

**NORREP PERFORMANCE 2004 FLOW-THROUGH LIMITED PARTNERSHIP**

**NOTICE OF SPECIAL MEETING OF LIMITED PARTNERS**

**NOTICE IS HEREBY GIVEN** that a special meeting of limited partners ("**Limited Partners**") of Norrep Performance 2004 Flow-Through Limited Partnership (the "**Partnership**") will be held at the offices of Burnet, Duckworth & Palmer LLP, 1400, 350 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 3N9, on June 4, 2007, at 10:00 a.m. (Calgary time) for the purposes of:

1. considering and, if deemed advisable, passing, with or without variation, a special resolution authorizing and approving the transfer of the Partnership's assets to Norrep Opportunities Corp. ("**Norrep Opportunities**") in consideration of the issuance to the Partnership of mutual fund series shares of Norrep II Class of Norrep Opportunities, as described in the attached Notice of Special Meeting and Management Information Circular and authorizing the dissolution of the Partnership and the winding-up of its affairs within 60 days following the completion of such transfer; and
2. transacting such further and other business as may properly come before the meeting or any adjournment thereof.

The full text of the special resolution referred to in item (1) above is attached to this Information Circular as Exhibit A.

A Limited Partner wishing to be represented by proxy at the meeting or any adjournment thereof must either: (i) deposit his or her duly executed form of proxy with Broadridge Financial Solutions, Inc., at Proxy Tabulation, P.O. Box 2800 Stn LCD Malton, Mississauga, ON L5T 2T8; (ii) phone 1-800-474-7493 (English) or 1-800-474-7501 (French) with the 12-digit control number provided on the form of proxy; or (iii) visit [www.proxyvote.com](http://www.proxyvote.com) with the 12-digit control number provided on the form of proxy, on or before the close of business of the second last day preceding the day of the meeting or any adjournment thereof at which the proxy is to be used.

Limited Partners who are unable to attend the meeting in person, are requested to date, complete, sign and return the enclosed form of proxy so that as large a representation as possible may be had at the meeting.

DATED at Calgary, Alberta this 4<sup>th</sup> day of May, 2007.

**BY ORDER OF NORREP 2004 MANAGEMENT  
INC., THE GENERAL PARTNER OF NORREP  
PERFORMANCE 2004 FLOW-THROUGH  
LIMITED PARTNERSHIP**

Per: \_\_\_\_\_  
Randal L. Oliver  
President, Chief Executive Officer and a Director

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## NORREP PERFORMANCE 2004 FLOW-THROUGH LIMITED PARTNERSHIP

### MANAGEMENT INFORMATION CIRCULAR

#### SOLICITATION OF PROXIES

**THIS INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF NORREP 2004 MANAGEMENT INC., THE GENERAL PARTNER OF NORREP PERFORMANCE 2004 FLOW-THROUGH LIMITED PARTNERSHIP** (the "**Partnership**"), of proxies to be used at the special meeting of Limited Partners of the Partnership (the "**Special Meeting**") to be held at the offices of Burnet Duckworth & Palmer LLP, 1400, 350 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta, on June 4, 2007 at 10:00 a.m. (Calgary time) and at any adjournment thereof for the purposes set forth in the enclosed Notice of Special Meeting of Limited Partners. Proxies will be solicited by the directors and/or officers of the General Partner at nominal cost. All costs of solicitation will be borne by the Partnership.

The Partnership may pay the reasonable costs incurred by persons who are the registered but not beneficial owners of voting securities of the Partnership (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of this circular, the notice of meeting and form of proxy to the beneficial owners of such securities. The Partnership will provide, without cost to such persons, upon request to the General Partner, additional copies of the foregoing documents required for this purpose.

#### SPECIAL BUSINESS — MUTUAL FUND ROLLOVER TRANSACTION

##### Introduction

Pursuant to the limited partnership agreement (the "**Partnership Agreement**") dated April 23, 2004 governing the Partnership, the General Partner may make a proposal to each limited partner of the Partnership (a "**Limited Partner**") providing an alternative to the termination of the Partnership (a "**Liquidity Alternative**"). A variety of Liquidity Alternatives are available to the Limited Partners, including the tax deferred rollover of the units of the Partnership (the "**Units**") held by all Limited Partners into a mutual fund corporation, an investment corporation or other appropriate investment vehicle.

The General Partner has reviewed a variety of liquidity alternatives available to the Limited Partners and has determined that, based on the prospects of the corporations in which the Partnership holds securities and other investment and market opportunities available, and on the tax consequences applicable to the various Liquidity Alternatives reviewed by the General Partner, it is beneficial, from the point of view of the Limited Partners, for all of the assets of the Partnership (other than cash) to be transferred to Norrep Opportunities Corp. ("**Norrep Opportunities**") in return for mutual fund series shares ("**Norrep Opportunities Shares**") of Norrep II Class ("**Norrep II Class**") of Norrep Opportunities, on a tax deferred rollover basis (the "**Transaction**") in accordance with the limited partnership agreement (the "**Partnership Agreement**") that governs the Partnership. The effective date of the Transaction (the "**Effective Date**") is expected to be on or about June 15, 2007. Within 60 days of the Effective Date, the Partnership will be dissolved and terminated and its affairs will be wound-up and the Norrep Opportunities Shares that the Partnership received as consideration for the transfer of its assets will be distributed to the Limited Partners on a pro-rata basis.

Immediately following the Transaction the investment portfolio of Norrep II Class of Norrep Opportunities will consist of the combined portfolios of Norrep II Class and the Partnership. Recent and anticipated portfolio information for Norrep Opportunities and the Partnership is set out in this Circular. See "Description of the Partnership."

For the purposes hereof, "**Mutual Fund**" shall mean Norrep II Class of Norrep Opportunities and "**Mutual Fund Shares**" shall mean Norrep Opportunities Shares.

##### The Purchase Agreement

The Partnership, on its own behalf and on behalf of the Limited Partners, as applicable, and Norrep Opportunities will enter into an asset purchase agreement (the "**Purchase Agreement**") pursuant to which, on the Effective Date and subject to the conditions described below, Norrep Opportunities will agree to purchase and the Partnership will agree to sell to Norrep Opportunities all of the Partnership's assets (other than cash) (the "**Assets**") in return for Norrep II Class Shares of Norrep Opportunities. In

accordance with the provisions of the Purchase Agreement, subject to the conditions described below, on the date of completion of the sale of the Assets to Norrep Opportunities, the Partnership will receive Norrep II Class Shares of Norrep Opportunities valued at an amount per share based on the relative values of both the Partnership and the Norrep II Class Shares of Norrep Opportunities on the business day immediately prior to the Effective Date, having the same aggregate net asset value as the aggregate net asset value of the Partnership. Appropriate elections under applicable income tax legislation will be made to effect the Transaction on a tax-deferred basis. The costs and expenses relating to the Transaction will be paid by the Partnership.

The Purchase Agreement will provide that the respective obligation of each party to complete the Transaction is subject to the satisfaction or waiver, where permissible, of a number of conditions, including approval being obtained from the Limited Partners at a meeting called for that purpose and the receipt of all necessary regulatory approvals and relief.

The description of the Transaction contained herein is a summary only and is subject to the more detailed description contained in the Purchase Agreement and the Partnership Agreement. In the event of any inconsistency between the description contained herein and the provisions of the Purchase Agreement and the provisions of the Partnership Agreement, the provisions of the Partnership Agreement and the Purchase Agreement shall govern. A draft copy of the Purchase Agreement and a copy of the Partnership Agreement are available for inspection at the Partnership's office during normal business hours.

### **Limited Partner Approval**

The Transaction requires the approval of two-thirds of the votes cast by Limited Partners present in person or represented by proxy and entitled to vote at the meeting. The Transaction will not proceed unless it has received the requisite approval of the Limited Partners. If so approved, the Transaction will, subject to certain conditions described herein, be completed on or about June 15, 2007.

### **Conditions to Closing**

The Purchase Agreement will provide that the respective obligation of each party to complete the Transaction is subject to the satisfaction or waiver, where permissible, of a number of conditions, including the following: (i) approval therefor being obtained from the Limited Partners at a meeting called for that purpose, (ii) in the case of the Assets being transferred to Norrep Opportunities, and (iii) the receipt of all necessary regulatory approvals.

Following the transfer of the Assets from the Partnership to Norrep Opportunities pursuant to the terms and conditions of the Purchase Agreement, it is expected that Norrep Opportunities will be in compliance with the investment restrictions and practices prescribed in National Instrument 81-102 of the Canadian securities regulatory authorities ("**NI 81-102**"). If it appears that Norrep Opportunities will not be in compliance with such restrictions and practices, the Partnership may adjust its investment portfolio prior to closing and Norrep Opportunities may apply for regulatory relief. There can be no assurance that any regulatory relief applied for will be obtained.

### **Effective Date**

It is currently intended that, if all necessary approvals are obtained, the Partnership will transfer all of its assets (other than cash) to Norrep Opportunities on or about June 15, 2007 in exchange for Norrep Opportunities Shares. The Partnership will then be dissolved and terminated and will distribute the Norrep Opportunities Shares to the Limited Partners in connection with winding-up its affairs. However, if the Purchase Agreement is approved by the Limited Partners at the Meeting but all other conditions have not been met or waived by June 15, 2007, the Effective Date for the Transaction shall be extended to the date that is the earlier to occur of (i) the 15th business day following the date (if any) upon which all such conditions have been met or waived, and (ii) September 30, 2007 (the "**Termination Date**"). If the Transaction is not completed on or before the Termination Date, the Purchase Agreement will automatically terminate and be of no further force and effect. In addition, and notwithstanding the approval of the Purchase Agreement by the Limited Partners at the Meeting, the Purchase Agreement may be terminated prior to completion of the Transaction with the mutual agreement of Norrep Opportunities and the General Partner on behalf of the Partnership.

## Termination of the Partnership

In the event that the Purchase Agreement is not approved by the Limited Partners of the Partnership at the Meeting, the Partnership will be dissolved by December 31, 2007 (the "**Dissolution Date**") in accordance with the terms of the Partnership Agreement. In such circumstances, the General Partner or its designee will ensure that, to the extent practicable, the assets of the Partnership are converted to cash. Should the liquidation of certain securities not be practicable or appropriate prior to December 31, 2007 or such other dissolution date, those securities will either be distributed to the Limited Partners *in specie* on such date, subject to all regulatory approvals, or the General Partner will establish and carry out an appropriate strategy for dealing with such securities and distributing the proceeds to the Limited Partners as described in the Partnership Agreement. On the dissolution of the Partnership, the Limited Partners will receive their *pro rata* share of the assets of the Partnership, which will consist of a combination of cash and the securities then held by the Partnership.

## CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of the principal Canadian federal income tax consequences under the Income Tax Act (Canada) (the "**Tax Act**"), and the regulations thereunder (the "**Regulations**") to a Limited Partner of the Transaction and the subsequent dissolution of the Partnership and winding-up of its affairs. This summary assumes that, for the purposes of the Tax Act, all Limited Partners are resident in Canada at the time of the Transaction, the portfolio investments of the Partnership are considered to be capital property to the Partnership and Norrep Opportunities will qualify at all times as a "mutual fund corporation".

In order for Norrep Opportunities to qualify as a "mutual fund corporation" for the purposes of the Tax Act:

1. It must be a Canadian corporation that is a public corporation;
2. Its only undertaking must be:
  - (a) the investing of its funds in property (other than real property or an interest in real property),
  - (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) that is capital property of the mutual fund, or
  - (c) any combination of the activities described in (a) and (b);
3. The issued shares of the capital stock of the Mutual Fund include shares:
  - (a) having conditions attached thereto that include conditions requiring the Mutual Fund to accept, at the demand of the holder thereof and at prices determined and payable in accordance with the conditions, the surrender of the shares, or fractions or parts thereof, that are fully paid, or
  - (b) qualified in accordance with prescribed conditions relating to the redemption of the shares, and the fair market value of such of the issued shares of its capital stock as had conditions attached thereto that included such conditions or as were so qualified, as the case may be, was not less than 95% of the fair market value of all of the issued shares of the capital stock of the Mutual Fund (such fair market value being determined without regard to any voting rights attaching to shares of the capital stock of the corporation); and
4. The Mutual Fund may not reasonably be considered to have been established or to be maintained primarily for the benefit of non-residents of Canada.

In the event the Mutual Fund were not to so qualify, the income tax consequences described below would in some respects be materially different. In particular, among other things, if the Mutual Fund does not qualify as a "mutual fund corporation" for the purposes of the Tax Act, it will not be able to pay "capital gains dividends" to its shareholders and will not be able to obtain a refund of the tax that it pays on its capital gains.

This summary only applies to Limited Partners who hold their Units and will hold their Mutual Fund Shares or any shares from the portfolio of the Partnership acquired on the winding-up of the Partnership as capital property. Provided that a Limited Partner does not hold such Units or shares in the course of carrying on a business of trading or dealing in securities or as an adventure in the nature of trade, such Units or shares will generally be considered to be capital property to the Limited Partner. The Tax Act contains provisions (the "**mark-to-market rules**") relating to securities held by certain "financial institutions" as defined in the Tax Act. This summary does not take into account the mark-to-market rules and taxpayers that are "financial institutions" for the purposes of such rules should consult their own tax advisors.

This summary is based on the current provisions of the Tax Act, the Regulations, and the General Partner's understanding of the current published administrative practices of the Canada Revenue Agency. This summary also takes into account all specific proposals to amend the Tax Act and Regulations announced by, or on behalf of, the Minister of Finance prior to the date hereof (the "**Tax Proposals**"). No assurance can be given that the Tax Proposals will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, regulatory or legislative decision or action, nor does it take into account any provincial or foreign tax legislation or considerations.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Limited Partner. Each Limited Partner should obtain independent advice from a tax advisor who is knowledgeable in the area of income tax law regarding the income tax consequences of the Transaction based on such Limited Partner's particular circumstances.**

#### **Transfer of Assets Pursuant to a Transaction, Partnership Dissolution and Partition of Mutual Fund Shares**

In the event that the Transaction is completed so that the assets of the Partnership are transferred to Norrep Opportunities in consideration for Mutual Fund Shares, the General Partner, on behalf of all partners of the Partnership and Norrep Opportunities will jointly elect pursuant to subsection 85(2) of the Tax Act so that the Partnership will be considered to have transferred each such asset (other than cash) to Norrep Opportunities at the lesser of its cost amount and its fair market value. Consequently, no amount will be included in the income of any Limited Partner as a result of the transfer of the assets of the Partnership to Norrep Opportunities. The aggregate of such elected amounts will constitute the adjusted cost base to the Partnership of the Mutual Fund Shares.

Assuming that the Partnership will be dissolved and its affairs will be wound up within 60 days after the Transaction is completed, then on the winding-up of the affairs of the Partnership, the Partnership will distribute all of its assets to the Limited Partners and each Limited Partner will acquire an undivided interest in each property of the Partnership and his or her pro rata share of the cash of the Partnership. Each Mutual Fund Share will thereafter be partitioned and each Limited Partner will be allocated his or her pro rata share of the Mutual Fund Shares. Based on the Canada Revenue Agency's current published administrative position, the subsequent partition of the Mutual Fund Shares may be effected on a tax-deferred basis. Limited Partners are subject to the risk that the Canada Revenue Agency may successfully assert that the partition will result in each Limited Partner disposing of his or her shares received on the winding-up of the Partnership for proceeds of disposition equal to the fair market value of such shares at the time of the winding-up.

The proceeds of disposition to the Partnership of the Mutual Fund Shares and cash distributed to Limited Partners will be deemed to be equal to the cost amount to the Partnership of the Mutual Fund Shares or cash, as applicable, immediately before the distribution. Each Limited Partner will be deemed to have acquired Mutual Fund Shares at a cost equal to the amount by which the adjusted cost base of the Limited Partner's Unit exceeds the amount of cash received, if any, on the distribution. Each Limited Partner will be deemed to dispose of their Units for proceeds of disposition equal to the sum of the cash received, if any, on the distribution and the deemed cost of the Mutual Fund Shares received by the Limited Partner, as determined above.

The Partnership will be deemed to have a fiscal year ending immediately before the dissolution of the Partnership. For the purpose of computing Partnership income for such fiscal year, on the distribution of Partnership assets to the Limited Partners in the circumstances described above, the Partnership will be deemed to have disposed of the Mutual Fund Shares for proceeds of disposition equal to the cost amount of such shares to the Partnership. A Limited Partner's share of the Partnership's income for such fiscal year, including the full amount of any capital gains, if any, realized in such year will be included in computing the income of the Limited Partner for the taxation year of the Limited Partner in which such fiscal year ends.

## **Taxation of the Mutual Fund**

Norrep Opportunities generally will be subject to Canadian income tax on its income from all sources (including interest, dividends, trust income and taxable capital gains) in the same manner as any other public taxable Canadian corporation. However, provided Norrep Opportunities qualifies at all times as a "mutual fund corporation" for the purposes of the Tax Act it will be able to obtain a refund of any tax that it pays on taxable capital gains as and when it pays "capital gains dividends" (see below) to its shareholders. Also, Norrep Opportunities will be deemed to be a "private corporation" for the purposes of Part IV of the Tax Act, which will generally require it to pay a refundable tax of 33% on taxable dividends received by it on shares of taxable Canadian corporations, which will be refunded as and when Norrep Opportunities pays Ordinary Dividends (as defined below) to its shareholders. Any tax that Norrep Opportunities pays on other types of income, including trust income and interest, will not be refundable.

## **Taxation of Shareholders of Norrep Opportunities**

Norrep Opportunities may elect that a dividend payable by it be a "capital gains dividend" to the extent that the dividend does not exceed its "capital gains dividend account" (as both such terms are defined in the Tax Act) at that time. In general, a mutual fund corporation's capital gains dividend account represents the amount by which capital gains realized by it while it was a mutual fund corporation exceeds the aggregate of (i) capital losses realized by it while it was a mutual fund corporation, (ii) certain capital gains dividends previously paid by it, and (iii) amounts in respect of which the corporation is entitled to a refund of tax previously paid on capital gains. A mutual fund corporation may also pay dividends ("Ordinary Dividends") in respect of which it makes no such election. Dividends reinvested in additional mutual fund shares will be considered to be received by the shareholder for tax purposes.

Ordinary Dividends received by an individual on mutual fund shares, whether received in cash or reinvested in additional mutual fund shares, will generally be included in computing the individual's income for the purposes of the Tax Act and will be subject to the gross-up and dividend tax credit rules normally applicable to dividends received from corporations resident in Canada. Subject to the detailed rules in the Tax Act in this regard, Ordinary Dividends received from a mutual fund corporation by an individual in a taxation year will be "eligible dividends" for the purposes of the Tax Act and thus eligible for the enhanced gross-up and dividend tax credit calculations thereunder.

Ordinary Dividends received by a corporation on mutual fund shares, whether received in cash or reinvested in additional mutual fund shares will generally be included in computing the corporation's income for purposes of the Tax Act. A corporation, other than a "specified financial institution" (as defined in the Tax Act), will generally be entitled to deduct such dividends in computing its taxable income. A corporation that is a specified financial institution will be entitled to deduct Ordinary Dividends received on mutual fund shares in computing its taxable income only if it did not acquire the mutual fund shares in the ordinary course of its business.

A shareholder that is a "private corporation" (as defined in the Tax Act) or any other corporation resident in Canada and controlled, either by reason of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) may be liable to pay a refundable tax of 33% under Part IV of the Tax Act on Ordinary Dividends received on mutual fund shares to the extent that such dividends are deductible in computing the corporation's taxable income.

Capital Gains Dividends received in a taxation year by a shareholder will be treated as capital gains of the shareholder for the year and will be subject to the general rules relating to the taxation of capital gains (see below).

An actual or deemed disposition of Mutual Fund Shares by a shareholder, including a redemption of such shares, will result in a capital gain (or capital loss) to the shareholder to the extent that the proceeds of disposition of the shares, net of disposition costs, exceed (or are less than) the adjusted cost base of the shares to the shareholder immediately before the disposition.

## **Other Dissolution of the Partnership and Partition of Portfolio Shares**

In the event that all necessary regulatory approvals for the Transaction are not obtained and the Transaction does not proceed, then the affairs of the Partnership will be wound-up and each Limited Partner will acquire an undivided interest in each property of the Partnership included in the portfolio and his or her pro rata share of the cash of the Partnership. Each share in the portfolio

(individually, a "**Portfolio Share**" and collectively, the "**Portfolio Shares**") will thereafter be partitioned and each Limited Partner will be allocated his or her pro rata share of each such Portfolio Share. Based on the Canada Revenue Agency's current published administrative position, the subsequent partition of the Portfolio Shares may be effected on a tax-deferred basis. Limited Partners are subject to the risk that the Canada Revenue Agency may successfully assert that the partition will result in each Limited Partner disposing of his or her shares received on the winding-up of the Partnership for proceeds of disposition equal to the fair market value of such shares at the time of the winding-up.

The Partnership will be deemed to have a fiscal year ending immediately before the dissolution of the Partnership. A Limited Partner's share of the Partnership's income for such fiscal year, including the full amount of any capital gains, if any, realized in such year will be included in computing the income of the Limited Partner for the taxation year of the Limited Partner in which such fiscal year ends.

The General Partner will elect, on behalf of each of the Limited Partners, that the provisions of subsection 98(3) of the Tax Act apply to the winding-up. As a result of the election, on the winding-up of the Partnership, each Limited Partner will be deemed to dispose of his or her Units for proceeds of disposition equal to the greater of (1) the adjusted cost base thereof to the Limited Partner at the particular time and (2) the aggregate of the cash received by the Limited Partner and the Limited Partner's pro rata share of the cost amount to the Partnership of the property distributed to the Limited Partners.

The aggregate cost to a Limited Partner of his or her undivided interest in the Portfolio Shares will generally be his or her pro rata share of the adjusted cost base to the Partnership of those Portfolio Shares, if any. In this regard, it is noted that the cost to the Partnership of Portfolio Shares that are flow-through shares is deemed to be nil. Under the Tax Act, generally the cost of any shares of a particular class of a particular corporation received by a Limited Partner on the winding-up of the Partnership will be averaged with the adjusted cost base of any identical shares held by the Limited Partner at that time as capital property for purposes of determining the adjusted cost base of each such identical share.

Assuming that an election under subsection 98(3) of the Tax Act is validly made, on the distribution of the Portfolio Shares to the Limited Partners, the Partnership will be deemed to have disposed of the Portfolio Shares for proceeds of disposition equal to the cost amount of the Portfolio Shares to the Partnership immediately before the distribution. Accordingly, for the Partnership fiscal period that is deemed to have ended immediately before the distribution, Partnership income will generally be nil.

Assuming that no property, other than cash, is distributed to the Limited Partners prior to the winding-up of the affairs of the Partnership, and that the partition of each Portfolio Share may be effected on a tax-deferred basis, the winding-up of the affairs of the Partnership will generally result in a Limited Partner who acquired his or her Units pursuant to the original offering by the Partnership and who held such Units as at the date of winding-up of the affairs of the Partnership including no additional income from the Partnership in computing their income for the purposes of the Tax Act, acquiring the Portfolio Shares that are flow-through shares from the Partnership at a nil cost and acquiring Portfolio Shares other than flow-through shares from the Partnership at a cost equal to his or her pro rata share of the adjusted cost base of such Portfolio Shares to the Partnership. Consequently, subject to the effect of the cost averaging rules described above, a subsequent disposition of Portfolio Shares that are flow-through shares by such a Limited Partner will result in the Limited Partner realizing substantially the whole of the proceeds of disposition as a capital gain. Any such capital gain will be subject to the general rules relating to the taxation of capital gains discussed below under the heading "Tax Treatment of Capital Gains and Capital Losses".

### **Tax Treatment of Capital Gains and Capital Losses**

Upon a disposition of Mutual Fund Shares, Portfolio Shares or Units, the holder will be required to include in income one-half of the amount of any capital gain (a "taxable capital gain") and will be required to deduct one-half of the amount of any capital loss (an "allowable capital loss") against taxable capital gains realized by the holder in the year of disposition. Allowable capital losses in excess of taxable capital gains in the year of disposition generally may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following taxation year against taxable capital gains realized in such years to the extent and under the circumstances described in the Tax Act.

In the case of a holder that is a corporation, the amount of any capital loss otherwise determined resulting from the disposition of Mutual Fund Shares and Portfolio Shares may be reduced by the amount of dividends previously received or deemed to have been received on such shares in the circumstances described in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns such shares or where a partnership or trust of which a corporation is a member or a beneficiary is a member of a partnership or a beneficiary of a trust that owns such shares.

The Tax Act imposes an additional refundable tax of 6% on investment income (other than dividends deductible in computing taxable income) earned by a Canadian-controlled private corporation (as defined in the Tax Act). For this purpose, investment income includes taxable capital gains. Capital gains realized by an individual may be subject to an alternative minimum tax.

### DESCRIPTION OF THE PARTNERSHIP

The Partnership was formed on April 23, 2004 as a limited partnership under the laws of the Province of Ontario. The Partnership's objective is to (i) invest in shares issued on a flow-through basis under the Tax Act ("**Flow-Through Shares**") of resource issuers involved in oil and natural gas or mining exploration, development and/or production, and (ii) participate in the exploration, development and production of oil and gas by investing in Flow-Through Shares of resource companies which are wholly-owned subsidiaries of the Partnership, each of which was formed to enter into an oil and gas drilling joint venture with a joint venture partner with the objective of achieving capital appreciation in accordance with the investment objects of the Partnership. The Partnership was inactive until, pursuant to a prospectus dated May 31, 2004, a total of 5,855,350 units of the Partnership were issued at a subscription price of \$10.00 per unit.

#### Partnership Portfolio

The following table sets out the names of the top ten holdings in the Partnership's portfolio which accounted for approximately 50.45% of the total portfolio based on the market value of such securities (which are shares unless otherwise noted) as at December 29, 2006:

Issuer	Number	Original Cost	Market Value <sup>(1)</sup>	% of Portfolio
Galleon Energy Inc.	342,000	2,812,500.00	6,183,360.00	9.68
Yoho Resources Inc. Non Voting	980,000	5,818,750.00	4,748,100.00	7.43
Maxim Power Corp.	634,600	3,486,867.12	4,302,588.00	6.73
Cash Minerals Ltd.	2,000,000	900,000.09	3,400,000.00	5.32
Wave Energy Ltd.	1,647,059	1,400,000.00	3,294,118.00	5.16
RSX Energy Inc.	908,331	1,362,496.50	3,269,991.60	5.12
YGC Resources Ltd.	737,500	589,926.25	2,013,375.00	3.15
Sahara Energy Ltd.	1,400,000	1,746,650.00	1,988,000.00	3.11
Dejour Enterprises Ltd.	666,700	1,000,050.00	1,753,421.00	2.74
Desmarais Energy Corporation	2,100,000	1,645,000.00	1,281,000.00	2.01
		\$20,762,239.96	\$32,233,953.60	50.45

Note:

- (1) Market Value is based upon the most recent closing trading price of the security on the recognized public stock exchange on which the security is listed or principally traded. Market Value in respect of private company securities is based upon the cost of the security or the last transaction between arm's length parties unless there is a decline in value subsequent thereto that is other than temporary.

As at December 31, 2006, the market value of the Partnership's investment portfolio, including the investments in resource issuers noted above and cash, was \$64,089,482.00.

#### Voting Securities and Principal Holders Thereof

As at May 4, 2007, the Partnership has outstanding 5,840,350 Units, each of which carries one vote. To the knowledge of the directors and officers of the General Partner, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over voting securities carrying in excess of 10% of the voting rights attached to the outstanding securities of the Partnership.

Persons registered on the books of the Partnership at the close of business on May 4, 2007 (the "**Record Date**") are entitled to vote at the Special Meeting.

## Directors and Officers of the General Partner

The following are the names, municipalities, offices and principal occupations or business activities during the five years preceding the date hereof of the directors and senior officers of the General Partner.

Name and Municipality of Residence	Position	Principal Occupation
Randal L. Oliver, CFA Calgary, Alberta	President, Chief Executive Officer and Director	Randal L. Oliver, CFA is the Chairman and Portfolio Manager of Hesperian. Randal Oliver graduated from Waterloo Lutheran University (Wilfrid Laurier) in 1970 with a B.A. (Economics). From 1970 to 1976, he worked as a research analyst with Mutual Life of Canada. From 1976 to 1978, he was employed by the Mercantile Bank as a Loans Officer in south western Ontario. In 1978, Randal Oliver joined Mu-Cana Investment Counselling Ltd. as a portfolio manager and was responsible for opening the Western Canadian office for Mu-Cana Investment Counselling Ltd. In January of 1996, Mr. Oliver left Mu-Cana Investment Counselling Ltd. to set up Oliver Capital Management Ltd. to provide fund management services to individuals, institutions and mutual funds. In February 1999, the company's name was changed to Hesperian Capital Management Ltd. Mr. Oliver is active in the Calgary community and is the past Chairman of the Board of Governors of the Glenbow Alberta Institute as well as having served on the Board of Directors and the Investment Committee of the Calgary Foundation.
Keith Leslie Calgary, Alberta	Director	Keith Leslie, CFA is a Vice President and Portfolio Manager of Hesperian. Mr. Leslie graduated from the University of Western Ontario in 1993 with a B.Sc. in Statistics and Mathematics. From 1995 to 1998, he worked as a Claims Analyst with Mutual Life of Canada. In 1999, Mr. Leslie joined Bissett Investment Management Ltd. as a Quantitative Analyst. In March 2001, he left Bissett Investment Management Ltd. to join Hesperian as a Quantitative Analyst and Portfolio Manager. His position expanded to Vice President in 2002.

## Shareholders of the General Partner

The shareholders of the General Partner are as follows:

Name	Designation of Class	Number	Percentage
Hesperian Capital Management Ltd.	Common Shares	100	100%
Gary E. Perron, CFA	Non-Voting Participating Preferred Shares	10	100%

## General Partner Remuneration

In accordance with the terms of the Partnership Agreement, the General Partner is responsible for managing the ongoing business and administrative affairs of the Partnership. Pursuant to the Partnership Agreement, the General Partner is entitled to a monthly management fee equal to one-twelfth of 1.75% of the net asset value of the Partnership payable monthly on the first day of each month. During the year 2006, the General Partner received \$1,268,861.00 to December 31, 2006, inclusive of GST, in respect of such management fees.

From time to time, the General Partner may incorporate subsidiary companies ("**Subsidiary Companies**") where in each case, the Subsidiary Companies are resource companies whose shares are wholly owned by the Partnership. With regard to these

Subsidiary Companies, the General Partner is entitled to a fee of 15% of the amount by which the selling price or value of the Subsidiary Companies exceed 70% of the amount invested in the Subsidiary Companies (the "**Success Fee**"). Based on the performance of the Partnership during the year 2006, the Success Fee payable to the General Partner is approximately \$159,463.00.

The General Partner is also entitled to a 0.01% share of the net assets of the Partnership upon dissolution of the Partnership, which, at December 31, 2006, would be \$6,304.00. Upon dissolution of the Partnership, the General Partner could receive an additional distribution (the "**General Partner Exit Incentive Allocation**") in excess of its current 0.01% share. Based on performance to December 31, 2006, the General Partner would be entitled to a General Partner Exit Incentive Allocation of \$1,095,000.00, which is subject to variation up to the Dissolution Date.

### **Executive Compensation**

Directors of the General Partner do not receive any remuneration with respect to directors' meetings attended.

During the fiscal year ended December 31, 2006, the directors and officers of the General Partner did not receive any compensation in respect of the fulfilment of their duties as directors and officers, respectively.

At no time during the General Partner's most recently completed financial year were any of the directors or officers or any of their associates indebted to the General Partner or the Partnership.

### **NORREP OPPORTUNITIES**

Information respecting Norrep Opportunities has been incorporated by reference in this Information Circular from the Pro Forma Simplified Prospectus and Simplified Prospectus respecting Units of Norrep Fund and Mutual Fund Series and Series F Shares of Norrep II Class, Norrep Q Class, Norrep U.S. Class, Norrep G Class and Norrep Income Growth Class, each of Norrep Opportunities Corp. (the "**Prospectus**"). The Prospectus may be obtained without charge, at your request, by calling toll free 1-877-531-9355 or by e-mail [info@hesperiancapital.com](mailto:info@hesperiancapital.com). In addition, copies of the Prospectus may be obtained from the securities commissions or similar authorities in Canada through the SEDAR website at [www.sedar.com](http://www.sedar.com).

### **GENERAL PARTNER'S RECOMMENDATION**

**The board of directors of the General Partner recommends that Limited Partners approve the Transaction.** The Transaction provides a tax deferred rollover of their investment. Among other things, such a transaction will allow the Limited Partners to continue, on a tax deferred basis, to benefit from their investment. In addition to Limited Partner approval, the Transaction is also subject to all necessary regulatory approvals and relief.

### **QUORUM**

Two or more Limited Partners present in person or represented by proxy, and holding not less than 10% of the Units then outstanding will constitute a quorum at the meeting. If a quorum is not present within 30 minutes after the time fixed for holding the meeting, the meeting shall be adjourned. The partners present in person or represented by proxy as such adjourned meeting will constitute a quorum for the transaction of any business that might have been dealt with at the original meeting in accordance with the notice of such meeting.

The General Partner is proposing that the Partnership terminate and be dissolved as soon as practicable after the completion of the Transaction and, in any event, within 60 days following the completion of the Transaction. Limited Partners are being asked to pass the Special Resolution attached as Exhibit A to the Circular. In order to pass the Special Resolution, at least two-thirds of the votes cast at the meeting of holders of Units must be voted in favour of such Special Resolution. The Partnership Agreement precludes (i) the General Partner in respect of any Units which may be held by it from time to time, (ii) insiders of the Partnership (as such term is defined in the *Securities Act* (Alberta)), (iii) affiliates of the General Partner, or (iv) any director or officer of such parties, who hold Units from voting on any Special Resolution. Messrs. Perron and Leslie, insiders of the Partnership as at the date hereof, hold, directly or indirectly, or exercise control or direction over, an aggregate of 81,500 Units (representing 1.40% of the issued and outstanding Units) and will be precluded from voting on the Special Resolution. Mr. Oliver does not hold any Units of the Partnership. **PROXIES RECEIVED IN FAVOUR OF THE MANAGEMENT OF THE GENERAL**

**PARTNER WILL BE VOTED FOR THE SPECIAL RESOLUTION DESCRIBED ABOVE, UNLESS A LIMITED PARTNER HAS SPECIFIED IN THE PROXY THAT HIS OR HER UNITS ARE TO BE VOTED AGAINST SUCH RESOLUTION.** In the event that Limited Partner approval of the Transaction is not given, the Transaction does not receive all necessary regulatory approvals or is not completed on or before September 30, 2007, the Partnership will be liquidated and terminated no later than December 31, 2007 in accordance with the provisions of the Partnership Agreement. As a result, the Limited Partners will receive their pro rata share of the net assets of the Partnership (as described above), anticipated to consist primarily of cash and shares of public resource companies.

A Limited Partner may not transfer his or her interest in the Mutual Fund Shares until such time as such shares have been qualified for distribution under a simplified prospectus. The Mutual Fund Shares are currently qualified for distribution under a simplified prospectus in all the provinces of Canada other than Quebec. Holders of Mutual Fund Shares are entitled to require the Mutual Fund to redeem all or any of their Mutual Fund Shares (described under "Description of Securities").

#### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

No person who has been a director or an officer of the General Partner at any time since the beginning of its last completed financial year or any associate of any such director or officer has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the meeting, except as disclosed in this Information Circular.

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No director, officer or any other informed person of the Partnership (as defined in National Instrument 51-102) or any associate or affiliate of such informed persons had any material interest, direct or indirect, in any transaction since commencement of the Partnership's last financial year or any proposed transaction that materially affects or would materially affect the Partnership or any of its subsidiaries.

#### **OTHER MATTERS WHICH MAY COME BEFORE THE MEETING**

The management of the General Partner knows of no matters to come before the meeting of Limited Partners other than as set forth in the notice of meeting. **HOWEVER, IF OTHER MATTERS WHICH ARE NOT KNOWN TO THE MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE ACCOMPANYING PROXY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE PROXY.**

#### **APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the enclosed form of proxy represent management of the General Partner of the Partnership. **A LIMITED PARTNER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A LIMITED PARTNER OF THE PARTNERSHIP, TO REPRESENT HIM OR HER AT THE MEETING MAY DO SO** by filling in the name of such person in the blank space provided in the proxy or by completing another proper form of proxy. A Limited Partner wishing to be represented by proxy at the meeting or any adjournment thereof must either, in all cases: (i) deposit his or her duly executed form of proxy with Broadridge Financial Solutions, Inc., at Proxy Tabulation, P.O. Box 2800 STN LCD MALTON, Mississauga, ON L5T 2T8; (ii) phone 1-800-474-7493 (English) or 1-800-474-7501 (French) with the 12-digit control number provided on the form of proxy; or (iii) visit [www.proxyvote.com](http://www.proxyvote.com) with the 12-digit control number provided on the form of proxy, on or before the close of business of the second last day preceding the day of the meeting or any adjournment thereof at which the proxy is to be used. **A proxy should be executed by the Limited Partner or his or her attorney duly authorized in writing or, if the Limited Partner is a corporation, by an officer or attorney thereof duly authorized.**

In addition to any other manner permitted by law, a proxy may be revoked before it is exercised by instrument in writing executed in the same manner as a proxy and deposited at the registered office of the Partnership at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of the meeting on the day of such meeting or any adjournment thereof and thereupon the proxy is revoked.

A Limited Partner attending the meeting has the right to vote in person and, if he or she does so, his or her proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the meeting or any adjournment thereof.

#### **EXERCISE OF DISCRETION BY PROXIES**

The Units represented by proxies in favour of management of the General Partner will be voted in accordance with the instructions of the Limited Partner on any ballot that may be called for and, if a Limited Partner specifies a choice with respect to any matter to be acted upon at the meeting, the Units represented by the proxy shall be voted accordingly. **WHERE NO CHOICE IS SPECIFIED, THE PROXY WILL CONFER DISCRETIONARY AUTHORITY AND WILL BE VOTED FOR THE APPROVAL OF THE ROLLOVER TRANSACTION, AS STATED ELSEWHERE IN THIS CIRCULAR THE ENCLOSED FORM OF PROXY ALSO CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN TO VOTE WITH RESPECT TO ANY AMENDMENTS OR VARIATIONS TO THE MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING IN SUCH MANNER AS SUCH NOMINEE IN HIS JUDGMENT MAY DETERMINE.** At the time of printing this circular, the management of the General Partner of the Partnership knows of no such amendments, variations or other matters to come before the meeting.

#### **APPROVAL OF DIRECTORS**

The contents and sending of this circular has been approved by the board of directors of Norrep 2004 Management Inc., in its capacity as general partner of Norrep Performance 2004 Flow-Through Limited Partnership.

**DATED** this 4<sup>th</sup> day of May, 2007.

**EXHIBIT A**

**NORREP PERFORMANCE 2004 FLOW-THROUGH LIMITED PARTNERSHIP**

**TRANSACTION RESOLUTION**

**BE IT RESOLVED THAT:**

1. the entering into by Norrep Performance 2004 Flow-Through Limited Partnership (the "**Partnership**") of the asset purchase agreement between the Partnership, Norrep Opportunities Corp. and Hesperian Capital Management Ltd. to be made effective as at the close of business of June 15, 2007 (the "**Purchase Agreement**") providing for the transfer of all of the assets of the Partnership (other than cash) to Norrep Opportunities Corp. in the manner described in the management proxy circular (the "**Circular**") of the Partnership dated May 4, 2007, and the performance by the Partnership of its obligations thereunder, be and the same are hereby approved;
2. the transfer of all of the assets of the Partnership (other than cash) to Norrep Opportunities Corp. pursuant to the Purchase Agreement and subject to all conditions outlined therein, all in the manner described in the Circular, be and the same is hereby approved, ratified and confirmed;
3. the dissolution and termination of the Partnership be and the same are hereby approved, adopted, ratified and confirmed;
4. following the dissolution and termination of the Partnership, the winding-up of the affairs of the Partnership within 60 days of the transfer of assets to Norrep Opportunities Corp., pursuant to the Purchase Agreement be and the same is hereby approved, ratified and confirmed;
5. the distribution by the Partnership to the partners on the winding-up of the affairs of the Partnership of the shares of Norrep Opportunities Corp. received by the Partnership as consideration for the transfer of partnership assets to Norrep Opportunities Corp. and any cash, as described in the Circular, be and the same is hereby approved, ratified and confirmed;
6. any one director or officer of Norrep 2004 Management Inc., in its capacity as the general partner of the Partnership (the "**General Partner**"), is hereby authorized and directed to do all such acts and things and sign all such documents and instruments as he may consider necessary or desirable to give effect to the purpose and intent of this resolution; and
7. notwithstanding this approval of the Purchase Agreement and the transactions contemplated thereby, the board of directors of the General Partner, may at any time, by resolution, rescind their approval of such transactions and determine not to proceed with the Transaction.