Financial Statements of

GRAVITAS SPECIAL SITUATIONS LIMITED PARTNERSHIP

(Expressed in Canadian dollars)

Years ended December 31, 2018 and 2017

Independent Auditor's Report

To the Unitholders of Gravitas Special Situations Limited Partnership:

Opinion

We have audited the financial statements of Gravitas Special Situations Limited Partnership (the "Partnership"), which comprise the statements of financial position as at December 31, 2018 and December 31, 2017, and the statements of comprehensive income (loss), changes in net assets attributable to holders of redeemable units and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Partnership as at December 31, 2018 and December 31, 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Partnership in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Partnership’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Partnership or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Partnership’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Partnership to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

MNP LLP

Toronto, Ontario — Chartered Professional Accountants

April 1, 2019 — Licensed Public Accountants

MNP

GRAVITAS SPECIAL SITUATIONS LIMITED PARTNERSHIP

Statements of Financial Position
(Expressed in Canadian dollars)
As at December 31, 2018 and 2017

		2018		2017
ASSETS				
Current assets				
Investments at fair value	$	2,809,177	$	3,231,463
Cash		210,606		812,597
Interest and other receivable		43,690		31,990
Loan receivable from related party		86,400		–
		3,149,873		4,076,050
LIABILITIES				
Current liabilities				
Payable for units redeemed		–		102,750
Accounts payable and accrued liabilities		32,524		393,977
Due to related parties		79,317		–
		111,841		496,727
Net Assets Attributable to Holders of Redeemable Units	$	3,038,032	$	3,579,323
Net Assets Attributable to Holders of Redeemable Units per Class				
Class A		1,070,239		1,568,382
Class O		1,967,425		2,010,573
General Partner		368		368
	$	3,038,032	$	3,579,323
Number of Redeemable Units Outstanding				
Class A		77,394		76,264
Class O		124,536		90,550
Net Assets Attributable to Holders of Redeemable Units per Unit				
Class A	$	13.83	$	20.57
Class O		15.80		22.20

Approved on behalf of the Partnership:

/s/ Chris Guthrie

General Partner, Gravitas Special Situations GP Inc.

GRAVITAS SPECIAL SITUATIONS LIMITED PARTNERSHIP

Statements of Comprehensive Income (Loss)
(Expressed in Canadian dollars)
For the years ended December 31, 2018 and 2017

	2018	2017
Income		
Interest and dividend income for distribution purposes	$ 58,915	$ 19,054
Realized gain on investments	125,112	1,172,682
Realized gain on foreign currency transactions	5,922	4,454
Unrealized loss on investments	(1,176,935)	(140,440)
	(986,986)	1,055,750
Expenses		
Performance fees	–	189,101
Trailer fees	9,049	5,981
Management fees	33,773	47,427
Professional fees	24,899	60,676
Administrative expenses	43,288	6,529
Bank fees	130	39
	111,139	309,753
(Decrease) Increase in Net Assets Attributable to Holders of	$ (1,098,125)	$ 745,997
(Decrease) Increase in Net Assets Attributable to Holders of		
Class A	(513,993)	338,256
Class O	(584,132)	407,373
General Partner	–	368
	$ (1,098,125)	$ 745,997
Weighted Average of Redeemable Units Outstanding in the period		
Class A	76,549	81,264
Class O	99,116	90,550
(Decrease) Increase in Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	$ (6.71)	$ 4.16
Class O	(5.89)	4.50

The accompanying notes are an integral part of these financial statements.

GRAVITAS SPECIAL SITUATIONS LIMITED PARTNERSHIP

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units
(Expressed in Canadian dollars)
For the years ended December 31, 2018 and 2017

	Net assets attributable to holders of redeemable units, beginning of year	Proceeds from redeemable units issued	Redemption of redeemable units	Issuance costs	Agent's fees	Allocation to General Partner	Increase in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of year
2018								
Class A	1,568,382 $	15,972 $	– $	(122) $	– $	– $	(513,993) $	1,070,239
Class O	2,010,573	545,146	–	(4,162)	–	–	(584,132)	1,967,425
General Partner	368	–	–	–	–	–	–	368
	3,579,323 $	561,118 $	– $	(4,284) $	– $	– $	(1,098,125) $	3,038,032

	Net assets attributable to holders of redeemable units, beginning of year	Proceeds from redeemable units issued	Redemption of redeemable units	Issuance costs	Agent's fees	Allocation to General Partner	Increase in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of year
2017								
Class A	1,332,876 $	– $	(102,750) $	– $	– $	– $	338,256 $	1,568,382
Class O	1,603,200	–	–	–	–	–	407,373	2,010,573
General Partner	–	–	–	–	–	–	368	368
	$ 2,936,076 $	– $	(102,750) $	– $	– $	– $	745,997 $	3,579,323

The accompanying notes are an integral part of these financial statements.

GRAVITAS SPECIAL SITUATIONS LIMITED PARTNERSHIP

Statements of Cash Flows
(Expressed in Canadian dollars)
For the years ended December 31, 2018 and 2017

	2018	2017
Cash provided by (used in):		
Operating Activities		
(Decrease) Increase in Net Assets Attributable to Holders of Redeemable Units	$ (1,098,125)	$ 745,997
Change in non-cash balances		
Investments at fair value	422,286	(135,899)
Interest and other receivable	(11,700)	(16,202)
Payable for units redeemed	(102,750)	102,750
Accounts payable and accrued liabilities	(361,453)	191,482
Loan receivable from related party	(86,400)	
Cash from (used in) operating activities	(1,238,142)	888,128
Financing Activities		
Redemptions	–	(102,750)
Subscriptions	561,118	–
Issuance costs	(4,284)	–
Advances from related parties	79,317	–
Repayment of advance to General Partner	–	1,087
Cash provided by (used in) financing activities	636,151	(101,663)
Increase (decrease) in cash and cash equivalents during the year	(601,991)	786,465
Cash and cash equivalents, beginning of year	812,597	26,132
Cash and cash equivalents, end of year	$ 210,606	$ 812,597

The accompanying notes are an integral part of these financial statements.

GRAVITAS SPECIAL SITUATIONS LIMITED PARTNERSHIP

Schedule of Investment Portfolio
(Expressed in Canadian dollars)
As at December 31, 2018

Number of securities	Investments owned	Cost	Fair value	% of net asset value
	Shares			
12,500	First Block Capital Inc.	$ 50,000	$ 50,000	1.65%
150,000	Aurcana Corp.	93,389	118,500	3.90%
800,000	Cellcube Energy Storage Systems Inc.	210,031	149,198	4.91%
13,750	Victory Capital Corp.	2,750	2,200	0.07%
200,000	First Vanadium Corp	258,745	160,000	5.27%
340,000	Franchise Cannabis Corp	340,000	340,000	11.19%
550,000	Nextsource Materials Inc.	25,421	49,500	1.63%
300,000	Pivot Pharmaceuticals Inc.	135,020	82,479	2.71%
750,000	Pure Ratios Holdings Resources	98,749	100,500	3.31%
750,000	Mexican Gold Corp	86,557	110,568	3.64%
300,000	Sub Rec-Blacklist Fn Resouces	150,000	141,000	4.64%
1,320,000	Deer Horn Capital Inc	158,580	294,539	9.70%
235,713	Orofino Minerals Inc (Exmceuticals Inc)	198,000	186,120	6.13%
		1,807,242	1,784,604	58.75%
	Warrants			
150,000	Aurcanada Corp	56,611	44,230	1.46%
500,000	Minera Alamos Inc.	30,435	1,972	0.06%
19,231	Kiio	4,880	3,326	0.11%
600,000	Triumph Gold Corp.	73,585	153,530	5.05%
500,000	Colonial Coal International Corp.	75,433	155,463	5.12%
200,000	Canada Zinc Metals Corp.	21,253	102	0.00%
375,000	Vendetta Mining Corp.	57,127	289	0.01%
335,000	Wellness Lifestyles Inc.	32,850	71,129	2.34%
250,000	Quinsam Capital Corp.	35,997	10,449	0.34%
200,000	good natured Products Inc.	3,719	2,263	0.07%
500,000	Cellcube Energy Storage Systems Inc.	53,929	50,091	1.65%
275,000	Nextsources Materials Inc.	–	11,834	0.39%
112,500	Hashchain Technology Inc.	47,934	35	0.00%
200,000	Potash Ridge	25,926	35	0.00%
1,320,000	Deer Horn Capital Inc	105,420	202,699	6.67%
750,000	Mexican Gold Corp	63,443	74,882	2.46%
100,000	Pivot Pharmaceuticals Inc	18,180	20,966	0.69%
		706,722	803,295	26.42%
	Convertible Debentures			
–	Gilla Inc.	111,826	62,711	2.06%
–	Kiio Inc.	132,427	158,567	5.22%
		244,253	221,278	7.28%
Total Investments Owned		$ 2,758,217	2,809,177	92.45%
Cash			210,606	6.93%
Other assets, net			18,249	0.62%
Net Assets Attributable to Holders of Redeemable Units			$ 3,038,032	100.00%

The accompanying notes are an integral part of these financial statements.

NOTE 1. STATUTES AND NATURE OF ACTIVITIES

Gravitas Special Situations Limited Partnership (the "Partnership") is a Limited Partnership formed and organized under the Partnership Act (Alberta) RSA 2000 on April 6, 2016, which is also the date on which it commenced active operations. The address of the Partnership's registered office is 333 Bay Street, Suite 1700, Toronto, Ontario, M5H 2R2.

The principal purpose of the Partnership is to achieve capital appreciation primarily through a diversified portfolio of special situation investments, primarily directly and/or indirectly in securities of micro, small and mid-cap private and public issuers located primarily in Canada and United States. Special situation investments are deemed to be those that may realize significant positive revaluation, the potential for which may not have been realized by the broader market.

The General Partner of the Partnership is Gravitas Special Situations GP Inc. (the “General Partner”) which will oversee and administer the direct and indirect acquisition of the assets of the Partnership. Under the Limited Partnership Agreement (the “LPA”) between the General Partner and each of the Limited Partners, the General Partner is entitled to a 0.01% beneficial interest in the Partnership.

The General Partner has appointed Gravitas Securities Inc., a corporation incorporated under the laws of the Province of Ontario, to act as manager (the "Manager") of the Partnership. The Manager is responsible for the management of the Partnership pursuant to a manager agreement (the "Manager Agreement").

Under the LPA, the Partnership will continue until terminated upon the earlier of on the date of the approval of the dissolution of the Partnership by an Extraordinary Resolution or April 5, 2066.

NOTE 2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The policies applied in these financial statements are based on IFRS effective as of April 1, 2019 which is the date the General Partner approved these financial statements.

Basis of measurement

These financial statements have been prepared on a historical cost basis except for financial assets and financial liabilities at fair value through profit or loss which are presented at fair value.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

The following summarizes the accounting policies of the Partnership.

Cash

Cash includes bank deposits at a reputable financial institution in Canada.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional and presentation currency and basis of evaluation

The functional currency is the currency of the primary economic environment in which the entity operates. These financial statements are presented in Canadian Dollars, which is the Partnership's functional currency and presentation currency.

The fair value of foreign investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at 4:00 pm Eastern Standard Time (the "closing rate") on each valuation day. Purchases and sales of foreign securities denominated in foreign currencies and the related income are translated into Canadian dollars at rates of exchange prevailing on the respective dates of such transactions.

Significant accounting judgments, estimates and assumptions

The preparation of the Partnership's financial statements in conformity with IFRS requires the General Partner to make judgments, estimates and assumptions that affect the application of accounting policies, reported amounts of assets, liabilities, revenues and expenses at the date of the financial statements and during the reporting period.

Estimates and assumptions are continuously evaluated and are based on the General Partner's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Classification and measurement of investments and application of the fair value option

In classifying and measuring financial instruments held by the Partnership, the Manager is required to make significant judgments about whether or not the business of the Partnership is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IFRS 9 – Financial Instruments. The most significant judgments made include the determination that certain investments are fair value through profit or loss ("FVTPL").

The Partnership holds financial instruments that are not quoted in active markets. Fair values may be determined using reputable pricing vendors (for derivatives) or indicate prices from market makers/brokers. Broker quotes as obtained from pricing sources may be indicative and not executable or binding. Securities not listed upon a recognized public stock exchange, or securities for which a last sale or closing price are unavailable or securities for which market quotations are inaccurate, unreliable or not reflective of all available material information, are valued at their estimated fair value, determined by using appropriate and accepted industry valuation techniques including valuation models. The estimated fair value of a security determined using valuation models requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. The estimates include consideration of liquidity and model inputs related to items such as credit risk and volatility. Valuation techniques utilized by the Partnership are described in Note 5. Changes in assumption about these factors could affect the reported fair value of financial instruments and the level where the instruments are disclosed in the fair value hierarchy. To assess the significance, the Partnership performs a sensitivity analysis of these estimates to the fair value of the Partnership's holdings (see Note 9).

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Valuation of investments

The fair value of financial assets and financial liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices. In accordance with the provisions of the Partnership's Offering Memorandum, investment positions are valued based on the last traded market price for the purpose of determining the net asset per unit for subscriptions and redemptions. For financial reporting purposes, the Partnership uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. When the Partnership holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

The fair value of financial assets and financial liabilities that are not traded in an active market is determined using valuation techniques based on observable and unobservable market data. The Partnership uses a variety of methods and makes assumptions that are based on market conditions existing at each Statement of Net Assets' date. Valuation techniques used include the use of; net asset values of investment funds, comparable recent arm's-length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

The fair value of the Partnership's investments as at the financial reporting date is determined as follows:

Common shares in quoted companies

All securities listed on a recognized public stock exchange are generally valued at their last bid price. The Partnership uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Common shares with restrictions on disposal for certain period of time are discounted by the Manager after considering the restriction period remaining after the reporting date, financial performance of the investee company and the stock exchange the common shares are listed on.

Common shares in a private company

Investments in securities having no quoted market values or in illiquid securities are valued using valuation techniques. Valuation techniques include, but are not limited to, referencing the current value of similar instruments, using recent arm's length market transactions, discounted cash flow analyses or other valuation models.

Warrants

Warrants are valued at fair value using the Black-Scholes model which considers the following factors and assumptions: exercise price, expected rate of dividend, stock historical volatility, risk-free interest rate, and expected life of the warrant.

Convertible debentures

The convertible debentures are valued at fair value.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Offsetting financial instrument

Financial assets and financial liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business the Partnership enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of the contracts.

Recognition and derecognition of financial assets and liabilities

The Partnership recognizes financial assets or liabilities designated as trading securities on the trade date - the date it commits to purchase or sell short the instruments. From this date any gains and losses arising from changes in fair value of the assets or liabilities are recognized in the statement of comprehensive income.

Other financial assets are derecognized and only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Partnership derecognizes financial liabilities when, and only when, the Partnership's obligations are discharged, cancelled or they expire.

Revenue recognition

Revenue is derived from interest and dividends. Interest income is recognized based on the effective interest rate basis. Dividends, if any, are recognized as of the ex-dividend date. Transaction costs related to the acquisition or disposal of investments are recognized in the Statement of comprehensive income (loss).

Investment and derivative transactions are accounted for on the trade date. Interest income is recognized on the effective interest rate basis and is accrued daily. Dividend income, if any, is recognized on the ex-dividend date.

The interest for distribution purposes shown on the statement of comprehensive income represents the coupon interest received by the Partnership accounted for on an accrual basis. The Partnership does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight-line basis.

Realized gain/loss on sale of investments and derivatives and unrealized appreciation/ depreciation in investments and derivatives are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero coupon bonds.

Issuance costs

Expenses related to the initial offering of the Partnership Units and agent's fees have been accounted for as a reduction of net assets attributable to holders of redeemable units.

Income taxes

These financial statements include the assets and liabilities and results of operations of the Partnership and do not include the assets, liabilities, revenues and expenses of the Limited Partners. The Partnership income is allocated to the Partners in accordance with the Limited Partnership Agreement. Income taxes are not eligible at the Partnership level and accordingly no provision for tax is recorded in these financial statements.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets attributable to holders of redeemable units per unit

The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of a particular class of units by the total number of units of that particular class outstanding at the end of the year.

Increase (decrease) in net assets attributable to holders of redeemable units per Unit

The Increase (decrease) in net assets attributable to holders of redeemable units per unit is based on the increase or decrease in net assets attributable to holders of redeemable units per unit attributed to each class of units, divided by the weighted average number of units outstanding of that class during the year.

Derivative transactions

The Partnership may use derivative contracts to manage risks, in particular those associated with foreign currency exposures, associated with the Partnership's investments. The value of the contracts are marked-to-market on the valuation date and the resultant gains and losses, both realized and unrealized, are recognized in the Statements of Comprehensive Income.

NOTE 4. CHANGES IN ACCOUNTING POLICIES

IFRS 15 – Revenue from contracts with customers ("IFRS 15")

On January 1, 2018, the Partnership adopted IFRS 15 using the modified retrospective approach. IFRS 15 replaces IAS 18 "Revenue" and establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

Under IFRS 15, the initial steps in revenue recognition are to identify the appropriate contracts with customers and define the performance obligations in the contracts. Revenue is recognized when the performance obligations are satisfied — when "control" of goods or services transfers to the customers. IFRS 15 also requires the transaction price to be allocated to each separate performance obligation in proportion to stand-alone selling prices. In addition, variable consideration should only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

Revenue associated with principal trading and investment income are excluded from the scope of IFRS 15.

There was no impact on adoption of IFRS 15 on the Partnership's standard revenue contracts.

IFRS 9 – Financial instruments ("IFRS 9")

On January 1, 2018, the Partnership adopted IFRS 9 "Financial Instruments", which includes a principle-based approach for classification and measurement of financial assets and a forward looking 'expected credit loss' model. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI"); or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Partnership reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

NOTE 4. CHANGES IN ACCOUNTING POLICIES (Continued)

Impairment of financial assets under IFRS 9 replaces the incurred loss model in IAS 39 with an expected credit loss ("ECL") model. The new impairment model applies to financial assets measured at amortized cost, and contract assets and debt investments at FVOCI. The Partnership applies this model to its trade receivables. ECL allowances represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. Forward-looking information ("FLI") is incorporated into the estimation of ECL allowances, which involves significant judgment. The calculation of ECL allowances is based on the expected value of the probability-weighted scenarios to measure expected cash shortfalls, discounted at the effective interest rate. The key inputs in the measurement of ECL allowances are as follows:

- The probability of default ("PD") is an estimate of the likelihood of default over a given time horizon;
- The loss given default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time; and
- The exposure at default ("EAD") is an estimate of the exposure at a future default date.

Under IFRS 9, all financial instruments on which repayment of principal or payment of interest is contractually 90 days in arrears or greater is automatically considered impaired. Any financial instruments where the borrower has filed for bankruptcy will also be considered to be impaired.

Financial instruments are written off, either partially or in full, against the related allowance for credit losses when there is evidence that there is no realistic prospect of future recovery.

As permitted under IFRS 9, the Partnership applies a simplified approach to its due from General Partner and amounts receivable relating to accrued income whereby lifetime ECLs are recognized at initial recognition. The Partnership does not currently apply a credit risk rating to its financial assets as there are no expected future credit losses.

Due from related parties, trade and other payables and due to related parties are consistently recorded at amortized cost. Due to their short-term nature or applicable market-rate terms, the carrying value approximates their fair value.

Cash previously classified as FVTPL under IAS 39 is still classified as FVTPL as these financial assets are not held in a business model whose objective is to collect contractual cash flows and sell financial assets.

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments or principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods.

All other financial assets including securities owned are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition).

Financial assets and liabilities are recognized when the Partnership becomes a party to the contractual provision of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Partnership has transferred substantially all risks and rewards of ownership. Regular way purchases and sales of financial assets are accounted for at the trade date.

(Expressed in Canadian dollars)

NOTE 4. CHANGES IN ACCOUNTING POLICIES (Continued)

The Partnership classifies its financial instruments by category according to their nature and their characteristics. Management determines the classification when the instruments are initially recognized, which is normally the date of the transaction. The Partnership classifies its financial assets and financial liabilities as outlined below:

Financial instrument	Category	Measurement
Assets		
Cash	FVTPL	Fair value
Investments at fair value	FVTPL	Fair value
Interest and other receivable	AMC	Amortized cost
Loans receivable from related party	AMC	Amortized cost
Liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Payable for units redeemed	Other financial liabilities	Amortized cost
Due to related parties	Other financial liabilities	Amortized cost

IFRS 9 was applied retrospectively in accordance with transition requirements with no impact to net asset value for comparative periods.

NOTE 5. INVESTMENTS OWNED

The following table summarizes the levels within the fair value hierarchy in which the fair value measurements of the Partnership's investments owned fall as of December 31, 2018.

	Level 1	Level 2	Level 3	Total
Cash	$ 210,606	$ -	$ -	$ 210,606
Investments at fair value – shares	1,784,604	-	-	1,784,604
Investments at fair value - warrants	-	803,295	-	803,295
Convertible debentures	-	221,278	-	221,278
Loan receivable		86,400	-	86,400
	$ 1,995,210	$ 1,110,973	$ -	$ 3,106,183

The following table summarizes the levels within the fair value hierarchy in which the fair value measurements of the Partnership's investments owned fall as of December 31, 2017.

	Level 1	Level 2	Level 3	Total
Cash	$ 812,597	$ -	$ -	$ 812,597
Investments at fair value – shares	1,828,224	-	-	1,828,224
Investments at fair value - warrants	-	1,075,036	-	1,075,036
Convertible debentures	-	328,203	-	328,203
	$ 2,640,821	$ 1,403,239	$ -	$ 4,044,060

Warrants

Warrants are carried at fair value using the Black-Scholes model which requires various inputs as described in Note 3. Management has valued the warrants using stock historical volatilities ranging from 59% to 192%, risk free interest rate of 1.80% - 1.89% and expected rate of dividends of 0%.

Convertible debentures

The convertible debentures bear interest ranging from 8% - 10%, have maturity dates of 2019 and are convertible at any time at the option of the Partnership.

NOTE 6. RELATED PARTY TRANSACTIONS

Management fees

Pursuant to the terms of the LPA, the Manager is entitled to a management fee (the "Management Fee") calculated as a percentage of the Net Asset Value of each Class of Units. The Management Fee may vary from Class to Class and will be deducted as an expense in the Statement of Comprehensive Income (Loss).

Class A

The Partnership will pay the Manager a monthly management fee equal to 1/12 of 2.0% of the Net Asset Value of the Class A Units, plus any applicable federal and provincial taxes, calculated and accrued on the last business day of every month ("Valuation Date") and payable monthly in arrears. For the year ended December 31, 2018, management fees amounted to $25,353 (2017 - $36,135), of which $1,814 (2017 - $9,999) are included in accounts payable and accrued liabilities.

Class F

The Partnership will pay the Manager a monthly management fee equal to 1/12 of 1.0% of the Net Asset Value of the Class F Units, plus any applicable federal and provincial taxes, calculated and accrued on each Valuation Date and payable monthly in arrears. For the year ended December 31, 2018, management fees amounted to $nil (2017 - $nil).

Class O

Subject to the discretion of the Manager, Subscribers who purchase Class O Units must either: (i) enter into an agreement with the Manager which identifies the management fee negotiated with the Subscriber which is payable by the Subscriber directly to the Manager; or (ii) enter into an agreement with the Issuer which identifies the monthly management fee negotiated with the Subscriber which is payable by the Issuer to the Manager (including any applicable and federal and provincial taxes). In each circumstance, the Class O Management Fee, is calculated and accrued on each Valuation Date and payable monthly in arrears. The Partnership signed an agreement with the Subscribers who purchase Class O Units for a management fees equal to 1/12 of 0.5% of the Net Asset Value of the Class O Units, plus any applicable federal and provincial taxes, calculated and accrued on each Valuation Date and payable monthly in arrears to the Manager. For the year ended December 31, 2018, the management fees amounted to $8,420 (2017 - $26,862), of which $nil (2017 - $11,920) are included in accounts payable and accrued liabilities.

Performance fees

Subject to the attainment of the High Water Mark, as described below, the Manager will be entitled to a performance fee (the "Performance Fee") equal to 20% of the amount by which the Net Asset Value per Unit of the Class A Units and/or Class F Units as at the last Valuation Date of the fiscal year of the Partnership exceeds a threshold annualized increase of 5% (the "Hurdle Rate") over the High Water Mark. The Manager may elect to receive the Performance Fee in cash or in Units of the applicable Class of Units of the Issuer.

If the Net Asset Value per Unit annualized increase attributable to Class A Units and Class F Units in any fiscal year of the Partnership is positive but equal to or less than the Hurdle Rate, then no Performance Fee will be payable in such fiscal year.

For the purposes of determining the Manager's entitlement to the Performance Fee, the "High Water Mark" for a Unit as at any date means, (i) during the fiscal year in which the Unit is issued, its Subscription Price; (ii) during the subsequent fiscal year, the greater of its Subscription Price or the Net Asset Value per Unit of that Class as of the first day of such subsequent fiscal year if the Manager received a Performance Fee in respect of such Unit for the prior fiscal year; and (iii) during all subsequent fiscal years, the higher of the Net Asset Value per Unit of that Class as at the first day of such fiscal year and any previous fiscal year.

NOTE 6. RELATED PARTY TRANSACTIONS (Continued)

The Performance Fee is calculated on a Class by Class basis. The Performance Fee will be calculated and paid annually (on or before the 90th day following the previous fiscal year-end of the Issuer) upon determination on the last Valuation Date of the fiscal year of the Issuer. For subscriptions and redemptions other than at year-end, the performance of the Issuer will be annualized for purposes of determining whether the Hurdle Rate threshold has been met.

In the case of Class O Units, the Performance Fee, if any, will be negotiated with each Subscriber for Class O Units. The Partnership signed an agreement with the Class O Units Subscribers for a performance fee equal to the one calculated for Class A and F Units.

For the year ended December 31, 2018, $nil (2017 - $189,101) performance fees were accrued. $77,503 (2017 - $328,985) performance fees payable were included in the accounts payable and accrued liabilities as of December 31, 2018.

Agent's fees

Pursuant to an Agency Agreement signed April 11, 2016, the Partnership will pay selling commissions and fees of 2% of the gross proceeds received from selling of Class A units on the proposed offering to the Agent and Selling Agents. No commissions and fees are paid in respect of Class F Units and Class O units. This Agency agreement was amended on October 18, 2017 and no more commissions will be paid to Class A, Class F or Class O units. Agent's fees have been accounted for as a reduction of net assets attributable to holders of redeemable units.

Trailer fees

Pursuant to the terms of an Agency Agreement dated April 11, 2016, the Partnership has agreed to pay trailer fees to registered dealers based on the subscription proceeds attributable to the Class of Units held in each registered dealer's client accounts in each applicable month, in an amount equal to: (i) 1/12 of 0.5% per annum in respect of Class A Units for the first four years from the date of issuance of the applicable Class A Units and thereafter 1/12 of 1.0% per annum; and (ii) 1/12 of 1.0% per annum in respect of Class F Units. No trailer fees are paid in respect of the Class O Units. This Agency Agreement was amended October 18, 2017 to effect change the trailer fees to be 1/4 of 1% per annum in respect of Class A Units, and no trailer for Class F or Class O Units. The trailer fees, plus any applicable taxes, will be calculated by the Issuer on the last day of each calendar month beginning with the month in which the Class of Units were issued and pro-rated for the month of issue based on the number of days from and including the issue date to and including the last day of the month and for the month in which the Class of Units were redeemed based on the number of days from and including the first day of the month to and including the redemption date. The trailer fees will be paid monthly and will be payable for so long as the Class of Units remain outstanding.

The Partnership's related parties include its joint key management and other related parties, as described below.

As at December 31, 2018, the Partnership owes an amount of $79,317 (2017 - $305,062) to the Manager and General Partner. These amounts are included under accounts payable and accrued liabilities and are non-interest bearing and payable on demand.

As at December 31, 2018, the Partnership had $168,389 of cash (2017 - $679,590) and $2,809,177 of securities owned (2017 - $3,231,463) held at Gravitas Securities Inc. an IIROC dealer member related to the General Partner by virtue of common ownership.

As at December 31, 2018, the Partnership had a loan receivable from Gravitas Select Flow-through L.P. 2017 a partnership managed by a general partner that is controlled by the General Partner's parent company for an amount of $80,000 (2017 - $nil). This loan bears interest at 8% per annum calculated quarterly in arrears and is repayable on demand. $6,400 interest was accrued for the year 2018.

These transactions were carried out in the normal course of business and are measured at the exchange amount, i.e. the amount established and agreed upon by the parties.

NOTE 7. REDEEMABLE UNITS OF THE PARTNERSHIP

Authorized

Partnership Units issued and outstanding represent the Partners' equity of the Partnership. The Partnership is authorized to issue an unlimited number of Units, of which initially there will be three Classes of Units referred to as Class A Units, Class F Units and Class O Units. The Partnership initial Units were issued at a price of $10.00 per Unit, subject to a minimum subscription of 1,000 Units for $10,000. For all subsequent closings, the subscription price per Unit will be the applicable Net Asset Value of the particular Class of Units as at the applicable Valuation Date in the month in which the subscription for such Units is accepted by the Issuer. The Partnership has no restrictions or specific capital requirements as specified in the LPA. The Statement of Changes in Net Assets Attributable to Partners outlines the relevant changes of the Partnership's Units during the year.

The Partnership manages its capital in accordance with its investment objectives and strategies and the risk management practices outlined in Note 5 while maintaining sufficient liquidity to meet obligations. Unless otherwise determined by the General Partner, each Unit of a Class shall entitle the holder or holders thereof to one vote at a meeting of the Unitholders of the Issuer. All Units of a Class shall rank among themselves equally and rateably without discrimination, preference or priority. Each Unit within a particular Class will be of equal value; however, the value of a Unit in one Class may differ from the value of a Unit in another Class.

Below is a summary of the Units being offered to Subscribers:

Class A

Class A Units will be issued to qualified purchasers who are not eligible to purchase Class F Units or Class O Units.

Class F

Class F Units will be issued to: (i) purchasers who participate in fee-based programs through eligible registered dealers; (ii) qualified purchasers in respect of whom the Issuer does not incur distribution costs; and (iii) qualified individual purchasers in the Manager's sole discretion.

Class O

Class O Units will be issued to institutional investors at the discretion of the Manager. The Manager will negotiate the terms of purchase of the Class O Units with each Subscriber, including the Management Fee and the Performance Fee that will be paid by the Issuer in respect of such Subscriber's Class O Units. No sales commission is payable when a Subscriber buys or redeems Class O Units. A Subscriber buying Class O Units must enter into a Class O Unit agreement with the Manager before the Subscriber can buy Class O Units.

In 2018, the Partnership issued 1,130 Class A Units (2017 – nil) for $15,972 (2017 - $nil) and 33,986 Class O Units (2017 – nil) for $545,146 (2017 - $nil). In 2017, 5,000 Class A units were redeemed for $102,750.

Notice and Redemptions Dates

Following the expiration of the Lock-up Period, and subject to the discretion of the General Manager or the Manager and the provisions of the Partnership Agreement and the Partnership Act, all or any part of the Units registered in the name of a Limited Partner may be surrendered for redemption at any time at the demand of the Limited Partner but will be redeemed only on the last Business Day in any fiscal year after the date the Unit was issued (the "Redemption Date").

NOTE 7. REDEEMABLE UNITS OF THE PARTNERSHIP (Continued)

Redemption Price

On each Redemption Date, the General Partner or the Manager shall pay to each Limited Partner who has requested redemption, out of the Partnership Property, an amount equal to the Net Asset Value per Unit of that Class on the Redemption Date on which the redemption occurs, multiplied by the number of Units to be redeemed, together with the proportionate share attributable to such Units of any distribution of Net Income of the Issuer which has been declared and not paid prior to the Redemption Date and less any redemption or other fees and taxes payable by the Limited Partner or required to be deducted. Redemption proceeds payable to a Limited Partner may be paid in cash or by payment in kind, or a combination thereof at the Manager's sole discretion.

Redemptions Restrictions

Except as otherwise determined by the Manager, in its sole discretion, the maximum aggregate number of Units that may be redeemed by the Issuer on any applicable Redemption Date shall not exceed 50% of the total number of Units issued and outstanding on such Redemption Date. To the extent that the Issuer has received Notices where the aggregate number of Units would exceed this threshold, the Issuer shall redeem only such number of Units as to require the redemption of an aggregate equal to the number of Units in respect of redemptions of 50% of the total number of Units issued and outstanding on such Redemption Date. The Issuer shall administer the foregoing and any cutbacks on a proportionate basis with respect to the aggregate number of Units represented by Notices. Any Notices (or portions thereof) which are not honoured shall be honoured at the next following Redemption Date, subject in all cases to the 50% threshold described above and to the Issuer's right to suspend redemptions as described below.

Suspension of Redemptions

The Issuer may suspend the redemption of Units or postpone the date of payment of redeemed Units in such circumstances as the Manager may reasonably determine. Examples of such circumstances include, without limitation, if the Manager reasonably determines that: (i) for the whole or any part of a period during which normal trading is substantially restricted or suspended on any stock exchange, options exchange or futures exchange within or outside Canada on which securities are listed and traded, if those securities represent more than 50% by value of the total assets of the Issuer, without allowance for liabilities; (ii) the assets of the Issuer are invested in such a manner so as to not reasonably permit immediate liquidation of sufficient assets; (iii) there exists a state of affairs that constitutes circumstances under which liquidation by the Issuer of part or all of its investments is not reasonable or practicable, or would be prejudicial to the Issuer or Limited Partners generally; (iv) not suspending redemptions would have an adverse effect on continuing Limited Partners; (v) conditions exist which impair the ability of the General Partner to determine the value of the assets of the Issuer; or (vi) it is required to do so under Applicable Securities Laws. The Issuer may also suspend the redemption of Units upon an announcement by the General Partner that the Issuer will be terminated.

When a suspension occurs, a Limited Partner who has submitted a Notice may either withdraw the Notice by notice in writing to the Issuer or by so instructing the Limited Partner's registered dealer, or to receive payment based on the applicable Net Asset Value per Unit of that Class, as determined on the next Redemption Date following the termination of the suspension.

Redemptions at the Demand of General Partner

Further, the General Partner may, at any time, and from time to time, in respect of the Units, by giving thirty (30) days prior written notice, redeem all or any portion of the outstanding Units for a redemption price per Unit equal to the Net Asset Value of the Class of Units being redeemed, plus any and all accrued but unpaid distributions payable in respect of the Units being redeemed. If the General Partner sends such notice, the notice must specify the number of Units to be redeemed.

NOTE 8. LIMITED PARTNERS' ENTITLEMENTS

The Limited Partners' entitlements with respect to the Net Assets Attributable to Holders of Redeemable Units and distribution of income are generally as follows:

Allocation of net profit or loss

A Net Asset Value ("Net Asset Value") is calculated on every valuation date for each Class of Units. The Net Asset Value of a particular Class of Units is computed by calculating the value of that class's proportionate share of the assets and liabilities of the Partnership common to all Classes less the liabilities of the Partnership attributable only to that Class. Expenses directly attributable to a class are charged directly to that class. Income, realized and unrealized gains and losses from investment and derivative transactions and other expenses are allocated proportionately to each class based upon the relative Net Asset Value of each Class.

Limited Partners shall exclusively share in the net profits and net losses of the units that they own, in accordance with their respective proportionate interest in the net assets of the Partnership after taking into account any redemptions payments made to the Limited Partner and payment of management fees together with applicable taxes to the General Partner.

The income and loss of the Partnership for tax purposes in respect of a fiscal period shall be allocated among the General Partner and the Limited Partners in the same manner as allocations of accounting income and loss with such adjustments the General Partner in its sole discretion deems necessary to affect an equitable distribution of all such amounts. The General Partner shall be entitled to make allocations of income or loss of the Partnership for tax purposes in respect of a fiscal period to any person who has been a Limited Partner at any time in such fiscal period.

Distributions

Any distribution of capital that is to be made among the Limited Partners pursuant to the LPA are to be made in proportion to the credit balances in each Limited Partners' respective capital account as at the end of a fiscal year or, in the event of dissolution of the Partnership, on the date of dissolution.

Any allocation of Income or Loss or distribution of cash of a non-capital nature that is to be made among the Limited Partners pursuant to the LPA is to be made in proportion to the number of Partnership Units held by each Limited Partner at the end of a fiscal year or in the event of dissolution of the Partnership on the date of dissolution.

Redemption of Units

Units of the Partnership may be redeemed in whole or in part by a Limited Partner by delivering to the General Partner a written redemption notice on a date prior to December 1st of a fiscal year (a "Notification Date"), such notice shall be effective on the next following redemption date. The redemption date shall be the first April 15 following the Notification Date in any fiscal year after the date a Unit was issued (the "Redemption Date"). On the date that is the first May 21st after the Redemption Date the General Partner shall pay to each Unitholder who has requested redemption an amount equal to the Net Asset Value per Unit on the Redemption Date on which the redemption occurs, multiplied by the number of Units of that Class to be redeemed, together with the proportionate share attributable to such Units of that Class of any distribution which has been declared and not paid prior to the Redemption Date and less any redemption or other fees and taxes payable by the Unitholder or required to be deducted.

NOTE 8. LIMITED PARTNERS' ENTITLEMENTS (Continued)

Redemptions may be suspended in certain circumstances in accordance with the Limited Partnership Agreement. The General Partner has the right to require a Limited Partner to redeem some or all of the Units owned by such Limited Partner at the Net Asset Value per Unit thereof, by notice in writing to the Limited Partner given at least 30 days before the date of redemption.

Except as otherwise determined by the General Partner, in its sole discretion, the maximum aggregate number of Units that may be redeemed by the Partnership in any period shall not exceed 20% of the total number of Units issued and outstanding on the Redemption Date. To the extent that the Partnership has received notices where the aggregate number of Units would exceed this threshold, the Partnership shall redeem only such number of Units as to require the redemption of an aggregate equal to the number of Units in respect of redemptions of 20% of the total number of Units issued and outstanding on such Redemption Date.

Any redemption notices (or portions thereof) received which are not honoured shall be honoured, subject in all cases to the aforementioned 20% threshold and subject to the General Partner's right to suspend redemptions, at the next following Redemption Date provided however, the Partnership will redeem such Units on a pro rata basis based on the number of Units tendered for redemption which have not been redeemed, on the next Redemption Date before it redeems any other Units it has been requested to redeem and, for such purposes, the requests to redeem such Units will be deemed to have been received by the Partnership on the next Redemption Date in the order in which they were originally received.

NOTE 9. FINANCIAL INSTRUMENTS

Managing risk is the most important factor of the decision-making process and is pervasive throughout the investment process. The Manager attempts to manage risk by employing professional, experienced portfolio advisors, by monitoring of the Partnership's positions and market events, by diversifying the investment portfolio within the constraints of the investment objective, which is concentrated in the Mining and Energy Resource Companies. The Partnership's overall risk management program seeks to minimize the potentially adverse effect of risk on the Partnership's financial performance in a manner consistent with the Partnership's investment objective.

The Partnership's investing activities expose it to various types of risk that are associated with the markets in which it invests. The significant types of financial risks to which the Partnership is exposed include, but are not limited to credit risk, liquidity risk and market risk (other price risk). Certain aspects of those risks are addressed below.

Credit risk

Credit risk is the risk that a security issuer or counterparty to a financial instrument will fail to honor its financial obligation or commitment that it has entered into with a Partnership. The Partnership minimizes credit risk by maintaining its primary bank account at a reputable financial institution. Credit risk related to the interest receivable is minimized due to the short term nature of the asset.

All transactions in listed securities are settled for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Liquidity risk

Liquidity risk is the risk that the Partnership may not be able to settle or meet its obligations on time or at a reasonable price. In order to maintain sufficient liquidity, the Partnership invests its assets in securities that are traded in an active market and can be readily disposed. The Partnership has minimal liquidity risk. In addition, the Partnership aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

NOTE 9. FINANCIAL INSTRUMENTS (Continued)

Market risk

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

Interest rate risk arises when the Partnership invests in interest-bearing financial instruments. The Partnership is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations on any cash and cash equivalents invested at short-term market interest rates.

Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

All investments represent a risk of loss of capital. The Manager aims to moderate this risk through careful selection and diversification of securities and other financial instruments in accordance with the Partnership's investment objective and strategy. Except for exchange traded futures contracts, which are used by the Partnership to hedge currency risk, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Partnership's overall market positions are monitored on a regular basis by the Manager. Financial instruments held by the Partnership are susceptible to market price risk arising from uncertainties about future prices of the instruments.

As at December 31, 2018, 92.45% (2017 – 90.59%) of the Partnership's Net Assets were invested in investments. If security prices on the investments had increased or decreased by 10% as at the year end, with all other factors remaining constant, Net Assets could possibly have increased or decreased by approximately $280,918 (2017 - $323,146). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

The value of securities with restriction on disposal is also susceptible to other price risk. These values, which are discounted based on the General Partner's judgment, do not necessarily represent the amounts that may be ultimately realized, nor values that would have been used had there been no restriction on disposal of such securities.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk arises from financial instruments (including cash) that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Partnership. The Partnership may enter into foreign exchange forward contracts for hedging purposes to reduce its foreign currency exposure, or to establish exposure to foreign currencies.

(Expressed in Canadian dollars)

NOTE 9. FINANCIAL INSTRUMENTS (Continued)

As at December 31, 2018, the Partnership has insignificant exposure to currency risk.

Currency to which the Partnership had exposure as at December 31, 2017, is as follows:

	Exposure			Impact if CAD strengthened or weakened by 5% in relation to other currencies		
Currency	**Monetary**	**Non-Monetary**	**Total**	**Monetary**	**Non-Monetary**	**Total**
31-Dec-17						
United States Dollar	$ 528,928	$ –	$ 528,928	$ 26,446	$ –	$ 26,446
% of Net Assets Attributable to Holders of Redeemable Units	14.78%	0.00%	14.78%	0.74%	0.00%	0.74%

Net Assets	$ 3,579,323

The amounts in the above table are based on the fair value of the Partnership's financial instruments (including cash and cash equivalents) as well as the underlying principal amounts of forward currency contracts, as applicable. Other financial assets (including dividends and interest receivable) and financial liabilities (including payables for securities purchased) that are denominated in foreign currencies do not expose the Partnership to significant currency risk.

As at December 31, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to all currencies, with all other variables held constant, Net Assets Attributable to Holders of Redeemable Units would have increased or decreased, respectively, by approximately $nil (2017 - $28,828). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category. As at December 31, 2018 and 2017, the Partnership's portfolio investments are held in resource issuers involved in mineral exploration, development and/or production.

NOTE 10. EXPENSES

The General Partner has the power to incur and make payment out of the Partnership property any charges or expenses which, in the opinion of the General Partner, are necessary or incidental to, or proper for, carrying out any of the purposes of the Limited Partnership Agreement, including without limitation all fees and expenses relating to the management and administration of the Partnership. The Partnership is responsible for any income or excise taxes and brokerage commissions on portfolio transactions.

NOTE 11. REDEMPTIONS PAYABLE

Redemptions payable represent amounts payable in respect of Units redeemed during the year. At December 31, 2018, redemptions payable was $nil (2017 - $102,750 for 5,000 Class A Units).

NOTE 12. FILING OF FINANCIAL STATEMENTS

These financial statements have not been filed with the provincial regulators pursuant to the exemption under section 2.11 of National Instrument 81-106 Investment Fund Continuous Disclosure ("NI 81-106"). This exemption is available when the financial statements have been sent to the unit holders by the Partnership, as required under NI 81-106.