

# Canadian Exploration Expenses (CEE) Flow-Through LP Taxation Cycle

Investment Year	Following Year	Rollover Year	Subsequent Years
<ol style="list-style-type: none"> <li>1) Investor invests in a CEE flow-through limited partnership (the "LP")</li> <li>2) At the time of investment, an investor's LP's Adjusted Cost Base ("ACB") is as low as \$0.00</li> <li>3) Should capital gains in the LP be realized from portfolio management activity, LP investors would have a taxable capital gain to report on their tax filing (the estimated capital gains tax information is posted on Qwest's website in October)</li> <li>4) Investors will receive a flow-through tax deduction (up to 100% of their investment)</li> <li>5) A T5013 tax form will be issued to LP investors by their brokerage firm, for this taxation year in the following year, typically in March</li> </ol>	<ol style="list-style-type: none"> <li>1) Investors continue to own units of the LP</li> <li>2) Should capital gains in the LP be realized from portfolio management activity, LP investors would have a taxable capital gain to report on their tax filing (the estimated capital gains information is posted on Qwest's website in October)</li> <li>3) A T5013 tax form for this taxation year is issued to LP investors by their brokerage firm, typically in March of the following year</li> </ol>	<ol style="list-style-type: none"> <li>1) Investors continue to own units of the LP</li> <li>2) Should capital gains in the LP be realized from portfolio management activity, LP investors would have a taxable capital gain to report on their tax filing (the estimated capital gains information is posted on Qwest's website in October)</li> <li>3) LP units "roll-over" to Qwest mutual fund shares (between April and June)</li> <li>4) LP investors may choose to hold their mutual fund shares or redeem them</li> <li>5) Should investors redeem their mutual fund shares in this year, a capital gain may be realized</li> <li>6) If portfolio management activity in previous years creates capital gains in the LP, the mutual fund's ACB will be higher than \$0.00. The ACB of the mutual fund, which will capture the previous tax factors issued, will be posted on Qwest's website in the Tax Summary document.</li> <li>7) LP investors can start to deduct the available amortized issue costs (this tax information is posted on Qwest's website in the Tax Summary document)</li> <li>8) The final T5013 tax form is issued for this taxation year to LP investors by their brokerage firm, typically in March of the fol-</li> </ol>	<ol style="list-style-type: none"> <li>1) Investor may continue to hold their mutual fund shares or redeem them</li> <li>2) Should investors redeem their mutual fund shares in one of these years, a capital gain may be realized and investors should utilize the ACB noted on the Tax Summary to calculate the capital gain and/or loss</li> <li>3) LP investors may deduct this year's portion of available amortized issue costs (this tax information is posted on Qwest's website). Investors will be able to, over the next 3 years, deduct the remaining amount of amortized issue costs</li> <li>4) <u>No</u> T5013 tax form will be issued</li> </ol>

Flow-Through tax information posted on Qwest's website: 1) Issue Cost Deduction and Adjusted Cost Base; 2) Capital Gains Estimate; and 3) Tax Information Guide. To view log onto [www.qwestfunds.com](http://www.qwestfunds.com)