

**CGS FLOW-THROUGH 2011 - 1 LP
SUBSCRIPTION AGREEMENT AND POWER OF ATTORNEY FORM**

TO: CGS Flow-Through 2011 - 1 LP (the “Partnership”)
AND TO: CGS Flow-Through 2011 - 1 GP Ltd. (the “General Partner”)

The undersigned (the “Subscriber”) hereby acknowledges receipt of a confidential offering memorandum dated June 24, 2011 (the “Offering Memorandum”) relating to an offering by the Partnership on a private placement basis of its limited partnership units (the “Units”). The Partnership is a limited partnership established under the laws of the Province of Alberta. The Subscriber acknowledges that the subscription for Units pursuant to this subscription agreement and power of attorney form (the “Subscription Agreement”) is not binding on the Partnership until accepted, in whole or in part, by the General Partner on behalf of the Partnership, in its sole discretion.

The Subscriber hereby irrevocably subscribes for and agrees to purchase from the Partnership that number of Units (the “Purchased Units”) set out below based on the subscription price of \$25 per Unit (the aggregate dollar value of such Purchased Units, the “Subscription Price”). The Purchased Units form part of a larger offering of an aggregate of up to 1,200,000 Units by the Partnership (the “Offering”) to be issued and sold by the Partnership on a private placement basis in reliance on applicable prospectus exemptions in all provinces and territories of Canada.

The Subscriber, on his or her own behalf and on behalf of any disclosed principal, consents to the provisions of, and agrees to be bound by, the terms and conditions set forth below under “Terms and Conditions of Subscription for Units of CGS Flow-Through 2011 - 1 LP”, and Schedule “A” thereto (“The Statement of Policies Regarding Conflicts of Interest Including Securities of Related and Connected Issuers and Related Registrants”), including, without limitation, the representations, warranties consents and covenants set forth therein. The Subscriber further agrees, without limitation, that the Partnership and its agents may rely (without independent investigation) upon the Subscriber’s representations, warranties and covenants contained in such documents. Unless otherwise noted, all references in this Subscription Agreement to “\$” are to Canadian dollars.

A Subscriber must return a completed and signed Subscription Agreement, together with subscription funds in the amount of \$25 per Unit. The Subscriber must purchase at least the minimum subscription amount of 200 Units (\$5,000). Any investment in excess of \$5,000 must be made in multiples of \$1,000 (40 Units). Funds should be made payable to “CGS Flow-Through 2011 - 1 LP”.

HAVE YOU COMPLETED THIS SUBSCRIPTION AGREEMENT PROPERLY?

The following items in this Subscription Agreement must be completed. PLEASE INITIAL EACH APPLICABLE BOX. If the Subscriber is acting on behalf of more than one disclosed principal, a separate Subscription Agreement must be completed for each disclosed principal. You may not change any part of this Subscription Agreement without consent of the General Partner.

PART A – Subscriber Information on page 2 (signed & dated)

PART B – Investor Certificate on page 3 (signed & dated)

PART C – Risk Acknowledgement Form on page 5 (signed & dated by if the Subscriber does NOT qualify as an “accredited investor” and is making an initial purchase of less than \$150,000)

PLEASE FAX COMPLETED & SIGNED AGREEMENTS TO CGS FLOW-THROUGH 2011 - 1 GP LTD. AT (403) 263-5554. ALTERNATIVELY, COMPLETED AGREEMENTS MAY BE SCANNED & EMAILED DIRECTLY TO THE GENERAL PARTNER AT INFO@CGSAM.COM. ORIGINALS AND FUNDS MAY BE COURIERED OR MAILED TO THE GENERAL PARTNER AT 2108, 335 – 8TH AVENUE SW, CALGARY, ALBERTA T2P 1C9.

PLEASE NOTE: THE GENERAL PARTNER RESERVES THE RIGHT TO CANCEL A PURCHASE REQUEST IF THE REQUIRED SUBSCRIPTION AGREEMENT IS NOT RECEIVED WITHIN FIVE BUSINESS DAYS OF THE APPLICABLE CLOSING DATE.

Form of Client Identification Required by Canadian Anti-money Laundering Legislation: Individual Subscribers must attach a copy of one of either their birth certificate, driver’s license, passport, record of landing or permanent resident card. Corporate Subscribers must attach a copy of each of (i) their constating documents, (ii) a list of current directors of the corporation, and (iii) a current certificate of status showing the corporation is validly subsisting. Partnerships, trusts and other unincorporated Subscribers must attach a copy of (i) their constating documents and (ii) a certificate of registration with a public record, if available. Any Subscriber may be required to provide such other information as may be reasonably requested by the General Partner.

Investment in CGS Flow-Through 2011 - 1 LP may be made electronically through FundSERV or by direct purchase. All dealer inquiries regarding FundSERV placement or settlement of trades should contact SGGG Fund Services Inc. (Dolores Stephen) (the General Partner’s service provider) at 416-967-0038, x336 or dstephen@sgggsi.com.

PART A – SUBSCRIBER INFORMATION

INVESTMENT INFORMATION

Number of Units subscribed for /
total dollar amount of Subscription: _____ / _____

Dealer/ Rep Code: _____

Transaction Date: _____

IA email address: _____

SUBSCRIBER INFORMATION

SUBSCRIBER:

Name of Subscriber (affix seal if a corporation)

X _____
Signature of Subscriber

Address

City/Province/Postal Code

Phone

Email

IF SUBSCRIBER IS AN INDIVIDUAL:

Date of Birth

SIN

Citizenship

Passport Number

Employer

Address

Type of Business

Occupation

JOINT SUBSCRIBER (if applicable):

Name of Joint Subscriber

Signature of Joint Subscriber

Address (if different than Subscriber's)

City/Province/Postal Code

Phone

Email

JOINT SUBSCRIBER (if applicable):

Date of Birth

SIN

Citizenship

Passport Number

Employer

Address

Type of Business

Occupation

IF SUBSCRIBER IS NOT AN INDIVIDUAL:

Provide names and titles of all individuals who have authority to give instructions on behalf of the Subscriber (attach additional pages if required)

Name and Position of Signatory

Business Number

Date of Incorporation/Formation

TRADING INFORMATION

Will any other person or persons:

a) Have any trading authorization in this account?

Yes No

If yes, provide name and title

b) Have a financial interest in this account?

Yes No

If yes, provide name and title

Investment Knowledge:

Extensive Moderate None

Risk Tolerance:

High Medium Low

Investment Objectives:

Growth Income Balanced

Investment Time Horizon

Long Term Short Term

TO BE COMPLETED BY THE PARTNERSHIP ONLY

The Partnership hereby accepts the subscription on the terms and conditions of this Subscription agreement, including the attached "Terms and Conditions of Subscription for Units of CGS Flow-Through 2011 - 1 LP".

Closing Date: _____

Subscription Price: **\$25 per Unit**

Units Issued: _____

Dated this ___ day of _____, 201__.

CGS Flow-Through 2011 - 1 LP, by its general partner, CGS Flow-Through 2011 - 1 GP Ltd. (Authorized Signing Officer)

PART B –INVESTOR CERTIFICATE

In connection with the purchase by the Subscriber of the Purchased Units, the Subscriber hereby represents, warrants and certifies to the Partnership and the General Partner that the Subscriber:

(A) *ALL PROVINCES AND TERRITORIES*: is an “accredited investor” (as defined in National Instrument 45-106 – *Prospectus and Registration Exemptions*) by virtue of satisfying one of the criteria indicated below (*PLEASE CHECK ONE THAT APPLIES*):

- (a) an individual who, either alone or with a spouse, beneficially owns directly or indirectly financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000.
 - (b) an individual whose net income before taxes exceeded \$200,000 in each of the 2 most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the 2 most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year.
 - (c) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000.
 - (d) a person (including a corporation, a partnership or trust) other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements and that has not been created or used solely to purchase or hold securities as an accredited investor.
 - (e) a person registered under the securities legislation of a jurisdiction of Canada as an advisor or dealer, other than a person registered solely as a limited market dealer under one or both of the *Securities Act* (Ontario) of the *Securities Act* (Newfoundland and Labrador).
 - (f) an individual registered or formerly registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (e).
 - (g) other: please indicate appropriate category of “accredited investor”:
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OR

(B) *FOR RESIDENTS OF BRITISH COLUMBIA, NEWFOUNDLAND AND LABRADOR, NEW BRUNSWICK AND NOVA SCOTIA ONLY*: has delivered to the Partnership a signed Risk Acknowledgement Form set out in Part C and, if the Subscriber is a resident of New Brunswick, no commission or finder’s fee has been paid to any person, other than to a registered dealer.

OR

(C) *FOR RESIDENTS OF ALBERTA, MANITOBA, NORTHWEST TERRITORIES, NUNAVUT, PRINCE EDWARD ISLAND, SASKATCHEWAN AND YUKON ONLY*: is an “eligible investor”, as defined in National Instrument 45-106 - *Prospectus and Registration Exemptions* (“**NI 45-106**”), being (*PLEASE CHECK ONE THAT APPLIES*):

- (a) a person whose: (i) net assets, alone or with a spouse, in the case of an individual, exceed \$400,000; (ii) net income before taxes exceeded \$75,000 in each of the 2 most recent calendar years and who reasonably expects to exceed that income level in the current calendar year; or (iii) net income before taxes, alone or with a spouse in the case of an individual, exceeded \$125,000 in each of the 2 most recent calendar years and who reasonably expects to exceed that income level in the current calendar year;
- (b) a person of which a majority of the voting securities are beneficially owned by eligible investors or a majority of the directors are eligible investors;

- (c) a general partnership of which all the partners are eligible investors or a limited partnership of which the majority of the general partners are eligible investors;
- (d) a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are eligible investors;
- (e) an accredited investor;
- (f) a person described in Section 2.5 of NI 45-106 (Family, friends and business associates); or
- (g) a person that has obtained advice regarding the suitability of the investment and, if the person is resident in a jurisdiction of Canada, that advice has been obtained from an eligibility advisor;

and has delivered to the Partnership a signed Risk Acknowledgement Form set out in Part C, and: (A) if the Subscriber is an investment fund, the investment fund is (1) a non-redeemable investment fund, or (2) a mutual fund that is a reporting issuer; (B) if the Subscriber is a resident of Alberta, Manitoba, Northwest Territories, Nunavut, Prince Edward Island, Saskatchewan or Yukon, it has not been created or used solely to purchase or hold securities in reliance upon an exemption from the dealer registration requirements or the prospectus requirement set out in subsections 2.9(2) and (4) of NI 45-106; and (C) if the Subscriber is a resident of Northwest Territories, Nunavut, Saskatchewan or Yukon, no commission or finder's fee has been paid to any person, other than to a registered dealer.

- (ii) is purchasing the Purchased Units as principal;
- (iii) is resident in or is subject to the laws of the province or territory set out above under the heading "Subscriber Information"; and
- (iv) is relying exclusively on the Offering Memorandum delivered in connection herewith and not on any other offering memorandum or document.

X _____
Signature of Subscriber

X _____
Date

PART C – RISK ACKNOWLEDGEMENT FORM

If the Subscriber does NOT qualify as an accredited investor and is making an initial purchase of less than \$150,000, then a Risk Acknowledgement Form must be signed.

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Risk Acknowledgement

- I acknowledge that this is a risky investment:
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.
- If I have not purchased these securities through a dealer, the person selling me these securities is not registered with a securities regulatory authority or regulator and has no duty to tell me whether this investment is suitable for me.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- I could lose all the money I invest.

I am investing \$_____ [Subscription Price] in total; this includes any amount I am obligated to pay in future. CGS Flow-Through 2011 - 1 LP (the “Partnership”) will pay up to \$_____ [being 5% of the total consideration] of this to any person as a fee or commission.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Date

Signature of Subscriber

Print name of Subscriber

Sign 2 copies of this document. Keep one copy for your records.

You have 2 business days to cancel your purchase.

To do so, send a notice to the Partnership stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after you sign the agreement to purchase the securities. You can send the notice by fax or email or deliver it in person to the Partnership at its business address. Keep a copy of the notice for your records.

Issuer Name and Address: CGS Flow-Through 2011 - 1 LP
2108, 335 – 8th Avenue SW, Calgary, Alberta T2P 1C9
Fax: (403) 263-5554
Email: info@cgsam.com

You are buying Exempt Market Securities, They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

You will receive an Offering Memorandum. Read the Offering Memorandum carefully because it has important information about the issuer and its securities. Keep the Offering Memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

You will not receive advice. You will not get professional advice about whether the investment is suitable for you. But you can still seek that advice from a registered adviser or investment dealer. In Alberta, Manitoba, Northwest Territories, Nunavut, Prince Edward Island, Québec, Saskatchewan and Yukon, to qualify as an eligible investor, you may be required to obtain that advice.

The securities you are buying are not listed. The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

The issuer of your securities is a non-reporting issuer. A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. Except as provided in the Offering Memorandum, you may not receive ongoing information about this issuer. For more information on the exempt market, call your local securities regulatory authority or regulator.

- Alberta Securities Commission, (403) 297-6454, www.albertasecurities.com
- British Columbia Securities Commission, (604) 899-6500, www.bcsc.ca
- Securities Division of the Financial Services Commission (Saskatchewan), (306) 787-5645, www.sfsc.gov.sk.ca
- The Manitoba Securities Commission, (204) 945-2548, www.msc.gov.mb.ca
- Autorite des marches financieres (Québec), 1-877-525-0337, www.lautorite.qc.ca
- New Brunswick Securities Commission, (506) 658-3060, www.nbsc-cvmnb.ca
- Nova Scotia Securities Commission, (902) 424-7768, www.gov.ns.ca.nssc
- Prince Edward Island Securities Office, (902) 368-4569, www.gov.pe.ca/securities
- Securities Commission of Newfoundland and Labrador, www.gs.gov.nl.ca
- Securities Registry, Department of Justice, Government of the Northwest Territories, (867) 920- 3318, www.justice.gov.nt.ca/SecuritiesRegistry
- Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut, (867) 975-6590, www.gov.nu.ca
- Registrar of Securities, Corporate Affairs/Community Services, Government of Yukon, (867) 667-5225, www.gov.yk.ca/

Instruction: The purchaser must sign 2 copies of this form. The purchaser and the issuer must each receive a signed copy.

**TERMS AND CONDITIONS OF SUBSCRIPTION FOR UNITS
OF CGS FLOW-THROUGH 2011 - 1 LP**

1. Partnership Agreement

The Subscriber hereby acknowledges and agrees that if this subscription is accepted, in whole or in part, by the General Partner on behalf of the Partnership, the undersigned will become a party to and be bound by the limited partnership agreement for the Partnership (as may be amended from time to time, the “**Partnership Agreement**”) among the General Partner and each party who, from time to time, becomes a limited partner in accordance with the terms of the Partnership Agreement. The Units will be issuable pursuant to the Partnership Agreement for the Partnership. With respect to a subscription for Units, capitalized terms used but not defined herein have the meanings ascribed thereto in the Partnership Agreement. With respect to a subscription for Units, in the event of a conflict between the provisions of this Subscription Agreement and the Partnership Agreement, the provisions of the Partnership Agreement shall prevail.

2. Amount Payable; Closing

The Subscriber hereby tenders, in full payment of the Subscription Price, a certified cheque, bank draft or other form of immediately transferable funds, made payable to “CGS Flow-Through 2011 - 1 LP” (or has arranged for another method of payment acceptable to the General Partner, including through the facilities of FundSERV) for the amount set forth above on page 2 hereof representing the Subscription Price for the Purchased Units, such funds to be held in trust by the General Partner, and released in order to be applied to the purchase hereof. The Subscriber hereby instructs the General Partner and its agents to deal with the Subscription Price on the terms set forth herein. The completion of the offer, sale and issuance of the Purchased Units as contemplated by this Subscription Agreement is expected to occur on or about July 31, 2011 (the “**Initial Closing**”) and at such time and on such date as the General Partner may determine (each such time and date being herein referred to as the “**Closing Date**”). If less than the maximum number of Units for the Partnership is subscribed for at the Initial Closing, one or more subsequent closings for the Partnership may be held on or before December 31, 2011 at the discretion of the General Partner. Fully executed and completed Subscription Agreements and immediate funds satisfying the Subscription Price for the Purchase Units must be received by 10:00 AM (MDT) on a Closing Date.

3. Acceptance of Subscription

The Subscriber acknowledges that participation in the Partnership is subject to the acceptance of this subscription by the General Partner, payment of the Subscription Price and certain other conditions set forth in the Offering Memorandum and the Partnership Agreement. The Subscriber acknowledges that he, she or it will become a party to the Partnership Agreement upon acceptance of this subscription by the General Partner, in accordance with the Partnership Agreement. The Subscriber acknowledges that the General Partner on behalf of the Partnership will be entitled to rely on delivery by facsimile machine or other electronic delivery of an executed copy of this subscription and acceptance by the Partnership of such facsimile or other electronic delivery copy will be legally effective to create a valid and binding agreement between the Purchaser and the Partnership in accordance with the terms hereof. This Subscription Agreement and the Subscription Price (or any portion thereof) will be returned forthwith to the Subscriber at the address indicated on page 2 hereof if this subscription or any part of this subscription is not accepted.

4. No Unit Certificates

- (a) The Subscriber acknowledges that the Subscriber will not be entitled to receive a certificate or other instrument representing the Purchased Units or evidencing beneficial ownership of the Purchased Units from the Partnership, the General Partner or any other person and that ownership of Units shall be evidenced solely and conclusively by the register maintained by the Partnership. However, on any purchase or transfer of Units, the General Partner will issue written confirmation indicating the nature of the transaction effected by the Subscriber and the number of Units held by such Subscriber or its transferee after such transaction.
- (b) Under Applicable Securities Laws (as defined below), if the Partnership did issue the Subscriber a certificate or other instrument representing the Purchased Units, it would bear a legend substantially in the following form:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESALE RESTRICTIONS UNDER APPLICABLE SECURITIES LEGISLATION, RULES, REGULATIONS AND POLICIES AND THAT, SINCE THE PARTNERSHIP IS NOT, AND HAS NO CURRENT INTENTION OF BECOMING, A “REPORTING ISSUER”, OR ITS EQUIVALENT, IN ANY JURISDICTION, THIS COULD RESULT IN A HOLDER OF PURCHASED UNITS HAVING TO HOLD SUCH SECURITIES FOR AN INDEFINITE PERIOD OF TIME IF NO STATUTORY EXEMPTION MAY BE RELIED UPON OR IF NO DISCRETIONARY ORDER OR RULING IS OBTAINED IN RESPECT OF THE RESALE OF SUCH SECURITIES.

UNLESS PERMITTED BY SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF: (I) [DISTRIBUTION DATE], AND (II) THE DATE THAT THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

5. Conditions of Closing

The obligations of the Partnership to sell the Purchased Units to the Subscriber is subject to the following conditions being fulfilled or performed on or before the time of issuance of Purchased Units, which conditions are for the exclusive benefit of the Partnership and the General Partner and may be waived, in whole or in part, by the General Partner in its sole discretion:

- (a) the Subscriber delivering or causing to be delivered to the General Partner the following, in trust:
 - (i) one fully completed and duly executed copy of this Subscription Agreement, including all relevant schedules and all other documentation contemplated by this Subscription Agreement;
 - (ii) the Subscription Price by way of a certified cheque, wire transfer or bank draft, through the facilities of FundSERV or such other method of payment acceptable to the General Partner;
- (b) the General Partner accepting the Subscriber's subscription for the Purchased Units in whole or in part, which acceptance shall be in the General Partner's sole discretion, acting reasonably;
- (c) the offer, sale and issuance of the Purchased Units being exempt from the prospectus and registration requirements of Applicable Securities Laws. As used in this Subscription Agreement, "**Applicable Securities Laws**" means any and all securities laws including, statutes, rules, regulations, by-laws, policies, guidelines, orders, decisions, rulings and awards, applicable in the jurisdictions in which the Units will be offered, sold and issued;
- (d) the Subscriber executing and returning to the Partnership all relevant documentation required by Applicable Securities Laws in connection with the offer, sale and issuance of the Purchased Units to the Subscriber;
- (e) the Partnership obtaining all orders, permits, approvals, waivers, consents, licenses or similar authorizations of Regulators necessary to complete the offer, sale and issuance of the Purchased Units. As used in this Subscription Agreement, "**Regulator**" means: (i) any governmental or public entity department, court, commission, board, bureau, agency or instrumentality; and (ii) any quasi-governmental, self regulatory or private body exercising any regulatory authority; and
- (f) the representations and warranties of the Subscriber having been true and correct as of the date of this Subscription Agreement and being true and correct at the time of issuance of the Purchased Units.

6. Prospectus Exemptions; Resale and Transfer Restrictions

The Subscriber acknowledges and agrees that:

- (a) the decision to enter into this Subscription Agreement and to purchase the Purchased Units has not been based upon any verbal or written representation or documentation as to fact or otherwise made by or on behalf of the General Partners, its affiliates or the Partnership except as set forth in the Offering Memorandum (and not in any preliminary or earlier draft thereof or in any confidential information memorandum);
- (b) the Subscriber has read and fully understands the Offering Memorandum and the Partnership Agreement and has had an opportunity to ask and have answered questions with respect to the Partnership;
- (c) the sale and delivery of the Purchased Units to the Subscriber or, if applicable, to any others on whose behalf the Subscriber is contracting hereunder is conditional upon such sale being exempt from the prospectus filing requirements of any applicable statute relating to the sale of the Purchased Units or upon the issuance of such orders, rulings, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus;
- (d) the Subscriber irrevocably authorizes any dealer through which the Subscriber is acquiring the Purchased Units to provide certain information to the General Partner and its service providers for their collection and use, including such Subscriber's full name, residential address or address for service, social insurance number or the corporation account number, as the case may be;

- (e) the certificates, if any are issued, representing the Purchased Units will bear a legend substantially as set out in Section 4 herein;
- (f) the Subscriber or, if applicable, others for whom it is contracting hereunder will comply with all Applicable Securities Laws concerning any resale of the Purchased Units and will consult with its legal advisors or counsel to the General Partner and the Partnership with respect to complying with all restrictions applying to any such resale;
- (g) the Purchased Units shall not be transferred except in accordance with the terms and conditions of the Partnership Agreement;
- (h) the federal tax shelter identification number for the Partnership will be included in any income tax return filed by the Subscriber. Issuance of these identification numbers is for administrative purposes only and does not in any way confirm the entitlement of the Subscriber to claim any tax benefits associated with the tax shelter;
- (i) no market exists for the Purchased Units and none is likely to develop;
- (j) the Subscriber has read the "Risk Factors" section of the Offering Memorandum and has considered such risks carefully; and
- (k) there is no assurance that the Mutual Fund Rollover Transaction (as described in the Offering Memorandum) will occur in the manner contemplated or at all and that there are no agreements or arrangements currently in place with any third parties respecting such event.

7. Statement of Policies Regarding Securities of Related and Connected Issuers

The securities legislation of certain jurisdictions requires securities dealers and advisers who trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. In certain provinces or territories, these rules require dealers and advisers to inform their clients of the relevant relationships and connections with the issuer of the securities prior to trading with or advising their clients. Clients should refer to the applicable provisions of such securities legislation for the particulars of these rules and their rights or consult with a legal adviser. The Subscriber acknowledges receipt of and consents to **The Statement of Policies Regarding Securities of Related and Connected Issuers and Related Registrants** of CGS Asset Management Ltd. (as described in the Offering Memorandum) and annexed hereto as Schedule "A".

8. Representations, Warranties and Covenants of the Subscriber

The Subscriber hereby represents, warrants, acknowledges and covenants to the General Partner and to the Partnership (which representations, warranties, acknowledgements and covenants shall survive closing and continue in full force and effect until the Subscriber no longer directly or indirectly owns Units) that:

- (a) the Subscriber understands that an investment in Units is not without risk and the Subscriber (and any disclosed principal) may lose his, her or its entire investment;
- (b) the Subscriber understands using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines;
- (c) the Subscriber (and if the Subscriber is acting as agent for a disclosed principal, such disclosed principal) was offered the Purchased Units in, and is resident in, the jurisdiction set out in the "Subscriber's Information Form" section of this Subscription Agreement and intends the Applicable Securities Laws of that jurisdiction to govern the offer, sale and issuance of the Purchased Units to the Subscriber;
- (d) the Subscriber (and any disclosed principal) is eligible to purchase the Purchased Units pursuant to an exemption from the prospectus and registration requirements of Applicable Securities Laws;
- (e) if the Subscriber is resident in Canada, the Subscriber: (i) is an "accredited investor" within the meaning of National Instrument 45-106 and has completed the Investor Certificate contained in this Subscription Agreement; or (ii) is purchasing the Purchased Units in reliance on and in compliance with the requirements of the "Offering Memorandum" exemption under National Instrument 45-106 and has completed each of the Investor Certificate and the Risk Acknowledgement Form contained in this Subscription Agreement;

- (f) neither the purchase nor the holding of Purchased Units by the Subscriber will at any time cause any Units to be a “tax shelter investment” for purposes of Section 143.2 of the *Income Tax Act* (Canada) (the “**Tax Act**”) or result in the application of any analogous provisions of any provincial taxing legislation;
- (g) the Subscriber does not act jointly or in concert with any other Subscriber for Units for the purposes of the acquisition of the Purchased Units;
- (h) the Subscriber (and, if applicable, others for whom it is contracting hereunder) will execute and deliver all documentation as may be required by Applicable Securities Laws to permit the purchase of the Purchased Units on the terms herein set forth;
- (i) in the case of a subscription by the Subscriber for Purchased Units acting as trustee or as agent (including, for greater certainty, a portfolio manager or comparable adviser) for a disclosed or undisclosed principal, the Subscriber fully manages the accounts of such principal maintained with the Subscriber, is duly authorized to execute and deliver this agreement and all other necessary documentation in connection with such subscription on behalf of such principal, to agree to the terms and conditions herein and therein set out and to make such representations, warranties, acknowledgements and covenants herein and therein contained, all as if such beneficial purchaser was the Subscriber named above, and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes the legal, valid and binding agreement of, such principal;
- (j) upon execution and delivery by the Subscriber and acceptance by the Partnership, this Subscription Agreement and the Partnership Agreement (when executed by the undersigned) will each have been duly authorized, executed and delivered by, and will each constitute a legal, valid and binding agreement of, the Subscriber subject to:
 - (i) any applicable bankruptcy, insolvency or other laws affecting the enforcement of creditors’ rights generally; and
 - (ii) general principles of equity, including the granting of equitable remedies within the discretion of a court of competent jurisdiction;
- (k) if the Subscriber is an individual, the Subscriber has obtained the age of majority and is legally competent to execute this Subscription Agreement and to take all actions required pursuant hereto;
- (l) the Subscriber has obtained independent legal and tax advice as to the Subscriber’s liabilities and obligations under the Partnership Agreement and under this Subscription Agreement, and acknowledges that the relevant provisions of the Tax Act and related statutes are complex and that it has taken such steps as it considers necessary to ensure that it understands the meaning and effect of such representations, warranties and indemnities;
- (m) the Subscriber has full power and authority to execute and deliver this Subscription Agreement, the Partnership Agreement and all other agreements, instruments and other documents contemplated hereby or thereby and to take all other actions required by this Subscription Agreement and the Partnership Agreement and has obtained all necessary approvals and authorizations in connection therewith;
- (n) the Subscriber has read the Offering Memorandum and is aware of the characteristics of the Purchased Units and of their speculative nature, as well as of the fact that they cannot be sold or otherwise disposed of except in accordance with the provisions of the Partnership Agreement and Applicable Securities Laws;
- (o) the Subscriber is not: (i) a “non-resident” of Canada for the purposes of the Tax Act; (ii) a “non-Canadian” within the meaning of the *Investment Canada Act*; or (iii) a partnership and that he, she or it will maintain such status during such time as Units are held by him, her or it;
- (p) the Subscriber is not a “financial institution” as that term is defined in subsection 142.2(1) of the Tax Act unless such investor has provided written notice to the contrary to the General Partner prior to the date of acceptance of the investor’s subscription for Units. An investor who is not an individual may be obliged to provide the General Partner with a declaration that it is not a “financial institution” as that term is defined in subsection 142.2(1) of the Tax Act;
- (q) no offer of Purchased Units was made to the Subscriber in the “United States” (as defined in Regulation S under the U.S. Securities Act of 1933, as amended), the Subscriber is executing this Subscription Agreement outside the United States and the Subscriber has no intention to distribute, either directly or indirectly, any of the Purchased Units to any person within the United States or to a U.S. Person

- (f) the Subscriber represents and warrants that the Subscriber (and any disclosed principal) is not named on or blocked by any of the following lists (the “**Prohibited Lists**”) promulgated by the Department of Foreign Affairs and International Trade Canada (DFAIT), or the Department of Public Safety and Emergency Preparedness of Canada (DPSEP):
- (i) the List of Names subject to the Regulations Establishing a List of Entities made under subsection 83.05(1) of the *Criminal Code* (Canada) (found at the website of the Office of the Superintendent of Financial Institutions Canada (OSFI) at http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?DetailID=525);
 - (ii) the List of Names subject to the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism (found at OSFI website at http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?DetailID=525); and
 - (iii) the List of Names subject to the United Nations Al-Qaida and Taliban Regulations (found at OSFI website at http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?DetailID=525).

The Subscriber acknowledges and agrees that the General Partner has provided herein certain lists adopted or published by applicable governmental authorities for the convenience of the Subscriber and that because these lists are subject to change from time to time, it is the responsibility of the Subscriber to ensure that the lists are current as of the time this Subscription Agreement is executed and that each representation made by the Subscriber is true and correct as of the date of the Subscription Agreement;

- (s) to the best of the Subscriber’s knowledge the money that the Subscriber seeks to invest is not derived from any criminal enterprise or proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada).
- (t) the Subscriber understands that, if required by applicable securities laws a report of the sale of the Units will be filed with the appropriate securities regulatory authority. The Subscriber hereby acknowledges that pursuant to such a report, the Partnership may be obligated to disclose, among other things, the identity of the Subscriber and the particulars of the Subscriber’s holdings in the Partnership. The Subscriber hereby consents to such disclosure;
- (u) the Subscriber agrees to keep confidential all information provided to the Subscriber relating to the business and affairs of the Partnership and not to distribute or otherwise make available any such information to any other person or otherwise exploit any such information;
- (v) if the Subscriber or any beneficial purchaser for whom the Subscriber is acting becomes a non-resident of Canada for purposes of the Tax Act, or if any of such persons that is a partnership ceases to be a “Canadian partnership” as defined in the Tax Act, at any time during which the Subscriber or such beneficial purchaser holds or owns any interest in a Partnership, it shall notify the General Partner immediately;
- (w) that payment of the Subscription Price for the Purchased Units was not financed through indebtedness for which recourse is or is deemed to be limited within the meaning of the Tax Act. For these purposes, the Tax Act provides that recourse for a financing is generally deemed to be limited unless: (i) *bona fide* arrangements, evidenced in writing, are made, at the time the indebtedness arises, for repayment of the indebtedness and all interest thereon within a reasonable period not exceeding ten years; and (ii) interest is payable, at least annually, at a rate equal to or greater than the lesser of the prescribed rate of interest under the Tax Act in effect at the time the indebtedness arose, and the prescribed rate of interest applicable from time to time during the term of the indebtedness and such interest is paid by the limited partner in respect of the indebtedness not later than 60 days after the end of each taxation year of the limited partner;
- (x) the Subscriber acknowledges and agrees that the Subscriber may be required to redeem from the Partnership, if information requested by the General Partner or any of the Partnership’s agents or service providers is not provided in a timely manner. In the event of any such delay, the Subscriber shall indemnify the General Partner and the Partnership, and hold it harmless, against any loss resulting from such delay. The Subscriber acknowledges and agrees that redemption proceeds or other amounts paid to the Subscriber will be paid only to an account in the Subscriber’s name, unless the Partnership in its sole discretion agrees otherwise; and
- (y) the Subscriber acknowledges that: (i) the General Partner or any of the Partnership’s agents or service providers may monitor communications, investments, redemptions, and other payments; (ii) may be required to report any suspicious activity to appropriate authorities; (iii) in the course of making investments the Partnership may disclose information contained in this Subscription Agreement or otherwise provided by the Subscriber to third parties; and (iv) the General Partner may disclose information contained in this Subscription Agreement or otherwise provided by the Subscriber to applicable government authorities for anti-money laundering and anti-terrorist financing purposes.

The Subscriber acknowledges that the foregoing representations and warranties are made with the intent that they may be relied upon by the General Partner, the Partnership and their respective counsel in determining the Subscriber's eligibility or (if applicable) the eligibility of others on whose behalf the Subscriber is contracting hereunder to purchase the Purchased Units under relevant securities legislation and, in the case of such counsel, to provide opinions in respect of the sale of the Purchased Units. The Subscriber further agrees that by accepting the Purchased Units on the Closing Date it shall be representing and warranting that the foregoing representations and warranties are true as at that Closing Date. The General Partner and the Partnership shall be entitled to rely on the representations and warranties of the undersigned contained in this Subscription Agreement and the Subscriber shall indemnify and hold harmless the Partnership and the General Partner for any loss or damage they may suffer as a result of any misrepresentation of the undersigned.

9. Power of Attorney

In consideration of the General Partner accepting this Subscription Agreement and conditional thereon, the Subscriber:

- (a) agrees to be bound as a Limited Partner in the Partnership by the terms of the Partnership Agreement, as it may from time to time be amended and in effect and the Subscriber hereby expressly ratifies and confirms the power of attorney given to the General Partner in the Partnership Agreement; and
- (b) hereby irrevocably nominates, constitutes and appoints the General Partner, with full power of substitution, as the Subscriber's agent and true and lawful attorney to act on the Subscriber's behalf, with full power and authority in the Subscriber's name, place and stead to execute, record or file, as and where required, the Partnership Agreement, the Certificate and any amendments thereto and any other instruments listed in the Partnership Agreement or otherwise required by law.

Each of the power of attorney granted herein and the power of attorney granted in the Partnership Agreement is irrevocable, is a power coupled with an interest and will survive any bankruptcy, death, disability, mental or legal incapacity or mental infirmity of the Subscriber and will survive the assignment or transfer, to the extent of the obligations of the Subscriber hereunder and under the Partnership Agreement, by the Subscriber, of the whole or any part of the interest of the Subscriber in the Partnership, and extends to the heirs, executors, administrators, successors, transferees and assigns of the Subscriber and may be exercised by the General Partner and its successors and permitted assigns on behalf of the Subscriber by executing any instrument by a facsimile or other electronic signature or by listing all the Limited Partners executing such instrument with a single signature as attorney and agent for all of them. The Subscriber agrees to be bound by any representations and actions made or taken by the General Partner pursuant to this power of attorney or the power of attorney given to the General Partner in the Partnership Agreement and hereby waives any and all defences which may be available to contest, negate or disaffirm the action of the General Partner taken in good faith under these powers of attorney. This power of attorney will continue in respect of the General Partner so long as it is the general partner of the Partnership and will terminate thereafter, but will continue in respect of a new general partner of the Partnership as if the new general partner were the original attorney. This power of attorney will survive any dissolution or termination of the Partnership and the Subscriber declares that this power of attorney will survive and may be exercised by the General Partner during any legal or mental incapacity, mental infirmity or incompetence of the Subscriber.

The execution of this power of attorney will not terminate any continuing power of attorney previously granted by the Subscriber and will not be terminated by the Subscriber on the execution of a continuing power of attorney in the future and the Subscriber hereby agrees not to take any action in the future which results in the termination of this power of attorney.

10. Authorization of Indirect Collection of Personal Information for Distributions in Ontario

The Partnership may be required to file a report of trade with all applicable securities regulatory authorities containing personal information about the Subscriber and, if applicable, any disclosed principal of the Purchased Units. The Subscriber acknowledges that it has been notified by the Partnership:

- (a) of such delivery of a report of trade containing the full name, residential address and telephone number of each subscriber and, if applicable, any disclosed principal, of the Units, the number and type of securities purchased, the total purchase price paid for such securities, the date of the purchase and the prospectus and registration exemption relied upon under applicable securities laws to complete such purchase;
- (b) that in Ontario, this information is collected indirectly by the Ontario Securities Commission under the authority granted to it under, and for the purposes of the administration and enforcement of, the securities legislation in Ontario; and

- (c) that the Subscriber may contact the Administrative Support Clerk, Ontario Securities Commission at Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8 or by telephone at (416) 593-3684 for more information regarding the indirect collection of such information by the Ontario Securities Commission.

By completing this Subscription Agreement, the Subscriber authorizes the indirect collection of this information by each applicable securities regulatory authority or regulator and acknowledges that such information may be made available to the public under applicable securities legislation.

11. Waiver of Withdrawal Right

The Subscriber, and each beneficial purchaser, if any, for whom the Subscriber is acting, hereby waives and releases the General Partner and the Partnership from all rights of withdrawal to which it might otherwise be entitled under applicable securities legislation, rules, regulations and policies, to the fullest extent permitted by law.

12. Subscriber's Rights of Action

The Subscriber shall have such rights of action (whether statutory, contractual or otherwise) against the Partnership as are described in the Offering Memorandum under "Rights of Action for Damages or Rescission". To the extent such rights of action are contractual in respect of subscribers of Units resident in certain specified provinces or territories of Canada, the Partnership agrees and hereby grants to the Subscriber (as applicable, if the Subscriber resides in such a specified province or territory of Canada) the rights of action against the Partnership as are described in the Offering Memorandum under "Rights of Action for Damages or Rescission".

13. Beneficial Subscribers

Whether or not explicitly stated in this Subscription Agreement, any acknowledgement, representation, warranty, covenant or agreement made by the Subscriber in this Subscription Agreement, including any schedules attached hereto, will be treated as if made by the disclosed principal of the Purchased Units, if any.

14. Governing Law

This Subscription Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta with respect to any matters arising out of this Subscription Agreement.

15. Survival

This Subscription Agreement, including, without limitation, the representations, warranties and covenants contained herein and the Schedules attached hereto, shall survive and continue in full force and effect and be binding upon the Partnership and the Subscriber, notwithstanding the completion of the purchase of the Purchased Units by the Subscriber pursuant hereto, or the subsequent disposition of the Purchased Units by the Subscriber.

16. Assignment

This Subscription Agreement is not transferable or assignable by the parties hereto.

17. Provision of Identification Information to Third Parties

In order to enable it to perform the anti-money laundering checks in relation to the subscribers of Units as required by applicable law, the General Partner or its agents may be required to disclose identification information in relation to such subscribers (including the Subscriber) to a third party service provider of web-based anti-money laundering identity verification and search applications, which applications are commonly used as a component of anti-money laundering compliance programs.

18. Entire Agreement

This Subscription Agreement together with the Partnership Agreement contain the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein or therein.

19. Counterparts

This Subscription Agreement may be executed in any number of counterparts (including counterparts by facsimile or other electronic transmission) and all such counterparts taken together will be deemed to constitute one and the same document.

20. Time of Essence

Time shall be of the essence in this Subscription Agreement.

21. Interpretation

The headings contained herein are for convenience only and shall not affect the meaning or interpretation of this Subscription Agreement. References in this Subscription Agreement and the Schedules to "\$" or "C\$" are to Canadian dollars.

22. Tax Shelter ID Number

The federal tax shelter identification number for CGS Flow Through 2011 - 1 LP is TS 078444. **The identification number issued for this tax shelter must be included in any income tax return filed by the investor. Issuance of the identification number is for administrative purposes only and does not in any way confirm the entitlement of an investor to claim any tax benefits associated with the tax shelter.**

23. Language of Documents

The parties hereto confirm their express wish that this Subscription Agreement and all documents and agreements directly or indirectly relating thereto be drawn up in the English language. Les parties reconnaissent leur volonté expresse que la présente convention de souscription ainsi que tous les documents et contrats s'y rattachant directement ou indirectement soient rédigés en anglais.

SCHEDULE "A"

STATEMENT OF POLICIES REGARDING CONFLICTS OF INTEREST INCLUDING SECURITIES OF RELATED AND CONNECTED ISSUERS AND RELATED REGISTRANTS

CGS Asset Management Ltd. ("CGS") is an independent investment management company incorporated under the laws of Canada. CGS is entirely owned by senior members of staff and the firm's only office is located in Calgary, Alberta.

CGS is in the business of providing discretionary investment and portfolio management advisory services to its clients which are currently comprised of CGS investment funds ("Client Funds") managed pursuant to investment management agreements and individual investors in CGS' investment funds ("Individual Clients"), collectively ("CGS' Clients"). Individual Clients may subscribe on their own to purchase units of a CGS investment fund, such as CGS Flow-Through 2011 - 1 LP directly, through execution of a subscription agreement. CGS is also responsible for the day-to-day business and affairs of the CGS investment funds sponsored by it. Lastly, while CGS is not in the business of trading securities generally, it has been registered in the appropriate categories in each province in Canada to enable Individual Clients to invest in the CGS investment funds managed by CGS.

As a result, CGS, in each of its registrant roles, is required to identify material conflicts of interest which would be expected to arise between CGS (including each individual, acting on its behalf) and its Clients. Further, if a reasonable investor would expect to be informed of the nature and extent of an identified conflict of interest, CGS must do so. The purpose of this Conflicts of Interest Disclosure Statement is to provide CGS Clients with a description of such conflicts as a registrant firm with roles as advisor, investment fund manager and exempt market dealer might encounter and the measures CGS has taken to prevent, avoid, and mitigate such conflicts.

1. **Referral Arrangements with Affiliated Managers and Third Parties** - CGS has no referral arrangements with other parties and does not pay or receive referral fees.
2. **Investments in Related or Connected Issuers** - A related issuer means a person or company that influences or is influenced by, through ownership or direction and control over voting securities, another person or company. CGS is an independent firm, owned entirely by senior members of the company and is not influenced by any other person or company.

A person or company is connected to another person or company if, due to its relationships with such person, a prospective purchaser of securities of the person or company might question the other person or company's independence from the first person or company.

Clients of CGS may invest in CGS' investment funds for which CGS serves as manager. As such, the CGS investment funds may be considered 'connected issuers' of CGS. When CGS recommends a CGS investment fund to a client, CGS will disclose its relationship or connection to such fund or other connected issuers to the client and receive the client's written consent to the investment.

3. **Investments in Certain Other Issuers** - If any of the partners, directors, officers, employees or agents of CGS are also partners, directors or officers of an issuer, CGS will not cause an investment portfolio managed by it, including the CGS investment funds, to invest in securities of such issuers without the prior written consent of the Canadian Clients to do so after disclosure of that fact has been made. **By subscribing to the Subscription Agreement to which this Schedule is attached, the investor acknowledges such disclosure and consents to such transactions.**

In performing its services, CGS does from time to time advise on or trade in securities of one of its related or connected issuers, most notably, the CGS investment funds. These investment funds, managed by CGS, may also invest in entities related to CGS or may purchase a security of an issuer in which a responsible person (as defined below) or an associate of a responsible person is a shareholder, officer or director. By subscribing to the Subscription Agreement to which this Schedule is attached, the investor acknowledges and consents to such transactions.

In carrying on business as an adviser, CGS may:

- (a) with the written consent of the client, (such consent being included in the Subscription Agreement to which this Schedule is attached), cause an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to

purchase a security of an issuer in which a responsible person or an associate of a responsible person is a partner, officer or director, providing it continues to comply with applicable securities legislation;

- (b) make recommendations in respect of purchasing securities of CGS FLOW-THROUGH 2011 - 1 LP or other related or connected issuers; and
- (c) sell securities issued by CGS FLOW-THROUGH 2011 - 1 LP and other CGS investment funds managed by CGS or its affiliates.

In addition, CGS or other related parties may act as principal or agent in respect of securities purchased or sold by or to Clients of CGS.

4. Principal Transactions and Cross Trading Securities - Under Canadian regulations, CGS is subject to certain restrictions from engaging in principal transactions with or on behalf of its Clients and from cross trading securities between client accounts. In particular, without exemptive relief from regulatory authorities, CGS will not knowingly cause any investment portfolio managed by it (including the CGS investment funds), to purchase or sell securities from or to:

- (i) CGS;
- (ii) any directors, officers or associates of CGS; or
- (iii) any investment funds managed by them.

5. Best Execution and Soft Dollars - When placing orders for and on behalf of Clients' accounts, CGS will select those brokers and dealers from whom they reasonably expect to obtain the best execution (after considering all transaction costs and research or other benefits). Soft dollars create a perceived or potential conflict of interest; as a result, CGS does not use soft dollars. A copy of the best execution and soft dollar policies of CGS may be obtained upon request.

6. Marketing, Promotion and Sale of CGS Investment Funds - CGS's services as advisor and exempt market dealer are integrated and generally not separable from each other when it acts as dealer on the trade in the CGS investment funds. In such circumstances, CGS does not receive any separate compensation for acting as a dealer on the trade. CGS's interest is in the fees paid to it by the client or the CGS investment funds for its portfolio management and advisory services. CGS may from time to time solicit orders from Canadian Clients for and trade in the CGS investment funds. CGS does not receive any commission or similar selling compensation for acting as a dealer on such trades for its investment funds. CGS does not search for or recommend funds which are not sponsored or managed by CGS.

7. Fair Allocation Amongst Clients - CGS has adopted trading policies which are designed to ensure fair allocation of securities amongst client accounts. CGS is engaged to act as an advisor by several Individual Clients and or Client Funds sponsored by CGS. CGS may aggregate orders for a number of client accounts for the purchase of a particular security. A conflict of interest can arise when selecting which Clients' accounts to participate in the allocation. A copy of the fair allocation policy of CGS will be provided when a client opens an account or inquires after investing in a CGS investment fund and whenever a significant change to the policy is made. A copy of the policy may also be obtained upon request.

8. Fees of CGS - CGS typically charges its Client Funds a fee for its advisory services calculated as a percentage of the market value of the CGS investment fund under management, or as percentage of investment commitments to the Client Fund. Where CGS appoints a sub-adviser to assist with managing its client accounts to perform a service that it would otherwise be required to perform itself according to the management agreement for the Client Fund, CGS is responsible for payment of the sub-advisory fees so that there is no duplication of fees charged to the underlying client.

9. Allocating Expenses Amongst Funds and in a Fund - CGS pays its own operating expenses and as noted above, CGS does not currently charge the CGS investment funds for non-portfolio management services. The CGS investment funds are responsible for the fees of third party services providers to the CGS investment funds.

10. Pricing and Account Errors - CGS may have a potential conflict of interest when determining when, and how, to deal with a pricing error or other type of unit holder account error, due to the time, processing cost and reimbursement of investors involved. In some instances, CGS uses third party service providers to calculate net asset values of the CGS investment funds or private securities comprising the funds and to record unit holder transactions. CGS's Error Policy establishes standards for the correction of discrepancies in the calculation of net asset value in a consistent manner across the Canadian Funds and in accordance with industry guidelines.

11. **Proxy Voting and Other Corporate Actions** - CGS has discretion in voting the portfolio securities purchased on behalf of its Client Funds. CGS' proxy voting policy is to support the proposals put forth by the management of the investee companies that make up its investment funds, unless CGS feels it would be in the best interest of its Clients to do otherwise. CGS does not invest in securities of issuers for the purposes of exercising control over, or participating in management of issuers. CGS has established policies and procedures on how it handles material conflicts of interest that may arise between CGS and a CGS investment fund.

12. **Personal Trading, Gifts and Business Entertainment** - CGS has a Code of Ethics that sets forth standards of business conduct intended to prevent possible conflicts of interest, diversions of corporate opportunity or appearances of impropriety and has established policies and procedures for monitoring personal trades of employees, officers and directors who have access to information regarding the portfolios of the CGS Client Funds. When individual portfolio managers and other personnel of CGS invest in the same securities as the Client Funds of CGS, including the CGS investment funds, there is a perceived or potential conflict of interest that the portfolio manager or other personnel may benefit from opportunities at the expense of CGS' Individual Clients and the CGS Client Funds.

CGS has established written standards for the provision and acceptance of gifts and business entertainment to or from persons or entities with which the firm has an existing or potential business relationship and regularly monitors employees' adherence to such standards. When employees of CGS give or accept gifts or business entertainment of more than minimal value in connection with services provided to Individual Clients or the CGS Client Funds, there is also a perceived or potential conflict of interest.

For the purposes herein, “**responsible person**” means, for a registered adviser:

- (a) the adviser;
- (b) a partner, director or officer of the adviser; and
- (c) each of the following who has access to, or participates in formulating, an investment decision made on behalf of a client of the adviser or advice to be given to a client of the adviser:
 - (i) an employee or agent of the adviser;
 - (ii) an affiliate of the adviser; and
 - (iii) a partner, director, officer, employee or agent of an affiliate of the adviser.