

**Important Income Tax Notice**

Norrep Performance Flow-Through Limited Partnerships

Late in 2006 the federal government revised the T5013 income tax information slips which partnerships use to report income and expense allocations to their partners. The investment industry, Norrep included, was unable to use the new forms due to time constraints. Canada Revenue Agency will accept old format T5013s.

Unfortunately, the box numbers on your 2006 T1 Personal Income Tax return correspond to the new T5013 forms which are different from the box numbers on the old forms.

The table below matches the box numbers which appear on your T5013 slip to the correct box number to use on your income tax return.

	T5013 Box Number	Box Number on 2006 T1 Return
Canadian and foreign business income	18	22
Capital gains (losses)	23	70
Interest from Canadian Sources	26	50
Limited partner's at risk amount	45	22-1
Partnership's total gross income	51	34
Number of units acquired	53	150
Cost per unit	54	151
Canadian exploration expense	130	120
Canadian development expense	131	121
Expenses qualifying for ITC	138	128
Portion subject to an interest free period - ITC	139	129
Expenses qualifying for a provincial tax credit		
BC	141	141
SK	143	143
MB	144	144
ON	145	145
Carrying charges	30	59

**Your income tax slips will be mailed to you separately by your brokerage firm.**

**Please keep us informed**

If you have a recent address change, or if you have any other matters to bring to our attention, please let us know. Simply fax this page back to us at 877-482-3833 with the changes noted.

Client Name: \_\_\_\_\_ FTLP Owned: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ Prov: \_\_\_\_\_ Postal: \_\_\_\_\_

Phone: \_\_\_\_\_ Advisor: \_\_\_\_\_

## What you should know about your Flow-Through Limited Partnership

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### When will it rollover?

The Norrep Performance 2004 FTLP is expected to roll over in the second quarter of 2007.

The Norrep Performance 2005 FTLP is expected to roll into Norrep Opportunities Corp. in the first quarter of 2008.

The Norrep Performance 2006 FTLP is expected to roll into Norrep Opportunities Corp. in the first quarter of 2009.

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### What are my options after the FTLP rolls over?

At the rollover date, the Norrep 2004 FTLP will roll into the Norrep II Class, a Canadian small and mid cap fund. This is one of Canada's top performing funds and otherwise has been closed to new investors. If you chose to switch or redeem your units, you will not be permitted to re-enter the fund.

For both the Norrep 2005 and Norrep 2006 FTLP's you will be rolled into one of the Class funds under Norrep Opportunities Corp.

Your options after the rollover are;

- hold the fund
- switch tax-free into
  - Norrep Q Class, Canadian Mid to Large Cap
  - Norrep Income Growth Class, Canadian Small Cap High Yield
  - Norrep G Class, Global Small Cap
  - Norrep US Class, US Microcap
  - Norrep R Class, Resource based fund (available mid-2007)
- redeem your units, see below for more information

### When do I claim my tax write-offs?

You claim your tax write-offs in the first year of the Flow-Through Limited Partnership. During the first year, the Limited Partnership invests in flow-through shares of natural resource companies who in turn spend the money on exploration and development. These companies "renounce" the costs associated with this exploration and development to the Limited Partnership, which passes them on to you. You get to claim your portion of these costs on your income tax return in the first year to reduce your income taxes.

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### When and why do I report capital gains?

You report capital gains when the Limited Partnership begins to sell the flow-through shares. Since the flow-through shares are deemed to have no cost for income tax purposes, the entire proceeds are capital gains. The Limited Partnership allocates the capital gains to the partners on T5013 income tax slips (REL15 in Quebec). Some of the proceeds from the sale of flow-through shares may be reinvested in new flow-through shares, thus reducing or eliminating the income taxes otherwise payable on the capital gains.

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For more information, please visit our website; [www.norrepfunds.com](http://www.norrepfunds.com).

