iii) the Fund is insolvent or would be rendered insolvent as a result of the redemption, (iv) the total redemptions of Class A Shares in the fiscal year would exceed either 20% of the Fund's retained earnings attributable to the Class A Shares or 50% of the Fund's net earnings after taxes, for the previous fiscal year, attributable to the Class A Shares. Subject to corporate law requirements, these restrictions will not apply if (i) the holder of the Class A Shares that are to be redeemed has died, (ii) the holder of the Class A Shares that are to be redeemed is a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died, or (iii) the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Class A Shares were issued; and
- (4) the Fund, in any fiscal year and subject to certain exceptions, will not redeem Class I Shares if: (i) the redemption would create a working capital deficiency for the Fund with respect to the Class I Shares, (ii) the redemption would cause the Fund to be in default of its financial obligations under an arm's length loan agreement, (iii) the Fund is insolvent or would be rendered insolvent as a result of the redemption, (iv) the total redemptions of Class I Shares in the fiscal year would exceed either 20% of the Fund's retained earnings attributable to the Class I Shares or 50% of the Fund's net earnings after taxes, for the previous fiscal year, attributable to the Class I Shares. Subject to corporate law requirements, these restrictions will not apply if (i) the holder of the Class I Shares that are to be redeemed has died, (ii) the holder of the Class I Shares that are to be redeemed is a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died, or (iii) the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Class I Shares were issued.

Even though a request for redemption may be declined by the Fund for any of the foregoing reasons, the request will remain in effect until withdrawn by the shareholder or subsequently fulfilled by the Fund. Investors may not be able to dispose of their Shares other than by way of

redemption as there is no formal market, such as a stock exchange, through which Shares may be sold, and none is expected to develop. There are also restrictions on the transfer of Shares.

The redemption price of Shares will be equal to the Pricing Net Asset Value per Share as determined by the Manager as at the Weekly Valuation Update which immediately next follows the day on which the Fund receives the request for redemption or, where the next Weekly Valuation Update following the day on which the Fund receives a request for redemption would be after the Cut-off Date, then as at the Cut-off Date. See "**Description of the Securities Distributed – Class A Shares – Redemption by Holders**" and "**Description of the Securities Distributed – Class I Shares – Redemption by Holders**".

**Risk Factors:** An investment in Shares is subject to a number of risks, including risks relating to the following:

- (a) The Shares are highly speculative in nature and are suitable only for investors able to make a long-term investment. There is no formal market, such as a stock exchange, through which the Shares may be sold, and none is expected to develop. There are certain restrictions on the transfer and redemption of the Shares. The Fund's ability to satisfy redemption requests on an ongoing basis will be influenced by a variety of factors, including the ability of the Fund to generate and retain liquid assets. The Shares should not be purchased by an investor who requires ongoing investment income.
- (b) The value of the Class I Share Assets and, consequently, the Pricing Net Asset Value per Class I Share, may be more volatile than that of portfolios with a more diversified investment strategy since it is expected that the capital raised through the issuance of Class I Shares will be invested primarily in Innovation Companies in early stages of business development, rather than a broad cross-section of the economy in all stages of business development. The Fund has entered into the WD Agreement with WD in respect of a loss support program aimed at supporting certain losses in investments made with monies raised through the issuance of the Class I Shares. Under the WD Agreement, WD will review the eligibility of each proposed investment in an Innovation Company and provide written concurrence that the investment meets the eligibility requirements of the WD Agreement before the Fund may make an investment in an Innovation Company. For greater certainty, WD will not approve investments in Innovation Companies, nor will it conduct due diligence in respect of any such investments, it will simply confirm that such investments meet the eligibility requirements set forth in the WD Agreement prior to an investment being made. In the event that WD fails to confirm that such investments meet the eligibility requirements of the WD Agreement, the Fund's ability to satisfy its investment requirements under the Saskatchewan Act and the Manitoba Act may be impaired. See "**Investment Objectives**".
- (c) Investors in the Shares will be relying on the business judgment, expertise and integrity of the Board, officers of the Fund and the Manager. There is no assurance that suitable investments in Saskatchewan eligible businesses or Manitoba eligible business entities will be found. There is also no assurance that suitable investments in Innovation Companies will be found. It is likely that some of the Fund's investments will not mature and generate expected returns.
- (d) Many of the rules normally applicable to mutual funds do not apply to the Fund. In particular, rules directed at ensuring liquidity and diversification of investments and certain other investment restrictions and practices normally applicable to mutual funds do not apply. The Fund may take positions in small- and medium-sized businesses which will represent a larger percentage of equity than many other mutual funds would be permitted to take, and this may increase the risk per investment. The Fund may have its Saskatchewan Registration revoked and be subject to penalties if it fails to meet the investment requirements under the Saskatchewan Act. If the Saskatchewan Registration is revoked, investors in Saskatchewan may be ineligible for Federal and Saskatchewan

tax credits. The Fund may have its Manitoba Registration revoked and be subject to penalties if it fails to meet the investment requirements under the Manitoba Act. If the Manitoba Registration is revoked, investors in Manitoba may be ineligible for Federal and Manitoba tax credits. There is no assurance that an investment in the Shares will earn a specified rate of return or any return in the long or short-term.

- (e) Venture capital investment in eligible businesses and eligible business entities according to the investment restrictions and policies of the Fund, requires a greater commitment to investment analysis than investments in most other securities. The values which the Fund puts on its investments may not reflect the amounts for which they can actually be sold. In addition, the cost to determine the value of the Fund's assets for which no public market exists will be greater than valuation costs for mutual funds which invest primarily in listed securities. Consequently, the operating expenses of the Fund may be higher than those of many other mutual funds and other pooled investment vehicles.
- (f) While funds have been reserved for the purposes of funding redemptions that may come due, to the extent that such funds are insufficient to satisfy redemptions, a portion of the proceeds of the offering of Class A Shares and the Class I Shares hereunder may be used to fund such redemptions. See "**Use of Proceeds**", "**Description of the Securities Distributed – Class A Shares – Redemption by Holders**" and "**Description of the Securities Distributed – Class I Shares – Redemption by Holders**".
- (g) The Saskatchewan Act and applicable securities laws contain various investment criteria and restrictions regarding the timing of investments and the amount of money that can be invested in authorized businesses, as well as certain reserve requirements. The failure of the Fund to meet such investment and timing requirements could result in a revocation of the Fund's registration under the Saskatchewan Act as well as penalties being imposed on the Fund. See "**Other Material Facts - Penalties Potentially Applicable to the Fund - Saskatchewan**".
- (h) The Manitoba Act and applicable securities laws contain various investment criteria and restrictions regarding the timing of investments and the amount of money that can be invested in authorized businesses, as well as certain reserve requirements. The failure of the Fund to meet such investment and timing requirements could result in a revocation of the Manitoba Registration as well as penalties being imposed on the Fund. See "**Other Material Facts - Penalties Potentially Applicable to the Fund - Manitoba**".
- (i) Changes may be introduced to the Federal, Saskatchewan and Manitoba legislation that provides for tax credits in labour-sponsored venture capital corporations and related matters. If such changes are unfavourable, the Fund's ability to attract further investment could be impaired. As a result, the availability of capital for investment by the Fund could be reduced, thereby decreasing the Fund's ability to fulfil its investment objectives.
- (j) An individual should calculate Federal tax payable and provincial tax payable carefully to ensure that the amount of Federal tax credit and Provincial Tax Credit available, as a result of a purchase of Shares, may be fully utilized.
- (k) In situations where Shares are transferred to a RRSP or a RRIF, CRA may reassess the fair market value of a Share as of the date of the contribution of such Share. Such a reassessment would affect the proceeds of disposition received by the contributor and may affect the amount of the deduction available as a result of the contribution.
- (l) Because of the availability of the Transitional Relief, beginning January 1, 2004, and the adoption of Section 3855, effective September 1, 2007, the Pricing Net Asset Value per Class A Share has not been determined strictly in accordance with GAAP, and may be different than the GAAP Net Asset Value per Class A Share. As at December 2, 2011, the Pricing Net Asset Value of the Class A Share Assets was \$22,986 less than the GAAP Net Asset Value of the Class A Share Assets and, correspondingly, the Pricing Net Asset

Value per Class A Share was \$0.002 less than the GAAP Net Asset Value per Class A Share. See "**Calculation of Net Asset Value – Pricing Net Asset Value per Share Differs from GAAP Net Asset Value per Share.**"

- (m) The Pricing Net Asset Value per Class I Share has not been determined strictly in accordance with GAAP, and may be different than the GAAP Net Asset Value per Class I Share because of the adoption of Section 3855. As at December 2, 2011, there was no difference between the Pricing Net Asset Value of the Class I Share Assets and the GAAP Net Asset Value of the Class I Share Assets. See "**Calculation of Net Asset Value – Pricing Net Asset Value per Share Differs from GAAP Net Asset Value per Share.**"
- (n) The Pricing Net Asset Value per Class I Share will be negatively impacted for the Weekly Valuation Update immediately following an aggregate of \$10.0 million in gross proceeds being raised from the sale of Class I Shares due to the fact that the Annual Management Fee and Marketing Services Fee for the entire \$10.0 million will become earned and payable to the Manager and the Agent, respectively, at such time. See "**Fees and Expenses.**"

Prospective investors should carefully review the disclosure under the heading "**Risk Factors**".

**The Agent:** National Bank Financial Inc., having its principal Saskatchewan office at 1360, 410 – 22<sup>nd</sup> Street East, Saskatoon, Saskatchewan, is acting as an agent of the Fund and the principal distributor, as defined in NI 81-102, for the distribution of the Shares during the currency of this prospectus. There is no direct sales charge to investors on the purchase of Shares; however, the Fund will pay fees and costs to the Agent and any participating dealers in connection with the distribution of Shares. See "**Fees and Expenses**" and "**Purchase of Securities (Plan of Distribution)**".

**Additional:** Additional information about the Fund is available in the following documents:

**Information**

- the most recently filed annual financial statements;
- any interim financial statements filed after those annual financial statements;
- the most recently filed annual management report of fund performance; and
- any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this prospectus which means that they legally form part of this prospectus. See "**Documents Incorporated by Reference**" for further details.

Certain words and phrases used in this prospectus, including capitalized terms, have the meanings assigned thereto in the "**Glossary of Terms**".

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## Glossary of Terms

In this prospectus, the following terms shall have the meanings set forth below, unless otherwise indicated:

"**Agency Agreement**" means the agency agreement with the Agent dated December 30, 2011, pursuant to which the Agent has agreed to act as an agent and the principal distributor of the Fund in respect of sales of Shares.

"**Agent**" means National Bank Financial Inc.

"**Annual Management Fee**" means the annual fee, calculated and payable monthly in arrears, equal to 2.5% of the aggregate Pricing Net Asset Value of the Fund as at each Weekly Valuation Date.

"**Annual Service Fee**" means an annual service fee equal to 0.50% of the aggregate Pricing Net Asset Value of Shares held by the clients of the Agent or other registered dealers, as the case may be.

"**applicable securities laws**" means the securities legislation and regulations of, and the instruments, policies, rules, orders, codes, notices and interpretation bulletins of, the applicable securities regulatory authority or applicable securities regulatory authorities of, the applicable jurisdiction or jurisdictions collectively.

"**Articles**" means the articles of incorporation of the Fund dated December 8, 1997, as subsequently amended and revised.

"**authorized businesses**" means eligible businesses, eligible business entities and any other businesses that can be invested in under the Saskatchewan Act or the Manitoba Act.

"**Board**" means the members of the board of directors of the Fund.

"**Broker**" means RBC Dominion Securities Inc.

"**Cheung On**" means Cheung On Investments Group Ltd.

"**CICA**" means the Canadian Institute of Chartered Accountants.

"**Class A (MB) Shares**" means the Class "A" (MB) shares of the Fund.

"**Class A (SK) Shares**" means the Class "A" (SK) shares of the Fund.

"**Class A Shares**" means collectively the Class A (SK) Shares and the Class A (MB) Shares.

"**Class A Share Assets**" means the assets of the Fund that have been acquired, directly or indirectly, with monies raised through the issuance of Class A Shares.

"**Class B Shares**" means the Class "B" shares of the Fund.

"**Class C Shares**" means the Class "C" shares of the Fund.

"**Class D Shares**" means the Class "D" shares of the Fund, which have been authorized for issuance by the shareholders of the Fund, but for which amendments to the articles of the Fund have not yet been made to create such shares.

"**Class I (MB) Shares**" means the Class "I" (MB) shares of the Fund.

"**Class I (SK) Shares**" means the Class "I" (SK) shares of the Fund.

"**Class I Shares**" means collectively the Class I (SK) Shares and the Class I (MB) Shares.

"**Class I Share Assets**" means the assets of the Fund that have been acquired, directly or indirectly, with monies raised through the issuance of Class I Shares.

"**Class I Share Offering Date**" means the first day that Class I Shares were offered for sale.

"**Comco**" means Comco Financial Inc.

"**Commission**" means the sales commission in the amount of 6% calculated on the gross proceeds raised in any fiscal year paid to all registered dealers selling Shares.

"**Concentra**" means Concentra Financial Services Association.

"**Concentra Commission Payment Agreement**" means the commission payment agreement between the Fund and Concentra dated January 1, 2006, as subsequently amended and revised.

"**Concentra Revenue Acquisition**" means the unpaid portion of the payments payable by the Fund to Comco and SCU under the commission payment agreements entered into with such parties for the payment of the Commission for the period from January 1, 2004 to and including December 31, 2005 acquired by Concentra on January 1, 2006.

"**Conexus**" means Conexus Credit Union 2006.

"**Corporate Governance Policy**" means the corporate governance policy adopted by the Fund on November 25, 2008, as amended.

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

"**CSA**" means the Canadian Securities Administrators.

"**Custodian Agreement**" means the custodian agreement dated as of December 22, 1997, as subsequently amended and revised, between the Fund and Concentra Trust, pursuant to which Concentra Trust has agreed to act as custodian and hold the portfolio securities of the Fund in safekeeping for the Fund.

"**Cut-off Date**" means the last Weekly Valuation Update prior to the last day for obtaining a tax credit for the preceding year.

"**CVCA**" means the Canadian Venture Capital and Private Equity Association.

"**Dissolution**" means the liquidation, dissolution or winding-up of the Fund, or other distribution of the assets of the Fund for the purpose of winding-up its affairs.

"**Eight Year Holding Period**" means the eight year period following the date of acquisition of Shares from the Fund.

"**eligible business**" has the meaning assigned to that term in the Saskatchewan Act.

"**eligible business entity**" has the meaning assigned to that term in the Manitoba Act.

"**eligible investment**" has the meaning assigned to that term in either the Saskatchewan Act or the Manitoba Act, as the context requires.

"**Federal Act**" means the *Income Tax Act* (Canada), as the same may be amended or replaced from time to time

"**Fund**" means Golden Opportunities Fund Inc.

"**GAAP**" means Canadian generally accepted accounting principles.

"**GAAP Net Asset Value of the Class A Share Assets**" means the net asset value of the Class A Share Assets calculated in accordance with GAAP.

"**GAAP Net Asset Value of the Class I Share Assets**" means the net asset value of the Class I Share Assets calculated in accordance with GAAP.

"**GAAP Net Asset Value per Class A Share**" means the net asset value of a Class A Share calculated in accordance with GAAP.

"**GAAP Net Asset Value per Class I Share**" means the net asset value of a Class I Share calculated in accordance with GAAP.

"**GAAP Net Asset Value per Share**" means either the GAAP Net Asset Value per Class A Share or the GAAP Net Asset Value per Class I Share, as applicable.

"**Guidelines**" means the proxy voting policies, procedures and guidelines of the Fund.

"**Innovation Companies**" means technology-based companies located in western Canada, each with less than 300 employees and annual average total sales of less than \$25 million, that are operating in key sectors including, but not limited to, information and communication technology, life sciences, industrial biotechnology, clean technology, value-added agriculture and advanced manufacturing.

"**Investment Committee**" means the investment committee of the Board.

"**IPA**" means an incentive participation amount equal to 20% of any return derived from an eligible investment of the Fund in any fiscal year, provided that for purposes only of calculating the IPA, the return on any eligible investment during such year shall not include: (a) any commitment or work fees paid to the Fund in connection with such investment, or (b) the first 10% of interest and dividend income (other than deemed dividend income) earned from such investment.

"**IRC**" means the independent review committee of the Fund.

"**Liability Amount**" means the amount of the liability assumed by Conexus from January 1, 2007 with respect to the Commissions payable for each calendar year.

"**LSIF**" means labour-sponsored investment fund.

"**Management Agreement**" means the management agreement entered into between the Manager and the Fund dated December 31, 2008, which superseded and replaced the previous management agreement between the Manager and the Fund dated January 13, 1998 as was subsequently revised, renewed and amended.

"**Manager**" means Westcap Mgt. Ltd.

"**Manitoba Act**" means *The Labour-Sponsored Venture Capital Corporations Act* (Manitoba) and related regulations, as the same may be amended or replaced from time to time.

"**Manitoba Minister**" means the Manitoba minister charged with administration of the Manitoba Act.

"**Manitoba Registration**" means the Fund's registration under the Manitoba Act.

"**Manitoba Securities Act**" means *The Securities Act* (Manitoba) and related regulations, and the rules adopted by the MSC, as the same may be amended or replaced from time to time.

"**Manitoba Tax Act**" means *The Income Tax Act* (Manitoba), as the same may be amended or replaced from time to time.

"**Marketing Services Fee**" means the annual marketing services fee of 1.25% on the first \$10 million of gross proceeds from the sale of Shares sold by all registered dealers, including the Agent, during each calendar year, 1.00% on the next \$10 million of gross proceeds from the sale of Shares sold by all registered dealers, including the Agent, during each calendar year, and 0.75% on any additional gross proceeds from the sale of Shares sold by all registered dealers, including the Agent, during each calendar year, paid to the Agent as remuneration for distribution services being provided by the Agent to the Fund and provided that such fee relating to sales of Class I Shares will remain unearned until such time that \$10 million in gross proceeds is raised from the Class I Shares.

"**MB Equity**" means the net proceeds of the offering raised from the issuance of the MB Shares.

"**MB Offering Year**" means from the 61<sup>st</sup> day of a calendar year to the 60<sup>th</sup> day of the following calendar year.

"**MB Shares**" means collectively the Class A (MB) Shares and the Class I (MB) Shares.

"**MSC**" means The Manitoba Securities Commission.

"**NI 81-102**" means National Instrument 81-102 – *Mutual Funds* of the CSA.

"**NI 81-105**" means National Instrument 81-105 – *Mutual Fund Sales Practices* of the CSA.

"**NI 81-106**" means National Instrument 81-106 – *Investment Fund Continuous Disclosure* of the CSA.

"**NI 81-107**" means National Instrument 81-107 – *Independent Review Committee for Investment Funds* of the CSA.

"**offering**" means the offering of the Shares on a continuous basis.

"**Percentage Based Payments**" means, collectively, the Liability Amount and the Premium.

"**Premium**" means 0.20% of the gross proceeds raised in each calendar year from the sale of Shares, payable yearly for eight consecutive years for an aggregate of 1.60%, for as long as Conexus provides services under the Services Agreement, net of the aggregate of any related redemptions as at the end of the calendar year immediately preceding each payment date, as remuneration for assuming the liability for managing the payment of and paying the Commissions for each year.

**"Pricing Net Asset Value of the Class A Share Assets"** is determined, whether for issuances or redemptions, by subtracting the aggregate amount of the Fund's liabilities related to the Class A Share Assets from the aggregate of: (a) the value of the Class A Share Assets for which a published market exists on the basis of the valuation of such assets as of the relevant date; (b) the value of the Class A Share Assets for which no published market exists on the basis of the valuation of such assets which is as of that date; (c) any unamortized balance of deferred charges and expenses designated to the Class A Shares (see **"Calculation of Net Asset Value – Pricing Net Asset Value Differs from GAAP Net Asset Value per Share"**); and (d) the book value of any other Class A Share Assets.

**"Pricing Net Asset Value of the Class I Share Assets"** is determined, whether for issuances or redemptions, by subtracting the aggregate amount of the Fund's liabilities related to the Class I Share Assets from the aggregate of: (a) the value of the Class I Share Assets for which a published market exists on the basis of the valuation of such assets as of the relevant date; (b) the value of the Class I Share Assets for which no published market exists on the basis of the valuation of such assets which is as of that date; and (c) the book value of any other Class I Share Assets.

**"Pricing Net Asset Value of the Fund"** means the Pricing Net Asset Value of the Class A Share Assets plus the Pricing Net Asset Value of the Class I Share Assets.

**"Pricing Net Asset Value per Class A Share"** means the net asset value of a Class A Share calculated for purposes of issuances and redemptions of Class A Shares. The Pricing Net Asset Value per Class A Share as at a particular Weekly Valuation Update is obtained by dividing the Pricing Net Asset Value of the Class A Share Assets on such date, after deducting all declared or accumulated but unpaid dividends on the Class A Shares, if any, by the total number of the Class A Shares outstanding on such date.

**"Pricing Net Asset Value per Class I Share"** means the net asset value of a Class I Share calculated for purposes of issuances and redemptions of Class I Shares. The Pricing Net Asset Value per Class I Share as at a particular Weekly Valuation Update is obtained by dividing the Pricing Net Asset Value of the Class I Share Assets on such date, after deducting all declared or accumulated but unpaid dividends on the Class I Shares, if any, by the total number of the Class I Shares outstanding on such date.

**"Pricing Net Asset Value per Share"** means either the Pricing Net Asset Value per Class A Share or the Pricing Net Asset Value per Class I Share, as applicable.

**"Prometa"** or the **"Transfer Agent"** means Prometa Fund Support Services Inc.

**"Prometa Administrative Services Agreement"** means the administrative services agreement between Conexus and Prometa dated as of October 31, 2011.

**"Prometa Expenses"** means the amount of the fees and expenses charged to Conexus by Prometa from time to time pursuant to the Prometa Administrative Services Agreement.

**"Provincial Tax Credit"** means either the Saskatchewan tax credit or the Manitoba tax credit, as applicable, received for purchasing the shares of a labour-sponsored venture capital corporation.

**"Receiver General"** means the Receiver General of Canada.

**"RRIF"** has the meaning assigned to a registered retirement income fund by subsection 146.3(1) of the Federal Act.

**"RRSP"** has the meaning assigned to a registered retirement savings plan by subsection 146(1) of the Federal Act.

**"RRSP Trust Agreement"** means the RRSP Trust Agreement between Concentra Trust, a subsidiary of Concentra, and the Fund dated December 17, 1997, as subsequently amended and revised, pursuant to which individual investors may establish a RRSP with Concentra Trust and have the RRSP purchase Shares.

**"Saskatchewan Act"** means *The Labour-sponsored Venture Capital Corporations Act* (Saskatchewan) and related regulations, as the same may be amended or replaced from time to time.

**"Saskatchewan Minister"** means the Saskatchewan minister charged with administration of the Saskatchewan Act.

**"Saskatchewan Registration"** means the Fund's registration under the Saskatchewan Act.

**"Saskatchewan Securities Act"** means *The Securities Act, 1988* (Saskatchewan) and related regulations, as the same may be amended or replaced from time to time.

"**Saskatchewan Tax Act**" means *The Income Tax Act, 2000* (Saskatchewan), as the same may be amended or replaced from time to time.

"**SCU**" means Saskatoon Credit Union (2002).

"**Section 3855**" means Section 3855, Financial Instruments – Recognition and Measurement of the CICA Handbook – Accounting.

"**Semi-Annual Valuations**" means the determination of the Pricing Net Asset Value per Share, which includes the determination of the value of the Class A Share Assets and the Class I Share Assets, calculated at the close of business on the last day of the second and fourth fiscal quarter in each year, if that day is a day on which the Manager would conduct a Weekly Valuation Update, or as of the first Weekly Valuation Update day following the last day of each fiscal quarter.

"**Services Agreement**" means the services agreement between the Fund and Conexus dated November 30, 2006, as subsequently amended and restated.

"**SFSC**" means the Saskatchewan Financial Services Commission – Securities Division.

"**Shares**" means collectively the Class A (SK) Shares, the Class A (MB) Shares, the Class I (SK) Shares and the Class I (MB) Shares.

"**SK Equity**" means the net proceeds of the offering raised from the issuance of the SK Shares.

"**SK Offering Year**" means from April 1<sup>st</sup> of a calendar year to March 31<sup>st</sup> of the following calendar year.

"**SK Shares**" means collectively the Class A (SK) Shares and the Class I (SK) Shares.

"**Specified Individual**" means the individual who received a Federal, Manitoba and/or Saskatchewan tax credit in connection with the purchase of Shares.

"**Sponsor**" means the Construction and General Workers' Union, Local 180, a trade union as defined in *The Trade Union Act* (Saskatchewan).

"**Tax Credit Trust Agreement**" means the agreement with Concentra, as trustee, and the Government of Saskatchewan made effective April 15, 1998, as subsequently amended and revised, pursuant to which Concentra has agreed to hold the Trust Monies and release them in accordance with the terms of the Tax Credit Trust Agreement.

"**Tax Legislation**" means, collectively, the current provisions of the Federal Act, the Saskatchewan Act, the Manitoba Act, the Saskatchewan Tax Act, the Manitoba Tax Act and the regulations under such statutes.

"**TFSA**", being a tax-free savings account, has the meaning assigned to a TFSA by subsection 146.2(5) of the Federal Act.

"**Transfer Agency Agreement**" means the transfer agency agreement between the Fund and the Transfer Agent dated the 8<sup>th</sup> day of August, 2011.

"**Trust Monies**" means an amount equal to the tax credits paid by the Saskatchewan Government in connection with the purchase of SK Shares by Saskatchewan residents, being 20% of the SK Equity.

"**Valuation Committee**" means the valuation committee of the Board.

"**WD**" means Western Economic Diversification Canada.

"**WD Agreement**" means the agreement entered into between the Fund and WD dated December 2, 2008, as amended, in regards to a loss support program aimed at supporting certain losses in investments made in Innovation Companies with monies raised through the issuance of the Class I Shares.

"**Weekly Valuation Update**" means the determination of the Pricing Net Asset Value per Share, calculated at the close of business on the last business day in each week.

## NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Certain of the statements made and information contained in this prospectus and in the documents incorporated by reference herein may contain "forward-looking information" within the meaning of applicable securities laws, including statements concerning investment objectives, investment strategies, redemptions, penalties potentially applicable to the Fund, the availability of and changes to tax credits, the Fund's dividend policy and legal and administrative proceedings, which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Fund, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this prospectus or a document incorporated by reference herein, the words "may", "would", "could", "will", "anticipate", "believe", "estimate" and "expect" and similar expressions, as they relate to the Fund, are intended to identify these forward-looking statements relating to the business and affairs of the Fund.

Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to the nature of the Fund's investments, management track record, general economic conditions, including the level of interest rates, corporate earnings, economic activity and the Canadian dollar, valuation policies and procedures of the Fund, lack of liquidity and redemption policies and procedures of the Fund, unfavourable legislative changes, the inability to use tax credits and other risks and uncertainties, all as further and more particularly described under the heading "**Risk Factors**" in this prospectus.

Forward-looking information is, in addition, based on various assumptions including, without limitation, the expectations and beliefs of management, that suitable investment opportunities will continue to be available and that the political environment in Saskatchewan and Manitoba will continue to support labour-sponsored venture capital corporations.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

Forward-looking statements made in a document incorporated by reference in this prospectus are made as at the date of the original document and have not been updated except as expressly provided for in this prospectus.

Except as required under applicable securities laws, the Fund undertakes no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

## Prospectus Summary

The following is a summary of the principal features of this offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus or incorporated by reference in this prospectus. Certain words and phrases used in this prospectus, including capitalized terms, shall have the meanings assigned thereto in the "Glossary of Terms".

### The Fund

The Fund is a corporation incorporated under the laws of Saskatchewan and registered to carry on business as an extra-provincial corporation under the laws of Manitoba. The Fund is also registered as a labour-sponsored venture capital corporation under the Saskatchewan Act and under the Manitoba Act. See "**Overview of the Legal Structure of the Fund**".

### The Manager

The manager of the Fund is Westcap Mgt. Ltd. See "**Organization and Management Details of the Fund – Management of the Fund - Manager**".

### The Offering

**Securities Offered:** Class A (SK) Shares, Class A (MB) Shares, Class I (SK) Shares and Class I (MB) Shares

**Offering Price:** The Shares are offered on a continuous basis and issued at the Pricing Net Asset Value per Share as of the next valuation of the Fund following the subscription. The Pricing Net Asset Value per Share is determined on a weekly basis as at the Weekly Valuation Update. Shares subscribed for during the period commencing at 4:00 p.m. (Eastern time) on a Weekly Valuation Update and prior to 4:00 p.m. (Eastern time) on the date of the immediately next following Weekly Valuation Update shall be issued at the Pricing Net Asset Value per Share as at the next Weekly Valuation Update which follows the receipt of the subscription by the Fund, or, subject to applicable law, as at such other date as the Chief Executive Officer and Chief Financial Officer of the Fund may in their discretion deem appropriate, except in respect of Shares subscribed for subsequent to the last Weekly Valuation Update prior to the Cut-off Date, which will be issued for a purchase price equal to the Pricing Net Asset Value per Share as of the Cut-off Date. See "**Calculation of Net Asset Value – Pricing Net Asset Value per Share**" and "**Description of the Securities Distributed**".

**Minimum Investment:** Minimum initial subscription - \$250  
Minimum subsequent subscription - \$25

The Fund may waive minimum initial and subsequent subscription amounts to accommodate pre-authorized contribution plans and payroll deduction plans.

**Maximum Offering:** The Saskatchewan Act presently limits the aggregate amount of SK Shares that the Fund can issue in any SK Offering Year to \$50 million. The Manitoba Act presently limits the aggregate amount of the MB Shares that the Fund can issue in any MB Offering Year to \$30 million.

### Investment Strategy and Objectives

The general objective of the Fund is to realize long-term capital appreciation of its investments in eligible businesses and eligible business entities. The Fund is subject to certain investment restrictions under the Saskatchewan Act, the Manitoba Act and applicable securities laws. In addition, the Fund has adopted certain investment policies and guidelines. Potential eligible investments will be evaluated according to, among other things: stage of development; size; quality of management; the market potential of the products and services sold or distributed; the profit potential of the eligible business or eligible business entity; and the opportunity for realization, by the Fund, of its investments. See "**Investment Objectives**", "**Investment Strategies**" and "**Use of Proceeds**".

### Use of Proceeds

#### *SK Shares & MB Shares*

The Fund plans to invest the SK Equity in small and medium-sized Saskatchewan eligible businesses and such other investments permitted by the investment policies of the Fund, the Saskatchewan Act, applicable securities laws and by the exercise of ministerial discretion. The Fund plans to invest the MB Equity in small and medium-sized Manitoba eligible business entities and

such other investments permitted by the investment policies of the Fund, the Manitoba Act, applicable securities laws and by the exercise of ministerial discretion. See "**Investment Objectives**" and "**Investment Strategies**".

#### *Class A Shares & Class I Shares*

With the proceeds of the offering raised from the issuance of the Class A Shares, the Fund will seek out a range of investments that will be very broad in scope and may include, among others, eligible businesses and eligible business entities involved in biotechnology, renewable energy, technology, oil and gas, agriculture, services and manufacturing sectors of the economy to the extent permitted by the Saskatchewan Act in the case of SK Equity and to the extent permitted by the Manitoba Act in the case of MB Equity, which will be intended to provide considerable diversification for the Fund. With the proceeds of the offering raised from the issuance of the Class I Shares, the Fund is limited, in accordance with the WD Agreement, to making investments in Innovation Companies, rather than a broad cross-section of the economy as is the case with the proceeds from the issuance of the Class A Shares. See "**Investment Objectives**".

#### **Risk Factors**

An investment in the Fund is subject to a variety of risks, some of which are summarized as follows:

- (a) The Shares are highly speculative in nature and are suitable only for investors able to make a long-term investment. There is no formal market, such as a stock exchange, through which the Shares may be sold, and none is expected to develop. There are certain restrictions on the transfer and redemption of the Shares. The Fund's ability to satisfy redemption requests on an ongoing basis will be influenced by a variety of factors, including the ability of the Fund to generate and retain liquid assets. The Shares should not be purchased by an investor who requires ongoing investment income.
- (b) The value of the Class I Share Assets and, consequently, the Pricing Net Asset Value per Class I Share, may be more volatile than that of portfolios with a more diversified investment strategy since it is expected that the capital raised through the issuance of Class I Shares will be invested primarily in Innovation Companies in early stages of business development, rather than a broad cross-section of the economy in all stages of business development. The Fund has entered into the WD Agreement with WD in respect of a loss support program aimed at supporting certain losses in investments made with monies raised through the issuance of the Class I Shares. Under the WD Agreement, WD will review the eligibility of each proposed investment in an Innovation Company and provide written concurrence that the investment meets the eligibility requirements of the WD Agreement before the Fund may make an investment in an Innovation Company. For greater certainty, WD will not approve investments in Innovation Companies, nor will it conduct due diligence in respect of any such investments, it will simply confirm that such investments meet the eligibility requirements set forth in the WD Agreement prior to an investment being made. In the event that WD fails to confirm that such investments meet the eligibility requirements of the WD Agreement, the Fund's ability to satisfy its investment requirements under the Saskatchewan Act and the Manitoba Act may be impaired. See "**Investment Objectives**".
- (c) Investors in the Shares will be relying on the business judgment, expertise and integrity of the Board, officers of the Fund and the Manager. There is no assurance that suitable investments in Saskatchewan eligible businesses or Manitoba eligible business entities will be found. There is also no assurance that suitable investments in Innovation Companies will be found. It is likely that some of the Fund's investments will not mature and generate expected returns.
- (d) Many of the rules normally applicable to mutual funds do not apply to the Fund. In particular, rules directed at ensuring liquidity and diversification of investments and certain other investment restrictions and practices normally applicable to mutual funds do not apply. The Fund may take positions in small- and medium-sized businesses which will represent a larger percentage of equity than many other mutual funds would be permitted to take, and this may increase the risk per investment. The Fund may have its Saskatchewan Registration revoked and be subject to penalties if it fails to meet the investment requirements under the Saskatchewan Act. If the Saskatchewan Registration is revoked, investors in Saskatchewan may be ineligible for Federal and Saskatchewan tax credits. The Fund may have its Manitoba Registration revoked and be subject to penalties if it fails to meet the investment requirements under the Manitoba Act. If the Manitoba Registration is revoked, investors in Manitoba may be ineligible for Federal and Manitoba tax credits. There is no assurance that an investment in the Shares will earn a specified rate of return or any return in the long or short-term.
- (e) Venture capital investment in eligible businesses and eligible business entities according to the investment restrictions and policies of the Fund, requires a greater commitment to investment analysis than investments in most other securities. The values which the Fund puts on its investments may not reflect the amounts for which they can actually be sold. In addition, the cost to determine the value of the Fund's assets for which no public market exists will be greater than valuation costs for mutual funds which invest primarily in listed securities. Consequently, the operating expenses of the Fund may be higher than those of many other mutual funds and other pooled investment vehicles.

- (f) While funds have been reserved for the purposes of funding redemptions that may come due, to the extent that such funds are insufficient to satisfy redemptions, a portion of the proceeds of the offering of Class A Shares and the Class I Shares hereunder may be used to fund such redemptions. See "**Use of Proceeds**", "**Description of the Securities Distributed – Class A Shares – Redemption by Holders**" and "**Description of the Securities Distributed – Class I Shares – Redemption by Holders**".
- (g) The Saskatchewan Act and applicable securities laws contain various investment criteria and restrictions regarding the timing of investments and the amount of money that can be invested in authorized businesses, as well as certain reserve requirements. The failure of the Fund to meet such investment and timing requirements could result in a revocation of the Fund's registration under the Saskatchewan Act as well as penalties being imposed on the Fund. See "**Other Material Facts - Penalties Potentially Applicable to the Fund - Saskatchewan**".
- (h) The Manitoba Act and applicable securities laws contain various investment criteria and restrictions regarding the timing of investments and the amount of money that can be invested in authorized businesses, as well as certain reserve requirements. The failure of the Fund to meet such investment and timing requirements could result in a revocation of the Manitoba Registration as well as penalties being imposed on the Fund. See "**Other Material Facts - Penalties Potentially Applicable to the Fund - Manitoba**".
- (i) Changes may be introduced to the Federal, Saskatchewan and Manitoba legislation that provides for tax credits in labour-sponsored venture capital corporations and related matters. If such changes are unfavourable, the Fund's ability to attract further investment could be impaired. As a result, the availability of capital for investment by the Fund could be reduced, thereby decreasing the Fund's ability to fulfill its investment objectives.
- (j) An individual should calculate Federal tax payable and provincial tax payable carefully to ensure that the amount of Federal tax credit and Provincial Tax Credit available, as a result of a purchase of Shares, may be fully utilized.
- (k) In situations where Shares are transferred to a RRSP or a RRIF, CRA may reassess the fair market value of a Share as of the date of the contribution of such Share. Such a reassessment would affect the proceeds of disposition received by the contributor and may affect the amount of the deduction available as a result of the contribution.
- (l) Because of the availability of the Transitional Relief, beginning January 1, 2004, and the adoption of Section 3855, effective September 1, 2007, the Pricing Net Asset Value per Class A Share has not been determined strictly in accordance with GAAP, and may be different than the GAAP Net Asset Value per Class A Share. As at December 2, 2011, the Pricing Net Asset Value of the Class A Share Assets was \$22,986 less than the GAAP Net Asset Value of the Class A Share Assets and, correspondingly, the Pricing Net Asset Value per Class A Share was \$0.002 less than the GAAP Net Asset Value per Class A Share. See "**Calculation of Net Asset Value – Pricing Net Asset Value per Share Differs from GAAP Net Asset Value per Share.**"
- (m) The Pricing Net Asset Value per Class I Share has not been determined strictly in accordance with GAAP, and may be different than the GAAP Net Asset Value per Class I Share because of the adoption of Section 3855. As at December 2, 2011, there was no difference between the Pricing Net Asset Value of the Class I Share Assets and the GAAP Net Asset Value of the Class I Share Assets. See "**Calculation of Net Asset Value – Pricing Net Asset Value per Share Differs from GAAP Net Asset Value per Share.**"
- (n) The Pricing Net Asset Value per Class I Share will be negatively impacted for the Weekly Valuation Update immediately following an aggregate of \$10.0 million in gross proceeds being raised from the sale of Class I Shares due to the fact that the Annual Management Fee and Marketing Services Fee for the entire \$10.0 million will become earned and payable to the Manager and the Agent, respectively, at such time. See "**Fees and Expenses.**"

**Investors should consult with a professional advisor. See "Risk Factors".**

#### **Tax Benefits and Eligibility for Investment**

Generally speaking, (i) the Saskatchewan Registration permits residents in Saskatchewan who purchase SK Shares to receive a Federal tax credit and a Provincial Tax Credit in respect of the purchase, and (ii) the Manitoba Registration permits residents in Manitoba who purchase MB Shares to receive a Federal tax credit and a Provincial Tax Credit in respect of the purchase.

Individual Saskatchewan residents (other than trusts) who purchase SK Shares will be eligible for a 15% Federal tax credit to a maximum of \$750 per taxation year (which is reached at an investment of \$5,000) and a 20% Saskatchewan tax credit to a maximum of \$1,000 per taxation year (which is reached at an investment of \$5,000). An individual Saskatchewan resident (other than a trust) who is an annuitant under a RRSP or the spouse or common-law partner of the annuitant under a spousal or common-law partner RRSP will be entitled to the Federal and Saskatchewan tax credits in respect of the purchase of SK Shares by the RRSP provided the RRSP is the first purchaser of the SK Shares. Pursuant to the Saskatchewan Act, SK Shares may be

purchased by individuals and transferred to trusts governed by RRSPs or RRIFs or SK Shares may be purchased directly by an individual's RRSP. Where the SK Shares are purchased by an individual and transferred to a trust governed by a RRIF, the tax credits will also generally be available to the contributor to the RRIF. A trust governed by a RRIF cannot subscribe for SK Shares.

Individual Manitoba residents (other than trusts) who purchase MB Shares will be eligible for a 15% Federal tax credit to a maximum of \$750 per taxation year (which is reached at an investment of \$5,000) and a 15% Manitoba tax credit to a maximum of \$1,800 per taxation year (which is reached at an investment of \$12,000). An individual Manitoba resident (other than a trust) who is an annuitant under a RRSP or the spouse or common-law partner of the annuitant under a spousal or common-law partner RRSP will be entitled to the Federal and Manitoba tax credits in respect of the purchase of MB Shares by the RRSP provided the RRSP is the first purchaser of the MB Shares. Pursuant to the Manitoba Act, MB Shares may be purchased by individuals and transferred to trusts governed by RRSPs or RRIFs or MB Shares may be purchased directly by an individual's RRSP. Where the MB Shares are purchased by an individual and transferred to a trust governed by a RRIF, the tax credits will also generally be available to the contributor to the RRIF. A trust governed by a RRIF cannot subscribe for the MB Shares.

While the Shares can, provided certain conditions are met, be qualified investments for a TFSA under the Federal Act, under the Saskatchewan Act the Fund cannot issue Shares to TFSAs and under the Saskatchewan Act and the Manitoba Act Shares cannot be transferred by an individual to a TFSA. Unless and until amendments are made to the Saskatchewan Act, Shares may not be issued to or transferred to TFSAs of Saskatchewan residents. Shares may be issued to TFSAs of Manitoba residents but may not be transferred to TFSAs of Manitoba residents, unless and until amendments are made to the Manitoba Act.

Investors who purchase Shares in the first 60 days of any year during the currency of this prospectus, on or prior to the Cut-off Date, may elect to have their tax credits apply in respect of the preceding taxation year instead of the current taxation year to the maximum allowable amount of tax credit for that preceding taxation year.

Maximum annual tax credits apply in respect of all purchases of shares of prescribed and registered labour-sponsored venture capital corporations, for each taxation year, including the Fund.

If, in the opinion of the Saskatchewan Minister, the number of corporations registered pursuant to the Saskatchewan Act is sufficient to take up the maximum annual tax credits available, the Saskatchewan Minister may suspend the further registration of corporations, suspend the allowance of tax credits or allocate the tax credits amongst the registered corporations.

The Shares are generally qualified investments for RRSPs and RRIFs provided the holder owns or has rights to acquire, directly or indirectly, less than 10% of the issued shares of any class of the Fund and further provided that the Fund is registered as a labour-sponsored venture capital corporation under the Saskatchewan Act or the Manitoba Act, as applicable. In determining whether this 10% limit is exceeded, the holder may be deemed to own shares held by non-arm's length persons, within the meaning of the Federal Act, and certain other entities.

See "Income Tax Considerations", "Description of the Securities Distributed - Class A Shares - Transfer" and "Description of the Securities Distributed - Class I Shares - Transfer".

#### Income Tax Sensitivity Analysis - Saskatchewan

The following table provides a sensitivity analysis of the total Federal and Saskatchewan tax credits available to an individual who purchases \$3,500 or \$5,000 worth of SK Shares of the Fund and transfers such shares to a RRSP.

Taxable Income From <sup>(1)</sup>	\$14,536	\$14,536	\$41,545	\$41,545	\$83,089	\$83,089	\$116,912	\$116,912	\$128,801	\$128,801
Taxable Income To <sup>(1)</sup>	\$41,544	\$41,544	\$83,088	\$83,088	\$116,911	\$116,911	\$128,800	\$128,800	and over	and over
RRSP Contribution <sup>(2)</sup>	\$3,500	\$5,000	\$3,500	\$5,000	\$3,500	\$5,000	\$3,500	\$5,000	\$3,500	\$5,000
Marginal Rate <sup>(3)</sup>	26.00%	26.00%	35.00%	35.00%	39.00%	39.00%	41.00%	41.00%	44.00%	44.00%
Tax Savings <sup>(4)</sup>	\$910	\$1,300	\$1,225	\$1,750	\$1,365	\$1,950	\$1,435	\$2,050	\$1,540	\$2,200
Federal Tax Credit <sup>(5)</sup>	15%/\$3,500	15%/\$5,000	15%/\$3,500	15%/\$5,000	15%/\$3,500	15%/\$5,000	15%/\$3,500	15%/\$5,000	15%/\$3,500	15%/\$5,000
Saskatchewan Tax Credit <sup>(5)</sup>	20%/\$3,500	20%/\$5,000	20%/\$3,500	20%/\$5,000	20%/\$3,500	20%/\$5,000	20%/\$3,500	20%/\$5,000	20%/\$3,500	20%/\$5,000
Total Tax Credits	\$1,225	\$1,750	\$1,225	\$1,750	\$1,225	\$1,750	\$1,225	\$1,750	\$1,225	\$1,750
Total Tax Savings	\$2,135	\$3,050	\$2,450	\$3,500	\$2,590	\$3,700	\$2,660	\$3,800	\$2,765	\$3,950
Net Cash Outlay After Tax Credits	\$2,275	\$3,250	\$2,275	\$3,250	\$2,275	\$3,250	\$2,275	\$3,250	\$2,275	\$3,250
Net Cash Outlay After Tax Credits & Savings	\$1,365	\$1,950	\$1,050	\$1,500	\$910	\$1,300	\$840	\$1,200	\$735	\$1,050

Notes:

- (1) Taxable income has been calculated as gross income less income tax deductions allowed by law in Saskatchewan.
- (2) The RRSP contribution assumes that the investor is within his or her contribution limit.

- (3) The income tax rates are based on the Federal and Saskatchewan income tax legislation in effect as at December 1, 2011 and are the marginal tax rates for income, other than capital gains and dividend income, for individuals resident in Saskatchewan. Only the basic personal tax credits are included in the calculations. As more than one rate could apply to a particular bracket due to a difference in the Federal and Saskatchewan bracket thresholds, the rate indicated is that which applies to income in the middle range of the bracket.
- (4) RRSP tax savings result from RRSP deductions reducing taxable income and are calculated at the marginal income tax rates. RRSP tax savings are not unique to a labour-sponsored investment fund, and are available on any RRSP eligible investment, provided the investment is within contribution limits. Income tax is payable on the withdrawal of funds from RRSPs. It is assumed that an individual will have sufficient income for tax purposes to deduct the full amount of the RRSP contribution and realize the RRSP tax savings.
- (5) The Federal and Saskatchewan tax credits are generally available provided that the SK Shares are not redeemed within eight years from the date of purchase and the investor has tax otherwise payable against which to offset the tax credits. Maximum annual tax credits apply in respect of all purchases of shares of prescribed and registered labour-sponsored venture capital corporations, for each taxation year, including the Fund. If, in the opinion of the Saskatchewan Minister, the number of corporations registered pursuant to the Saskatchewan Act is sufficient to take up the maximum annual tax credits available, the Saskatchewan Minister may suspend the further registration of corporations, suspend the allowance of tax credits or allocate the tax credits amongst the registered corporations.

### Income Tax Sensitivity Analysis - Manitoba

The following table provides a sensitivity analysis of the total expected Federal and Manitoba tax credits available to an individual who purchases \$5,000 or \$12,000 worth of MB Shares of the Fund and transfers such shares to a RRSP.

Taxable Income From <sup>(1)</sup>	\$10,528	\$10,528	\$31,001	\$31,001	\$41,545	\$41,545	\$67,001	\$67,001	\$83,089	\$83,089	\$128,801	\$128,801
Taxable Income To <sup>(1)</sup>	\$31,000	\$31,000	\$41,544	\$41,544	\$67,000	\$67,000	\$83,088	\$83,088	\$128,800	\$128,800	and over	and over
RRSP Contribution <sup>(2)</sup>	\$5,000	\$12,000	\$5,000	\$12,000	\$5,000	\$12,000	\$5,000	\$12,000	\$5,000	\$12,000	\$5,000	\$12,000
Marginal Rate <sup>(3)</sup>	25.80%	25.80%	27.75%	27.75%	34.75%	34.75%	39.40%	39.40%	43.40%	43.40%	46.40%	46.40%
Tax Savings <sup>(4)</sup>	\$1,290	\$3,096	\$1,388	\$3,330	\$1,738	\$4,170	\$1,970	\$4,728	\$2,170	\$5,208	\$2,320	\$5,568
Federal Tax Credit <sup>(5)</sup>	15%/\$5,000	15%/\$5,000	15%/\$5,000	15%/\$5,000	15%/\$5,000	15%/\$5,000	15%/\$5,000	15%/\$5,000	15%/\$5,000	15%/\$5,000	15%/\$5,000	15%/\$5,000
Manitoba Tax Credit <sup>(5)</sup>	15%/\$5,000	15%/\$12,000	15%/\$5,000	15%/\$12,000	15%/\$5,000	15%/\$12,000	15%/\$5,000	15%/\$12,000	15%/\$5,000	15%/\$12,000	15%/\$5,000	15%/\$12,000
Total Tax Credits	\$1,500	\$2,550	\$1,500	\$2,550	\$1,500	\$2,550	\$1,500	\$2,550	\$1,500	\$2,550	\$1,500	\$2,550
Total Tax Savings	\$2,790	\$5,646	\$2,888	\$5,880	\$3,238	\$6,720	\$3,470	\$7,278	\$3,670	\$7,758	\$3,820	\$8,118
Net Cash Outlay After Tax Credits	\$3,500	\$9,450	\$3,500	\$9,450	\$3,500	\$9,450	\$3,500	\$9,450	\$3,500	\$9,450	\$3,500	\$9,450
Net Cash Outlay After Tax Credits & Savings	\$2,210	\$6,354	\$2,112	\$6,120	\$1,763	\$5,280	\$1,530	\$4,722	\$1,330	\$4,242	\$1,180	\$3,882

#### Notes:

- (1) Taxable income has been calculated as gross income less income tax deductions allowed by law in Manitoba.
- (2) The RRSP contribution assumes that the investor is within his or her contribution limit.
- (3) The income tax rates are based on the Federal and Manitoba income tax legislation in effect as at December 1, 2011 and are the marginal tax rates for income, other than capital gains and dividend income, for individuals resident in Manitoba. Only the basic personal tax credits are included in the calculations. As more than one rate could apply to a particular bracket due to a difference in the Federal and Manitoba bracket thresholds, the rate indicated is that which applies to income in the middle range of the bracket.
- (4) RRSP tax savings result from RRSP deductions reducing taxable income and are calculated at the marginal income tax rates. RRSP tax savings are not unique to a labour-sponsored investment fund, and are available on any RRSP eligible investment, provided the investment is within contribution limits. Income tax is payable on the withdrawal of funds from RRSPs. It is assumed that an individual will have sufficient income for tax purposes to deduct the full amount of the RRSP contribution and realize the RRSP tax savings.
- (5) The Federal and Manitoba tax credits are generally available provided that the MB Shares are not redeemed within eight years from the date of purchase and the investor has tax otherwise payable against which to offset the tax credits. Maximum annual tax credits apply in respect of all purchases of shares of prescribed and registered labour-sponsored venture capital corporations, for each taxation year, including the Fund.

### Redemption

Redemption of the Shares is restricted both by law and due to the fact that the obligation of the Fund to redeem the Shares is based on the profitability and retained earnings of the Fund. In particular, in any fiscal year the Fund will not be required to redeem any Shares if:

- (1) the redemption would cause the Fund to be in default of its financial obligations under an arm's length loan agreement;
- (2) the Fund is insolvent or would be rendered insolvent as a result of the redemption;
- (3) in relation to the Class A Shares, the redemption would create a working capital deficiency for the Fund with respect to the Class A Shares or the total redemptions of Class A Shares in the fiscal year would exceed either 20% of the Fund's retained earnings attributable to the Class A Shares or 50% of the Fund's net earnings after taxes, for the previous fiscal year, attributable to the Class A Shares; or

- (4) in relation to the Class I Shares, the redemption would create a working capital deficiency for the Fund with respect to the Class I Shares or the total redemptions of Class I Shares in the fiscal year would exceed either 20% of the Fund's retained earnings attributable to the Class I Shares or 50% of the Fund's net earnings after taxes for the previous fiscal year, attributable to the Class I Shares.

Subject to corporate law requirements, these restrictions will not apply if (i) the holder of the Shares that are to be redeemed has died, (ii) the holder of the Shares that are to be redeemed is a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died, or (iii) the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Shares were issued.

Subject to the above restrictions, Shares may be redeemed by the Fund upon request from the holder prior to the expiry of the Eight Year Holding Period, but only if an amount equal to the Federal tax credit, the Saskatchewan tax credit, if any, and the Manitoba tax credit, if any, on such Shares is withheld from the redemption proceeds and paid to the Receiver General, the Saskatchewan Minister and the Manitoba Minister, respectively. There shall be no such withholding of the tax credit amounts in circumstances where the Shares to be redeemed were issued more than eight years earlier, belong to a shareholder who has died, belong to a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died, or, in the case of MB Shares, where the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Shares were issued.

Holders of Shares who request to redeem such Shares before the seventh anniversary of the date that such Shares were issued will be charged an early redemption fee of 1% of the redemption amount for each year or part year remaining before the Eight Year Holding Period expires. There is no redemption fee where the redemption occurs after the seventh anniversary of the date that such Shares were issued, following the death of the holder, in circumstances where the Shares to be redeemed belong to a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died or where the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Shares were issued.

Subject to the withholding of any tax credits and the deduction of any redemption fees, Shares will be redeemed at the Pricing Net Asset Value per Share as determined by the Manager at the Weekly Valuation Update which immediately next follows the day on which the Fund receives the request for redemption or, where the next Weekly Valuation Update following the day on which the Fund receives a request for redemption would be after the Cut-off Date, then as at the Cut-off Date. See "**Description of the Securities Distributed - Class A Shares – Redemption by Holders**" and "**Description of the Securities Distributed - Class I Shares – Redemption by Holders**".

#### **Dividends**

Holders of Shares will be entitled to receive dividends at the discretion of the Board. The Fund has not declared any dividends since its inception and does not anticipate declaring dividends in the foreseeable future. See "**Dividend Policy**".

#### **Termination**

In the event of a Dissolution and after all liabilities of the Fund and all declared or accumulated but unpaid dividends on the Shares have been paid, the Class I Shares will automatically be converted into Class A Shares based on the ratio between the Pricing Net Asset Value per Class I Share and the Pricing Net Asset Value per Class A Share and then, after the holder of Class B Shares has received an amount equal to the stated capital of the Class B Shares, the holders of Class A Shares will be entitled to share equally, share per share, all the remaining assets of the Fund.

#### **Organization and Management of the Fund**

The following is a general description of the organization and management of the Fund:

<b>Position</b>	<b>Name</b>	<b>Location</b>	<b>Services Provided / Relationship with the Fund</b>
Manager	Westcap Mgt. Ltd.	830 - 410 22nd Street East, Saskatoon, SK	The Manager manages the overall business and operations of the Fund, including providing investment advice regarding the investment portfolio of the Fund.
Sponsor	Construction and General Workers' Union, Local 180	Regina, SK	The Sponsor is the sole holder of Class B Shares and is entitled to elect a majority of the Board.
Custodian	Concentra Trust	Saskatoon, SK	The Custodian holds the portfolio securities of the Fund in safekeeping for the Fund.
Registrar & Transfer Agent	Prometa Fund Support Services Inc.	Winnipeg, MB	The Registrar & Transfer Agent provides shareholder services to the Fund including maintaining the shareholder register of the Fund.
Auditor	Hergott Duval Stack LLP, Chartered Accountants	Saskatoon, SK	The Auditor acts as the auditor of the Fund.

## Summary of Fees and Expenses

This table lists the fees and expenses that you may have to pay if you invest in the Fund. You may have to pay some of these fees and expenses directly. The Fund may have to pay some of these fees and expenses, which will therefore reduce the value of your investment in the Fund. See "**Fees and Expenses – Fees and Expenses Payable by the Fund**" and "**Fees and Expenses – Fees and Expenses Payable by the Investors**" for full details relating to these fees and expenses.

Fees and Expenses Payable by the Fund		
Type of Fee	Amount	Description
Annual Management Fee <sup>(1)</sup>	2.5% of the Pricing Net Asset Value of the Fund	Calculated and payable monthly in arrears to the Manager.
IPA	20% of any excess return on an eligible investment	Payable to the Manager on any excess return once certain benchmarks are met.
Percentage Based Payments	0.95% of the gross proceeds raised in the applicable year	Payable yearly to Conexus as part of the consideration for assuming the obligation to pay the Commission.
Prometa Expenses	Equal to the amount of fees and expenses charged to Conexus by Prometa pursuant to the Prometa Administrative Services Agreement	Payable yearly to Conexus to reimburse Conexus for out-of-pocket costs incurred in connection with its obligation to pay the Commission.
Marketing Services Fee <sup>(2)</sup>	1.25% on the first \$10 million 1.00% on the next \$10 million 0.75% on any amounts over that	An annual fee calculated and paid to the Agent monthly based on the gross proceeds from the sale of Shares sold by the Agent and all registered dealers during each year. This fee is payable for the distribution services provided by the Agent to the Fund.
Agent Expenses	Reasonable costs incurred by the Agent relating to acting as agent in connection with the offering	Payable to the Agent to reimburse the Agent for costs incurred by the Agent in acting as agent in connection with the offering, including reasonable legal fees and costs.
Annual Service Fee	0.50% of the total of the Pricing Net Asset Value per Share of all the Shares held by the applicable dealer's clients	Payable annually to the Agent and other registered dealers who have clients who own Shares.
RRSP Administration Fee	\$6.00 per year per plan	Payable to Concentra in respect of each RRSP established and maintained by Concentra Trust.
Operating Expenses <sup>(3)</sup>	Direct costs and expenses incurred in the operation of the Fund	All direct costs and expenses incurred in the operation of the Fund, including brokerage commissions, out-of-pocket costs incurred by the Manager in carrying out its obligation under the Management Agreement.
Sales Incentive Fees	Expenses incurred under cooperative advertising programs	Payable to the Agent or other registered dealers for reimbursement of expenses incurred in promoting Shares.

<sup>(1)</sup> The Manager's management fees in respect of the Class I Shares will remain unearned until such time that \$10.0 million in gross proceeds is raised from the sale of the Class I Shares.

<sup>(2)</sup> The Marketing Services Fee on the sale of the Class I Shares will remain unearned until such time that \$10.0 million in gross proceeds is raised from the sale of the Class I Shares.

<sup>(3)</sup> The Manager assumed all net costs of the Class I Shares to December 31, 2010. Net costs are the gross operating costs including the share issue costs attributable to the Class I Shares less any revenue earned from the Class I Share Assets. Following December 31, 2010, these costs are paid by the Fund.

Fees and Expenses Payable by You		
Type of Fee	Amount	Description
RRSP Fee	\$35.00 plus GST	Payable if an investor chooses to establish a RRSP with Concentra Trust and have the RRSP purchase Shares.
Early Redemption Fee	1.00% for every year or part year remaining prior to the expiry of the Eight Year Holding Period	Payable if a holder of Shares elects to redeem Shares prior to the seventh anniversary of the date such Shares were issued, subject to certain exemptions.
Share Certificate Fee	\$100.00 per request	Payable if the holder of Shares requests a share certificate.

*Description of Fees and Expenses Payable by the Fund:*

### Management Fees and Expenses:

The Fund is responsible for payment of the Annual Management Fee and the IPA to the Manager. Before any IPA is paid to the Manager on an eligible investment, the Fund must have: (a) earned sufficient income to generate a rate of return on all eligible investments attributable to either the Class A Shares or the Class I Shares, as applicable, that is greater than the 5 year average GIC rate of Concentra plus 1.5% on an annualized basis. The income on eligible investments for this purpose includes investment gains and losses (realized and unrealized) earned and incurred on eligible investments since the inception of the Fund; (b) earned sufficient income from the particular eligible investment to provide a cumulative investment return at an average annual rate in excess of 10% since investment; and (c) fully recouped an amount from the particular eligible investment, through income earned, liquidation of the investment, or otherwise, equal to all the principal invested in the particular eligible investment.

The Manager's management fees in respect of the Class I Shares will remain unearned until such time that \$10.0 million in gross proceeds is raised from the sale of the Class I Shares.

See "**Fees and Expenses – Fees and Expenses Payable by the Fund - Management Fees and Expenses**", "**Investment Objectives**" and "**Investment Strategies**".

#### **Sales Commissions and Service Fees:**

Up to December 31, 2003, the Commission was paid directly by the Fund. The Commission was amortized by the Fund on a straight line basis over a period of eight years. A portion of the current Pricing Net Asset Value of the Fund is comprised of such deferred Commission.

Effective January 1, 2007, the obligation to pay the Commission was assumed by Conexus pursuant to the Services Agreement. Conexus assumed such liability as consideration for the payment by the Fund to Conexus of the aggregate of: (i) the Liability Amount; (ii) the Premium; and (iii) the Prometa Expenses. The Percentage Based Payments will be paid in yearly installments, with one installment being paid each year for eight consecutive years immediately following the applicable calendar year. Each Percentage Based Payment is equal to 0.95% of the gross proceeds raised in the applicable year net of the aggregate of any related redemptions as at the end of the calendar year immediately preceding each payment date. The Percentage Based Payments and the Prometa Expenses are payable on January 15 of each year. Accordingly, the first payment relative to the 2012 calendar year will be payable on January 15, 2013.

As remuneration for distribution services being provided by the Agent to the Fund, the Fund has agreed to pay to the Agent the Marketing Services Fee. The Marketing Services Fee is payable monthly. However, the Agent has agreed that its Marketing Services Fee on the sale of the Class I Shares will remain unearned until such time that \$10.0 million in gross proceeds is raised from the sale of the Class I Shares. The distribution services being provided by the Agent to the Fund include, but are not limited to, acting as principal distributor and agent for the sale of Shares to eligible investors.

The Fund also reimburses the Agent for reasonable costs incurred by them related to them acting as agent in connection with the offering of Shares, including reasonable legal fees and costs.

In addition to the Commission, the Agent and other registered dealers who distribute Shares are entitled to receive the Annual Service Fee.

See "**Purchase of Securities (Plan of Distribution) – Agency Agreement and Services Agreement**".

#### **Operating Expenses:**

The Fund is responsible for all direct costs and expenses incurred in the operation of the Fund, such as fees and expenses paid to special consultants; salaries and benefits of employees of the Fund; insurance (including directors' liability insurance); legal, audit, valuation and shareholder communication costs; travel, registrar and transfer agency expenses; the annual RRSP administration fee (see "**Purchase of Securities (Plan of Distribution) – RRSP Purchases**"); custodian and trustee fees; management services fees; independent review committee fees; portfolio transaction costs; marketing services fees, promotion expenses and service fees payable to the Agent and to other registered dealers selling Shares, as applicable; and directors' fees. These costs and expenses include all direct out-of-pocket costs and expenses incurred by the Manager in carrying out its obligations under the Management Agreement with the Fund. In accordance with its obligations under the Management Agreement, the Manager currently acts as manager of the Fund's liquid portfolio. The Fund would be responsible for any fees and expenses paid to any third party for liquid portfolio management services should the Manager no longer provide all or a part of these services to the Fund. Costs and expenses not specifically identifiable to either of the Class A Shares or the Class I Shares will be allocated, at the time the costs and expenses are incurred, on the basis of the relative share capital of each type of share as a proportion of the total share capital of the Fund as at the latest Weekly Valuation Update.

However, the Manager assumed all net costs of the Class I Shares to December 31, 2010. Net costs are the gross operating costs including the share issue costs attributable to the Class I Shares less any revenue earned from the Class I Share Assets. Following December 31, 2010, these costs are paid by the Fund.

See "**Fees and Expenses - Fees and Expenses Payable by the Fund - Operating Expenses**".

#### **Sales Incentive:**

The Fund may enter into cooperative advertising programs with the Agent or other registered dealers providing for reimbursement by the Fund of expenses incurred in promoting Shares, subject to compliance with applicable laws, based on past or anticipated sales by the Agent and other registered dealers.

*Description of Fees and Expenses Payable by the Investors:*

The investors will be responsible for paying the following amounts directly:

**Sales Charge:** Nil – Sales commissions and other fees and costs are paid indirectly by the investors through the Fund which directly or indirectly pays such commissions, fees and costs, as applicable, out of the proceeds from the sale of Shares.

**Transfer Fee:** Nil

**RRSP Fee:** The Fund has made arrangements with Concentra Trust, a subsidiary of Concentra, pursuant to which individual investors may establish a RRSP with Concentra Trust and have the RRSP purchase Shares. Investors may take advantage of these arrangements by completing the applicable portion of their subscription form. Investors who participate in these arrangements will be required to pay a RRSP administration fee to the Fund in the amount of \$35.00 plus GST, payable at the earlier of the date of redemption of the applicable Shares and the end of the Eight Year Holding Period, subject to waiver by the Fund in its discretion. The Fund pays an annual RRSP administration fee to Concentra Trust in respect of each RRSP established with and maintained by Concentra Trust. The Fund has negotiated an annual RRSP administration fee of approximately \$6.00/RRSP. This annual administration fee is subject to change on 60 days notice without prior approval of the investors. Investors may also have their own or their spouse's or common-law partner's self-directed RRSP purchase Shares. See "**Purchase of Securities (Plan of Distribution) - RRSP Purchases**" and "**Income Tax Considerations**".

**Early Redemption Fee:** Holders of Shares who request the Fund to redeem such shares prior to the seventh anniversary of the date that such Shares were issued will be charged an early redemption fee of 1% of the redemption amount for each year or part year remaining before the expiry of the Eight Year Holding Period. There is no redemption fee where the redemption occurs after the seventh anniversary of the date that such Shares were issued, following the death of the holder of the Shares that are to be redeemed, in circumstances where the holder of the Shares that are to be redeemed is a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died, or where the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Shares were issued. Early redemption before expiry of the Eight Year Holding Period may also result in repayment of the Federal tax credit and either the Saskatchewan or Manitoba tax credit, as applicable, and is subject to a number of restrictions. See "**Income Tax Considerations**" and "**Description of the Securities Distributed**".

**Share Certificate Fee:** Holders of Shares who request the issuance of a share certificate in respect of Shares purchased thereby will be charged \$100 to cover administrative costs.

**Annual Return and Management Expense Ratio – Class A Shares**

The management expense ratio and annual returns of the Class A Shares of the Fund for the past five years are as follows:

<b>Year</b>	<b>Annual Return<sup>(1)</sup></b>	<b>Management Expense Ratio<sup>(2)</sup></b>	<b>Adjusted Management Expense Ratio<sup>(3)</sup></b>
2011	2.35%	6.50%	3.87%
2010	1.80%	6.97%	4.15%
2009	-7.99%	6.47%	3.97%
2008	0.76%	6.86%	6.00%
2007	4.80%	7.80%	4.40%

Notes:

- (1) The annual return is calculated based on the Pricing Net Asset Value per Class A Share as of August 31.
- (2) The management expense ratio has been calculated by aggregating all fees and expenses paid or payable by the Fund in respect of the Class A Shares (including an estimated contingent IPA and all share issue costs, but excluding commissions and brokerage fees on the purchase and sale of portfolio securities) and is expressed as a percentage of the average net assets administered during the period.
- (3) The adjusted management expense ratio is the management expense ratio excluding the estimated contingent IPA and share issue costs.

Because of the nature of the investments that the Fund intends to make, it is anticipated that the management expense ratio of the Fund will be higher than that of conventional mutual funds. See "**Fees and Expenses - Fees and Expenses Payable by the Fund - Operating Expenses**" and "**Fees and Expenses - Fees and Expenses Payable by the Fund - Management Fees and Expenses**".

### Annual Return and Management Expense Ratio – Class I Shares

The management expense ratio and annual returns of the Class I Shares of the Fund since inception of the Class I Shares are as follows:

Year	Annual Return <sup>(1)</sup>	Management Expense Ratio <sup>(2)</sup>	Adjusted Management Expense Ratio <sup>(3)</sup>
2011	-0.89%	2.51%	1.38%
2010	0.80%	1.30%	1.00%
2009	0%	0%	0%

Notes:

- (1) The annual return is calculated based on the Pricing Net Asset Value per Class I Share as of August 31.
- (2) The management expense ratio has been calculated by aggregating all fees and expenses paid or payable by the Fund in respect of the Class I Shares (including an estimated contingent IPA and all share issue costs, but excluding commissions and brokerage fees on the purchase and sale of portfolio securities) and is expressed as a percentage of the average net assets administered during the period.
- (3) The adjusted management expense ratio is the management expense ratio excluding the estimated contingent IPA and share issue costs.

Because of the nature of the investments that the Fund intends to make, it is anticipated that the management expense ratio of the Fund will be higher than that of conventional mutual funds. See "**Fees and Expenses - Fees and Expenses Payable by the Fund - Operating Expenses**" and "**Fees and Expenses - Fees and Expenses Payable by the Fund - Management Fees and Expenses**".

## Overview of the Legal Structure of the Fund

Golden Opportunities Fund Inc. is a corporation incorporated under the laws of Saskatchewan and registered as an extra provincial corporation to carry on business under the laws of Manitoba. The Fund is also registered as a labour-sponsored venture capital corporation under the Saskatchewan Act and under the Manitoba Act.

The Fund's registered office is located at 1500 – 410 22<sup>nd</sup> Street East, Saskatoon, Saskatchewan, S7K 5T6 and its head office is located at 830 - 410 22<sup>nd</sup> Street East, Saskatoon, Saskatchewan S7K 5T6, telephone: (306) 652-5557, facsimile: (306) 652-8186, web-site: <http://www.goldenopportunities.ca>.

The Fund was incorporated on December 8, 1997. The Fund amended its Articles on February 11, 2003 to change the transfer provisions in the Articles, to provide for weekly as opposed to monthly valuations of the Fund's assets, to provide for ownership of Shares by RRIFs and to make other minor amendments. The Fund further amended its Articles on December 24, 2008 to eliminate the redemption fee for redemptions which occur after the seventh anniversary of the date that such Shares were issued and to create the Class A (MB) Shares, the Class I (MB) Shares and the Class I (SK) Shares.

## Investment Objectives

### Investment Objectives

The Fund plans to make investments in small and medium-sized Saskatchewan eligible businesses and Manitoba eligible business entities, with the objective of achieving long-term capital appreciation. The Fund may also participate in investment groups and consortiums in situations where the investment opportunity requires a larger investment than the Fund is allowed or believes prudent to make by itself.

Under the Saskatchewan Act, the Fund may invest the SK Equity in eligible businesses. Under the Saskatchewan Act and through the exercise of ministerial discretion, eligible businesses are corporations, limited partnerships and other business entities that carry on business in Saskatchewan, that at the time of the investment by the Fund have, together with related businesses, less than 500 employees in Saskatchewan, that pay, and in the taxation year prior to the investment by the Fund paid, at least 25% of all their wages and salaries to employees of their permanent establishment in Saskatchewan and that do not provide financial assistance from equity capital received from a labour-sponsored venture capital corporation to the shareholders of a labour-sponsored venture capital corporation or the eligible business. The Fund will not invest more than 60% of the SK Equity that the Fund has invested in investment instruments issued by any one eligible business or any combination of one eligible business and one or more corporations that are not dealing at arm's length with such eligible business. The Fund will not invest in an eligible business if the Fund and the eligible business are not dealing at arm's length, within the meaning of the Saskatchewan Act.

Under the Manitoba Act, the Fund may invest the MB Equity in eligible business entities and, pending such investments, the Fund must invest the MB Equity in investments permitted by the Manitoba Act. Eligible business entities are entities which carry on an active business in Canada, for which at least 50% of the employees are employed in Manitoba or at least 50% of the total salaries and wages of the business is attributable to services rendered in Manitoba by the employees of the business, and for which the total value of the property of the entity does not exceed \$50,000,000, as further and better described under the Manitoba Act. The Manitoba Act prevents the Fund from investing the MB Equity in an eligible business entity engaged in selling the Shares, other than a wholly owned subsidiary of the Fund.

The Fund will not invest more than 10% of the Pricing Net Asset Value of the Class A Share Assets or more than 10% of the Pricing Net Asset Value of the Class I Share Assets in any one eligible business or eligible business entity, other than where the securities are issued or guaranteed by the Government of Canada, the Government of any Province or Territory in Canada or the Government of the United States of America.

In respect of any investment, the Fund will take into consideration any anticipated follow-on investment required in the future. Any such required follow-on or subsequent investment, either by way of debt or equity, will only be required to be made if the investee meets certain tests, such as timing and performance targets, that were fixed at the date of the original investment in the business. See "**Investment Restrictions**" below.

With the proceeds of the offering raised from the issuance of the Class A Shares, the Fund will seek out a range of investments that will be very broad in scope, which will be intended to provide considerable diversification for the Fund, and may include, among others, eligible businesses and eligible business entities involved in biotechnology, renewable energy, technology, oil and gas, agriculture, services and manufacturing sectors of the economy to the extent permitted by the Saskatchewan Act in the case of SK Equity and to the extent permitted by the Manitoba Act in the case of MB Equity. The Fund may further seek to diversify

such investments according to stage of development, by investing in businesses that are in the start-up, growth, and mature stages. Start-up stage businesses are those that have developed a product or service or are introducing a new technology, but have not yet reached the commercialization stage. Growth stage businesses include those that have entered into the commercialization of their products or services and are generating growing sales revenue and require financing to expand and grow. Mature stage investments include businesses with stable cash flow that require financing for retrofit activities, expansion capital or working capital programs.

The Fund has entered into the WD Agreement with WD in respect of a loss support program aimed at supporting certain losses in investments made with monies raised through the issuance of the Class I Shares. The goal of the program is to make financing available to technology-based, small businesses in western Canada that have a reasonable probability of success but do not qualify for traditional sources of financing.

The WD Agreement limits the range of allowable investments that can be made with the proceeds of the offering raised from the issuance of the Class I Shares to investments in Innovation Companies, rather than a broad cross-section of the economy as is the case with the proceeds from the issuance of the Class A Shares. It is anticipated that the Innovation Companies being invested in will be in the early stages of business development and that the capital provided to them will be used to assist with, among other activities: (i) research and development leading to commercialization, (ii) pre-commercial and commercial product development, (iii) market development or (iv) new production and services capacity.

Under the WD Agreement, WD will review the eligibility of each proposed investment in an Innovation Company and provide written concurrence that the investment meets the eligibility requirements of the WD Agreement before the Fund may make an investment in an Innovation Company. For greater certainty, WD will not approve investments in Innovation Companies, nor will it conduct due diligence in respect of any such investments, it will simply confirm that such investments meet the eligibility requirements set forth in the WD Agreement prior to an investment being made.

Under the WD Agreement, the Fund can qualify for a loss contribution from WD of up to 20% of its qualified investments in Innovation Companies to a maximum of \$6.25 million. This loss contribution will apply to losses on investments made up to March 31, 2015. Qualified investments in Innovation Companies may not exceed \$2,000,000 in respect of any particular Innovation Company. The loss contribution fund can be applied to up to 80% of certain losses, on a company by company basis.

Any loss contribution provided by WD may have to be repaid to WD by the Fund in certain circumstances. For example, if the Fund has produced in excess of a 10% internal rate of return per annum based on the Pricing Net Asset Value per Class I Share at the end of the period covered by the WD Agreement (being no later than March 31, 2022), the Fund will pay to WD as at the end of the period covered by the WD Agreement an amount equal to 1/6 of any returns in excess of this 10% annualized return, subject to certain limitations in the WD Agreement.

Any payment by WD under the WD Agreement is subject to there being an appropriation by the Government of Canada for the fiscal year in which the payment is being made. Further, the WD Agreement may be terminated if the agreement is not being administered according to the established terms and conditions agreed to by the parties, the agreement is not meeting its objectives or achieving the anticipated level of return, the agreement is not providing a satisfactory level of economic benefits to western Canada or WD's funding levels are changed by the Government of Canada such that continuation is impractical. In the event of a default by the Fund under the WD Agreement, WD may cease to provide loss contributions and may require repayment of loss contributions that have been advanced but not yet applied to eligible investments. An event of default includes submitting false or misleading information to WD, failing to satisfy a term or condition of the WD Agreement or becoming bankrupt or insolvent.

If the Fund does not invest at least 75% of the SK Equity in eligible businesses within 24 months from the end of the fiscal year of the Fund in which the SK Shares were issued, it may have its Saskatchewan Registration revoked or suspended and may become subject to penalties under the Saskatchewan Act and the Federal Act.

If the Fund does not invest at least 70% of the MB Equity in eligible business entities within 24 months from the end of the fiscal year of the Fund in which the MB Shares were issued, it may have its Manitoba Registration revoked or suspended and may become subject to penalties under the Manitoba Act and the Federal Act.

## Investment Strategies

### Form of Investments

The particular form of the Fund's investments are selected and negotiated after taking into account the investment criteria and guidelines of the Fund, the long-term requirements of the investee business, the stage of development of the investee business, the investee business' requirements, the ability to negotiate down-side protection and tax considerations.

To the extent possible, investments will be diversified by the expected holding period of the investment. Generally, the average holding period is expected to be five to eight years. The Fund may choose to refinance its investment through an arm's length third party where the expected return can be achieved in a shorter time frame. All investment recommendations will include a strategy for realization on investments made. Possible exit strategies include the following:

- refinancing with conventional lenders or leasing companies;
- sale of the business or investment to a third party;
- sale of the investment back to the business or its principals; and
- a public offering.

#### *SK Shares*

The Fund will diversify its Saskatchewan investment portfolio through the use of such instruments, among others, as common shares, convertible debentures, convertible preferred shares, trust units, debt with equity participation, funded loan guarantees and bridge loans. Where the Fund makes an investment with the SK Equity by way of a loan, such investment, when possible, will be secured by a charge over the businesses' assets but may be subordinated to other lenders' security.

The Fund may guarantee loans of eligible businesses and in such circumstances the making of such loans would permit the growth and development of the business without the Fund being the primary investor and where the Fund would risk having its investment in an eligible business diluted. The aggregate of loan guarantees may not exceed 10% of the Fund's total assets at the time each loan guarantee is provided. The Fund will maintain a liquid reserve of 25% of the guaranteed amount on any loan guarantees. The Fund will maintain liquid reserves in investments permitted by the Saskatchewan Act.

#### *MB Shares*

The Fund will diversify its Manitoba investment portfolio through the use of such eligible investments, among others, as common shares, debt obligations, options or rights attaching to other eligible investments, partnership interests and flow-through investment vehicles. As required by the Manitoba Act, where the Fund makes an investment by way of a loan, such investment will be secured by a general security agreement or guarantee, and such obligation shall not rank above other debt obligations, subject to certain exceptions.

The Manitoba Act prohibits the following investments:

- (a) debt obligations secured by an interest in real property held primarily for (i) gaining gross revenue that is rent, (ii) development, subdivision, sale, or (iii) use in producing agriculture or horticulture crops;
- (b) debt obligations secured by an interest in Canadian resource property or foreign resource property held primarily for the purpose of gaining gross revenue that is rent or a royalty;
- (c) shares in financial institutions;
- (d) debt obligations of financial institutions that were not issued in the ordinary course;
- (e) investments in entities that carry on (i) professions regulated by a governing body under an Act of the Manitoba Legislature, (ii) the business of developing or exploring for minerals, unless substantially all of it is in Manitoba or is part of a business that includes extraction, processing or distribution of the materials, (iii) the business of producing agricultural or horticultural crops, or (iv) the business of leasing, rental, development or sale of real property; and
- (f) investments in entities in which substantially all of its assets are (i) real property described in subsection (a), (ii) an interest as described in subsection (b), (iii) assets used in business referred to in subsection (e), or (iv) investments of a type referred to in subsections (a) to (e) or subclauses (i) to (iii).

## **Review and Investment Approval Process**

The Board has ultimate authority for all investments made by the Fund, including the establishment of investment policies and the implementation of appropriate procedures with respect to the investment process. The Investment Committee was established on December 23, 2008 and currently consists of Donald R. Ching, Brian L. Barber and Thomas A. Shepherd. The Investment Committee has the authority, subject to any guidelines imposed by the Board, to make final investment decisions on acquisitions and dispositions, for cumulative investments in any one eligible business or eligible business entity, up to the lesser of (i) \$1,000,000, and (ii) 3% of the Pricing Net Asset Value of the Class A Shares or 3% of the Pricing Net Asset Value of the Class I Shares, as applicable.

The Manager will have primary responsibility for the initial screening and recommendation of investments and for carrying out the operational and financial due diligence on selected investments. The Manager will be responsible for the review of all projects and for ensuring that the projects meet the investment criteria of the Fund.

## **Screening Investments**

In carrying out its initial screening of prospective investments, the Manager will investigate and consider the following with respect to each investee business:

- the particular industry, markets, products, services and technology;
- the competitive position;
- the experience of management personnel;
- the past performance and business plan;
- financial statements, projections and forecasts;
- the regulatory environment;
- labour relations history and employment practices;
- the current environmental situation;
- workplace safety;
- the expectation of generating new employment opportunities and the retention and protection of existing employment opportunities in Saskatchewan and Manitoba;
- opinions and information about the business and its prospects from consultants, customers, suppliers, bankers, financial analysts and technical consultants, as may be required; and
- market surveys where applicable, including real estate and/or business appraisals.

Where it is considered advisable, the Manager will engage other professionals with particular expertise for assistance and advice with respect to investment opportunities.

If, following the initial screening, the Manager determines that an investment opportunity is viable and a more detailed investigation is merited, it may enter into a confidentiality agreement and will generally enter into a non-binding memorandum of understanding with the applicant that sets out the Manager's requirements.

Upon the above being completed, the Manager will commence a comprehensive investigation of the proposed investment. This investigation and resulting report will include an assessment of risk, proposed structure of the investment, estimate of future investment requirements and expected return, and a review of the investee business against the initial screening criteria.

The Manager will prepare an investment memorandum for each investment recommended. The investment memorandum will be presented to the Board or the Investment Committee. The Board or Investment Committee, as applicable, will consider the proposal at its next meeting and, where appropriate, will approve the investment or return the proposal to the Manager for further review and evaluation. Upon approval, a commitment will be given to the investee business and the necessary contracts will be executed in accordance with the proposed structure of the investment.

## **Investment Monitoring**

The Manager will monitor each of the Fund's investments on a continual basis. The Manager or the Fund may require that a representative of it be appointed as a director or observer to the board or other governing body of an investee business. The Manager will require investee businesses to provide regular financial reports and detailed information concerning the investee business. In addition, the Manager will meet regularly with management and take such other steps as are considered necessary to assess the progress of an investee business' product, service or technology development.

The Manager will prepare, for review by the Board, an annual summary of each investment made by the Fund, which addresses the status of the investment performance against goals, compliance with terms or investment covenants, new factors of relevance and any other circumstances that may affect the value of the investment.

## **Overview of the Sectors that the Fund Invests In**

### **Sectors that the Fund Invests In**

#### *Class A Shares*

With the proceeds of the offering raised from the issuance of the Class A Shares, the Fund will invest in a range of businesses from a broad cross-section of the economy that may include, among others, eligible businesses and eligible business entities involved in the biotechnology, renewable energy, technology, oil and gas, agriculture, services and manufacturing sectors of the economy to the extent permitted by the Saskatchewan Act in the case of SK Equity and to the extent permitted by the Manitoba Act in the case of MB Equity.

#### *Class I Shares*

With the proceeds of the offering raised from the issuance of the Class I Shares, the Fund will invest in Innovation Companies, rather than a broad cross-section of the economy as is the case with the proceeds from the issuance of the Class A Shares.

#### *Trends, Events and Uncertainties*

Subsequent to the Fund's year ended August 31, 2011, the financial markets have been unsettled. The Fund will continue to monitor its investee companies to assess the potential impact of any future market fluctuations as the Fund remains a long-term investor. The Fund will continue to monitor the benchmarks and achievements of each investee company in its venture investment portfolio.

### **Significant Holdings**

Appendix A contains information with respect to the investments of the Class A Shares of the Fund where 5% or more of the securities of any class of an investee company are beneficially owned directly or indirectly by the Fund. The information is current as of December 2, 2011. Appendix B contains information with respect to the investments of the Class I Shares of the Fund where 5% or more of the securities of any class of an investee company are beneficially owned directly or indirectly by the Fund. The information is current as of December 2, 2011. The Fund has no control over any information disseminated by its investee companies (including information contained on the websites of its investee companies) and the Fund makes no representation or warranty about the accuracy or completeness of any such information.

## **Investment Restrictions**

### **Investment Restrictions**

#### *SK Shares*

Pursuant to the Saskatchewan Act, the Fund must invest a significant portion of the SK Equity in eligible investments, as described above under "**Investment Objectives**". During the 24 month period following the end of the fiscal year in which the SK Equity is raised, the Fund must invest and maintain at least 75% of the SK Equity in investment instruments issued by eligible businesses or in any other type of investment permitted by the Saskatchewan Act. The Fund's fiscal year end is August 31. As at the end of such 24 month period and for the period that follows, the Fund will maintain at least 75% of the SK Equity in investment instruments issued by eligible businesses. Pending such investments being made, the SK Equity will be invested in investments permitted by the Saskatchewan Act.

The Fund will not invest more than 10% of the Pricing Net Asset Value of the Class A Share Assets or more than 10% of the Pricing Net Asset Value of the Class I Share Assets in any one eligible business or eligible business entity, other than where the securities are issued or guaranteed by the Government of Canada, the Government of any Province or Territory in Canada or the Government of the United States of America, nor will the Fund invest more than 60% of the SK Equity that the Fund has invested in investment instruments issued by any one eligible business or any combination of one eligible business and one or more corporations that are not dealing at arm's length with such eligible business, and will not invest in an eligible business if the Fund and the eligible business are not dealing at arm's length, within the meaning of the Saskatchewan Act.

As required by the Saskatchewan Act (and the exercise of ministerial discretion), the Trust Monies must be set aside in a trust fund until such time as the Fund has invested 55% of the SK Equity, during the applicable fiscal period, in equity shares or debt obligations of eligible businesses and is otherwise in compliance with the investment criteria and restrictions set forth in the Saskatchewan Act. Pending release, the Trust Monies will be invested in investments permitted by the Saskatchewan Act. Once 55% of the SK Equity has been invested by the Fund into eligible businesses then, subject to receipt of written instructions from the Saskatchewan Ministry of Enterprise and Innovation and the Fund authorizing release of the Trust Monies held in trust, the applicable Trust Monies will be released from trust in such amounts, and at such times, as is required in order to make actual investments into identified eligible businesses. See "**Use of Proceeds**".

The Fund is prohibited by the Saskatchewan Act from investing any of its assets in any business that is not at arm's length to the Fund. The Fund and a business will be considered not at arm's length if they are related, within the meaning of the Saskatchewan Act. The Fund is further prohibited by the Saskatchewan Act from using any of the SK Equity to:

- (a) provide loans, guarantees or other financial assistance to any shareholder of the Fund or any person related to a shareholder of the Fund; or
- (b) invest in an eligible business that has provided financial assistance to a shareholder of the Fund by means of a loan, guarantee, provision of security, or any other financial assistance.

Failure of the Fund to meet the investment and timing requirements noted above could result in a revocation of the Saskatchewan Registration and tax credit penalties being imposed on the Fund. See "**Other Material Facts – Penalties Potentially Applicable to the Fund - Saskatchewan**" and "**Other Material Facts – Revocation of Saskatchewan Registration**".

#### *MB Shares*

Pursuant to the Manitoba Act, the Fund must invest a significant portion of the MB Equity in eligible investments issued by eligible business entities, as described above under "**Investment Objectives**". During the 24 month period following the end of the fiscal year in which the MB Equity is raised, the Fund must invest and maintain at least 70% of the MB Equity in eligible investments issued by eligible business entities or in any other type of investment authorized by the Manitoba Act, and 14% of the MB Equity must be in eligible investments for which the total cost of the eligible investments held by the Fund in such entity and any related entities does not exceed \$2,000,000. The Fund's fiscal year end is August 31. As at the end of such 24 month period and for the period that follows, the Fund will maintain at least 70% of the MB Equity in eligible investments issued by eligible business entities. Pending such investments being made, the MB Equity will be invested in investments permitted by the Manitoba Act.

Pursuant to the Manitoba Act, eligible investments issued by an eligible business entity include the following investments:

- (a) a share that was issued to the Fund by an entity that was an eligible business entity at the time the share was issued;
- (b) a debt obligation that was issued to the Fund by an entity that was an eligible business entity at the time it was issued where:
  - (i) the debt obligation, if secured, is secured solely by a general security agreement or by a guarantee referred to in clause (c); and
  - (ii) the debt obligation, by its terms or the terms of any agreement related to it, does not rank ahead of any other debt obligations of the entity except that, where the entity is a corporation, the debt obligation may rank ahead of
    - A. a debt obligation issued by the entity that is prescribed as a small business security for the purposes of paragraph (a) of the definition "small business property" in subsection 206(1) of the *Income Tax Act* (Canada); or
    - B. a debt obligation owing to a shareholder of the entity or to a person related to any such shareholder;
- (c) a guarantee provided by the Fund in respect of a debt obligation that, if the debt obligation had been issued to the Fund at the time the guarantee was provided, would have been an eligible investment because of clause (b);

- (d) an option or right granted by an eligible business entity, in conjunction with the issue by the entity of a share or debt obligation that is an eligible investment, to acquire a share of the capital stock of the entity that would be an eligible investment of the Fund if that share were issued at the time that the option or right was granted;
- (e) a partnership interest that was issued to the Fund by a partnership that was an eligible business entity at the time the interest was issued; and
- (f) an investment of a flow-through investment vehicle, as defined in the Manitoba Act, to the extent that the investment qualifies as an eligible investment of the corporation.

The Fund will not invest more than 10% of the Pricing Net Asset Value of the Class A Share Assets or more than 10% of the Pricing Net Asset Value of the Class I Share Assets in any one eligible business or eligible business entity, other than where the securities are issued or guaranteed by the Government of Canada, the Government of any Province or Territory in Canada or the Government of the United States of America, nor will the Fund invest any MB Equity in an eligible business entity engaged in selling the shares of the Fund, other than a wholly owned subsidiary of the Fund.

The Fund is prohibited by the Manitoba Act from prohibiting investment in unionized or non-unionized businesses, acting as an instrument for organizing employees into unions, and acquiring or holding an investment in an entity that is engaged in selling the Shares, other than a wholly owned subsidiary of the Fund. In addition, the following investments are prohibited by the Manitoba Act, in relation to the MB Equity:

- (a) debt obligations secured by an interest in real property held primarily for (i) gaining gross revenue that is rent, (ii) development, subdivision, sale, or (iii) use in producing agriculture or horticulture crops;
- (b) debt obligations secured by an interest in Canadian resource property or foreign resource property held primarily for the purpose of gaining gross revenue that is rent or a royalty;
- (c) shares in financial institutions;
- (d) debt obligations of financial institutions that were not issued in the ordinary course;
- (e) investments in entities that carry on (i) professions regulated by a governing body under an Act of the Manitoba Legislature, (ii) the business of developing or exploring for minerals unless substantially all of it is in Manitoba or is part of a business that includes extraction, processing or distribution of the materials, (iii) the business of producing agricultural or horticultural crops, or (iv) the business of leasing, rental, development or sale of real property; and
- (f) investments in entities in which substantially all of its assets are (i) real property described in subsection (a), (ii) an interest as described in subsection (b), (iii) assets used in business referred to in subsection (e), or (iv) investments of a type referred to in subsections (a) to (e) or subclauses (i) to (iii).

Failure of the Fund to meet the investment and timing requirements noted above could result in a revocation of the Manitoba Registration and penalties being imposed on the Fund. See "**Other Material Facts – Penalties Potentially Applicable to the Fund - Manitoba**" and "**Other Material Facts – Revocation of Manitoba Registration**".

### **Exemptions and Policies**

Although the Fund is a mutual fund, it is not subject to a variety of securities regulatory policies and restrictions which otherwise govern a public mutual fund. In this respect, certain of the policies applicable to the incorporation and capitalization of mutual funds, the frequency of determining pricing net asset value and suspensions of redemptions do not apply. In addition, the SFSC, on behalf of itself and the MSC, has granted the Fund exemptions from, or has allowed variation in respect of, certain of the standard investment restrictions and practices that are otherwise applicable to mutual funds as follows:

- (a) Typically a mutual fund is not, without the prior approval of the securities regulatory authorities, allowed to purchase the securities of an issuer (except for the securities of designated governments or agencies thereof) if, as a result, the mutual fund would hold more than 10% of (i) the votes attaching to the outstanding voting securities of the issuer; or (ii) the outstanding equity securities of the issuer. The Fund has been granted exemption from this restriction.

- (b) Typically a mutual fund is not, without the prior approval of the securities regulatory authorities, allowed to purchase mortgages other than guaranteed mortgages (meaning mortgages guaranteed or insured by the government of Canada or by the government of a jurisdiction, or agencies thereof). The Fund has been granted exemption from this restriction.
- (c) Typically a mutual fund is not, without the prior approval of the securities regulatory authorities, allowed to purchase guaranteed mortgages if following such purchase more than 10% of the total assets of the mutual fund would consist of guaranteed mortgages. The Fund has been granted variation of this restriction as applicable to the Fund so as to permit it to purchase guaranteed mortgages provided that no more than 25% of the total assets of the Fund, at any one time, consist of investments in guaranteed mortgages.
- (d) Typically a mutual fund is not, without the prior approval of the securities regulatory authorities, allowed to purchase securities for the purpose of exercising control or management over the issuer of the securities. The Fund has been granted exemption from this restriction.
- (e) Typically a mutual fund is not, without the prior approval of the securities regulatory authorities, allowed to purchase any security of an issuer which may, by its terms of purchase, require the mutual fund to make a contribution in addition to the payment of the purchase price for that security. The Fund has been granted exemption from this restriction, provided that if the Fund agrees to make additional investments in an authorized business (in addition to the initial investment) then such additional investment can only be made provided that certain performance targets have been met by the business within certain contemplated time frames, and provided that the total amount of additional investment, the performance targets and the time frames within which the performance targets must be met have been fixed at the date of the original investment in the business. Additional investments are not limited to a further single advance but could consist of subsequent multiple advances.
- (f) Typically a mutual fund is not, without the prior approval of the securities regulatory authorities, allowed to guarantee the securities or obligations of any other person or corporation. The Fund has been granted modification of this restriction as it is applicable to the Fund, such that the Fund is permitted to provide guarantees in an aggregate amount not exceeding 10% of the net asset value of the Fund, from time to time, provided that the Fund maintains reserves equal to 25% of the principal amount of the obligations guaranteed by the Fund.
- (g) Typically a mutual fund is not, without the prior approval of the securities regulatory authorities, allowed to invest more than 10% of its net assets in illiquid investments. The Fund has been granted exemption from this restriction on the condition that the Fund at all times maintain a reserve fund of liquid investments which will enable the Fund to make any redemptions that it could be required to make in any fiscal period, as a result of the redemption provisions attaching to the Shares. The Fund has established a reserve for redemptions based on the lesser of 20% of the Fund's retained earnings or 50% of the Fund's net earnings after tax for the immediately preceding fiscal year.

Except as indicated above, the standard investment restrictions and practices otherwise applicable to mutual funds are applicable to the Fund, and such restrictions and practices are deemed to be incorporated in this prospectus by reference. A copy of the standard investment restrictions and practices shall be provided by or on behalf of the Fund to any person requesting the same.

In addition to the investment restrictions described above, the Board will from time to time establish certain other investment policies. The Board has approved the following investment restrictions and policies, which may be varied from time to time by the Board, as opportunities and market conditions dictate and as permitted by the Saskatchewan Act and the Manitoba Act:

- The portfolio assets of the Fund will be held in the custody of Concentra Trust, as custodian;
- The Fund will not pledge or mortgage any of its assets or borrow money, except as a temporary measure for the purpose of accommodating requests for Share redemptions while effecting an orderly liquidation of portfolio securities, provided that after giving effect to such borrowing the outstanding amount of all such borrowing does not exceed 5% of its net assets valued at the time of such borrowing;
- The Fund will not lend its portfolio assets except in accordance with any guidelines or restrictions imposed on the lending of portfolio assets by mutual funds;
- The Fund will not make loans, except in the ordinary course of investing its funds, make short sales of securities or purchase securities on margin or act as an underwriter of securities;
- The Fund will not lend directly or indirectly to the Sponsor;
- The Fund will not create, issue or purchase derivative securities, except that it may obtain options to acquire additional securities or rights to sell securities of the entities in which it invests;

- The Fund will not trade in commodities or commodity contracts or create, issue or purchase puts, calls, or combinations thereof except that it may obtain options to acquire additional securities or rights to sell securities of the entities in which it invests;
- The Fund may from time to time issue Class C Shares (and will be able to issue Class D Shares, if they are created) on a private placement basis to corporate, institutional and other investors who do not benefit from the tax advantage of an investment in Shares. The Fund has not issued, and has no present intention to issue, Class C Shares or Class D Shares;
- The Fund may invest in illiquid securities and securities the resale of which may be restricted. See "**Calculation of Net Asset Value – Valuation Policies and Procedures of the Fund - Valuation of Assets for which no Published Market Exists**"; and
- The Fund will not invest in or lend money to any authorized business in which a director, officer or employee of the Manager has a material interest, whether such interest is direct or indirect.

In addition, and subject always to compliance with applicable law, the Fund may make additional investments in an authorized business (in addition to the initial investment) through the exercise, at the option of the Fund, of warrants, rights or options that may be received by the Fund as part of the securities issued to the Fund in consideration of the initial investment made by the Fund in the particular business. The ability of the Fund to exercise such warrants, rights or options does not have to be conditional upon the particular business satisfying fixed performance targets or any other conditions precedent established at the date of the initial investment by the Fund.

Currently, the short-term investments of the Fund (liquid portfolio) are solely comprised of investments permitted by the Saskatchewan Act.

As a labour-sponsored investment fund, the Fund is not subject to compliance with the legislative rules directed at ensuring liquidity and diversification of investments and certain other investment restrictions and practices normally applicable to mutual funds, although the Fund may choose to follow such rules, restrictions and practices. As a result, the Fund may provide guarantees for the debts or obligations of other persons or companies or make investments of a nature or size which also involves participation in the management of the business, which other mutual funds would not make. Larger investments may also enable the Fund to obtain rights (for example in shareholders' agreements) which it believes are advantageous to the protection of its interests.

**The investment restrictions and policies described above may be varied from time to time by the Fund, provided that such variation is permissible under the Saskatchewan Act, the Manitoba Act, and all other applicable legislation.**

## **Fees and Expenses**

### **Fees and Expenses Payable by the Fund**

#### *Operating Expenses*

The Fund is responsible for all direct costs and expenses incurred in the operation of the Fund, such as fees and expenses paid to special consultants; salaries and benefits of employees of the Fund; insurance (including directors' liability insurance); legal, audit, valuation and shareholder communication costs; travel, registrar and transfer agency expenses; the annual RRSP administration fee (see "**Purchase of Securities (Plan of Distribution) – RRSP Purchases**"); custodian and trustee fees; management services fees; independent review committee fees; portfolio transaction costs; marketing services fees, promotion expenses and service fees payable to the Agent and to other registered dealers selling Shares, as applicable; and directors' fees. These costs and expenses include all direct out-of-pocket costs and expenses incurred by the Manager in carrying out its obligations under the Management Agreement with the Fund. In accordance with its obligations under the Management Agreement, the Manager currently acts as manager of the Fund's liquid portfolio. The Fund would be responsible for any fees and expenses paid to any third party for liquid portfolio management services should the Manager no longer provide all or a part of these services to the Fund. However, the Manager assumed all net costs of the Class I Shares until December 31, 2010. Net costs are the gross operating costs including the share issue costs attributable to the Class I Shares less any revenue earned from the Class I Share Assets. Following December 31, 2010, these costs are paid by the Fund. See "**Prospectus Summary - Summary of Fees and Expenses**" and "**Organization and Management Details of the Fund – Management of the Fund**".

The nature of the investments made by the Fund generally requires a greater commitment to investment analysis, due diligence investigations and post-investment monitoring than investments in most publicly traded securities. In addition, the cost to determine the value of the Fund's assets for which no published market exists are greater than valuation costs for mutual funds which invest primarily in listed securities. Consequently, the operating expenses of the Fund may be higher than many mutual funds and other pooled investment vehicles. Costs and expenses not specifically identifiable to either of the Class A Shares or the

Class I Shares will be allocated, at the time the costs and expenses are incurred, on the basis of the relative share capital of each type of share as a proportion of the total share capital of the Fund as at the latest Weekly Valuation Update.

The remuneration to be paid to the officers of the Fund will be established by the Board from time to time. No officer of the Fund has or is currently receiving any remuneration by virtue of such office. Each director of the Fund receives an annual retainer of \$1,000, each member of a committee of the Board receives an annual retainer of \$500 and each director of the Fund and each member of a committee of the Board is entitled to receive a fee of \$400 per day for each Board or committee meeting attended or \$200 if the Board or committee meeting is less than one hour in duration, other than those persons who are also directors, officers, or employees of the Manager. The aforementioned restriction currently applies to Grant Kook and Doug Banzet. In addition, all directors are entitled to be reimbursed for expenses incurred in attending Board and committee meetings. No director or officer of the Fund (or their associates or affiliates) is indebted to the Fund.

#### *Management Fees and Expenses*

Pursuant to the Management Agreement, the Fund is responsible for payment of the following amounts to the Manager:

- (1) the Annual Management Fee; and
- (2) the IPA. Before any IPA is paid to the Manager on an eligible investment, the Fund must have achieved all of the following:
  - (a) if the particular eligible investment is a Class A Share Asset, earned sufficient income to generate a rate of return on all eligible investments attributable to the Class A Shares that is greater than the 5 year average GIC rate of Concentra plus 1.5% on an annualized basis. The income on eligible investments attributable to the Class A Shares includes investment gains and losses (realized and unrealized) earned and incurred on eligible investments attributable to the Class A Shares since the inception of the Fund;
  - (b) if the particular eligible investment is a Class I Share Asset, earned sufficient income to generate a rate of return on all eligible investments attributable to the Class I Shares that is greater than the 5 year average GIC rate of Concentra plus 1.5% on an annualized basis. The income on eligible investments attributable to the Class I Shares includes investment gains and losses (realized and unrealized) earned and incurred on eligible investments attributable to the Class I Shares since the Class I Share Offering Date;
  - (c) earned sufficient income from the particular eligible investment to provide a cumulative investment return at an average annual rate in excess of 10% since investment; and
  - (d) fully recouped an amount from the particular eligible investment, through income earned, liquidation of the investment, or otherwise, equal to all the principal invested in the particular eligible investment.

The Fund and the Manager believe that the IPA is appropriate for the Fund. Incentive fees are not uncommon in the venture capital industry in Canada. The Fund believes that it needs to be able to offer an incentive fee arrangement in order to attract and maintain the necessary professional expertise to be able to carry out its investment objectives and its mandate. The IPA arrangement builds in a "hurdle rate" of the GIC rate of Concentra plus 1.5% on an annualized basis. A hurdle rate is designed to ensure that incentive compensation is only paid in circumstances where the portfolio under management meets some acceptable minimum level of return. The requirement that no IPA be paid in respect of a particular investment unless the investment has achieved cumulative investment return at an average annual rate in excess of 10% since investment also reflects the view of the Fund that no incentive payments are appropriate on an investment unless the investment meets a minimum prescribed level of success.

The Manager's management fees in respect of the Class I Shares will remain unearned until such time that \$10.0 million in gross proceeds is raised from the Class I Shares.

During the fiscal year ended August 31, 2011, the Manager earned fees, including the IPA, in the amount of \$4,550,332 (including GST) pursuant to the Management Agreement. For the period from September 1, 2011 to December 2, 2011, the Manager earned fees, including the IPA, in the amount of \$1,180,315 (including GST).

### *Sales Commissions and Service Fees*

Up to December 31, 2003, the Commission was paid directly by the Fund. The Commission was amortized by the Fund on a straight line basis over a period of eight years. A portion of the current Pricing Net Asset Value of the Fund is comprised of such deferred Commission.

Effective January 1, 2007, the obligation to pay the Commission was assumed by Conexus pursuant to the Services Agreement. Conexus assumed such liability as consideration for the payment by the Fund to Conexus of the aggregate of: (i) the Liability Amount; (ii) the Premium; and (iii) the Prometa Expenses. The Percentage Based Payments will be paid in yearly installments, with one installment being paid each year for eight consecutive years immediately following the applicable calendar year. Each Percentage Based Payment is equal to 0.95% of the gross proceeds raised in the applicable year net of the aggregate of any related redemptions as at the end of the calendar year immediately preceding each payment date. The Percentage Based Payments and the Prometa Expenses are payable on January 15 of each year. Accordingly, the first payment relative to the 2012 calendar year will be payable on January 15, 2013.

As remuneration for distribution services being provided by the Agent to the Fund, the Fund has agreed to pay to the Agent the Marketing Services Fee. The Marketing Services Fee is payable monthly. However, the Agent has agreed the Marketing Services Fee on the sale of the Class I Shares will remain unearned until such time that \$10.0 million in gross proceeds is raised from the sale of the Class I Shares. The distribution services being provided by the Agent to the Fund include, but are not limited to, acting as principal distributor and agent for the sale of Shares to eligible investors.

The Fund also reimburses the Agent for reasonable costs incurred by them related to them acting as agent in connection with the offering of Shares, including reasonable legal fees and costs.

In addition to the Commission, the Agent and other registered dealers who distribute Shares are entitled to receive the Annual Service Fee.

See "**Purchase of Securities (Plan of Distribution) – Agency Agreement and Services Agreement**".

### *Sales Incentive*

The Fund may enter into cooperative advertising programs with the Agent or other registered dealers providing for reimbursement by the Fund of expenses incurred in promoting Shares, subject to compliance with applicable laws, based on past or anticipated sales by the Agent and other registered dealers.

### *Other Expenses*

Currently the Manager, in connection with managing the Fund's liquid portfolio, utilizes the services of the Broker, through its offices located at Suite 2100 – 666 Burrard Street, Vancouver, BC, as principal broker in respect of the purchase and sale of securities for the Fund's short-term investments (liquid portfolio). For the year ended August 31, 2011, the Broker did not charge, and the Fund did not pay, any brokerage fees for the services provided by the Broker to the Fund, as the Fund did not sell any securities through the Broker during this time.

## **Fees and Expenses Payable by the Investors**

### *RRSP Fee*

The Fund has made arrangements with Concentra Trust, a subsidiary of Concentra, pursuant to which individual investors may establish a RRSP with Concentra Trust and have the RRSP purchase Shares. Investors may take advantage of these arrangements by completing the applicable portion of their subscription form. Investors who participate in these arrangements will be required to pay a RRSP administration fee to the Fund in the amount of \$35.00 plus GST, payable at the earlier of the date of redemption of the applicable Shares and the end of the Eight Year Holding Period, subject to waiver by the Fund in its discretion. The Fund pays an annual RRSP administration fee to Concentra Trust in respect of each RRSP established with and maintained by Concentra Trust. The Fund has negotiated an annual RRSP administration fee of approximately \$6.00/RRSP. This annual administration fee is subject to change on 60 days notice without prior approval of the investors. Investors may also have their own or their spouse's or common-law partner's self-directed RRSP purchase Shares. See "**Purchase of Securities (Plan of Distribution) - RRSP Purchases**" and "**Income Tax Considerations**".

### Early Redemption Fee

Holders of Shares who request the Fund to redeem such shares prior to the seventh anniversary of the date that such Shares were issued will be charged an early redemption fee of 1% of the redemption amount for each year or part year remaining before the expiry of the Eight Year Holding Period. There is no redemption fee where the redemption occurs after the seventh anniversary of the date that such Shares were issued, following the death of the holder of the Shares that are to be redeemed, in circumstances where the holder of the Shares that are to be redeemed is a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died, or where the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Shares were issued. Early redemption before expiry of the Eight Year Holding Period may also result in repayment of the Federal tax credit and either the Saskatchewan or Manitoba tax credit, as applicable, and is subject to a number of restrictions. See "Income Tax Considerations", "Description of the Securities Distributed – Class A Shares – Redemption by Holders" and "Description of the Securities Distributed – Class I Shares – Redemption by Holders".

### Share Certificate Fee

Holders of Shares who request the issuance of a share certificate in respect of Shares purchased thereby will be charged \$100 to cover administrative costs.

## Annual Returns and Management Expense Ratio

### Annual Return and Management Expense Ratio – Class A Shares

The management expense ratio and annual returns of the Class A Shares of the Fund for the past five years are as follows:

Year	Annual Return <sup>(1)</sup>	Management Expense Ratio <sup>(2)</sup>	Adjusted Management Expense Ratio <sup>(3)</sup>
2011	2.35%	6.50%	3.87%
2010	1.80%	6.97%	4.15%
2009	-7.99%	6.47%	3.97%
2008	0.76%	6.86%	6.00%
2007	4.80%	7.80%	4.40%

Notes:

- (1) The annual return is calculated based on the Pricing Net Asset Value per Class A Share as of August 31.
- (2) The management expense ratio has been calculated by aggregating all fees and expenses paid or payable by the Fund in respect of the Class A Shares (including an estimated contingent IPA and all share issue costs, but excluding commissions and brokerage fees on the purchase and sale of portfolio securities) and is expressed as a percentage of the average net assets administered during the period.
- (3) The adjusted management expense ratio is the management expense ratio excluding the estimated contingent IPA and share issue costs.

Because of the nature of the investments that the Fund intends to make, it is anticipated that the management expense ratio of the Fund will be higher than that of conventional mutual funds.

Management expense ratios vary from mutual fund to mutual fund.

### Annual Return and Management Expense Ratio – Class I Shares

The management expense ratio and annual returns of the Class I Shares of the Fund since inception of the Class I Shares are as follows:

Year	Annual Return <sup>(1)</sup>	Management Expense Ratio <sup>(2)</sup>	Adjusted Management Expense Ratio <sup>(3)</sup>
2011	-0.89%	2.51%	1.38%
2010	0.80%	1.30%	1.00%
2009	0%	0%	0%

Notes:

- (1) The annual return is calculated based on the Pricing Net Asset Value per Class I Share as of August 31.

- (2) The management expense ratio has been calculated by aggregating all fees and expenses paid or payable by the Fund in respect of the Class I Shares (including an estimated contingent IPA and all share issue costs, but excluding commissions and brokerage fees on the purchase and sale of portfolio securities) and is expressed as a percentage of the average net assets administered during the period.
- (3) The adjusted management expense ratio is the management expense ratio excluding the estimated contingent IPA and share issue costs.

Because of the nature of the investments that the Fund intends to make, it is anticipated that the management expense ratio of the Fund will be higher than that of conventional mutual funds.

Management expense ratios vary from mutual fund to mutual fund.

## **Risk Factors**

In addition to the risk factors mentioned elsewhere in this prospectus, the following may be considered as risk factors pertaining to an investment in Shares:

### **Nature of Investment**

The business of the Fund is to make investments in Saskatchewan and Manitoba small and medium-sized eligible businesses. There is no assurance that suitable investments will be found. There is no guarantee that an investment in the Shares will earn an acceptable rate of return or any return in the short or the long term. An investment in Shares is speculative and is only appropriate for investors able to make a long-term commitment, and with the capacity to absorb a loss of some or all of their investment.

Investments of the kind to be made by the Fund, by their nature, involve a longer commitment than that typical for other types of investments made by mutual funds. Many such investments require between five to eight years in order to mature and generate the returns expected by the Fund. Furthermore, despite diversification of the Fund's investment portfolio for purposes of distributing risk, the investments of the Fund are likely to mature at different times creating an irregular pattern in the Pricing Net Asset Value per Share. In addition, there can be no assurance that any of the investments will mature and generate the returns expected, or any returns at all, and losses on unsuccessful investments are often realized before gains on successful investments are realized.

Although the Fund is a mutual fund, many of the rules designed to protect investors who purchase securities of mutual funds do not apply to the Fund. In particular, rules directed at ensuring liquidity and diversification of investments as well as certain other investment restrictions and practices normally applicable to mutual funds do not apply. In addition, diversification of investments which are made by the Fund may also be limited due to the size of the Fund. The Fund may also take positions in small and medium-sized authorized businesses which represent a larger percentage of the equity than a mutual fund would be permitted to take, and this may increase the risk per investment. See "**Investment Restrictions**".

Venture capital investment in eligible businesses and eligible business entities in accordance with the investment restrictions and policies applicable to the Fund requires a greater commitment to investment analysis than investments in most other securities. In addition, the cost to determine the value of the Fund's assets for which no published market exists will be greater than valuation costs for mutual funds which invest primarily in listed securities. Consequently, the operating expenses of the Fund may be higher than those of many mutual funds and other pooled investment vehicles. See "**Fees and Expenses – Fees and Expenses Payable by the Fund - Operating Expenses**".

The Saskatchewan Act permits up to twenty-five percent (25%) of the SK Equity to be utilized by the Fund, if required, to satisfy payment of the Fund's ongoing operating expenses. The Manitoba Act permits up to thirty percent (30%) of the MB Equity to be utilized by the Fund, if required, to satisfy payment of the Fund's ongoing operating expenses. There is no assurance that the Fund will generate enough revenue on an on-going basis so as to enable the Fund to pay those operating expenses (if any) which exceed the aforesaid amount of monies that may be utilized by the Fund for payment of operating expenses. See "**Use of Proceeds**".

### **Class I Share Assets**

The Fund will invest the proceeds of the offering raised from the issuance of the Class I Shares in Innovation Companies, rather than a broad cross-section of the economy as is the case with the proceeds from the issuance of the Class A Shares. Consequently, the value of the Class I Share Assets, and the corresponding Pricing Net Asset Value per Class I Share, may be

more volatile than that of portfolios with a more diversified investment strategy, such as the portfolio associated with the Class A Shares. The value of the Class I Share Assets may fluctuate as a result of factors affecting the technology sector generally.

Under the WD Agreement, WD will review the eligibility of each proposed investment in an Innovation Company and provide written concurrence that the investment meets the eligibility requirements of the WD Agreement before the Fund may make an investment in an Innovation Company. For greater certainty, WD will not approve investments in Innovation Companies, nor will it conduct due diligence in respect of any such investments, it will simply confirm that such investments meet the eligibility requirements set forth in the WD Agreement prior to an investment being made. There can be no assurance that sufficient suitable investments in Innovation Companies will be found. In addition, the Innovation Companies in which the Fund invests will generally be in the early stages of business development and will typically have few, if any, conventional assets. In the event that WD fails to confirm that such investments meet the eligibility requirements of the WD Agreement, the Fund's ability to satisfy its investment requirements under the Saskatchewan Act and the Manitoba Act may be impaired.

These risks related to the Class I Shares are partially offset by the loss support provisions contained in the WD Agreement, which provide for coverage of losses on certain qualifying investments. However, contributions by WD under the WD Agreement may be limited by appropriation of government funds. Further, the WD Agreement may be terminated in certain circumstances and, in the event of default by the Fund, WD may cease to provide loss contributions and may require repayment of loss contributions that have been paid. See "**Investment Objectives**".

### **Management Track Record**

Investors will be relying upon the business judgment, expertise and integrity of the members of the Board, officers of the Fund and the Manager. The ability of the Manager to successfully manage the Fund and its investments is dependant upon its ability to attract and retain qualified personnel. The Manager can only be terminated by the Fund in limited circumstances. Holders of Shares are entitled to elect only a minority of the directors of the Fund (currently 4 of 9). See "**Organization and Management Details of the Fund – Management of Fund – Management Agreement**" and "**Description of the Securities Distributed**".

### **External Factors**

The Pricing Net Asset Value per Share, and therefore the value of the Shares, is based on the value of the investments in the Fund's portfolio. The value of the investments will fluctuate with general economic conditions, including the level of interest rates, corporate earnings, economic activity, the Canadian dollar and other factors. Given the Fund's investment focus, the risk associated with such fluctuations may be increased for investors in the Shares since emerging businesses often are affected more than larger, more mature entities by external events, including downturns in general economic conditions.

### **Valuations**

The Fund offers Shares at the Pricing Net Asset Value per Share as of the next valuation of the Fund following the subscription. The Pricing Net Asset Value per Share is determined by the Manager on a weekly basis as at the Weekly Valuation Update. The Weekly Valuation Updates are based, in part, on estimates of the fair market value of those assets of the Fund for which there is no published market, which estimates are approved by the Valuation Committee semi-annually and updated by the Manager as and when any material changes occur (if any), with respect to the assets of the Fund for which there is no published market, subsequent to the last semi-annual update. This valuation process is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments. To the extent that these valuations are too high, new shareholder investment will provide a benefit to existing investors; similarly, to the extent these valuations are too low, existing investors will suffer a dilution in the value of their shares. As part of its engagement as auditor of the Fund, the Fund's auditor provides annual (audited) and semi-annual (unaudited notice to reader) reports, as at the last day of August and the last day of February in each year, on the financial statements of the Fund which includes the fair value of the Fund's portfolio, in aggregate, prepared by the Manager and approved by the Valuation Committee, to determine if such fair value is, in all material respects, reasonable. Unless required by the Fund's auditors or applicable law, independent valuations will not be conducted in respect of each investment within the Fund's portfolio. Should an independent valuation of any of the portfolio investments be required, the Fund's auditors will request a qualified independent third party valuator to conduct a valuation. Such circumstances could impact negatively on the expenses of the Fund. See "**Calculation of Net Asset Value – Valuation Policies and Procedures of the Fund**".

### **Lack of Liquidity**

No market exists at present through which the Shares may be sold and none is expected to develop. There are restrictions on both the transfer and redemption of Shares. See "**Description of the Securities Distributed**". Consequently, holders of Shares may not be able to sell or redeem their Shares and Shares may not be accepted as collateral for loans. Investors who request a redemption of Shares within eight years of the date of acquisition will, subject to certain exceptions, be subject to a withholding fee equal to the tax credits received on the purchase of such Shares. In addition, investors must pay redemption fees if their Shares are redeemed within seven years of purchase. See "**Income Tax Considerations**", "**Other Material Facts – Penalties Potentially Applicable to the Fund – Saskatchewan**" and "**Other Material Facts – Penalties Potentially Applicable to the Fund – Manitoba**".

Redemption of the Shares is substantially restricted both by law and due to the fact that the obligation of the Fund to redeem the Shares is based on the profitability and retained earnings of the Fund. In particular, with respect to redemption of Shares:

- (1) the Fund is prohibited by law from making redemptions in certain circumstances;
- (2) the Fund may suspend redemptions for substantial periods of time in certain circumstances; and
- (3) the Fund, in any fiscal year and subject to certain exceptions, will not redeem Shares if: (i) the redemption would cause the Fund to be in default of its financial obligations under an arm's length loan agreement, (ii) the Fund is insolvent or would be rendered insolvent as a result of the redemption, (iii) in relation to the Class A Shares, the redemption would create a working capital deficiency for the Fund with respect to the Class A Shares or the total Class A Share redemptions in the fiscal year would exceed either 20% of the Fund's retained earnings attributable to the Class A Shares or 50% of the Fund's net earnings after taxes, for the previous fiscal year, attributable to the Class A Shares, or (iv) in relation to the Class I Shares, the redemption would create a working capital deficiency for the Fund with respect to the Class I Shares or the total Class I Share redemptions in the fiscal year would exceed either 20% of the Fund's retained earnings attributable to the Class I Shares or 50% of the Fund's net earnings after taxes, for the previous fiscal year, attributable to the Class I Shares. Subject to corporate law requirements, these restrictions will not apply if (i) the holder of the Shares that are to be redeemed has died, (ii) the holder of the Shares that are to be redeemed is a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died or (iii) where the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Shares were issued.

Even though a request for redemption may be declined by the Fund for any of the foregoing reasons, the request will remain in effect until withdrawn by the shareholder or subsequently fulfilled by the Fund.

The Federal Act requires that a minimum percentage of the assets of a RRIF be withdrawn from the RRIF in each year and, accordingly, investments for a RRIF must be acquired with such requirements in mind. Due to the restrictions that exist on the ability to require the Fund to redeem Shares, an annuitant under such a trust that holds Shares may be required to withdraw all or some of the Shares if the trust holds insufficient liquid assets that may be withdrawn to meet the annual withdrawal requirements. See "**Income Tax Considerations – Eligibility for Investment and Transfer of Shares**".

### **Use of Proceeds to Fund Redemptions**

While funds have been reserved for the purposes of funding redemptions that may come due, to the extent that such funds are insufficient to satisfy redemptions, a portion of the proceeds of the offering of Shares hereunder may be used to fund such redemptions. See "**Use of Proceeds**", "**Description of the Securities Distributed – Class A Shares – Redemption by Holders**" and "**Description of the Securities Distributed – Class I Shares – Redemption by Holders**".

### **Non-Compliance with Investment Requirements**

The Fund may have its Saskatchewan Registration revoked and be subject to certain penalties if it does not comply with the investment and other requirements of the Saskatchewan Act. The Fund may have its Manitoba Registration revoked and be subject to certain penalties if it does not comply with the investment and other requirements of the Manitoba Act. See "**Other Material Facts – Penalties Potentially Applicable to the Fund - Saskatchewan**" and "**Other Material Facts – Penalties Potentially Applicable to the Fund - Manitoba**". The investment performance of the Fund may be adversely affected if the Fund becomes subject to such penalties or if its Saskatchewan Registration or its Manitoba Registration is revoked. If the Saskatchewan Registration and Manitoba Registration are revoked, the Fund will cease to qualify as a labor-sponsored venture

capital corporation under the Federal Act and tax credits will not be available in respect of purchases of Shares after such registrations are revoked.

### **Legislative Changes**

Changes may be introduced to the legislation that provides for tax credits for investment in labour-sponsored venture capital corporations and related matters. If such changes are unfavourable, the Fund's ability to attract further investment could be impaired. As a result, the availability of capital for investment by the Fund could be reduced, thereby decreasing the Fund's ability to fulfill its investment objectives.

### **Inability to Use Tax Credits**

An individual should calculate his or her Federal tax payable and provincial tax payable carefully to ensure that the amount of Federal tax credit and Provincial Tax Credit available, as a result of a purchase of Shares, may be fully utilized. Unused tax credits are not refundable and may not be carried forward or back to reduce taxes otherwise payable for other years. An individual will not be able to take full advantage of the Provincial Tax Credit or Federal tax credit if the amount of tax payable under the Saskatchewan Tax Act, the Manitoba Tax Act or the Federal Act is less than the Provincial Tax Credit or the Federal tax credit, as applicable. For example, if an individual no longer resides in Saskatchewan as at the last day of a taxation year, for income tax purposes the individual may have no tax payable under the Saskatchewan Tax Act, notwithstanding the fact that the individual may have earned income in the year in Saskatchewan.

### **Transfers to RRSP**

CRA may redetermine the fair market value of a Share as of the date of the contribution of such share to an RRSP. Such a redetermination would affect the proceeds of disposition received by the contributor and may affect the amount of the deduction available as a result of the contribution. A contribution of previously purchased Shares to an RRSP will prevent the deductibility of any interest in respect of funds borrowed to initially purchase the Shares. See "**Income Tax Considerations – Eligibility for Investment and Transfer of Shares**".

### **Pricing Net Asset Value per Share Is Not Determined In Accordance With GAAP**

Because of the availability of the Transitional Relief, beginning January 1, 2004, and the adoption of Section 3855, effective September 1, 2007, the Pricing Net Asset Value per Class A Share is not determined strictly in accordance with GAAP, and may be different than the GAAP Net Asset Value per Class A Share. Accordingly, investors purchasing Class A Shares under this offering will be paying a subscription price per Class A Share that is different than the GAAP Net Asset Value per Class A Share. As at December 2, 2011, the Pricing Net Asset Value per Class A Share was \$0.002 less than the GAAP Net Asset Value per Class A Share. See "**Calculation of Net Asset Value – Pricing Net Asset Value per Share Differs from GAAP Net Asset Value per Shares**".

The Pricing Net Asset Value per Class I Share has not been determined strictly in accordance with GAAP, and may be different than the GAAP Net Asset Value per Class I Share because of the adoption of Section 3855. As at December 2, 2011, there was no difference between the Pricing Net Asset Value of the Class I Share Assets and the GAAP Net Asset Value of the Class I Share Assets. See "**Calculation of Net Asset Value – Pricing Net Asset Value per Share Differs from GAAP Net Asset Value per Shares**".

### **Negative Impact on Pricing Net Asset Value per Class I Share**

The Pricing Net Asset Value per Class I Share will be negatively impacted for the Weekly Valuation Update immediately following an aggregate of \$10.0 million in gross proceeds being raised from the sale of Class I Shares due to the fact that the Annual Management Fee and Marketing Services Fee for the entire \$10.0 million will become earned and payable to the Manager and the Agent, respectively, at such time. See "**Fees and Expenses**."

### **Dividend Policy**

The Fund may declare such dividends on the Shares from time to time out of monies legally available for dividends as may be appropriate. Dividends on Class A Shares may only be paid out of monies derived from the Class A Share Assets. Dividends on Class I Shares will only be paid out of monies derived from the Class I Share Assets. There has been no dividend distribution by the Fund since its inception and the Fund does not anticipate declaring dividends in the foreseeable future.

The Fund intends to capitalize annually certain amounts of its interest and other investment income (other than dividends in respect of taxable Canadian corporations) and capital gains to the extent necessary to obtain a refund of the tax otherwise payable on its taxable capital gains and to reduce the tax otherwise payable by it on its interest and other investment income (other than dividends in respect of taxable Canadian corporations). Such capitalization will be effected, provided the approval of the shareholders of Fund is obtained, by increasing the stated capital of the Shares. If and to the extent that the Fund increases the stated capital of the Shares, a holder of Shares will be deemed to have received a dividend equal to the amount of the stated capital increase in respect of his or her Shares. See "**Income Tax Considerations**".

## **Purchase of Securities (Plan of Distribution)**

### **Plan of Distribution**

The SK Shares are offered for sale in the province of Saskatchewan and the MB Shares are offered for sale in the province of Manitoba, in each case only through registered dealers or other persons licensed to sell Shares of the Fund. Subscriptions are received subject to rejection in whole or in part and such decision will be made within two days of receipt of the subscription. In the event the subscription is rejected in whole or in part the applicable subscription monies (or portion thereof) will be refunded immediately.

### **Agency Agreement and Services Agreement**

The Fund has entered into the Agency Agreement, pursuant to which the Agent has agreed to act as an agent and the principal distributor of the Fund in respect of sales of Shares.

As remuneration for distribution services being provided by the Agent to the Fund, the Fund has agreed to pay to the Agent the Marketing Services Fee. The Marketing Services Fee is payable monthly. However, the Agent has agreed that its Marketing Services Fee on the sale of the Class I Shares will remain unearned until such time that \$10.0 million in gross proceeds is raised from the sale of the Class I Shares. The distribution services being provided by the Agent to the Fund include, but are not limited to, acting as principal distributor and agent for the sale of Shares to eligible investors.

The Fund also reimburses the Agent for reasonable costs incurred by it related to it acting as agent in connection with the offering of Shares, including reasonable legal fees and costs.

The Agent and other registered dealers who distribute Shares are entitled to receive the Commission and the Annual Service Fee equal to 0.50% of the aggregate Pricing Net Asset Value of Shares held by their clients.

Up to December 31, 2003, the Commission was paid by the Fund to all registered dealers selling Shares. The Commission was amortized by the Fund on a straight line basis over a period of eight years. A portion of the current Pricing Net Asset Value per Class A Share is comprised of such deferred Commission.

Effective January 1, 2007, the obligation to pay the Commission was assumed by Conexus pursuant to the Services Agreement. And the Fund agreed to pay to Conexus the aggregate of: (i) the Liability Amount; (ii) the Premium; and (iii) the Prometa Expenses.

The Percentage Based Payments will be paid in yearly installments, with one installment being paid each year for eight consecutive years immediately following the applicable calendar year. Each Percentage Based Payment shall be equal to 0.95% of the gross proceeds raised in the applicable year net of the aggregate of any related redemptions as at the end of the calendar year immediately preceding each payment date. The Percentage Based Payments and the Prometa Expenses are payable on January 15 of each year. Accordingly, the first payment relative to the 2012 calendar year will be payable on January 15, 2013. Effective January 1, 2007, Conexus also acquired the unpaid portion of the payments payable by the Fund to Concentra under the Concentra Revenue Acquisition and the Concentra Commission Payment Agreement.

### **Pre-Authorized Debit Plan**

The Fund has established a pre-authorized debit plan to assist investors in making an investment in Shares. There are no administrative fees payable for participation in the pre-authorized debit plan. Participants in the plan are not required to commit to any specific number of purchases and may, at their option, make purchases monthly or semi-monthly.

By signing a subscription form, investors:

- (1) waive any pre-notification requirements as specified by sections 15(a) and (b) of the Canadian Payments Association Rule H1 with regards to pre-authorized debits;
- (2) confirm that all persons whose signatures are required to authorize transactions in the bank account specified in the agreement have signed the agreement;
- (3) authorize the Fund to accept changes to the pre-authorized contribution plan agreement from any registered dealer or any financial advisor in accordance with the policies of the Fund;
- (4) agree that information on the agreement will be shared with the financial institution, insofar as the disclosure of such information is directly related to and necessary for the proper application of the rules applicable to pre-authorized debits; and
- (5) acknowledge and agree that they are fully liable for any charges incurred if the debits cannot be made due to insufficient funds or any other reason for which they may be held accountable.

Investors have certain recourse rights if a debit does not comply with the agreement. For example, investors have the right to receive reimbursement for any debit that is not authorized or is not consistent with the pre-authorized debit agreement. To obtain more information on recourse rights, investors may contact their financial advisor or visit [www.cdpay.ca](http://www.cdpay.ca)

Investors may change their instructions or cancel the pre-authorized contribution plan at anytime, provided that written notice is provided to the Fund at least 10 business days in advance of any pending debit.

### **RRSP Purchases**

The Fund has entered into the RRSP Trust Agreement, pursuant to which individual investors may establish a RRSP with Concentra Trust and have the RRSP purchase Shares. Certain administrative services relating to the RRSPs established for investors will be provided by the Transfer Agent, pursuant to the Transfer Agency Agreement. Investors may take advantage of these arrangements by completing the applicable portion of their subscription form relating to this offering. Investors who participate in these arrangements will be required to pay a RRSP administration fee to the Fund in the amount of \$35.00 plus GST, payable at the earlier of the date of redemption of the applicable Shares and the end of the Eight Year Holding Period, subject to waiver by the Fund in its discretion. The Fund pays an annual RRSP administration fee to Concentra Trust in respect of each RRSP established with and maintained by Concentra Trust. The Fund has negotiated an annual RRSP administration fee of approximately \$6.00 per RRSP account. This annual administration fee is subject to change on 60 days notice without prior approval of the investors. Investors may also have their own or their spouse's or common-law partner's self-directed RRSP purchase Shares. See "**Income Tax Considerations**".

### **Suspension and Resumption of the Offering**

Although the Fund expects to continuously offer Shares at prices equal to the Pricing Net Asset Value per Share, the Fund may, from time to time, in its sole discretion, suspend and recommence this offering at any time the Fund deems appropriate. In particular, the Fund may suspend this offering at any time when the Fund has more funds than it can invest in eligible investments within a reasonable period of time, and will recommence the offering at such time as sufficient investment opportunities are available.

## **Redemption of Securities**

### **Redemption of Securities**

Redemption of the Shares is restricted both by law and due to the fact that the obligation of the Fund to redeem the Shares is based on the profitability and retained earnings of the Fund. In particular, in any fiscal year the Fund will not be required to redeem any Shares if:

- (1) the redemption would cause the Fund to be in default of its financial obligations under an arm's length loan agreement;
- (2) the Fund is insolvent or would be rendered insolvent as a result of the redemption;

- (3) in relation to the Class A Shares, the redemption would create a working capital deficiency for the Fund with respect to the Class A Shares or the total redemptions of Class A Shares in the fiscal year would exceed either 20% of the Fund's retained earnings attributable to the Class A Shares or 50% of the Fund's net earnings after taxes, for the previous fiscal year, attributable to the Class A Shares; or
- (4) in relation to the Class I Shares, the redemption would create a working capital deficiency for the Fund with respect to the Class I Shares or the total redemptions of Class I Shares in the fiscal year would exceed either 20% of the Fund's retained earnings attributable to the Class I Shares or 50% of the Fund's net earnings after taxes for the previous fiscal year, attributable to the Class I Shares.

Subject to corporate law requirements, these restrictions will not apply if (i) the holder of the Shares that are to be redeemed has died, (ii) the holder of the Shares that are to be redeemed is a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died or (iii) where the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Shares were issued.

Subject to the above restrictions, Shares may be redeemed by the Fund upon request from the holder prior to the expiry of the Eight Year Holding Period, but only if an amount equal to the Federal tax credit, the Saskatchewan tax credit, if any, and the Manitoba tax credit, if any, on such shares is withheld from the redemption proceeds and paid to the Receiver General, the Saskatchewan Minister and the Manitoba Minister, respectively. There shall be no withholding of the tax credit amounts in circumstances where the Shares to be redeemed were issued more than eight years earlier, belong to a shareholder who has died, belong to a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died, or, in the case of MB Shares, where the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Shares were issued.

Class A Shares shall only be redeemed using monies derived from the Class A Share Assets. Class I Shares shall only be redeemed using monies derived from the Class I Share Assets.

Holders of Shares who request to redeem such Shares prior to the seventh anniversary of the date that such Shares were issued will be charged an early redemption fee of 1% of the redemption amount for each year or part year remaining before the Eight Year Holding Period expires. The redemption fee will be deducted from the redemption amount otherwise payable and will be retained by the Fund. There is no redemption fee where the redemption occurs after the seventh anniversary of the date that such Shares were issued, following the death of the holder, in circumstances where the shares to be redeemed belong to a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died, or where the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Shares were issued.

Subject to the foregoing limitations, any such Shares that the Fund has not redeemed in a particular fiscal year will be redeemed in the following fiscal year before the Fund redeems any other Shares of that class. For such purposes, the requests to redeem such Shares will be deemed to have been received by the Fund on the first day of the following fiscal year in the order that they were originally received by the Fund.

Subject to the withholding of any tax credits or other amount required to be withheld and the deduction of any redemption fees, as described above, Shares will be redeemed at the Pricing Net Asset Value per Share as determined by the Manager at the Weekly Valuation Update which immediately next follows the day on which the Fund receives the request for redemption or, where the next valuation following the request for redemption is as at the Cut-off Date, then as at the Cut-off Date, plus any declared but unpaid dividends on the Shares being redeemed. See "**Description of the Securities Distributed – Class A Shares – Redemption by Holders**", "**Description of the Securities Distributed – Class I Shares – Redemption by Holders**" and "**Calculation of Net Asset Value – Pricing Net Asset Value per Share**".

## INCOME TAX CONSIDERATIONS

### Introduction

In the opinion of MacPherson Leslie & Tyerman LLP (with respect only to Canadian Federal and Saskatchewan income tax considerations), counsel to the Fund, and Aikins, MacAulay & Thorvaldson LLP (with respect only to Canadian Federal and Manitoba income tax considerations), counsel to the Agent, the following is a summary of the principal Canadian Federal income tax considerations, Saskatchewan income tax considerations and Manitoba income tax considerations generally applicable to prospective purchasers of Shares pursuant to this prospectus who, at all relevant times and for the purposes of the Tax Legislation, are individuals (other than trusts) resident in Saskatchewan or Manitoba, as applicable, hold their Shares as capital property, and deal at arm's length and are not affiliated with the Fund. Generally, the Shares will be capital property to the holder thereof unless the holder is a trader or dealer in securities or has acquired the Shares as part of an adventure in the nature of trade.

For purposes of this section "**Income Tax Considerations**", it is assumed that the Fund is a "**registered labour-sponsored venture capital corporation**" as defined under the Saskatchewan Act and that the Fund is a "**registered labour-sponsored venture capital corporation**" as defined under the Manitoba Act at all times. It is also assumed that the Fund will not qualify as an "**investment corporation**" under the Federal Act. The Fund is a "**private corporation**" and, as a registered labour-sponsored venture capital corporation under the Saskatchewan Act and the Manitoba Act, is a "**mutual fund corporation**" for purposes of the Federal Act.

This summary is based on the Tax Legislation, counsel's understanding of the current administrative and assessing practices of the CRA, the Saskatchewan Minister, the Manitoba Minister, the Saskatchewan Ministry of Finance, the Manitoba Ministry of Finance and specific proposals for amendments to the Tax Legislation publicly announced prior to the date hereof, but does not take into account or anticipate any other changes in law or to any administrative or assessing practices, whether by judicial, governmental or legislative action.

**This summary is of a general nature only and is not exhaustive of all possible Federal, Saskatchewan or Manitoba income tax considerations. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular purchaser. Therefore, prospective purchasers should consult their own tax advisers with respect to their particular individual circumstances. This summary does not take into account foreign income tax, and except for the Provinces of Saskatchewan and Manitoba, provincial or territorial income tax legislation or considerations.**

### Tax Credits Available to First Purchaser of SK Shares

An individual Saskatchewan resident (other than a trust) who is the first person to be the registered holder of SK Shares will be eligible for: (i) a Federal labour-sponsored funds non-refundable tax credit (the "**Federal Tax Credit**") in an amount equal to 15% of the individual's net cost of the SK Shares to a maximum of \$750 taxation per year; and (ii) a 20% Saskatchewan labour-sponsored funds non-refundable tax credit (the "**SK Tax Credit**") to a maximum \$1,000 per taxation year. The maximum Federal Tax Credit and SK Tax Credit is reached in each case at an investment of \$5,000. Generally, an individual's net cost of SK Shares is the price paid in respect of the subscription for, or the acquisition of, the SK Shares. The amount of the Federal Tax Credit and SK Tax Credit does not reduce the net cost of the SK Shares to the holder for this purpose. The amount of any assistance provided by a government, municipality or public authority in respect of the acquisition of a SK Share, other than a tax credit or a deduction in respect of a contribution to a RRSP, will reduce the individual's net cost of the SK Share. The individual will be eligible for an annual aggregate maximum Federal Tax Credit of \$750 (based on a \$5,000 investment) and SK Tax Credit of \$1,000 (based on a \$5,000 investment) in respect of his or her aggregate purchases of SK Shares and any other shares of registered labour-sponsored venture capital corporations or labour-sponsored investment fund corporations under the Federal Act and the Saskatchewan Act for each taxation year.

An individual (other than a trust) who is the annuitant under a RRSP or the spouse or the common-law partner of the annuitant under a spousal or common-law partner RRSP will be entitled to the Federal Tax Credit in respect of the purchase of SK Shares by the RRSP provided the RRSP is the first purchaser of the SK Shares. An individual Saskatchewan resident (other than a trust) who is an annuitant under a RRSP or the spouse or the common law partner of the annuitant under a spousal or common law partner RRSP will be entitled to the SK Tax Credit in respect of the purchase of SK Shares by the RRSP provided the RRSP is the first purchaser of the SK Shares. Unlike the Federal Act, the Saskatchewan Act does not specifically allow an individual to claim the SK Tax Credit in respect of the purchase of SK Shares by a RRSP of which the annuitant is the spouse or common law partner of the individual. However, the Fund has received written confirmation from the Saskatchewan Minister that it has taken an administrative position of allowing an individual to claim the SK Tax Credit where the purchaser of the SK Shares is a RRSP of which the annuitant is the individual's spouse or common law partner.

To be eligible for the Federal Tax Credit, the individual must file with his or her tax return the information return issued to him or her in respect of the acquisition of SK Shares. The Federal Tax Credit may be deducted from the individual's tax payable only in respect of the taxation year in which the SK Shares are irrevocably subscribed and paid for or acquired, unless the SK Shares are irrevocably subscribed and paid for or acquired in the first 60 days of a calendar year, in which case the Federal Tax Credit may, at the individual's option, be deducted from the tax payable in respect of the preceding taxation year to the maximum allowable amount of Federal Tax Credit for that preceding taxation year. The Federal Tax Credit is not refundable to the extent that it exceeds the individual's tax otherwise payable and is not transferable by the individual.

To be eligible for the SK Tax Credit, the individual must file with his or her tax return the tax credit certificate issued to him or her by the Saskatchewan Minister in respect of the acquisition of SK Shares. The SK Tax Credit may be deducted from the individual's tax payable only in respect of the taxation year in which SK Shares are acquired, unless the SK Shares are acquired in the first 60 days of the calendar year, in which case the SK Tax Credit may, at the individual's option, be deducted from the tax payable in respect of the preceding taxation year to the maximum allowable amount of SK Tax Credit for that preceding taxation year. The SK Tax Credit is not refundable to the extent that it exceeds the individual's tax otherwise payable and is not transferable by the individual.

Maximum annual tax credits apply in respect of all purchases of shares of prescribed and registered labour-sponsored venture capital corporations, for each taxation year, including the Fund. If, in the opinion of the Saskatchewan Minister, the number of corporations registered pursuant to the Saskatchewan Act is sufficient to take up the maximum annual tax credits available, the Saskatchewan Minister may suspend the further registration of corporations, suspend the allowance of tax credits or allocate the tax credits amongst the registered corporations.

### **Tax Credits Available to First Purchaser of MB Shares**

An individual Manitoba resident (other than a trust) who is the first person to be the registered holder of MB Shares will be eligible for: (i) the Federal Tax Credit in an amount equal to 15% of the individual's net cost of the MB Shares to a maximum of \$750 taxation per year; and (ii) a 15% Manitoba labour-sponsored funds non-refundable tax credit (the "**MB Tax Credit**") to a maximum \$1,800 per taxation year. The maximum Federal Tax Credit and MB Tax Credit is reached at an investment of \$5,000 and \$12,000, respectively. Generally, an individual's net cost of MB Shares is the price paid in respect of the subscription for, or the acquisition of, the MB Shares. The amount of the Federal Tax Credit and MB Tax Credit does not reduce the net cost of the MB Shares to the holder for this purpose. The amount of any assistance provided by a government, municipality or public authority in respect of the acquisition of a MB Share, other than a tax credit or a deduction in respect of a contribution to a RRSP, will reduce the individual's net cost of the MB Share. The individual will be eligible for an annual aggregate maximum Federal Tax Credit of \$750 (based on a \$5,000 investment) and MB Tax Credit of \$1,800 (based on a \$12,000 investment) in respect of his or her aggregate purchases of MB Shares and any other shares of registered labour-sponsored venture capital corporations or labour-sponsored investment fund corporations under the Federal Act and the Manitoba Act for each taxation year.

An individual (other than a trust) who is the annuitant under a RRSP or the spouse or the common-law partner of the annuitant under a spousal or common-law partner RRSP will be entitled to the Federal Tax Credit in respect of the purchase of MB Shares by the RRSP provided the RRSP is the first purchaser of the MB Shares. An individual Manitoba resident (other than a trust) who is an annuitant under a RRSP or the spouse or the common law partner of the annuitant under a spousal or common law partner RRSP will be entitled to the MB Tax Credit in respect of the purchase of MB Shares by the RRSP provided the RRSP is the first purchaser of the MB Shares. An individual resident in Manitoba who is the holder of a TFSA will be entitled to both the Federal Tax Credit and the MB Tax Credit in the respect of the purchase of MB Shares by the TFSA provided the TFSA is the first purchaser of the MB Shares.

To be eligible for the Federal Tax Credit, the individual must file with his or her tax return the information return issued to him or her in respect of the acquisition of MB Shares. The Federal Tax Credit may be deducted from the individual's tax payable only in respect of the taxation year in which the MB Shares are irrevocably subscribed and paid for or acquired, unless the MB Shares are irrevocably subscribed and paid for or acquired in the first 60 days of a calendar year, in which case the Federal Tax Credit may, at the individual's option, be deducted from the tax payable in respect of the preceding taxation year to the maximum allowable amount of Federal Tax Credit for that preceding taxation year. The Federal Tax Credit is not refundable to the extent that it exceeds the individual's tax otherwise payable and is not transferable by the individual.

To be eligible for the MB Tax Credit, the individual must file with his or her tax return the Tax Credit receipt issued to him or her by the Fund in respect of the acquisition of MB Shares. The MB Tax Credit may be deducted from the individual's tax payable only in respect of the taxation year in which MB Shares are acquired, unless the MB Shares are acquired in the first 60 days of the calendar year, in which case the MB Tax Credit may, at the individual's option, be deducted from the tax payable in respect of the preceding taxation year to the maximum allowable amount of MB Tax Credit for that preceding taxation year. The MB Tax

Credit is not refundable to the extent that it exceeds the individual's tax otherwise payable and is not transferable by the individual.

Maximum annual tax credits apply in respect of all purchases of shares of prescribed and registered labour-sponsored venture capital corporations, for each taxation year, including the Fund.

### **Eligibility for Investment and Transfer of Shares**

Pursuant to the Tax Legislation, Shares will generally be qualified investments for RRSPs and RRIFs, provided that, at the time the Shares are acquired by the trust, the Fund is a registered labour-sponsored venture capital corporation under the Saskatchewan Act or the Manitoba Act, and immediately after the Shares are acquired by the RRSP or RRIF, the annuitant under the RRSP or the RRIF, as the case may be, owns or has options to acquire, or is a member of a related group which owns or has options to acquire, (directly or indirectly) less than 10% of the issued shares of any class of the Fund. In determining whether this 10% limit is exceeded, the shareholder may be deemed to own shares held by non-arm's length persons and certain other entities.

An individual who acquires Shares may transfer the Shares to a RRSP under which the individual or his or her spouse or common-law partner is the annuitant. On the transfer of Shares to a RRSP the holder of the Shares will be deemed to have disposed of the Shares and to have received proceeds of disposition equal to the fair market value of the Shares on the date of transfer. If the fair market value of the Shares is greater than the individual's adjusted cost base of the Shares, the excess will be the holder's capital gain. If the fair market value of the Shares is less than the individual's adjusted cost base of the Shares, any resulting capital loss will generally be denied. See "**Income Tax Considerations – Federal Taxation of Shareholders**". The individual may be eligible to treat an amount equal to the fair market value of the Shares at the time of the transfer as a deductible contribution to the RRSP, subject to the contribution limits in the Federal Act. The determination of the fair market value of Shares is a factual matter. In assessing the income tax return of an individual who has made such a transfer, the CRA has the right to review the fair market value of a Share.

Contributions to RRSPs are deductible in accordance with the provisions of the Federal Act which place limits on the annual amount of deductible RRSP contributions. This deduction is in addition to the Federal Credit. Generally, for any year, an individual may deduct a RRSP contribution that does not exceed the amount by which the lesser of the RRSP dollar limit for the year and 18% of his or her earned income (as defined in the Federal Act) for the immediately preceding year exceeds the value of his or her pension or deferred profit sharing plan benefits determined in accordance with the Federal Act. For 2011 the RRSP dollar limit is \$22,450. Unused RRSP deduction room for 1991 and subsequent years can be carried forward to increase the amount of an individual's deductible contribution to a RRSP, subject to the detailed provisions of the Federal Act in that regard. The Federal Act permits an indefinite carry forward of unused RRSP deductions.

In addition, an individual who acquires the Shares, or a RRSP under which the individual or his or her spouse or common-law partner is the annuitant which acquires Shares, may transfer the Shares to a RRIF under which the individual or his or her spouse or common-law partner is the annuitant. There is no tax deduction available for transfers of property from an individual to a RRIF. An individual who makes such a transfer of Shares will be deemed to have disposed of the Shares and to have received proceeds of disposition equal to the fair market value of the Shares on the date of transfer. If the fair market value of the Shares is greater than the individual's adjusted cost base of the Shares, the excess will be the holder's capital gain. If the fair market value of the Shares is less than the individual's adjusted cost base of the Shares, any resulting capital loss will generally be denied. See "**Income Tax Considerations – Federal Taxation of Shareholders**". The determination of the fair market value of the Shares is a factual matter. In assessing the income tax return of an individual who has made such a transfer, the CRA has the right to review the fair market value of the Shares. Where such a transfer is made by an eligible RRSP, generally no tax consequences will ensue as rules in the Federal Act permit tax sheltered contributions of property to a RRIF from RRSPs.

Persons who hold Shares in a RRIF must take into account the rules in the Federal Act compelling a holder of a RRIF to include in their income a prescribed amount of the value of the RRIF annually. Given the illiquid nature of the Shares, holders of RRIFs could be compelled to include the value of the Shares in their income.

While the Shares can, provided certain conditions are met, be qualified investments for a TFSA under the Federal Act, under the Saskatchewan Act the Fund cannot issue Shares to TFSAs and under the Saskatchewan Act and the Manitoba Act Shares cannot be transferred by an individual to a TFSA. Unless and until amendments are made to the Saskatchewan Act, Shares may not be issued to or transferred to TFSAs of Saskatchewan residents. Shares may be issued to TFSAs of Manitoba residents but may not be transferred to TFSAs of Manitoba residents, unless and until amendments are made to the Manitoba Act.

Notwithstanding the foregoing, if the Shares are "prohibited investments" for the purposes of a TFSA, the holder of such TFSA will be subject to penalty taxes as set out in the Federal Act. Provided that for purposes of the Federal Act the holder of a TFSA deals at arm's length with the Fund and does not hold a "significant interest" (within the meaning of the Federal Act) in the Fund

or any corporation, partnership or trust with which the Fund does not deal at arm's length for purposes of the Federal Act, the Shares will not be "prohibited investments" for such TFSA for the purposes of the Federal Act. In the 2011 federal budget, released on March 22, 2011, the Minister of Finance (Canada) proposed amendments to the Federal Act to extend the "prohibited investment" rules to RRSPs and RRIFs. Prospective holders should consult their own tax advisors to ensure that the Shares would not be a "prohibited investment" for purposes of the Federal Act for a trust governed by a TFSA, RRSP or RRIF in their particular circumstances.

### **Federal Taxation of Shareholders**

#### *Dividends*

Dividends (other than capital gains dividends) paid on Shares and received, or deemed to be received, by an individual will be included in computing the individual's income subject to the gross-up and dividend tax credit rules in the Federal Act applicable to dividends from taxable Canadian corporations. The amount of a capital gains dividend received, or deemed to be received, by an individual that holds Shares will be deemed to be a capital gain of the holder from a disposition of capital property for the year in which the dividend is received. One-half of the amount of a capital gains dividend will be included in the holder's income as a taxable capital gain for purposes of the Federal Act and the Saskatchewan Tax Act or the Manitoba Tax Act, as applicable.

If, and to the extent that, the Fund increases the stated capital of the Shares, as discussed below under the headings "**Income Tax Consideration – Federal Taxation of the Fund – Dividend Refunds and Capitalization of Income**" and "**Dividend Policy**", an individual who holds Shares will be deemed to have received a dividend equal to the amount of the stated capital increase in respect of his or her Shares. The deemed dividend will be subject to the treatment generally applicable to dividends or capital gains dividends, as the case may be, paid on the Shares. See "**Dividend Policy**".

**A holder of a Share will not receive any cash distribution in respect of a deemed dividend or a deemed capital gains dividend. Accordingly, an individual holder may be liable to pay tax in respect of a deemed dividend or a deemed capital gains dividend even though the holder will not have received a cash distribution from the Fund with which to pay the tax.**

A holder of a Share which is a RRSP or RRIF (or TFSA, as applicable) is exempt from tax on the amount of any dividend, deemed dividend or capital gains dividend.

#### *Disposition of Shares*

In general, a disposition or a deemed disposition of a Share (otherwise than on the automatic conversion of a Class I Share for Class A Shares) which is capital property will give rise to a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of such a share, net of any costs of disposition, exceed (or are less than) the adjusted cost base of such a share to the holder thereof. In calculating a holder's gain or loss, the cost to the holder of a particular Share will be determined by averaging the cost of that Share with the adjusted cost base of all Shares held as capital property at that time by the holder. A holder's adjusted cost base of a Share will be increased by the amount of any deemed dividend or deemed capital gains dividend arising as a result of the capitalization of income described under the heading "**Dividend Policy**". The Federal Tax Credit and the Provincial Tax Credit will not reduce the adjusted cost base of the Shares.

In general, a holder of a Class I Share that is automatically converted for Class A Shares will recognize neither a capital gain nor a capital loss as a result of the conversion. Such a holder will be deemed not to have disposed of the Class I Share and to have acquired the Class A Shares received on the conversion at a cost equal to the adjusted cost base of the Class I Share. The cost of the Class A Shares so acquired will generally be averaged with the adjusted cost base to the holder of any other Class A Shares held by the holder at that time as capital property.

A capital loss that would otherwise arise on the disposition (including a redemption) of a Share will be reduced by the amount of the Federal Tax Credit and the Provincial Tax Credit received in respect of the Share by the holder of the Share (or by a person with whom the holder does not deal at arm's length) to the extent that the amount of such tax credits has not previously reduced a capital loss in respect of the Share.

Any capital loss realized by a holder of a Share on the sale or transfer of a Share to a RRSP or RRIF under which the holder or his or her spouse or common-law partner is the annuitant will be deemed to be nil.

One-half of any capital gain or capital loss will be the holder's taxable capital gain or allowable capital loss, as the case may be. Taxable capital gains must be included in computing the holder's income. Allowable capital losses in excess of taxable capital gains may generally be carried back three years and carried forward indefinitely for deduction against capital gains realized in those years, in accordance with and subject to rules contained in the Federal Act.

### *Redemption of Shares*

On the redemption of a Share, the redemption proceeds will be treated as proceeds of disposition of the Share and the holder thereof will be deemed to have realized a capital gain (or capital loss) equal to the amount by which the redemption proceeds, net of any costs of disposition, exceed (or are less than) the adjusted cost base of the Share to the holder thereof. See "**Income Tax Considerations – Federal Taxation of Shareholders – Disposition of Shares**". On a redemption of a Share, the proceeds of disposition will include any amount withheld from the redemption proceeds and paid to the Receiver General of Canada, the Saskatchewan Minister or the Manitoba Minister as a return of the Federal Tax Credit or the Provincial Tax Credit, as the case may be.

On the redemption of a Share prior to the expiry of the Eight Year Holding Period, the Fund shall be required to withhold from the redemption proceeds and pay to the Receiver General of Canada, the Saskatchewan Minister or the Manitoba Minister a penalty in an amount equal to the Federal Tax Credit and the Provincial Tax Credit, as the case may be, on such shares unless the Shares that are to be redeemed belong to a shareholder who has died, belong to a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died, or, in the case of MB Shares only, where the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Shares were issued.

### *Minimum Tax*

The Federal Act provides for an alternative minimum tax applicable to individuals and trusts. Individuals and certain trusts are required to compute their "**adjusted taxable income**" which includes certain amounts which, for general income tax purposes, would be deductible or exempt. Taxable dividends (without application of dividend gross-up) and 80% of capital gains are included in "**adjusted taxable income**." Individuals and certain trusts are entitled to claim an annual basic exemption of \$40,000. A minimum tax is applied to the amount by which "**adjusted taxable income**" exceeds the basic exemption. If the minimum tax so calculated exceeds the tax otherwise payable, the minimum tax is payable; however, it may be carried forward to offset tax payable in a future year in accordance with and subject to rules contained in the Federal Act. The Saskatchewan Tax Act and the Manitoba Tax Act impose similar minimum taxes. The Federal Tax Credit and Provincial Tax Credit may not be applied to reduce a holder's liability for alternative minimum tax.

### *Deduction of Interest on Borrowed Money*

If an individual borrows money to buy Shares, the interest on the loan will ordinarily be deductible for income tax purposes so long as the Shares are owned by the individual for the purpose of earning income. If an individual contributes Shares purchased with borrowed funds to a trust governed by a RRSP, the interest expense relating to the period following the contribution will not be deductible. If an individual sells Shares purchased with borrowed funds to a trust governed by a RRSP or RRIF the ability to deduct the interest expense after the sale will depend on whether the proceeds of the disposition are used for the purpose of earning income.

### **Provincial Taxation of Shareholders**

Individuals resident in Saskatchewan will pay Saskatchewan income tax based on their taxable income generally as determined for purposes of the Federal Act. Accordingly, except as otherwise described herein, the Saskatchewan tax treatment of a holder of a SK Share will generally be analogous to the individual's tax treatment under the Federal Act discussed herein.

Individuals resident in Manitoba will pay Manitoba income tax based on their taxable income generally as determined for purposes of the Federal Act. Accordingly, except as otherwise described herein, the Manitoba tax treatment of a holder of a MB Share will generally be analogous to the individual's tax treatment under the Federal Act discussed herein.

### **Federal Taxation of the Fund**

The Fund is a "**private corporation**" and, as a registered labour-sponsored venture capital corporation under the Saskatchewan Act and the Manitoba Act, is a "**mutual fund corporation**" for the purposes of the Federal Act. As a corporation resident in Canada, the Fund is required to calculate its income or loss for each taxation year, file income tax returns and pay tax at normal corporate rates.

### *Dividends*

Any dividends received by the Fund from taxable Canadian corporations will generally not be subject to tax.

### *Capital Gains and Losses*

The Fund has elected, in accordance with the Federal Act, to have each of its "**Canadian securities**" (as defined in the Federal Act) treated as capital property. Such an election ensures that gains or losses realized by the Fund on the sale of Canadian securities are taxed as capital gains or capital losses.

When the Fund sells, or otherwise disposes of a capital property, the proceeds of disposition will be characterized as a capital gain to the extent that such proceeds exceed the Fund's adjusted cost base of the property and the Fund's reasonable costs of disposition. If the proceeds of disposition are less than the adjusted cost base of the property, a capital loss will result. In certain circumstances, such a capital loss which arises in respect of a share disposed of by the Fund may be reduced by the amount of any dividends, including deemed dividends, which have been received by the Fund on such a share.

One-half of any realized capital gain or capital loss will be the Fund's taxable capital gain or allowable capital loss, as the case may be. The Fund's taxable capital gains for a year, net of any allowable capital losses, will be included in computing the Fund's income for tax purposes. Allowable capital losses of the Fund may be deducted only against taxable capital gains arising in the year, or a preceding or future year (in accordance with rules contained in the Federal Act). As a mutual fund corporation, the Fund will be entitled to refunds in accordance with the provisions of the Federal Act of substantially all tax paid with respect to net taxable capital gains if it pays or is deemed to have paid capital gains dividends or redeems Shares.

### *Interest and Other Investment Income*

Interest and investment income, other than dividends in respect of shares of taxable Canadian corporations, will be included, net of reasonable expenses, in calculating the Fund's income subject to tax. The Fund will be eligible for a refund of a portion of the tax paid by it on such income (net of losses of the Fund) determined in accordance with the detailed rules in the Federal Act, if it pays or is deemed to have paid taxable dividends (other than capital gains dividends) to its shareholders. The Fund will be subject to an additional refundable tax equal to 6 2/3% of such investment income. Such tax will be refundable to the Fund in accordance with detailed rules in the Federal Act if the Fund pays or is deemed to have paid taxable dividends (other than capital gains dividends) to its shareholders.

### *Dividend Refunds and Capitalization of Income*

Management of the Fund has indicated that it intends to make appropriate elections under the Federal Act to enable it to capitalize, on a periodic basis, sufficient amounts of its capital gains and interest and other investment income in order to minimize taxes payable on net realized capital gains and on net investment income. In such a case, the Fund will be deemed to have paid a dividend on its then issued and outstanding Class A Shares, Class I Shares or a combination of both equal to the amount added to the stated capital of the respective classes of Shares and each holder of such Shares will be deemed to have received a dividend, or if the Fund so elects, a capital gains dividend, equal to the holder's proportionate share thereof even though the holder will not receive a cash distribution from the Fund. The adjusted cost base of the holder's Shares will be increased by the amount of the deemed dividend.

In the case of a deemed capital gains dividend, one-half of such amount will be included in the holder's income as a taxable capital gain for the purposes of the Federal Act. If the Fund makes the election referred to above but does not designate a deemed dividend as a capital gains dividend, the amount of the deemed dividend will be included in the holder's income as an ordinary dividend and will be subject to the gross-up and dividend tax credit rules in the Federal Act. See "**Income Tax Considerations – Federal Taxation of Shareholders – Dividends**".

A holder of a Share will not receive any cash distribution in respect of a deemed dividend or a deemed capital gains dividend. The amount of any deemed dividend or deemed capital gains dividend resulting from an increase in the paid-up capital of the Shares may entitle the Fund to a refund of tax otherwise paid or payable on its interest and other investment income (other than dividends in respect of shares of taxable Canadian corporations) or realized capital gains, as the case may be. See "**Income Tax Considerations – Federal Taxation of the Fund – Capital Gains and Losses**" and "**Income Tax Considerations – Federal Taxation of the Fund – Interest and other Investment Income**".

### **Provincial Taxation of the Fund**

For the purposes of provincial corporate income tax, the Fund's aggregate income will be attributed to, and taxable in, those provinces in which it is earned. Notwithstanding the foregoing, none of the income of the Fund will be subject to tax in a particular province unless the Fund carries on business in such province through a permanent establishment as defined in the provincial corporate tax statute applicable to that particular province. Counsel has been advised by Management of the Fund that the Fund does not intend to carry on business through a permanent establishment in any province other than the provinces of Saskatchewan and Manitoba. Subject to this assumption, all of the Fund's aggregate income will be attributed to, and taxable in, the Province of Saskatchewan and the Province of Manitoba.

## Organization and Management Details of the Fund

### Management of the Fund

#### *Officers and Directors of the Fund*

The Fund currently has 9 directors. Holders of Shares, other than the Class B Shares, currently have the right, at a duly constituted meeting called for such purpose, to elect 4 directors to the Board. The holder of the Class B Shares currently has the right to elect 5 directors to the Board. One of the directors elected by the holder of the Class B Shares must be elected from a list of nominees put forth by the holders of Shares. Besides this right to put forth a list of nominees, holders of Shares have no right to elect, remove, or replace directors elected by the holder of Class B Shares (the Sponsor), being a majority of the directors. If the number of directors changes, the number of directors to be elected by each of the holders of Class A Shares, the holders of Class I Shares and the holder of the Class B Shares would change accordingly, in compliance with the Articles. See "**Description of the Securities Distributed**".

The Board has established a Valuation Committee, to assist the Board with evaluating the Fund's valuation policies and procedures, an Audit Committee, to assist the Board by overseeing the accounting and financial reporting processes of the Fund, an Investment Committee, to assist the Board with evaluating proposed investments and the Fund's investment policies and procedures, and a Governance and Nomination Committee, to assist the Board with recruiting qualified nominees for the Board and to oversee the corporate governance policies and procedures of the Fund.

The name, municipality of residence, office with the Fund, and principal occupation of each of the directors and officers of the Fund are set out below, along with the committees, if any, that the director is a member of.

<u>Name and Municipality of Residence</u>	<u>Office with the Fund</u>	<u>Principal Occupation</u>	<u>Director From</u>
Grant J. Kook <sup>2,4</sup> Saskatoon, SK	President, Chief Executive Officer and Director	President and Chief Executive Officer, Westcap Mgt. Ltd.	December 5, 1997 - Present
Douglas W. Banzet <sup>1</sup> Saskatoon, SK	Chief Financial Officer and Director	Chief Operating Officer and Director, Westcap Mgt. Ltd.	December 5, 1997 - Present
Hon. William (Bill) McKnight PC <sup>2,4</sup> Saskatoon, SK	Chairman and Director	Treaty Commissioner for the Province of Saskatchewan	January 13, 1998 - Present
Brian L. Barber <sup>1,3</sup> Regina Beach, SK	Vice-Chairman and Director	Senior Vice-President Ledcor Construction Limited	January 13, 1998 - Present
Lorraine Sali <sup>4</sup> Regina, SK	Director	Business Manager Construction and General Workers' Union, Local 180	December 30, 2005 - Present
Donald R. Ching <sup>3</sup> Saskatoon, SK	Director	Retired Businessman	February 1, 2006 - Present
Bob Ellard <sup>2</sup> Calgary, AB	Director	Vice President, Capital Planning & Development, University of Calgary	February 1, 2006 - Present
Ron S. Waldman Saskatoon, SK	Director	Chairman, Great Western Brewing Company Limited	November 17, 2006 - Present
Thomas A. Shepherd <sup>1,3</sup> Regina, SK	Director	Retired Businessman	November 17, 2006 - Present

- <sup>1</sup> Member of the Audit Committee
- <sup>2</sup> Member of the Valuation Committee
- <sup>3</sup> Member of the Investment Committee
- <sup>4</sup> Member of the Governance and Nomination Committee

Each director's term of office will expire at the next annual general meeting of the shareholders of the Fund.

As of December 2, 2011, the directors and executive officers of the Fund, as a group, beneficially own, or control or direct, directly or indirectly, 9,177,740 Class A Shares and 99,319 Class I Shares.

The following is a brief biographical description, including principal occupation for the last five years, of the directors and officers of the Fund:

Grant J. Kook is President, Chief Executive Officer and a director of the Manager. Mr. Kook is also President and Chief Executive Officer of Cheung On, an international investor syndicated fund. Cheung On was co-founded in 1989 by Mr. Kook, and was rated as one of the top 100 companies in Saskatchewan (as reported in the 1996 and 1997 September/October issues of Saskatchewan Business Magazine). Mr. Kook has been the President and Chief Executive Officer of the Ramada Hotels since 1992. Mr. Kook was appointed the Chairman of the Board of Directors for SaskTel in February 2008. Mr. Kook also sits or has sat on the boards of a number of private and publicly traded companies, the Hong Kong Canada Business Association, Agwest Biotech, and was nominated in 1999 and 2003 for Ernst & Young's Entrepreneur of the Year Award. Mr. Kook is a Vice President of the Canadian Venture Capital and Private Equity Association (CVCA) and the Chairman of the Board of the Children's Hospital Foundation of Saskatchewan. Mr. Kook was the Vice President of the 2004 Nokia Brier Organization, Sponsorship Chair for the 2006 Vanier Cup, and the Vice President of Sponsorship for the 2010 World Junior Hockey Championships as well as a member of the Minister's Advisory Council on Information Technology.

Douglas W. Banzet is the Chief Operating Officer and a director of the Manager. Mr. Banzet has been Director of Finance of Cheung On since 1995. From March 1993 to June 1995, Mr. Banzet was an independent management consultant to a variety of small and medium-sized Saskatchewan businesses. Prior to March 1993, Mr. Banzet held various senior management positions with a number of large Canadian trust companies. Mr. Banzet has over thirty-five years experience in the financial service and asset management fields. His experience includes investment valuations of both private and public businesses, feasibility analysis, risk assessment, commercial loan financing, administration, budgeting, planning and management of large commercial loan portfolios. Mr. Banzet also serves as a director of a number of private Canadian companies involved in life sciences, oil and gas exploration, biotech, value added processing, health care, manufacturing and agriculture.

Since 2007, the Honourable William (Bill) McKnight P.C. has served as the Treaty Commissioner for the Province of Saskatchewan, appointed and mandated by Canada and the Federation of Saskatchewan Indian Nations to assist with Treaty implementation. Since 1993, Mr. McKnight has been Chairman of McKnight and Associates, a Canadian firm of consultants that specializes in domestic and international strategic planning and promotion. The Honourable Bill McKnight resigned as a Member of Parliament in July of 1993 after serving Canada in that capacity since 1979. Nine of his fifteen years as a Member of Parliament were as a Senior Cabinet Minister holding the following positions: Minister of Energy, Mines and Resources, Minister of Agriculture, Minister of National Defense, Minister of Western Economic Diversification, Minister of Indian Affairs and Northern Development and Minister of Labour and Housing. The Honourable Bill McKnight is a director of a number of private and publicly traded companies involved in the investment, development, manufacturing and trade areas, and Honourary Chief of the Muskeg Cree Nation.

Brian L. Barber has been involved in the construction industry for over twenty six years, and is currently the Senior Vice President for Ledcor Construction Limited, Saskatchewan. Prior to joining Ledcor, he spent the last 25 years with Stuart Olson Dominion Construction Ltd. (formerly Dominion Construction). Mr. Barber holds the Gold Seal Certification in Project Management-General Contracting and has been involved in numerous organizations including the General Contractors Association of Saskatchewan and the Saskatchewan Construction Association. Mr. Barber has developed a unique perspective in planning, building design and construction in a variety of commercial, community and institutional projects throughout Saskatchewan. Mr. Barber is active in many civic interests including the Regina Beach Yacht Club, Saskatchewan Roughriders Football Club, the Juvenile Diabetes Research Foundation and the Canadian Breast Cancer Foundation. As well, he is a board member of the Regina Qu'Appelle Health District and the Regina Exhibition Association and a trustee for both the Labourer's Health and Welfare Training Fund and the Carpenter's Training Fund.

Lorraine Sali is the Business Manager for the Sponsor, which position she has held since 2001. Ms. Sali joined the Construction and General Workers' Union, Local 180 in 1987. She is chairperson for the Saskatchewan Training Trust Fund, co-chair for the Labourers Health and Welfare, a trustee on the Labourers Pension Trust Fund and sat on the Workers Compensation Board Committee of Review 2006, representing organized labour. As well, she serves on the Board of Directors for Funds Administrative Service Inc. and FAS Benefit Administrators Ltd. Ms. Sali is an active Trade Board Member for the Construction Craft Labourer Trade.

Donald R. Ching is currently a retired businessman, however, he continues to sit as a corporate board member for various organizations and act as a consultant on various projects. Mr. Ching, from January 2005 to December 2007, acted as the President and Chief Executive Officer of AREVA Resources Canada Inc. From 1996 to 2004, Mr. Ching was the President and Chief Executive Officer of SaskTel. Prior to this he was the President of Crown Investment Corporation, managing partner in the law firm of Mitchell Taylor Romanow Ching (now Woloshyn & Company) and Executive Vice President of the Potash Corporation of Saskatchewan. Mr. Ching was previously a member of the Saskatchewan Bar Association and is on the Board of Directors of several private businesses involved in forestry and manufacturing.

Bob Ellard has been the Vice President, Capital Planning and Development at the University of Calgary since July 2008. Mr. Ellard was the Vice President of Stantec Consulting Ltd. responsible for Architecture, Facilities Planning and Interior Design throughout North America from 2006 to June 2008. Prior to this, Bob was Vice President of Stantec Consulting Ltd. in Saskatchewan and Manitoba. From 1994 to 2001, Mr. Ellard was a Senior Partner with the Ellard Croft Design Group. Mr. Ellard has over thirty five years of experience in the architecture industry. He is a member of the Saskatchewan and Alberta Associations of Architects and a Fellow of the Royal Architectural Institute of Canada. Mr. Ellard has an extensive background in community leadership. He has served and continues to serve on a number of sport associations and committees, including being President and Chairman of the Board for the 2005 Canada Summer Games, President of the 1995 Grey Cup, Chairman of the 2003 Grey Cup and a Past President of the Saskatchewan Roughriders. In November 2008 Mr. Ellard received the Saskatchewan Order of Merit, the province's highest honour, recognizing his significant contributions to the well-being of the province and its residents.

Ron S. Waldman is the Chairman of the Board of Directors of Great Western Brewing Company Limited. From May, 1994 to December, 2010 Mr. Waldman held the position of Chief Executive Officer of Great Western Brewing Company Limited. The Great Western Brewing Company was chosen as one of "Canada's 50 Best Managed Companies" from 2004 through 2009, and was chosen as a Platinum Club Member in 2010. Prior to his involvement with the Great Western Brewing Company Limited, Mr. Waldman practiced corporate finance at KPMG Saskatoon, and held several positions with the Saskatchewan based Coca-Cola/Canada Dry franchise family owned bottling business, Beverage Central Inc., including President and Chief Executive Officer from 1987 until 1992. Mr. Waldman serves as a board member and/or executive member for several corporations, foundations, and associations, including Vice Chair of the Saskatoon Airport Authority, and he is a member of the World President's Organization.

Thomas A. Shepherd is currently a retired businessman, leaving his position in January 2008 as the Senior Vice President of Dundee Realty Corporation responsible for the Land and Housing Operations of Dundee Developments and Homes by Dundee in Regina, Saskatchewan. After graduation from the University of Saskatchewan with a Bachelor of Commerce in 1966 to 1972 Tom was employed with Clarkson, Gordon & Co. where he obtained his Chartered Accountant (C.A.) designation and became Audit Manager. From 1972 to July 2008, Tom was continuously employed as a senior officer with Dundee Realty Corporation and its predecessor companies Cairns Homes Limited, Carma Developers Ltd. and Preston Developers Inc. Mr. Shepherd has an extensive background in community leadership. He has served and continues to serve on a number of sport associations and committees, including being the founder and President of Friends of the Riders Inc., the fundraising arm for the Saskatchewan Roughrider Football Club from 1986 to present. He was President (1987 – 1989), Member of the Management Committee, Director and Treasurer of the Saskatchewan Roughrider Football Club for twenty-two years, Past Treasurer and Director of the Regina Rams Football Club for six years and Treasurer and Director of the Gordon Currie Youth Development Fund for twenty-five years. Mr. Shepherd was also a Director for both Grey Cup 1995 Inc. and Grey Cup 2003 Inc. In 2005, the Province of Saskatchewan awarded Mr. Shepherd both the Saskatchewan Volunteer Medal and the Saskatchewan Centennial Medal. In 2006, Mr. Shepherd was inducted into the Regina Sports Hall of Fame. In 2008, Mr. Shepherd was inducted into the Canadian Football Hall of Fame, and in 2009 inducted into the Saskatchewan Sports Hall of Fame. In 2010, Tom was conferred with an Honorary Doctor of Law Degree from the University of Regina.

The officers of the Fund will devote such time and attention to the business and affairs of the Fund as may be required to adequately fulfill their duties and obligations to the Fund arising out of their respective positions.

#### *Manager*

The Manager is a corporation incorporated under *The Business Corporations Act* (Saskatchewan), having its registered office and principal place of business at 830 – 410 22<sup>nd</sup> Street East, Saskatoon, Saskatchewan S7K 5T6.

## *Management Agreement*

The Manager has been retained to manage and administer the business affairs of the Fund, including the management of the Fund's investment in authorized businesses and its liquid portfolio investments and to perform Weekly Valuation Updates. The officers of the Manager collectively have more than 50 years of experience in investment fund management, and more than 20 years in management of commercial loan portfolios. The Manager has also been retained by First Nations and Métis Fund Inc., a Saskatchewan crown corporation, to manage The First Nations Métis Fund.

The Manager has agreed that it shall devote such time and attention as may be required to fulfill its obligations under the Management Agreement. The Management Agreement was entered into on December 31, 2008 and replaced the previous agreement which was entered into on January 13, 1998. The Management Agreement is for an initial term of two years, and is renewable thereafter indefinitely for successive two year terms, until terminated in accordance with its provisions which include (i) the right to terminate by mutual agreement of the parties, (ii) the right of the Fund to terminate where the Manager has become bankrupt and (iii) the right of the Manager to terminate the Management Agreement effective as of the end of the initial term or any subsequent two-year renewal period provided that notice of such termination is properly delivered to the Fund in accordance with the Management Agreement. Further, the Management Agreement may be terminated by the Fund in the event of a default by the Manager in the due observance or performance of any of its material obligations contained in the Management Agreement where notice of such default is given to the Manager and the Manager has not remedied such default within 30 days after such notice is received.

The duties of the Manager include the following:

- seeking out and identifying investment opportunities using many sources, including labour organizations, contractors, developers, financial institutions, pension funds, government and crown agencies and other venture capital funds;
- undertaking operational due diligence of investment opportunities;
- developing, negotiating and presenting investment recommendations to the Board;
- ongoing monitoring of all investments;
- providing investment advice for the Fund's liquid portfolio investments, unless this function is subcontracted to a third party approved of by the Board;
- providing performance reports to the Board;
- making disposition recommendations; and
- performing Weekly Valuation Updates.

The Sponsor, as well as investors, may propose investment opportunities for consideration by the Fund. The acceptance of any such proposals will be subject to the Fund's regular approval process, including suitability under the Fund's investment criteria and the normal due diligence process.

## *Directors, Officers and Senior Employees of the Manager of the Fund*

The name, municipality of residence, office with the Manager (if applicable) and principal occupation of each of the directors, officers and senior employees of the Manager are set forth below:

<u>Name and Municipality of Residence</u>	<u>Office with the Manager</u>	<u>Principal Occupation</u>
Grant J. Kook Saskatoon, SK	President, Chief Executive Officer and Director	President and Chief Executive Officer Westcap Mgt. Ltd.
Douglas W. Banzet Saskatoon, SK	Chief Operating Officer and Director	Chief Operating Officer Westcap Mgt. Ltd.
Rob Connoly Saskatoon, SK	Chief Financial Officer	Chief Financial Officer Westcap Mgt. Ltd.
Wanda Hunchak Saskatoon, SK	Vice-President	Vice-President Westcap Mgt. Ltd.
Jamie Schwitzer Saskatoon, SK	Vice-President	Vice-President Westcap Mgt. Ltd.

The following is a brief biographical description, including principal occupation for the last five years, of the directors, officers and senior employees of the Manager.

Grant J. Kook is President, Chief Executive Officer and a director of the Manager. Mr. Kook is also President and Chief Executive Officer of Cheung On, an international investor syndicated fund. Cheung On was co-founded in 1989 by Mr. Kook, and was rated as one of the top 100 companies in Saskatchewan (as reported in the 1996 and 1997 September/October issues of Saskatchewan Business Magazine). Mr. Kook has been the President and Chief Executive Officer of the Ramada Hotels since 1992. Mr. Kook was appointed the Chairman of the Board of Directors for SaskTel in February 2008. Mr. Kook also sits or has sat on the boards of a number of private and publicly traded companies, the Hong Kong Canada Business Association, Agwest Biotech, and was nominated in 1999 and 2003 for Ernst & Young's Entrepreneur of the Year Award. Mr. Kook is a Vice President of the Canadian Venture Capital and Private Equity Association (CVCA) and the Chairman of the Board of the Children's Hospital Foundation of Saskatchewan. Mr. Kook was the Vice President of the 2004 Nokia Brier Organization, Sponsorship Chair for the 2006 Vanier Cup, and the Vice President of Sponsorship for the 2010 World Junior Hockey Championships as well as a member of the Minister's Advisory Council on Information Technology.

Douglas W. Banzet is the Chief Operating Officer and a director of the Manager. Mr. Banzet has been Director of Finance of Cheung On since 1995. From March 1993 to June 1995, Mr. Banzet was an independent management consultant to a variety of small and medium-sized Saskatchewan businesses. Prior to March 1993, Mr. Banzet held various senior management positions with a number of large Canadian trust companies. Mr. Banzet has over thirty-five years experience in the financial service and asset management fields. His experience includes investment valuations of both private and public businesses, feasibility analysis, risk assessment, commercial loan financing, administration, budgeting, planning and management of large commercial loan portfolios. Mr. Banzet also serves as a director of a number of private Canadian companies involved in life sciences, oil and gas exploration, biotech, value added processing, health care, manufacturing and agriculture.

Rob Connoly is the Chief Financial Officer with the Manager. Mr. Connoly has more than 17 years of investment management experience with expertise in real estate investment analysis and market research. Prior to joining the Manager in 2003, Mr. Connoly was with Boston Development Corp. from 1996 to 2003 and Summit Development Group from 1992 to 1994 where he identified and evaluated real estate acquisition opportunities. Mr. Connoly has a strong financial background and his experience includes advising TCU Financial Group from 1994 to 1996 to manage the availability of capital funds and the identification of appropriate market instruments for investment. Mr. Connoly's background in financial management also includes the assurance of compliance with regulatory boards. Mr. Connoly holds a Certified Management Accountant (CMA) designation, and a Chartered Financial Analyst (CFA) designation. He is a member of the Society of Management Accountants of Saskatchewan, the CFA Institute, and the CFA Society of Saskatchewan. Mr. Connoly also serves as a director of a private Saskatchewan company involved in real estate development.

Wanda Hunchak holds the office of Vice-President with the Manager. Ms. Hunchak has more than a decade of experience investing in Saskatchewan business opportunities. Prior to joining the Manager in 2003, Ms. Hunchak was the manager of client services within the chartered banking system from 1996 to 1998 and a manager of a commercial credit portfolio from 1998 to 2001. In 2001 she joined Saskatchewan Opportunities Corporation (SOCO) as a venture capital investment analyst and later that year became a senior management consultant with one of Canada's largest agricultural consulting firms. Ms. Hunchak holds a Certified Management Accountant (CMA) designation, and a Chartered Financial Analyst (CFA) designation, and is a member of the Society of Management Accountants of Saskatchewan, the CFA Institute, and the CFA Society of Saskatchewan.

Jamie Schwitzer holds the office of Vice-President with the Manager. Mr. Schwitzer has nearly 15 years of investment management experience during which he has developed and implemented rigorous and detailed due diligence processes applicable to a wide range of sectors and investment instruments. Prior to joining the Manager, from 2007, Mr. Schwitzer was a partner with Victoria Park Capital, a private equity firm managing a \$400-million-plus portfolio of investments. From 2000 – 2007, Mr. Schwitzer was an investment manager with Crown Capital Partners, a specialty finance company involved in subordinated debt, mezzanine and equity financings across life science, manufacturing, retail and oil and gas sectors. His background also includes managing money market and fixed income investments, public equities, currency trading and asset/liability management with Crown Life Insurance Company. Mr. Schwitzer holds a Chartered Financial Analyst (CFA) designation, and is a member of the CFA Institute and the CFA Society of Saskatchewan. Mr. Schwitzer also serves as a director of a private Saskatchewan company involved in the technology sector.

None of the Manager, its directors, officers or employees will enter into any arrangement whereby they receive a fee or benefit from the purchase and sale of any or all of the Fund's investment portfolio, without the consent of the Board.

The Manager's executives collectively have a background in investment fund management and management of commercial loan portfolios. Their knowledge and background includes the raising of investment capital, administration of funds under

management, diverse business acumen, and investor relations and reporting. As the Fund grows in size and scope, additional experienced and professional support staff will be retained on an "as required" basis, to join the Fund's management team.

#### *Principal Holders of Securities of the Manager of the Fund*

The only person owning beneficially or of record, directly or indirectly, more than 10% of the outstanding common shares of the Manager (the only authorized class of shares of the Manager) is Mr. Grant J. Kook, who holds 100% of the outstanding share capital of the Manager, being 100 common shares.

#### **Conflicts of Interest**

In making an investment in the Fund, investors will be relying upon the business judgment, expertise and integrity of the Board, the board of directors of the Manager and the Fund's and Manager's respective officers and employees. The services of the Manager under the Management Agreement are not exclusive, and nothing in the Management Agreement will prevent the Manager, or any shareholder, director, employee or officer thereof, from providing similar services or devoting a portion of their time to other investment funds (including other labour-sponsored venture capital corporations) and other clients (whether their investment objective and policies are similar to those of the Fund) or from engaging in other activities. Such other activities may result in certain conflicts of interest. Notwithstanding any conflict of interest, the Manager will present to the Fund all investment opportunities appropriate for the Fund. Under the Management Agreement, shareholders, directors, officers and employees of the Manager are permitted to be shareholders, directors, officers and employees of the Fund.

#### **Corporate Governance**

In accordance with the requirements of the Manitoba Act, the Fund has developed the Corporate Governance Policy, having regard to what are generally considered to be the best corporate governance policies and practices for public companies.

The Corporate Governance Policy specifies the principals and practices applicable to governance of the Fund and, in particular, establishes a framework for relevant governance, process, policies and controls to the Fund. In addition to the Corporate Governance Policy the Fund has adopted other policies and practices that it views as being consistent with the best corporate governance policies and practices. The Fund has also implemented procedures that will assist the Board and the Manager in achieving the policies set forth in the Corporate Governance Policy.

The following is a summary of certain of the matters addressed in the Corporate Governance Policy:

- Objective – The purpose of the Corporate Governance Policy is to maintain strong corporate governance standards and policies for the Fund.
- Structure and Constitution of the Board – The structure of the Board will be in accordance with the Manitoba Act and the Saskatchewan Act and will be comprised of business executives and professionals with a wide range of industry experience. In addition, a majority of the Board will be independent of the Manager.
- Standards of Conduct and Code of Ethics – In addition to the duties of officers and directors provided for in *The Business Corporations Act* (Saskatchewan), the officers and directors of the Fund will be governed by the CFA Institute Code of Ethics and Standards of Professional Conduct.
- Compensation and Insurance – The Corporate Governance Policy sets out the compensation structure for directors. The Fund will provide insurance for directors, officers and members of the independent review committee against liability incurred by them in such capacity. See "**Fees and Expenses – Fees and Expenses Payable by the Fund – Operating Expenses**".
- Strategic Planning – On at least an annual basis, the Fund will approve an operating budget for the upcoming year and will review the actual to budgeted results of the previous year.
- Officers – The Board has the authority to appoint the officers and there are currently two officers of the Fund. See "**Organization and Management Details of the Fund – Management of the Fund – Officers and Directors of the Fund**".
- The Manager – The duties and responsibilities of the Manager are as set out in the Management Agreement.
- Shareholder Communications – Annually, the Fund will send an annual report, annual audited financial statements and an annual management report of fund performance, in addition to all required meeting material for the Fund's annual general meeting. Semi-annually, the Fund will send unaudited semi-annual interim financial statements and an interim management report of fund performance. The Fund has adopted a privacy policy related to the protection of confidential information of its shareholders.

The Fund is committed to continually reviewing and improving its corporate governance practices. In that respect, the Fund intends to review the Corporate Governance Policy and its corporate governance practices on an annual basis and implement changes considered appropriate for the Fund from time to time. The Corporate Governance Policy is available for inspection during regular business hours at the head office of the Fund.

### **Independent Review Committee**

As required by NI 81-107, an IRC has been established. The IRC is governed by a charter which provides that the Manager will refer conflict of interest matters to the IRC for review or, in certain cases, for approval as required by NI 81-107. The IRC currently consists of Donald R. Ching, Ron S. Waldman and Lorraine Sali, each an independent director of the Fund.

The IRC will prepare, at least annually beginning after the August 31, 2008 financial year end of the Fund, a report of its activities which will be available on the Fund's internet site at <http://www.goldenopportunities.ca>, or by request, at no charge, by writing to the Fund at 830 – 410 22<sup>nd</sup> Street East, Saskatoon, Saskatchewan, S7K 5T6.

The Fund is responsible for the fees and expenses (including costs of independent counsel or advisors, if the IRC deems it appropriate to retain such experts) of the IRC. Each member of the IRC receives an annual retainer in the amount of \$500 and are entitled to receive a fee of \$400 per day for each IRC meeting attended or \$200 if the IRC meeting is less than one hour in duration.

The Fund also provides insurance for the benefit of the members of the IRC against liability incurred by them in this capacity. The annual premium for this insurance for the fiscal year ended August 31, 2011, which was paid by the Fund, was \$6,075. The Fund is not aware of any claim or potential claim which would require resort by the Fund to this liability insurance.

### **Sponsor**

The Sponsor is the Construction and General Workers' Union, Local 180, a trade union as defined in *The Trade Union Act* (Saskatchewan), having its principal office at 1866 McAra Street, Regina, Saskatchewan, S4N 6C4.

### **Custodian**

Under the Custodian Agreement, Concentra Trust has agreed to act as custodian and hold the portfolio securities of the Fund in safekeeping for the Fund. The address of Concentra Trust is 333-3rd Avenue North, Saskatoon, Saskatchewan, S7K 2M2.

### **Auditor**

The auditor of the Fund is Hergott Duval Stack LLP, Chartered Accountants, 1200 - 410 22nd Street East Saskatoon, Saskatchewan S7K 5T6.

### **Registrar and Transfer Agent**

The registrar and transfer agent for the Shares is Prometa Fund Support Services Inc., having its head office and principal place of transfer in the city of Winnipeg, Manitoba.

### **Promoters**

Each of the Manager and the Sponsor may be regarded as a promoter of the Fund. Neither of these promoters receives any remuneration or other thing of value in consideration for being a promoter of the Fund. The Sponsor, in its capacity as such, has received 10 Class B Shares of the Fund, being all of the issued and outstanding Class B Shares of the Fund. See "**Organization and Management Details of the Fund - Sponsor**". The Manager receives remuneration in consideration for acting in the capacity as Manager to the Fund. See "**Organization and Management Details of the Fund – Management of the Fund**" and "**Fees and Expenses – Fees and Expenses Payable by the Fund – Management Fees and Expenses**".

## Calculation of Net Asset Value

### Pricing Net Asset Value per Share

A separate net asset value is calculated for the Class A Share Assets and the Class I Share Assets. The Manager determines the Pricing Net Asset Value of the Class A Share Assets and the Pricing Net Asset Value of the Class I Share Assets at the close of business on the last business day in each week. The Valuation Committee must approve these valuations at least two times each year.

The Pricing Net Asset Value per Class A Share on the applicable date is obtained by dividing the Pricing Net Asset Value of the Class A Share Assets on such date, after deducting all declared or accumulated but unpaid dividends on the Class A Shares, if any, by the total number of the Class A Shares outstanding on such date.

The Pricing Net Asset Value per Class I Share on the applicable date is obtained by dividing the Pricing Net Asset Value of the Class I Share Assets on such date, after deducting all declared or accumulated but unpaid dividends on the Class I Shares, if any, by the total number of the Class I Shares outstanding on such date.

The Pricing Net Asset Value per Class A Share and the Pricing Net Value per Class I Share are determined as at the close of business on the last business day of each week or, where the Cut-off Date in any given year does not fall on the last business day of a week, as at 11:59 p.m. on the Cut-off Date.

The Pricing Net Asset Value per Share as determined in the foregoing manner from time to time may differ from the prices at which shareholders may be able to sell (subject to the restrictions on transfer) Shares to third party purchasers. See "**Description of the Securities Distributed – Class A Shares - Transfer**" and "**Description of the Securities Distributed – Class I Shares - Transfer**".

The Fund began to pay the net costs of the Class I Shares on January 1, 2011. Net costs are the gross operating costs including the share issue costs attributable to the Class I Shares less any revenue earned from the Class I Share Assets. This may negatively impact the Pricing Net Asset Value per Class I Share, depending upon the revenue earned from the Class I Share Assets. In addition, the Manager's management fees on the sale of the Class I Shares and the Marketing Services Fee on the sale of the Class I Shares will each remain unearned until such time as \$10.0 million in gross proceeds is raised from the sale of the Class I Shares. This has resulted in a higher Pricing Net Asset Value per Class I Share and will continue to result in a higher Pricing Net Asset Value per Class I Share until such time as \$10.0 million in gross proceeds is raised from the sale of the Class I Shares. Once \$10.0 million in gross proceeds is raised from the sale of the Class I Shares, the Pricing Net Asset Value per Class I Share will decrease as these costs are attributed to the Class I Shares. See "**Fees and Expenses**".

### Pricing Net Asset Value per Share Differs from GAAP Net Asset Value per Share

Consistent with prior industry practice, it had been the Fund's policy to capitalize sales commissions related to the sale of Class A Shares as deferred charges and to amortize the deferred charges on a straight line basis over eight years.

In July 2003, CICA issued a new recommendation which revised the definition of GAAP. As a result, LSIFs, including the Fund, were no longer able to account for sales commissions as deferred charges, but rather they were to be accounted for as share issuance costs and recorded as a capital transaction in the statement of net assets as incurred. The CICA allowed early adoption of this change in accounting policy, and therefore the Fund believed it was appropriate to adopt this accounting policy effective January 1, 2004. Beginning January 1, 2004, any sales commissions paid by the Fund were therefore charged as a capital transaction in the statement of net assets as incurred.

Due to the CICA's new recommendation, on October 9, 2003 the SFSC indicated that National Instrument 81-106 - *Investment Fund Continuous Disclosure* of the Canadian Securities Administrators would prohibit LSIFs from reflecting sales commissions as a deferred charge. The SFSC indicated that those LSIFs that ceased adding new sales commissions to the existing deferred charge by December 31, 2003 would be provided transitional relief ("**Transitional Relief**") to allow the continued amortization of the deferred charge established prior to January 1, 2004, for purposes of calculating the Pricing Net Asset Value of the Fund.

Unamortized sales commissions incurred prior to January 1, 2004 were amortized and expensed against the Pricing Net Asset Value of the Class A Shares over a period of eight years from the date of issue of the applicable Class A Shares. As at December 31, 2011, the Fund will have no further unamortized sales commissions.

Effective January 1, 2004, the Fund was no longer responsible to pay sales commissions on the sale of Shares. Conexus assumed this responsibility effective January 1, 2007. See "**Purchase of Securities (Plan of Distribution) – Agency Agreement and Services Agreement**" and "**Prospectus Summary - Summary of Fees and Expenses**".

As a result of the above, effective January 1, 2004 no additional sales commissions are reflected as a deferred charge in the financial statements of the Fund. All fees and costs payable to the Agent, and other securities dealers involved in distributing the Fund's Shares, in respect of services provided to the Fund, are charged against the Pricing Net Asset Value of the Fund in accordance with GAAP. Such fees include all management and marketing service fees and related costs payable to the Agent and other securities dealers, as outlined in this prospectus. See "**Prospectus Summary - Summary of Fees and Expenses**".

Further, effective September 1, 2007, the Fund adopted Section 3855, which establishes standards for the fair valuation of investments as well as the accounting treatment of transaction costs. These standards are applied for financial statement disclosure. The Canadian Securities Regulators allow the Fund to adopt these provisions for financial statement disclosure without affecting the method by which the Pricing Net Asset Value per Share is calculated.

Because of the Transitional Relief and the adoption of Section 3855, the Pricing Net Asset Value per Class A Share is different than the GAAP Net Asset Value per Class A Share. As at December 2, 2011, the Pricing Net Asset Value of the Class A Share Assets was \$22,986 less than the GAAP Net Asset Value of the Class A Share Assets and, correspondingly, the Pricing Net Asset Value per Class A Share was \$0.002 less than the GAAP Net Asset Value per Class A Share.

The Pricing Net Asset Value per Class I Share has not been determined strictly in accordance with GAAP, and may be different than the GAAP Net Asset Value per Class I Share because of the adoption of Section 3855. As at December 2, 2011, there was no difference between the Pricing Net Asset Value of the Class I Share Assets and the GAAP Net Asset Value of the Class I Share Assets.

### **Annual and Semi-Annual Valuation**

The Semi-Annual Valuations are determined as at the last day of August and the last day in February in each year. As part of its engagement as auditor of the Fund, the Fund's auditor provides annual (audited) and semi-annual (unaudited notice to reader) reports, as at the last day of August and the last day of February in each year, on the financial statements of the Fund which includes the fair value of the Fund's portfolio, in aggregate, prepared by the Manager and approved by the Valuation Committee, to determine if such fair value is, in all material respects, reasonable. Unless required by the Fund's auditors or applicable law, independent valuations will not be conducted in respect of each investment within the Fund's portfolio. Should an independent valuation of any of the portfolio investments be required, the Fund's auditors will request a qualified independent third party valuator to conduct a valuation. Such circumstances could impact negatively on the expenses of the Fund. See "**Calculation of Net Asset Value – Valuation Policies and Procedures of the Fund**".

### **Weekly Valuation Updates**

The Manager updates the Semi-Annual Valuations as at the Weekly Valuation Update, and at such other times as the Chief Executive Officer and Chief Financial Officer may in their discretion deem appropriate. A Weekly Valuation Update is based on the most recently conducted Semi-Annual Valuation as adjusted, if necessary, to take into account any material change (if any) in the assets of the Fund since such Semi-Annual Valuation. A Weekly Valuation Update remains in effect until such time as the next Weekly Valuation Update is determined.

### **Valuation Policies and Procedures of the Fund**

The Board has adopted and performs its valuations, based on the CVCA valuation guidelines, except in the case of valuations based on published market value where NI 81-106 prescribes an alternative method of valuation.

#### *Valuation Committee*

The Board has established the Valuation Committee which has delegated responsibility for determining the fair value of the Fund's investments to the Manager as set out below. A majority of the members of the Valuation Committee are, and will continue to be, independent of the Manager and of the Sponsor. See "**Organization and Management Details of the Fund – Management of the Fund – Officers and Directors of the Fund**".

#### *Valuation of Assets*

The Manager determines the Semi-Annual Valuations. The Valuation Committee is responsible for approving the Semi-Annual Valuations prepared by the Manager. The Semi-Annual Valuation prepared as at the end of the fourth quarter in each year is presented to the Board for approval, accompanied by an annual independent valuation report, if required. See "**Calculation of Net Asset Value – Annual and Semi-Annual Valuation**".

### *Valuation of Assets for which a Published Market Exists*

The value of the Fund's assets for which there exists a published market is determined on the basis of the closing prices of such securities, or, if no sales of a particular security have been transacted on the date of valuation, then on the basis of that day's closing bid price or if there is no closing bid price, then on the basis of the most recent closing price. For this purpose, a published market means any market on which such securities are traded if the prices are regularly published in a newspaper or business or financial publication of general and regular paid circulation or on security dealer quote system. However, a reasonable discount to market may be used if trading is restricted in any way. Generally, debt assets that the Fund intends to hold to maturity and that are therefore not traded by the Fund are valued at amortized cost.

### *Valuation of Assets for which no Published Market Exists*

The fair value of the Fund's assets for which no published market exists is determined by the Manager as at the time of each Semi-Annual Valuation on the basis of policies and procedures established by the Board for determining the fair value of such assets. The Semi-Annual Valuations are updated as and when any material changes occur (if any), with respect to the assets of the Fund for which no published market exists, subsequent to the most recent Semi-Annual Valuation. In determining the fair value of such assets, in accordance with the CVCA valuation guidelines, the Manager is guided, where appropriate, but not bound by, the following criteria:

- investments are initially carried at cost and thereafter at estimated fair value (the price at which an orderly transaction would take place between willing buyers and sellers when neither is under any compulsion to buy or sell, both parties having reasonable knowledge of relevant facts and have the ability to perform sufficient due diligence in order to be able to make orderly investment decisions related to the enterprise);
- in estimating fair value the Fund will apply a methodology that is appropriate in light of the nature, facts and circumstances of the investment and will use reasonable data and market inputs, assumptions and estimates. In a stable environment with little change to the investment, cost may be the best indicator of fair value;
- if there is a substantial arm's length, bona fide, enforceable offer or transaction with respect to an investment, values used in such offer or transaction may be used in the valuation of the investment if circumstances warrant. Similarly, if there is a valuation prepared by a qualified independent party, such valuation is considered to provide valid indication of fair value of an investment;
- in estimating fair value, a reasonable multiple of sustained earnings, cash flow, sales revenue or discounted cash flow (as considered appropriate) with a cross-reference to, and an assessment of, tangible net asset value may be used;
- liquid debt instruments are valued at amortized cost with accrued interest earned included in interest receivable;
- convertible securities are generally valued at the greater of their principal amount and their estimated fair value as if they had been converted, in each case with such estimated fair value being determined on the basis described above; and
- in the unusual event that the valuation policies and procedures described above are not appropriate to a particular investee's business circumstance, then the Board may approve recommendations from the Manager regarding the use of appropriate valuation techniques for that investment.

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

### **Reporting of Pricing Net Asset Value**

The Pricing Net Asset Value per Class A Share and the Pricing Net Asset Value per Class I Share are disclosed on the front page of the Fund's website (<http://www.goldenopportunities.ca>) and can also be obtained by calling the Fund's toll-free number at 1-866-261-5686. The Pricing Net Asset Value per Class A Share and the Pricing Net Asset Value per Class I Share are updated on the website and over the phone at the commencement of the next business day following each Weekly Valuation Update.

### **Description of the Securities Distributed**

The authorized capital of the Fund consists of an unlimited number of Class A (SK) Shares, an unlimited number of Class A (MB) Shares, 10 Class B Shares, an unlimited number of Class C Shares, issuable in series, an unlimited number of Class I (SK) Shares and an unlimited number of Class I (MB) Shares. Shareholders of the Fund authorized the issuance of Class D Shares, issuable in series and having substantially the same rights, privileges, restrictions and conditions as the existing Class C Shares, at the meeting of shareholders held on January 5, 2007. The Articles of the Fund have not been amended to authorize the issuance of Class D Shares. No Class C Shares or Class D Shares have been issued to date.

The following is a summary of the material provisions attaching to each class of shares of the Fund that are being distributed under this prospectus.

## **Class A Shares**

### *Issue*

The Class A (SK) Shares may be issued only to individuals and RRSPs who, at the time of subscribing for Class A (SK) Shares, meet all conditions of the Saskatchewan Act. The Class A (MB) Shares may be issued only to individuals and RRSPs who, at the time of subscribing for Class A (MB) Shares, meet all conditions of the Manitoba Act. The Fund will not issue share certificates representing the Class A Shares unless requested by a holder of such shares. See "**Income Tax Considerations**".

### *Subscriptions*

The minimum initial subscription amount is \$250 and the minimum subsequent subscription amount is \$25. The Fund may waive minimum initial and subsequent subscription amounts to accommodate pre-authorized contribution plans and payroll deduction plans. Class A Shares are offered on a continuous basis at an offering price equal to the Pricing Net Asset Value per Class A Share. See "**Calculation of Net Asset Value – Pricing Net Asset Value per Share**".

### *Transfer*

The Articles currently permit an individual holder of Class A (SK) Shares who received a Federal or Saskatchewan tax credit in connection with the purchase of Class A (SK) Shares to transfer Class A (SK) Shares to a RRSP or a RRIF under which the individual or his or her spouse or his or her common-law partner is the sole annuitant. In addition, Class A (SK) Shares may also be transferred, with prior approval of the Board, to other eligible investors (who meet all the applicable conditions of the Saskatchewan Act) or otherwise as may be permitted under the Saskatchewan Act.

The Articles currently permit transfers of Class A (MB) Shares provided that: (i) the transfer is to the Specified Individual or the Specified Individual's spouse or former spouse, (ii) the transfer is to a RRSP or a RRIF for the Specified Individual, (iii) the transfer occurs as a result of the death of the Specified Individual or his/her spouse, (iv) the Specified Individual becomes disabled and permanently unfit for work, or terminally ill, after the Class A (MB) Shares were issued, or (v) the transfer is otherwise permitted under the Manitoba Act and has been approved by the Board.

Class A Shares may not be transferred to a TFSA.

### *Redemption by Holders*

In any fiscal year, the Fund will not be required to redeem Class A Shares if the redemption would create a working capital deficiency for the Fund with respect to the Class A Shares, cause it to be in default of its financial obligations under an arm's length loan agreement, if the Fund is insolvent or would be rendered insolvent as a result of the redemption, or if the total redemptions of Class A Shares in the fiscal year would exceed either 20% of the Fund's retained earnings attributable to the Class A Shares or 50% of the Fund's net earnings after taxes, for the previous fiscal year, attributable to the Class A Shares. Subject to corporate law requirements, these restrictions will not apply if (i) the holder of the Class A Shares that are to be redeemed has died, (ii) the holder of the Class A Shares that are to be redeemed is a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died or (iii) where the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Class A Shares were issued. Class A Shares shall only be redeemed using monies derived from the Class A Share Assets.

Subject to the above restrictions, Class A Shares may be redeemed by the Fund upon request from the holder prior to the expiry of the Eight Year Holding Period, but only if an amount equal to the Federal tax credit, the Saskatchewan tax credit, if any, and the Manitoba tax credit, if any, on such shares is withheld from the redemption proceeds and paid, if applicable, to the Receiver General, the Saskatchewan Minister and the Manitoba Minister, respectively. There shall be no withholding of the tax credit amounts in circumstances where the Class A Shares to be redeemed were issued more than eight years earlier, belong to a shareholder who has died, belong to a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died, or, in the case of Class A (MB) Shares, where the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Class A (MB) Shares were issued.

Holders of Class A Shares who request to redeem Class A Shares before the seventh anniversary of the date that such Shares were issued will be charged an early redemption fee of 1% of the redemption amount for each year or part year remaining before the Eight Year Holding Period expires. The redemption fee will be deducted from the redemption amount otherwise payable and will be retained by the Fund. There is no redemption fee where the redemption occurs after the seventh anniversary of the date that

such Shares were issued, following the death of the holder, in circumstances where the shares to be redeemed belong to a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died, or where the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Class A Shares were issued.

Subject to the foregoing limitations, any such Class A Shares that the Fund has not redeemed in a particular fiscal year will be redeemed in the following fiscal year before the Fund redeems any other Class A Shares. For such purposes, the requests to redeem such shares will be deemed to have been received by the Fund on the first day of the following fiscal year in the order that they were originally received by the Fund.

Subject to the withholding of any tax credits and the deduction of any redemption fees Class A Shares will be redeemed at the Pricing Net Asset Value per Class A Share as determined by the Manager at the Weekly Valuation Update which immediately next follows the day on which the Fund receives the request for redemption or, where the next valuation following the request for redemption is as at the Cut-off Date, then as at the Cut-off Date, plus any declared but unpaid dividends on the Class A Shares being redeemed.

#### *Dividends*

Holders of Class A Shares are entitled to receive non-cumulative dividends at the discretion of the Board out of monies of the Fund derived from the Class A Share Assets.

#### *Voting Rights*

Holders of Class A Shares are entitled to receive notice of and attend all meetings of shareholders of the Fund and, except for meetings at which only holders of a different class or series of shares of the Fund are entitled to vote separately as a class or series, are entitled to vote at any such meeting. Each Class A Share entitles the holder thereof to one vote.

#### *Election of Directors*

The maximum number of directors currently permitted by the Articles is 15. The Board is currently comprised of 9 directors. Based on a Board of 9 directors, the holders of Class A Shares and the holders of Class I Shares together are entitled to elect 4 directors to the Board and the Sponsor, as the holder of Class B Shares, is entitled to elect 5 directors to the Board. One of the directors elected by the Sponsor will be elected from a list of nominees put forth by the holders of the Class A Shares and the Class I Shares. If the number of directors changes, the number of directors to be elected by each of the holders of Class A Shares, the holders of Class I Shares and the holder of the Class B Shares would change accordingly, in compliance with the Articles.

#### *Fractional Shares*

A holder of a fractional Class A Share is entitled to exercise voting rights and to receive dividends in respect of such fractional Class A Share to the extent of such fraction.

#### *Dissolution*

On a Dissolution, and after payment of any liabilities of the Fund and all declared or accumulated but unpaid dividends on the Shares, the Class I Shares will automatically be converted into Class A Shares based on the ratio between the Pricing Net Asset Value per Class I Share and the Pricing Net Asset Value per Class A Share. Thereafter the holders of Class A Shares will be entitled to share equally, share per share, all the assets of the Fund remaining after the return of an amount equal to the stated capital of the Class B Shares to the holder of the outstanding Class B Shares.

### **Class I Shares**

#### *Issue*

The Class I (SK) Shares may be issued only to individuals and RRSPs who, at the time of subscribing for Class I (SK) Shares, meet all conditions of the Saskatchewan Act. The Class I (MB) Shares may be issued only to individuals and RRSPs who, at the time of subscribing for Class I (MB) Shares, meet all conditions of the Manitoba Act. The Fund will not issue share certificates representing the Class I Shares unless requested by a holder of such shares. See "**Income Tax Considerations**".

#### *Subscriptions*

The minimum initial subscription amount is \$250 and the minimum subsequent subscription amount is \$25. The Fund may waive minimum initial and subsequent subscription amounts to accommodate pre-authorized contribution plans and payroll deduction plans. Class I Shares will initially be offered at a price of \$10.00 per Class I Share until the first Weekly Valuation Update

following the date hereof, and thereafter on a continuous basis at the Pricing Net Asset Value per Class I Share. See "**Calculation of Net Asset Value – Pricing Net Asset Value per Share**".

#### *Transfer*

The Articles currently permit an individual holder of Class I (SK) Shares who received a Federal or Saskatchewan tax credit in connection with the purchase of Class I (SK) Shares to transfer Class I (SK) Shares to a RRSP or a RRIF under which the individual or his or her spouse or his or her common-law partner is the sole annuitant. In addition the Class I (SK) Shares may also be transferred, with prior approval of the Board, to other eligible investors (who meet all the applicable conditions of the Saskatchewan Act) or otherwise as may be permitted under the Saskatchewan Act.

The Articles currently permit transfers of Class I (MB) Shares provided that: (i) the transfer is to the Specified Individual or the Specified Individual's spouse or former spouse, (ii) the transfer is to a RRSP or a RRIF for the Specified Individual, (iii) the transfer occurs as a result of the death of the Specified Individual or his/her spouse, (iv) the Specified Individual becomes disabled and permanently unfit for work, or terminally ill, after the Class I (MB) Shares were issued, or (v) the transfer is otherwise permitted under the Manitoba Act and has been approved by the Board.

Class I Shares may not be transferred to a TFSA.

#### *Redemption by Holders*

In any fiscal year, the Fund will not be required to redeem Class I Shares if the redemption would create a working capital deficiency for the Fund with respect to the Class I Shares, cause it to be in default of its financial obligations under an arm's length loan agreement, if the Fund is insolvent or would be rendered insolvent as a result of the redemption, or if the total redemptions of Class I Shares in the fiscal year would exceed either 20% of the Fund's retained earnings attributable to the Class I Shares or 50% of the Fund's net earnings after taxes, for the previous fiscal year, attributable to the Class I Shares. Subject to corporate law requirements, these restrictions will not apply if (i) the holder of the Class I Shares that are to be redeemed has died, (ii) the holder of the Class I Shares that are to be redeemed is a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died or (iii) where the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Shares were issued. Class I Shares shall only be redeemed using monies derived from the Class I Share Assets.

Subject to the above restrictions, Class I Shares may be redeemed by the Fund upon request from the holder prior to the expiry of the Eight Year Holding Period, but only if an amount equal to the Federal tax credit, the Saskatchewan tax credit, if any, and the Manitoba tax credit, if any, on such shares is withheld from the redemption proceeds and paid, if applicable, to the Receiver General, the Saskatchewan Minister and the Manitoba Minister, respectively. There shall be no withholding of the tax credit amounts in circumstances where the Class I Shares to be redeemed were issued more than eight years earlier, belong to a shareholder who has died, belong to a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died, or, in the case of Class I (MB) Shares, where the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Shares were issued.

Holders of Class I Shares who request to redeem such Class I Shares before the seventh anniversary of the date that such Shares were issued will be charged an early redemption fee of 1% of the redemption amount for each year or part year remaining before the Eight Year Holding Period expires. The redemption fee will be deducted from the redemption amount otherwise payable and will be retained by the Fund. There is no redemption fee where the redemption occurs after the seventh anniversary of the date that such Shares were issued, following the death of the holder, in circumstances where the shares to be redeemed belong to a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died, or where the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Class I Shares were issued.

Subject to the foregoing limitations, any such Class I Shares that the Fund has not redeemed in a particular fiscal year will be redeemed in the following fiscal year before the Fund redeems any other Class I Shares. For such purposes, the requests to redeem such shares will be deemed to have been received by the Fund on the first day of the following fiscal year in the order that they were originally received by the Fund.

Subject to the withholding of any tax credits and the deduction of any redemption fees, it is expected that the Class I Shares will be redeemed at the Pricing Net Asset Value per Class I Share as determined by the Manager at the Weekly Valuation Update which immediately next follows the day on which the Fund receives the request for redemption or, where the next valuation following the request for redemption is as at the Cut-off Date, then as at the Cut-off Date, plus any declared but unpaid dividends on the Class I Shares being redeemed.

### *Dividends*

Holders of Class I Shares will be entitled to receive non-cumulative dividends at the discretion of the Board out of monies of the Fund derived from the Class I Share Assets.

### *Voting Rights*

Holders of Class I Shares are entitled to receive notice of and attend all meetings of shareholders of the Fund and, except for meetings at which only holders of a different class or series of shares of the Fund are entitled to vote separately as a class or series, are entitled to vote at any such meeting. Each Class I Share entitles the holder thereof to one vote.

### *Election of Directors*

The maximum number of directors currently permitted by the Articles is 15. The Board is currently comprised of 9 directors. Based on a Board of 9 directors, the holders of Class A Shares and the holders of Class I Shares together are entitled to elect 4 directors to the Board and the Sponsor, as the holder of Class B Shares, is entitled to elect 5 directors to the Board. One of the directors elected by the Sponsor will be elected from a list of nominees put forth by the holders of the Class A Shares and the Class I Shares. If the number of directors changes, the number of directors to be elected by each of the holders of Class A Shares, the holders of Class I Shares and the holder of the Class B Shares would change accordingly, in compliance with the Articles.

### *Fractional Shares*

A holder of a fractional Class I Share will be entitled to exercise voting rights and to receive dividends in respect of such fractional Class I Share to the extent of such fraction.

### *Dissolution*

On a Dissolution, and after payment of any liabilities of the Fund and all declared or accumulated but unpaid dividends on the Shares, the Class I Shares will automatically be converted into Class A Shares based on the ratio between the Pricing Net Asset Value per Class I Share and the Pricing Net Asset Value per Class A Share. Thereafter the holders of Class A Shares will be entitled to share equally, share per share, all the assets of the Fund remaining after the return of an amount equal to the stated capital of the Class B Shares to the holder of the outstanding Class B Shares.

## **Shareholder Matters**

### **Meetings of Shareholders**

The chairman of the Board, if any, or the Chief Executive Officer of the Fund, or the Board by resolution may at any time call and at any place convene the annual or a special meeting of shareholders. The Board shall call an annual meeting of the shareholders each year, not later than 15 months after the preceding annual meeting. A special meeting of shareholders must be convened if requisitioned by holders of at least five percent of the issued shares of the Fund that carry the right to vote at the meeting sought to be held. Not less than 21 days and not more than 50 days notice will be given for any meeting of the Fund's shareholders. A quorum for any shareholder meeting is constituted if shareholders holding at least one (1%) percent of the total number of issued shares of the Fund that are entitled to vote at such a meeting are present, either in person or represented by proxy. Voting at a shareholders meeting is generally conducted by a show of hands of shareholders present at the meeting and entitled to vote thereat unless a ballot is demanded by any shareholder or proxyholder entitled to vote at the meeting. Every shareholder present in person at a shareholders meeting shall have one vote on a show of hands. Every shareholder present in person or by proxy shall have one vote for every share registered in his name. In the case of an equality of votes the chairman of the meeting shall, both on a show of hands and on a ballot, have a second or casting vote in addition to the vote or votes to which he may be entitled as a shareholder.

### **Matters Requiring Shareholder Approval**

Certain changes affecting the Fund can only be implemented with the approval of its shareholders. A meeting of the shareholders or, where required by law, a meeting of each series or class of shareholders of the Fund will be held to consider and approve any of the following matters which the Fund may propose to change in the future:

- subject to certain exemptions available under rules applicable to mutual funds, the basis of the calculation of a fee or expense that is charged to the Fund or directly to the holders of Shares by the Fund or the Manager in connection with the holding of Shares is changed in a way that could result in an increase in charges to the Fund or to the holders of Shares;

- a fee or expense, to be charged to the Fund or directly to the holders of Shares by the Fund or the Manager in connection with the holding of Shares, that could result in an increase in charges to the Fund or to the holders of Shares is introduced;
- change of the manager of the Fund (other than to an affiliate of the Manager);
- any change in the investment objectives of the Fund;
- any decrease in the frequency of calculating the net asset value of the Shares;
- certain types of reorganizations as prescribed under rules applicable to mutual funds;
- subject to certain exemptions available under rules applicable to mutual funds which allow for notice in lieu of seeking approval, the use by the Fund of permitted derivatives; or
- any other matter which is required by the constating documents or by applicable laws to be approved by shareholders of the Fund.

Unless a greater majority is required by applicable laws, such as for amendments to the Articles, resolutions must be approved by the majority of the votes cast at a shareholders' meeting.

### **Reporting to Shareholders**

Upon the purchase of SK Shares, a purchaser who is resident in Saskatchewan is entitled to receive a tax credit certificate under the Saskatchewan Act in prescribed form and an annual statement showing the number, class and current value of their Shares.

Upon the purchase of MB Shares, a purchaser who is a resident in Manitoba will be entitled to receive a receipt under the Manitoba Tax Act in prescribed form showing the number and class of Shares purchased and the consideration for which such Shares were issued.

An annual report together with annual audited financial statements and annual management report of fund performance will be sent to all shareholders on an annual basis. In addition, the Fund will send its unaudited semi-annual interim financial statements and interim management report of fund performance to all shareholders of the Fund. The financial statements of the Fund will be reported in accordance with GAAP and will reflect the Net Asset Value of the Fund as at the date of the statements. These documents and other disclosure relating to the Fund can be accessed at the SEDAR website at <http://www.sedar.com>.

### **Termination of the Fund**

In the event of a Dissolution:

- (a) the liabilities of the Fund and all declared or accumulated but unpaid dividends on the Shares will be paid;
- (b) the Class I Shares will automatically be converted into Class A Shares based on the ratio between the Pricing Net Asset Value per Class I Share and the Pricing Net Asset Value per Class A Share;
- (c) the holder of Class B Shares is entitled to receive an amount equal to the stated capital of the Class B Shares before any assets are distributed to holders of Class A Shares; and
- (d) the holders of Class A Shares will be entitled to share equally, share per share, all the remaining assets of the Fund.

### **Use of Proceeds**

#### **SK Shares**

The SK Equity will be invested in accordance with the investment policies of the Fund and the applicable provisions of the Saskatchewan Act. The Fund plans to invest the SK Equity in small and medium-sized Saskatchewan eligible businesses and such other investments as permitted by the Saskatchewan Act and by the exercise of ministerial discretion. See "**Investment Objectives**" and "**Investment Strategies**".

Pursuant to the Saskatchewan Act (and the exercise of ministerial discretion) the Fund is obligated, during the 24 month period following the end of the fiscal year in which the SK Equity is raised, to invest and maintain at least 75% of the SK Equity in investment instruments issued by eligible businesses or in any other type of investment authorized by the Saskatchewan Act. The Fund's fiscal year end is August 31. As at the end of such 24 month period and for the period that follows, the Fund will maintain at least 75% of the SK Equity in investment instruments issued by eligible businesses. Pending such investments being made, the SK Equity will be invested in investments permitted by the Saskatchewan Act. The Fund will not invest more than 10% of the

Pricing Net Asset Value of the Class A Share Assets or more than 10% of the Pricing Net Asset Value of the Class I Share Assets in any one eligible business or eligible business entity, other than where the securities are issued or guaranteed by the Government of Canada, the Government of any Province or Territory in Canada or the Government of the United States of America, nor will the Fund invest more than 60% of the SK Equity that the Fund has invested in investment instruments issued by any one eligible business or any combination of one eligible business and one or more corporations that are not dealing at arm's length with such eligible business, and will not invest in an eligible business if the Fund and the eligible business are not dealing at arm's length, within the meaning of the Saskatchewan Act.

As required by the Saskatchewan Act (and the exercise of ministerial discretion), the Trust Monies must be set aside in a trust fund until such time as the Fund has invested 55% of the SK Equity, during the applicable fiscal period, in equity shares or debt obligations of eligible businesses and is otherwise in compliance with the investment criteria and restrictions set forth in the Saskatchewan Act. Pending release, the Trust Monies will be invested in investments permitted by the Saskatchewan Act. Once 55% of the SK Equity has been invested by the Fund into eligible businesses then, subject to receipt of written instructions from the Saskatchewan Ministry of Enterprise and Innovation and the Fund authorizing release of the Trust Monies held in trust, the applicable Trust Monies will be released from trust in such amounts, and at such times, as is required in order to make actual investments into identified eligible businesses. The Fund entered into the Tax Credit Trust Agreement pursuant to which Concentra has agreed to hold the Trust Monies and release them in accordance with the terms of the Tax Credit Trust Agreement.

Pursuant to the exercise of ministerial discretion under the Saskatchewan Act, up to 25% of the SK Equity can be utilized by the Fund, if required, to satisfy payment of the Fund's ongoing operating expenses which include, among others, commissions to the Agent and sub-agents for sales of Shares, marketing materials and management fees. Resort to these monies for funding operating expenses will only be required where the revenue generated by the Fund in any particular period is less than the operating expenses of the Fund for that same period. Furthermore, while funds have been reserved for the purposes of funding redemptions that may come due, to the extent that such funds are insufficient to satisfy redemptions, a portion of the SK Equity could be used to fund such redemptions.

Failure of the Fund to meet the investment and timing requirements noted above could result in a revocation of the Fund's registration under the Saskatchewan Act and penalties being imposed on the Fund. See "**Other Material Facts - Penalties Potentially Applicable to the Fund - Saskatchewan**".

Any capital gain and interest and other investment income earned on such investments will accrue to the benefit of the Fund.

### **MB Shares**

The MB Equity will be invested in accordance with the investment policies of the Fund and the applicable provisions of the Manitoba Act. The Fund plans to invest the MB Equity in small and medium-sized Manitoba eligible business entities and such other investments as permitted by the Manitoba Act and by the exercise of ministerial discretion. See "**Investment Strategies**" and "**Investment Objectives**".

Pursuant to the Manitoba Act (and the exercise of ministerial discretion) the Fund is obligated, during the 24 month period following the end of the fiscal year in which the MB Equity is raised, to invest and maintain at least 70% of the MB Equity in eligible investments issued by eligible business entities or in any other type of investment authorized by the Manitoba Act, and 14% of the MB Equity must be in eligible investments for which the total cost of the eligible investments held by the Fund in such entity and any related entities does not exceed \$2,000,000. The Fund's fiscal year end is August 31. As at the end of such 24 month period and for the period that follows, the Fund must maintain at least 70% of the MB Equity in eligible investments issued by eligible business entities. Pending such investments being made, the MB Equity will be invested in investments permitted by the Manitoba Act. The Fund will not invest more than 10% of the Pricing Net Asset Value of the Class A Share Assets or more than 10% of the Pricing Net Asset Value of the Class I Share Assets in any one eligible business or eligible business entity, other than where the securities are issued or guaranteed by the Government of Canada, the Government of any Province or Territory in Canada or the Government of the United States of America, nor will the Fund invest in an eligible business entity engaged in selling the shares of the Fund, other than a wholly owned subsidiary of the Fund.

Pursuant to the exercise of ministerial discretion under the Manitoba Act, up to 30% of the MB Equity can be utilized by the Fund, if required, to satisfy payment of the Fund's ongoing operating expenses which include, among others, commissions to the Agent and sub-agents for sales of Shares, marketing materials and management fees. Resort to these monies for funding operating expenses will only be required where the revenue generated by the Fund in any particular period is less than the operating expenses of the Fund for that same period. Furthermore, while funds have been reserved for the purposes of funding redemptions that may come due, to the extent that such funds are insufficient to satisfy redemptions, a portion of the MB Equity could be used to fund such redemptions.

Failure of the Fund to meet the investment and timing requirements noted above could result in a revocation of the Fund's registration under the Manitoba Act and penalties being imposed on the Fund. See "**Other Material Facts - Penalties Potentially Applicable to the Fund - Manitoba**".

### **Principal Holders of Securities of the Fund**

As at the date of this prospectus, the Sponsor owns all the issued and outstanding Class B Shares both beneficially and of record. See "**Organization and Management Details of the Fund - Sponsor**".

As at the date of this prospectus, the only issued and outstanding shares in the capital of the Manager are 100 common shares, owned by Mr. Grant Kook both beneficially and of record. Mr. Grant Kook is a director and officer of both the Fund and the Manager. See "**Organization and Management Details of the Fund – Management of the Fund**".

The directors and senior officers of the Fund, as a group, and the directors and senior officers of the Manager, as a group, beneficially own, directly or indirectly, less than 1% of all the issued and outstanding Shares.

### **Interest of Management and Others in Material Transactions**

Pursuant to the Management Agreement, the Manager has been retained as manager of the Fund and will receive certain management fees and other compensation. Mr. Grant J. Kook, the President and Chief Executive Officer and a director of the Fund, is the sole shareholder of the Manager. See "**Organization and Management Details of the Fund – Management of the Fund**".

### **Proxy Voting Disclosure**

The Fund has the responsibility to exercise voting rights attaching to securities held by the Fund. In order to ensure that voting securities held by the Fund are voted in a manner that serves the best interests of the Fund and its securityholders, the Fund has established the Guidelines designed to provide general guidance, in compliance with applicable legislation, for the voting of proxies.

The Guidelines set out the voting procedures to be followed in voting on routine and non-routine matters. Routine matters include election of directors, appointment of auditors, management and compensation related resolutions and certain changes in corporate structure. Although the Guidelines contain standing policies for voting on certain routine matters, each routine and non-routine matter will be assessed on a case-by-case basis to determine whether such matter is in the best interests of the Fund and its securityholders.

The Guidelines also include procedures to ensure that voting rights are exercised in accordance with the Guidelines.

The Guidelines are available on request, at no charge, by writing to the Fund at 830 – 410 22<sup>nd</sup> Street East, Saskatoon, Saskatchewan, S7K 5T6.

Commencing on August 31, 2006, the Fund began disclosing its annual proxy voting record as of June 30 for each year, covering the period from July 1 to June 30 of such year. These documents are available on the Fund's website at <http://www.goldenopportunities.ca>.

### **Material Contracts**

The Fund has entered into the following material contracts:

- (a) the Management Agreement referred to under "**Organization and Management Details of the Fund – Management of the Fund – Management Agreement**";
- (b) the Agency Agreement and the Services Agreement referred to under "**Purchase of Securities (Plan of Distribution) – Agency Agreement and Services Agreement**";
- (c) the Custodian Agreement;
- (d) the Tax Credit Trust Agreement referred to under "**Use of Proceeds**";
- (e) the Transfer Agency Agreement;

- (f) the RRSP Trust Agreement referred to under "**Purchase of Securities (Plan of Distribution) – RRSP Purchases**"; and
- (g) the WD Agreement referred to under "**Investment Objectives**".

Copies of the foregoing contracts may be inspected during regular business hours at the principal place of business of the Fund at 830 – 410 22<sup>nd</sup> Street East, Saskatoon, Saskatchewan S7K 5T6.

## **Legal and Administrative Proceedings**

There are no legal or administrative proceedings material to the Fund to which the Fund, the Manager or the Agent is a party, and no such proceedings are known to be contemplated.

## **Experts**

The auditors of the Fund are Hergott Duval Stack LLP. Hergott Duval Stack LLP has advised that they are independent with respect to the Fund within the meaning of Canadian generally accepted standards for auditors' involvement with offering documents. None of MacPherson Leslie & Tyerman LLP, counsel to the Fund, Aikins, MacAulay & Thorvaldson LLP, counsel to the Agent, or Hergott Duval Stack LLP, auditor of the Fund, or any director, officer, employee or partner thereof, as applicable, has received or will receive a direct or indirect interest in the property of the Fund or of any associate or affiliate of the Fund. As at the date hereof, the aforementioned companies and partnerships, and the directors, officers, employees and partners, as applicable, of each of the aforementioned companies and partnerships beneficially own, directly or indirectly, in the aggregate less than 1% of all of the issued and outstanding Shares.

## **Exemptions and Approvals**

The Fund is generally governed by the standard investment restrictions and practices that are otherwise applicable to mutual funds. However, some of these restrictions and practices do not apply to the Fund and the Fund has been granted exemptions from, or variations in respect of, certain restrictions and practices. See "**Investment Restrictions – Exemptions and Policies**". The Fund has also been granted exemptions from, or variations in respect of, certain other provisions in NI 81-102 and NI 81-105 to permit it, among other things, to invest in certain persons or companies of which a director or officer of the Fund is a partner, director, officer or small security holder, subject to certain conditions set forth in such exemptive relief, and to pay fees and expenses in the manner disclosed in this prospectus.

## **Other Material Facts**

### **Penalties Potentially Applicable to the Fund - Saskatchewan**

The Saskatchewan Act requires that, unless the Saskatchewan Minister provides approval for the Fund to wind-up or dissolve, the Fund shall pay a penalty to the Saskatchewan Minister equal to the Saskatchewan tax credits that were issued by the Province of Saskatchewan on the sale of SK Shares if the Fund:

- (a) proposes to wind-up or dissolve;
- (b) has its Saskatchewan Registration revoked; or
- (c) purchases or otherwise acquires any of the SK Shares prior to eight years from the date of issue of the SK Shares unless:
  - (i) the Saskatchewan tax credit issued to the holder of the SK Share at the time of issuance of the SK Share to the holder is repaid to the Saskatchewan Minister;
  - (ii) the SK Shares to be redeemed belonged to a holder who has died; or
  - (iii) the holder of the SK Shares to be redeemed is a RRSP or RRIF and the sole beneficiary of the plan or fund has died.

### **Revocation of Saskatchewan Registration**

The Saskatchewan Minister may revoke the Saskatchewan Registration of the Fund if the Fund has been struck from the register of corporations pursuant to section 290 of *The Business Corporations Act* (Saskatchewan), or if the Fund fails to comply with any provision of the Saskatchewan Act or any terms and conditions imposed by the Saskatchewan Minister pursuant to the Saskatchewan Act. Where the Fund has been struck from the register of corporations, the Fund's Saskatchewan Registration may

be revoked without notice to the Fund. In any other circumstances, the Saskatchewan Minister must give notice to the Fund of any proposal to revoke the Fund's Saskatchewan Registration. The Fund will have an opportunity, within 60 days of the written notice of proposal, to correct any default and to appeal any revocation of its Saskatchewan Registration. Investments in SK Shares made after the revocation of the Fund's Saskatchewan Registration will not entitle purchasers to receive Saskatchewan tax credits.

### **Penalties Potentially Applicable to the Fund - Manitoba**

Upon the redemption of a MB Share prior to the expiry of the Eight Year Holding Period, the Manitoba Tax Act requires that the Fund withhold from the redemption price and pay to the Manitoba Minister, within 30 days of the redemption, an amount equal to the greater of the Manitoba tax credit that was issued by the Province of Manitoba on the sale of such Share or the redemption price, unless:

- (a) the Manitoba tax credit has not yet been claimed, in respect of the Share;
- (b) the redemption occurs as a result of the death of the holder of the Share or the death of the annuitant under a RRSP or RRIF that held the Share; or
- (c) the Specified Individual became disabled and permanently unfit for work, or terminally ill, after the Share was issued.

The Manitoba Tax Act requires that, if the Fund's registration under the Manitoba Act is cancelled, the Fund must pay a penalty, within 90 days of the cancellation, to the Manitoba Minister for each outstanding MB Share equal to 1.875% of the consideration received by the Fund for the issuance of such MB Share for each year or part year remaining before the Eight Year Holding Period expires with respect to such MB Share.

If the Fund issues more than \$30 million of MB Shares (or such other limit as is prescribed by the Manitoba Act from time to time) in any one MB Offering Year, it must pay a tax equal to 15% of the excess. In addition, its registration under the Manitoba Act may be suspended or revoked. The Fund does not intend to sell MB Shares having a total selling price in excess of its current limit.

The Fund is required to invest and maintain at least 70% of the MB Equity in eligible investments issued by eligible business entities and 14% of the MB Equity must be in eligible investments for which the total cost of the eligible investments held by the Fund in such entity and any related entities does not exceed \$2,000,000. If it does not meet either of these requirements, a penalty of 30% of the greater of the two possible deficiencies will be payable by the Fund to the Minister of Finance (Manitoba) under the Manitoba Act. If liable for such a penalty the Fund may recover up to 90% of the penalty assessed if it does not run a deficiency in its next fiscal year. See "**Investment Restrictions – Investment Restrictions – MB Shares**".

### **Revocation of Manitoba Registration**

The Manitoba Minister may suspend the Manitoba Registration of the Fund if the Fund:

- (a) fails to comply with the requirements under the Manitoba Act, to file or provide, or to produce for inspection, a record, report, statement, return or other information, and does not rectify such non-compliance within 30 days after receiving notice from the Manitoba Minister;
- (b) fails to value the Shares as required by the Manitoba Act and does not rectify such non-compliance within 30 days after receiving notice from the Manitoba Minister;
- (c) fails to pay a penalty under the Manitoba Act or a tax payable under section 11.1 or 11.5 of the Manitoba Tax Act within 60 days of assessment;
- (d) amends its articles except as provided for under the Manitoba Act; or
- (e) has its assets, or a substantial portion of them, placed under the control of a receiver, a receiver-manager or a trustee in bankruptcy.

If the Fund does not correct the default within one year of its Manitoba Registration being suspended, then its Manitoba Registration will be cancelled. Investments in MB Shares made after the cancellation of the Fund's Manitoba Registration will not entitle purchasers to receive Manitoba tax credits.

## **Federal Penalty**

The Federal Act requires that the Fund comply with the business investment requirements under the Saskatchewan Act and the Manitoba Act and, as a consequence of non-compliance, the Fund will be liable to pay an amount (other than interest) equal to the amount that it may be required to pay under the Saskatchewan Act or the Manitoba Act, as applicable, as a penalty to the Receiver General. The Federal Act also provides that the Fund will be liable to pay an amount (other than interest) equal to the amount that it may be required to pay under the Saskatchewan Act or the Manitoba Act, as applicable, as a consequence of the amalgamation or merger of the Fund with another corporation, a Dissolution or the Fund ceasing to be registered under the Saskatchewan Act or the Manitoba Act, as applicable, as a penalty to the Receiver General.

## **Purchasers' Statutory Rights of Withdrawal and Rescission**

Securities legislation in each of Provinces of Saskatchewan and Manitoba provides purchasers with the right to withdraw from an agreement to purchase mutual fund securities within two business days after receipt of a prospectus and any amendment or within 48 hours after the receipt of a confirmation of a purchase of such securities. If the agreement is to purchase such securities under a contractual plan, the time period during which withdrawal may be made may be longer. The securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limits prescribed by the securities legislation of the purchaser's province. The purchaser should refer to the applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or should consult with a legal advisor.

## **Documents Incorporated By Reference**

Additional information about the Fund is available in the following documents:

1. the most recently filed comparative annual financial statements of the Fund, together with the accompanying report of the auditor.
2. any interim financial statements of the Fund filed after those annual financial statements.
3. the most recently filed annual management report of fund performance of the Fund.
4. any interim management report of fund performance of the Fund filed after that annual management report of fund performance.

These documents are incorporated by reference into this prospectus, which means that they legally form part of this document just as if they were printed as part of this document. Any document of the type referred to above filed by the Fund after the date of this prospectus, and prior to the completion or termination of the distribution contemplated herein, shall be deemed to be incorporated by reference into this prospectus.

You can get a copy of these documents, at your request, and at no cost by calling the Fund toll-free at 1-866-261-5686 or from your dealer. These documents are also available on the Fund's internet site at <http://www.goldenopportunities.ca> or by contacting the Fund at [gofrequest@sasktel.net](mailto:gofrequest@sasktel.net). These documents and other information about the Fund are also available on the internet on the System for Electronic Document Analysis and Retrieval (SEDAR) website under the Fund's name, which can be accessed at <http://www.sedar.com>.

**Any statement contained in this prospectus or a document incorporated or deemed to be incorporated by reference herein or in any subsequently filed document which also is or is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this prospectus to the extent that a statement contained herein, or in any other document which is incorporated or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, 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 a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute a part of this prospectus.**

## **Auditors' Consent**

We have read the prospectus of Golden Opportunities Fund Inc. ("The Fund") dated December 30, 2011 relating to the issue and sale of Shares of the Fund. We have complied with Canadian generally accepted standards for auditors' involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the Shareholders of the Fund on the statement of net assets of the Fund as at August 31, 2011 and 2010, the statement of investment portfolio as at August 31, 2011 and the statement of operations, changes in net assets and cash flows for the year ended August 31, 2011 and 2010. Our report is dated October 26, 2011.

(signed) "*Hergott Duval Stack LLP*"

Chartered Accountants

Saskatoon, Saskatchewan  
December 30, 2011

## CERTIFICATE OF GOLDEN OPPORTUNITIES FUND INC.

Dated: December 30, 2011

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all materials facts relating to the securities offered by this prospectus as required by the securities legislation of Saskatchewan and Manitoba.

(signed) "Grant J. Kook"  
Grant J. Kook  
President and Chief Executive Officer

(signed) "Douglas W. Banzet"  
Douglas W. Banzet  
Chief Financial Officer

On behalf of the Board of Directors of  
**GOLDEN OPPORTUNITIES FUND INC.**

(signed) "William (Bill) McKnight"  
Honourable William (Bill) McKnight, PC  
Chairman

(signed) "Donald R. Ching"  
Donald R. Ching  
Director

## CERTIFICATE OF WESTCAP MGT. LTD. as Manager and Promoter

Dated: December 30, 2011

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all materials facts relating to the securities offered by this prospectus as required by the securities legislation of Saskatchewan and Manitoba.

(signed) "Grant J. Kook"  
Grant J. Kook  
Chief Executive Officer

(signed) "Douglas W. Banzet"  
Douglas W. Banzet  
Chief Operating Officer

On Behalf of the Board of Directors of  
**WESTCAP MGT. LTD., as Manager and Promoter**

(signed) "Grant J. Kook"  
Grant J. Kook  
Director

(signed) "Douglas W. Banzet"  
Douglas W. Banzet  
Director

**CERTIFICATE OF NATIONAL BANK FINANCIAL INC.**

Dated: December 30, 2011

To the best of our knowledge, information and belief, this prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of Saskatchewan and Manitoba.

**NATIONAL BANK FINANCIAL INC.**

(signed) "Kevin Hooke"

Kevin Hooke

Authorized Signing Authority

## APPENDIX A

### Golden Opportunities Fund Inc. Portfolio Information - Class A Shares (unaudited)

The following table contains information with respect to the investments of the Class A Shares of the Fund where 5% or more of the securities of any class of an investee company are beneficially owned directly or indirectly by the Fund. This information is current as of December 2, 2011. The Fund has no control over any information disseminated by its investee companies (including information contained on the websites of its investee companies) and the Fund makes no representation or warranty about the accuracy or completeness of any such information.

Name and Address	Nature of Principal Business	Percentage of Securities of each Class Owned by the Fund (Note 1)	Cost of Investments as a Percentage of the Fund's Class A Net Asset Value
ADC Enterprises 4 Inc. 300-1914 Hamilton Street Regina, SK S4P 3N6	Investment and management of Saskatchewan farmland	\$3,500,000 participating loan, variable rate, due Dec 31, 2015	1.98%
Big Sky Management Consulting Corp. 10333 8th Avenue East Humboldt, SK S0K 2A0 Website: www.bigsky.sk.ca	Farrow-to-finish hog producer	Class A Common shares	22.13% 0.14%
Can Pro Ingredients Ltd. Box 250 Arborfield, SK S0E 0A0 Website: www.cpii.ca	Manufacture and merchandise specialty canola bioproducts and dehydrated alfalfa products	\$1,011,210 debenture, 14%, due July 9, 2017 \$1,100,000 senior secured note, 20%, due June 29, 2014 Class C participating preferred shares	2.92% 29.55%
		Class A common shares	Note 2 20.49%
Cevena BioProducts Inc. Box 3649 Sherwood Park, AB T8H 2T4	Participating interest in the supply of dietary supplement and functional food products	Common shares	26.09% 0.70%
Cipher Energy Inc. Suite 300, 444 - 5th Avenue S.W. Calgary, AB T2P 2T8	Production of natural gas	Common shares	18.80% 0.05%
Connect Energy Holdings Ltd. Suite 201, 203 Stonebridge Road Saskatoon, SK S7T 0G3	Investment in natural gas retailer	Class A Common shares	90.00% Less than 0.01%
Credence Resources Inc. 700 - 230 22nd Street East Saskatoon, SK S7K 0E9	General partner for investments in junior oil and gas exploration and development companies	Class A common shares Class B common shares	50.00% 100.00% 0.06%

Name and Address	Nature of Principal Business	Percentage of Securities of each Class Owned by the Fund (Note 1)	Cost of Investments as a Percentage of the Fund's Class A Net Asset Value
Credence Resources Limited Partnership 700 - 230 22nd Street East Saskatoon, SK S7K 0E9	Investments in junior oil and gas exploration and development companies	\$12,569,999 participating loan, variable rate Limited partnership units	7.10% 100.00%
Del-Air Systems Ltd. 701 Broadway Ave. Saskatoon, SK S7N 1B3	Manufacture, sale and distribution of air exchange units and playground equipment	\$169,583 debenture, 14%, demand Class H preferred share Class I convertible preferred shares	0.29% 100.00% 100.00% Note 3
Field Exploration Inc. 700 - 230 22nd Street East Saskatoon, SK S7K 0E9	General partner for investments in junior oil and gas exploration and development companies	Class A common shares Class B common shares	0.06% 50.00% 100.00%
Field Exploration Limited Partnership 700 - 230 22nd Street East Saskatoon, SK S7K 0E9	Investments in junior oil and gas exploration and development companies	\$6,150,000 participating loan, variable rate Limited partnership units	3.48% 100.00%
G4 Energy Limited Partnership 1205 - 620 Spadina Cres. Saskatoon, SK S7K 3T5	Investment in oil and gas exploration and development companies	Class B units	0.53% 13.32%
G5 Energy Limited Partnership 1205 - 620 Spadina Cres. Saskatoon, SK S7K 3T5	Investment in oil and gas exploration and development companies	Class B units	0.91% 19.32%
Golden Health Care Inc. 200, 111 Second Avenue South Saskatoon, SK S7K 1K6	Own and operate personal care homes	Class E preferred shares Class F preferred shares Class G preferred shares Class H preferred shares Class A common shares	4.08% 50.00% 100.00% 90.00% 90.00% 50.00%
Hathersage Holdings Inc. 111 Corvette Cres South Lethbridge, AB T1J 3X6	Investor in retail hardware and building centres	\$460,000 promissory note, 14.75%, due June 30, 2012 Share purchase options - Western Building Centres Limited	0.26% Note 4
Input Capital Limited Partnership 300 - 1914 Hamilton Street Regina, SK S4P 3N6	Commodity production services in the agricultural sector	Limited partnership units	1.41% 71.43%
Jump.ca Wireless Supply Corp. 500, 2221 Cornwall Street Regina, SK S4P 2L1 Website: www.jump.ca	Retail distribution of telecommunication products and services	Class B preferred shares	1.12% 13.03% Note 5

Name and Address	Nature of Principal Business	Percentage of Securities of each Class Owned by the Fund (Note 1)	Cost of Investments as a Percentage of the Fund's Class A Net Asset Value
Lex Energy Partners LP 1200 - 118 Scarth Street Regina, SK S4P 4K9	Investment in oil and gas exploration and development companies	Limited partnership units	8.82% 1.98%
MATRRIX Energy Technologies Inc. 700, 808 4th. Ave. SW Calgary, AB T2P 3E8 Website:www.matrix.com	A directional drilling innovator applying state-of-the-art technology to enhance oil and gas extraction	Common shares	5.93% 1.13%
New Media Campus Inc. 670 Moraine Court Kelowna, BC V1X 5X2 Website: www.newmediacampus.com	Private vocational school	\$250,000 debenture, 5%, demand Class A common shares	10.00% 0.20%
NorAmera BioEnergy Corporation 60 Queen Street Weyburn, SK S4H 2L2 Website: www.noramerabioenergy.com	Ethanol production and value added products	\$3,479,050 debenture, 8%, due Jun 30, 2018 \$1,041,500 debenture, 8%, due Nov 24, 2019 Class A common shares Class B common shares	4.27% 37.00% 100.00%
NorAmera Properties Inc. 60 Queen Street Weyburn , SK S4H 2L2	Real estate	Class A common shares	25.00% 0.41%
NorAmera Technologies Inc. 60 Queen Street Weyburn, SK S4H 2L2	Green energy technology; construction of gasifiers	\$1,988,048 promissory note, 5%, demand Class A common shares	1.12% 41.70%
Performance Plants Inc. 700 Gardiners Road Kingston, ON K7M 3Y1 Website: www.performanceplants.com	Plant biotechnology; improvement of food crops	\$211,314 promissory note, non-interest bearing, demand Common shares	Note 6 2.55% 14.25%
Phenomenome Discoveries Inc. 204 - 407 Downey Road Saskatoon, SK S7N 4L8 Website: www.phenomenome.com	Metabolic profiling technology and related services	\$563,000 debenture, 11%, convertible (Class A), due March 29, 2015 Class A common shares Class B common shares	0.51% 2.26% Note 7 5.19% 54.60%
Prairie Plant Systems Inc. #1 Plant Technology Road Box 19A, RR #5 Saskatoon, SK S7K 3J8 Website: www.prairieplant.com	Plant biotechnology; plant made pharmaceutical technology and custom contract services	Class A common shares	21.60% 0.83%

Name and Address	Nature of Principal Business	Percentage of Securities of each Class Owned by the Fund (Note 1)		Cost of Investments as a Percentage of the Fund's Class A Net Asset Value
Quality Wireline Services Ltd. 417A Mississippian Drive Estevan, SK S4A 2A4	Oil and gas services specializing in wireline services	\$125,000 debenture, 16.5%, due Aug 30, 2012 Class A common shares	50.00%	0.07%
Rack Petroleum Ltd. Box 1359 Biggar, SK S0K 0M0 Website: www.therackonline.com	Bulk farm fuel and fertilizer supply/service	\$650,000 debenture, 12%, due Aug 5, 2013		0.37%
Safety Seven Manufacturing Inc. 311 Main Street Moose Jaw, SK S6H 0W2	Manufacturer of specialty footwear products	\$459,149 promissory note, non-interest bearing, due Dec 21, 2011 Class C preferred shares Class A common shares	72.46% 10.00%	0.37%
Solido Design Automation Inc. 101 - 116 Research Drive Saskatoon, SK S7N 3R3 Website: www.solidodesign.com	Electronic design automation	Class B convertible preferred shares Class C convertible preferred shares	30.94% 17.50%	1.33%
Terra Grain Fuels Inc. 5 km North, Kalium Rd. Belle Plaine, SK S0G 0G0 Website: www.terragrainfuels.com	Ethanol production and value added products	\$5,113,907 debenture, 12%, due May 15, 2014		2.89%
Tyvan Oils Ltd. 14 Glenpatrick Road Cochrane, AB T4C 1H7	Oil and gas exploration and development	Class A common shares	54.56%	0.85%
West Mountain Capital Corp. 137 LeMarchant Road St. John's, NL A1C 2H3 Website: www.westmountaincapital.com	Soil and pharmaceutical remediation facility	Common shares Stock Options	33.32% 0.19%	2.06%
Western Building Centres Limited 11301 - 6th Avenue North Battleford, SK S9A 3W2	Retail hardware and building centres	\$5,280,000 promissory note, 14.75%, demand \$3,100,000 promissory note, 20% Due May 15, 2012 Class A common shares Share purchase options - Hathersage Holdings Inc.	49.00% 3.15%	4.74%
Weyburn Inland Terminal Ltd. Box 698 Weyburn, SK S4H 2K8 Website: www.wit.ca	Operation of an inland grain terminal and grain condominium complex	Common shares	6.00%	0.84%

Note 1: Under the column "Percentage of Securities of each Class Owned by the Fund", the percentages shown reflect convertible debentures, stock options and warrants on an "as converted" basis. Any anti-dilutive conversion has not been reflected.

Note 2: The Class C preferred shares held in Can Pro Ingredients Ltd. receive five times face value as liquidation preference prior to participation by the common shares. After the Class C preferred shares have received their liquidation preference, the Class C preferred shares are fully participating with the common shares. To the extent the Class C preferred shares are included with the common shares, the total shareholdings held by the Fund would represent 26.50% of all issued common and preferred shareholdings on a fully diluted basis.

Note 3: The Class I convertible preferred shares held in Del-Air Systems Ltd. are convertible into Class A common shares on a one-for-one basis at the option of the Fund. The conversion ratio is protected against dilution. On conversion, the Class A common shares held by the Fund would represent 27.33% of the issued Class A common shares on a fully diluted basis.

Note 4: As a result of its investment in Hathersage Holdings Inc., the Fund holds share purchase options to purchase 330,000 Class A common shares in Western Building Centres Limited at \$0.02 per share.

Note 5: The Class B preferred shares held in Jump.ca Wireless Supply Corporation receive \$2.78 per Class B preferred share as liquidation preference prior to participation by the common shares. After the Class B preferred shares have received their liquidation preference, the Class B preferred shares are fully participating with the common shares. To the extent the Class B preferred shares are included with the common shares, the total shareholdings held by the Fund would represent 8.46% of all issued common and preferred shareholdings on a fully diluted basis.

Note 6: The promissory note held in Performance Plants Inc. is converted to common shares on a pro rata basis as additional financing of up to \$400,000 is received from other shareholders. The promissory note is converted at the rate of 1 common share for each \$0.005 of the promissory note converted. If the entire \$400,000 in additional financing is received from the other shareholders, the common shares held by the Fund would represent 13.42% of all the issued common shares on a fully diluted basis. To the extent the additional financing is less than \$400,000, the remaining unconverted promissory note bears interest at a rate of 25% from September 1, 2011 forward.

Note 7: The debenture held in Phenomenome Discoveries Inc. is convertible to Class A common shares on the basis of 1 Class A common share for each \$63.00 of debenture converted.

Note 8: The Class B and Class C convertible preferred shares held in Solido Design Automation Inc. are each convertible into Class A common shares on a one-for-one basis at the option of the Fund. On conversion, the Class A common shares held by the Class A Shares of the Fund would represent 11.32% of the issued Class A common shares on a fully diluted basis.

## APPENDIX B

### Golden Opportunities Fund Inc. Portfolio Information - Class I Shares (unaudited)

The following table contains information with respect to the investments of the Class I Shares of the Fund where 5% or more of the securities of any class of an investee company are beneficially owned directly or indirectly by the Fund. This information is current as of December 2, 2011. The Fund has no control over any information disseminated by its investee companies (including information contained on the websites of its investee companies) and the Fund makes no representation or warranty about the accuracy or completeness of any such information.

Name and Address	Nature of Principal Business	Percentage of Securities of each Class Owned by the Fund (Note 1)	Cost of Investments as a Percentage of the Fund's Class I Net Asset Value
MATRIX Energy Technologies Inc. 700, 808 4th. Ave. SW Calgary, AB T2P 3E8 Website: www.matrix.com	A directional drilling innovator applying state-of-the-art technology to enhance oil and gas extraction.	Common shares	1.19% Note 2
Phenomenome Discoveries Inc. 204 - 407 Downey Road Saskatoon, SK S7N 4L8 Website: www.phenomenome.com	Metabolic profiling technology and related services	\$270,000 debenture, 11%, convertible (Class A), due March 29, 2015 Class A common shares	0.24% Note 3 0.13% Note 2
Prairie Plant Systems Inc. #1 Plant Technology Road Box 19A, RR #5 Saskatoon, SK S7K 3J8 Website: www.prairieplant.com	Plant biotechnology; plant made pharmaceutical technology and custom contract services	Class G convertible preferred shares, 9% annual dividend	11.15% Note 4
Solido Design Automation Inc. 101 - 116 Research Drive Saskatoon, SK S7N 3R3 Website: www.solidodesign.com	Electronic design automation	Class C convertible preferred shares	20.00% Note 5

Note 1: Under the column "Percentage of Securities of each Class Owned by the Fund", the percentages shown reflect convertible debentures, stock options and warrants on an "as converted" basis. Any anti-dilutive conversion has not been reflected.

Note 2: Although the percentage shareholdings held by the Class I Shares is less than 5%, the total percentage held by the Fund of the respective class of the investee company is greater than 5% when included with investments held by the Fund's Class A Shares - See Appendix A.

Note 3: The debenture held in Phenomenome Discoveries Inc. is convertible to Class A common shares on the basis of 1 Class A common share for each \$63.00 of debenture converted.

Note 4: The Class G convertible preferred shares held in Prairie Plant Systems Inc. are convertible to either a promissory note bearing interest at an annual rate of 12% or Class A common shares. The conversion option must be exercised prior to October 31, 2014 or earlier under certain conditions. If not otherwise converted prior to October 31, 2014, the Class G shares will be automatically converted to a promissory note bearing interest at an annual rate of 12%. Promissory notes received on conversion are repaid in 4 equal annual payments. Conversion to common shares would currently be anti-dilutive.

Note 5: The Class C convertible preferred shares held in Solido Design Automation Inc. are convertible into Class A common shares on a one-for-one basis at the option of the Fund. On conversion, the Class A common shares held by the Class I Shares of the Fund would represent 1.86% of the issued Class A common shares on a fully diluted basis.