

# CMP 2018 RESOURCE LIMITED PARTNERSHIP



The annual management report of fund performance contains financial highlights, but does not contain the complete semi-annual or annual financial statements of the Partnership. For your reference, the annual financial statements of the Partnership are attached to the annual management report of fund performance. You may obtain additional copies of these documents or a copy of the semi-annual financial statements at your request, and at no cost, by calling toll free 866.694.5672, by visiting our website at [www.goodmanandcompany.com](http://www.goodmanandcompany.com) or SEDAR at [www.sedar.com](http://www.sedar.com) or by writing to us at: Goodman & Company, Investment Counsel Inc., 1 Adelaide Street East, Suite 2000, Toronto, Ontario, M5C 2V9.

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 or quarterly portfolio disclosure.

# **CMP 2018 Resource Limited Partnership**

## **MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING**

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The accompanying financial statements have been prepared by Goodman & Company, Investment Counsel Inc. (“GCICI”), in its capacity as manager of CMP 2018 Resource Limited Partnership (the “Partnership”), and have been approved by the Board of Directors of Goodman GP Ltd., in Goodman GP Ltd.’s capacity as general partner (the “General Partner”) of the Partnership. The General Partner is responsible for the information and representations contained in these financial statements and the management report of fund performance.

GCICI maintains appropriate processes to provide reasonable assurance that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and include certain amounts that are based on estimates and judgments made by GCICI. The significant accounting policies which GCICI believes are appropriate for the Partnership are described in Note 3 to these financial statements.

PricewaterhouseCoopers LLP are the external auditors of the Partnership, appointed by the General Partner.

*(signed)*

ROBERT SELLARS  
Chief Financial Officer  
Goodman GP Ltd.

March 22, 2019

# CMP 2018 Resource Limited Partnership

## MANAGEMENT REPORT OF FUND PERFORMANCE

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### Investment Objective and Strategies

CMP 2018 Resource Limited Partnership (the “Partnership”) aims to provide for a tax-assisted investment in a diversified portfolio of flow-through shares and other securities, if any, of resource companies with a view to earning income and achieving capital appreciation for limited partners.

The investment strategy of the Partnership entails initially investing primarily in flow-through shares of resource companies that: a) have experienced management; b) have a strong exploration program in place; c) may require time to mature; and d) offer the potential for future growth. The Partnership intends to invest such that limited partners with sufficient income will be entitled to claim certain investment tax credits, as well as deductions for Canadian federal income tax purposes in respect of Canadian exploration expenses incurred and renounced to the Partnership. For tax purposes, any sale of flow-through shares generally is expected to result in a capital gain equal to the net proceeds as the cost of the flow-through shares is deemed to be \$nil.

### Risks

The risks associated with investing in the Partnership are as described in the prospectus.

### Results of Operations<sup>1</sup>

For the period from commencement of operations on February 15, 2018, to December 31, 2018<sup>2</sup>, the units of the Partnership (the “Units”) generated a total return of approximately negative 35.4% on a net asset value basis. Over the same period, the S&P/TSX Composite Index returned approximately negative 3.9%. Unlike the returns of this index, the Partnership’s returns are reported net of all management fees and expenses. As such, the Partnership’s performance is not expected to equal the performance of this index. It may be more helpful for investors to compare the Partnership’s performance to that of other closed-end funds with similar objectives and investment disciplines. Readers are also cautioned that the Partnership’s investment mandate is significantly different from the index shown. The S&P/TSX Composite Index encompasses approximately 95% of the market capitalization for Canadian-based, Toronto Stock Exchange listed companies.

While commodity returns continue to fall short of the bullish expectations set in the first half of 2018, the second half of 2018 continued to see both volatility and a late rebound in pricing for the underlying commodities in general. Continued investor fears of the global political landscape, trade tensions, and the expectation of a US government shutdown led to both volatility in gold and the rally in the commodity over the last four months of the period. Copper was volatile in a successive downward trajectory over the year, with higher losses over the second half of the year. Expectations of lower global economic growth, fueled by fears of trade frictions between global powers led to both the aforementioned volatility and a continued sell-off in the commodity.

The S&P/TSX Gold Index ended 2018 down over 6.3 percent on the year. The price of gold and gold stocks experienced significant volatility over the summer months of the year. The S&P/TSX Gold index reached its lows in late summer at down over 24.2%. At these lows, valuations of the members of the Index significantly diverged from the underlying commodity. The final four months of the year saw a rally in gold, gold valuations and a re-coupling of the gold stocks with the underlying commodity. The late-year rally in gold equities was attributed to rising trade tensions, with risk capital flowing back into the sector, seen as a traditional safe-haven.

The base metals stocks experienced a gradual and continual selloff over the year. The S&P/TSX Diversified Metals Index lost approximately 23.0% over the year in this slow and steady decline. Continued fears of slowing global growth, as a function of the global political landscape, coupled with investor apathy to the materials sector drove this decline.

The Partnership’s underperformance during the period was primarily a result of the significant underperformance of junior mining stocks particularly pre-production companies lacking the liquidity of large producing mining stocks.

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<sup>1</sup> All references to net assets or net asset value in this section refer to Transactional NAV as defined in the Financial Highlights section, which may differ from IFRS Net Assets.

<sup>2</sup> Unless otherwise indicated, references to the period refer to the period from commencement of operations on February 15, 2018 to December 31, 2018 throughout this document.

# CMP 2018 Resource Limited Partnership

## MANAGEMENT REPORT OF FUND PERFORMANCE

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The best performing investments of the partnership were Cantex Resources, where the company made key discoveries of significant grades and White Gold Corp., which continued the trend of exploration success, driving its stock price with continued success through the drill bit. Bonterra Resources Inc. Avino Silver & Gold Mines and Troilus Resources Corp. did not have the quanta of exploration success necessary to render fresh interest and new buying in this market environment.

The following table highlights changes in both transactional net asset value (“Transactional NAV”) and net assets determined using International Financial Reporting Standards (“IFRS Net Assets”) during the period. Refer to the financial highlights section for further information on the differences between Transactional NAV and IFRS Net Assets.

### Net Asset Value Comparison (\$CAD, in millions)

	Transactional NAV	IFRS Net Assets
Gross proceeds, initial public offering	\$32.9	\$32.9
Issuance costs	(2.2)	(2.2)
Investment performance	(8.7)	(8.3)
Net fees and expenses <sup>(a)</sup>	(0.7)	(0.7)
<b>Balance, December 31, 2018</b>	<b>\$21.3</b>	<b>\$21.7</b>

(a) Net of interest and dividend income. Transaction costs are expensed in calculating IFRS Net Assets.

### Borrowing

The Partnership established credit facilities with a Canadian chartered bank (the “Bank”) up to an amount not exceeding \$2,551,000. The loan proceeds were used for the payment of issuance costs, and the Partnership provided the Bank with a security interest in all of the assets of the Partnership. The maximum and minimum amounts borrowed during the period ended December 31, 2018 were approximately \$2,343,000 and \$1,570,000, respectively. The average annual interest rate on the outstanding balances during the period ended December 31, 2018 was 3.76%.

As at December 31, 2018, bank borrowings were approximately \$2,343,000 and represented 11.0% of Transactional NAV. For the period ended December 31, 2018, the Partnership incurred interest expense of approximately \$75,000.

### Related Party Transactions

The following arrangements result in fees paid by the Partnership to Goodman & Company, Investment Counsel Inc. (“GCICI” or the “Manager”) or to companies affiliated with the Partnership.

#### Management Fees

The Partnership pays the Manager a management fee for the continuous advice, recommendations and services, including key management personnel, provided to the Partnership. This includes acting as the manager, portfolio advisor and principal distributor to the Partnership. The Manager is also responsible for the Partnership’s day-to-day operations.

The management fee is an annualized rate of 2% plus taxes based on the Transactional NAV of the Partnership and is accrued daily and paid monthly as a percentage of the month end Transactional NAV, in accordance with the terms of the management agreement for the Partnership.

In consideration for portfolio advisory services received from the Manager, the Partnership incurred a management fee, inclusive of sales tax, of approximately \$455,000 for the period ended December 31, 2018.

#### Performance Bonus

The Manager is entitled to a performance bonus to be paid by the Partnership equal to 20% of the amount by which the net asset value per Unit exceeds \$1,120 on the performance bonus date. The performance bonus is calculated on a per Unit basis and multiplied by the number of Units existing at the performance bonus date. The performance bonus date is on the earlier of (i) the date on which the Partnership assets are transferred pursuant to a mutual fund rollover transaction; (ii) the day a liquidity alternative is completed; and (iii) the day immediately prior to the date the assets of the Partnership are distributed in connection with the dissolution or winding up of the affairs of the Partnership. The performance bonus will be calculated on the performance bonus date and paid as soon as practicable thereafter. As at December 31, 2018, no performance bonus was paid or is payable to the Manager.

# **CMP 2018 Resource Limited Partnership**

## **MANAGEMENT REPORT OF FUND PERFORMANCE**

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### ***Operating Expenses and Administrative Services***

The Partnership is responsible for operating expenses relating to the carrying on of its business, including custodial services, legal, independent review committee fees, audit fees, transfer agency services and the cost of financial and other reports in compliance with all applicable laws, regulations and policies. Such expenses are calculated and accrued daily. The Manager pays for such expenses on behalf of the Partnership, except for certain expenses such as interest, and is subsequently reimbursed by the Partnership. As at December 31, 2018, the Partnership owed the Manager approximately \$57,000 for expenses paid on the Partnership's behalf. This balance is included in the Statement of Financial Position under "Accrued expenses".

In addition, the Partnership incurred expenses paid or payable to the Manager, or to companies affiliated with the Manager, of approximately \$153,000 for administrative services, overhead in nature, performed by the Manager during the period. This cost is included in "Unitholder administration costs" on the Statement of Comprehensive Loss.

### ***Commissions and Related Brokerage Commissions***

Brokerage commissions of approximately \$15,000 were paid on securities transactions during the period. These costs are included in "Transaction cost" on the Statement of Comprehensive Loss. Of this amount, none was paid to Dundee Securities Ltd. ("DSL"), an affiliate of GCICI at the time. Soft dollar commissions, if any, represent amounts paid indirectly to third parties through a broker or dealer for services received by the Partnership that do not pertain to trading execution. There were no soft dollar commissions paid by the Partnership during the period.

### ***Inter-Fund Trades***

The Partnership may, from time to time, enter into security trades with other investment funds managed by the Manager. These trades will be executed through market intermediaries and under prevailing market terms and conditions. Any such trades will be executed in accordance with applicable securities laws, the Manager's policies and procedures and with the approval of the IRC (see "*Standing Instructions from the Independent Review Committee*" below). The Partnership did not enter into any security trades with other investment funds managed by the Manager.

### ***Participation in Related Offerings***

The Partnership may participate in securities offerings where Dundee Securities Ltd. ("DSL"), an affiliate of GCICI, acted as underwriter in the offering of securities or received a finder's fee for facilitating a transaction. For these transactions, the Manager will receive an exemptive relief from securities regulatory authorities or receive approval from the IRC (see "*Standing Instructions from the Independent Review Committee*" below). During the period, the Partnership participated in securities transactions with a combined settlement value of approximately \$1,150,000 where DSL earned total finder's fees of approximately \$131,000 and 1,549,000 broker warrants.

### ***Standing Instructions from the Independent Review Committee***

Pursuant to National Instrument 81-107 – "Independent Review Committee for Investment Funds", the Manager has appointed an independent review committee ("IRC") to oversee the Partnership. Costs and expenses directly associated with the operations of the IRC, including remuneration of IRC members, are chargeable to the Partnership. As at December 31, 2018, the IRC consisted of three members, all of whom are independent of the Manager. The Partnership paid approximately \$10,000 for IRC fees for the period ended December 31, 2018. These costs are included in "Unitholder administration costs" on the Statement of Comprehensive Loss.

The Partnership received the following standing instructions with respect to related party transactions from the IRC:

- (i) paying brokerage commissions to DSL for effecting security transactions on an agency and principal basis on behalf of the Partnership (referred to as "Related Brokerage Commissions");
- (ii) subject to receipt of exemptive relief in certain circumstances, purchases or sales of securities of an issuer from or to another investment fund managed by the Manager;
- (iii) executing foreign exchange transactions with DSL on behalf of the Partnership; and
- (iv) participation in any offering where DSL acts as agent or underwriter, or is to receive a finder's fee.

The applicable standing instructions require the Manager to establish policies and procedures that it will follow with respect to related party transactions. The Manager is required to advise the IRC of any material breach of a condition of the standing instructions.

The standing instructions require, among other things, that the investment decision in respect to a related party transaction:

- (a) is made by the Manager, free from any influence by any related entity and without taking into account any consideration

# CMP 2018 Resource Limited Partnership

## MANAGEMENT REPORT OF FUND PERFORMANCE

to the Manager or any associate or affiliate of the Manager; (b) represents the business judgment of the Manager, uninfluenced by considerations other than the best interests of the Partnership; and (c) is made in compliance with the Manager's written policies and procedures. Transactions made by the Manager, under the standing instructions are subsequently reviewed by the IRC to monitor compliance.

The Partnership relied on IRC standing instructions regarding related party transactions during the period.

### Financial Highlights

The following tables show selected key financial information about the Partnership and are intended to help readers understand the Partnership's financial performance for the period indicated. The information on the following tables is based on prescribed regulations. As a result, subtotals are not expected to equal aggregate totals due to the decrease in net assets from operations being based on the weighted average number of Units outstanding during the period and all other numbers being based on actual number of Units outstanding at the relevant point in time.

#### *The Partnership's Net Assets per Unit*<sup>(1)</sup> (Partnership commencement of operations February 15, 2018)

December 31, 2018

<b>Initial offering price</b>	\$1000.00
Issuance costs	(66.42)
<b>Net assets, beginning of period</b> <sup>(1)(2)</sup>	<b>\$933.58</b>
<b>Increase in net assets from operations:</b>	
Total revenue	\$4.66
Total expenses	(25.90)
Realized loss for the period	(5.70)
Unrealized loss for the period	(97.93)
<b>Total decrease in net assets from operations</b> <sup>(2)</sup>	<b>\$(124.87)</b>
<b>Premium paid on acquisition of flow-through shares</b>	<b>\$(154.13)</b>
<b>Net assets, end of period</b> <sup>(1)(2)(6)</sup>	<b>\$659.83</b>

### Ratios and Supplemental Data

Total net asset value (in 000's) <sup>(6)</sup>	\$21,265
Number of Units outstanding	32,922
Management fee	2.00%
Management expense ratio ("MER") <sup>(3)</sup>	13.13%*
MER before waivers or absorptions <sup>(3)</sup>	13.13%*
Trading expense ratio ("TER") <sup>(4)</sup>	0.06%*
Portfolio turnover rate <sup>(5)</sup>	16.27%
<b>Net Asset value per Unit</b> <sup>(6)</sup>	<b>\$645.93</b>

\* Annualized, except for issuance costs included in the MER which are treated as one-time expenses.

- This information is derived from the Partnership's audited financial statements. Net assets per Unit presented in the audited financial statements may differ from net asset value calculated for pricing purposes. An explanation of these differences, if any, can be found in the notes to the audited financial statements, if applicable. Some of the \$nil balances reported in the Financial Highlights may include amounts that are rounded to zero.
- Net assets per Unit are based on the actual number of Units outstanding at the relevant time. The decrease in net assets from operations per Unit is based on the weighted average number of Units outstanding over the period.
- The management expense ratio ("MER") is based on the total expenses (excluding commissions and other portfolio transaction costs) of the Partnership for the stated period expressed as an annualized percentage of daily average net asset value during the period. The December 31, 2018 MER is an annualized MER, which is calculated in accordance with regulatory requirements. The following MER statistics are presented for information purposes.

December 31, 2018

MER excluding issuance costs	3.59%
MER excluding issuance costs and sales tax	3.22%

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

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## MANAGEMENT REPORT OF FUND PERFORMANCE

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- (5) The Partnership's portfolio turnover rate indicates how actively the portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to an investment fund buying and selling all of the securities in its portfolio once in the course of the fiscal period. The higher the portfolio turnover rate in a period, the greater the trading costs payable by an investment fund in the period and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of an investment fund. The portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period by the average market value of investments during the period.
- (6) National Instrument 81-106 – "Investment Fund Continuous Disclosure" ("NI 81-106") requires all investment funds to calculate net asset value for all purposes other than for financial statements in accordance with part 14.2, which differs in some respects from the requirements of IFRS. In accordance with IFRS, the fair value of warrants is determined using Black-Scholes, whereas for the Transactional NAV, the warrants are valued intrinsically. A reconciliation between Transactional NAV and IFRS Net Assets is provided below.

<b>As at December 31, 2018</b>	Total in \$000's	Per Unit (\$)
Transactional NAV	21,265	645.93
Valuation adjustment	458	13.90
<b>IFRS Net Assets</b>	<b>21,723</b>	<b>659.83</b>

# CMP 2018 Resource Limited Partnership

## MANAGEMENT REPORT OF FUND PERFORMANCE

### Summary of Investment Portfolio as at December 31, 2018

The Summary of Investment Portfolio may change due to ongoing portfolio transactions. Updates are available quarterly online ([www.goodmanandcompany.com](http://www.goodmanandcompany.com)), 60 days after quarter end, except for December 31, which is the fiscal year end, when they are available after 90 days.

By Country / Region	Percentage of Total Net Asset Value <sup>†</sup>
Canada	109.6

By Asset Type	Percentage of Total Net Asset Value <sup>†</sup>
Equities and Warrants	101.5
Fixed Income	8.1
Cash	1.4
Other Net Liabilities	(11.0)

By Industry	Percentage of Total Net Asset Value <sup>†</sup>
Gold and Precious Metals	84.1
Diversified Metals and Mining	13.7
Energy (Other) <sup>^</sup>	11.8

Top 25 Holdings	Percentage of Total Net Asset Value <sup>†</sup>
CellCube Energy Storage System Inc.,	
Convertible Debentures 9% Apr. 5, 20	8.1
White Gold Corp.	7.9
Troilus Gold Corp.	7.8
Cantex Mine Development Corp.	7.5
Ascot Resources Ltd.	7.3
Pure Gold Mining Inc.	6.1
Moneta Porcupine Mines Inc.	5.9
Sabina Gold & Silver Corp.	5.8
Cantex Mine Development Corp., Warrants,	
\$0.20 Jul. 13, 21	5.6
Eastmain Resources Inc.	5.5
Avino Silver & Gold Mines Ltd.	4.2
Marathon Gold Corp.	4.0
Bonterra Resources Inc.	3.9
UEX Corp. Restricted	3.7
Nouveau Monde Graphite Inc.	3.6
Pancontinental Resources Corp.	3.3
Dolly Varden Silver Corp.	2.1
Canadian Orebodies Inc.	2.0
Sabina Gold & Silver Corp. Restricted	1.9
Rubicon Minerals Corp.	1.9
Maritime Resources Corp.	1.8
IDM Mining Ltd.	1.6
Cash	1.4
Anaconda Mining Inc.	1.3
New Age Metals Inc.	1.3

<sup>†</sup> This refers to Transactional NAV which was approximately \$21,265,415 as at December 31, 2018.

<sup>^</sup> The “Energy (Other)” component of the portfolio consists of companies whose primary focus is on the exploration, development and production of alternative energy sources (outside of oil and natural gas), including uranium, wind generation and geothermal energy.

# **CMP 2018 Resource Limited Partnership**

## **MANAGEMENT REPORT OF FUND PERFORMANCE**

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### **Caution Regarding Forward-Looking Statements**

Certain portions of this report, including, but not limited to, “Results of Operations” and “Recent Developments”, may contain forward-looking statements about the Partnership, as applicable, including statements with respect to strategy, risks, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” and similar forward-looking expressions or negative versions thereof.

In addition, any statement that may be made concerning future performance, strategies or prospects and possible future Partnership action is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future general economic, political and relevant market factors, such as interest rates, foreign exchange rates, equity and capital markets, and the general business environment, in each case assuming no changes to applicable tax or other laws or government regulation. Expectations and projections about future events are inherently subject to, among other things, risks and uncertainties, some of which may be unforeseeable. Accordingly, current assumptions concerning future economic and other factors may prove to be incorrect at a future date.

Forward-looking statements are not guarantees of future performance and actual events could differ materially from those expressed or implied in any forward-looking statements made by the Partnership. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, such as interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings and catastrophic events. We stress that the above mentioned list of important factors is not exhaustive.

We encourage readers to consider these and other factors carefully before making any investment decisions, and we urge readers to avoid placing any undue reliance on forward-looking statements. Further, readers should be aware of the fact that the Partnership has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next management report of fund performance.



## *Independent auditor's report*

To the Partners of  
CMP 2018 Resource Limited Partnership (the Partnership)

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### *Our opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Partnership as at December 31, 2018 and its financial performance and its cash flows for the period from February 15, 2018 (commencement of operations) to December 31, 2018 in accordance with International Financial Reporting Standards (IFRS).

#### **What we have audited**

The Partnership's financial statements comprise:

- the statement of financial position as at December 31, 2018;
- the statement of comprehensive loss for the period from February 15, 2018 (commencement of operations) to December 31, 2018;
- the statement of changes in net assets representing partners' equity for the period from February 15, 2018 (commencement of operations) to December 31, 2018;
- the statement of cash flows for the period from February 15, 2018 (commencement of operations) to December 31, 2018; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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### *Basis for opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### *Other information*

Management is responsible for the other information of the Partnership. The other information comprises the Management Report of Fund Performance.

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*PricewaterhouseCoopers LLP*  
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2  
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Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Partnership, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Partnership or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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*Responsibilities of management and those charged with governance for the financial statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Partnership or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Partnership's financial reporting process.

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*Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,



as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Partnership to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario  
March 22, 2019

# CMP 2018 Resource Limited Partnership

## STATEMENT OF FINANCIAL POSITION

As at (in 000's of Canadian dollars except number of Units and per Unit amounts)	December 31, 2018
<b>Assets</b>	
<b>Current assets</b>	
Financial assets at fair value through profit or loss	\$23,810
Cash	292
Accrued interest	135
	<b>24,237</b>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Loan payable (Note 5)	2,343
Management fee payable	40
Interest expense payable	22
Accrued expenses	109
	<b>2,514</b>
<b>Net assets - representing partners' equity (Note 7)</b>	<b>21,723</b>
Partners' capital	30,735
Accumulated deficit	(9,012)
	<b>\$21,723</b>
<b>Number of Units outstanding (Note 7)</b>	<b>32,922</b>
<b>Net assets per Unit (Note 8)</b>	<b>\$659.83</b>

*The accompanying notes are an integral part of these financial statements.*

# CMP 2018 Resource Limited Partnership

## STATEMENT OF COMPREHENSIVE LOSS

For the period ended (Note 1) (in 000s of Canadian dollars except per Unit amounts)	December 31, 2018
<b>Loss</b>	
Interest income for distribution	\$151
Net unrealized change in fair value on financial assets at fair value through profit and loss	(3,163)
Net realized loss on financial assets at fair value through profit and loss	(184)
<b>Net loss</b>	<b>(3,196)</b>
<b>Expenses (Note 6)</b>	
Management fees	455
Unitholder administration costs	167
Interest expense (Note 5)	75
Unitholder reporting costs	49
Audit fees	45
Custodian fees and bank charges	24
Transaction costs	15
Legal fees	7
<b>Total expenses</b>	<b>837</b>
<b>Decrease in net assets from operations</b>	<b>(\$4,033)</b>
<b>Decrease in net assets from operations per Unit (Note 9)</b>	<b>(\$124.87)</b>

*The accompanying notes are an integral part of these financial statements.*

# CMP 2018 Resource Limited Partnership

## STATEMENT OF CHANGES IN NET ASSETS REPRESENTING PARTNERS' EQUITY

For the period ended (Note 1)

(in 000s of Canadian dollars)	Partners' capital	Accumulated deficit	Total
<b>Balance, February 15, 2018</b>	\$-	\$-	\$-
Proceeds from issuance of Units	32,922	–	32,922
Decrease in net assets from operations	–	(4,033)	(4,033)
Issuance costs	(2,187)	–	(2,187)
Premium paid on acquisition of flow-through shares	–	(4,979)	(4,979)
<b>Balance, December 31, 2018</b>	<b>\$30,735</b>	<b>(\$9,012)</b>	<b>\$21,723</b>

*The accompanying notes are an integral part of these financial statements.*

# CMP 2018 Resource Limited Partnership

## STATEMENT OF CASH FLOWS

For the period ended (Note 1)	December 31,
(in 000s of Canadian dollars)	2018
<b>Operating activities:</b>	
Decrease in net assets from operations	(\$4,033)
Adjustments for:	
Net unrealized change in fair value on financial assets at fair value through profit and loss	3,163
Net realized loss on financial assets at fair value through profit and loss	184
Purchase of financial assets at fair value through profit or loss	(34,904)
Proceeds from sale of financial assets at fair value through profit or loss	2,768
Increase in other assets	(135)
Increase in accrued expenses and management fee payable	171
<b>Net cash used in operating activities</b>	<b>(32,786)</b>
<b>Financing activities:</b>	
Gross proceeds from issue	32,922
Issuance costs	(2,187)
Loan drawn	2,343
<b>Net cash provided by financing activities</b>	<b>33,078</b>
Net cash provided during the period	292
Cash, beginning of period	–
<b>Cash, end of period</b>	<b>\$292</b>
<b>Cash flows from operating activities include:</b>	
Interest received	\$16
Interest paid	(\$53)

*The accompanying notes are an integral part of these financial statements.*

# CMP 2018 Resource Limited Partnership

## SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2018

	Number of Shares	Cost† (000's)	Fair Value (000's)
<b>EQUITIES AND WARRANTS (101.6%)</b>			
<b>Diversified Metals and Mining (13.6%)</b>			
Canadian Orebodies Inc.	1,492,537	\$500	\$433
EnGold Mines Ltd.	1,666,667	500	200
EnGold Mines Ltd., Warrants, \$0.40 May. 16, 20*	1,666,667	–	28
Honey Badger Exploration Inc.	5,769,230	750	188
New Age Metals Inc.	4,545,455	500	273
New Age Metals Inc., Warrants, \$0.15 May. 07, 19*	2,272,728	–	3
Nouveau Monde Graphite Inc.	2,777,778	1,000	764
Pancontinental Resources Corp.	11,666,500	700	700
Power Metals Corp.	862,700	473	160
Power Metals Corp., Warrants, \$0.85 Jun. 27, 20*	431,350	28	3
Stratabound Minerals Corp.	7,272,727	400	200
		<b>4,851</b>	<b>2,952</b>
<b>Energy (Other) (3.6%)</b>			
UEX Corp. Restricted*	4,762,000	1,000	792
		<b>1,000</b>	<b>792</b>
<b>Gold and Precious Metals (84.4%)</b>			
Anaconda Mining Inc.	1,219,500	500	274
Anaconda Mining Inc., Warrants, \$0.55 Jun. 22, 20*	609,750	–	13
Ascot Resources Ltd.	1,183,800	1,764	1,563
Avino Silver & Gold Mines Ltd.	1,072,500	2,145	901
Bonterra Resources Inc.	318,000	1,850	824
Cantex Mine Development Corp.	2,000,000	300	1,600
Cantex Mine Development Corp., Warrants, \$0.20 Jul. 13, 21*	2,000,000	–	1,537
Dolly Varden Silver Corp.	910,000	501	446
Eastmain Resources Inc.	7,143,000	2,000	1,179
Gatling Exploration Inc.	454,285	57	177
IDM Mining Ltd.	5,555,556	500	333
IDM Mining Ltd., Warrants, \$0.12 Apr. 17, 20*	1,388,889	–	9
Marathon Gold Corp.	1,100,000	1,155	847
Maritime Resources Corp.	4,166,667	500	375
Maritime Resources Corp., Warrants, \$0.20 Jan. 06, 20*	2,083,333	–	18
Moneta Porcupine Mines Inc.	10,000,000	1,500	1,250
Pure Gold Mining Inc.	2,000,000	1,500	1,300
Resource Capital Gold Corp.	10,000,000	1,000	150
Resource Capital Gold Corp., Warrants, \$0.12 Mar. 02, 20*	5,000,000	–	12
Rubicon Minerals Corp.	307,186	470	409
Sabina Gold & Silver Corp.	1,000,000	2,000	1,230
Sabina Gold & Silver Corp. Restricted*	352,564	550	412
Taiga Gold Corp.	1,250,000	250	113
Taiga Gold Corp., Warrants, \$0.40 Jun. 06, 20*	1,250,000	–	34
Troilus Gold Corp.	2,197,802	4,000	1,647
White Gold Corp.	1,052,650	1,000	1,683
		<b>23,542</b>	<b>18,336</b>
<b>FIXED INCOME (8.0%)</b>			
<b>Energy (Other) (8.0%)</b>			
CellCube Energy Storage System Inc., Convertible Debentures 9% Apr. 5, 20*	200	2,000	1,730
		<b>2,000</b>	<b>1,730</b>

# CMP 2018 Resource Limited Partnership

## SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2018

<b>COST AND FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (109.6%)</b>	<b>31,393</b>	<b>23,810</b>
<b>TRANSACTION COSTS (0.0%) (Note 3)</b>	<b>–</b>	<b>–</b>
<b>PREMIUM PAID ON ACQUISITION OF FLOW-THROUGH SHARES</b>	<b>(4,420)</b>	<b>–</b>
<b>TOTAL COST AND FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (109.6%)</b>	<b>\$26,973</b>	<b>\$23,810</b>

Average cost or fair values of some securities may include non-zero amounts that are rounded to zero.

†Where applicable, distributions received from holdings as a return of capital are used to reduce the adjusted cost base of the securities in the portfolio.

\* These securities have no quoted market values and are valued using valuation techniques.

# CMP 2018 Resource Limited Partnership

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. The Partnership

#### a) Organization of the Limited Partnership

CMP 2018 Resource Limited Partnership (the “Partnership”) was formed as a limited partnership under the laws of the Province of Ontario. The Partnership aims to provide for a tax-assisted investment in a diversified portfolio of flow-through shares and other securities, if any, of resource companies with a view to earning income and achieving capital appreciation for limited partners. The Partnership was formed on January 24, 2018, and Partnership units (the “Units”) were issued on February 15, 2018. The principal office of the Partnership is located at 1 Adelaide Street East, Suite 2000, Toronto, Ontario, M5C 2V9.

Goodman GP Ltd. (the “General Partner”) is the General Partner of the Partnership. The General Partner is responsible for the management of the Partnership in accordance with the terms and conditions of the partnership agreement. These financial statements were approved for issue by the General Partner on March 22, 2019.

#### b) Manager

The Partnership has retained Goodman & Company, Investment Counsel Inc. (“GCICI” or the “Manager”) as the investment fund manager of the Partnership. The Manager is responsible for providing investment, management, administrative and other services to the Partnership. The Manager is a wholly owned subsidiary of Dundee Corporation, a public Canadian independent holding company listed on the Toronto Stock Exchange under the symbol “DC.A”.

#### c) Financial Reporting Dates

The Statement of Financial Position is as at December 31, 2018. The Statement of Comprehensive Loss, Changes in Net Assets Representing Partners’ Equity, and Cash Flows are for the period from commencement of operations on February 15, 2018 to December 31, 2018. Throughout this document, reference to the period refers to the reporting period described here.

### 2. Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

#### *Standards and amendments to existing standards effective January 1, 2018*

A number of new standards, amendments to the standards and interpretations are effective for annual period beginning after January 1, 2018, and have not been applied in preparing these financial statements.

### 3. Summary of Significant Accounting Policies

#### a) Fair Value Measurement

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices. In accordance with the provisions of the Partnership's prospectus, and for the purpose of determining the transactional net asset value (“Transactional NAV”) per Unit, investment positions are valued based on the last traded market price, and warrants are valued intrinsically. For financial reporting purposes, the Partnership uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day’s bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value, as appropriate. For financial reporting purposes, the fair value of warrants is measured using the Black-Scholes model.

#### b) Financial assets at fair value through profit or loss

##### *Classification*

The Partnership classifies its investments based on both the Partnership’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Partnership is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Partnership has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash

# **CMP 2018 Resource Limited Partnership**

## **NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

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flows of the Partnership's debt securities are solely principle and interest; however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Partnership's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

### ***Recognition, derecognition and measurement***

Regular purchases and sales of investments are recognised on the trade date – the date on which the Partnership commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Loss.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Partnership has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the Statement of Comprehensive Loss within “Net unrealized change in fair value on financial assets at fair value through profit or loss” in the period in which they arise.

Interest income for distribution purposes from fixed income investments, including short-term investments, is recognised on an accrual basis at the contractual interest rate. Interest receivable is shown separately in the Statement of Financial Position based on the instruments' stated rates of interest. Dividends are recognised as income on the ex-dividend date, net of withholding tax.

### **c) Flow-Through Shares**

The Partnership invests in flow-through shares. The purchase price of such shares inherently includes the purchase of the flow-through tax deduction. The portion of the purchase price for flow-through shares which the Partnership incurred to acquire the flow-through tax deductions is charged to equity. The value of the flow-through deduction is considered to be the difference between the purchase price of flow-through shares and the fair value of such shares trading without flow-through deductions and is reflected in the Statement of Changes in Net Assets Representing Partners' Equity as “Premium paid on acquisition of flow-through shares”.

### **d) Other Assets and Liabilities**

“Cash” and “Accrued interest” are financial assets classified under and measured at amortized cost. “Loan payable”, “Management fee payable”, “Interest expense payable” and “Accrued expenses” are classified and measured at amortized cost.

Under the amortized cost method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

### **e) Transaction Costs**

Transaction costs are incremental costs directly attributable to the acquisition, issuance or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges and transfer taxes and duties.

### **f) Translation of Foreign Currency**

The Partnership's investors are mainly from Canada, with the subscriptions and redemptions of the shares denominated in Canadian dollars. The primary activity of the Partnership is to invest in Canadian securities. The performance of the Partnership is measured and reported to the investors in Canadian dollars. The Manager considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Partnership's functional and presentation currency.

### ***Transactions and balances***

The fair value of financial assets at fair value through profit or loss and other assets and liabilities denominated in a foreign currency are translated into Canadian dollars at the rate of exchange prevailing on the date of Statement of

# **CMP 2018 Resource Limited Partnership**

## **NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

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Financial Position. Transactions denominated in a foreign currency are translated into Canadian dollars at the rate of exchange prevailing on the date of the transactions.

Foreign exchange gains or losses relating to financial assets at fair value through profit or loss are presented in the Statement of Comprehensive Loss within “Net realized loss on financial assets at fair value through profit or loss”. Unrealized foreign currency gains or losses on financial assets at fair value through profit or loss are included in the Statement of Comprehensive Loss in “Net unrealized change in fair value on financial assets at fair value through profit or loss”.

**g) Decrease in Net Assets from Operations per Unit**

The “Decrease in Net Assets from Operations per Unit” is disclosed in the Statement of Comprehensive Loss and represents the decrease in net assets from operations for the period divided by the weighted average number of Units outstanding during the period. Refer to Note 9 for the calculation of the Decrease in Net Assets from Operations per Unit.

**h) Allocation of Partnership Income and Loss**

100% of any Canadian Exploration Expense (“CEE”) renounced to the Partnership with an effective date in such fiscal year and 99.99% of the net income or net loss of the Partnership for the fiscal year is allocated to limited partners at the end of the fiscal year in proportion to the number of limited partnership Units owned. The Partnership is not itself a taxable entity. Accordingly, no provision for income tax is required. The General Partner is entitled to 0.01% of the net income or net loss of the Partnership.

**i) Non-zero Amounts**

Some of the balances reported in the financial statements may include amounts that are rounded to zero.

#### **4. Critical Accounting Estimates and Judgments**

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the significant accounting judgments and estimates that the Manager has made in preparing the financial statements.

**a) Fair Value Measurement of Securities Not Quoted in an Active Market**

Key areas of estimation, where the Manager has made complex or subjective judgments, include the determination of fair values of financial instruments that are not quoted in an active market. The fair value of financial assets and liabilities that are not quoted in an active market is determined using valuation techniques. The use of valuation techniques for financial instruments that are not quoted in an active market requires the Manager to make assumptions that are based on market conditions existing as at the date of the financial statements. Changes in these assumptions as a result of changes in market conditions could affect the reported fair value of financial instruments. Valuation techniques used include the application of liquidity discounts to quoted market prices when valuing listed equities that are subject to sale restrictions as well as discounted cash flow analysis.

#### **5. Borrowing**

The Partnership established credit facilities with a Canadian chartered bank (the “Bank”) up to an amount not exceeding \$2,551,000. The loan proceeds were used for the payment of issuance costs, and the Partnership provided the Bank with a security interest in all of the assets of the Partnership. The maximum and minimum amounts borrowed during the period ended December 31, 2018 were approximately \$2,343,000 and \$1,570,000, respectively. The average annual interest rate on the outstanding balances during the period ended December 31, 2018 was 3.76%.

As at December 31, 2018, bank borrowings were approximately \$2,343,000 and represented 10.8% of net assets. For the period ended December 31, 2018, the Partnership incurred interest expense of approximately \$75,000.

# CMP 2018 Resource Limited Partnership

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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### 6. Expenses and Related Party Transactions

#### a) Management Fee

The Partnership pays the Manager a management fee for the continuous advice, recommendations and services, including key management personnel, provided to the Partnership. This includes acting as the manager, portfolio advisor and principal distributor to the Partnership. The Manager is also responsible for the Partnership's day-to-day operations.

The management fee is an annualized rate of 2% plus taxes based on the Transactional NAV of the Partnership and is accrued daily and paid monthly as a percentage of the month end Transactional NAV, in accordance with the terms of the management agreement for the Partnership.

In consideration for portfolio advisory services received from the Manager, the Partnership incurred a management fee, inclusive of sales tax, of approximately \$455,000 for the period ended December 31, 2018.

#### b) Performance Bonus

The Manager is entitled to a performance bonus to be paid by the Partnership equal to 20% of the amount by which the net asset value per Unit exceeds \$1,120 on the performance bonus date. The performance bonus is calculated on a per Unit basis and multiplied by the number of Units existing at the performance bonus date. The performance bonus date is on the earlier of (i) the date on which the Partnership assets are transferred pursuant to a mutual fund rollover transaction; (ii) the day a liquidity alternative is completed; and (iii) the day immediately prior to the date the assets of the Partnership are distributed in connection with the dissolution or winding up of the affairs of the Partnership. The performance bonus will be calculated on the performance bonus date and paid as soon as practicable thereafter. As at December 31, 2018, no performance bonus was paid or is payable to the Manager.

#### c) Operating Expenses and Administrative Services

The Partnership is responsible for its operating expenses relating to the carrying on of its business, including custodial services, legal, independent review committee fees, audit fees, transfer agency services and the cost of financial and other reports in compliance with all applicable laws, regulations and policies. Such expenses are accrued daily. The Manager pays for such expenses on behalf of the Partnership, except for certain expenses such as interest, and is subsequently reimbursed by the Partnership. As at December 31, 2018, the Partnership owed the Manager approximately \$57,000 for expenses paid on the Partnership's behalf. This balance is included in the Statement of Financial Position under "Accrued expenses".

In addition, the Partnership incurred expenses paid or payable to the Manager, or to companies affiliated with the Manager, of approximately \$153,000 for administrative services, overhead in nature, performed by the Manager during the period. This cost is included in "Unitholder administration costs" on the Statement of Comprehensive Loss.

#### d) Commissions and Related Party Brokerage Commissions

Brokerage commissions of approximately \$15,000 were paid on securities transactions during the period. These costs are included in "Transaction cost" on the Statement of Comprehensive Loss. Of this amount, none was paid to Dundee Securities Ltd. ("DSL"), an affiliate of GCICI at the time. Soft dollar commissions, if any, represent amounts paid indirectly to third parties through a broker or dealer for services received by the Partnership that do not pertain to trading execution. There were no soft dollar commissions paid by the Partnership during the period.

#### e) Inter-Fund Trades

The Partnership may, from time to time, enter into security trades with other investment funds managed by the Manager. These trades will be executed through market intermediaries and under prevailing market terms and conditions. Any such trades will be executed in accordance with applicable securities laws, the Manager's policies and procedures and with the approval of the IRC (see "*Standing Instructions from the Independent Review Committee*" below). The Partnership did not enter into any security trades with other investment funds managed by the Manager.

#### f) Participation in Related Offerings

The Partnership may participate in securities offerings where Dundee Securities Ltd. ("DSL"), an affiliate of GCICI, acted as underwriter in the offering of securities or receive a finder's fee for facilitating a transaction. For these transactions, the Manager will receive an exemptive relief from securities regulatory authorities or receive approval from the IRC (see "*Standing Instructions from the Independent Review Committee*" below). During the period, the Partnership

# CMP 2018 Resource Limited Partnership

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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participated in securities transactions with a combined settlement value of approximately \$1,150,000 where DSL earned finder's fees of approximately \$131,000 and 1,549,000 broker warrants.

### g) **Standing Instructions from the Independent Review Committee**

Pursuant to National Instrument 81-107 – “Independent Review Committee for Investment Funds”, the Manager has appointed an independent review committee (“IRC”) to oversee the Partnership. Costs and expenses directly associated with the operations of the IRC, including remuneration of IRC members, are chargeable to the Partnership. As at December 31, 2018, the IRC consisted of three members, all of whom are independent of the Manager.

The Partnership received the following standing instructions with respect to related party transactions from the IRC:

- (i) paying brokerage commissions to DSL for effecting security transactions on an agency and principal basis on behalf of the Partnership (referred to as “Related Brokerage Commissions”);
- (ii) subject to receipt of exemptive relief in certain circumstances, purchases or sales of securities of an issuer from or to another investment fund managed by the Manager;
- (iii) executing foreign exchange transactions with DSL on behalf of the Partnership; and
- (iv) participation in any offering where DSL acts as agent or underwriter, or is to receive a finder's fee.

The applicable standing instructions require the Manager to establish policies and procedures that it will follow with respect to related party transactions. The Manager is required to advise the IRC of any material breach of a condition of the standing instructions.

The standing instructions require, among other things, that the investment decision in respect to a related party transaction: (a) is made by the Manager, free from any influence by any related entity and without taking into account any consideration to the Manager or any associate or affiliate of the Manager; (b) represents the business judgment of the Manager, uninfluenced by considerations other than the best interests of the Partnership; and (c) is made in compliance with the Manager's written policies and procedures. Transactions made by the Manager, under the standing instructions are subsequently reviewed by the IRC to monitor compliance.

The Partnership relied on IRC standing instructions regarding related party transactions during the period. The Partnership paid approximately \$10,000 for IRC fees for the period ended December 31, 2018. These costs are included in “Unitholder administration costs” on the Statement of Comprehensive Loss.

## 7. **Partners' Equity**

Partners' equity represents the net assets of the Partnership and is comprised of issued Units and an accumulated deficit. The Partnership is not subject to any regulatory requirements on capital. The capital of the Partnership is managed in accordance with the Partnership's investment objectives, policies and restrictions as outlined in the Partnership's prospectus. The Units were issued at a price of \$1,000 per Unit, subject to a minimum subscription of five Units for \$5,000. Prior to July 1, 2020, the Partnership intends to transfer its assets to a mutual fund in exchange for redeemable shares of said mutual fund.

Pursuant to the terms of the transfer agreement and the partnership agreement, upon completion of the mutual fund rollover transaction and the dissolution of the Partnership, limited partners would receive their pro rata share of said mutual fund shares on a tax-deferred basis.

All Units are of the same class with equal rights and privileges, including equal participation in any distribution made by the Partnership and the right to one vote at any meeting of the limited partners. Under IAS 32 – *Financial Instruments: Presentation*, financial instruments that include a contractual obligation for the issuing entity to deliver a pro rata share of its net assets only on liquidation shall be classified as equity provided they contain certain features. Since the Units of the Partnership contain said features, they are classified as equity.

# CMP 2018 Resource Limited Partnership

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Summaries of the outstanding Units are outlined in the following table.

Number of Outstanding Units	December 31, 2018
Beginning of period	—
Subscriptions	32,922
<b>End of period</b>	<b>32,922</b>

### 8. Comparison of IFRS Net Assets per Unit and Transactional NAV per Unit

The table below provides a comparison of Net Assets per Unit under IFRS and Transactional NAV per Unit. IFRS Net Assets includes Black-Scholes adjustments to the value of warrants held, whereas the Transactional NAV does not require such adjustments.

	December 31, 2018
Transactional NAV per Unit	\$645.93
IFRS Net Assets per Unit	\$659.83

### 9. Decrease in Net Assets from Operations per Unit

The decrease in net assets from operations per Unit for the period ended December 31, 2018 is calculated as follows:

	December 31, 2018
Decrease in net assets from operations (in 000's)	\$(4,033)
Weighted average of Units outstanding during the period	32,303
<b>Decrease in net assets from operations per Unit</b>	<b>\$(124.87)</b>

### 10. Risks Associated with Financial Instruments

The investment activities of the Partnership expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including interest rate risk, currency risk and other price risk) and concentration risk. The Manager seeks to minimize potential adverse effects of these risks on the Partnership's performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Partnership's optimal asset mix and market events, as well as diversify the investment portfolio within the constraints of the Partnership's investment objective.

To assist in managing risks, the Manager has established and maintains a governance structure that oversees the Partnership's investment activities and monitors compliance with the Partnership's stated investment objectives and guidelines. Significant risks that are relevant to the Partnership are discussed below.

#### *Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the counterparty by failing to discharge an obligation. The Partnership may become exposed to credit risk from the purchase of debt instruments, engaging in securities transactions or through the use of custody, loan and/or bank accounts, as applicable.

As at December 31, 2018, approximately \$1,730,000 of the Partnership's net assets were exposed to credit risk.

All investment transactions are settled on delivery, minimizing the risk of default on investment transactions. Delivery of securities on a sale is only made once the custodian has received payment and, conversely, payment is only made on a purchase once the securities have been delivered to the custodian. The trade will fail if either party fails to meet its obligations. When the Partnership trades in listed or unlisted securities through a broker, the Partnership only transacts with reputable brokers that are duly registered with applicable securities regulators. In addition, custody transactions are carried out by counterparties that have a Standard & Poor's credit rating of "A" or higher. As such, credit risk tied to securities transactions is considered minimal.

The Partnership only deposits assets with reputable companies that are eligible to act as a custodian under the provisions of National Instrument 81-102 – "Investment Funds". However, in the event of bankruptcy or insolvency of such companies, the securities or other assets deposited therewith may be exposed to credit risk, or access to those securities or other assets may be delayed or limited.

# CMP 2018 Resource Limited Partnership

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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### **Liquidity Risk**

Liquidity risk is the risk that the Partnership may not be able to settle or meet its obligations on time or at a reasonable price. In order to maintain sufficient liquidity, the Partnership typically invests its assets in securities that are traded in an active market and can be readily disposed. The Partnership also invests in securities that are not traded in an active market and may be illiquid. Such investments are identified as restricted securities in the Schedule of Investment Portfolio. In addition, the Partnership aims to retain sufficient cash positions to maintain liquidity.

The financial liabilities disclosed in the Statement of Financial Position are all current liabilities, and are therefore normally paid within the fiscal year.

### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of the Partnership's financial instruments will fluctuate due to changes in the prevailing levels of market interest rates.

As at December 31, 2018, approximately \$1,730,000 and \$2,343,000 of the Partnership's assets and liabilities, respectively, were exposed to interest rate risk. If prevailing interest rates had been raised or lowered by 1%, before considering changes to management and performance fees, net assets of the Partnership would have decreased or increased, respectively, by approximately \$44,000.

With respect to the Partnership's assets, exposure to interest rate risk is tied to an investment in a fixed income instrument, disclosed in the Schedule of Investment Portfolio. With respect to the Partnership's liabilities, exposure to interest rate risk is tied to the amount borrowed under the Partnership's credit facility, presented as loan payable on the Statement of Financial Position.

### **Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Exposure to currency risk is mainly in financial instruments (including cash) that are denominated in a currency other than Canadian dollars, which is the functional currency of the Partnership. The Partnership had no significant exposure to currency risk as at December 31, 2018.

### **Other Price Risk**

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is related to equities held by the Partnership. As at December 31, 2018, approximately \$22,080,000 of the Partnership's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 5%, before considering changes to management and performance fees, net assets of the Partnership would have decreased or increased, respectively, by approximately \$1,104,000.

### **Concentration Risk**

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, or industry sector. The following is a summary of the Partnership's concentration risk.

As a Percentage of Net Assets (%)	December 31, 2018
<b>EQUITIES AND WARRANTS</b>	<b>101.6</b>
Gold and Precious Metals	84.4
Diversified Metals and Mining	13.6
Energy (Other)	3.6
<b>FIXED INCOME</b>	<b>8.0</b>
Energy (Other)	8.0

## **11. Fair Value Hierarchy**

The Partnership classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

# CMP 2018 Resource Limited Partnership

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

*Level 1* – Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 financial instruments include actively listed equities and other publicly quoted investments. The Manager does not adjust the quoted price for these instruments.

*Level 2* – Inputs to the valuation methodology include inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument, including quoted prices for similar assets and liabilities in active markets. Level 2 financial instruments include those that trade in markets that are not considered to be active but are valued based on quoted market prices or dealer quotations supported by observable inputs. These include certain listed equities that are subject to sale restrictions, whose valuations may be adjusted to reflect illiquidity.

*Level 3* – Inputs to the valuation methodology are based on unobservable market data. Level 3 financial instruments are those that have at least one significant unobservable input, as they are not based on quoted market prices. Level 3 instruments include private equity and private debt securities. As observable prices are not available for these securities, the Manager has used valuation techniques to derive fair value. Level 3 valuations are reviewed on a quarterly basis by the Partnership's valuation committee, which evaluates the model inputs as well as the valuation results prior to making any fair value determinations regarding the Partnership's Level 3 financial instruments.

The following table summarizes the fair value hierarchy of the Partnership's financial instruments as at December 31, 2018.

<b>December 31, 2018</b>				
<b>(in 000's)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equities	\$19,218	\$1,204	\$–	\$20,422
Fixed income	–	–	1,730	1,730
Warrants	–	1,658	–	1,658
<b>Total Financial Instruments</b>	<b>\$19,218</b>	<b>\$2,862</b>	<b>\$1,730</b>	<b>\$23,810</b>

### ***Reconciliation of Level 3 Financial Instruments***

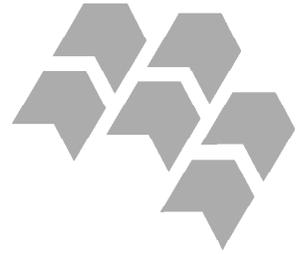
The following table presents the movement in the Partnership's Level 3 financial instruments for the period ended December 31, 2018.

<b>December 31, 2018</b>			
<b>(\$000's)</b>	<b>Equities</b>	<b>Fixed income</b>	<b>Total</b>
Beginning of period	\$–	\$–	\$–
Purchases	–	2,000	2,000
Change in unrealized depreciation*	–	(270)	(270)
<b>End of period</b>	<b>\$–</b>	<b>\$1,730</b>	<b>\$1,730</b>

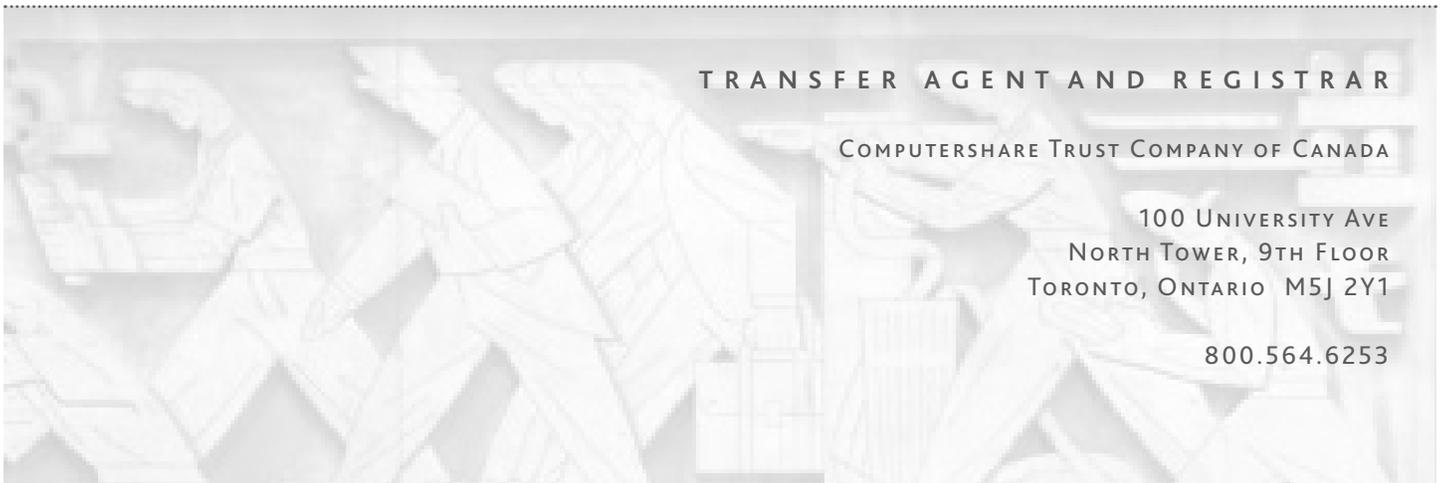
\* Change in unrealized depreciation for recurring Level 3 financial instruments held as at December 31, 2018 was \$(270,000).

### ***Significant Unobservable Inputs in Measuring Fair Value***

As at December 31, 2018, fair value for the Partnership's Level 3 fixed income instrument was based on a discounted cash flow model, which discounts contractual cash flows using prevailing market interest rates. If the discount rate used had been raised or lowered by 1%, the impact to the valuation of the Level 3 fixed income security would have been approximately \$20,000. The Level 3 security was purchased at arm's length.



**CMP 2018 RESOURCE**  
LIMITED PARTNERSHIP



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