



CGS FLOW-THROUGH 2011 - 1 LP

OFFERING SUMMARY

| | |
|--------------------------------|---|
| FundSERV CODE | CGS 111 |
| SELLING CONCESSION | 5.00% |
| ISSUE SIZE | Maximum \$30,000,000 (1,200,000 Units); Minimum \$1,000,000 (40,000 Units) |
| MINIMUM PURCHASE | \$5,000 (200 Units). Any investment amount exceeding \$5,000 must be made in multiples of \$1,000 (40 Units). |
| INVESTMENT OBJECTIVE | <p>CGS Flow-Through 2011 - 1 LP (the "Partnership") will invest in a diversified portfolio of flow-through securities of select resource issuers, focused primarily upon oil & gas exploration and development.</p> <p>The Partnership will attempt to maximize tax benefits for its limited partners through the purchase of flow-through shares, which is expected to generate significant income tax savings for 2011 and 2012. The Partnership is expected to invest primarily in issuers that will incur Canadian Exploration Expense ("CEE") and that are engaged in oil and gas exploration and development. The Partnership will strive to minimize costs, and will selectively invest across the eligible universe of resource issuers in order to generate superior risk-adjusted returns for its Limited Partners.</p> |
| GENERAL PARTNER | CGS Flow-Through 2011 - 1 GP Ltd. |
| PORTFOLIO MANAGER | <p>CGS Asset Management Ltd. was formed by the key full-time principals of AGS Resource Management Ltd., which previously served as the industry consultant to several AGS Energy flow-through LP's since 2004.</p> <p>Clarence Chow, President & CEO of CGS Asset Management Ltd. (the "Manager") has over 30 years of experience in both managing and operating private & publicly traded junior oil & gas companies. Mr. Chow is the former President & CEO of Mountain Energy, and Justinian Explorations; and is the former Chairman of the Canadian Petroleum Institute. Mr. Chow is currently a director of several oil & gas companies. Mr. Chow is also the advising representative at CGS Asset Management Ltd., a registered restricted portfolio manager in Alberta and Ontario.</p> |
| TAX SAVINGS | Based on a \$5,000 investment in the Partnership, investors are expected to receive a total tax deduction of \$5,031. Limited Partners may also qualify for additional tax credits at rollover through a charitable donation. Refer to page 2 for additional information on tax savings. |
| DIVERSIFICATION | The Partnership will invest in a diversified portfolio of approximately 15-25 companies operating in the Canadian junior oil & gas sector (assuming a Maximum offering size is achieved). While at least 60% of the portfolio will be made up of public junior resource companies listed on Canadian exchanges only, the Partnership may also invest up to 40% of its assets in private junior resource issuers whose securities cannot be readily disposed of through market facilities. Exposure to private companies is expected to enhance portfolio diversification and help reduce overall costs associated with the Partnership. |
| ROLLOVER | A tax deferred rollover of the limited partnership will occur on or about June 30, 2012. Upon dissolution, Limited Partners will receive redeemable Class A, Series D Shares of CGS Resource Fund Ltd., or units of another redeemable mutual fund that is considered appropriate from a tax planning and capital appreciation point of view. |
| REDEMPTION | Following the rollover of Partnership assets, limited partners may elect to redeem their Class A, Series D Shares of CGS Resource Fund Ltd. (or units of another mutual fund provided at rollover) on a weekly basis. Alternatively, Limited Partners may choose to hold the investment longer-term to benefit from continued tax deferral and potential capital appreciation. |
| MANAGEMENT FEE | The Partnership will pay the Manager a fee equal to 2.00% per annum of the Partnership's Net Asset Value, calculated and paid monthly in arrears. |
| PERFORMANCE BONUS | The Partnership will pay the Manager a performance bonus equal to 20% of any gains over the issue price of \$25 per Unit. The performance bonus accrues monthly, and will be paid on the rollover date of the Partnership. |
| ELIGIBLE INVESTORS | This Offering is available to investors in all provinces and territories of Canada who qualify as either an accredited or eligible investor. For more details on eligibility, please visit www.cgsam.com or consult your financial advisor. |
| LEGAL & TAX COUNSEL | Janke Law Office |
| AUDITORS | Ernst & Young LLP |
| TAX SHELTER NUMBER | TS 078444 |

This document is a summary only and must be read in conjunction with the Offering Memorandum. By acceptance hereof, the reader agrees that they will not transmit, reproduce or make available this summary or any information contained herein to the public or press. Securities legislation in all provinces and territories prohibit such distribution. The information contained herein, while obtained from sources that are believed to be reliable, is not guaranteed as to accuracy or completeness. This summary is for information purposes only and does not constitute an offer to sell nor a solicitation to buy the securities referred to herein. Investors must receive an Offering Memorandum prior to subscribing for Units.

PROJECTED TAX SAVINGS FOR CGS FLOW-THROUGH 2010 LIMITED PARTNERS

A \$5,000 investment is projected to provide Limited Partners with significant tax deductions in 2011, along with additional tax deductions from 2011 through 2014:

| | <u>2011</u> | <u>2012</u> | <u>2013-2015</u> | <u>Total</u> |
|-------------------------|----------------|--------------|------------------|----------------|
| CEE Deductions | \$4,200 | \$0 | \$0 | \$4,200 |
| Other Deductions | \$400 | \$550 | \$350 | \$1,300 |
| Total Deductions | \$4,600 | \$550 | \$350 | \$5,500 |

TAX SAVINGS, MONEY AT-RISK AND BREAK-EVEN CALCULATIONS BY PROVINCE

The tax savings received by investors in flow-through shares represents a substantial reduction in the investment cost. This lower net cost is commonly referred to as the money at-risk (i.e. effective purchase cost) and is the difference between the invested amount (i.e. \$5,000) and the tax savings. The break-even amount represents the total proceeds required to fully recoup the money at-risk. Downside protection is the amount the original investment can decline before an investor begins to lose money. The calculations assume the highest marginal income tax rate for each province. Actual tax rates, tax savings, money at-risk and break-even proceeds may vary from the estimates below, depending on an investor's province of residence and actual marginal tax rate.

Highest Marginal Tax Rates

| | <u>BC</u> | <u>AB</u> | <u>SK</u> | <u>MB</u> | <u>ON</u> | <u>QC</u> | <u>NS</u> | <u>NB</u> | <u>PE</u> | <u>NF</u> | <u>NT</u> | <u>NU</u> | <u>YT</u> |
|------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 2011 | 43.70% | 39.00% | 44.00% | 46.40% | 46.41% | 48.22% | 50.00% | 43.30% | 47.37% | 43.39% | 43.05% | 40.50% | 42.40% |
| 2012 | 43.70% | 39.00% | 44.00% | 46.40% | 46.41% | 48.22% | 50.00% | 43.30% | 47.37% | 43.39% | 43.05% | 40.50% | 42.40% |

| | <u>BC</u> | <u>AB</u> | <u>SK</u> | <u>MB</u> | <u>ON</u> | <u>QC</u> | <u>NS</u> | <u>NB</u> | <u>PE</u> | <u>NF</u> | <u>NT</u> | <u>NU</u> | <u>YT</u> |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Investment..... | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 |
| Less: Tax savings..... | \$ 2,404 | \$ 2,145 | \$ 2,420 | \$ 2,552 | \$ 2,553 | \$ 2,652 | \$ 2,750 | \$ 2,382 | \$ 2,605 | \$ 2,386 | \$ 2,368 | \$ 2,228 | \$ 2,332 |
| Money at risk..... | <u>\$ 2,597</u> | <u>\$ 2,855</u> | <u>\$ 2,580</u> | <u>\$ 2,448</u> | <u>\$ 2,447</u> | <u>\$ 2,348</u> | <u>\$ 2,250</u> | <u>\$ 2,619</u> | <u>\$ 2,395</u> | <u>\$ 2,614</u> | <u>\$ 2,632</u> | <u>\$ 2,773</u> | <u>\$ 2,668</u> |
| Break-even proceeds of disposition..... | \$ 3,322 | \$ 3,547 | \$ 3,308 | \$ 3,188 | \$ 3,187 | \$ 3,094 | \$ 3,000 | \$ 3,342 | \$ 3,138 | \$ 3,338 | \$ 3,354 | \$ 3,476 | \$ 3,386 |

Notes & Assumptions:

Investors should refer to the Offering Memorandum for a more detailed description of the assumptions and notes. This offering is available only to qualified investors in all provinces and territories of Canada. The figures above are for *illustrative purposes only* and are not intended as a forecast of future events. The description assumes Alternative Minimum Tax does not apply. Tax rates are subject to change. Actual results may vary. Canadian Exploration Expense ("CEE") is the qualified resource exploration expenditure that may be claimed as a deduction by an investor. 'Money at-Risk' represents the cumulative net income tax savings from tax deductions, but no tax credits.

HOW TO PURCHASE CGS FLOW-THROUGH 2011 - 1 LP

PURCHASE DETAILS Minimum purchase of \$5,000 (200 Units). Any investment in excess of \$5,000 per investor must be made in multiples of \$1,000 (40 Units).

CGS Asset Management Ltd. must receive a completed and signed CGS Subscription Agreement and Power of Attorney form (with Risk Acknowledgment, if an eligible investor) in original form by the closing date.

A copy of the Offering Memorandum, CGS Subscription Agreement and Power of Attorney form is available at www.cgsam.com.

FundSERV Code CGS 111: CGS Flow-Through 2011 - 1 LP.

ELIGIBILITY Units are not a "qualified investment" under the Tax Act for RRSPs, RRIFs, DPSPs, RESPs or TFSA's.

CLOSINGS Initial closing is expected on or about July 31, 2011. Monthly closings thereafter, subject to availability until December 2011.

PLEASE NOTE: The General Partner and the Manager reserve the right to decline or limit subscriptions if they believe the ability to invest new capital into flow-through opportunities is not in the best interest of Limited Partners. The likelihood of the General Partner and the Manager declining or limiting subscriptions will increase during the final months of 2011, when the time frame to invest capital is significantly reduced.

CONTACT For further information concerning this Flow-Through offering or other CGS related investment products, please contact:

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