*This Confidential Offering Memorandum ("**Offering Memorandum**") constitutes an offering of securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of these securities.* ***No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the securities offered hereby, and any representation to the contrary is an offence.***

This Offering Memorandum is personal to each prospective purchaser and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the securities offered hereby. Distribution of this Offering Memorandum to any person other than the prospective purchaser and any person retained to advise such prospective purchaser with respect to its purchase is unauthorized, and any disclosure of any of its contents without the Manager's prior written consent is prohibited. Each prospective purchaser, by accepting delivery of this Offering Memorandum, agrees to the foregoing and to make no photocopies of this Offering Memorandum or any documents referred to in, or incorporated into, this Offering Memorandum.

CLASS A UNITS AND CLASS F UNITS OF

POLAR MICRO-CAP FUND II L.P.

CONFIDENTIAL OFFERING MEMORANDUM

Polar Micro-Cap Fund II L.P. (the "**Partnership**") is a limited partnership established under the laws of the Province of Ontario pursuant to a partnership agreement dated as of January 11, 2019, as the same may be amended, supplemented or amended and restated from time to time (the "**Partnership Agreement**"). The policies and objectives of the Partnership are described in this Offering Memorandum.

The Partnership is offering an unlimited number of class A limited partnership units and class F limited partnership units of the Partnership (together, the "**Partnership Units**") issuable in series on a continuous basis under this Offering Memorandum pursuant to exemptions from the prospectus requirements of applicable securities legislation (the "**Offering**"). Partnership Units are offered at a minimum subscription of $25,000 to "accredited investors" (as such term is defined in the *Securities Act* (Ontario) or National Instrument 45-106 – *Prospectus Exemptions*, as applicable) resident in, or otherwise subject to the securities laws of, any province or territory of Canada (the "**Offering Jurisdictions**"). See "Details of the Offering".

If there is a misrepresentation in this Offering Memorandum, purchasers resident in the Offering Jurisdictions may, in certain circumstances, be provided with a remedy for rescission or damages. See "Purchasers' Rights of Action for Damages and Rescission".

The Partnership is a related and connected issuer of Polar Asset Management Partners Inc. See "Conflicts of Interest – Statement of Related and Connected Issuers".

All Partnership Units purchased pursuant to this Offering Memorandum are subject to restrictions on resale unless a further statutory exemption may be relied upon by the investor or an appropriate discretionary order is obtained pursuant to applicable securities laws. Therefore, all potential purchasers under this Offering should consult with their legal advisors prior to seeking to sell or otherwise transfer any Partnership Units purchased hereunder. As there is no market for the Partnership Units, it may be difficult or even impossible for a Limited Partner to sell them. However, Partnership Units may be redeemed in accordance with the provisions of this Offering Memorandum.

Potential purchasers should carefully review the Section entitled "Risk Factors" in this Offering Memorandum before making any decision to invest in the Partnership Units.

January, 2019

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Cautionary Note Regarding Forward-Looking Statements

This Offering Memorandum contains forward-looking statements. All statements, other than statements of historical fact, are forward-looking statements and may include statements that address activities, events or developments that the Manager believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding any objectives and strategies of the Partnership). These forward-looking statements reflect the current expectations, assumptions or beliefs of the Manager based on information currently available to such persons. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Partnership to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Partnership. Factors that could cause actual results or events to differ materially from current expectations include, among other things, volatility in financial markets, fluctuations in currency exchange rates and interest rates, tax consequences, changes in applicable laws and other risks associated with investing in securities and those factors discussed under the section entitled "Risk Factors" in this Offering Memorandum. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Manager disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Manager believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

SUMMARY

Prospective purchasers are encouraged to consult their own professional advisors as to the tax and legal consequences of investing in the Partnership. The following is a summary only and is qualified by the more detailed information contained in this Offering Memorandum.

The Partnership:	Polar Micro-Cap Fund II L.P. is a limited partnership established under the laws of the Province of Ontario pursuant to the terms of a limited partnership agreement dated as of January 11, 2019 as the same may be amended, supplemented or amended and restated from time to time (the "**Partnership Agreement**"). See "The Partnership".
The Offering:	An unlimited number of class A limited partnership units (the "**Class A Partnership Units**") and class F limited partnership units (the "**Class F Partnership Units**" and together with the Class A Partnership Units, the "**Partnership Units**") of the Partnership issuable in series with a minimum subscription of $25,000 to an unlimited number of subscribers who are "accredited investors" (as such term is defined in the *Securities Act* (Ontario) or National Instrument 45-106 – *Prospectus Exemptions*, as applicable) resident in, or otherwise subject to the securities laws of, any province or territory in Canada (the "**Offering Jurisdictions**") under this Offering Memorandum (the "**Offering**"). The Manager (as hereinafter defined) reserves the right to accept or reject subscriptions for Partnership Units, to change the minimum amounts for investment in the Partnership and/or to discontinue the offering of Partnership Units at any time and from time to time. See "Details of the Offering". Each subscriber must satisfy applicable regulatory requirements. At the discretion of the Manager, subscriptions for lesser amounts which comply with other available exemptions from prospectus requirements under applicable securities legislation may be accepted. Each Partnership Unit of the same Class (as hereinafter defined) or Series (as hereinafter defined) will represent an equal undivided interest in the net assets of the Partnership attributable to that Class or Series of Partnership Units. The Partnership is authorized to issue an unlimited number of Classes and/or Series of Partnership Units and an unlimited number of Partnership Units in each such Class or Series, subject to any determination to the contrary made by the Manager in its sole discretion. The Partnership may issue fractional Partnership Units so that subscription funds may be fully invested. Each whole Partnership Unit of a particular Class or Series has equal rights to each other Partnership Unit of the same Class and Series with respect to all matters, including voting, allocations of income or loss, receipt of distributions from the Partnership, liquidation and other events in connection with the Partnership. See "Partnership Units".
The Partnership Units:	There are two classes ("**Classes**") of Partnership Units currently offered by the Partnership pursuant to this Offering Memorandum: Class A Partnership Units and Class F Partnership Units. Each Class is issued in series (each, a "**Series**"). The Partnership Units have the same investment objective, strategy and restrictions but the Classes differ in respect of one or more of their features, such as management fees, sales commissions and servicing fees. Class A Partnership Units carry a front-end sales commission of up to 2.0%. Class F Partnership Units may be purchased by investors who are enrolled in a dealer sponsored fee-for-service or 'wrap' program and who are subject to an annual asset-based fee. Partnership Units are denominated in Canadian dollars. The Partnership may issue additional classes of limited partnership units from time to time without notification to Limited Partners.

The General Partner:	The general partner of the Partnership is Polar Micro-Cap Fund II G.P. Ltd. The General Partner is responsible for appointing the Manager and monitoring the activities of the Partnership as contemplated in the Partnership Agreement.
Manager:	Polar Asset Management Partners Inc. 401 Bay Street, Suite 1900, P.O. Box 19 Toronto, Ontario M5H 2Y4
Investment Advisor:	Polar Asset Management Partners Inc. 401 Bay Street, Suite 1900, P.O. Box 19 Toronto, Ontario M5H 2Y4
Investment Objective of the Partnership:	The Partnership seeks to achieve long-term capital growth by investing primarily in the equity securities of small-sized Canadian and U.S. companies, which may, from time to time, include investments in private businesses.
Investment Strategies of the Partnership:	In seeking to achieve its investment objective, the Partnership invests in a diversified portfolio of equity securities chosen according to a bottom-up, fundamentals driven investment approach. Specifically, the Investment Advisor examines, but is not limited to, the following factors in determining security selection:

1. ***Business Model***: Detailed business plan and income statement analysis to determine the nature and sustainability of a company's competitive advantage. The Investment Advisor favours proven business models that have exhibited a measurable history of stability and sustainability.

2. ***Sources of Capital***: Detailed cash flow statement analysis to determine the ability of the company to internally generate capital equal to or in excess of its operational requirements. The Investment Advisor favours companies that generate excess capital that can be deployed in a discretionary manner by management teams into opportunities designed to increase shareholder value.

3. ***Capital Structure***: Detailed balance sheet analysis to determine the nature and extent of indebtedness utilized by a company. The Investment Advisor favours companies with conservative capital structures that allow for opportunistic deployment of resources irrespective of capital markets conditions.

4. ***Valuation***: Multi-faceted valuation analysis to determine if the market value of a company's securities, in the opinion of the Investment Advisor, is equal to or below their intrinsic value. The Investment Advisor favours companies with below market average valuation multiples.

5. ***Management Alignment***: Routine review of levels, and changes in, equity ownership by key decision makers within a company. The Investment Advisor favours companies where there is significant economic alignment of interests between internal and external stakeholders.

The investment activities of the Partnership will generally be conducted within a disciplined set of investment guidelines, including, without limitation, those discussed below.

1. ***Types of Investments***: The Partnership primarily invests in equity and equity derivative securities, including stocks, warrants, instalment receipts and options, subject to the investment restrictions discussed herein. From time to time, the Investment Advisor may determine that certain investment

opportunities are best executed using debt securities, either directly or as part of a hedge, or using commodity, index or other futures or options as part of a hedge.

2. ***Diversification***: The Partnership will ordinarily maintain a diversified portfolio of not less than 20 securities.

3. ***Gross Market Exposure***: The Partnership may employ leverage. The gross amount of dollar exposure (i.e. dollars invested long plus dollars invested short) shall not ordinarily exceed 150% of the Partnership's Net Asset Value (as defined herein). See "Leverage" under "Risk Factors".

4. ***Net Market Exposure***: The Partnership may maintain both long positions and short positions at any time, such that ordinarily the net amount of dollar exposure (dollars invested long minus dollars invested short) is within a range of +100% to -20% of the Partnership's Net Asset Value.

5. ***Foreign Investment***: The Partnership invests primarily in Canadian and U.S. securities which are consistent with its investment objective.

6. ***Currency Exposure***: The Partnership's functional and reporting currency is Canadian dollars. The Partnership will endeavour to hedge any significant non-Canadian dollar exposure back to the Canadian dollar.

The Partnership is also subject to certain investment restrictions. See "Investment Strategies of the Partnership – Investment Restrictions".

Price: Class A Partnership Units and Class F Partnership Units are offered for sale in Series on a continuous basis under this Offering Memorandum at the applicable Series Net Asset Value (as defined herein) per Partnership Unit ("**Series Net Asset Value per Partnership Unit**"), with such calculation being determined as at the last day of each month on which commercial banks in Toronto, Ontario are open for business ("**Business Day**") and as at any other day as the Manager may determine (each, a "**Valuation Date**"). Fractional Partnership Units will be issued up to a maximum of four decimal places. All subscriptions for Partnership Units will initially be made through the purchase of interim subscription receipts at a fixed net asset value of $100 per subscription receipt ("**Subscription Receipt**"). See "Purchase Procedure".

Purchase Procedure: Subscribers may purchase Partnership Units by delivering a completed Investment Application (as defined herein), together with full payment for the Partnership Units, to the subscriber's Registered Dealer (as defined herein). The Manager must receive payment in addition to the duly completed Investment Application and any other required documents by the third Business Day following the date the subscription order is received. If the subscription order request is received by the Manager on or before the last Business Day of the current month-end (each, a "**Subscription Deadline**"), such subscriber will be admitted at the applicable Series Net Asset Value per Partnership Unit for the current month-end. If the subscription order request is received after the Subscription Deadline for a month, such subscriber will then be admitted at the Series Net Asset Value per Partnership Unit for the end of the following month (*i.e.*, the order will be processed on the last Business Day of the following month).

The Manager reserves the right to accept or reject subscription orders, provided that any decision to reject an order is made within two Business Days after receipt by the Manager of all required documents. Any monies received with a rejected order will be refunded without interest or deduction.

All subscriptions for Partnership Units will initially be made through the purchase of Subscription Receipts at a fixed net asset value of $100 per Subscription Receipt. Following the calculation of the Series Net Asset Value (as defined herein) of each Series of Partnership Units, the interim Subscription Receipts will be automatically converted, without any further action on the part of the subscriber, into the appropriate number of Partnership Units of the applicable Class as per each subscriber's Investment Application. The number of Partnership Units of the applicable Series will be the net subscription proceeds divided by the month-end Series Net Asset Value per Partnership Unit of such Series determined as at the applicable Valuation Date. Consequently, the initial purchase confirmation will confirm the purchase of the Subscription Receipts while a subsequent confirmation will confirm the final number of Partnership Units purchased by the subscriber. The number of Subscription Receipts will be different from the final number of Partnership Units so purchased. These Subscription Receipts are not redeemable and do not carry any voting rights. See "Purchase Procedure".

Redemption:

Subject to certain requirements, a Limited Partner may request that the Partnership redeem his or her Partnership Units at the applicable Series Net Asset Value per Partnership Unit of such Partnership Units, less any amount required to be withheld, as at the last Business Day of any calendar quarter or any other day as the Manager may determine (each a "**Redemption Date**"), provided that a written or electronic request for redemption (a "**Redemption Request**") is received by the Manager no later than 4:00 p.m. (Toronto time) on a date which is not less than 90 calendar days prior to the applicable Redemption Date. Payment of the redemption proceeds (net of any Redemption Amount Reduction, as defined below) will be paid to the redeeming Limited Partner on or about the last Business Day of the month following the Redemption Date. The redemption price payable by the Partnership in cash will be satisfied by way of a cash payment in Canadian dollars.

The investment objective of the Partnership is designed for investors with medium to long-term investment horizons and is not intended as a short-term investment. Therefore, the Partnership may reduce the redemption amount a Limited Partner is entitled to by 10% (a "**Redemption Amount Reduction**"), based on the Net Asset Value attributable to the redeemed Partnership Units, for any Limited Partner who redeems Partnership Units on a Redemption Date within the first twelve months of the purchase of such Partnership Units.

The General Partner may in its absolute discretion decide to satisfy any Redemption Request in full or in part by issuing a promissory note or transferring *in specie* such securities or other property of the Partnership, which together with payments in cash (if any), shall in the aggregate have a value not less than the redemption amount payable to the Limited Partner (i.e. the Net Asset Value attributable to such redeemed Partnership Units) provided that the value of all securities and other property of the Partnership shall be determined as at the relevant Valuation Date. The General Partner does not anticipate satisfying redemption requests *in specie* other than in exceptional circumstances.

In the event that the Partnership receives aggregate Redemption Requests from Limited Partners with respect to a Redemption Date that exceed 25% of the Net Asset Value of the Partnership as of the applicable Redemption Date, the General Partner may, in its sole discretion, (i) satisfy all Redemption Requests received by the Partnership for such Redemption Date or (ii) reduce all such Redemption Requests so that only 25% (or more, in the sole discretion of the General Partner) of the Net Asset Value of the Partnership is redeemed on such Redemption Date. See "Redemption of Partnership Units".

The Manager has the right, upon not less than 10 days' notice, to compulsorily redeem

	all or any portion of the Partnership Units of any Limited Partner at any time under certain circumstances. See "Redemption of Partnership Units – Mandatory Redemptions".
Management Fee:	The Partnership pays the Manager a management fee based upon the Series Net Asset Value of each Series of a Class of Partnership Units (before taking into account the accrual of any performance fee payable by the Partnership (as described below)). The Manager will receive a monthly fee equal to 1/12 of 2% of the aggregate Series Net Asset Value of the Class A Partnership Units (including an amount equal to the 1% annual servicing fee payable by the Manager to brokers, dealers and advisors) and a monthly fee equal to 1/12 of 1% of the aggregate Series Net Asset Value of the Class F Partnership Units. The management fee is calculated and paid monthly as at the last calendar day of each month and as at any other day as the Manager may determine.
Performance Fees:	The Investment Advisor is entitled to an annual performance fee in respect of the outstanding Partnership Units of each Series of each Class equal to 20% of the net appreciation in the Series Net Asset Value of each Series of a Class of Partnership Units in excess of such Series' High Water Mark (as defined below) before taking into account the accrual of any performance fee and after deduction of an annualized 5% return threshold (the "**Hurdle Rate**"). A performance fee is also determined and paid in respect of any redemption of Partnership Units during a year where the Series Net Asset Value of such Series is above the High Water Mark and the Hurdle Rate for such Series. Performance fees will generally be paid to the Investment Advisor no later than 30 days after the date of the applicable redemption of Partnership Units or the end of the then-current fiscal year. The Partnership's fiscal year ends on December 31 of each year. In order to facilitate an equitable allocation of the performance fee payable by the Partnership to the Investment Advisor amongst all Limited Partners, a "series accounting methodology" will be used to track the performance fee and, therefore, the High Water Mark applicable to each Series of a Class of Partnership Units. Utilizing the "series accounting methodology", the "High Water Mark" for each Series of a Class of Partnership Units shall be: (i) in respect of an initial subscription for a Series of a Class of Partnership Units during the then-current fiscal year, the aggregate subscription proceeds in respect of such Series of a Class of Partnership Units; or (ii) in any year following the year in which the initial subscription is made, the Series Net Asset Value of such Series of a Class of Partnership Units at the end of the immediately preceding fiscal year in which a performance fee with respect to such Series of a Class of Partnership Units was calculated and subsequently paid and, in each case, adjusted on a *pro rata* basis for redemptions or distributions made in respect of such Series of a Class of Partnership Units. In other words, any unrecovered net depreciation (other than as a result of redemptions) in the Series Net Asset Value of a Series of a Class of Partnership Units in any prior fiscal year will reduce the net appreciation on which a performance fee is calculated with respect to such Series in subsequent years (that is, there is a "perpetual high water mark"). Partnership Units issued at any point shall bear a designation which corresponds to the particular month and year in which the particular Partnership Units were issued. See "Fees and Expenses of the Partnership – Performance Fees" and "Valuation of the Partnership – Series Net Asset Value per Partnership Unit".
Establishment and Operating Expenses:	The Partnership is responsible for the costs of its initial organization and the Offering, including, without limitation, fees and expenses of legal counsel. Such expenses are being amortized over the five-year period commencing with the payment of such

expenses.

The Partnership is responsible for the payment of all fees and expenses relating to its operations, including, but not limited to, brokerage commissions on portfolio transactions, all regulatory filing fees, registrar and transfer agent fees and expenses, audit fees, accounting fees, administration fees including record keeping and legal fees and expenses, custody and safekeeping charges, providing financial and other reports to Limited Partners, all taxes, assessments or other governmental charges levied against the Partnership and interest expense, if any.

The Partnership is generally required to pay applicable sales taxes on the management fees, performance fees and on most administration expenses that it pays.

Each Class or Series of Partnership Units is responsible for the expenses specifically related to that Class or Series and a proportionate share of expenses that are common to all Classes and Series. The Manager shall allocate expenses to each Class and Series of Partnership Units in its sole discretion as it deems fair and reasonable in the circumstances.

See "Fees and Expenses of the Partnership – Establishment and Operating Expenses".

Dealer Compensation:

A sales commission of up to 2% of the purchase price may be deducted from a purchase order for Class A Partnership Units. Such commission is negotiated between the investor and the registered dealer (a "**Registered Dealer**") through whom the investor purchases Class A Partnership Units and is paid by the investor to the Registered Dealer.

In respect of Class A Partnership Units, the Manager will pay Registered Dealers a servicing fee based on the aggregate market value of their clients' investment in Class A Partnership Units at an annualized rate of 1%. Servicing fees are calculated and paid on a monthly basis in arrears approximately 15 days after the determination of the applicable month-end Series Net Asset Value of the Series of Class A Partnership Units. A Registered Dealer is entitled to such fees in respect of such Class A Partnership Units for so long as its clients hold those Class A Partnership Units.

There is no sales commission or servicing fee payable in respect of an investor's investment in Class F Partnership Units.

In respect of a purchase of any Class of Partnership Units, the Manager may agree to pay an additional commission, in an amount to be negotiated on a case-by-case basis, to the Registered Dealer and/or other person legally eligible to accept a commission. Commissions may be modified or discontinued by the Manager at any time. See "Dealer Compensation".

Eligibility for Investment:

Partnership Units are not "qualified investments" under the Tax Act (as hereinafter defined) for a trust governed by a TFSA, RRSP, RRIF, RESP, DPSP or RDSP. Investing in the Partnership Units could result in adverse tax consequences for such plans. See "Eligibility for Investment".

Certain Canadian Federal Income Tax Considerations:

The Partnership is generally not subject to tax under the Tax Act. Each Limited Partner is required to include (or entitled to deduct), in computing the Limited Partner's income for a particular taxation year, the Limited Partner's share of the income (or loss) of the Partnership (subject, in the case of a loss, to the application of the "at risk rules" described under the heading "Certain Canadian Federal Income Tax Considerations – Taxation of the Partnership") for the fiscal period of the Partnership ending in, or coincidentally with, such taxation year, whether or not such Limited Partner has

	received any distributions from the Partnership. For this purpose, the income or loss of the Partnership will be computed for each fiscal period as if the Partnership were a separate person resident in Canada and will be allocated to the Limited Partners on the basis of their respective shares of that income or loss as provided for in the Partnership Agreement. On the disposition or deemed disposition of a Partnership Unit, a Limited Partner will generally realize a capital gain (or capital loss) to the extent that the Limited Partner's proceeds of disposition exceed (or are less than) the aggregate of the Limited Partner's adjusted cost base of the Partnership Unit and any reasonable costs of disposition. No gain or loss will be realized by a Limited Partner on the issuance of a Partnership Unit upon the exchange of a Subscription Receipt. **Each investor should satisfy her/himself as to the tax consequences of an investment in Partnership Units by obtaining advice from her/his tax advisor.** This summary of Canadian federal income tax considerations for the Partnership and for Canadian resident Limited Partners is subject in its entirety to the qualifications, limitations and assumptions set out under the heading "Certain Canadian Federal Income Tax Considerations". For a detailed explanation of certain of the Canadian federal income tax considerations generally relevant to investors, see "Certain Canadian Federal Income Tax Considerations".
Risk Factors and Conflicts of Interest:	An investment in the Partnership Units is subject to certain risks. The Partnership is subject to various risk factors and conflicts of interest, more fully described under "Risk Factors" and "Conflicts of Interest". An investment in the Partnership Units should only be made after consultation with qualified sources of investment and tax advice. There can be no assurance that the Partnership will achieve its investment objective.
Legal Counsel to the Partnership:	Blake, Cassels & Graydon LLP Toronto, Ontario
Custodian / Prime Broker for the Partnership:	The Bank of Nova Scotia is the custodian of the assets of the Partnership (the "**Custodian**"). The Custodian is also the prime broker for, and receives fees from, the Partnership.
Administrator for the Partnership:	SGGG Fund Services Inc. Toronto, Ontario
Auditors of the Partnership:	Ernst & Young LLP Toronto, Ontario
Year-end of the Partnership:	December 31st.
Statutory and Contractual Rights of Action:	Purchasers of Partnership Units are entitled to the benefit of certain statutory or contractual rights of action. See "Purchasers' Rights of Action for Damages and Rescission".

GLOSSARY

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

"**Applicable Securities Laws**" means, at any time, the securities laws, regulations and rules in the Offering Jurisdictions and the requirements, rules and policies of the Canadian securities regulatory authorities that are then applicable to the Partnership in the circumstances;

"**Base Series**" means in respect of a Class, the initial Series of such Class issued on the initial Subscription Date for such Class and such further Series of such Class as may be designated by the Manager and includes, for greater certainty, any Partnership Units reclassified into a Base Series as of the end of each calendar year as described under "Fees and Expenses of the Partnership";

"**Business Day**" means a day on which commercial banks in Toronto, Ontario are open for business;

"**Class**" means a particular class of Partnership Units;

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

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

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

"**DPSP**" means a deferred profit sharing plan within the meaning of the Tax Act;

"**General Partner**" means Polar Micro-Cap Fund II G.P. Ltd.;

"**Hurdle Rate**" means an annualized 5% return threshold which is included in the determination of the annual performance fee as described under "Fees and Expenses of the Partnership – Performance Fees";

"**Investment Advisor**" means Polar, in its capacity as investment advisor to the Partnership pursuant to the provisions of the Partnership Agreement;

"**Investment Application**" means the purchase agreement required to be completed for a purchase of Partnership Units in the Partnership in the form prescribed by the Manager from time to time;

"**Limited Partner**" means, at any particular time, any person who is bound by the Partnership Agreement as a limited partner of the Partnership holding Partnership Units and any fractions thereof of any Class or Series and who is shown on the record as a limited partner;

"**Limited Partnerships Act**" means the *Limited Partnerships Act* (Ontario), as amended from time to time;

"**Manager**" means Polar, in its capacity as the manager of the Partnership pursuant to the provisions of the Partnership Agreement;

"**Net Asset Value**" means the net asset value of the Partnership calculated as described under "Valuation of the Partnership";

"**Offering**" means the offering of an unlimited number of Class A Partnership Units and Class F Partnership Units issuable in Series on a continuous basis pursuant to exemptions from the prospectus requirements of applicable securities legislation under this Offering Memorandum;

"**Offering Jurisdictions**" means, collectively, each of the provinces and territories of Canada;

"**Offering Memorandum**" means this confidential offering memorandum;

"**Partnership**" means Polar Micro-Cap Fund II L.P., a limited partnership established under the laws of the Province of Ontario pursuant to the Partnership Agreement;

"**Partnership Agreement**" means the limited partnership agreement dated as of January 11, 2019 governing the Partnership, made among the General Partner, the Manager, the Investment Advisor and those persons admitted as Limited Partners, as the same may be amended, supplemented or amended and restated from time to time;

"**Partnership Gate**" has the meaning ascribed to such term under the heading "Redemption of Partnership Units";

"**Partnership Units**" means Class A Partnership Units and Class F Partnership Units;

"**Polar**" means Polar Asset Management Partners Inc., which acts as Manager and Investment Advisor to the Partnership pursuant to the provisions of the Partnership Agreement;

"**Polar Micro-Cap Fund**" means Polar Micro-Cap Fund, an open-ended investment trust created under the laws of the Province of Ontario for which Polar acts as manager and investment advisor;

"**Proportionate Class A Partnership Unit Share**" means in relation to a holder of Class A Partnership Units, a fraction, the numerator of which is the Net Asset Value for the Class A Partnership Units and the denominator of which is the sum of the Net Asset Value of the Partnership Units;

"**Proportionate Class F Partnership Unit Share**" means in relation to a holder of Class F Partnership Units, a fraction, the numerator of which is the Net Asset Value for the Class F Partnership Units and the denominator of which is the sum of the Net Asset Value of the Partnership Units;

"**Proportionate Share**" means in relation to: (i) the General Partner, 0.001%; (ii) holders of Class A Partnership Units, 99.999% multiplied by the Proportionate Class A Partnership Unit Share; and (iii) holders of Class F Partnership Units, 99.999% multiplied by the Proportionate Class F Partnership Unit Share;

"**RDSP**" means a registered disability savings plan within the meaning of the Tax Act;

"**Redemption Amount Reduction**" means the 10% reduction in the redemption amount a Limited Partner is entitled to based on the Net Asset Value attributable to the redeemed Partnership Units for any Limited Partner who redeems Partnership Units on a Redemption Date within the first twelve months of the purchase of such Partnership Units;

"**Redemption Date**" means the last Business Day of any calendar quarter and any other day as the Manager may determine;

"**Redemption Request**" means a duly authorized written or electronic request for redemption of Partnership Units delivered to the Manager;

"**Registered Dealers**" means dealers or brokers that are registered under Applicable Securities Laws to sell securities of investment funds and that are not restricted from selling the Partnership Units;

"**Registered Plan**" means an RRSP, RRIF, DPSP, RESP, RDSP or TFSA;

"**RESP**" means a registered education savings plan within the meaning of the Tax Act;

"**RRIF**" means a registered retirement income fund within the meaning of the Tax Act;

"**RRSP**" means a registered retirement savings plan within the meaning of the Tax Act;

"**Series**" means a particular series of a Class of Partnership Units;

"**Series Net Asset Value**" means the Net Asset Value attributable to any Series of a Class of Partnership Units calculated as described under "Valuation of the Partnership";

"**Series Net Asset Value per Partnership Unit**" means the Series Net Asset Value attributable to each Partnership Unit in such Series calculated as described under "Valuation of the Partnership";

"**Subscription Date**" means the last Business Day of each month and any other day as the Manager may determine in its sole discretion;

"**Subscription Deadline**" means the last Business Day of the current month-end;

"**Subscription Receipt**" means the interim subscription receipts fixed at a net asset value of $100 per subscription receipt that investors initially receive after subscribing for Partnership Units (such subscription receipts to be automatically converted into Partnership Units after the calculation of the Series Net Asset Value of each Series of Partnership Units, as further described under "Purchase Procedure");

"**Tax Act**" means the *Income Tax Act* (Canada) as now or hereafter amended, or successor statutes and shall include all regulations promulgated thereunder;

"**Tax Proposals**" means all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof;

"**Termination Date**" means the date on which the Partnership is to be terminated;

"**TFSA**" means tax-free savings account within the meaning of the Tax Act; and

"**Valuation Date**" means the last Business Day of any month and any other day as the Manager may determine.

THE PARTNERSHIP

Polar Micro-Cap Fund II L.P. (the "**Partnership**") is a limited partnership established under the laws of the Province of Ontario pursuant to the Partnership Agreement. In order to establish the Partnership, the initial Limited Partner was issued one Class A Partnership Unit for the sum of $10.00. Concurrently with the admission of new Limited Partners to the Partnership, the interest of the initial Limited Partner will be purchased for cancellation by the Partnership for the sum of $10.00. The principal address of the Partnership is 401 Bay Street, Suite 1900, P.O. Box 19, Toronto, Ontario M5H 2Y4.

The only undertaking of the Partnership is the investment of its funds. An investment in the Partnership is represented by Partnership Units. Holders of Partnership Units are hereinafter referred to as "**Limited Partners**". See "Partnership Units".

The General Partner

The General Partner was incorporated under the laws of the Province of Ontario on January 4, 2019 and will not engage in any other business other than acting as the general partner of the Partnership and such other limited partnerships as the General Partner may determine from time to time. The principal address of the General Partner is 401 Bay Street, Suite 1900, P.O. Box 19, Toronto, Ontario M5H 2Y4. The General Partner is a wholly-owned indirect subsidiary of Polar Financial Corporation.

The Partnership's funds shall not be commingled with the General Partner's funds.

The services of the officers and directors of the General Partner are not exclusive to the Partnership. The General Partner has retained the Manager to direct the business, operations and affairs of the Partnership and provide day-to-day management services to the Partnership pursuant to the Partnership Agreement. The Partnership does not have a separate board of directors or officers.

The Limited Partners may not participate in the management or control of the business, operations and affairs of the Partnership; otherwise, in accordance with the Limited Partnerships Act, they will lose their protection of limited liability. The Partnership Agreement confers all rights as to allocations, distributions and other matters upon the Limited Partners and the General Partner.

The General Partner has a 0.001% interest in the Partnership by way of a general partnership interest. The General Partner will be reimbursed by the Partnership for all costs and expenses incurred by it in connection with it acting as general partner of the Partnership and such costs and expenses will be included in the Partnership's administrative and operating costs.

Officers and Directors of the General Partner

Tom Sabourin of is the President, Chief Executive Officer and a Director of the General Partner, Herman Gill is the Chief Financial Officer and Director of the General Partner and J. Paul Sabourin is a Director of the General Partner.

THE PARTNERSHIP AGREEMENT

All Limited Partners are entitled to the benefit of, are bound by and shall upon request be provided with a copy of, the Partnership Agreement, which is incorporated by reference into this Offering Memorandum. Set out below is a brief summary of some of the terms of the Partnership Agreement and attributes of the Partnership Units that are not described elsewhere in this Offering Memorandum. Investors should review the Partnership Agreement carefully for a full and complete description of such terms and attributes.

Limited Liability of Limited Partners

Under the terms of the Partnership Agreement, the liability of the Limited Partners is limited to the amount paid for their Partnership Units. Limited Partners generally will not be liable for any debt, obligation or default of the Partnership beyond their investment in the Partnership.

Power of Attorney

The Partnership Agreement contains an irrevocable power of attorney in respect of various enumerated matters, authorizing the General Partner, on behalf of the Limited Partners, among other things, to appoint the Manager and to execute any amendments to the Partnership Agreement (subject to any required approvals as discussed below) and all instruments necessary to effect the dissolution of the Partnership (pursuant to the terms of the Partnership Agreement) as well as any elections, determinations or designations under the Tax Act or the taxation legislation of any province or territory with respect to the affairs of the Partnership or a Limited Partner's interest in the Partnership.

The Partnership Agreement provides that a permitted transferee of a Partnership Unit shall, upon becoming the holder thereof, be conclusively deemed to have acknowledged and agreed to be bound by the provisions of the Partnership Agreement as a Limited Partner and shall be conclusively deemed to have provided the General Partner with the irrevocable power of attorney described above.

Allocation of Net Income or Loss

The net income or loss of the Partnership for accounting purposes for each fiscal year will be allocated among the General Partner and the Limited Partners as follows:

(a) 0.001% of the net income or loss for the fiscal year will be allocated to the General Partner; and

(b) the balance of the net income or loss for the fiscal year will be allocated to the Limited Partners who hold Partnership Units at the end of the fiscal year; provided, however, that the General Partner may allocate amounts to any person who was a Limited Partner during the fiscal year and who transferred its Partnership Units prior to the end of the fiscal year, in accordance with the Partnership Agreement.

The net income and loss of the Partnership for tax purposes in respect of a fiscal year shall be allocated among the General Partner and the Limited Partners in the same manner as allocations of accounting income and losses, in accordance with the terms of the Partnership Agreement. For greater certainty, the General Partner shall be entitled to make allocations of income or losses of the Partnership for tax purposes in respect of a fiscal year to any person who has been a Limited Partner at any time in such fiscal year.

Default of Limited Partners

In the event that a Limited Partner is in default with respect to the provisions of the Partnership Agreement, then for so long as such default is continuing, the defaulting Limited Partner shall not be entitled to vote on any matters that he, she or it would otherwise have been entitled to vote on pursuant to the terms of the Partnership Agreement and his, her or its Partnership Units will not be counted when determining whether quorum and/or the requisite approval threshold has been met.

However, pursuant to the terms of the Partnership Agreement, in the event that a Limited Partner's default is his, her or its having become a "financial institution" as defined in subsection 142.2(1) of the Tax Act, a person or partnership, an interest in which is a "tax shelter investment" or which would acquire Partnership Units as a "tax shelter investment", or a person or partnership that would cause the Partnership to be a "SIFT partnership", all within the meaning of the Tax Act, or such Limited Partner's default is a failure to provide evidence satisfactory to the General Partner with respect to his, her or its tax status, then the General Partner will require the defaulting Limited Partner to dispose of all of his, her or its Partnership Units. Failing that, the General Partner, subject to compliance with applicable securities laws, will be entitled (but not obligated) to sell such Partnership Units or to acquire such Partnership Units on behalf of the Partnership. In addition, the defaulting Limited Partner will be deemed to have ceased to be a partner of the Partnership, with effect immediately before the date of default, and will not be entitled to vote on any matters that he, she or it would otherwise have been entitled to vote on pursuant to the Partnership Agreement and will not be entitled to receive any distributions on the Partnership Units held by him, her or it. Such Partnership Units will be deemed not to be outstanding until acquired by a party that does not contravene the requirements of the Partnership Agreement.

SERVICES PROVIDED TO THE PARTNERSHIP BY POLAR

Manager

Polar acts as the manager to the Partnership (in such capacity, the "**Manager**") pursuant to the provisions of the Partnership Agreement.

The Manager is responsible for the day-to-day business of the Partnership including management of the Partnership's investment portfolio. The Manager is required to exercise its powers and discharge its duties honestly, in good faith, and in the best interests of the Partnership and to exercise the care, diligence and skill of a reasonably prudent professional manager of an open-ended pooled investment fund in comparable circumstances. Among its other powers, the Manager may establish the Partnership's operating expense budget and authorize the payment of operating expenses. Polar, as manager of the Partnership, may be terminated and replaced by the General Partner in certain circumstances, including if: (i) the Manager becomes bankrupt or is insolvent or has entered into liquidation or winding up, whether compulsory or voluntary (and not merely a voluntary liquidation for the purposes of amalgamation or reconstruction); (ii) the Manager makes a general assignment for the benefit of creditors or otherwise acknowledges its insolvency; (iii) the Manager's assets otherwise become liable to seizure or confiscation by any public or government authority; or (iv) the Manager is in material default of its obligations under the Partnership Agreement and such default continues for a period of 120 days from the date the Manager receives notice of such material default from the General Partner. If the General Partner determines, in its sole discretion, not to appoint a replacement manager or perform the Manager's duties hereunder, the Partnership Agreement shall be terminated immediately. Polar may resign as Manager at any time on 60 days written notice to the General Partner and the Limited Partners. The Partnership Agreement contains provisions for the appointment of a successor manager in the event of the removal or resignation of the Manager. If no successor manager is appointed, the Partnership will be terminated.

Investment Advisor

Polar has also been appointed as investment advisor (in such capacity, the "**Investment Advisor**") under the terms of the Partnership Agreement to provide investment advisory services to the Partnership. Under the Partnership Agreement, Polar is solely responsible for all investment decisions made on behalf of the Partnership. The Investment Advisor is required to exercise its powers and discharge its duties honestly, in good faith, and in the best interests of the Partnership and to exercise the care, diligence and skill of a reasonably prudent portfolio manager of an open-ended pooled investment fund in comparable circumstances. Polar, as investment advisor of the Partnership, may be terminated and replaced by the General Partner if the Investment Advisor is in material default of its obligations under the Partnership Agreement and such default continues for a period of 120 days from the date the Investment Advisor receives notice of such material default from the General Partner. If the General Partner determines, it is sole discretion, not to appoint a replacement investment advisor or perform the Investment Advisor's duties hereunder, the Partnership Agreement shall be terminated immediately. Polar may resign as Investment Advisor at any time on 60 days' written notice to the General Partner and the Limited Partners.

Indemnification of Manager and Investment Advisor

The Partnership Agreement provides that certain persons, including the Manager, Investment Advisor and certain affiliated parties, along with their past and current directors, officers and employees and any other person, have a right of indemnification from the Partnership for legal fees, judgments and amounts paid in settlement, actually and reasonably incurred in carrying out their duties under the Partnership Agreement, except in certain circumstances, including where there has been gross negligence, willful misconduct or bad faith on the part of the Manager, Investment Advisor or such other person or the Manager or Investment Advisor has failed to fulfill its respective standard of care as set out in the Partnership Agreement.

Information Relating to Polar Asset Management Partners Inc.

Polar, a wholly-owned subsidiary of Polar Financial Corporation, is a dealer registered in the category of Exempt Market Dealer in each of the provinces of Canada under the applicable securities legislation in each of the provinces of Canada. Polar is also registered as an Investment Fund Manager in Ontario, Québec and Newfoundland and Labrador, as a Commodity Trading Manager in Ontario and as a Portfolio Manager in Ontario and Alberta.

The investment objective of the Partnership differs from the investment objectives of the other funds managed and advised by Polar, which may employ different degrees of leverage and/or have a wider diversity of investment strategies. However, nothing prevents Polar from acting as the manager of or investment advisor to additional investment funds and/or managed accounts that have substantially the same or similar investment objectives and strategies as the Partnership.

Officers, Directors and Key Investment Personnel of the Investment Advisor

The directors and officers of Polar and its employees who have primary responsibility for providing management and/or investment advisory services to the Partnership are set out below:

Name	Position with the Investment Advisor
TOM SABOURIN, CA Oakville, Ontario	Director, President and Chief Executive Officer
PAUL SABOURIN, MBA Mississauga, Ontario	Director, Chairman and Chief Investment Officer
HERMAN GILL, CA Mississauga, Ontario	Director, Chief Financial Officer and Secretary
ABDALLA RUKEN, PhD, MSc Toronto, Ontario	Vice-President and Chief Risk Officer
GREG LEMAICH, BASc, JD Toronto, Ontario	General Counsel and Chief Compliance Officer
CHRISTOPHER FERNYC, CFA Calgary, Alberta	Strategy Lead, Micro-Cap Equities
NAZ KAROLIA, CFA Toronto, Ontario	Analyst, Micro-Cap Equities

Tom Sabourin, CA, *Director, President and Chief Executive Officer.* Mr. T. Sabourin joined the Investment Advisor as CEO and President in 2006. From 1996 through 2005, he was a Vice-President of Polar Capital Corporation, an affiliated private equity manager. Mr. T. Sabourin originally joined the Investment Advisor as CFO in 1994. Mr. T. Sabourin earned a Bachelor of Engineering degree from the University of Western Ontario and began his career with Ernst & Young in 1986. He earned his Chartered Accountant designation in 1988.

Paul Sabourin, MBA, *Director, Chairman and Chief Investment Officer*. Mr. P. Sabourin graduated from the University of Toronto in 1975 with a B.A., and the University of Western Ontario in 1980 with an MBA. He joined Burns Fry Ltd. in 1982 as a research analyst focusing on small cap equities. In 1983, he moved to the institutional trading area and worked in a number of areas including preferred shares, convertible bonds, risk arbitrage and liability trading. In 1987, Mr. P. Sabourin became a director of Burns Fry, and later became a member of the Executive Committee, responsible for managing the institutional trading area. In 1991, Mr. P. Sabourin was a founding partner of the Investment Advisor. Since that time he has variously managed convertible arbitrage, merger arbitrage, and equity special situations strategies. Mr. P. Sabourin has been the Chief Investment Officer of the Investment Advisor since 1991.

Herman Gill, CA, *Director, Chief Financial Officer and Secretary.* Mr. Gill earned a B.A. in Chartered Accountancy Studies from the University of Waterloo in 1993 and upon graduation he continued his internship with

the accounting firm BDO Dunwoody Ward Mallette. In 1994, he was admitted into membership with the Institute of Chartered Accountants of Ontario. In 1995, Mr. Gill joined Fidelity Investments Canada where he progressed through various positions across domestic and offshore fund operation areas, where his responsibilities included tax, audit, compliance and financial reporting. From 1997 to 2002, Mr. Gill directed the Canadian sales effort for a U.S. based software provider, Princeton Financial Systems, marketing to the Canadian and offshore institutional investment market. In July 2002, Mr. Gill joined the Investment Advisor as the Chief Financial Officer.

Abdalla Ruken, PhD, MSc, *Vice-President and Chief Risk Officer*. Mr. Ruken graduated from McMaster University with a Ph. D. in Theoretical Physics in 1994. He joined the Bank of Nova Scotia in 1997 as a market risk manager. In 2000, he was appointed Assistant General Manager, heading a group responsible for managing the market risk of traded products. In this capacity, he led the development of the bank's portfolio simulation engine for derivative exposure measurement. He also contributed significantly to building a framework for managing the risk of alternative assets. In 2006, he became Vice President responsible for structured transactions and hedge fund risk management. In January 2008, he joined the Investment Advisor as Chief Risk Officer.

Greg Lemaich, BASc, JD, *General Counsel and Chief Compliance Officer*. Mr. Lemaich earned a BASc in Industrial Engineering from the University of Toronto in 2002 and a J.D. from the University of Toronto Faculty of Law in 2006 and became a member of the Law Society of Upper Canada in 2007. Mr. Lemaich's previous legal experience includes time spent in private practice with a focus on securities law, primarily at Goodmans LLP and as General Counsel of a Toronto-based investment fund manager. He joined the Investment Advisor in November 2012.

Christopher Fernyc, CFA, *Strategy Lead, Micro-Cap Equities.* Mr. Fernyc joined the Investment Advisor in June 2012 as Strategy Lead for Micro-Cap Equities, and is the Portfolio Manager for the Partnership. Mr. Fernyc started his career in 1998 at Bissett Investment Management as an equity research analyst, focusing on Canadian smaller capitalization equities. He became a portfolio manager for several Bissett mandates from 2000 until his departure in 2007. He managed his personal portfolio of investments from 2008 until June 2012. Mr. Fernyc graduated from Lakehead University in 1997 with an Honours Bachelor of Commerce and earned his CFA designation in 2001.

Naz Karolia, CFA, *Analyst, Micro-Cap Equities.* Mr. Karolia is an Analyst for the Micro-Cap team, having joined the Investment Advisor in December 2016. Mr. Karolia is responsible for fundamental analysis of North American smaller capitalization companies. Prior to joining the Investment Advisor, Mr. Karolia was a Vice President for a Canadian small-cap equity-focused investment bank, specializing in the technology and industrial sectors. Mr. Karolia graduated from the University of Toronto with a Bachelor of Commerce in 2000, and is a CFA Charterholder.

The services of the Manager and the Investment Advisor are not exclusive to the Partnership, and nothing in the Partnership Agreement prevents Polar or any of its affiliates from providing similar services to other investment funds and other clients or from engaging in other activities.

INVESTMENT OBJECTIVE OF THE PARTNERSHIP

The Partnership seeks to achieve long-term capital growth by investing primarily in the equity securities of small-sized Canadian and U.S. companies, which may, from time to time, include investments in private businesses.

INVESTMENT STRATEGIES OF THE PARTNERSHIP

Investment Strategy

In seeking to achieve its investment objective, the Partnership invests in a diversified portfolio of equity securities chosen according to a bottom-up, fundamentals driven investment approach. Specifically, the Investment Advisor examines, but is not limited to, the following factors in determining security selection:

(a) ***Business Model***: Detailed business plan and income statement analysis to determine the nature and sustainability of a company's competitive advantage. The Investment Advisor favours proven business models that have exhibited a measurable history of stability and sustainability.

(b) ***Sources of Capital***: Detailed cash flow statement analysis to determine the ability of the company to internally generate capital equal to or in excess of its operational requirements. The Investment Advisor favours companies that generate excess capital that can be deployed in a discretionary manner by management teams into opportunities designed to increase shareholder value.

(c) ***Capital Structure***: Detailed balance sheet analysis to determine the nature and extent of indebtedness utilized by a company. The Investment Advisor favours companies with conservative capital structures that allow for opportunistic deployment of resources irrespective of capital markets conditions.

(d) ***Valuation***: Multi-faceted valuation analysis to determine if the market value of a company's securities, in the opinion of the Investment Advisor, is equal to or below their intrinsic value. The Investment Advisor favours companies with below market average valuation multiples.

(e) ***Management Alignment***: Routine review of levels, and changes in, equity ownership by key decision makers within a company. The Investment Advisor favours companies where there is significant economic alignment of interests between internal and external stakeholders.

The investment activities of the Partnership will generally be conducted within a disciplined set of investment guidelines, including, without limitation, those discussed below.

(a) ***Types of Investments***: The Partnership primarily invests in equity and equity derivative securities, including stocks, warrants, instalment receipts and options, subject to the investment restrictions discussed herein. From time to time, the Investment Advisor may determine that certain investment opportunities are best executed using debt securities, either directly or as part of a hedge, or using commodity, index or other futures or options as part of a hedge.

(b) ***Diversification***: The Partnership will ordinarily maintain a diversified portfolio of not less than 20 securities.

(c) ***Gross Market Exposure***: The Partnership may employ leverage. The gross amount of dollar exposure (i.e. dollars invested long plus dollars invested short) shall not ordinarily exceed 150% of the Partnership's Net Asset Value. See "Leverage" under "Risk Factors".

(d) ***Net Market Exposure***: The Partnership may maintain both long positions and short positions at any time, such that ordinarily the net amount of dollar exposure (dollars invested long minus dollars invested short) is within a range of +100% to -20% of the Partnership's Net Asset Value.

(e) ***Foreign Investment***: The Partnership invests primarily in Canadian and U.S. securities which are consistent with its investment objective.

(f) ***Currency Exposure***: The Partnership's functional and reporting currency is Canadian dollars. The Partnership will endeavour to hedge any significant non-Canadian dollar exposure back to the Canadian dollar.

Investment Restrictions

The Partnership will only invest in:

(a) any share of the capital stock (including a privately placed share) of a corporation, subject to certain exceptions set out below;

(b) any interest in a partnership, trust, entity, fund or organization, subject to certain exceptions set out below;

(c) indebtedness; and

(d) options, interests, and rights in respect of property described in paragraphs (a) to (c) above, and agreements under which obligations are derived from interest rates, from the price of property described in any of those paragraphs, from payments made in respect of such a property by its issuer to the holders of the property, or from an index reflecting a composite measure of such rates, prices or payments, whether or not the agreement creates any rights in or obligations regarding the referenced property itself.

The Partnership will not invest in a share or interest otherwise permitted under paragraph (a) or (b) above, (i) of which more than 50% of the fair market value is derived from one or more real or immovable properties situated in Canada, "Canadian resource property" or "timber resource property" (each as defined for the purposes of the Tax Act), (ii) which is listed on a designated stock exchange and meets the condition in (i) above if the Partnership, together with all persons with which the Partnership does not deal at arm's length for purposes of the Tax Act, owns 25% or more of the issued shares of any class or series of the capital stock of the corporation or of the total value of the interests in the partnership, trust, entity, fund or organization, or (iii) which will otherwise constitute "taxable Canadian property" for the purposes of the Tax Act.

The Partnership will also not invest in a share or interest in a non-resident entity that would be a "controlled foreign affiliate" of the Partnership for the purposes of the Tax Act.

Securities Lending

The Partnership may lend securities on a collateralized and uncollateralized basis from its portfolio to creditworthy securities firms and financial institutions. While a securities loan is outstanding, the Partnership will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities on a collateralized basis, as with other extensions of secured credit, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially. Absent collateral, the Partnership would be an unsecured creditor of any such securities firms or financial institutions.

The investment program of the Partnership is speculative and may entail substantial risks. Since market risks are inherent in all securities investments to varying degrees, there can be no assurance that the investment objective of the Partnership will be achieved. In fact, certain investment practices described above can, in some circumstances, potentially increase the adverse impact on the Partnership's investment portfolio. See "Risk Factors".

DETAILS OF THE OFFERING

An unlimited number of Class A Partnership Units and Class F Partnership Units are being offered for sale, in Series, by the Partnership on a continuous basis to an unlimited number of subscribers in each of the provinces and territories of Canada (the "**Offering Jurisdictions**") pursuant to the exemptions from prospectus requirements described herein (the "**Offering**") under this Offering Memorandum. Partnership Units are offered to "accredited investors" (as such term is defined in the *Securities Act* (Ontario) or National Instrument 45-106 – *Prospectus Exemptions*, as applicable) ("**NI 45-106**") resident in, or otherwise subject to the securities laws of, the Offering Jurisdictions for a minimum purchase amount of $25,000. A Limited Partner may make an additional investment in Class A Partnership Units or Class F Partnership Units of not less than $10,000, provided that at such time the Limited Partner is an accredited investor. At the discretion of the Manager, subscriptions for lesser amounts which comply with other available exemptions from prospectus requirements under Applicable Securities Laws may be accepted. Each subscriber must satisfy applicable regulatory requirements.

Partnership Units are denominated and are being offered in Canadian dollars.

The Manager reserves the right to accept or reject subscriptions for Partnership Units, to change the minimum amounts for investment in the Partnership and/or discontinue the Offering at any time and from time to time.

FEES AND EXPENSES OF THE PARTNERSHIP

Management Fees

The Partnership pays the Manager a management fee based upon the Series Net Asset Value of each Series of a Class of Partnership Units (before taking into account the accrual of any performance fee payable by the Partnership (as described below)). The Manager will receive a monthly fee equal to 1/12 of 2% of the aggregate Series Net Asset Value of the Class A Partnership Units (including an amount equal to a 1% annual servicing fee payable by the Manager to brokers, dealers and advisors), and a monthly fee equal to 1/12 of 1% of the aggregate Series Net Asset Value of the Class F Partnership Units. The management fee is calculated and paid monthly as at the last calendar day of each month and as at any other day as the Manager may determine.

Performance Fees

The Investment Advisor is entitled to an annual performance fee in respect of the outstanding Partnership Units of each Series of each Class equal to 20% of the net appreciation in the Series Net Asset Value of each Series of a Class of Partnership Units in excess of such Series' High Water Mark (as defined below) before taking into account the accrual of any performance fee and after deduction of an annualized 5% return threshold (the "**Hurdle Rate**"). A performance fee is also determined and paid in respect of any redemption of Partnership Units during a year where the Series Net Asset Value of such Series is above the High Water Mark and the Hurdle Rate for such Series. Performance fees will generally be paid to the Investment Advisor no later than 30 days after the date of the applicable redemption of Partnership Units or the end of the then-current fiscal year. The Partnership's fiscal year ends on December 31 of each year.

In order to facilitate an equitable allocation of the performance fee payable by the Partnership to the Investment Advisor amongst all Limited Partners, a "series accounting methodology" will be used to track the performance fee and, therefore, the High Water Mark applicable to each Series of a Class of Partnership Units. Utilizing the "series accounting methodology" described below, the "High Water Mark" for each Series of a Class of Partnership Units shall be: (i) in respect of an initial subscription for a Series of a Class of Partnership Units during the then-current fiscal year, the aggregate subscription proceeds in respect of such Series of a Class of Partnership Units; or (ii) in any year following the year in which the initial subscription is made, the Series Net Asset Value of such Series of a Class of Partnership Units at the end of the immediately preceding fiscal year in which a performance fee with respect to such Series of a Class of Partnership Units was calculated and subsequently paid and, in each case, adjusted on a *pro rata* basis for redemptions and any distributions in respect of such Series of a Class of Partnership Units. In other words, any unrecovered net depreciation (other than as a result of redemptions) in the Series Net Asset Value of a Series of a Class of Partnership Units in any prior fiscal year will reduce the net appreciation on which a performance fee is calculated with respect to such Series in subsequent years (that is, there is a "perpetual high water mark").

Partnership Units issued at any point shall bear a designation which corresponds to the particular month and year in which the particular Partnership Units were issued. Partnership Units with a Series Net Asset Value for the fiscal year greater than or equal to the applicable High Water Mark and the Hurdle Rate of such Partnership Units may be re-designated into a base series for the Class of such Partnership Units (each, a "**Base Series**") as of the first Business Day of the immediately following fiscal year. In the event that the Series Net Asset Value for a Series of Partnership Units does not exceed the applicable High Water Mark and the Hurdle Rate in any particular fiscal year (and, therefore, no performance fee is paid in respect of such Partnership Units), no re-designation will occur. Such Series of such Partnership Units shall continue and may not be re-designated into a Base Series until such time as the Series Net Asset Value of such Partnership Units exceeds the applicable High Water Mark and Hurdle Rate at the end of a subsequent fiscal year.

Establishment and Operating Expenses

The Partnership is responsible for the costs of its initial organization and the Offering, including, without limitation, fees and expenses of legal counsel. Such expenses are being amortized over the five-year period commencing with the payment of such expenses.

The Partnership is responsible for the payment of all fees and expenses relating to its operations, including, but not limited to, brokerage commissions on portfolio transactions, all regulatory filing fees, registrar and transfer agent fees and expenses, audit fees, accounting fees, administration fees including record keeping and legal fees and expenses, custody and safekeeping charges, providing financial and other reports to Limited Partners, all taxes, assessments or other governmental charges levied against the Partnership and interest expense, if any.

The Partnership is generally required to pay applicable sales taxes on the management fees, performance fees and on most administration expenses that it pays.

Each Class or Series of Partnership Units is responsible for the expenses specifically related to that Class or Series and a proportionate share of expenses that are common to all Classes and Series. The Manager shall allocate expenses to each Class and Series of Partnership Units in its sole discretion as it deems fair and reasonable in the circumstances.

Indemnity Provided by the Partnership

The Partnership has agreed to provide an indemnity to certain persons, including the Manager and its past and current directors and officers, in connection with any legal fees, judgments and amounts paid in settlement incurred in carrying out their duties under the Partnership Agreement, except in certain circumstances. See "Services Provided to the Partnership by Polar – Indemnification of Manager and Investment Advisor". The General Partner and each of its directors, officers, employees and agents, among others, will also be indemnified by the Partnership to the fullest extent permitted by law out of the assets of the Partnership for all liabilities, claims, losses, costs and expenses incurred by them in the manner and to the extent otherwise provided by the Partnership Agreement.

VALUATION OF THE PARTNERSHIP

Net Asset Value

The Net Asset Value of the Partnership and the Series Net Asset Value of each Series of Partnership Units is determined by the Administrator in accordance with a services agreement. A separate Series Net Asset Value is calculated for each Series of each Class of Partnership Units. The Net Asset Value and the Series Net Asset Value, as at the relevant Valuation Date, will be calculated by the Administrator on or about the 10th day following the relevant Valuation Date. A "**Valuation Date**" is the last Business Day of each month and any other day as determined from time to time by the Manager.

The Net Asset Value as of any date shall equal the fair market value of the assets of the Partnership as of such date, less an amount equal to the total Partnership liabilities as of such date, determined in accordance with National Instrument 81-106 – *Investment Fund Continuous Disclosure* of the Canadian Securities Administrators ("**NI 81-106**") or any exemptions therefrom and otherwise in accordance with International Financial Reporting Standards.

The Manager may provide or make available estimates of the Net Asset Value or the Series Net Asset Value per Partnership Unit of any Series of Partnership Units from time to time. Such estimates, if provided or made available, are for informational purposes only and should not be relied upon or used for any other purpose as they may differ materially from the actual Net Asset Value or Series Net Asset Value per Partnership Unit calculated by the Administrator in accordance with the procedures described herein.

Valuation Principles

The Administrator determines the Net Asset Value of the Partnership and the Series Net Asset Value of each Series of Partnership Units as at each Valuation Date after performing independent verification and reconciliation of the Partnership's assets and liabilities, if any, as well as the recording of its revenues and expenses. The value of any investment on any Valuation Date is intended to represent the fair value of such investment on such date based upon the amount at which the investment could be exchanged between willing parties, other than in a forced liquidation sale, and is the Administrator's estimate of such value using the methodology described in the Manager's valuation policies and procedures, as they may be amended or revised from time to time.

In estimating the value of publicly traded securities, the Administrator will rely on market data independently obtained from third party market data providers. Valuations of other security positions are derived from information received from third parties, including but not limited to brokers and independent valuation services providers. In certain circumstances, the Administrator relies, without independent investigation, upon pricing information and valuations furnished to it by third parties, including pricing services. The Administrator may also rely in part on Polar to value securities and other instruments held by the Partnership for which quotations are not readily available. The Manager verifies and reviews the valuation work conducted by the Administrator. Security positions and cash balances are reconciled with the Partnership's records based upon confirmations or statements that the Administrator independently receives from prime brokers and other financial institutions that hold the Partnership's assets. The procedures performed do not constitute an audit in accordance with generally accepted audit standards.

Any valuation of an investment may not reflect the actual amount that would be received by the Partnership upon liquidation of such investment. In addition, the timing of liquidation of investments may also affect the prices that could be obtained upon such liquidations.

Series Net Asset Value per Partnership Unit

The Series Net Asset Value, as of any date, shall equal the fair market value of the assets of the Partnership as of such date attributable to that particular Series, less an amount equal to the total liabilities of the Partnership as of such date attributable to that particular Series. The Series Net Asset Value per Partnership Unit shall be computed by the Administrator as at each Valuation Date by dividing the applicable Series Net Asset Value by the total number of Partnership Units of such Series then outstanding on such Valuation Date, prior to any issuance or redemption of Partnership Units of such Series to be processed by the Manager immediately following such calculation.

The Series Net Asset Value per Partnership Unit may differ from another Series due to a different performance fee accrual amount related to such Partnership Units.

Suspension of Calculation

The Manager may suspend the calculation of Net Asset Value and any subscriptions or redemptions of the Partnership Units: (i) during any period when any stock exchange or over-the-counter market on which the Partnership's investments are quoted, traded or dealt in is closed, other than for ordinary holidays and weekends, or during periods in which dealings are restricted or suspended; (ii) during the existence of any state of affairs as a result of which, in the opinion of the Manager, disposal of the Partnership's assets, or the determination of the Net Asset Value of the Partnership, is not reasonably practicable or is reasonably expected to be prejudicial to the non-redeeming Partnership Unitholders or the Partnership as a whole; (iii) during the existence of any state of affairs as a result of which disposal of a portion of the Partnership's assets deemed significant by the Manager is restricted under applicable securities laws or regulations; (iv) during any breakdown in the means of communication normally employed in determining the price or value of the Partnership's assets or liabilities, or of current prices in any financial market as aforesaid, or when for any other reason the prices or values of any assets or liabilities of the Partnership cannot reasonably be promptly and accurately ascertained; (v) during any period when redemptions would cause a breach or default under any covenant in any agreement entered into by the Partnership, including, without limitation, an agreement for borrowing or other financing agreement; (vi) during any period when the transfer of funds involved in the realization or acquisition of any investments cannot, in the opinion of the Manager, be effected at normal rates of exchange; or (vii) during the period in which the Partnership is winding down its business.

PURCHASE PROCEDURE

Partnership Units are offered for sale in Series on a continuous basis at the applicable Series Net Asset Value per Partnership Unit, as at the applicable Valuation Date. Fractional Partnership Units will be issued up to a maximum of four decimal places.

Subscribers may purchase Partnership Units by delivering a completed Investment Application, together with full payment for the Partnership Units, to the subscriber's Registered Dealer. The Manager must receive payment in addition to the duly completed Investment Application and any other required documents by the third Business Day

following the date the subscription order is received. If the subscription order request is received by the Manager on or before the last Business Day of the current month-end (each, a "**Subscription Deadline**"), such subscriber will be admitted at the Series Net Asset Value per Partnership Unit for the current month-end. If the subscription order request is received after the Subscription Deadline for a month, such subscriber will then be admitted at the Series Net Asset Value per Partnership Unit for the end of the following month (*i.e.*, will be processed on the last Business Day of the following month).

The Manager reserves the right to accept or reject subscription orders, provided that any decision to reject an order is made within two Business Days after receipt by the Manager of all required documents. Any monies received with a rejected order will be refunded without interest or deduction. The Manager may permit subscriptions from investors outside of the Offering Jurisdictions in its sole discretion, provided it has determined that doing so will not have an adverse impact on the Partnership or the existing Limited Partners as a group.

All subscriptions for Partnership Units will initially be made through the purchase of interim subscription receipts at a fixed net asset value of $100 per subscription receipt ("**Subscription Receipts**"). Following the calculation of the Series Net Asset Value of each Series of Partnership Units, the Subscription Receipts will be automatically converted, without any further action on the part of the subscriber, into the appropriate number of Partnership Units of the applicable Class as per each subscriber's Investment Application. The number of Partnership Units of the applicable Series will be the net subscription proceeds divided by the month-end Series Net Asset Value per Partnership Unit of such Series determined as at the applicable Valuation Date. Consequently, the initial purchase confirmation will confirm the purchase of the Subscription Receipts while a subsequent confirmation will confirm the final number of Partnership Units purchased by the subscriber. The number of Subscription Receipts will be different from the final number of Partnership Units so purchased. These Subscription Receipts are not redeemable and do not carry any voting rights.

REDEMPTION OF PARTNERSHIP UNITS

Subject to certain requirements, a Limited Partner may request that the Partnership redeem his or her Partnership Units at the applicable Series Net Asset Value per Partnership Unit, less any amount required to be withheld, as at the last Business Day of any calendar quarter or any other day as the Manager may determine (each a "**Redemption Date**"), provided that a written or electronic request for redemption (a "**Redemption Request**") is received by the Manager no later than 4:00 p.m. (Toronto time) on a date which is not less than 90 calendar days prior to the applicable Redemption Date. The Manager may waive the requirement to submit a Redemption Request at least 90 calendar days prior to the applicable Redemption Date or may accept a redemption of Partnership Units at any time during the year provided that the Manager concludes that such action will not adversely affect the interests of the remaining Limited Partners.

The investment objective of the Partnership is designed for investors with medium to long-term investment horizons and is not intended as a short-term investment. Therefore, the Partnership may reduce the redemption amount a Limited Partner is entitled to by 10% (a "**Redemption Amount Reduction**"), based on the Net Asset Value attributable the redeemed Partnership Units, for any Limited Partner who redeems Partnership Units within the first twelve months of the purchase of such Partnership Units.

Payment of the redemption proceeds (net of any Redemption Amount Reduction, as defined above) will be paid to the redeeming Limited Partner on or about the last Business Day of the month following the Redemption Date. The redemption price payable by the Partnership in cash will be satisfied by way of a cash payment in Canadian dollars. To the extent the Partnership distributes investment income in respect of the then-current fiscal year, part of the redemption proceeds is expected to be comprised of income accrued on or before the date of valuation and to be received by the Partnership attributable to the applicable Series of the Class of Partnership Unit being redeemed.

The General Partner may in its absolute discretion decide to satisfy any Redemption Request in full or in part by issuing a promissory note or transferring *in specie* such securities or other property of the Partnership, which together with payments in cash (if any), shall in the aggregate have a value not less than the redemption amount payable to the Limited Partner (i.e. the Net Asset Value attributable to such redeemed Partnership Units) provided that the value of all securities and other property of the Partnership shall be determined as at the relevant Valuation Date. The General Partner does not anticipate satisfying redemption requests *in specie* other than in exceptional

circumstances such as when one or more redemptions by one or more Limited Partners have a materially prejudicial effect on the remaining Limited Partners or otherwise materially and adversely affect the Partnership.

If, in respect of a Redemption Date, the Partnership has received Redemption Requests that exceed 25% of the Net Asset Value of the Partnership as of the applicable Redemption Date, the General Partner may, in its sole discretion, (i) satisfy all Redemption Requests received by the Partnership for such Redemption Date or (ii) reduce all such Redemption Requests so that only 25% (or more, in the sole discretion of the General Partner) of the Net Asset Value of the Partnership is redeemed on such Redemption Date (the "**Partnership Gate**"). In the event the Partnership Gate is imposed, Limited Partners will have their Redemption Requests reduced such that a Limited Partner would receive a pro rata share (but in no event in excess of such Limited Partner's Redemption Request) of such proceeds based on the Net Asset Value of such Limited Partner's indirect interest in the Partnership (without reduction for Redemption Requests as of such Redemption Date). To the extent that any Redemption Request is not given full effect on such Redemption Date as set out above, each such Redemption Request will be treated with respect to the unsatisfied balance thereof as if a further request had been made by the Limited Partner without the need to submit a further Redemption Request in respect of the next following Redemption Date, and if necessary, any subsequent Redemption Date regardless of the Partnership Gate (but subject to the other terms relating to redemptions). Any Redemption Request by a Limited Partner that remains unsatisfied by the Partnership for three consecutive quarter-ends as a result of the Partnership Gate will be satisfied at the next quarter-end regardless of the Partnership Gate (but subject to the other terms relating to redemptions).

Suspension of Redemptions

The Manager may at any time suspend the right to redeem Partnership Units and may postpone the date of payment upon redemption where there has been a suspension in the calculation of the Net Asset Value. See "Valuation of the Partnership – Suspension of Calculation". In the event of such a suspension, a Limited Partner who has submitted a Redemption Request in respect of some or all of the Partnership Units for which the Series Net Asset Value (as applicable) has not yet been calculated, may either withdraw the Redemption Request or, in the case of redemption for cash or property other than Partnership Units, receive payment based on the Series Net Asset Value (as applicable) calculated as of the first Valuation Date following termination of the suspension.

The Partnership may redeem some of the Partnership Units for which redemption has been requested by Limited Partners and postpone or suspend the redemption of the remaining Partnership Units of such Limited Partners. Any partial redemption shall be made *pro rata* according to the Net Asset Value attributable to the Limited Partner's holdings (without reduction for Redemption Requests as of such Redemption Date).

Mandatory Redemptions

Partial redemptions that reduce the aggregate Net Asset Value attributable to a Limited Partner's investment below the minimum balance of $1,000 may result in the Partnership requiring a mandatory redemption of all Partnership Units held by such Limited Partner. The Partnership may also require the mandatory redemption of Partnership Units under other circumstances. Any such mandatory redemption will be made at the applicable redemption price per Partnership Unit on the next Redemption Date following the issuance of not less than 10 days' prior written notice of the mandatory redemption to the affected Limited Partner.

DEALER COMPENSATION

A sales commission of up to 2% of the purchase price may be deducted from a purchase order for Class A Partnership Units. Such commission is negotiated between the investor and the Registered Dealer through whom the investor purchases Class A Partnership Units and is paid by the investor to the Registered Dealer.

In respect of Class A Partnership Units, the Manager will pay Registered Dealers a servicing fee based on the aggregate market value of their clients' investment in Class A Partnership Units at an annualized rate of 1%. Servicing fees are calculated and paid on a monthly basis in arrears approximately 15 days after the determination of the applicable month-end Series Net Asset Value of the Series of Class A Partnership Units. A Registered Dealer is entitled to such fees in respect of such Class A Partnership Units for so long as its clients hold those Class A Partnership Units.

There is no sales commission or servicing fee payable in respect of an investor's investment in Class F Partnership Units.

In respect of a purchase of any Class of Partnership Units, the Manager may agree to pay an additional commission, in an amount to be negotiated on a case-by-case basis, to the Registered Dealer and/or other person legally eligible to accept a commission. Commissions may be modified or discontinued by the Manager at any time.

PARTNERSHIP UNITS

The interest of the Limited Partners in the Partnership is divided into an unlimited number of Partnership Units. Each Partnership Unit of the same Class or Series will represent an equal undivided interest in the net assets of the Partnership attributable to that Class or Series of Partnership Units. The Partnership is authorized to issue an unlimited number of Classes and/or Series of Partnership Units and an unlimited number of Partnership Units in each such Class or Series, subject to any determination to the contrary made by the Manager in its sole discretion. The Partnership may issue fractional Partnership Units so that subscription funds may be fully invested. Each whole Partnership Unit of a particular Class or Series has equal rights to each other Partnership Unit of the same Class and Series with respect to all matters, including voting, allocations of income or loss, receipt of distributions from the Partnership, liquidation and other events in connection with the Partnership. Partnership Units will have no preference, conversion, exchange or pre-emptive rights over any other Partnership Unit of the same Class or Series. Each whole Partnership Unit of a particular Class entitles the holder thereof to one vote at meetings of Limited Partners where all Classes vote together, or to one vote at meetings of Limited Partners where that particular Class of Limited Partners votes separately as a Class. No holder of a fraction of a Partnership Unit, as such, shall be entitled to notice of, or to attend or vote at, meetings of Limited Partners or of a Class of Limited Partners, except to the extent that such fractional Partnership Units may represent in the aggregate one or more whole Partnership Units.

Partnership Units may only be issued as fully-paid and non-assessable upon receipt of the full consideration for which they are to be issued and are not subject to further call or assessment and no pre-emptive rights attach to them. The Manager may, at any time, sub-divide or consolidate any Partnership Units. No certificates representing Partnership Units shall be issued by the Manager or the General Partner. The rights of Limited Partners of the Partnership are contained in the Partnership Agreement and may be modified, amended or varied only in accordance with the provisions contained in the Partnership Agreement. Partnership Units are transferable on the register of the Partnership only by a registered Limited Partner or his or her legal representative, subject to compliance with Applicable Securities Laws and the Partnership Agreement. Limited Partners are entitled to redeem their Partnership Units, subject to the Manager's right to suspend the right of redemption. See "Redemption of Partnership Units".

Although the money invested by investors to purchase Partnership Units of any Class of the Partnership is tracked on a Class by Class basis in the Partnership's administration records, the assets of all Classes of Partnership Units will be combined into a single pool to create one portfolio for investment purposes.

After obtaining the approval of a Limited Partner or providing a Limited Partner with 30 days' prior written notice, the Manager may redesignate Partnership Units of a Series issued to the Limited Partner as Partnership Units of another Series having an equivalent value. For greater certainty, Partnership Units redesignated into a Base Series do not require prior approval or notice.

The Partnership may issue additional Classes of Partnership Units from time to time without notification to Limited Partners.

COMMUNICATIONS WITH LIMITED PARTNERS

Each Limited Partner will receive from the Administrator an annual statement showing the Partnership Units held and any transactions for the preceding year. Such statements will contain any amounts reinvested for the Limited Partner during the preceding period, the number of additional Partnership Units purchased or redeemed on behalf of the Limited Partner and the Net Asset Value attributable to the Partnership Units held by the Limited Partner determined on the Valuation Date immediately preceding the date of the statement.

The Manager will deliver to Limited Partners financial statements of the Partnership in accordance with the provisions of NI 81-106. The Manager intends to rely on the exemption pursuant to section 2.11 of NI 81-106 not to file its financial statements with the Ontario Securities Commission.

Pursuant to NI 81-106, Limited Partners will be sent audited annual financial statements within 90 days of the Partnership's year-end and unaudited semi-annual financial statements within 60 days after June 30th in accordance with their instructions. Under NI 81-106, Limited Partners have the option to receive or not receive annual and interim financial statements and have the ability to change their selection at any time by contacting the Manager or the General Partner.

MEETINGS OF LIMITED PARTNERS

The Partnership will not hold regular meetings, however the Manager may convene a meeting of Limited Partners, or a Class of Limited Partners, as it considers appropriate or advisable from time to time. The General Partner must also call a meeting of Limited Partners or of a Class of Limited Partners on the written request of Limited Partners holding not less than 50% of the outstanding Partnership Units (or of a Class with respect to a Class meeting) in accordance with the Partnership Agreement, provided that in the event of a request to call a meeting of Limited Partners made by such Limited Partners, the General Partner shall not be obliged to call any such meeting until it has been satisfactorily indemnified by such Limited Partners against all costs of calling and holding such meeting.

Partnership Units of a Class shall vote separately as a Class if a Class is affected by any matter requiring the approval of Limited Partners in a manner that is different from Partnership Units of another Class or if the notice calling the meeting so provides.

Not less than 21 days' notice will be given of any meeting of Limited Partners. The quorum at any meeting is two or more Limited Partners present in person or by proxy representing not less than 10% of the Partnership Units, or Partnership Units of a Class, as applicable, then outstanding. If no quorum is present at such meeting when called, the meeting, if called upon the request of a Limited Partner, will be dissolved, but in any other case, the meeting will be adjourned by the Manager to a date and time determined by the Manager, and at the adjourned meeting the Limited Partners then present in person or represented by proxy will form the necessary quorum, if notice of the adjourned meeting is given.

Any consent of Limited Partners under the Partnership Agreement must be given by not less than 50% of the Partnership Units or Partnership Units of a Class, as applicable, represented and voted at a meeting or by written resolution.

AMENDMENTS TO THE PARTNERSHIP AGREEMENT

Any provision of the Partnership Agreement may be amended by the Manager (except in the circumstances set out below), with the approval of the General Partner, if the amendment, in the opinion of the Manager, does not constitute a material change, does not relate to any of the matters specified below and does not adversely affect the pecuniary value of the interest of any Limited Partner in the Partnership. Any amendments to the Partnership Agreement made by the Manager without the consent of the Limited Partners shall be disclosed to beneficial holders of Partnership Units in the next regularly scheduled report to Limited Partners.

Any provision of the Partnership Agreement may be amended, deleted, expanded or varied with the consent of the Limited Partners, for any of the following purposes:

(a) the provisions of the Partnership Agreement regarding amendments to the Partnership Agreement are changed;

(b) the basis of the calculation of a fee or expense that is charged to the Partnership by the General Partner, the Manager or the Investment Advisor is changed in a way that could result in an increase in charges to the Partnership;

(c) the General Partner or the Manager is changed, unless the new general partner or manager is an affiliate of the current General Partner or Manager, as applicable;

(d) the fundamental investment objective of the Partnership is changed;

(e) the Partnership decreases the frequency of the calculation of the Net Asset Value; or

(f) the Partnership undertakes a reorganization with, or transfers its assets to, another fund, if

(i) the Partnership ceases to continue after the reorganization or transfer of assets, and

(ii) the transaction results in the Limited Partners of the Partnership becoming securityholders in the other fund; and

(iii) there is, in the opinion of the Manager, a material difference in the fundamental investment objective of the Partnership and the other fund.

In addition, the consent of the General Partner is also required for any amendment if it restricts any protection provided to the General Partner or impacts the responsibilities of the General Partner under the Partnership Agreement.

No change or amendment to the redemption rights attaching to a Class or Series of Partnership Units may be made without the prior written consent of a majority of Limited Partners of such Class or Series, including changes to the frequency of redemptions, any minimum holding period before which Partnership Units may be redeemed, minimum redemption amounts, the implementation of any redemption reduction amounts, deferral of payment of redemption proceeds, suspension of redemptions, or any other matter that could limit, penalize or impair the redemption of such Partnership Units.

DISSOLUTION OF THE PARTNERSHIP

Subject to following the procedures set out in the Partnership Agreement, the Partnership will terminate upon the earliest to occur of: (i) the removal or deemed removal of a sole general partner unless such general partner is replaced as provided for in the Partnership Agreement; (ii) the date specified by the General Partner or the Manager for the termination of the Partnership as contemplated below; and (iii) the date of dissolution caused by operation of law.

The General Partner or the Manager may at any time terminate and dissolve the Partnership by giving to each then Limited Partner written notice of its intention at least 30 days before the date on which the Partnership is to be terminated (the "**Termination Date**"). After giving such notice, the right of Limited Partners to require payment for all or any of their Partnership Units shall be suspended and the General Partner or the Manager shall make appropriate arrangements for converting the Partnership's property into cash. After payment of the liabilities of the Partnership, each Limited Partner registered as such at the close of business on the date fixed as the Termination Date will be entitled to receive his, her or its Proportionate Share of the value of the Partnership in accordance with the provisions of the Partnership Agreement and the Partnership Agreement will be terminated.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Partnership, the following is a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "**Tax Act**") generally applicable to Limited Partners who acquire Partnership Units pursuant to this Offering Memorandum and who, for purposes of the Tax Act, are resident in Canada, hold their Units as capital property, deal at arm's length with the Partnership, and are not affiliated with the Partnership. The determination of whether the Partnership Units are capital property to a Limited Partner will depend in part upon the Limited Partner's particular circumstances. Generally, Partnership Units will be considered capital property to a Limited Partner if they are not acquired or held in the course of carrying on a business of trading or dealing in securities or as part of an adventure in the nature of trade. The Partnership Units are not "Canadian securities" for the purpose of the one-time election under subsection 39(4) of the Tax Act to treat all "Canadian securities", as defined in the Tax Act, owned by a Limited Partner as capital property, and therefore no such election will apply to the Partnership Units. Limited Partners who do not hold their Partnership Units as capital property should consult with their own tax advisors regarding their particular circumstances.

This summary is not applicable to a Limited Partner that, for purposes of the Tax Act (i) is a "financial institution" for purposes of the "mark-to-market" rules, (ii) is a "specified financial institution", (iii) reports its "Canadian tax results" in a currency other than Canadian currency, (iv) is a person or partnership an interest in which would be a "tax shelter investment", (v) has, directly or indirectly, a "significant interest", as defined in subsection 34.2(1) of the Tax Act, in the Partnership, (vi) for whom any company the shares of which are held by the Partnership is a "foreign affiliate" for any purpose under the Tax Act, or (vii) has entered into or will enter into, with respect to the Partnership Units, a "derivative forward agreement" as that term is defined in the Tax Act. Such Limited Partners are urged to consult their own tax advisors. In addition, this summary does not address the deductibility of interest expense or other expenses incurred by a Limited Partner in respect of debt incurred in connection with the acquisition or holding of Partnership Units.

This summary assumes that: (i) the Partnership is not a "tax shelter" and Partnership Units are not a "tax shelter investment", each as defined in the Tax Act, (ii) Partnership Units that represent more than 50% of the fair market value of all interests in the Partnership are held at all relevant times by Limited Partners that are not "financial institutions" as defined in section 142.2 of the Tax Act, (iii) no interest in any Limited Partner is a "tax shelter investment" as defined in the Tax Act. However, no assurances can be given in this regard.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, specific proposals to amend such provisions publicly announced by the Minister of Finance prior to the date hereof (the "Tax Proposals") and the current administrative policies and assessing practices of the Canada Revenue Agency made publicly available prior to the date hereof. The summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice, whether made by judicial, governmental or legislative decision or action. This summary does not take into account tax laws of any province or territory of Canada or any jurisdiction outside Canada, which may differ from those discussed below, nor does it address any non-income tax laws. This summary is not exhaustive of all possible Canadian federal income tax considerations that may affect Limited Partners.

This summary is of a general nature and is not intended to be legal or tax advice to any particular Limited Partner, and no representation with respect to the Canadian federal income tax consequences to any prospective investors is made. Prospective investors should consult their own tax advisers with respect to their particular circumstances.

This summary does not address tax consequences to non-residents of Canada. Non-residents of Canada should consult their own tax advisors.

Status of the Partnership

Certain provisions of the Tax Act (the "**SIFT Rules**") impose a tax in respect of certain income earned by certain publicly-traded trusts and limited partnerships (called "**SIFT trusts**" and "**SIFT partnerships**"). Provided that Partnership Units and all other "investments" in the Partnership (as defined in subsection 122.1(1) of the Tax Act) are not listed or traded on a stock exchange or other public market, the Partnership will not be subject to tax as a SIFT partnership. This summary assumes that the Partnership will not at any time constitute a SIFT partnership. If the Partnership were at any time to be a SIFT partnership, the income tax considerations described herein would, in some respects, be materially and adversely different.

Taxation of the Partnership

As a partnership, the Partnership is not itself subject to income tax in Canada. However, the Partnership will be required to calculate its income or loss for income tax purposes for each of its fiscal years as if it were a separate person resident in Canada. The Partnership's fiscal year will end on December 31 each year, and upon dissolution of the Partnership.

The income of the Partnership for purposes of the Tax Act for a fiscal period will include any dividends received or deemed to be received by the Partnership for the purposes of the Tax Act in the fiscal period on shares of companies in the Partnership's portfolio.

The income (or loss) of the Partnership for purposes of the Tax Act for a fiscal period will include amounts in respect of any gains (or losses) realized on the disposition of shares of companies in the Partnership's portfolio and

any other investments of the Partnership. The characterization of the Partnership's gains and losses from dispositions of the Partnership's investments as being capital gains or gains on income account will depend on the specific facts relating to each investment. Accordingly, no conclusion can be made in advance as to the nature of such gains and losses. However, as a general matter, the Partnership expects that it will generally take the position that its investments will be held as capital property. A disposition or deemed disposition of capital property by the Partnership will generally give rise to a capital gain (or capital loss) for purposes of the Tax Act to the extent that the Partnership's proceeds of disposition exceed (or are less than) the total of the adjusted cost base of the capital property to the Partnership for purposes of the Tax Act and any reasonable costs of disposition. One-half of any such capital gain will be included in the income of the Partnership as a "taxable capital gain", and one-half of any such capital loss will be an "allowable capital loss".

In general, gains and losses realized by the Partnership from derivative transactions will be on income account except where such derivatives are used to hedge securities in the Partnership's portfolio held on capital account provided there is sufficient linkage, subject to the DFA Rules discussed below, and such gains and losses will be recognized for tax purposes at the time they are realized by the Partnership in accordance with the CRA's published administrative practice.

The Tax Act contains rules pertaining to "derivative forward agreements" (the "**DFA Rules**") that target certain financial arrangements that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would have the character of ordinary income to capital gains. The DFA Rules are broad in scope and could apply to other agreements or transactions (including certain options and forward contracts). If the DFA Rules were to apply in respect of derivatives to be utilized by the Partnership, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains.

In computing the income or loss of the Partnership, the Partnership is generally entitled to deduct reasonable administrative and other expenses incurred by it to earn income. In addition, the Partnership will generally be entitled to deduct reasonable costs and expenses incurred by the Partnership and not reimbursed in connection with the issuance of Partnership Units over a five-year period at a rate of 20% per taxation year, subject to pro-ration for short taxation years.

For purposes of the Tax Act, all amounts, including all income or losses of the Partnership and the cost and proceeds of disposition of any property of the Partnership must be calculated in Canadian currency in accordance with the detailed rules of the Tax Act in that regard. Accordingly, where the Partnership holds investments denominated in foreign currencies, gains or losses may be realized by the Partnership as a consequence of fluctuations in the relative values of the Canadian and foreign currencies.

Gains or losses in respect of currency hedges entered into in respect of amounts invested in the portfolio of the Partnership will constitute capital gains and capital losses to the Partnership if the securities in the Partnership's portfolio are capital property to the Partnership and provided there is sufficient linkage.

Taxation of Limited Partner's Share of Income or Loss

No gains or loss will be realized by a Limited Partner on the issuance of a Partnership Unit upon the exchange of a Subscription Receipt.

Each Limited Partner will be required to include in income for each taxation year the Limited Partner's allocated share of the income of the Partnership for the fiscal period of the Partnership that ends in, or coincides with, that taxation year, regardless of whether the Limited Partner has received or will receive distributions from the Partnership and regardless of whether the Limited Partner held Partnership Units throughout such fiscal period.

A Limited Partner may be entitled to deduct its allocated share of losses (if any) realized by the Partnership in each fiscal period against the Limited Partner's income from other sources, subject to, and, in accordance with, detailed tax rules, including rules that limit the deduction by a Limited Partner of the Partnership's losses to an amount not greater than the Limited Partner's "at-risk amount" for purposes of the Tax Act.

A Limited Partner's share of any loss of the Partnership for a particular year that is not deductible by the Limited Partner as a result of the application of the "at-risk" rules is considered to be a "limited partnership loss" in respect

of the Partnership for that year. The limited partnership loss may generally be deducted by the Limited Partner (other than a Limited Partner that is itself a partnership) in computing taxable income for a subsequent taxation year to the extent that the Limited Partner's at-risk amount at the end of the Partnership's fiscal period ending in that year exceeds the Limited Partner's share of any loss of the Partnership for that fiscal period.

In general, a Limited Partner's share of any income or loss of the Partnership from a particular source, such as taxable capital gains and dividend received (or deemed to be received) by the Partnership, will be treated as if it were income or loss of the Limited Partner from the source, and any provision of the Tax Act applicable to that type of income or loss will apply to the Limited Partner with respect thereto. The source and character and character of an amount included in or deducted from he income of a Limited Partner will be determined by reference to the source and character of such amounts when earned by the Partnership.

At any time, a Limited Partner's adjusted cost base of its Partnership Units will generally be the amount of capital contributed by the Limited Partner to the Partnership, plus the Limited Partner's allocated share of the income of the Partnership (including the full amount of any capital gains realized by the Partnership) for fiscal periods ended before that time, less the amount of cash (or the fair market value of other assets) distributed to the Limited Partner before that time and less the Limited Partner's allocated share of losses of the Partnership (including the full amount of any capital losses realized by the Partnership) for fiscal periods ended before that time (other than losses not deductible by the Limited Partner by reason of the "at-risk" rules described above).

If, at the end of a fiscal period of the Partnership, the adjusted cost base of the Limited Partner's Partnership Units would be a negative amount, the Limited Partner will be deemed to realize a capital gain for tax purposes equal to such negative amount, and the adjusted cost base will be increased by the amount of such deemed capital gain so that the Limited Partner's adjusted cost base of the Partnership Unit at that time will be nil.

Disposition of Units

On the disposition or deemed disposition of a Partnership Unit by a Limited Partner, including on a redemption of Partnership Units or a wind-up of the Partnership, the Limited Partner will generally realize a capital gain (or capital loss) in the amount by which the Limited Partner's proceeds of disposition exceed (or are less than) the aggregate of the Limited Partner's adjusted cost base of the Partnership Unit and any reasonable costs of disposition.

Where a Limited Partner disposes of all (but not less than all) of its Partnership Units in a fiscal period of the Partnership, any income or loss allocated to the Limited Partner for such fiscal period will be taken into account in determining the adjusted cost base of the Limited Partner's Partnership Units.

In general, one-half of a capital gain realized by a Limited Partner must be included in the Limited Partner's income as a taxable capital gain, and one-half of a capital loss may be deducted by the Limited Partner as an allowable capital loss against taxable capital gains to the extent and under the circumstances prescribed in the Tax Act.

The disposition of a Partnership Unit to a non-resident, a tax-exempt person, a partnership (including the Partnership) or trust in which a non-resident or tax-exempt person has an interest, or certain other persons, partnerships or trusts may give rise to adverse tax consequences to the transferor, including the taxation of any resulting capital gain at ordinary income tax rates. A Limited Partner considering a disposition of Partnership Units should consult its own tax adviser concerning the potential applicability of the rules in section 100 of the Tax Act, which may give rise to such adverse tax consequences, including in certain circumstances the inclusion in income of more than one-half of the capital gain realized upon such disposition.

Foreign Tax Credits

If any income or gain derived by the Partnership is subject to foreign income taxes or withholding taxes, the Limited Partners may (to the extent of their share of such taxes) be able to claim foreign tax credits or deductions, depending upon the basis of such taxation, and subject to the detailed limitations and rules in the Tax Act.

Minimum Tax

Losses of the Partnership deducted by a Limited Partner and capital gains realized by a Limited Partner may give rise to liability for alternative minimum tax.

Refundable Tax

A Limited Partner that is a Canadian-controlled private corporation (as defined in the Tax Act) may be subject to a refundable tax in respect of certain income and capital gains allocated to the Limited Partner by the Partnership and capital gains realized on a disposition of Partnership Units.

Filing and Reporting Requirements under the Tax Act

Each Limited Partner must file its own tax return(s) reporting the Limited Partner's share of the Partnership's income or loss. The General Partner will file an annual information return on behalf of all Limited Partners containing required information, and will provide appropriate tax reporting slips to the Limited Partners in accordance with applicable law.

Provided it is the case that the aggregate share of the Partnership's income or loss for a particular year of non-residents of Canada is less than 90%, the Partnership will be a "specified Canadian entity", and as a result, Limited Partners will generally not be required to treat their Partnership Units as "specified foreign property" for purposes of the information return required to be filed in Form T1135. In any other case, Partnership Units will constitute "specified foreign property" for such purpose.

The reporting rules in the Tax Act are complex and this summary does not purport to explain all circumstances in which reporting may be required by the Partnership or by a Limited Partner. Limited Partners should consult their own advisors to ensure that all required reporting is completed.

ELIGIBILITY FOR INVESTMENT

Partnership Units are not "qualified investments" under the Tax Act for a trust governed by a TFSA, RRSP, RRIF, RESP, DPSP or RDSP. Investing in Partnership Units could result in adverse tax consequences for such plans. Such investors should consult their own tax advisors with respect to their particular circumstances.

INTERNATIONAL INFORMATION REPORTING

The Tax Act includes provisions which implement the Organization for Economic Co-operation and Development Common Reporting Standard and the Canada-United States Enhanced Tax Information Exchange Agreement (the "**International Information Exchange Legislation**"). Pursuant to the International Information Exchange Legislation, certain "Canadian financial institutions" (as defined in the International Information Exchange Legislation) are required to have procedures in place, in general terms, to identify accounts held by residents of foreign countries or by certain entities organized in, or the "controlling persons" of which are resident in, a foreign country (or, in the case of the U.S., of which the holder or any such controlling person is a citizen) and to report required information to the CRA. Such information would be exchanged by the CRA on a reciprocal, bilateral basis with the countries in which the account holder or any such controlling person is resident (or of which such holder or person is a citizen, where applicable), where such countries (including the U.S.) have agreed to a bilateral information exchange with Canada to which the International Information Exchange Legislation applies. Under the International Information Exchange Legislation, Limited Partners may be required to provide certain information regarding their tax status for the purpose of such information exchange, unless the investment is held within a Registered Plan.

RISK FACTORS

An investment in the Partnership involves significant risks. An investment in Partnership Units should only be made after consulting with independent and qualified sources of investment and tax advice. An investment in the Partnership is speculative and is not intended as a complete investment program. Only investors who can reasonably afford the risk of loss of their entire investment should consider the purchase of Partnership Units. **The**

following does not purport to be a complete summary of all the risks associated with an investment in the Partnership:

1. No Operating History; Past Performance. The Partnership does not have any operating history upon which prospective investors can evaluate the Partnership's anticipated performance. Past performance of other funds managed by the Investment Advisor including Polar Micro-Cap Fund, should not be construed as an indication of the future results of an investment in the Partnership. There can be no assurance that the Investment Advisor's assessment or short- or long-term prospects of investments will prove accurate. There can also be no assurance that the Partnership will achieve its investment objective. The Investment Advisor does not have a long history of providing investment advice specifically in respect of the Partnership's investment objective.

2. Reliance on Investment Advisor. All investment and trading decisions for the Partnership will be made by the Investment Advisor and its judgment and ability will determine the success of the Partnership. No assurance can be given that the investment strategies of the Partnership will prove successful under any or all market conditions.

3. Limited Ability to Liquidate Investment. There is no market for the Partnership Units and one is not expected to develop. Accordingly, it is possible that Limited Partners may not be able to dispose of their Partnership Units other than by way of redemption at the end of any quarter. In addition, the Partnership may reduce the redemption amount a Limited Partner is entitled to by the Redemption Amount Reduction for a Limited Partner who redeems Partnership Units within the first twelve months of the purchase of such Partnership Units. This Offering of Partnership Units is not qualified by way of prospectus, and consequently, the resale of Partnership Units is subject to restrictions under Applicable Securities Laws. Limited Partners are advised to seek legal advice prior to any resale of the Partnership Units.

4. Possible Effect of Redemptions. Substantial redemptions of Partnership Units could require the Partnership to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions of Partnership Units and achieve a market position appropriately reflecting a smaller asset base. Such factors could adversely affect the value of the Partnership Units redeemed and of the Partnership Units remaining outstanding.

5. Management of the Partnership. Under the Partnership Agreement, the Limited Partners are not entitled to vote on matters relating to the Partnership or to participate in the management or control of the Partnership. In particular, the Limited Partners do not have the right to remove the General Partner, to cause the General Partner to withdraw from the Partnership, to cause a new general partner to be admitted to the Partnership, to appoint new directors to the General Partner's board of directors, to remove existing directors from the General Partner's board of directors or to prevent a change of control of the General Partner. In addition, except for certain fundamental matters and as prescribed by applicable laws, the Limited Partners' consent rights apply only with respect to certain amendments to the Partnership Agreement. As a result, unlike holders of common shares of a corporation, the Limited Partners are not able to influence the direction of the Partnership, including its policies and procedures, or to cause a change in its management, even if they are unsatisfied with the performance of the Partnership. Consequently, the Limited Partners may be deprived of an opportunity to receive a premium for their Partnership Units in the future. Limited Partners only have a right to vote under limited circumstances.

6. Taxation of the Partnership. In general, a Limited Partner who is a resident of Canada for purposes of the Tax Act must include in computing the Limited Partner's income its proportionate share of income of the Partnership allocated to the Limited Partner pursuant to the Partnership Agreement for the fiscal period of the Partnership ending in or coincidentally with the Limited Partner's taxation year. Please see "Certain Canadian Federal Income Tax Considerations – Taxation of the Partnership". However, the cash distributed to a Limited Partner may not be sufficient to pay the full amount of such Limited Partner's tax liability in respect of its investment in the Partnership because each Limited Partner's tax liability depends on such Limited Partner's particular circumstances. In addition, the actual amount and timing of distributions by the Partnership will be subject to the discretion of the General Partner, and there can be no assurance that the Partnership will in fact make cash distributions as intended. Even if the Partnership is unable to distribute

cash in amounts that are sufficient to fund a Limited Partner's tax liability, such Limited Partner will nonetheless be required to pay income taxes on its proportionate share of the Partnership's income.

Limited Partners who redeem some but not all of their Partnership Units should consult with their own tax advisors concerning the tax consequences to them of such a partial redemption.

If interests in the Partnership representing more than 50% of the fair market value of all interests in the Partnership are held by financial institutions (within the meaning of section 142.2 of the Tax Act), the Partnership would be a financial institution for purposes of the "mark-to-market" rules in the Tax Act. In that event, gains and losses of the Partnership on property that is "mark-to-market property" for purposes of these rules, which is defined to include certain shares, will be fully included in/deducted from income on an annual mark-to-market basis, potentially increasing the amount of income allocated to Limited Partners for purposes of the Tax Act. Each Limited Partner is required to provide notice to the General Partner in the event that it is or becomes a financial institution. The General Partner intends to monitor the ownership of Partnership Units in order to mitigate the risk that the Partnership will be a financial institution. However, no assurance can be given in that regard.

There can be no assurance that income tax laws, the judicial interpretation thereof, the terms of any double tax treaty, or the administrative policies or assessing practices of any tax authority will not be changed in a manner that adversely affects Limited Partners. Any such change could increase the amount of tax payable by Limited Partners or by the Partnership, or could otherwise adversely affect Limited Partners by reducing the amount available to pay distributions or changing the tax treatment applicable to Limited Partners.

7. Charges to the Partnership. The Partnership will pay management fees, and legal, accounting, filing and other expenses regardless of whether the Partnership realizes profits. In addition, the Partnership will accrue and pay a performance fee to the Investment Advisor in respect of each fiscal year in which net appreciation in the Series Net Asset Value of each Series of Partnership Units is in excess of such Series' High Water Mark and Hurdle Rate.

8. Performance Fee. The performance fee payable to the Investment Advisor is based, in part, on unrealized gains that may never be realized in the event of adverse changes in the value of such investments. A performance-based fee arrangement may create an incentive for riskier or more speculative investments by the Investment Advisor than might be the case in the absence of such performance-based fee arrangement.

9. Illiquidity of Partnership Investments. The Partnership invests the majority of its assets in issuers with small market capitalization. The securities of these issuers may be infrequently traded on public markets or (in the case of securities purchased in a private placement) may be subject to statutory hold periods under applicable securities laws. There can be no assurance that the Partnership will be able to dispose of its investments in a timely manner in order to honour requests to redeem Partnership Units. Furthermore, the Partnership may realize lower returns than would otherwise be the case if it is required to dispose of an illiquid security at a time when there is not an active market for such security.

10. Equity Securities. Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments. In addition, events such as the domestic and international political environments, terrorism and natural disasters, may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by the Partnership.

11. Investment and Trading Risks in General. All securities investments present a risk of loss of capital. However, the investment strategies utilized by the Partnership endeavour to moderate this risk through the careful selection of controlled investment techniques.

12. General Economic and Market Conditions. The success of the activities of the Partnership will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the investments of the Partnership), trade barriers, currency exchange controls, and national and international political

circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity of the investments of the Partnership. Volatility or illiquidity could impair the profitability of the Partnership or result in losses. The Partnership may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets; the larger the positions, the greater the potential for loss.

13. Short Sales. Short selling involves selling securities which are not owned and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices of the sold securities to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could increase without limit, thus increasing the cost to the Partnership of buying those securities to cover the short position. There can be no assurance that the Partnership will be able to maintain the ability to borrow securities sold short.

14. Leverage. The Partnership will have the authority to borrow money to pay redemptions, for cash management purposes and for investment purposes. The Partnership may directly or indirectly borrow funds from brokerage firms and banks. Borrowing for investment purposes is known as "leverage". Although leverage presents opportunities for increasing total investment return, it has the effect of potentially increasing losses as well. Any event that adversely affects the value of an investment could be magnified to the extent that leverage is employed. The cumulative effect of the use of leverage, directly or indirectly, could result in a loss that would be greater than if leverage were not employed and the volatility of an investment in Partnership Units may be significantly greater than would otherwise be the case without leverage.

15. Securities Lending. The Partnership may lend securities on a collateralized and uncollateralized basis from its portfolio to creditworthy securities firms and financial institutions. While a securities loan is outstanding, the Partnership will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities on a collateralized basis, as with other extensions of secured credit, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially. Absent collateral, the Partnership would be an unsecured creditor of any such securities firms or financial institutions.

16. Past Performance. There can be no assurance that the Partnership will achieve its investment objective. Past investment performance of other funds managed by Polar, including Polar Micro-Cap Fund, should not be construed as an indication of the future results of an investment in the Partnership.

17. Suspension of Trading. Securities exchanges typically have the right to suspend or limit trading in any instrument traded on the exchange. A suspension of trading of securities held by the Partnership would render it impossible to liquidate positions and could thereby expose the Partnership to losses.

18. Conflicts of Interest. The Partnership, the General Partner and Polar may be subject to various conflicts of interest. There may be situations of conflict in the actual allocation of opportunities by Polar between the Partnership and other investment funds and/or managed accounts advised by Polar (collectively, "**Other Accounts**"). If it is determined by the Investment Advisor that it would be appropriate for the Partnership and Other Accounts to participate in an investment opportunity, the Investment Advisor will seek to execute orders for the Partnership and Other Accounts on an equitable basis, taking into account such factors as the relative amounts of capital available for investments, the particular investment strategy and the investment programs and portfolio positions of the Partnership and the Other Accounts. See "Conflicts of Interest".

19. Dependence on Key Personnel. The Partnership's investment activities depend on the experience and expertise of key personnel of Polar. If these individuals leave Polar, this may have a material adverse effect on the Partnership's operations and performance.

20. Not a Mutual Fund Offered by Prospectus. The Partnership is not a mutual fund offered by prospectus and as a result is not required to make public filings or operate in accordance with requirements of Canadian

securities regulations applicable to public investment funds. As such, the Partnership will not invest in a manner similar to the investments made by a mutual fund offered by prospectus. Investors should note that as the Partnership is not a mutual fund offered by prospectus, the rules designed to protect investors who purchase securities of a mutual fund offered by prospectus, including National Instrument 81-102 – *Investment Funds*, will not apply to the Partnership Units.

21. Multiple Classes of Partnership Units. Each Class of Partnership Units has its own fees and expenses which are tracked separately. If for any reason, the Partnership is unable to pay the expenses of one Class of Partnership Units using that Class' proportionate share of the Partnership's assets, the Partnership will be required to pay those expenses out of the other Classes' proportionate share of the Partnership's assets. This could effectively lower the investment returns of the other Class or Classes of Partnership Units even though the value of the investments of the Partnership might have increased.

22. Potential Loss of Limited Liability. The provisions of the Limited Partnerships Act provide that limited liability can be lost if a limited partner takes an active part in the business of a partnership and the person with whom the limited partner is dealing on behalf of the partnership does not know that the limited partner is a limited partner.

    The legislation of a number of Canadian jurisdictions provides for the registration of the Partnership as an extra-jurisdictional limited partnership, thereby affording Limited Partners the limited liability provided by such legislation. The General Partner intends to register the Partnership as an extra-jurisdictional limited partnership in those jurisdictions where the Partnership is advised that it will be carrying on business by virtue of the Offering or otherwise and where there is provision for registration as an extra-jurisdictional limited partnership in order to preserve the limited liability of the Limited Partners. Limited Partners, as limited partners, may, however, lose the protection of such limited liability in certain circumstances, including as a result of taking part in the management or control of the business of the Partnership or as a result of non-compliance with applicable legislation governing limited partnerships. There is also a risk, in certain jurisdictions, that Limited Partners, as limited partners, may not be afforded limited liability to the extent that principles of conflicts of law recognizing the limitation of liability of limited partners have not been authoritatively established with respect to limited partnerships formed under the laws of one jurisdiction but which carry on business in another jurisdiction.

23. Net Worth of General Partner and Limitation of Liability. The General Partner will have nominal net worth. In addition, pursuant to the terms of the Partnership Agreement, the General Partner is not liable for any act taken or failed to be taken within the scope of authority conferred on the General Partner, unless such act or omission constituted gross negligence, wilful misconduct or bad faith in the performance of its obligations under the Partnership Agreement or a wilful breach of the Partnership Agreement.

24. Possible Claims Against Limited Partners. If the available assets of the Partnership are insufficient to discharge obligations incurred by the Partnership or if the Partnership is dissolved, the creditors of the Partnership may have a claim against a Limited Partner, as a limited partner of the Partnership, for the repayment of any distributions or return of contributions received by such Limited Partner to the extent that such obligations arose before the distributions or returns of contributions sought to be recovered by the creditors. A Limited Partner who has transferred his, her or its Partnership Units in accordance with the terms of the Partnership Agreement nevertheless remains liable to make such repayments.

25. Cybersecurity Risk. As part of its business, the Manager and the Investment Advisor process, store and transmit large amounts of electronic information, including information relating to the transactions of the Partnership and personally identifiable information of the Limited Partners. Similarly, service providers of the Manager, the Investment Advisor and the Partnership, especially the Administrator, may process, store and transmit such information. Each of the Manager and the Investment Advisor has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise

information security. Network connected services provided by third parties to the Manager or the Investment Advisor may be susceptible to compromise, leading to a breach of the Manager's or the Investment Advisor's network. The Manager and the Investment Advisor's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by the Manager or the Investment Advisor to the Limited Partners may also be susceptible to compromise. Breach of the Manager's or the Investment Advisor's information systems may cause information relating to the transactions of the Partnership and personally identifiable information of the Limited Partners to be lost or improperly accessed, used or disclosed. The service providers of the Manager, the Investment Advisor and the Partnership are subject to the same electronic information security threats as the Manager and the Investment Advisor. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Partnership and personally identifiable information of the Limited Partners may be lost or improperly accessed, used or disclosed. The loss or improper access, use or disclosure of the Manager's, the Investment Advisor's or the Partnership's proprietary information may cause the Manager, the Investment Advisor or the Partnership to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Partnership and the Limited Partners' investments therein.

CONFLICTS OF INTEREST

The Partnership will be subject to a number of actual and potential conflicts of interest involving Polar and its affiliates. However, Polar and its affiliates have substantial incentives to see the assets of the Partnership appreciate in value, and merely because an actual or potential conflict of interest exists does not mean that it will be acted upon to the detriment of the Partnership.

Polar and its directors, shareholders, officers and employees will devote as much of their time to the activities of the Partnership as they deem necessary and appropriate. Polar and its affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even if such activities may be in competition with the Partnership and/or may involve substantial time and resources of Polar. For example, officers or employees of Polar may be appointed to the board of directors of a particular issuer in which the Partnership has an investment which could result in a conflict of interest for any subsequent transactions of the issuer traded or made on behalf of the Partnership. These activities could be viewed as creating a conflict of interest in that the time and effort of the investment team will not be devoted exclusively to the business of the Partnership but will be allocated between the business of the Partnership and the management of the assets of other advisees of Polar.

Polar and its principals may enter into transactions in the same or different securities or investments to be traded or made on behalf of the Partnership for their proprietary accounts. Polar and its affiliates are also actively engaged in transactions on behalf of accounts and other investment funds that may involve the same securities in which the Partnership may invest. These other accounts and investment funds may have investment programs and investment objectives similar to or dissimilar from those of the Partnership. The transactions and portfolio strategies of Polar and/or its affiliates used for other investment funds or accounts could conflict with the transactions and investment strategies employed by Polar in managing the Partnership. Polar may sell or recommend the sale, and may buy or recommend the purchase, of a particular security for certain but not all accounts (including accounts in which Polar or its officers or employees may have an interest) or may take different action with regard to the timing or nature of actions taken with respect to the Partnership and, accordingly, transactions in a particular account, including the Partnership, may not be consistent with transactions in other accounts. This could adversely affect the prices and availability of the securities and other financial instruments in which the Partnership invests or may seek to invest.

There may be situations of conflict in the actual allocation of opportunities by the Investment Advisor with the result that Other Accounts could obtain preferential allocations. If it is determined by the Investment Advisor that it would be appropriate for the Partnership and one or more Other Accounts to participate in an investment opportunity, the Investment Advisor will seek to execute orders for all of the participating accounts and investment funds on an equitable basis, taking into account such factors as the relative amounts of capital available for investments, the particular investment strategy and the investment programs and portfolio positions of Partnership and the Other

Accounts. The Investment Advisor will generally aggregate multiple orders for the purchase or sale of the same security across client accounts and investment funds (a "Bunched Order") where the investment funds or client accounts have similar investment mandates. If the Bunched Order is intended to hedge exposure across multiple accounts or investment funds, the Bunched Order will generally be allocated pro rata based on the exposure that is intended to be hedged. Where securities acquired or sold in a Bunched Order are acquired or sold at different prices or different costs, the Investment Advisor will allocate the securities at the same average price and cost among participating accounts pro rata on the basis of capital available for investments and the existing position size, if any. In the event a trade is partially filled at the end of the day, the trade will be allocated pro rata based on the foregoing factors, taking into account only the filled portion of the order.

The Partnership, or Polar on its behalf, may engage service providers (including law firms, accounting and audit firms and research providers) with whom Polar has other pre-existing business relationships.

The Administrator may rely in part on Polar to value securities and other instruments held by the Partnership for which quotations are not readily available. As Polar's compensation is linked to such valuations, Polar could have a conflict of interest in providing such valuations.

The Partnership depends on the Administrator for administration of certain of its business activities. While the Administrator devotes as much time and resources as in their judgment is reasonably required, the Administrator is involved in other business activities.

Statement of ~~Related and~~ Connected Issuers

Applicable Securities Laws require securities dealers and advisers, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected or securities of an issuer in which a "responsible person" (as defined by the rules of the Investment Industry Regulatory Organization of Canada) is an officer or director, to do so only in accordance with particular disclosure and other rules. These rules require dealers and advisers, prior to trading with or advising their customers or clients, to inform them of the relevant relationships and connections with the issuer of the securities. Clients and customers should refer to the applicable provisions of these Applicable Securities Laws for the particulars of these rules and their rights or consult with a legal adviser.

The Partnership is a related issuer of Polar. The General Partner is an affiliate of Polar and Polar will earn management fees and performance fees from the Partnership. See "Fees and Expenses of the Partnership".

Polar may engage in activities as an Investment Fund Manager, Portfolio Manager, Commodity Trading Manager and Exempt Market Dealer in respect of securities of related and connected issuers or securities of an issuer in which a "responsible person" is an officer or director**,** but will do so only in compliance with Applicable Securities Laws.

CUSTODIAN / PRIME BROKER

The Bank of Nova Scotia is the custodian of the assets of the Partnership (the "**Custodian**"). The Custodian is also the prime broker for, and receive fees from, the Partnership.

SOFT DOLLAR POLICY

Soft dollar arrangements occur when brokers have agreed to provide other services (relating to research and trade execution) at no cost to Polar, in its capacity as investment advisor to the Partnership and other trading vehicles, in exchange for brokerage business from Polar. As investment advisor, Polar has authority to determine which securities will be purchased or sold, and the terms upon which such transactions are to be affected, including the commissions to be paid. Polar enters into such arrangements in accordance with National Instrument 23-102 – *Use of Client Brokerage Commissions* of the Canadian Securities Administrators.

Portfolio transactions will be allocated to broker dealers on the basis of best execution and in consideration of such broker dealer's provision or payment of the costs of research and brokerage services which are of benefit to the Partnership, Polar and/or related funds and accounts. Portfolio transactions will not be allocated to broker dealers that are affiliated with Polar or the Partnership.

Polar need not solicit competitive bids and does not have an obligation to seek the lowest available commissions or markups and markdowns. Polar considers the full range and quality of a broker's services, including the value of research provided, execution capability, speed of executions, financial responsibility, willingness to commit capital and responsiveness to Polar. In seeking to minimize transaction costs, in addition to explicit costs, Polar also considers bid-ask spreads, the price impact of placing its orders and missed opportunity costs, among other implicit costs. Accordingly, the commissions and other transaction costs (which may include dealer markups or markdowns) charged to the Partnership by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers that may offer such products or services.

ADMINISTRATOR

The Partnership has entered into a services agreement with SGGG Fund Services Inc. (the "**Administrator**"). The Administrator will calculate the monthly Series Net Asset Value and Series Net Asset Value per Partnership Unit (as applicable), allocate and report taxable income to the Limited Partners, prepare the annual and semi-annual financial statements as required, keep Limited Partner records and any other services that the Partnership may request.

LEGAL COUNSEL

Blake, Cassels & Graydon LLP acts as legal counsel to the Partnership and to the Manager.

AUDITORS

Ernst & Young LLP acts as the auditors of the Partnership.

PERSONAL INFORMATION

By purchasing the Partnership Units, the purchaser acknowledges that the Manager and its respective agents and advisers may each collect, use and disclose the purchaser's name and other specified personally identifiable information (the "**Information**"), including the amount of the Partnership Units that the purchaser has purchased, for purposes of meeting legal, regulatory and audit requirements and as otherwise permitted or required by law or regulation. The purchaser consents to the disclosure of that information.

By purchasing the Partnership Units, the purchaser acknowledges that (A) Information concerning the purchaser will be disclosed to the relevant Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable securities and freedom of information laws and the purchaser consents to the disclosure of the Information; (B) Information is being collected indirectly by the applicable Canadian securities regulatory authority under the authority granted to it in securities legislation; and (C) Information is being collected for the purposes of the administration and enforcement of the applicable Canadian securities legislation; by purchasing the Partnership Units, the purchaser shall be deemed to have authorized such indirect collection of personal information by the relevant Canadian securities regulatory authorities. Questions about such indirect collection of Information should be directed to the securities regulatory authority in the purchaser's jurisdiction.

LANGUAGE OF DOCUMENTS

Upon receipt of this document, the purchaser hereby confirms that he, she or it has expressly requested that all documents evidencing or relating in any way to the offer and/or sale of the Partnership Units (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, vous confirmez par les présentes que vous avez expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à l'offre ou à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

PROCEEDS OF CRIME (MONEY LAUNDERING) AND TERRORIST FINANCING LEGISLATION

In order to comply with Canadian legislation aimed at the prevention of money laundering, the Manager may require additional information concerning investors.

If, as a result of any information or other matter which comes to the Manager's attention, any director, officer or employee of the Manager, or its professional advisers, knows or suspects that an investor is engaged in money laundering or terrorist financing, such person is required to report such information or other matter to the Financial Transactions and Reports Analysis Centre of Canada and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by law or otherwise.

PURCHASERS' RIGHTS OF ACTION FOR DAMAGES AND RESCISSION

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

Ontario

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

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

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

(c) the issuer and the selling security holders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and

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

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

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

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

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

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

This Offering Memorandum is being delivered in reliance on the exemption from the prospectus requirements contained under section 73.3 of the *Securities Act* (Ontario) and section 2.3 of NI 45-106 (the "accredited investor exemption") and section 2.10 (the "minimum amount exemption") of NI 45-106. The rights referred to in section 130.1 of the Ontario Act do not apply in respect of an offering memorandum (such as this Offering Memorandum) delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

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

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

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

These rights of action for rescission or damages are in addition to, and without derogation from, any other right the purchaser may have at law.

Alberta

Securities legislation in Alberta provides that every purchaser of securities in reliance on the exemption set forth in section 2.10 (the "minimum amount exemption") of NI 45-106 pursuant to this Offering Memorandum shall have, in addition to any other rights they may have at law, a right of action for damages or rescission against the issuer and certain other persons if this Offering Memorandum or any amendment to it contains a misrepresentation. However, such rights must be exercised within prescribed time limits. Purchasers should refer to the applicable provisions of the *Securities Act* (Alberta) (the "**Alberta Act**") for particulars of those rights or consult with a lawyer.

Specifically, Section 204 of the Alberta Act provides that if this Offering Memorandum, or any amendment to it, contains a misrepresentation (as defined in the Alberta Act), a purchaser who purchases Partnership Units offered by this Offering Memorandum or any amendment shall be deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action

(a) for damages against

(i) the issuer;

(ii) every director of the issuer at the date of this Offering Memorandum;

(iii) every person or company who signed this Offering Memorandum; and

(b) for rescission against the issuer.

If the purchaser exercises its right of rescission against the issuer, the purchaser will not have a right of action for damages against the issuer or against any aforementioned person or company. No such person or company is liable if it proves that the purchaser purchased the Partnership Units with knowledge of the misrepresentation. In an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Partnership Units as a result of the misrepresentation relied upon. The amount recoverable under this right of action will not exceed the price at which the Partnership Units are offered.

In Alberta, no action shall be commenced to enforce these rights of action more than:

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

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

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

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

The foregoing summary is subject to the express provisions of the Alberta Act and the regulations promulgated thereunder and specific reference should be made to same. The rights of action for rescission or damages are in addition to, and without derogation from, any other right the purchaser may have at law.

Saskatchewan

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

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

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

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

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

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

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

(a) if the purchaser elects to exercise its right of rescission against the issuer or selling security holder, it shall have no right of action for damages against that party;

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

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

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

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

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

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

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

or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

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

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

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

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

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

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

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

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

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

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

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

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

Manitoba

Section 141.1 of the *Securities Act* (Manitoba), as amended (the "**Manitoba Act**") provides that where an offering memorandum (such as this Offering Memorandum) or any amendment to it contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum is deemed to have relied on the representation if it was a misrepresentation at the time of purchase and has a right of rescission against the issuer or has a right of action for damages against (i) the issuer or a selling security holder on whose behalf the distribution is made, (ii) every director of the issuer at the date of the offering memorandum, and (iii) every person or company who signed the offering memorandum.

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

(a) if the purchaser chooses to exercise a right of rescission against the issuer, the purchaser shall have no right of action for damages against the parties listed under (i), (ii) and (iii);

(b) in an action for damages, a defendant will not be liable for all or any part of the damages that he or she proves do not represent the depreciation in value of the security as a result of the misrepresentation;

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

(d) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser had knowledge of the misrepresentation.

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

(a) the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the person's or company's knowledge and consent;

(b) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that (i) there had been a misrepresentation, or (ii) the relevant part of the offering memorandum (A) did not fairly represent the expert's report, opinion or statement, or (B) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or

(c) with respect to any part of the offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

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

Section 141.2 of the Manitoba Act provides that a purchaser of a security to whom an offering memorandum was required to be sent in compliance with Manitoba securities legislation, but was not sent within the prescribed time has a right of action for rescission or damages against the dealer, offeror or issuer who did not comply with the requirement.

Section 141.3 of the Manitoba Act also provides that a purchaser of a security to whom an offering memorandum is required to be sent may rescind the contract to purchase the security by sending a written notice of rescission to the issuer not later than midnight on the second day, excluding Saturdays and holidays, after the purchaser signs the agreement to purchase the securities.

Section 141.4 of the Manitoba Act provides that no action may be commenced to enforce any of the foregoing rights:

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

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

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

(ii) two years after the day of the transaction that gave rise to the cause of action.

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

Nova Scotia

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

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

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

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

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

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

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

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

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

Furthermore, no person or company, other than the issuer, will be liable with respect to any part of the offering memorandum or amendment to the offering memorandum not purporting (a) to be made on the authority of an expert or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or

company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation or (ii) believed that there had been a Misrepresentation.

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

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

New Brunswick

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

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

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

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

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

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

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

The foregoing summary is subject to the express conditions of the New Brunswick Act and the regulations promulgated thereunder and specific reference should be made to same. The rights of action for rescission or damages under the New Brunswick Act are in addition to and do not derogate from any other right the purchaser may have at law.

Prince Edward Island

Section 112 of the *Securities Act* (Prince Edward Island) (the "**PEI Act**") provides to a purchaser who purchases, during the distribution period, a security offered by an offering memorandum (such as this Offering Memorandum) containing a misrepresentation, without regard to whether he or she relied on the misrepresentation, a right of action for rescission against the issuer or the selling security holder on whose behalf the distribution is made or a right of action for damages against (a) the issuer, (b) the selling security holder on whose behalf the distribution is made, (c) every director of the issuer at the date of the offering memorandum, and (d) every person who signed the offering memorandum. If the purchaser elects to exercise a right of action for rescission, the purchaser shall have no right of action for damages.

Such rights of rescission and damages are subject to certain limitations and a person will not be liable if the person proves that the purchaser purchased the securities with knowledge of the misrepresentation.

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

(a) the offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the issuer that it had been sent without the knowledge and consent of the person;

(b) the person, on becoming aware of the misrepresentation in the offering memorandum, had withdrawn the person's consent to the offering memorandum and had given reasonable notice to the issuer of the withdrawal and the reason for it; or

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

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

In an action for damages, the defendant is not liable for any damages that he or she proves do not represent the depreciation in value of the security resulting from the misrepresentation. In addition, the amount recoverable must not exceed the price at which the securities purchased by the purchaser were offered.

Section 121 of the PEI Act provides that no action may be commenced to enforce any of the foregoing rights more than:

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

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

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

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

Newfoundland and Labrador

Section 130.1 of the *Securities Act* (Newfoundland and Labrador) provides that if an offering memorandum (such as this Offering Memorandum) contains a Misrepresentation, a purchaser who purchases Partnership Units offered by the offering memorandum is deemed to have relied on the representation if it was a Misrepresentation at the time of purchase, and the purchaser has:

(a) a right of action for damages against:

(i) the issuer;

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

(iii) every person or company who signed the offering memorandum; and

(b) a right of rescission against the issuer.

If the purchaser chooses to exercise a right of rescission against the issuer, the purchaser has no right of action for damages against a person or company referred to above.

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

When a Misrepresentation is contained in the offering memorandum, no person or company other than the issuer, is liable:

(a) if the person or company proves

(i) that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent, and

(ii) that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the person's or company's knowledge and consent;

(b) if the person or company proves that, after becoming aware of the Misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;

(c) if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that (i) there had been a Misrepresentation, or (ii) the relevant part of the offering memorandum (A) did not fairly represent the expert's report, opinion or statement, or (B) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or

(d) with respect to any part of the offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation, or (ii) believed there had been a Misrepresentation.

The amount recoverable shall not exceed the price at which the Partnership Units were offered under the offering memorandum.

In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the Misrepresentation.

All or any one or more of the persons or companies that are found to be liable or accept liability in an action for damages are jointly and severally liable. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action unless, in all circumstances of the case, the court is satisfied that it would not be just and equitable.

No action shall be commenced to enforce these contractual rights more than:

(a) in the case of an action for rescission, 180 days after the purchaser signs the agreement to purchase the Partnership Units; or

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

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

(ii) three years after the date the purchaser signs the agreement to purchase the Partnership Units.

Yukon

Securities legislation in the Yukon provides that if an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation:

(a) a right of action for damages against:

(i) the issuer;

(ii) the selling security holder on whose behalf the distribution is made;

(iii) every director of the issuer at the date of the offering memorandum, and

(iv) every person who signed the offering memorandum; and

(b) a right of rescission against:

(i) the issuer; or

(ii) the selling security holder on whose behalf the distribution is made.

If the purchaser chooses to exercise a right of rescission against the issuer, the purchaser has no right of action for damages against a person or company referred to above.

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

If a misrepresentation is contained in the offering memorandum, no person is liable if the person proves that the purchaser purchased the securities with knowledge of the misrepresentation.

A person, other than the issuer or selling security holder, is not liable in an action for damages if the person proves that:

(a) the offering memorandum was sent to the purchaser without the person's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the issuer that it had been sent without the person's knowledge and consent;

(b) the person, on becoming aware of the misrepresentation, had withdrawn the person's consent to the offering memorandum and had given reasonable notice to the issuer of the withdrawal and the reason for it; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that

(i) there had been a misrepresentation, or

(ii) the relevant part of the offering memorandum

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

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

A person, other than the issuer or selling security holder, is not liable in an action for damages with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person

(a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or

(b) believed there had been a misrepresentation.

The amount recoverable shall not exceed the price at which the securities were offered under the offering memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

All or any one or more of the persons or companies that are found to be liable or accept liability in an action for damages are jointly and severally liable. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action unless, in all circumstances of the case, the court is satisfied that it would not be just and equitable.

The issuer, and every director of the issuer at the date of the offering memorandum who is not a selling security holder, is not liable if the issuer does not receive any proceeds from the distribution of the securities and the misrepresentation was not based on information provided by the issuer, unless the misrepresentation

(a) was based on information previously publicly disclosed by the issuer;

(b) was a misrepresentation at the time of its previous public disclosure; and

(c) was not subsequently publicly corrected or superseded by the issuer before completion of the distribution of the securities being distributed.

No action may be commenced to enforce a right more than,

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

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

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

(ii) three years after the date of the transaction giving rise to the cause of action,

whichever period expires first.

The rights of action for rescission or damages conferred are in addition to and do not derogate from any other right that the purchaser may have at law.

Northwest Territories

Securities legislation in the Northwest Territories provides that if an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation:

(a) a right of action for damages against

(i) the issuer;

(ii) the selling security holder on whose behalf the distribution is made;

(iii) every director of the issuer at the date of the offering memorandum, and

(iv) every person who signed the offering memorandum; and

(b) a right of rescission against:

(i) the issuer; or

(ii) the selling security holder on whose behalf the distribution is made.

If the purchaser chooses to exercise a right of rescission against the issuer, the purchaser has no right of action for damages against a person or company referred to above.

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

If a misrepresentation is contained in the offering memorandum, no person is liable if the person proves that the purchaser purchased the securities with knowledge of the misrepresentation.

A person, other than the issuer or selling security holder, is not liable in an action for damages if the person proves that:

(a) the offering memorandum was sent to the purchaser without the person's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the issuer that it had been sent without the person's knowledge and consent;

(b) the person, on becoming aware of the misrepresentation, had withdrawn the person's consent to the offering memorandum and had given reasonable notice to the issuer of the withdrawal and the reason for it; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that

(i) there had been a misrepresentation, or

(ii) the relevant part of the offering memorandum

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

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

A person, other than the issuer or selling security holder, is not liable in an action for damages with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person

(a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or

(b) believed there had been a misrepresentation.

The amount recoverable shall not exceed the price at which the securities were offered under the offering memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

All or any one or more of the persons or companies that are found to be liable or accept liability in an action for damages are jointly and severally liable. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action unless, in all circumstances of the case, the court is satisfied that it would not be just and equitable.

The issuer, and every director of the issuer at the date of the offering memorandum who is not a selling security holder, is not liable if the issuer does not receive any proceeds from the distribution of the securities and the misrepresentation was not based on information provided by the issuer, unless the misrepresentation

(a) was based on information previously publicly disclosed by the issuer;

(b) was a misrepresentation at the time of its previous public disclosure; and

(c) was not subsequently publicly corrected or superseded by the issuer before completion of the distribution of the securities being distributed.

No action may be commenced to enforce a right more than,

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

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

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

(ii) three years after the date of the transaction giving rise to the cause of action,

whichever period expires first.

The rights of action for rescission or damages conferred are in addition to and do not derogate from any other right that the purchaser may have at law.

Nunavut

Securities legislation in Nunavut provides that if an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation:

(a) a right of action for damages against

(i) the issuer;

(ii) the selling security holder on whose behalf the distribution is made;

(iii) every director of the issuer at the date of the offering memorandum, and

(iv) every person who signed the offering memorandum; and

(b) a right of rescission against:

(i) the issuer; or

(ii) the selling security holder on whose behalf the distribution is made.

If the purchaser chooses to exercise a right of rescission against the issuer, the purchaser has no right of action for damages against a person or company referred to above.

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

If a misrepresentation is contained in the offering memorandum, no person is liable if the person proves that the purchaser purchased the securities with knowledge of the misrepresentation.

A person, other than the issuer or selling security holder, is not liable in an action for damages if the person proves that:

(a) the offering memorandum was sent to the purchaser without the person's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the issuer that it had been sent without the person's knowledge and consent;

(b) the person, on becoming aware of the misrepresentation, had withdrawn the person's consent to the offering memorandum and had given reasonable notice to the issuer of the withdrawal and the reason for it; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that

(i) there had been a misrepresentation, or

(ii) the relevant part of the offering memorandum

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

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

A person, other than the issuer or selling security holder, is not liable in an action for damages with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person

(a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or

(b) believed there had been a misrepresentation.

The amount recoverable shall not exceed the price at which the securities were offered under the offering memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

All or any one or more of the persons or companies that are found to be liable or accept liability in an action for damages are jointly and severally liable. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action unless, in all circumstances of the case, the court is satisfied that it would not be just and equitable.

The issuer, and every director of the issuer at the date of the offering memorandum who is not a selling security holder, is not liable if the issuer does not receive any proceeds from the distribution of the securities and the misrepresentation was not based on information provided by the issuer, unless the misrepresentation

(a) was based on information previously publicly disclosed by the issuer;

(b) was a misrepresentation at the time of its previous public disclosure; and

(c) was not subsequently publicly corrected or superseded by the issuer before completion of the distribution of the securities being distributed.

No action may be commenced to enforce a right more than,

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

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

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

(ii) three years after the date of the transaction giving rise to the cause of action,

whichever period expires first.

The rights of action for rescission or damages conferred are in addition to and do not derogate from any other right that the purchaser may have at law.

British Columbia, Alberta and Québec

Notwithstanding that the *Securities Act* (British Columbia), the *Securities Act* (Alberta) and the *Securities Act* (Québec) do not provide, or require the Partnership to provide, to purchasers resident in the Province of Alberta purchasing under the exemption contained in section 2.3 (the "**accredited investor exemption**") of NI 45-106 and to purchasers in British Columbia and Québec any rights of action in circumstances where this Offering Memorandum or an amendment hereto contains a Misrepresentation, the Partnership hereby grants to such purchasers contractual rights of action that are equivalent to the statutory rights of action set forth above with respect to purchasers resident in Ontario.