



**MAPLE LEAF SHORT DURATION 2012 FLOW-THROUGH  
LIMITED PARTNERSHIP**

Management Report of Fund Performance  
As at December 31, 2012

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This Management Report of Fund Performance has been prepared as at April 1, 2013 and contains financial highlights but does not contain the complete financial statements for Maple Leaf Short Duration 2012 Flow-Through Limited Partnership (the "Partnership"). You can get a copy of the interim or the annual financial statements at your request, and at no cost, by calling 1.866.688.5750, by writing the general partner, Maple Leaf Short Duration 2012 Flow-Through Management Corp. (the "General Partner"), at 808 - 609 Granville Street, Vancouver, BC V7Y 1G5 or by visiting our website at [www.MapleLeafFunds.ca](http://www.MapleLeafFunds.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the Partnership's proxy voting policies and procedures, proxy voting disclosure record, quarterly portfolio disclosure or Independent Review Committee Report to Securityholders.

### **Forward-Looking Information**

This Management Report of Fund Performance contains forward-looking information and statements relating to, but not limited to, anticipated or prospective financial performance and results of operations of the Partnership. Any statements that are contained herein that are not statements of historical fact may be deemed to be forward-looking information. Without limiting the foregoing, the words "believes", "anticipates", "plans", "intends", "will", "should", "expects", "projects", and similar expressions are intended to identify forward-looking information.

The General Partner believes the forecasts or projections herein are reasonable, however readers are cautioned not to place undue reliance on such forward-looking information and readers should review the prospectus filed with Canadian securities regulatory authorities. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons including, but not limited to, market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Partnership may invest and the risks detailed in the Prospectus of the Partnership. We caution that the foregoing list of factors is not exhaustive.

The forward-looking information is given as of the date of this management report of fund performance, and the General Partner undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise.

## **Investment Objectives**

The investment objective of the Partnership is to provide limited partners with a tax-assisted investment in a diversified portfolio of flow-through shares of resource companies focused on oil & gas and mineral exploration, development and/or production or certain renewable energy production with a view to earning income and achieving capital appreciation.

## **Results of Operations**

In July 2012, the Partnership completed its public offering of units, raising \$8.30 million in the National Class and \$5.07 million in the Québec Class for investment in flow-through shares of Canadian resource companies. The Partnership commenced operations on May 29, 2012, as such there are no comparative results of operations.

For the period ended December 31, 2012, the National Class incurred total expenses of \$173,991, comprised of administrative and other \$123,686, audit fees \$15,514, interest \$19,814 and custodial fees \$14,977. The National Class recorded unrealized depreciation on investments of \$2,067,524.

The Québec Class incurred total expenses of \$86,313, comprised of administrative and other \$63,662, audit fees \$9,486, and custodial fees \$13,165. The Québec Class recorded unrealized depreciation on investments of \$1,477,029.

## **Performance Review**

As it has been the case for the last while, the past few months witnessed some pretty wild swings in the stock markets, and other than in the U.S. it has mostly been a downhill slide. But stability seems to have returned over the summer, with stocks and commodities generally enjoying a gradual recovery. Most of the credit should go to Mario Draghi, the president of the European Central Bank (ECB), who ignited a furious stock market by saying that ECB will do “whatever it takes” to stabilize the Euro and dispel any doubts about the survivability of the monetary union. “Believe me, it will be enough” are his exact words. Whatever your opinion, it’s usually not wise to go against someone who has the power to print unlimited amounts of money. A week later, Mario revealed that the ECB did not yet have a firm plan in place. Markets initially sold off but then came back strongly – it looks like Super Mario has saved the day.

Behind all this farcical drama, something important seems to be emerging. That is: the unspoken truth has now been spoken. It has been no secret what it takes to resolve Europe’s dilemma: tighter fiscal integration and structural reform in the long run, easier money and pro-growth policy in the short run (and a bigger influence by Germany in decision making in exchange for its wallet). But for reasons of ideology, national pride or simply the fear of facing reality, such thoughts are only whispered, never spoken. The ECB has been patiently waiting for the European politicians to do whatever it takes to save the union, political prices be damned. If they do that, then the ECB will do its part by flooding the market with more easy money and beat back the speculators. Now that Mario Draghi has laid this out in plain sight, let’s see if the likes of Merkel and Hollande can finally deliver.

The fact remains: the global economy is still growing, sluggishly but positively. Recent data has confirmed the spring slowdown in the US is likely over, and continued weakness in China will probably prompt further policy easing in the world's 2nd largest economy. Many hurdles remain, so there will likely be renewed volatility as market sentiment gyrates between despair and euphoria. Commodity prices for the most part remain well above long term breakeven (even the lowly natural gas has staged a good rally); resource stocks have sold off significantly and are not reflecting the current commodity prices. Gold stocks, for example, have noticeably lagged the rest of the resource space and are well behind the movement of gold bullion, creating a disconnect that will need to be fixed by either the market or through mergers and acquisitions. The uncertainty in the Middle East also continues to support oil prices and making oil companies a good value. No doubt there will be back-and-forth ahead, but those investors who can confront their fear and take advantage of generous opportunities the market offers once in a while will do very well.

### **Credit Facility**

The Partnership has a credit facility that enabled the Partnership to borrow an amount up to 11% of the gross proceeds of the National Class offering (subject to certain conditions including borrowing limits based on assets) for the payment of the National Class issue costs and other expenses and provided the bank with a security interest in all the assets of the Partnership. The loan is subject to interest based on the prime rate plus 2% payable monthly. During the period ended December 31, 2012, the Partnership incurred interest expense of \$19,814 on the loan. As at December 31, 2012, the loan balance was \$761,551, which is the maximum amount borrowed during the period. The loan is repayable at the earlier of a) one day prior to dissolution and b) March 2, 2013.

### **Related Party Transactions**

Upon dissolution, the General Partner is entitled to 2% of any consideration received in connection with a liquidity event. In addition, the General Partner is entitled to a performance bonus equal to 20% of the product of: (a) the number of units outstanding on performance bonus date (as defined in the limited partnership agreement); and (b) the amount by which the net asset value (as determined by the formula set forth in the limited partnership agreement) per unit (prior to giving effect to the performance bonus) plus the total distributions per unit during the performance bonus term exceeds \$28.

The General Partner has retained CADO Bancorp Ltd., a company controlled by directors of the General Partner, to provide office space and perform certain administrative functions on behalf of the General Partner. During the period, an amount of \$121,315 (\$75,278 National Class; \$46,037 Quebec Class) was incurred and is included in administrative and other expenses and remained payable. Balance and transactions with related parties have been recorded at the exchange amount.

During the period, the General Partner also charged an administration fee to the Partnership in the amount of \$7,840 (\$4,685 National Class; \$2,975 Quebec Class).

### **Risk**

There are risks associated with an investment in units of the Partnership. The most recent Prospectus of the Partnership contains a discussion of these risks and is available at our website at [www.MapleLeafFunds.ca](http://www.MapleLeafFunds.ca) or on SEDAR at [www.sedar.com](http://www.sedar.com).

There have been no major or significant changes during the period ended December 31, 2012 that have had an impact on the overall risk level and investments of the Partnership.

## Financial Highlights

The following tables summarize selected key financial information about the Partnership and is intended to help you understand the Partnership's financial performance since inception on May 29, 2012. The information is derived from the Partnership's annual financial statements.

### The Partnership's Net Assets per unit

Maple Leaf Short Duration 2012 Flow-Through Limited Partnership	National Class	Quebec Class
	<u>December 31, 2012</u> <sup>(3)</sup>	<u>December 31, 2012</u> <sup>(3)</sup>
Net assets (net of issue costs), Beginning of period <sup>(2)</sup>	23.06	23.06
Increase (decrease) from operations		
Total revenue	-	-
Total expenses	(0.52)	(0.43)
Realized gains (losses) for the period	-	-
Unrealized gains (losses) for the period	(6.23)	(7.27)
Total increase (decrease) from operations <sup>(1)</sup>	<u>(6.75)</u>	<u>(7.70)</u>
Net assets, End of period <sup>(2)</sup>	<u>\$ 16.31</u>	<u>\$ 15.36</u>

<sup>(1)</sup> Net assets per unit is based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period.

<sup>(2)</sup> These calculations are prescribed by securities regulators and are not intended to be a reconciliation between the opening and closing net assets per unit.

<sup>(3)</sup> This information is derived from the Partnership's audited annual financial statements for the period from commencement of operations on May 29, 2012 to December 31, 2012.

**Ratios and Supplemental Data**

	National Class		Quebec Class	
	December 31, 2012		December 31, 2012	
Total net asset value (000's) <sup>(1)</sup>	\$	5,562	\$	3,186
Number of units outstanding <sup>(1)</sup>		331,967		202,992
Management expense ratio <sup>(2)</sup>		14.86%		13.39%
Management expense ratio excluding issue costs <sup>(2)</sup>		4.57%		3.62%
Portfolio turnover rate <sup>(3)</sup>		0.00%		0.00%
Trading expense ratio <sup>(4)</sup>		0.00%		0.00%
Net asset value per unit	\$	16.75	\$	15.70

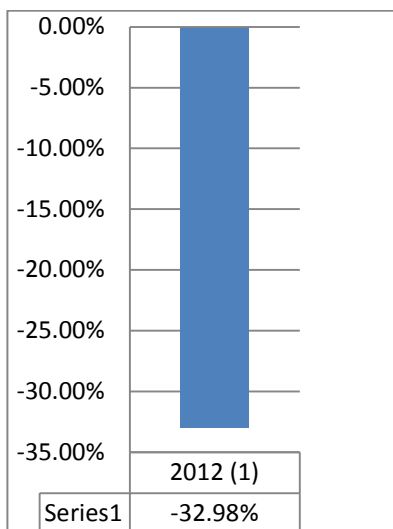
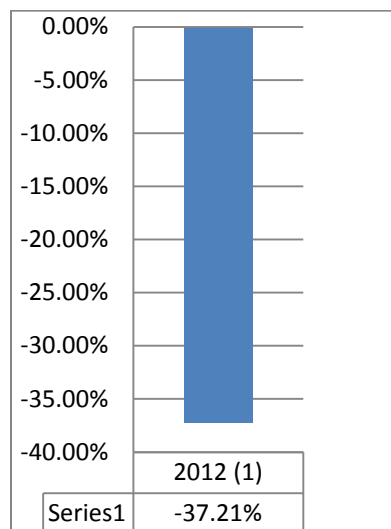
**Notes:**

(1) This information is provided as at December 31 of the year shown.

(2) The Management expense ratio ("MER") is based on the total expenses (excluding commissions and portfolio transaction costs) of the Partnership for the stated period expressed as an annualized percentage of average net assets during the period. The annualized MER for December 31, 2012 (the year of inception) includes issue costs which are one-time expenses and therefore not annualized.

(3) The Partnership's portfolio turnover rate indicates how actively the Partnership's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Partnership buying and selling all of the securities in its portfolio once in the course of a year. The higher the Partnership's portfolio turnover rate in a year, the greater the trading costs payable by the Partnership in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Partnership.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average net asset value during the period.

**Past Performance**
**Total Return**
**National Class**

**Québec Class**


(1) Total return for the period May 29, 2012 (commencement of operations) to December 31, 2012.

### Summary of Investment Portfolios

The following summaries of the Partnership's investment portfolios break down the portfolios into subgroups, showing the percentage of net asset value of each Class constituted by each subgroup and the tables list the top 25 securities held in the National Class and all the top 24 securities held in the Quebec Class and the percent of net asset value, as at December 31, 2012.

<b>National Class</b>		<b>% of Net Asset Value</b>
<b>Bank indebtedness</b>		(0.09)
<b>Equity investments</b>		
Energy	50.39	
Precious Metals	35.38	
Base Metals	21.40	
Uranium	7.60	
Alternative Energy	-	114.77
<b>Total investment portfolio, including cash</b>		114.68
<b>Liabilities, net of other assets</b>		(14.68)
<b>Total Net Asset Value</b>		100.00

<b>Quebec Class</b>		<b>% of Net Asset Value</b>
<b>Cash</b>		0.23
<b>Equity investments</b>		
Base Metals	62.65	
Energy	23.52	
Precious Metals	14.74	
Uranium	-	
Alternative Energy	-	100.92
<b>Total investment portfolio, including cash</b>		101.15
<b>Liabilities, net of other assets</b>		(1.15)
<b>Total Net Asset Value</b>		100.00

<b>National Class</b>	<b>% of Net Asset Value</b>
Paramount Resources Ltd.	7.77
Denison Mines Corp.	7.60
Premier Gold Mines Limited	7.55
Northern Gold Mining Inc.	6.04
SilverWillow Energy Corporation	6.01
Exall Energy Corporation	5.42
Castle Resources Inc.	5.10
Border Petroleum Corp.	5.00
Manitok Energy Inc.	4.79
Kaminak Gold Corporation	4.68
Huldra Silver Inc.	4.14
First Point Minerals Corp.	3.47
ATAC Resources Ltd.	3.13
Gold Canyon Resources Inc.	3.12
DeeThree Exploration Ltd.	2.93
Foran Mining Corporation	2.76
Eagle Hill Exploration Corporation	2.50
Sabina Gold & Silver Corp.	2.38
Carlisle Goldfields Limited	1.85
Advanced Explorations Inc.	1.42
Northern Tiger Resources Inc.	1.37
Donnycreek Energy Inc.	1.29
Cequence Energy Ltd.	0.67
Ridgemont Iron Ore Corp.	0.56
RMP Energy Inc.	0.16



<b>Quebec Class - 24 Investments</b>	<b>% of Net Asset Value</b>
Donner Metals Ltd.	24.44
Clifton Star Resources Inc.	20.23
Paramount Resources Ltd.	7.53
Globex Mining Enterprises Inc.	5.52
Exall Energy Corporation	5.45
Border Petroleum Corp.	4.90
TORC Oil & Gas Ltd.	4.56
Alexandria Minerals Corporation	4.30
Geomega Resources Inc.	4.21
Commerce Resources Corp.	3.62
Nemaska Lithium Inc.	3.54
Bowmore Exploration Ltd.	3.02
Integra Gold Corp.	2.59
Eagle Hill Exploration Corporation	2.37
Gold Bullion Development Corp.	2.24
Cequence Energy Ltd.	1.08
Ridgemont Iron Ore Corp.	0.89
Nemaska Lithium Inc.	0.18
Bowmore Exploration Ltd.	0.11
Alexandria Minerals Corporation	0.06
Integra Gold Corp.	0.05
Commerce Resources Corp.	0.02
Gold Bullion Development Corp.	0.01
Ridgemont Iron Ore Corp.	-

**Note:**

*This summary of Investment Portfolio may change due to buy and sell transactions enacted by the portfolio manager. A quarterly update detailing future changes will be available on our website at [www.mapleleafflowthrough.ca](http://www.mapleleafflowthrough.ca) or you can request a quarterly update by calling Maple Leaf Flow-Through at 1.866.688.5750.*

**Recent Development**

**International Financial Reporting Standards**

The Canadian Accounting Standards Board (“AcSB”) has announced its intention to replace Canadian generally accepted accounting principles with International Financial Reporting Standards (“IFRS”) for publicly accountable enterprises effective January 1, 2011. The AcSB has confirmed that investment companies can continue to apply Canadian standards in Part V of the CICA Handbook – Accounting until fiscal years beginning on or after January 1, 2014. As the Partnership is expected to transfer its assets to a mutual fund and dissolve on or before June 30, 2013, the adoption of IFRS is not expected to impact the Partnership.

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