

NORREP PERFORMANCE 2010

FLOW-THROUGH LIMITED PARTNERSHIP

A development-focused flow-through investment

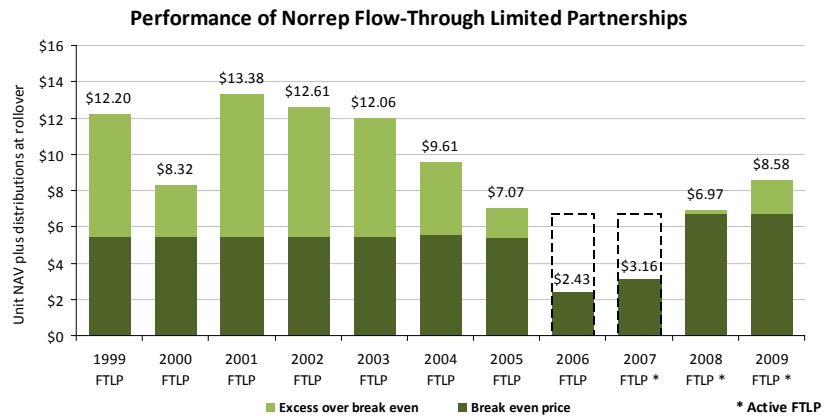
Hesperian Capital Management Ltd.

Hesperian is a top Canadian provider of niche investment solutions to wealthy investors and their advisors. As a leader in resource investing, Hesperian has raised over \$410 million for flow-through investing since 1999. The firm's partners have significant personal capital in Norrep products.

Hesperian's goal is to create favourable long-term outcomes for investors by applying sound investment strategies, leveraging highly capable professionals, and providing well-designed investment solutions for inefficient markets.

The lead portfolio manager

Steve Smith, CA is the Calgary-based portfolio manager of the Norrep flow-through limited partnerships and the Norrep Resource Class mutual fund. Steve joined Hesperian in 2007 with 12 years experience on the sell side of the business as a research analyst and 12 years in the oil & gas industry in both financial and executive roles.



Notes: As at February 28, 2010 for active FTLP. Based on downside protection as disclosed for the Maximum Offering in the corresponding Offering Prospectus.

- **Experienced portfolio management team** – focuses on investment quality first with the added advantage of tax benefits
- **Right time** – the commodity outlook is positive as oversupply will eventually be corrected by production declines and low reinvestment
- **Right structure** – aligns our FTLP with the producers' capital spending focus on development over exploration drilling as well as the royalty incentive programs in Alberta and British Columbia
- **Focus on development flow-through (CDE)** – up to 70% in development drilling provides lower deal premiums and focuses on lower risk drilling

Offering terms

Projected tax deduction: 50% in 2010 with 50% in the following years

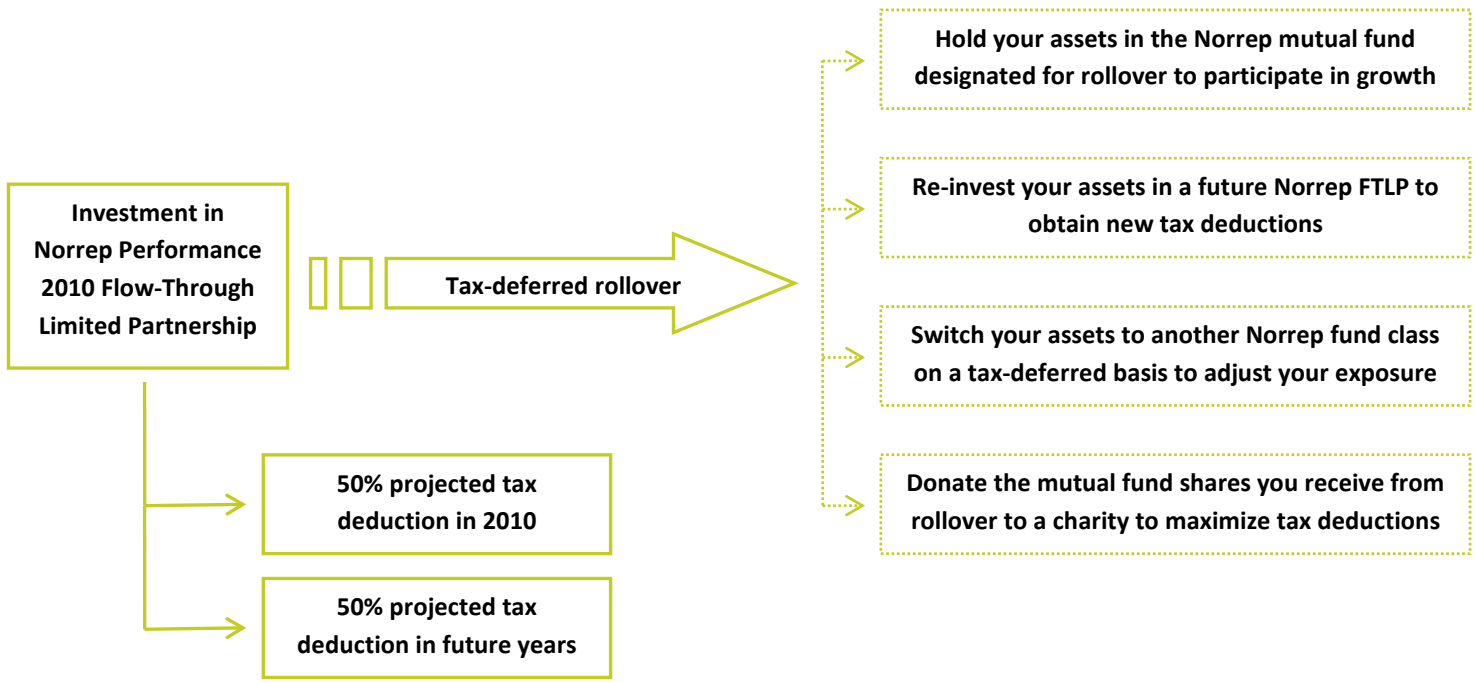
Liquidity: tax-deferred rollover to a public Norrep Opportunities fund within a corporate class structure expected no later than December 2011

Offering size: \$5 million to \$50 million

Minimum investment: \$5,000 (500 units at \$10 per unit)

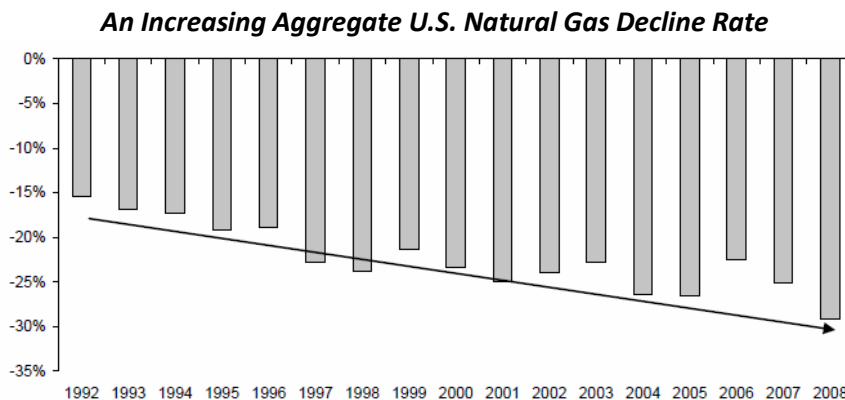
Fees: 1.75% plus 20% of returns above 8% annualized hurdle rate

Expected close: May 2010



Natural Gas Prices in the Long-Term

The best solution for investors for low natural gas prices is low natural gas prices. It's a simple statement, but accurate. A low price reduces the incentive for energy companies to explore for new reserves. Over time, total gas production falls as existing wells exhibit a natural decrease in production rate as seen in the graph below of aggregate U.S. natural gas decline rates. When there is not enough gas production to satisfy steadily increasing demand the price responds by rising to stimulate drilling activity. Energy companies see the effect of rising prices in their cash flow, earnings, and share prices.



Source: HPDI and Bernstein Analysis

Investor Suitability

- Investors looking for managed exposure to small cap resource investments with downside protection from the flow-through tax deductions
- Individuals and businesses with a large current or past tax liability that have an above average risk tolerance
- Investors planning on making their charitable donation in the form of flow-through shares to obtain tax benefits
- Retirees looking for a tax efficient way to withdraw funds from a RRSP or RRIF

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