



CRESTSTREET

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January 10, 2003

Dear Limited Partner:

**Re: Rollover of Creststreet 2001 Limited Partnership into
Creststreet Resource Fund Limited**

Please find enclosed a Confidential Offering Memorandum for Creststreet Resource Fund Limited.

On January 17, 2003 the rollover of Creststreet 2001 Limited Partnership (the "Partnership") into Creststreet Resource Fund Limited (the "Mutual Fund") is scheduled to occur. As a result of this rollover your investment in limited partnership units of the Partnership will be exchanged on a tax-deferred basis for Resource Class – 2003 Series Shares of the Mutual Fund with equal value. The 2003 Series Shares are redeemable through your investment advisor at your discretion beginning May 30, 2003 without redemption fees. On September 30, 2003, the 2003 Series Shares will be automatically exchanged on a one-for-one basis for regular Resource Class – Mutual Fund Shares.

We are pleased with the performance of the Partnership to date. As of December 27, 2002 the net asset value of the Fund was \$8.52 per unit. This net asset value represents an attractive 21.1% after-tax total return since inception for an Ontario investor at the highest marginal tax rate. Should you wish to track the performance of your investment, the Resource Class – 2003 Series Shares can be found in various mutual fund listings under the symbol CAM 101 or you can visit the Creststreet web site at www.creststreet.com where the net asset value of the 2003 Series Shares is updated on a weekly basis.

The rollover of the Partnership into the Mutual Fund will happen automatically and requires no action on your part.

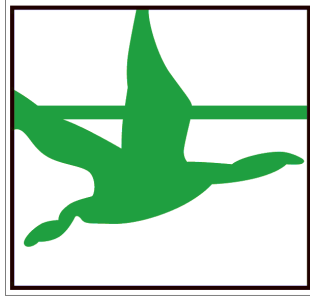
Should you have any questions please do not hesitate to contact Sheryl Chiddenton, Manager of Investment Services at 1-866-864-6330.

Yours very truly,

CRESTSTREET 2001 LIMITED PARTNERSHIP
By its General Partner
CRESTSTREET 2001 MANAGEMENT LIMITED

Robert J. Toole
President

CONFIDENTIAL
OFFERING MEMORANDUM



CRESTSTREET RESOURCE FUND LIMITED

This Confidential Offering Memorandum has been prepared by Creststreet Asset Management Limited as manager of Creststreet Resource Fund Limited and is being furnished solely for use by prospective investors in such fund.

This Confidential Offering Memorandum is not and under no circumstances is to be construed as a prospectus relating to a public offering of the securities described herein. **No securities commission or similar regulatory authority has in any way passed upon the merits of the securities offered hereby nor has it reviewed this Confidential Offering Memorandum and any representation to the contrary is an offence.**

January 10, 2003

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CRESTSTREET RESOURCE FUND LIMITED

In the event of any conflict or inconsistency between the articles of incorporation of Creststreet Resource Fund Limited (the “Fund”) and this Confidential Offering Memorandum, the provisions of the articles of incorporation of the Fund shall govern. In addition to carefully reviewing this document and the articles of incorporation of the Fund, prospective investors should consult their own tax and other professional advisers having relevant expertise.

The Fund is a corporation incorporated under the *Canada Business Corporations Act* (“CBCA”) by articles of incorporation dated October 13, 1999, as amended by articles of amendment dated July 18, 2000, May 16, 2001, December 11, 2001, January 11, 2002 and December 5, 2002. The registered office and principal place of business of the Fund is Suite 2320, 130 Adelaide Street West, Toronto, Ontario M5H 3P5.

Although initially incorporated in 1999, the Fund became “active” on January 15, 2002 with the acquisition of the assets of Creststreet 2000 Limited Partnership (“Creststreet 2000 LP”), a public limited partnership established under the laws of the Province of Ontario to invest in flow-through shares of issuers engaged in resource exploration and development in Canada. The assets of Creststreet 2000 LP were transferred to the Fund in exchange for 728,689 mutual fund shares of the Fund. Creststreet 2000 LP was then dissolved and the partners of Creststreet 2000 LP received their *pro rata* share of the assets of Creststreet 2000 LP, then consisting only of mutual fund shares of the Fund. As at December 31, 2002, 323,189.4173 mutual fund shares of the Fund were outstanding. The term “mutual fund shares” refers to the first series of Resource Class shares of the Fund.

Creststreet Asset Management Limited is the manager of the Fund (the “Manager”).

The securities of the Fund offered hereunder are the second series of Resource Class shares of the Fund designated as Resource Class shares, 2003 Series (the “Shares”).

INVESTMENT OBJECTIVES OF THE FUND

The principal objective of the Fund will be to provide the potential for long term growth of capital and, to a lesser extent, production of income. Provided that the Fund continues to qualify as a mutual fund corporation for purposes of the *Income Tax Act* (Canada) (the “Tax Act”), all of the assets of each of Creststreet 2001 Limited Partnership (“Creststreet 2001 LP”) and Creststreet 2001 (II) Limited Partnership (“Creststreet 2001 (II) LP”) (collectively, the “Partnerships”), including certain common shares of resource issuers that are “flow-through shares” as defined in the Tax Act (“Flow-Through Shares”), will be transferred to the Fund on a tax-deferred “rollover” basis in exchange for Shares on or about January 17, 2003 pursuant to transfer agreements to be dated January 17, 2003 between each Partnership and the Fund (collectively, the “Transfer Agreements”). Like Creststreet 2000 LP, each Partnership is a public limited partnership established under the laws of the Province of Ontario to invest in flow-through shares of issuers engaged in resource exploration and development in Canada. The Fund will hold and dispose of Flow-Through Shares and other common shares acquired by the Fund from the Partnerships and invest the net proceeds of such dispositions and any cash on hand in a manner consistent with the current investment portfolio of the Fund, being a diversified portfolio consisting principally of equity securities of Canadian issuers. Although the Fund continues to invest significantly in equity securities of resource issuers, the Fund may diversify its equity portfolio with investments in equity securities of non-resource issuers. The Fund only invests in debt securities having a minimum rating of A by Dominion Bond Rating Service or Canadian Bond Rating Service Limited. The Fund restricts its investments in foreign property within the limits prescribed under the Tax Act so that the Shares do not constitute foreign property.

It should be noted that in connection with the public offering of units of Creststreet 2002 Limited Partnership (“Creststreet 2002 LP”), also a public limited partnership established under the laws of the Province of Ontario to invest in flow-through shares of issuers engaged in resource exploration and development in Canada, the Fund agreed, pursuant to an agency agreement dated June 14, 2002 (the “Agency Agreement”), to indemnify and save harmless each of the agents (and each of their directors, officers, employees and agents) retained by Creststreet 2002 LP and its general partner to sell units of Creststreet 2002 LP to the public, from and against all liabilities, claims, losses (other than loss of profits), reasonable costs, damages and reasonable expenses in any way caused

by, or arising directly or indirectly from, or in consequence of the disclosure in the prospectus of Creststreet 2002 LP relating to the Fund not constituting full, true and plain disclosure of all material facts relating to the Fund. It is likely that the Fund will be required to provide a similar indemnity from time to time to the agents retained by future limited partnerships that may transfer their assets to the Fund in exchange for shares of the Fund.

INVESTMENT STRATEGY AND RESTRICTIONS

Except as set out below, the Fund has adopted the standard investment restrictions and practices set forth in National Instrument 81-102 – Mutual Funds which standard investment restrictions and practices will be provided to shareholders of the Fund upon request to the Manager.

The Fund has applied to the relevant securities or regulatory authorities to be exempted, for a period of 180 days following the date of the transfer of assets of the Partnerships to the Fund, with respect to securities acquired from the Partnership, from the investment restrictions which would otherwise prohibit the Fund from investing in securities of any issuer if, after giving effect to such an investment, the Fund would own more than 10% of any class of securities of such issuer, other than securities issued or guaranteed as to principal and interest by the Government of Canada or any province thereof or investing more than 10% of the Net Asset Value of the Fund in securities of any one issuer, other than securities issued or guaranteed as to principal and interest by the Government of Canada or any province thereof. See “Net Asset Value Per Share”. There can be no assurance that such regulatory approvals will be received. The Fund will not issue securities to the public, except any securities issued on the reinvestment of dividends, during such 180 day period.

RISK FACTORS

Investing in the Fund is subject to various risks including, but not limited to the following:

Net Asset Value

The value of the Fund’s investments will fluctuate as a result of various factors including but not limited to general economic conditions, fluctuations in the securities markets and international developments. The Fund’s investment strategies may not be successful and there can be no guarantee that an investment in the Fund may not decline in value.

Interest Rate Fluctuations

The value of the Fund’s bonds, debentures, notes and other fixed-income debt instruments will vary with interest rates. When interest rates rise, the value of securities with a fixed rate of interest will decline. Conversely, when interest rates fall, the value of such securities will increase.

Marketability of Underlying Securities

Many of the securities held by the Fund, while listed and freely tradeable, may be relatively illiquid and may decline in price if a significant number of shares are offered for sale.

Dependence on Key Personnel

The Manager is significantly dependent on the services of Robert J. Toole, a director and officer of the Manager. The loss of Mr. Toole from the Manager may have a material adverse effect on the management and business of the Fund.

Conflict of Interest

The Manager and its Affiliates, directors and officers may engage in the promotion, management or investment management of any other fund or other investment vehicle including those which invest primarily in securities of

resource issuers and certain conflicts may arise from time to time in the management of such funds or vehicles and in determining appropriate investment opportunities.

Although none of the directors or officers of the Fund or the Manager will devote his or her full time to the business and affairs of the Fund or the Manager, each will devote as much time as is necessary for the management of the affairs of the Fund and the Manager.

Marketability of Shares

The Fund is not intended to offer investors a complete investment program. There is no public market for the Shares; however, the Shares will be redeemable by the holders thereof. See “Description of Shares – Redemption of Shares”.

Tax Related

The Flow-Through Shares acquired by the Fund from the Partnerships and other limited partnerships on a tax-deferred “rollover” basis will have nominal cost for the purposes of the Tax Act so that the disposition of such Flow-Through Shares will give rise to a capital gain to the Fund substantially equal to the proceeds of disposition thereof. While it is expected that the refundable tax provisions of the Tax Act and applicable provincial legislation will operate to offset all or substantially all of the tax payable on such capital gains, there is a risk that material net tax will be payable by the Fund or that a material capital gains dividend, taxable in the hands of holders of Shares, must be paid by the Fund to eliminate such net tax that would otherwise be payable.

MANAGEMENT OF THE FUND

Although the board of directors of the Fund is responsible for its overall direction, the Manager has been retained by the Fund, pursuant to a management agreement (“Management Agreement”) made as of October 30, 2001 between the Manager and the Fund, to provide investment advisory and administrative services and facilities to the Fund.

The Manager has no obligation to the Fund other than to render services under the Management Agreement honestly and in good faith and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Management Agreement expires on May 31, 2007 but is renewed automatically for additional five-year terms unless notice of termination is given by either party. The Management Agreement will be terminated on the insolvency or bankruptcy of the Manager and, until May 31, 2007, may be terminated by the Fund on 90 days’ written notice to the Manager with the approval of the shareholders of the Fund by ordinary resolution (as defined in the CBCA) in the case of default by the Manager or by special resolution (as defined in the CBCA) in any other case. After May 31, 2007, the agreement may be terminated on 90 days’ notice by either the Manager or the Fund.

Directors and Officers of the Fund

The names, municipalities of residence, offices held with the Fund and principal occupations of the directors and officers of the Fund are as follows:

<u>Name and Municipality of Residence</u>	<u>Office</u>	<u>Principal Occupation</u>
ROBERT J. TOOLE Toronto, Ontario	President, Chief Executive Officer and Director	President, Chief Executive Officer and a Director of the Manager
JOHN P. A. BUDRESKI..... Oakville, Ontario	Director	Managing Director, Canadian Capital Structuring Group, Scotia Capital Inc.
LARRY MACDONALD Calgary, Alberta	Director	Chairman and Chief Executive Officer, Pointwest Energy Inc.

GORDEN J. BOGDEN Toronto, Ontario	Director	Managing Director, Beacon Group Advisors Inc.
DONNA SHEA..... Toronto, Ontario	Vice President Finance and Chief Financial Officer	Vice President Finance and Chief Financial Officer of the Manager
SHERYL CHIDDENTON Toronto, Ontario	Secretary and Treasurer	Manager, Investment Services of the Manager

Biographies of each director and officer, including his or her principal occupations for the last five years, are set forth below:

Robert J. Toole is the President and Chief Executive Officer of the Manager. Prior to forming the Manager in October 1999, Mr. Toole was Head of the Resource Group of the Middlefield Group, a manager of investment funds and assets on behalf of clients which include major Canadian corporations, Canadian and international financial institutions and high net worth individuals. Prior to November 1998, Mr. Toole was Vice President Finance, Chief Financial Officer and Director of Borneo Gold Corporation, a junior gold exploration company. Prior to October 1996, Mr. Toole was a Vice President of the Resource Finance Group of the Middlefield Group and a Vice President of Middlefield International Limited, the international merchant banking affiliate of the Middlefield Group. Mr. Toole holds a Bachelor of Commerce (Honours) degree from Queen's University, is a member of the Canadian Institute of Chartered Accountants and is registered as an investment counsel and portfolio manager in the province of Ontario.

John P.A. Budreski is a Managing Director of the Canadian Capital Structuring Group of Scotia Capital Inc. and has held various other positions within this group since February 1998. Mr. Budreski was the head of Scotia's Institutional Equity Sales and Trading Division for the United States from May, 1996 to February, 1998. He holds a Bachelor of Engineering degree from the Technical University of Nova Scotia and an MBA from the University of Calgary.

Larry Macdonald is Chairman and Chief Executive Officer of Pointwest Energy Inc. and from September 1999 to May 2000 was the Chairman and Chief Executive Officer of Westpoint Energy Inc., a small independent oil & gas producer which was sold to Alberta Energy Company. Prior to April 1999, Mr. Macdonald was President and Chief Operating Officer of Anderson Exploration Ltd. a senior independent natural gas producer. Prior to joining Anderson Exploration Ltd., Mr. Macdonald was President of Columbia Gas Development of Canada Limited which was sold to Anderson Exploration Ltd. in 1992. Mr. Macdonald holds a Bachelor of Science degree in Geology from the University of Alberta and is Vice Chair of the Southern Alberta Institute of Technology and Past Chair of the United Way of Calgary and Area.

Gordon J. Bogden is a Managing Director of Beacon Group Advisors Inc., an independent mergers and acquisitions advisory and research firm that services the mining, metals and fertilizer sectors. Prior to forming Beacon in January 2001, Mr. Bogden was a Director of Investment Banking at Newcrest Capital Inc. from November 1999 to December 2000, before it was sold to TD Securities Inc. He was also a Managing Director of NM Rothschild & Sons Canada Limited from June 1997 to October 1999, where he was responsible for coverage of the North American mining sector. He holds a Bachelor of Applied Science in Geology from Queen's University and is a member of the Professional Engineers of Ontario.

Donna Shea is the Vice President Finance and Chief Financial Officer of the Manager. Prior to joining Creststreet in January 2003, Ms. Shea was the Vice President Finance of the Toronto Community Foundation, a non-profit organization. Prior to December 2000, Ms. Shea was Assistant Vice President, MIS at Manulife Financial Limited. Prior to May 1998, Ms. Shea was Vice President Operations at the Middlefield Group. Ms. Shea holds a Bachelor of Commerce degree from the University of Windsor and is a member of the Canadian Institute of Chartered Accountants.

Sheryl J. Chiddenton is the Secretary and Treasurer and Manager, Investment Services of the Manager. Prior to joining the Manager in June 2001, Ms. Chiddenton was an Executive Assistant in the private client division of the Middlefield Group, a manager of investment funds and assets on behalf of clients which include major Canadian

corporations, Canadian and international financial institutions and high net worth individuals. Prior to June 1999, Ms. Chiddenton was Investor Relations Administrator of Borneo Gold Corporation, a junior gold exploration company.

Each independent director of the Fund is paid an annual director's fee of \$8,000 by the Fund. Executive officers of the Fund currently do not receive any compensation from the Fund for their services. No director, officer or employee of the Fund is, or has been since the incorporation of the Fund, indebted to the Fund.

Directors and Officers of the Manager

The names, municipalities of residence, offices held with the Manager and principal occupations of the directors and officers of the Manager are as follows:

<u>Name and Municipality of Residence</u>	<u>Office</u>	<u>Principal Occupation</u>
ROBERT J. TOOLE Toronto, Ontario	President, Chief Executive Officer and Director	President, Chief Executive Officer and a Director of the Manager
JOHN P. A. BUDRESKI..... Oakville, Ontario	Director	Managing Director, Canadian Capital Structuring Group, Scotia Capital Inc.
LARRY MACDONALD Calgary, Alberta	Director	Chairman and Chief Executive Officer, Pointwest Energy Inc.
GORDEN J. BOGDEN Toronto, Ontario	Director	Managing Director, Beacon Group Advisors Inc.
DONNA SHEA..... Toronto, Ontario	Vice President Finance and Chief Financial Officer	Vice President Finance and Chief Financial Officer of the Manager
SHERYL CHIDDENTON Toronto, Ontario	Secretary and Treasurer	Manager, Investment Services of the Manager

Biographies of each director and officer of the Manager, including his or her principal occupations for the last five years, are set forth above under "Directors and Officers of the Fund".

FEEES AND EXPENSES

Pursuant to the Management Agreement, the Manager is paid a monthly fee equal to 1/12th of 2% of the average Net Asset Value of the Fund for such month. See "Net Asset Value Per Share". In addition to the fee payable to the Manager, the Fund is responsible for all expenses of the Fund (other than fees payable to any investment advisor of the Fund, which are payable by the Manager) including administration and operation expenses, audit and legal fees, registrar and transfer fees, banking and custodianship fees, expenses associated with reporting to shareholders, filing fees, printing and mailing expenses, brokerage fees, taxes payable by the Fund and interest on borrowings, if any, of the Fund. In addition to the management fee, the Fund pays to the Manager, on a quarterly basis, a service fee (the "Service Fee") in an amount not exceeding 0.5% of the Net Asset Value of the Fund on an annual basis. The Manager, in turn, pays a service fee to dealers based on the total Net Asset Value of the securities of the Fund held by their clients equal, in the aggregate, to the Service Fee. See "Net Asset Value Per Share".

FUNDAMENTAL CHANGES

The holders of shares of a class or of a series of a class of the Fund, including holders of the Shares, shall not be entitled to vote on a matter referred to in section 5.1 of National Instrument 81-102 Mutual Funds if they, as holders of the class or series of a class, are not affected by the action referred to in such section.

DESCRIPTION OF SHARES

The authorized capital of the Fund consists of one common share, which was issued to and is held by the Manager, and 1,000 classes of special shares issuable in series. The first class of special shares is designated as the "Resource Class", the first series of which is designated as "mutual fund shares", 323,189.4173 of which are issued and outstanding as at December 31, 2002. The Fund currently has no intention of issuing shares of any class other than the Resource Class and only intends to issue additional shares of the Resource Class in connection with the acquisition of the assets of the Partnerships or of other flow-through partnerships managed by Creststreet, on the reinvestment of dividends paid to holders of shares of Resource Class and on any amalgamation of the Fund with another mutual fund. Certificates representing shares of the Fund will be issued only on the request in writing of a shareholder to the Manager.

Other than with respect to the time at which such shares may be first issued or first redeemed, each series of Resource Class shares has identical rights, privileges, restrictions and conditions as all other series. Resource Class shares, including the Shares, are redeemable at the option of the holder and are non-voting (other than as required by law, including, if applicable, by National Instrument 81-102). The common share is redeemable at the option of the holder at a redemption price equal to: (A) for redemptions at a time when any shares of any class other than the common share are outstanding, \$1.00; and (B) for redemptions at a time when no shares of any class other than the common share are outstanding, the Net Asset Value of the Fund on the date on which payment for the common share being redeemed is made; plus in each case any unpaid dividends or other distributions declared payable thereon with a record date on or before the date on which the common share is redeemed. A fractional Share carries the rights and privileges and is subject to the restrictions and conditions applicable to whole Shares in the proportion which it bears to one Share. The common share of the Fund is entitled to one vote per share and to receive any dividend declared with respect to the common share by the Fund. The common share and the Shares are fully paid and non-assessable when issued.

The shares of each series of the Resource Class will be automatically converted on a one-for-one basis into mutual fund shares on September 30 of the year in which they were first issued.

The rights, privileges, restrictions and conditions attached to the shares of the Fund may be modified, amended or varied by articles of amendment, the application for which must be authorized by a special resolution passed at a meeting of shareholders of the Fund duly called for considering the same, by the affirmative vote of the holders of not less than two-thirds of all the outstanding shares represented and voted at such meeting in addition to such other vote as may be required by the CBCA. Neither the holders of Shares nor the holder of the common share is entitled to vote separately as a class or as a series of a class, or to exercise dissent rights, with respect to any amendment of the articles of the Fund to increase or decrease any maximum number of authorized shares of such class or series or to increase any maximum number of authorized shares of a class or series having rights or privileges equal or superior to the shares of such class or series, effect an exchange, reclassification or cancellation of all or part of the shares of that class or series or to create a new class or series of shares equal to or superior to the shares of that class or series.

Net Asset Value Per Share

The net asset value per Share (the "Net Asset Value Per Share") at any particular time will be the quotient obtained by dividing the Net Asset Value of the Fund attributable to the Resource Class by the total number of Resource Class shares (of all series) outstanding at such time. The Net Asset Value of the Fund attributable to the Resource Class shall equal the market value of the assets attributable to the Resource Class less the liabilities attributable to the Resource Class. The market value of the assets of the Fund on any given date shall be determined by reference to the following principles:

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

- (b) the value of any security which is traded on an over-the-counter market will be the average of the closing bid and the closing asked prices on such date, all as reported by the financial press;
- (c) the value of any share or unit of a mutual fund will be the net asset value for such share or unit on such date, after deduction of any applicable redemption fee;
- (d) the value of any security in respect of which there is a resale restriction shall be discounted by the same rate as was applicable at the time of purchase of such security until such restriction is lifted, such rate to be determined by the Manager, provided however, that the discount may be tapered on the basis determined by the Manager where the restriction is to be lifted on a specific date; and
- (e) the value of any security or other asset for which a market quotation is not readily available will be its market value on such date as determined by the Manager.

Subject to prior receipt of any necessary regulatory approvals, the Manager may declare a suspension of the determination of the Net Asset Value Per Share for the whole or part of any period:

- (a) during which normal trading is suspended on a stock exchange within or outside Canada on which securities are listed which represent more than 50% by value of the total assets of the Fund, without allowance for liabilities; or
- (b) during which the Manager determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Manager to determine the value of the assets of the Fund.

Provided that the determination of the Net Asset Value Per Share has not been suspended, there will be a valuation of the assets of the Fund as at the market close on each Valuation Date (as hereinafter defined) or, in the event that the Toronto Stock Exchange is not open for business on any such day, the first day thereafter on which the Toronto Stock Exchange is open for business. In this Confidential Offering Memorandum, "Valuation Date" means each Friday or, in the event the Toronto Stock Exchange is not open for business on any such day, the first day thereafter the Toronto Stock Exchange is open.

Redemption of Shares

A shareholder may require the Fund to redeem his or her Shares for the Net Asset Value Per Share by delivering to the Fund or to the Manager a request in writing that a specified number of Shares be redeemed and, if a share certificate has been issued representing the Shares to be redeemed, the certificate duly endorsed by the registered shareholder with his or her signature guaranteed by a Canadian chartered bank, a trust company or an investment dealer acceptable to the Manager. Alternatively, a shareholder may request through his or her dealer that a specified number of Shares be redeemed by the Fund.

Subject to prior receipt of necessary regulatory approvals, payment for Shares subject to notices of redemption received on or before May 30, 2003 will be made on June 4, 2003 based on the May 30, 2003 Net Asset Value of the Fund. Thereafter, payment for Shares subject to notices of redemption will be made weekly on the third business day following the next Valuation Date based on the Net Asset Value of the Fund on such Valuation Date. On September 30, 2003, the outstanding Shares will be automatically converted into the first series of shares of the Resource Class, designated as "mutual fund shares". Payment for mutual fund shares subject to notices of redemption will be made weekly on the third business day following the next Valuation Date based on the Net Asset Value of the Fund on such Valuation Date.

Except if redemptions have been suspended (which may only occur when determination of Net Asset Value Per Share is suspended as set forth above), payment of the redemption price for Shares tendered for redemption will be made, upon the direction of the Fund, by the registrar and transfer agent of the Fund in Canadian currency, as set forth in the preceding paragraph.

In case of suspension of the right of redemption, a shareholder may either withdraw his or her redemption request by notice in writing to the Fund or the Manager or by so instructing his or her dealer, or receive payment based on the Net Asset Value Per Share determined on the next Valuation Date following the termination of the suspension.

There are no redemption fees or charges payable at the time of redemption of Shares.

Dividends and Reinvestments

The Fund intends, in each year, to the extent permitted by law, to pay dividends to holders of Shares in amounts sufficient to recover any taxes refundable to the Fund. The record date with respect to any such dividend will be the same as the payment date.

Unless the shareholder otherwise instructs the Manager by notice in writing at its address at Suite 2320, 130 Adelaide Street West, Toronto, Ontario M5H 3P5 or such other address of which the Manager may advise the holder of Shares, any cash dividend will be automatically reinvested, without charge, in additional Shares at the Net Asset Value Per Share determined on the next Valuation Date (after taking into account the payment of such dividend if such payment is made on a Valuation Date).

ELIGIBILITY FOR INVESTMENT

If the Fund continues to qualify as a mutual fund corporation under the Tax Act, the Shares will be qualified investments for registered retirement savings plans, registered retirement income funds and deferred profit sharing plans (collectively, "Plans") and registered education savings plans under the provisions of the Tax Act in effect at the date hereof. The Fund has undertaken to restrict its investments in "foreign property" so that the Shares will not constitute "foreign property" to Plans, registered pension plans or registered investments.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

Introduction

The following is, as of the date hereof, a summary of the principal Canadian federal income tax consequences pursuant to the Tax Act for a prospective purchaser who acquires Shares pursuant to this Confidential Offering Memorandum, including a limited partner of each Partnership ("Limited Partner") who acquires Shares on the dissolution of each such Partnership. This summary is applicable only to prospective purchasers who are resident in Canada and who will hold their Shares as capital property for the purposes of the Tax Act. Provided that a prospective purchaser does not hold Shares in the course of carrying on a business and has not acquired Shares as an adventure in the nature of trade, the Shares will generally be considered to be capital property to him.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular purchaser of Shares. It is impractical to comment on all aspects of federal income tax laws which may have relevance to any person (individual, trust or corporation) who acquires Shares. Accordingly, each prospective purchaser of Shares should obtain independent advice from a tax adviser who is knowledgeable in the area of income tax law regarding the income tax consequences of investing in the Fund based on the purchaser's own particular circumstances.

This summary is based on the current provisions of the Tax Act, the regulations thereunder ("Regulations") and an understanding of the current administrative practices of the Canada Customs and Revenue Agency ("CCRA"). The summary also takes into account all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance prior to the date hereof (collectively, the "Tax Proposals"). This summary does not otherwise take into account or anticipate any changes in laws whether by judicial, governmental or legislative decision or action nor does it take into account provincial, territorial or foreign income tax legislation or considerations. There is no certainty that the Tax Proposals will be enacted in the form proposed, if at all.

Tax Status of the Fund

It is assumed that the Fund will continue to qualify as a “mutual fund corporation” as defined under the Tax Act immediately following the dissolution of the Partnerships and will thereafter continuously qualify as a “mutual fund corporation” and as a “financial intermediary corporation” under the Tax Act. The Fund will not qualify as an “investment corporation” under the Tax Act.

All income of the Fund, including taxable capital gains (net of allowable capital losses) realized by the Fund, will be subject to tax at normal corporate rates. The Flow-Through Shares acquired by the Fund from the Partnerships on a tax-deferred “rollover” basis will have nominal cost to the Fund for the purposes of the Tax Act so that a disposition of such Flow-Through Shares by the Fund will give rise to a capital gain substantially equal to the proceeds of disposition. Taxes payable by the Fund on realized capital gains for taxation years throughout which the Fund is a mutual fund corporation will be refundable on a formula basis when Shares are redeemed or when the Fund pays dividends which it elects to pay out of realized but undistributed capital gains. With respect to taxable dividends received by the Fund from taxable Canadian corporations in taxation years throughout which the Fund is a mutual fund corporation, the Fund will generally be subject to tax of 33 1/3% under Part IV of the Tax Act, which tax will be refunded when sufficient taxable dividends are paid by the Fund to shareholders.

Acquisition of Shares by Limited Partners on Dissolution of the Partnerships

On dissolution of the Partnerships, pursuant to the Tax Act, each Limited Partner who held units of a Partnership as capital property for the purposes of the Tax Act will be deemed to dispose of such units for proceeds of disposition equal to their adjusted cost base immediately before the disposition and will receive his or her share of the assets of such Partnership, which will then consist of Shares. The cost to a Limited Partner of his or her Shares will generally be equal to the adjusted cost base to the Limited Partner of his or her Partnership units immediately before the dissolution of the Partnership. It is expected that the cost of Shares acquired on dissolution of a Partnership by a Limited Partner who acquired his or her Partnership units on the initial offering of the Partnership units will be nominal.

Taxation of Shareholders of the Fund

On September 30, 2003, all Shares will be automatically converted into mutual fund shares of the Resource Class on a one for one basis. Such conversion will occur on a tax-deferred “rollover” basis so that no capital gain or capital loss will arise and the cost of the mutual fund shares so acquired by a shareholder will be equal to the adjusted cost base of the Shares to the shareholder. Except where otherwise indicated, references in the balance of this summary to a “Share” means a Resource Class share, Series 2003 or a mutual fund share as the context requires.

The Fund may pay dividends (“Ordinary Dividends”) which it does not elect to pay out of capital gains or may pay dividends (“Capital Gains Dividends”) in respect of which it makes an election to pay the dividend out of capital gains. Dividends reinvested in additional Shares will be considered to be received by the shareholder for tax purposes.

Ordinary Dividends received by an individual on Shares will be included in computing the individual’s income for purposes of the Tax Act and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends paid by taxable Canadian corporations.

Ordinary Dividends received by a corporation on Shares will be included in computing the corporation’s income for purposes of the Tax Act. A corporation, other than a “specified financial institution” (as defined in the Tax Act), will be entitled to deduct such dividends in computing its taxable income. However, a specified financial institution will be entitled to deduct Ordinary Dividends received on Shares in computing its taxable income only if it did not acquire such Shares in the ordinary course of its business.

A shareholder that is a “private corporation” (as defined in the Tax Act) or any other corporation resident in Canada and controlled, whether by reason of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) may be liable to pay the 33-1/3% refundable tax under Part IV of the Tax Act on Ordinary Dividends received on Shares to the extent that such dividends are deductible in computing the shareholder’s taxable income.

The Fund may also make distributions to shareholders of Capital Gains Dividends representing capital gains realized in taxation years throughout which the Fund is a mutual fund corporation. Such Capital Gains Dividends received in a taxation year by a shareholder will be treated as realized capital gains of the shareholder for the year, subject to the general rules relating to the taxation of capital gains.

To the extent that the Fund has, at the date each Partnership transfers its assets to the Fund, net realized capital gains which have not been distributed to shareholders as Capital Gains Dividends or accrued capital gains which have not been realized, Limited Partners who continue to hold their Shares following the dissolution of the Partnerships may become subject to tax on their share of such capital gains when the Fund pays Capital Gains Dividends derived from such capital gains.

An actual or deemed disposition of a Share by a shareholder, including a redemption of such Share, may result in a capital gain (or capital loss) to the extent that the proceeds of disposition of the Share, exceed (or are less than) the adjusted cost base of the Share immediately before the disposition and any reasonable costs of disposition. The adjusted cost base of a mutual fund share and of a Resource Class share, Series 2003 must be calculated separately. The portion of a realized capital gain to be included in computing income (the “taxable capital gain”) will be one-half and the portion of a realized capital loss to be deducted against taxable capital gains (the “allowable capital loss”) will also be one-half. A shareholder will be entitled to deduct against such taxable capital gain any allowable capital losses for the year and net capital losses from preceding years and the three following years in accordance with the detailed rules in the Tax Act. Similarly, any allowable capital loss realized on the redemption of a Share that cannot be deducted against taxable capital gains of the year can be carried back three years and forward indefinitely and deducted against taxable capital gains in accordance with the detailed rules in the Tax Act.

In general terms, taxable dividends and Capital Gains Dividends received by an individual shareholder, and capital gains realized on the disposition of Shares, may increase the shareholder’s liability for alternative minimum tax.

SHAREHOLDER REPORTING

The Manager will provide shareholders of the Fund with regular interim and annual reports setting forth the operation of the Fund and details of, and changes in, the Fund’s investment portfolio in compliance with the requirements of securities legislation applicable to reporting issuers in Ontario as though such requirements were applicable to the Fund. **The Mutual Fund is currently a reporting issuer only in the Provinces of Quebec and Alberta.**

A statement of portfolio transactions of the Fund will be provided to shareholders without charge upon receipt of a written request addressed to the Manager at its registered office.

CUSTODIAN

The Manager has appointed National Bank Correspondent Network (the “Custodian”) as custodian of the Fund to hold portfolio securities of the Fund pursuant to an agreement dated January 15, 2002 between the Fund and the Custodian.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent of the Shares is International Financial Data Services (Canada) Limited (the “Registrar and Transfer Agent”). The Share transfer registers of the Fund will be kept by the Registrar and Transfer Agent at its principal office in Toronto.

AUDITORS

The auditors of the Fund are KPMG LLP located at Suite 3300, Commerce Court West, P.O. Box 31, Station Commerce Court, Toronto, Ontario M5L 1B2.

MATERIAL CONTRACTS

Material contracts which have been entered into by the Fund since its formation, other than contracts entered into in the ordinary course of business, are as follows:

- (a) the Management Agreement made between the Manager and the Fund and referred to under “Management of the Fund”;
- (b) the Transfer Agreements referred to under “Investment Objectives of the Fund”; and
- (c) the Agency Agreement referred to under “Investment Objectives of the Fund”.

Copies of the contracts referred to above may be inspected during normal business hours at the offices of the Manager at Suite 2320, 130 Adelaide Street West, Toronto, Ontario M5H 3P5. To the extent there is any inconsistency or conflict between the Management Agreement or the Transfer Agreements and this Confidential Offering Memorandum, the provisions of the Management Agreement or the Transfer Agreements, as the case may be, shall prevail.

EXEMPTION FROM PROSPECTUS REQUIREMENTS

Shares of the Fund are offered hereunder pursuant to certain exemptions from the prospectus requirements of the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Newfoundland, Nova Scotia and New Brunswick (the “Jurisdictions”). At present, therefore, there is no current prospectus for the Fund.

RIGHT OF ACTION FOR DAMAGES OR RESCISSION

Securities legislation in the Jurisdictions provides investors with, in addition to any other right they may have at law, a statutory or contractual right of action for rescission or damages, or both, where this Confidential Offering Memorandum and any amendment hereto contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or is necessary in order to make any statement herein not misleading in light of the circumstances in which it was made. A summary of these statutory or contractual rights of action for rescission or damages, or both, are described in the attached Schedule “A”.

CERTIFICATE
(Applies in Alberta and British Columbia Only)

January 10, 2003

The foregoing Confidential Offering Memorandum contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made and does not omit to state a material fact that is necessary to be stated in order for the statement not to be misleading.

Creststreet Resource Fund Limited

“Robert J. Toole”

Robert J. Toole
President

“Donna Shea”

Donna Shea
Chief Financial Officer

**SCHEDULE “A”
RIGHT OF ACTION FOR DAMAGES OR RESCISSION**

Securities legislation in the Jurisdictions provides investors with, in addition to any other right they may have at law, rights of rescission or to damages, or both, where this Confidential Offering Memorandum and any amendment hereto contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or is necessary in order to make any statement herein not misleading in light of the circumstances in which it was made (herein called a “misrepresentation”). However, such rights must be exercised by each investor within prescribed time limits. Each investor should refer to the applicable provisions of the securities legislation of its province for the particulars of these rights or consult with a legal adviser. Set forth below is a concise description of the rights of rescission or to damages, or both, available to investors in the Jurisdictions.

Alberta

Securities legislation in Alberta provides that every purchaser of securities pursuant to this Confidential Offering Memorandum have, in addition to any other rights they may have at law, a right of action for damages or rescission, or both, against the issuer or selling security holder on whose behalf the distribution is made if the Confidential Offering Memorandum or any amendment thereto contains a misrepresentation. However, such rights must be exercised within prescribed time limits. Purchasers should refer to the applicable provisions of the Alberta securities legislation for particulars of those rights or consult with a lawyer.

In Alberta, every purchaser of Shares of the Fund pursuant to this Confidential Offering Memorandum shall have a right of action for damages or rescission against the Fund if this Confidential Offering Memorandum or any amendment hereto contains a misrepresentation provided that:

- (a) no action may be commenced to enforce a contractual right of action, unless the right is exercised;
 - (i) in the case of rescission, not later than 180 days from the date of the transaction that gave rise to the cause of action, or
 - (ii) in the case of damages, not later than the earlier of 180 days from the date that the plaintiff first had knowledge of the facts giving rise to the cause of action or one year, from the date of the transaction that gave rise to the cause of action.
- (b) the fund will not be held liable if the subscriber purchased the securities with knowledge of the misrepresentation;
- (c) in an action for damages, the Fund will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the Shares as a result of the misrepresentation relied upon; and
- (d) in no case will the amount recoverable exceed the price at which the shares were sold to the investor.

British Columbia

If this Confidential Offering Memorandum, together with any amendment hereto, contains a misrepresentation and it was a misrepresentation on the date of investment, an investor to whom this Confidential Offering Memorandum was sent or delivered and who purchases Shares of the Fund offered hereunder shall have, subject as hereinafter provided, a right of action, either for damages or alternatively for rescission against the Fund, provided that:

- (a) the right of action for rescission or damages is only exercisable if the investor gives notice to the Fund not more than 90 days subsequent to the date on which payment was made for the securities offered hereunder, and an action is commenced to enforce such right;
 - (i) in the case of an action for rescission within 180 days after the date of the transaction that gave rise to the cause of action, or

- (ii) in the case of an action for damages within the earlier of 180 days following the date the investor first had knowledge of the facts giving rise to the cause of action or three years following the date of the transaction that gave rise to the cause of action;
- (b) the Fund will not be held liable if the subscriber purchased the securities with knowledge of the misrepresentation;
- (c) in an action for damages, the Fund will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the Shares as a result of the misrepresentation relied upon; and
- (d) in no case will the amount recoverable exceed the price at which the Shares were sold to the investor.

Manitoba

Every purchaser of Shares of the Fund pursuant to this Confidential Offering Memorandum:

- (a) will not be bound by a contract for the purchase of such Shares if the person or company from whom such Shares were purchased or his or her agent receives written or telegraphic notice evidencing the purchaser's intention not to be bound not later than midnight on the second business day after receipt or deemed receipt by the purchaser or his or her agent of this Confidential Offering Memorandum or any amendment; and
- (b) has the right to rescind a contract for the purchase of such Shares, while still the owner thereof, if this Confidential Offering Memorandum and any amendment, as of the date of receipt or deemed receipt, contains a misrepresentation, but no action to enforce this right may be commenced by a purchaser after the expiration of the later of 180 days from the date of receipt or deemed receipt of this Confidential Offering Memorandum or any amendment by the purchaser or the agent of the purchaser, or the date of the contract for the purchase of such Shares.

If this Confidential Offering Memorandum or any amendment contains a misrepresentation, a purchaser also has a right of action for damages against every person or company who, signed this Confidential Offering Memorandum and any amendment, and against every director who, on the date this Confidential Offering Memorandum or any amendment was signed, was a director of the person or company who signed this Confidential Offering Memorandum for any loss or damage that the purchaser has sustained as a result of the purchase of such Shares, unless it is proved:

- (i) that this Confidential Offering Memorandum or any amendment was delivered to prospective purchasers of Shares of the Fund without the director's knowledge or consent;
- (ii) that, after the delivery of this Confidential Offering Memorandum or any amendment to the purchaser and before the purchase of Shares of the Fund by the purchaser, on becoming aware of any false statement in this Confidential Offering Memorandum or any amendment, the director withdrew his or her consent to the delivery of this Confidential Offering Memorandum or any amendment to prospective purchasers and gave reasonable public notice of such withdrawal and of the reason therefor;
- (iii) that, with respect to every false statement, the director has reasonable grounds to believe and did believe that the statement was true;
- (iv) that where a false statement was that of an expert, the director had no reasonable grounds to believe that the expert who made the statement in this Confidential Offering Memorandum or any amendment or whose report or valuation was produced or fairly summarized therein was not competent to make such statement, valuation or report; or
- (v) that, with respect to every false statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, it was a correct and fair representation of the statement or copy of or extract from the document;

but no action to enforce these rights of action for damages against signatories of this Confidential Offering Memorandum or any amendment or their directors may be commenced by a purchaser after the expiration of the

later of one year from the date of receipt or deemed receipt of this Confidential Offering Memorandum or any amendment by the purchaser or the agent of the purchaser or the date of the contract for the purchase of Shares of the Fund.

New Brunswick, Ontario, Prince Edward Island and The Yukon

If this Confidential Offering Memorandum, together with any amendment hereto, contains a misrepresentation and it was a misrepresentation on the date of investment, an investor to whom this Confidential Offering Memorandum was delivered and who purchases Shares of the Fund offered hereunder shall have, subject as hereinafter provided, a right of action, either for damages or alternatively for rescission against the Fund provided that:

- (a) no action may be commenced to enforce the right of action for rescission or damages,
 - (i) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or
 - (ii) in the case of an action for damages, more than the earlier of 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or three years after the date of the transaction giving rise to the cause of action;
- (b) the Fund will not be liable if the subscriber purchased the securities with knowledge of the misrepresentation;
- (c) in an action for damages, the Fund will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the Shares as a result of the misrepresentation relied upon; and
- (d) in no case will the amount recoverable exceed the price at which the Shares were sold to the investor.

The rights of action discussed above are in addition to and without derogation from any other right the purchaser may have at law.

Quebec

If this Confidential Offering Memorandum, together with any amendment hereto, contains a misrepresentation, and it was a misrepresentation at the date of investment, an investor to whom this Confidential Offering Memorandum was sent or delivered and who purchases Shares of the Fund offered hereunder, subject to as hereinafter provided, may apply to have the contract rescinded or the price revised (without prejudice to the investor's claim for damages), and/or claim damages. The action for damages must commence within three years from the filing of the offering memorandum with the Quebec Securities Commission. The Fund will not be held liable if it is proved that:

- (a) in the case of rescission or an action, the subscriber purchased the securities with knowledge of the misrepresentation; or
- (b) in the case of an action, the defendant acted with prudence and diligence, except in an action brought against the issuer or the holder whose securities were distributed.

Newfoundland

If this Confidential Offering Memorandum, together with any amendment hereto, contains a misrepresentation and it was a misrepresentation on the date of investment, an investor to whom this Confidential Offering Memorandum was delivered and who purchases Shares of the Fund offered hereunder, shall have, subject as hereinafter provided, a right of action, exercisable on notice given not later than 90 days after the date on which payment was made for the securities offered hereunder, for damages or alternatively for rescission against the Fund provided that:

- (a) the Fund will not be liable if the subscriber purchased the securities with knowledge of the misrepresentation;

- (b) in an action for damages, the Fund will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the security as a result of the misrepresentation relied upon;
- (c) in no case will the amount recoverable exceed the price at which the Shares were sold to the investor;
- (d) the right of action for damages or rescission is in addition to and without derogation from another right the purchaser may have at law.

Northwest Territories and Nunavut

If this Confidential Offering Memorandum, together with any amendment hereto, contains a misrepresentation, and it was a misrepresentation at the date of investment, an investor to whom this Confidential Offering Memorandum was sent or delivered and who purchases Shares of the Fund offered hereunder, shall have, subject to as hereinafter provided, a right of action for damages or alternatively for rescission provided that:

- (a) no action may be commenced after 90 days from the later of the receipt of the Confidential Offering Memorandum and the date of the contract for the purchase of the security;
- (b) the Fund will not be held liable under this paragraph if the subscriber purchased the securities with knowledge of the misrepresentation;
- (c) the Fund will not be held liable if the misrepresentation was unknown and in the exercise of reasonable due diligence, could not have been known to the offerors of the Fund; and
- (d) the right of action for damages or rescission is in addition to and without derogation from any other right the purchaser may have at law.

Nova Scotia

If this Confidential Offering Memorandum, together with any amendment hereto, contains a misrepresentation and it was a misrepresentation on the date of investment, an investor to whom this Confidential Offering Memorandum was sent or delivered and who purchases the Shares of the Fund offered hereunder shall have, subject as hereinafter provided, a right of action, exercisable not more than 120 days subsequent to the date on which payment was made for the securities offered hereunder, either for damages or alternatively for rescission against the Fund, provided that:

- (a) the Fund will not be held liable under this paragraph if the subscriber purchased the securities with knowledge of the misrepresentation;
- (b) in an action for damages, the Fund will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and
- (c) in no case will the amount recoverable under this paragraph exceed the price at which the securities were sold to the investor.
- (d) the right of action for rescission or damages is in addition to an without derogation from any other right the purchaser may have at law.

Saskatchewan

If this Confidential Offering Memorandum or any amendment or any sales literature used in connection with the offering of Shares of the Fund contains a misrepresentation that was a misrepresentation at the time of purchase, then purchasers of Shares shall have a statutory right of action against the Fund or any seller of Shares for damages or rescission, provided that:

- (a) no person or company will be liable if such person or company proves that the purchaser purchased the Shares with knowledge of the misrepresentation;

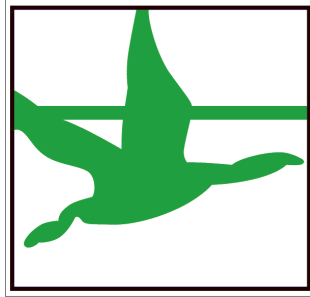
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- (b) in an action for damages, no person or company will be liable for all or any portion of the damages that such person or company proves does not represent the depreciation in value of the Shares as a result of the misrepresentation relied on;
- (c) in no case will the amount recoverable under this paragraph exceed the price at which the securities were sold to the investor;
- (d) if the purchaser elects to exercise a right of rescission against the Fund or seller, then the purchaser shall not have a right of action for damages against the Fund or seller; and
- (e) no person or company, other than the Fund, will be liable unless such person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for belief that there had been no misrepresentation or believed there had been a misrepresentation.

No action to enforce the rights mentioned above may be commenced:

- (a) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, more than the earlier of
 - (i) one year after the purchaser 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 rights discussed above are in addition to and without derogation from any other rights or remedy which investors may have at law.



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