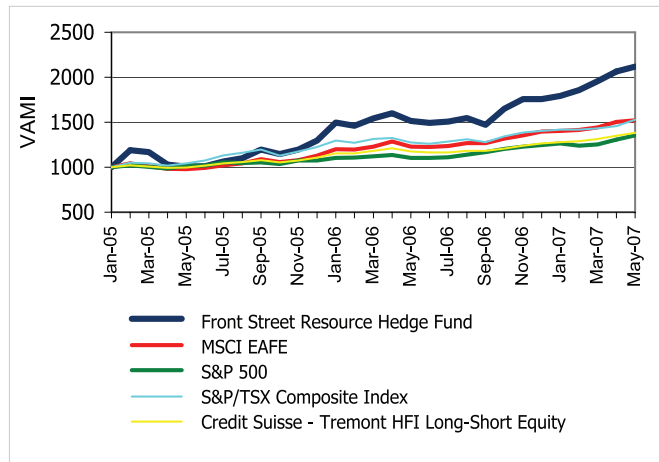


NATURAL RESOURCES



STREET RESOURCE HEDGE FUND

Focus:

- Fund selects and strategically trades both long and short positions in equity, debt and derivative securities of business entities operating in a range of natural resource sector industries including mineral resource mining and exploration, forestry, oil and gas exploration, production; power generation and water resource projects

Strengths:

- Natural resources sector industry related experience, expertise and investment history

Weaknesses:

- Fund's underlying not immune to unforeseen, sudden, sharp, pull backs - (volatility also presents opportunities)

Opportunities:

- Demand-supply mismatch for nearly all minerals and metals; global drive toward natural resource exploration, production, optimisation & conservation
- Scope for innovation within the natural resource sector industries

Threats:

- Globally depressed natural resource consumption conditions could stagger future investments
- Legal and regulatory issues

Risk Management

Low Low / Moderate Moderate Moderate to High High

- Major risk: security concentration risk - ie natural resource sector which could be concentrated in specific regions or countries

- Ability to identify investment opportunities:

Low / Moderate

- Ability to "market time" entry and exists of investments:

Low / Moderate

- Ability to manage volatility:

Low / Moderate

- Illiquidity of underlying:

Low / Moderate

- Valuation risk:

Low / Moderate

- Leverage at fund level: none

- Currency risk:

Low / Moderate

- Hedges if used to speculate:

Low / Moderate

- Counterparty risk:

Low / Moderate

- Conflict of interest: vis-a-vis fund's other investment vehicles:

Low / Moderate

- Key person risk:

Low / Moderate

Performance Parameters

Low Low / Moderate Moderate Moderate to High High

- Avg. no. of positions: 50-60

- Diversification:

- Geographic : Canadian bias

- Sector: mineral resource mining and exploration, forestry, oil and gas exploration, production; power generation and water resource

- Strategy: long, short

- Securities: equity, debt and derivatives

- Ability to sustain performance in:

- rising markets:

Low / Moderate

- falling markets:

Low / Moderate

- sideway trending markets:

Low / Moderate

- VaR(99%): -12.08%:

- Max drawdown: -15.3%

Outlook

- Barriers to entry: Expertise, extensive network of contacts with management teams of companies that are active in the natural resource space
- Outlook on natural resources sector industries: Upside potential
- Outlook for a fund such as Front Street Resource Hedge: Upside to range bound
- Threat posed by competition: Expertise and space related investment and

management history give them an edge

- Ability for the fund to deliver targeted annual returns over the next:

- 1 year : Realistic

- 3-5 years: High

- Fund tends to outperform: in a commodity bull environment

Investment

- Current AuM: USD 188mn (as of 31.05.07)

- Strategy AuM approx. USD 850mn

- Fund is targeted at: Institution investor, pension funds, HNWI (Non- resident of Canada)

- Geographic restrictions: Apply

- In order to optimise returns, recommended holding period: min.12 months

- Fund's base currency USD

- Fund's complexity for an investor: Simple

- Transparency provided to investors: High

Contact Information:

Front Street Capital, Investment Advisor,
Norm Lamarche

Telephone

: +1416-364-1990

Email

: invest@frontstreetcapital.com

Website

: http://www.frontstreetcapital.com