

ACB SUMMARY: CGS FLOW-THROUGH 2010 LP

IMPORTANT INFORMATION RELATING TO YOUR 2011 INCOME TAX RETURN

CGS Flow-Through 2010 LP completed a mutual fund rollover transaction wherein CGS Flow-Through 2010 LP transferred its assets to CGS Resource Fund Ltd. ("the Fund") on June 30, 2011. Shares of CGS Resource Fund (the "Mutual Fund Shares") were distributed to the former limited partners as of July 5, 2011 on a pro rata basis.

PLEASE NOTE: Former limited partners will receive a T5013 for the 2011 taxation year in Q3 2011 from CGS Asset Management Ltd.

MUTUAL FUND ROLLOVER

Former limited partners of the CGS Flow-Through 2010 LP received 1.284434 Mutual Fund Shares for each limited partnership unit (calculated based on a net asset value of \$22.5643 per unit of CGS Flow-Through 2010 LP; and a net asset value of \$17.5675 per share of CGS Resource Fund).

ACB OF PARTNERSHIP UNITS AS OF JUNE 30, 2011

The following outlines the ACB (adjusted cost base) per unit of CGS Flow-Through 2010 LP based on information available to us at the time of rollover. The ACB of the partnership units as at June 30, 2011 was **\$11.2847** per limited partnership unit. See reverse for a detailed breakdown of the ACB since inception in 2010.

ACB OF THE MUTUAL FUND SHARES AS AT JUNE 30, 2011

As each unit of CGS Flow-Through 2010 LP was exchanged for 1.284434 shares of the Fund, each full share of the CGS Resource Fund that former limited partners received would have an approximate ACB of **\$8.7858**.

Investors who have not redeemed their holdings of CGS Resource Fund will defer the potential tax liability of capital gains on the redemption of their Mutual Fund Shares until they do so. Investors who have redeemed a portion or all of their holdings of the CGS Resource Fund should use an ACB of \$8.7857 per share when determining their capital gains tax liability. Investors are urged to consult with their Investment Advisor and/or tax professional.

FURTHER DEDUCTIONS FOR 2012, 2013, 2014 AND 2015

The Partnership had additional expenses that would have been deductible in future years had it not been wound up (see below). Please multiply the deduction per unit listed below by the number of units you owned and include it on Schedule 4, Section IV (Carrying Charges & Interest Expenses) of your TI General Tax Return, in addition to Form T5004 under Loss or Deduction Claimed. If you are required to complete a Quebec Provincial tax return the deduction should also be entered on Line 231 of your TP-1 Income Tax Return, as well as on Form TP-1079.6 under Loss, Deduction or Tax Credit.

Taxation Year	Deduction / LP Unit	Deduction / 100 Units
2012	\$0.2631	\$26.3052
2013	\$0.2631	\$26.3052
2014	\$0.2631	\$26.3052
2015	\$0.2631	\$26.3052

The information contained herein is strictly for information purposes only and should in no way be regarded as tax advice. You are advised to obtain professional tax advice about your individual circumstances.

ACB SUMMARY: CGS FLOW-THROUGH 2010 LP (CONTINUED)



**CGS Flow-Through 2010 LP
Adjusted Cost Base and At-Risk Amount
For the period ended June 30, 2011**

Adjusted Cost Base

Original Purchase Price	25.00
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2010

Canadian exploration costs (CEE) expensed	(22.6877)
Limited partnership business losses	(0.9005)

Adjusted cost base, December 31, 2010	1.4118
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2011

Capital gains	10.5921
Limited partnership business losses	(0.7192)

Adjusted cost base, June 30, 2011	11.2847
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