Probity Mining 2019 Short Duration Flow-Through Limited Partnership

Financial Statements
June 30, 2019
(Unaudited)

Probity Mining 2019 Short Duration Flow-Through Limited Partnership

Statement of Financial Position
As at June 30, 2019
(Unaudited)

ASSETS		
Current assets		
Cash	$	480,224
Investments - at fair value (Note 5)		4,884,706
		5,364,930
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities		76,519
		76,519
Class net assets attributable to partners	$	5,288,411
Net Assets attributable to partners		
Class A - National Class	$	2,473,712
Class A - British Columbia		534,866
Class A - Quebec		393,152
Class F - National Class		1,690,231
Class F - British Columbia		78,270
Class F - Quebec		118,160
Class P		10
General Partner		10
	$	5,288,411
Partnership units outstanding (Note 4)		
Class A - National Class		292,255
Class A - British Columbia		56,920
Class A - Quebec		74,000
Class F - National Class		190,700
Class F - British Columbia		8,000
Class F - Quebec		21,200
Class P		1
General Partner		1
Net assets per unit attributable to Limited Partners (Note 4)		
Class A - National Class	$	8.46
Class A - British Columbia		9.40
Class A - Quebec		5.31
Class F - National Class		8.86
Class F - British Columbia		9.78
Class F - Quebec		5.57
Class P		10.00
General Partner		10.00

Approved on behalf of the Board of Directors

Peter Christiansen, Director

Brent Larkan, Director

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

Probity Mining 2019 Short Duration Flow-Through Limited Partnership

Statement of Comprehensive Income
For the period from commencement of operations on February 22, 2019 to June 30, 2019
(Unaudited)

Income		
Unrealized depreciation of investments	$	(320,294)
		(320,294)
Expenses		
Accounting		25,250
Administrative fees		13,858
Audit		13,625
Legal fees		7,486
Custodial fees		3,139
Unitholder recordkeeping fees		1,572
Bank charges		120
		65,050
Decrease in net assets attributable to partners from operations	$	(385,344)
(Decrease) increase in net assets attributable to partners from operations per Class		
Class A - National Class	$	(63,473)
Class A - British Columbia		38,144
Class A - Quebec		(247,763)
Class F - National Class		(43,370)
Class F - British Columbia		5,582
Class F - Quebec		(74,464)
	$	(385,344)
(Decrease) increase in net assets attributable to partners from operations per unit (Note 9)		
Class A - National Class	$	(0.22)
Class A - British Columbia		0.67
Class A - Quebec		(3.35)
Class F - National Class		(0.23)
Class F - British Columbia		0.70
Class F - Quebec		(3.51)

Probity Mining 2019 Short Duration Flow-Through Limited Partnership

Statement of Changes in Net Assets Attributable to Partners
For the period from commencement of operations on February 22, 2019 to June 30, 2019
(Unaudited)

	Net assets attributable to partners, beginning of period	Proceeds from issuance of units	(Decrease) increase in net assets attributable to partners from operations	Issue costs associated with issuance of units	Net assets attributable to partners, end of period
June 30, 2019					
Class A - National Class	$ –	$ 2,922,550	$ (63,473)	$ (385,365)	$ 2,473,712
Class A - British Columbia	–	569,200	38,144	(72,478)	534,866
Class A - Quebec	–	740,000	(247,763)	(99,085)	393,152
Class F - National Class	–	1,907,000	(43,370)	(173,399)	1,690,231
Class F - British Columbia	–	80,000	5,582	(7,312)	78,270
Class F - Quebec	–	212,000	(74,464)	(19,376)	118,160
Class P	–	10	–	–	10
General Partner	–	10	–	–	10
	$ –	$ 6,430,770	$ (385,344)	$ (757,015)	$ 5,288,411

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

Probity Mining 2019 Short Duration Flow-Through Limited Partnership

Statement of Cash Flows
For the period from commencement of operations on February 22, 2019 to June 30, 2019
(Unaudited)

Cash provided by (used in):		
Operating Activities		
Decrease in net assets attributable to partners from operations	$	(385,344)
Adjustments for non-cash items		
Unrealized depreciation of investments		320,294
Change in non-cash balances		
Accounts payable and accrued liabilities		36,732
Purchase of investments		(5,205,000)
Cash used in operating activities		(5,233,318)
Financing Activities		
Proceeds from issuance of units		6,430,770
Issue costs		(717,228)
Cash provided by financing activities		5,713,542
Increase in cash during the period		480,224
Cash, beginning of period		–
Cash, end of period	$	480,224

Probity Mining 2019 Short Duration Flow-Through Limited Partnership

Schedule of Investment Portfolio
As at June 30, 2019
(Unaudited)

	Number of shares	Average cost $	Fair value $	Net assets %
Canadian equities				
Mining				
Aben Resources Ltd.	4,166,667	1,000,000	1,020,833	19.30
Balmoral Resources Ltd.	2,105,264	400,000	263,158	4.98
Braveheart Resources Inc.	2,941,177	500,000	470,588	8.90
Crystal Lake Mining Corp.	1,250,000	400,000	381,250	7.21
Frontier Lithium Inc.	625,000	250,000	193,750	3.66
Imperial Mining Group Ltd.	2,222,223	200,000	138,889	2.63
Monarch Gold Corp.	1,969,696	650,000	492,425	9.31
Sirios Resources Inc.	1,250,000	400,000	212,500	4.02
Tudor Gold Corp.	1,562,500	500,000	687,500	13.00
VR Resources Ltd.	3,333,334	500,000	500,000	9.45
Ximen Mining Corp.	675,000	405,000	411,750	7.79
Total equities		5,205,000	4,772,643	90.25
Canadian warrants				
Mining				
Frontier Lithium Inc. (expiry 15May2021; strike price $0.50)	312,500	–	24,250	0.46
Tudor Gold Corp. (expiry 06Jun2020; strike price $0.50)	781,250	–	87,813	1.66
Total warrants			112,063	2.12
Total portfolio investments		5,205,000	4,884,706	92.37
Cash			480,224	9.08
Other net liabilities			(76,519)	(1.45)
Net assets attributable to partners			**$ 5,288,411**	100.00

1 Formation and purpose of the Partnership

Probity Mining 2019 Short Duration Flow-Through Limited Partnership (the "Partnership") was formed on December 12, 2018 as a limited partnership under the laws of the Province of British Columbia, Canada and commenced operations on February 22, 2019. The address of the Partnership's registered office is Suite 530, 355 Burrard Street, Vancouver, British Columbia V6C 2G8. The general partner of the Partnership is Probity 2019 Mining Flow-Through Management Corp. (the "General Partner") whose ultimate parent is Probity Capital Corporation. The Partnership consists of seven classes of limited partnership units, National Class ("NC") A and F; British Columbia ("BC") Class A and F; Quebec Class ("QC") A and F; and Class P (collectively, the "Units"). The NC A and F Units, the BC Class A and F Units, and QC A and F Units are identical to each other, except for the fees applicable to each class. Each class of units is a separate non-redeemable investment fund for securities laws purposes and will have its own investment portfolio ("Portfolio") and investment objectives. One Class P unit is issued to the General Partner for income allocations if certain conditions are met. The principal purpose of the Partnership is to provide Limited Partners with a tax-assisted investment in a portfolio of flow-through shares of resource issuers for capital appreciation and profits. Management's intention is that an investment in the Partnership will provide all classes of A and F Limited Partners exposure to a portfolio comprising primarily shares of resource issuers that qualify as "flow-through shares" for the purposes of the Income Tax Act (Canada) (the "ITA") pursuant to which the resource issuer agrees to incur and renounce to the Partnership "Canadian exploration expense" (as defined in the ITA) ("CEE").

The General Partner delegates certain investment advisory responsibilities to Qwest Investment Fund Management Ltd. (the "Manager").

Under the limited partnership agreement (the "Partnership Agreement") between the General Partner and each of the Limited Partners (together, the "Partners"), dated December 10, 2018, for each Portfolio, ordinary income is allocated among the Partners on the following basis:

(a) firstly, pro-rata to the holders of the National, BC, or Quebec Class Units (as the case may be) to the extent that ordinary losses in respect of the particular Portfolio allocated to the holders of the National, BC, or Quebec Class Units (as the case may be) in prior fiscal years exceeds ordinary income in respect of the particular Portfolio to the holders of such Units;

(b) secondly, to the General Partner 0.01% of the remaining unallocated ordinary income;

(c) thirdly, to the holders of the National, BC, or Quebec Class Units, pro rata in accordance with the proportion of such Units held by the partner to all such Units issued by the Partnership, up to an aggregate cumulative maximum (including prior year allocations and allocations pursuant to paragraph (a) above) not exceeding the gross proceeds of the offering in respect of such Units;

(d) fourthly, the balance of the unallocated ordinary income in respect of the particular Portfolio shall be allocated as follows:

1 Formation and purpose of the Partnership (Cont'd)

(i) 30% to the holders of the Class P Units pro rata in accordance with the proportion of the Class P Units held by the partner to the Class P Units issued by the Partnership;

(ii) 70% to the holders of the National, BC, or Québec Class Units (as the case may be) pro rata in accordance with the proportion of such Units held by the partner to such Units issued by the Partnership.

100% of ordinary losses and any resource expenditures which qualify as CEE, which are renounced to the Partnership ("Eligible Expenditures"), will be allocated pro rata to the Limited Partners. Taxable income and taxable losses of the Partnership are allocated in the same proportions as ordinary income and ordinary losses, respectively.

Upon dissolution, Limited Partners are entitled to cash distributions on the following basis:

(i) firstly, pro rata to holders of Class A Units and Class F Units to an aggregate cumulative maximum (including prior distributions) not exceeding gross proceeds of the offering;

(ii) secondly, pro rata to the holders of Class A Units, Class F Units, and Class P Units as determined after the distribution of cash pursuant to paragraph (b).

In order to provide Limited Partners with enhanced liquidity, the General Partner intends, if all necessary approvals are obtained, to implement a Liquidity Alternative. The General Partner intends to implement the Liquidity Alternative before March 1, 2020, provided that the dissolution of the Partnership will not occur prior to April 1, 2019. with the exact timing to be determined based primarily on the Investment Advisor and Manager's equity market trend outlook during that time. The General Partner intends that the Liquidity Alternative will be the sale of the Partnership's assets for cash, whereupon the proceeds shall be distributed to Limited Partners, pro rata, up to and upon the dissolution of the Partnership.

These financial statements were authorized for issue by the Board of Directors of the General Partner on August 1, 2019.

2 Significant accounting policies

Basis of preparation

These interim financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") including International Accounting Standards ("IAS") 34, Interim Financial Statements.

2 Significant accounting policies (Cont'd)

The following is a summary of significant accounting policies used by the Partnership:

Functional currency and presentation currency

The statement of financial position is presented in Canadian dollars, which is the Partnership's functional and presentation currency.

Financial instruments

Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the Partnership becomes a party to the contractual provisions of the instrument. The Partnership derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Partnership has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition the Partnership may irrevocably elect to measure financial assets that otherwise meet the requirements to be measured at amortized cost or at FVOCI as at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency.

2 Significant accounting policies (Cont'd)

Financial assets are not reclassified subsequent to their initial recognition, unless the Partnership changes its business model for managing financial assets, in which cases all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

The Partnership has not classified any of its financial assets as FVOCI.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at fair value through profit or loss, such as derivatives liabilities. The Partnership may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. 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. The Partnership's policy is to recognize transfers into and out of the fair value hierarchy levels as of the beginning of the period of the transfer.

The fair value of financial assets and liabilities that are not traded in an active market, including non-publicly traded derivative instruments, is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and others commonly used by market participants and which make the maximum use of observable inputs. Should the value of the financial asset or liability, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability

Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method, less any impairment losses.

The Partnership classifies cash as amortized cost.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

The Partnership recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognised on the trade date.

2 Significant accounting policies (Cont'd)

Income recognition

Realized gains and losses on disposal of financial assets at fair value through profit or loss and unrealized gains and losses in the value of financial assets at fair value through profit or loss are reflected in the statement of comprehensive income and calculated on an average cost basis. Upon disposal of an investment, previously recognized unrealized gains and losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. Interest is recorded on an accrual basis. All costs directly attributable to operating activities are expenses as incurred.

Allocation of income and expenses and realized and unrealized capital gains and losses

Income and expenses incurred in connection with the Partnership's operations and realized and unrealized gains or losses that are not directly attributable to a particular class of units are allocated between Class A - National Class, Class A - British Columbia, Class A – Quebec, Class F - National Class, Class F - British Columbia, Class F – Quebec units in accordance with the Partnership Agreement dated December 10, 2018 and as outlined in note 1.

Cash

Cash consists of cash held with a Canadian chartered bank.

Income taxes

Since the Partnership is an unincorporated business, the liability for income taxes is that of the partners and not the Partnership. Accordingly, no provision for income taxes for the Partnership has been made in these financial statements. These financial statements do not include the Limited Partners' information.

For income tax purposes, the adjusted cost base of flow-through shares is reduced by the amount of Eligible Expenditures renounced to the Partnership. Upon disposition of such shares, a capital gain will result and be allocated to the Limited Partners based upon their proportionate share of the Partnership.

Net assets attributable to partners

The Partnership Agreement between the General Partner and each of the Limited Partners dated December 10, 2018 imposes a contractual obligation for the Partnership to deliver a pro rata share of its net assets to the partners on termination of the Partnership. Based on the terms of the Partnership Agreement, the General Partner and Limited Partners are both considered to have an interest in the residual net assets of the Partnership; however, they are not considered to have identical contractual obligations. Consequently, the net assets attributable to Limited Partners and General Partner are classified as liabilities as the criteria in IAS 32 16c-d for equity classification are not met.

The Partnership's obligation for net assets attributable to partners is presented at the redemption amount, which is the residual amount of assets of the Partnership after deducting all of its liabilities.

2 Significant accounting policies (Cont'd)

Increase/decrease in net assets attributable to limited partners from operations per Partnership unit is determined by dividing the net increase/decrease in net assets attributable to limited partners from operations by the weighted average number of limited partnership units outstanding during the reporting period (note 9).

Critical accounting estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting period. Actual results could differ from those reported and the differences could be material. The following paragraphs discuss the most significant accounting estimates and judgments that the Partnership has made in preparing its financial statements:

Fair value measurement of securities not quoted in an active market

The primary valuation technique used for warrants is the Black-Scholes model. Valuation techniques use observable data, to the extent practicable. The implementation of the Black-Scholes model requires the Manager to make estimates of key inputs such as the volatility of the underlying stock price and its fair value on the valuation date.

Classification and measurement of financial assets

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 manage its portfolio of investments and evaluate performance on a fair value basis and that the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The most significant judgments made include assessing and determining the appropriate business model that enables the decision that the Partnership's investments are classified as FVTPL.

3 Expenses of the Partnership

Issue costs

Issue costs are expenses of the offering of the Units of the Partnership which include the costs of creating and organizing the Partnership. Issue costs include certain costs as outlined in the offering memorandum such as agents' fee, legal, audit, regulatory filing and printing. Issue costs are presented gross in the statement of changes in net assets attributable to partners.

3 Expenses of the Partnership (Cont'd)

Operating expenses

The Partnership pays all of the expenses of the operations and carrying on of its business, including legal and audit fees, interest, administrative costs relating to the cost of financial and other reports, and compliance with all applicable laws, regulations and policies. The General Partner is reimbursed for all reasonable out-of-pocket costs and expenses that are incurred by the General Partner on behalf of the Partnership in the ordinary course of business or other costs and expenses incidental to acting as general partner so long as the General Partner is not in default of its obligations.

4 Partners' interest

The interest of the Limited Partners in the Partnership is divided into an unlimited number of Units. The Partnership is authorized to issue a maximum of 3,000,000 Units.

All the limited partnership Units have equal rights and privileges, including equal participation in any distribution made by each respective class and the right to one vote at any meeting of the Limited Partners.

Issued and outstanding

The Partnership completed its final offering on February 28, 2019 and issued 643,075 Partnership Units (292,255 units of Class A - National Class, 56,920 units of Class A - British Columbia, 74,000 units of Class A – Quebec, 190,700 units of Class F - National Class, 8,000 units of Class F - British Columbia, 21,200 of Class F – Quebec, 1 unit of Class P and 1 unit of General Partner) at a subscription price of $10 per Unit for a total of $6,430,750. All Units issued were outstanding as at June 30, 2019.

Pursuant to the Partnership Agreement, the General Partner contributed $10 to the capital of the Partnership.

5 Fair value measurement

The following table illustrates the classification of the Partnership's investments within the fair value hierarchy as at June 30, 2019. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 - Inputs that are not based on observable market data.

5 Fair value measurement (Cont'd)

The following table illustrates the classification of the Partnership's investments within the fair value hierarchy as at June 30, 2019. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 - Inputs that are not based on observable market data.

There were no financial instruments that were transferred between levels of the fair value hierarchy during the period ended June 30, 2019.

	Level 1	Level 2	Level 3	Total
Assets				
Equities	$ –	$ 4,772,643	$ –	$ 4,772,643
Warrants	–	–	112,063	112,063
	$ –	$ 4,772,643	$ 112,063	$ 4,884,706

All fair value measurements above are recurring. The carrying values of other financial instruments approximate their fair values due to their short-term nature.

The Manager is responsible for performing the fair value measurements included in the financial statements of the Partnership, including Level 3 measurements. The Manager has engaged SGGG Fund Services Inc. ("SGGG") to value the net assets of the Partnership on a monthly basis including pricing of Level 1 and Level 2 investments. SGGG obtains pricing from a third party pricing vendor. The Partnership's overall market positions are monitored on a monthly basis by the Manager. The Manager ensures the accuracy of the NAV calculation, prepared by SGGG, by reviewing the NAV on a monthly basis.

The Partnership's equity positions are classified as Level 1 when the security is actively traded and reliable prices are observable. Certain equities do not trade frequently or have resale restrictions and therefore observable prices may not be available. In such cases, fair value is determined using an observable market date (e.g., transactions for similar securities of the same issuer) and the fair value is classified as Level 2, unless the determination of fair value requires significant unobservable data, in which case the measurement is classified as Level 3.

Certain equity investments held at June 30, 2019 were subject to a hold period and could not be freely traded at the valuation date. The valuation is based on trade activity of identical securities of the same issuer and have been classified as Level 2 in the fair value hierarchy as a result of the trade restriction specific to the units held by the Partnership.

5 Fair value measurement (Cont'd)

The table below sets out information about significant unobservable inputs used at period-end in measuring financial instruments categorized as Level 3 in the fair value hierarchy.

June 30, 2019					
Description	Fair Value	Valuation technique	Unobservable input	Amount/ Range %	Sensitivity to change in significant unobservable input
Frontier Lithium Inc. Warrants	24,250	Black Scholes model	Volatility	72.30	The estimated fair value would increase of the volatility were higher
Tudor Gold Corp. Warrants	87,813	Black Scholes model	Volatility	72.14	The estimated fair value would increase of the volatility were higher

The most significant input to the Black Scholes model is volatility, which is the degree of variation of historical trading prices of the security.

Although the Partnership believes that its estimates are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on net assets attributable to partners.

		June 30, 2019
Favorable	$	121,203
Unfavoriable		(102,922)

The favorable and unfavorable effects of using reasonably possible alternative assumptions for the valuation of the Level 3 warrants have been calculated by recalibrating the Black Scholes model using a range of possible volatility estimates. The recalibrated Black Scholes model considers the impact of a change in the volatility to alternative reasonability possible assumptions of +/- 5%.

The following table reconciles the Partnership's Level 3 fair value measurements for the period ended June 30, 2019.

		Total
Beginning Balance, February 22, 2019	$	–
Change in unrealized appreciation included in net income		112,063
Ending Balance, June 30, 2018	$	112,063

6 Financial instruments risk management

The Partnership’s activities expose it to a variety of financial instrument risks including market risk (price risk, interest rate risk and currency risk), credit risk, concentration risk and liquidity risk.

The Partnership’s overall risk management strategy focuses on the unpredictability of performance of early stage public resource investments and seeks to minimize potential adverse effects on the Partnership’s financial performance.

Market risk

Price risk

The Partnership’s investments are exposed to market price risk due to changing market conditions for equities as well as specific industry changes in the mining sector, such as changes in commodity prices and the level of market demand as well as any changes to the tax environment in which the investee entities operate. All investments in equity securities have an inherent risk of loss of capital. The maximum risk resulting from investments is determined by the fair value of the financial instruments. The Manager seeks to manage market risks by careful selection of securities prior to making an investment in an early stage company and by regular ongoing monitoring of the investment performance of the individual investee companies. The Manager also sets thresholds on individual investments to mitigate the risk of exposure to any one investment. The Partnership's overall market positions are monitored on a monthly basis by the Partnership's Manager.

The Partnership’s overall exposure is managed by investment restrictions which include a requirement for investments to be invested in resource issuers that are listed on a stock exchange.

As at June 30, 2019, the Partnership’s market risk is impacted directly by changes in equity prices and indirectly by changes in minerals and other commodity prices. The immediate impact on equities of a 10% increase or decrease in the fair value of financial assets at fair value through profit or loss would be approximately $488,471.

Interest rate risk

The monetary financial assets and liabilities of the Partnership are non-interest bearing. Consequently, the Partnership has no significant direct exposure to interest rate risk.

Currency risk

The monetary financial assets and liabilities of the Partnership are all denominated in Canadian dollars. Consequently, the Partnership has no significant direct exposure to currency risk.

6 Financial instruments risk management (Cont'd)

Credit risk

The Partnership has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

Credit risk associated with cash is minimized by ensuring that these balances are held by high-quality financial institutions.

The Partnership is exposed to counterparty risk from the potential failure of the issuer of the warrants to settle its exercised warrants. The maximum risk of loss from counterparty risk to the Partnership is the fair value of the contracts. The Partnership considers the effects of counterparty risk when determining the fair value of its investments in warrants.

When the Partnership trades in listed or unlisted securities which are settled upon delivery, the risk of default is considered minimal since delivery of securities 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 Partnership only transacts with reputable brokers with a high credit rating.

The Manager monitors the Partnership's credit position regularly, and the board of directors of the General Partner reviews it on a periodic basis.

Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Partnership's investments are entirely in Canadian companies involved in the mining sector, and as a result, the Partnership is exposed to a concentration of risk related to these holdings.

Liquidity risk

The Partnership is a closed-end partnership and therefore it does not have exposure to early redemptions of Partnership units. There is no market for units of the Partnership and it is unlikely that any public market will develop through which units may be sold. The Partnership's Level 2 investments are subject to four-month resale restrictions from the date of purchase. The Partnership holds sufficient cash to cover operating expenses and issue costs due in this period. The General Partner intends to implement a liquidity alternative. It is anticipated that this will be the sale of the Partnership's assets for cash whereupon the proceeds shall be distributed to Limited Partners, pro rata, up to and upon the dissolution of the Partnership.

At June 30, 2019, all of the Partnership's financial liabilities were due within 30 days of the statement of financial position date, with the exception of net assets attributable to partners which mature at the end of the life of the Partnership or at the liquidation date.

6 Financial instruments risk management (Cont'd)

The Partnership manages liquidity risk by maintaining sufficient liquid cash resources and investing the Partnership's assets in investments which are traded in an active market and can be readily disposed of when liabilities become due.

7 Capital risk management

Units issued and outstanding are considered to be capital of the Partnership. The Partnership does not have any specific capital requirements on the subscriptions of units, other than certain minimum subscriptions requirements of 1,500 units total across all classes, except for Class P units.

8 Net assets attributable to partners

The Partnership issued 643,075 units for $6,430,750 before issue costs. Issue costs of $757,015 were incurred during the period June 30, 2019. The Partnership is a closed-end partnership and no additional units can be issued after the completion of the final offering which occurred on May 16, 2019. In addition, no Partnership Units will be redeemed until the time of dissolution of the Partnership. As a result, there were no units issued and redeemed for the period ended June 30, 2019. The Manager manages the capital of the Partnership in accordance with the Partnership's investment objectives. There are no externally imposed restrictions on the Partnership's capital, other than certain minimum subscription requirements.

9 (Decrease) increase in net assets attributable to partners

The (decrease) increase in net assets attributable to Limited Partners per Partnership Unit for the period ended June 30, 2019.

	(Decrease) increase in net assets attributable to partners from operations	Weighted average of units outstanding during the period	(Decrease) increase in net assets attributable to partners from operations per Unit
June 30, 2019			
Class A - National Class	$ (63,473)	292,255	$ (0.22)
Class A - British Columbia	38,144	56,920	0.67
Class A - Quebec	(247,763)	74,000	(3.35)
Class F - National Class	(43,370)	190,700	(0.23)
Class F - British Columbia	5,582	8,000	0.70
Class F - Quebec	(74,464)	21,200	(3.51)

No amounts were allocated to Class P in accordance with the ordinary income and ordinary loss allocation policy as defined by the Partnership Agreement dated December 10, 2018 and as outlined in note 1.

10 Comparison of IFRS Net Assets per Unit and Transactional NAV per Unit

The table below provides a comparison of Net Assets per Unit under IFRS and Transactional NAV per Unit. IFRS Net Assets includes Black-Scholes adjustments to the value of warrants held, whereas the Transactional NAV does not require such adjustments.

		June 30, 2019
Transactional NAV per Unit		
Class A - National Class	$	8.27
Class A - British Columbia		9.13
Class A - Quebec		5.31
Class F - National Class		8.66
Class F - British Columbia		9.51
Class F - Quebec		5.57
IFRS Net Assets per Unit		
Class A - National Class	$	8.46
Class A - British Columbia		9.40
Class A - Quebec		5.31
Class F - National Class		8.86
Class F - British Columbia		9.78
Class F - Quebec		5.57