Sprott

Confidential Private Placement Memorandum

Resource Exploration and Development Private Placement, LP

A Delaware Limited Partnership

September 2021

LIMITED PARTNERSHIP INTERESTS ("INTERESTS") OF RESOURCE EXPLORATION AND DEVELOPMENT PRIVATE PLACEMENT, LP (THE "PARTNERSHIP") ARE BEING OFFERED ON A CONFIDENTIAL BASIS TO A LIMITED NUMBER OF QUALIFIED INVESTORS.

AN INVESTMENT IN AN INTEREST IN THE PARTNERSHIP CARRIES CERTAIN RISKS, INCLUDING THE RISK OF LOSS OF PRINCIPAL. AN INVESTMENT IN AN INTEREST IN THE PARTNERSHIP IS NOT A BANK DEPOSIT AND IS NOT INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY. THE PARTNERSHIP IS NOT REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). IN ADDITION, AN INVESTMENT IN AN INTEREST IN THE PARTNERSHIP IS NOT ELIGIBLE FOR COVERAGE BY THE SECURITIES INVESTOR PROTECTION CORPORATION.

RESOURCE EXPLORATION AND DEVELOPMENT PRIVATE PLACEMENT, LP

THE INTERESTS OF THE PARTNERSHIP HAVE NOT BEEN REGISTERED WITH OR APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY. THIS IS A PRIVATE OFFERING MADE ONLY PURSUANT TO EXEMPTIONS PROVIDED BY SECTION 4(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), RULE 506 THEREUNDER AND APPLICABLE STATE SECURITIES LAWS. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE AGENCY HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THIS OFFERING, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE INTERESTS ARE AVAILABLE ONLY TO PERSONS WILLING AND ABLE TO BEAR THE ECONOMIC RISKS OF THIS INVESTMENT. THE INTERESTS ARE SPECULATIVE AND INVOLVE A HIGH DEGREE OF RISK.

THIS MEMORANDUM CONSTITUTES AN OFFER IF DELIVERY OF THIS MEMORANDUM IS PROPERLY AUTHORIZED BY SPROTT US GENPAR LLC (THE "GENERAL PARTNER"). THIS MEMORANDUM HAS BEEN PREPARED BY THE GENERAL PARTNER SOLELY FOR THE BENEFIT OF PERSONS INTERESTED IN THE PROPOSED SALE OF THE INTERESTS, AND ANY REPRODUCTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE GENERAL PARTNER, IS PROHIBITED. ANY CONTRARY ACTION MAY PLACE THE PERSON OR PERSONS TAKING SUCH ACTION IN VIOLATION OF STATE AND FEDERAL SECURITIES LAWS.

STATEMENTS IN THIS MEMORANDUM ARE MADE AS OF THE DATE SET FORTH ON THE COVER PAGE OF THE INITIAL DISTRIBUTION OF THIS MEMORANDUM UNLESS STATED OTHERWISE AND NEITHER THE DELIVERY OF THIS MEMORANDUM AT ANY TIME, NOR ANY SALE HEREUNDER, SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO SUCH DATE.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE OR JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS UNLAWFUL. THIS OFFERING CAN BE WITHDRAWN AT ANY TIME AND IS SPECIFICALLY MADE SUBJECT TO THE TERMS DESCRIBED HEREIN. THE GENERAL PARTNER MAY ACCEPT OR REJECT ANY SUBSCRIPTION TO PURCHASE THE INTERESTS BEING OFFERED HEREBY IN WHOLE OR IN PART.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATION FROM THE PARTNERSHIP, THE GENERAL PARTNER, SPROTT ASSET MANAGEMENT USA, INC. (THE "INVESTMENT MANAGER") OR THEIR RESPECTIVE AFFILIATES, AGENTS AND EMPLOYEES OR FROM ANY PROFESSIONAL ASSOCIATED WITH THIS OFFERING AS INVESTMENT, LEGAL OR TAX ADVICE. EACH PROSPECTIVE INVESTOR IS URGED TO SEEK INDEPENDENT INVESTMENT, LEGAL AND TAX ADVICE CONCERNING THE CONSEQUENCES OF INVESTING IN THE PARTNERSHIP.

PROSPECTIVE INVESTORS INTERESTED IN PARTICIPATING IN THIS OFFERING SHOULD CONDUCT THEIR OWN INVESTIGATION OF THE PARTNERSHIP, THE GENERAL PARTNER AND THE INVESTMENT MANAGER. EACH PROSPECTIVE INVESTOR IS HEREBY AFFORDED THE OPPORTUNITY TO OBTAIN ANY ADDITIONAL INFORMATION THAT IT OR ITS REPRESENTATIVE, MAY REASONABLY REQUEST RELATING TO THIS OFFERING, THE PARTNERSHIP, OR ANY OF THE DOCUMENTS RELATED TO THIS OFFERING, PROVIDED THAT IT IS IN THE POSSESSION OF THE GENERAL PARTNER OR CAN BE ACQUIRED WITHOUT UNREASONABLE EFFORT OR EXPENSE AND THAT THE ADDITIONAL INFORMATION REQUESTED IS NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED IN THIS MEMORANDUM.

EACH PROSPECTIVE INVESTOR AND ITS REPRESENTATIVE, IF ANY, WILL BE AFFORDED THE OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, THE GENERAL PARTNER OR ANY PERSON ACTING ON ITS BEHALF CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING.

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATION CONCERNING THE PARTNERSHIP INCONSISTENT WITH THE INFORMATION CONTAINED IN THIS MEMORANDUM.

THIS MEMORANDUM IS A SUMMARY ONLY AND DOES NOT PURPORT TO BE COMPLETE. REFERENCE IS MADE TO THE AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT OF THE PARTNERSHIP AND THE OTHER AGREEMENTS, DOCUMENTS, STATUTES AND REGULATIONS REFERRED TO HEREIN FOR THE EXACT TERMS OF SUCH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT AND OTHER AGREEMENTS, DOCUMENTS, STATUTES AND REGULATIONS.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

AN INVESTMENT IN THE PARTNERSHIP IS SUITABLE ONLY FOR INVESTORS WHO MEET THE INVESTOR QUALIFICATION STANDARDS — SEE “TERMS OF THE OFFERING – INVESTOR QUALIFICATIONS” — THOSE FOR WHOM AN INVESTMENT IN THE PARTNERSHIP DOES NOT CONSTITUTE A COMPLETE INVESTMENT PROGRAM AND WHO FULLY UNDERSTAND AND ARE WILLING TO ASSUME THE RISKS INVOLVED IN THE PARTNERSHIP’S INVESTMENT PROGRAM. SEE “RISK FACTORS.”

ALL REFERENCES IN THIS MEMORANDUM TO DOLLARS ($) ARE TO UNITED STATES DOLLARS.

NOTICE TO RESIDENTS OF FLORIDA

UPON THE ACCEPTANCE OF FIVE (5) OR MORE FLORIDA INVESTORS, AND IF THE FLORIDA INVESTOR IS NOT A BANK, A TRUST COMPANY, A SAVINGS INSTITUTION, AN INSURANCE COMPANY, A DEALER, AN INVESTMENT COMPANY AS DEFINED IN THE INVESTMENT COMPANY ACT, A PENSION OR PROFIT-SHARING TRUST, OR A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), THE FLORIDA INVESTOR ACKNOWLEDGES THAT ANY SALE OF AN INTEREST TO THE FLORIDA INVESTOR IS VOIDABLE BY THE FLORIDA INVESTOR EITHER WITHIN THREE DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY THE FLORIDA INVESTOR TO THE ISSUER, OR AN AGENT OF THE ISSUER, OR WITHIN THREE DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO THE FLORIDA INVESTOR, WHICHEVER OCCURS LATER.

Resource Exploration and Development Private Placement, LP

Table of Contents

Page

Table of Contents

Page

Resource Exploration and Development Private Placement, LP

Table of Contents

Page

The Amended and Restated Agreement of Limited Partnership,

Subscription Agreement, and

Part 2A of Form ADV of Sprott Asset Management USA, Inc.

will be provided separately.

RESOURCE EXPLORATION AND DEVELOPMENT PRIVATE PLACEMENT, LP

DIRECTORY

General Partner

Sprott US GenPar LLC
1910 Palomar Point Way, Suite 200
Carlsbad, California 92008

Investment Manager

Sprott Asset Management USA, Inc.
1910 Palomar Point Way, Suite 200
Carlsbad, California 92008

Auditors of the Partnership

Tait Weller
50 South 16th Street
Suite 2900
Philadelphia, PA 19102

Legal Counsel to the General Partner

K&L Gates LLP
925 Fourth Avenue
Suite 2900
Seattle, Washington 98014

INTRODUCTION

Resource Exploration and Development Private Placement, LP (the "Partnership") is a Delaware limited partnership organized on May 18, 2021. Sprott US GenPar LLC, a Delaware limited liability company (the "General Partner"), serves as the Partnership's general partner. Sprott Asset Management USA, Inc., a California corporation (the "Investment Manager"), serves as the Partnership's investment manager.

The Partnership's investment objective is to seek to achieve capital appreciation primarily through the successful origination and participation of private placement investments in companies engaged in exploring, developing, and producing natural resources. The Partnership may also participate in publicly traded equity securities issued by such companies.

Limited partnership interests in the Partnership (the "Interests") are offered to eligible investors in the United States through Sprott Global Resource Investments, Ltd. ("Sprott Global"), subject to prior subscription and certain other conditions. Limited partners of the Partnership are referred to as "Limited Partners" and the General Partner and the Limited Partners, collectively, are referred to as "Partners." The General Partner reserves the right to reject any subscription in whole or in part.

This Confidential Private Offering Memorandum (the "Memorandum") is not intended to provide a complete description of the Partnership's Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement"). Prospective investors should review this Memorandum, the Partnership Agreement, and the applicable Subscription Agreement (the "Subscription Agreement"), in order to assure themselves that the terms of the Partnership Agreement and the Partnership's investment objective, methods and investment strategy are satisfactory to them. *All initially capitalized terms used herein and otherwise undefined have the meanings ascribed to them in the Partnership Agreement. Whenever reference is made herein to the "discretion" of the General Partner (as defined below) as the general partner of the Partnership, it means the General Partner's "sole and absolute discretion."*

* * * *

Copies of all agreements and documents described in this Memorandum, to the extent available, may be obtained by request of the General Partner. The General Partner will make itself available to prospective investors, or their purchaser representatives, to answer questions regarding the terms and conditions of the offering and to provide any additional information necessary to verify the accuracy of the information set forth herein, to the extent that the General Partner possesses such information or can acquire it without unreasonable effort or expense. Please direct inquiries to the General Partner via telephone at (800) 611-0827 or via email to tkhounborine@sprottglobal.com.

EXECUTIVE SUMMARY

The following section is a summary of the more detailed information contained in this Confidential Private Placement Memorandum ("Memorandum"). Prior to making a commitment to purchase a limited partnership interest in Resource Exploration and Development Private Placement, LP (the "Partnership"), each person who invests in the Partnership should carefully read this Memorandum and its appendices. The descriptions in this Memorandum of the amended and restated agreement of limited partnership of the Partnership (the "Partnership Agreement") and the form of Subscription Agreement for the Partnership ("Subscription Agreement") are qualified in their entirety by reference to such documents. These documents will be provided separately. If there is any discrepancy between the Partnership Agreement and this summary, the terms of the Partnership Agreement shall prevail. Unless defined below, each capitalized term herein has the meaning set forth in the Partnership Agreement. Whenever reference is made herein to the "discretion" of the General Partner (as defined below) as the general partner of the Partnership, it means the General Partner's "sole and absolute discretion."

The Partnership

Resource Exploration and Development Private Placement, LP, a Delaware limited partnership (the "Partnership"). Each person admitted to the Partnership is referred to as a "Limited Partner," and the Limited Partners and the General Partner are referred to as the "Partners."

Investment Objective

The Partnership's investment objective is to achieve capital appreciation primarily through the successful origination and participation of private placement investments in companies engaged in exploring, developing, and producing natural resources. The Partnership may also participate in publicly traded equity securities issued by such companies. The Investment Manager's or its affiliates' in-house technical experts and global network continuously endeavor to identify new mineral discoveries. The Investment Manager (as defined below) intends to leverage these efforts and its extensive industry experience to source investments on behalf of the Partners.

Mineral exploration is a cyclical and capital-intensive business. Small- and micro-capitalization companies typically fund their operations by issuing shares directly from their treasury via private placements (PIPEs). Providing opportunistic capital to capable exploration teams often offers investors favorable terms and an effective way to establish significant ownership in potential future discoveries. The capital call feature of the Partnership provides issuing companies with critical access to capital while allowing more capital efficiency to the Limited Partners.

See "*Investment Program – Investment Objective*" below.

Management

Sprott US GenPar LLC, a Delaware limited liability company, will serve as the general partner (the "General Partner") of the Partnership.

Sprott Asset Management USA, Inc., a California corporation (the "Investment Manager") and an affiliate of the General Partner, will be engaged to provide investment management services to the Partnership. The Partnership will be managed by an investment committee consisting of Eric Angeli, Jeff Howard, Jason Stevens, Sam Broom, and Justin Tolman (the "Investment Committee"). Eric Angeli will serve as the chairperson and will be primarily responsible for

managing the day-to-day operations of the Partnership. The chairperson may change at the discretion of the Investment Committee.

The Investment Manager is registered as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended ("Advisers Act"). A copy of Part 2A of the Investment Manager's Form ADV will be provided separately.

The Investment Manager will make all investment decisions on behalf of the Partnership and will provide investment management services to the Partnership, including sourcing, investigating, analyzing, structuring and negotiating acquisitions, and monitoring the performance of our royalty interests. See "*Management*" below.

Parallel Funds

The General Partner may organize a parallel investment vehicle (the "Parallel Fund") solely for investment by "qualified purchasers" (as defined in the Investment Company Act of 1940, as amended (the "Investment Company Act"). If the Parallel Fund is organized, the Parallel Fund and the Partnership will pursue the same investment strategy on a pari passu basis, and, to the maximum extent reasonably practicable, will generally participate in suitable investments in accordance with the Investment Allocation Policy (as defined below).

In furtherance of the foregoing, the General Partner, in its reasonable discretion, may at any time cause (i) a Limited Partner that is qualified to participate in the Parallel Fund to exchange its interest in the Partnership for an economically equivalent interest in the Parallel Fund or vice-versa, and (ii) the Partnership may transfer to the Parallel Fund assets that represent the indirect interest in each Partnership investment attributable to those Limited Partners whose interests in the Partnership are exchanged for interests in the Parallel Fund. Prospective investors should be aware that the transactions described in the preceding sentence may constitute a "cross-trade" for purposes of the Advisers Act and that by subscribing for an interest in the Partnership, each such investor will be providing its advance consent to such transactions.

It is anticipated that the Parallel Fund, if organized, will not be registered as an investment company under the Investment Company Act in reliance on Section 3(c)(7) thereof.

Minimum Capital Commitment

$250,000; however, the General Partner may, in its discretion, agree to a lower amount.

Investor Qualifications

Interests in the Partnership ("Interests") are being offered only to investors that are both (a) "accredited investors," (as defined in Regulation D under the U.S. Securities Act of 1933, as amended (the "Securities Act")), and (ii) "qualified clients" as defined in Rule 205-3 under the Advisers Act.

Interests will not be registered under the Securities Act or the securities laws of any state or any other jurisdiction, nor is any such registration contemplated.

Each subscriber for an Interest ("Subscriber") will be required to execute a Subscription Agreement pursuant to which the Subscriber will agree to be bound

by the amended and restated limited partnership agreement of the Partnership (the "Partnership Agreement").

The General Partner may reject a subscription for an Interest in whole or in part for any reason or no reason in its discretion. If a subscription is rejected in whole or in part, any payment remitted by the Subscriber with respect to such fully or partially rejected subscription request will be returned without interest to the account from which such payment came. See "*Terms of the Offering – Investor Qualifications*" below.

The Offering

Interests in the Partnership are being offered privately in the United States through Sprott Global Resource Investments, Ltd., a broker-dealer registered with the U.S. Securities and Exchange Commission and member of the Financial Industry Regulatory Authority, Inc. ("Sprott Global"). Sprott Global is an affiliate of the General Partner, and certain of its registered representatives are also associated with the General Partner. Sprott Global may receive a portion of the Management Fee (as defined below) and Incentive Allocation (as defined below) as compensation for selling Interests in the Partnership, as described in further detail below. See "*Terms of the Offering – Plan of Distribution*" below.

It is intended that the Partnership will hold its initial closing on or about December 31, 2021; provided that the General Partner may hold the initial closing at an earlier or later date in its discretion. The Partnership may admit additional Limited Partners at any time after the initial closing.

Each Subscriber must indicate in the Subscription Agreement the total amount of its Commitment, rounded to the nearest $1,000. The General Partner may reject a subscription for an Interest for any reason or for no reason in its discretion. If a subscription is rejected, the payment remitted by the investor will be returned without interest.

"Business Day" means any day (other than a Saturday or Sunday or any other day on which banks are closed in New York, New York) or any other day determined by the General Partner, in its discretion.

See "*Terms of the Offering – Capital Contributions; Subscriptions for Interests*" below.

Term

The term of the Partnership is perpetual and will only terminate upon the occurrence of certain specified events set forth in the Partnership Agreement.

Fiscal Year

The "Fiscal Year" of the Partnership is the calendar year.

Capital Calls

The capital commitments (each, a "Commitment") of the Partners may be called in one or more installments by the General Partner on no less than thirty (30) days' written notice (each contribution, a "Capital Contribution"). Capital will be called by the General Partner on an "as-needed" basis from all Partners with unfunded Commitments on a *pro rata* basis in accordance with their respective Commitments.

Capital Accounts

The Partnership will establish and maintain on its books a Capital Account ("Capital Account") for each Partner, into which its Capital Contributions will be credited and in which certain other transactions will be reflected.

Allocation of Gain and Loss

Subject to the General Partner's Incentive Allocation, allocations of net profit or loss (i.e., increases or decreases in the Partnership's Net Asset Value (as defined below)) as well as any current income and expenses (other than the Management Fee) derived during the applicable accounting period will be made to the Partners of the Partnership in proportion to their respective Capital Account balances as of the start of such accounting period. Allocations will be adjusted for withdrawals, redemptions and contributions during the applicable accounting period.

The Management Fee will be allocated solely to the Limited Partners and charged to their Capital Accounts (other than Limited Partners that are affiliates of the General Partner).

Determination of Net Asset Value

The General Partner is responsible for calculation of the "Net Asset Value" of the Partnership. The "Net Asset Value" of the Partnership is calculated by adding the value of its investments, cash, and other assets and subtracting its accrued liabilities and expenses, all determined in accordance with GAAP.

Valuation of Investments

The General Partner is responsible for the valuation of assets of the Partnership and will utilize the following valuation methodology:

- All exchange traded securities are valued using the last trade or closing sale price from the primary publicly recognized exchange. If no current closing sale price is available the mean of the closing bid and ask price (mid-price) will be taken. If no current day price is available, the previous business day's closing will be used.

- The value of any security with limited or restricted resale conditions will be discounted by a percentage of the market value of the same class with no restricted resale conditions. The percentage discount for illiquidity is equal to 2% per month to a maximum of 12%.

- Private companies are valued at cost and adjusted based on the last known transaction (e.g. subsequent issue price disclosed by the company, subsequent purchase/sale of the security) as well as other available qualitative and quantitative information.

- Subscription receipts are valued based on the underlying security's market price as at trade date for the period between trade date and conversion date.

- Listed warrants are valued using last trade or closing price from the primary exchange. If no current closing price is available, the mean of the closing bid and ask price will be taken. If no current day price quotation is available, the previous business day's closing price will be used.

- Unlisted warrants are priced using Black Scholes pricing model. The model utilizes the security's underlying price valued at last trade or closing price from the primary exchange. If no current closing price is available, the mean of the closing bid and ask price will be taken. If no current day price quotation is available, the previous business day's closing price will be used.

Management Fees

The Management Fee will equal the Applicable Fee Percentage (as defined below) of the value of each Limited Partner's pro rata share of the Partnership's Net Asset Value balance valued on the first day of each calendar month (*i.e.,* the Partnership's Net Asset Value multiplied by such Limited Partner's Percentage Interest (as defined below)). Management Fees are paid monthly, in advance. The Management Fee for a month shall be paid to the General Partner (or the Investment Manager) within 15 Business Days after the start of such month.

The Management Fee for Capital Contributions made during a calendar month, if any, will be charged a pro-rata rate for such monthly period. The Management Fee is also adjusted for any mid-month redemptions. The General Partner may waive or reduce the Management Fee in respect of any Limited Partner in its discretion.

"Applicable Fee Percentage" means, with respect to any Limited Partner, as follows: (i) for Limited Partners with aggregate Commitments to the Partnership of less than $500,000, an annualized rate of one and one-half percent (1.5%); (ii) for Limited Partners with Commitments to the Partnership of at least $500,000 but less than $1,000,000, an annualized rate of one and one-quarter percent (1.25%); (iii) for Limited Partners with Commitments to the Partnership of at least $1,000,000, an annualized rate of one percent (1.00%). As noted above, a Limited Partner's Management Fee will be based on such Limited Partner's *pro rata* share of the Partnership's Net Asset Value, and not upon such Limited Partner's Commitment.

"Percentage Interest" means, with respect to any Partner as of any date, the amount of such Partner's Capital Account balance divided by the sum of the Capital Account balances of all Partners.

Incentive Allocation

In respect of each Limited Partner, the General Partner will be entitled to a performance-based fee (the "Incentive Allocation") on each Incentive Allocation Date (as defined below), equal to twenty percent (20%) of the excess (if any) of (i) the increase in the Net Asset Value of such Limited Partner's Capital Account with respect to the Investment Allocation Period (as defined below) ending on such Incentive Allocation Date, over (ii) any balance remaining in such Limited Partner's Loss Recovery Account (as defined below) as of the beginning of such Incentive Allocation Period.

The Incentive Allocation in respect of an Interest held by a Limited Partner, if any, shall be allocated as of the last day of June and December of each calendar year or, in connection with a mid-year redemption, the date of such redemption (each, an "Incentive Allocation Date").

"Incentive Allocation Period" means, with respect to an Interest held by any Limited Partner, the period commencing on the day after the end of the immediately preceding Incentive Allocation Period (or, in respect of the initial Incentive Allocation Period, commencing on the date that the Limited Partner made the capital contribution in respect of such Interest) and ending on the immediately following Incentive Allocation Date.

The General Partner, in its sole discretion, may elect to reduce, waive, assign, or otherwise share the Incentive Allocation with respect to any Limited Partner without providing notice to or obtaining the consent of any Limited Partner.

Distributions

It is not intended that the Partnership will make distributions to the Partners other than in connection with the liquidation of an Interest by a Partner. As such, it is intended that all proceeds derived by the Partnership from the disposition of a Partnership investment will be reinvested by the Partnership (other than amounts that may be paid to a liquidating Partner). If the General Partner determines to make distributions to the Partners, such distributions may be made in cash or in-kind.

Redemptions

Each Interest in the Partnership will be subject to a lock-up period ("Lock-Up Period") of twelve (12) months from the date of the Commitment made to acquire such Interest.

Upon the termination of the Lock-Up Period in respect of an Interest and subject to the Fund Level Gate (as defined below), the Limited Partner will have the right to redeem all or part of such Interest on last business day of each calendar quarter (each, a "Redemption Date") on no less than 90 days' prior written notice to the General Partner.

The amount payable, by the Partnership, for a redeemed Interest of a Limited Partner, or part thereof, will equal such Limited Partner's Capital Account balance (or part thereof attributable to the amount redeemed) related to the Partnership immediately after the close of business on the applicable Redemption Date, which Capital Account balance will be reduced by (i) any Management Fee or Incentive Allocation to be allocated to such Limited Partner's Capital Account as of such time and (ii) any fees or expenses associated with such redemption, as determined by the General Partner in its discretion (the "Redemption Price").

A Limited Partner redeeming less than 90% of his, her or its Capital Account balance generally will be paid the Redemption Price within 30 calendar days after the effective Redemption Date. A Limited Partner redeeming at least 90% of his, her or its Capital Account balance generally will be paid the Redemption Price as follows: (i) 90% of the estimated Redemption Price will be paid within 30 calendar days after the effective Redemption Date, and (ii) the balance of the Redemption Price will be paid, without interest, within 30 calendar days following, or as soon as practicable after, completion of the Partnership's annual audit for such Fiscal Year (or such Limited Partner will be obligated to repay the Partnership the excess, if any, of the amount previously paid over the amount to which such Limited Partner is entitled).

In the event the Partnership does not have cash available to make some or all such redemption payments, or the General Partner determines that it is prudent to retain cash on hand for other purposes, redemption payments may be made in-kind and/or delayed in full or in part until there is sufficient cash to fund all such redemption payments.

A Limited Partner may not make a redemption request for a partial redemption (i) of less than $250,000, or (ii) if, after implementation thereof, such Limited Partner would have a Capital Account balance of less than $250,000. Once sent, a redemption request cannot be revoked without the General Partner's consent, which may be withheld in its discretion.

The General Partner may establish such holdbacks or reserves ("Reserves") as it deems necessary, in its discretion, for contingent liabilities and other matters relating to the Partnership (even if such Reserves are not otherwise required by generally accepted accounting principles, consistently applied, in the United States ("GAAP")), and the Redemption Price that the Partner receives upon redemption will be reduced by such Reserves. The unused portion of any Reserves will be re-invested or distributed, without interest, at such time as the General Partner has, in its discretion, determined that such Reserves are no longer required by the Partnership.

Notwithstanding the foregoing, distributions and redemptions payments may be made in cash, in-kind and/or any combination thereof, as determined by the General Partner in its discretion.

The General Partner may redeem all or a portion of its Capital Account or the Capital Account of any affiliate at any time in its discretion and may waive any of the foregoing redemption restrictions with respect to any Limited Partner in its discretion.

The General Partner may, in its discretion, for any reason or for no reason, cause the Partnership to redeem all or part of any Partner's Interest without prior notice.

The General Partner may, in its discretion, waive notice or other requirements relating to redemptions and may permit redemptions to be made under such other circumstances and on such conditions as the General Partner, in its discretion, deems appropriate.

Fund Level Gate

In the event that the aggregate redemptions requested by the Partners with respect to a specific Redemption Date exceed twenty-five percent (25%) of the Partnership's Net Asset Value, the General Partner shall be entitled to reduce the redemption requests of the Partners on a pro rata basis so that the redemptions being made in respect of such Redemption Date do not exceed twenty-five percent (25%) of the Partnership's Net Asset Value (the "Fund Level Gate"). In the event a Partner's requested redemption amount is reduced due to the application of the Fund Level Gate, such redemption request shall be carried forward to the immediately following Redemption Date(s) until satisfied in full.

Suspensions

Notwithstanding the general provisions set forth above, redemptions may be suspended by the General Partner upon the General Partner's determination that market factors make the liquidation of assets in connection with a redemption impracticable (a "Suspension"). Such market factors include, but are limited to, the following force majeure events: nationalization, change in law, governmental intervention, primary securities exchange closure, clearing house closure, market-wide pricing disruption, pricing disruption, security settlement disruption or any other event that results in the liquidation of the Partnership's assets impracticable, as determined by the General Partner in its discretion.

In addition, the General Partner may, in its discretion, defer a redemption to a later date determined in its discretion. Upon any such deferral, the Capital Account balance pertaining to that deferred redemption will remain at risk until the date it is redeemed, which will be the effective redemption date with respect to such deferred amounts. The General Partner will provide notice to all Limited Partners as soon as reasonably practicable after the commencement of a Suspension.

Offering and Organizational Costs

The General Partner has advanced all of the expenses in connection with the organization of the Partnership and the initial offering of Interests ("Organizational Costs") and will be reimbursed by the Partnership for up to $100,000 of such Organizational Costs (regardless whether such expenses were incurred prior to the formation of the Partnership) over the period beginning on the first day of the first Accounting Period and ending on the last day of such corresponding calendar quarter. Such Organizational Costs will in each case include, without limitation and whether incurred before or after the formation of the Partnership, all related travel, accommodation, legal, accounting, consulting, filing, registration, marketing, publishing, selling and printing costs.

Partnership Expenses

The General Partner will be responsible for all ordinary administrative and overhead expenses (other than the Management Fees) of managing the Partnership ("Ordinary Operating Expenses"), including (i) any costs and expenses of providing to the Partnership office space, furniture, fixtures, equipment and facilities; (ii) the compensation of personnel of the General Partner; and (iii) fees to placement agents (if any).

Except as otherwise provided herein or in the Partnership Agreement, the Partnership will bear such costs and expenses as the General Partner reasonably determines to be necessary, appropriate, advisable or convenient to carry on the business and purpose for which the Partnership was formed (and will reimburse the General Partner and its affiliates for any such costs and expenses incurred by them on behalf of the Partnership), including, without limitation, costs and expenses in connection with the acquisition, holding, restructuring, recapitalization and disposition of Investments; legal, travel and due diligence expenses incurred in connection with Partnership investments, whether consummated or not; due diligence, appraisal, valuation and consulting expenses (which may include expenses related to the engagement of one or more consultants or advisors (including special advisors to the Partnership) to provide special consulting or advisory services in connection with one or more Investments; expenses related to organizing entities through or in which Investments will be made; brokerage commissions and other charges for

transactions in Investments; custodial fees and expenses; administrative fees and expenses; audit and tax preparation and other tax-related fees and expenses; legal and accounting fees; any amendments to the Partnership Agreement; communications with Limited Partners; expenses relating to the organization, operation and winding-up of any special purpose vehicles; and litigation and other extraordinary and non-recurring expenses, if any (the foregoing, "Partnership Expenses").

If a Parallel Fund (as defined below) is organized, then, to the extent that any Partnership Expenses are attributable solely to either the Partnership or the Parallel Fund, such Partnership Expense shall be allocated solely to such vehicle. In the event that any Partnership Expenses are incurred for the mutual benefit of the Partnership and the Parallel Fund, such Partnership Expenses shall be allocated in such amounts that the General Partner deems to be fair and equitable.

Transfer of Interests

A Limited Partner may not sell, assign or transfer any Interest without the prior written consent of the General Partner, which the General Partner may grant or withhold in its discretion.

Default Provisions

In the event that a Limited Partner fails to fund all or any portion of a required Capital Contribution, and such failure continues for five (5) business days after receipt of written notice of such failure from the General Partner, the Limited Partner will be in default (a "Defaulting Partner").

Upon a Limited Partner becoming a Defaulting Partner, such Defaulting Partner will be subject to default provisions set forth in the Partnership Agreement.

Reports

It is the General Partner's intention to provide each Limited Partner with (i) annual audited financial statements within 120 days after the end of each calendar year ("Partnership Year"), (ii) semi-annual statements as soon as practicable after the end of the second and fourth calendar quarter of each Partnership Year, and (iii) quarterly tax information necessary for completion of U.S. federal income tax estimates and returns.

Indemnification and Exculpation

To the fullest extent permitted by applicable law, including ERISA, none of the General Partner and its shareholders, noteholders, partners, members, managers, owners, employees, directors, officers, advisors and agents, and their respective affiliates and controlling persons, any of their respective successors and assigns, and all persons who previously served in such capacities (each, an "Indemnified Person") will be liable, in damages or otherwise, to the Partnership or to any of the Limited Partners in connection with their activities on behalf of, or their associations with, the Partnership or any Partnership investment; provided that such Indemnified Person acted in a manner reasonably believed to be in or not opposed to the best interests of the Partnership, and such conduct did not constitute fraud, gross negligence, willful misconduct or a willful breach of any material provision of the Partnership Agreement.

The Partnership, to the fullest extent permitted by applicable law, including ERISA, will indemnify and hold harmless each Indemnified Person from and against any and all liabilities, losses, expenses, damages, judgments, settlements, costs, claims, fees and related expenses (including attorneys' fees and expenses),

as incurred, in connection with their activities on behalf of, or their associations with, the Partnership or any Partnership investment; provided that such Indemnified Person acted in a manner believed to be in or not opposed to the best interests of the Partnership and such conduct did not constitute fraud, gross negligence, willful misconduct or a willful breach of any material provision of the Partnership Agreement. If any Indemnified Person becomes involved in any capacity in any action, proceeding or investigation in connection with any matter arising out of or in connection with the Partnership's operations or affairs or its investment in any Partnership investment, the Partnership may, in the General Partner's discretion, periodically advance or reimburse such Indemnified Person for its reasonable legal and other expenses (including the cost of any investigation and preparation) incurred in connection therewith; provided, however, that such Indemnified Person will promptly repay to the Partnership the amount of any such advanced or reimbursed expenses paid to it if it will ultimately be determined that such Indemnified Person is not entitled to be indemnified by the Partnership (i) by a final and non-appealable decision of a court of competent jurisdiction; (ii) in an unreviewable decision by a panel of arbitrators, or (iii) by written advice of independent legal counsel selected by the General Partner.

The U.S. federal and state securities laws and ERISA impose liabilities under certain circumstances on persons who act in good faith, and, therefore, nothing in the Partnership Agreement waives or limits any rights that the Partnership or any of the Limited Partners may have against an Indemnified Person under those laws.

Certain Regulatory Matters

It is anticipated that the Partnership will not be registered as an investment company under the Investment Company Act in reliance on Section 3(c)(1) thereof. Therefore, investors will not receive the protections of the Investment Company Act, including the requirement of a board composed of a majority of disinterested directors (as such term is defined under that Act), investor approval before fundamental investment policies can be changed and prohibitions on affiliated transactions.

Conflicts of Interest and Risks

Various potential and actual conflicts of interest may arise from the overall investment activities of the General Partner and its affiliates. An investment in the Partnership involves other risks that a prospective Limited Partner should carefully evaluate before making a decision to invest in the Partnership.

See "*Risk Factors*" and "*Risk Factors – Potential Conflicts of Interest*" below.

Allocation of Investment Opportunities

Investment opportunities that are sourced by the Investment Manager and its affiliates that are suitable for the Partnership and other investment vehicles and/or accounts managed by the Investment Manager and/or an affiliate will be allocated among the Partnership, the Parallel Fund (if organized) and such other vehicles and/or accounts in accordance with the Sprott Inc. Global Allocation Policy, a copy of which will be provided upon request (the "Investment Allocation Policy").

Tax Considerations

The Partnership will be classified for federal income tax purposes as a partnership and not as an association or publicly traded partnership taxable as a

corporation. As a partnership, the Partnership generally will not be subject to U.S. federal income tax. Instead, each Limited Partner subject to U.S. tax will be required to include in computing its U.S. federal income tax liability its allocable share of the items of income, gain, loss and deduction of the Partnership regardless of whether and to what extent distributions are made to such Limited Partner.

The Partnership may employ leverage or engage in borrowing, which may result in the recognition of unrelated business taxable income ("UBTI") by tax-exempt organizations that invest in the Partnership. There can be no assurance that the Partnership's investment activities will not result in UBTI.

The Partnership anticipates, although there can be no assurance, that it will not be considered to be engaged in a U.S. trade or business, and therefore that its net income and gains will not subject a non-U.S. Limited Partner to U.S. federal income tax.

Limited Partners that are not United States persons may need to provide additional certifications to the Partnership to avoid a 30% U.S. withholding tax under legislation commonly referred to as the U.S. "Foreign Account Tax Compliance Act" or "FATCA."

Dividends and interest the Partnership receives, and gains it realizes, on non-U.S. investments may be subject to income, withholding, or other taxes imposed by foreign countries and U.S. possessions ("foreign taxes") that would reduce the total return on its investments.

THE TAXATION OF PARTNERS AND THE PARTNERSHIP IS EXTREMELY COMPLEX. EACH PROSPECTIVE INVESTOR (PARTICULARLY, ANY TAX-EXEMPT OR NON-U.S. INVESTOR) IS URGED TO CONSULT ITS OWN TAX ADVISOR AS TO THE TAX CONSEQUENCES OF AN INVESTMENT IN THE PARTNERSHIP.

See "*Tax Considerations*" below.

Employee Benefit Plan Considerations

An authorized fiduciary of an employee benefit plan proposing to invest in the Partnership should consider whether that investment is consistent with the terms of the plan's governing documents and applicable law. As discussed in greater detail below, the General Partner has the right, in its sole discretion, to permit or restrict investments in the Partnership by "benefit plan investors," as that term is defined by ERISA. The General Partner presently intends to restrict investments in the Partnership by benefit plan investors. Consequently, it is not expected that the assets of the Partnership will be treated as "plan assets" of such benefit plan investors for purposes of the fiduciary responsibility standards and prohibited transaction restrictions of ERISA or the parallel prohibited transaction excise tax provisions of Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"). See "*Employee Benefit Plan Considerations*."

Auditor

Tait Weller. The General Partner may change the Partnership's auditor in the General Partner's discretion.

INVESTMENT OBJECTIVE AND STRATEGY

Investment Objective

The Partnership's investment objective is to achieve capital appreciation primarily through the successful origination and participation of private placement investments in companies engaged in exploring, developing, and producing natural resources. The Partnership may also participate in publicly traded equity securities issued by such companies. The Investment Manager's or its affiliates' in-house technical experts and global network continuously endeavor to identify new mineral discoveries. The Investment Manager intends to leverage these efforts and its extensive industry experience to source investments on behalf of the Partners.

Mineral exploration is a cyclical and capital-intensive business. Small- and micro-capitalization companies typically fund their operations by issuing shares directly from their treasury via private placements (PIPEs). Providing opportunistic capital to capable exploration teams often offers investors favorable terms and an effective way to establish significant ownership in potential future discoveries. The capital call feature of the Partnership provides issuing companies with critical access to capital while allowing more capital efficiency to the Limited Partners.

Investment Strategy

The Investment Manager believes that the investment objective is attainable through utilizing an existing extensive network and multiple years of experience financing dozens of junior mining companies in the global minerals sector, coupled with an in-house capacity to conduct sufficiently detailed geological reviews using public information. The Investment Manager will utilize what it believes is a rigorous, analytical and proven approach to investing in the highest quality drill plays. Junior mining companies regularly seek new funding to support their drilling and other project advancement activities, most commonly via private placements of restricted securities. This is a preferred entry route, especially when the purchase price is at a discount to market, has an accompanying warrant with a multi-year term that can greatly upsize the potential return on investment, and an appropriate sizing can be established with relative ease. Shares of target companies or existing holdings will be purchased on-market if an equity placement is unavailable, or if additional exposure is sought for valuation, sizing and/or increased upside potential reasons. As part of the rigorous due diligence process, the Investment Manager may undertake property visits, interview management, determine the incentive structure of key insiders, analyze the company's financial and technical disclosure, solicit opinions from internal and external independent analysts, and conduct appropriate valuation exercises. External risks and opportunities assessed ahead of making a positive investment decision include jurisdictional, macroeconomic and other relevant thematic trends.

Stock selection will be bottom-up, focusing on the identification of mineral deposits with drill results inadequately appreciated by the market. There will be a strong emphasis on overall geological quality and resource growth upside, managed by companies with high caliber executives and competent boards that are business savvy, aligned with shareholders, focused, hardworking and ethical. Every long equity investment will have demonstrable 'leveraged alpha' based on drill result interpretations, ideally with a 'beta tailwind' to enhance the potential return. The investment approach will be proactive, based primarily on extensive in-house research, rather than reactive, i.e., there will be less focus on financing pitches from issuers and the sell-side.

The Investment Manager will monitor the performance of the equity investments in the Partnership. The Investment Manager will review relevant public disclosure, maintain regular dialogue with issuer

management in an effort to keep abreast of the latest issues and developments, and track important developments impacting the natural resources sector globally.

The Investment Manager intends to focus on the Partnership's need to realize projected returns on each of its investments within a projected timeframe. Further, the Investment Manager will evaluate all asset management or strategic decisions with careful consideration to any impact on realization strategies. Typical exit routes for successful investments include an acquisition of the company at a premium to market for cash and/or shares in a larger company with greater market liquidity, or selling shares via the market during positive liquidity windows due to the company delivering on their business plan, and/or seasonal/cyclical strength. The aim is not to trade, but exuberant valuations provide profit-realization opportunities via on-market selling. Failed equity investments will be sold as quickly and smoothly as possible via block trades or via the market.

Cash Management; Short-Term Investments

The General Partner will retain broad authority to manage the cash flows to ensure the Partnership is appropriately positioned to implement the Partnership's investment strategy and meet all current and anticipated obligations of the Partnership. This authority will include, but not be limited to, establishing reserves as necessary to satisfy the obligations of the Partnership. Although the Partnership may be fully invested at times, there may periods pending the use of proceeds or for defensive measures when the Partnership may hold cash or invest in "Short-Term Investments," which include (a) commercial paper, (b) obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities ("U.S. Government Securities"), (c) short-term U.S. dollar bank deposits and bank obligations, including certificates of deposit, time deposits and bankers' acceptances, (d) securities issued by investment companies registered under the Investment Company Act, or exempt from such registration, (e) repurchase agreements (overnight to 90-day agreements collateralized by U.S. Government Securities), (f) municipal obligations of a state or local government or its agencies or instrumentalities, (g) asset-backed and mortgage-backed securities, (h) other U.S. dollar corporate obligations, and (i) variable and floating rate securities where the interest may be adjusted at periodic intervals or be based on a benchmark such as (U.S. dollar) LIBOR.

The investment program is speculative and, therefore, an investment in the Partnership entails substantial risks. See "*Risk Factors*."

THERE CAN BE NO ASSURANCE THAT THE PARTNERSHIP'S INVESTMENT OBJECTIVE WILL BE ACHIEVED. INVESTMENT RESULTS MAY VARY SUBSTANTIALLY OVER TIME.

MANAGEMENT

The General Partner

The general partner of the Partnership is Sprott US GenPar LLC, a Delaware limited liability company. The General Partner is an affiliate of the Investment Manager.

Investment Manager

The Investment Manager is Sprott Asset Management USA, Inc., which will be responsible for managing the business of the Partnership and the investment of the Partnership's assets. The Investment Manager is an affiliate of the General Partner and is registered as an investment adviser under the Advisers Act.

The biographies of Investment Committee members are set forth below:

Eric Angeli. Eric Angeli has been a portfolio manager and investment advisor with Sprott for over a decade carving out a specialty focus investing in early stage exploration and development of natural resources. Mr. Angeli manages capital for high net worth individuals and institutional investors wanting exposure to hard assets and commodities. Prior to joining Sprott, Mr. Angeli worked alongside Rick Rule at Global Resource Investments, a boutique broker-dealer, which was acquired by Sprott in 2011. He grew up in the suburbs of New Jersey and holds BA degrees in finance and international business from NYU Stern School of Business. Eric also holds the Series 7, 24, 63 and 65 securities licenses.

Jeff Howard. Jeff Howard was born and raised outside of Worcester, Massachusetts. After graduating from the University of Arizona in 1975 with a degree in accounting, he moved to California and went to work as an accountant for Santa Fe International Corp., then one of the largest oil and gas drilling contractors in the world. Due to strong industry dynamics in the late 1970s, numerous employment opportunities developed within the organization. In five years, Mr. Howard gained valuable experience in accounting, cash management, strategic planning, financial analysis, and mergers and acquisitions. After the takeover of Santa Fe by the national oil company of Kuwait in 1981, Mr. Howard was transferred to Texas as acquisitions manager for the company's exploration and production division. Over the following three years, he was engaged in the evaluation and acquisition of more than $1 billion of producing properties for the company.

In 1985, Mr. Howard left Santa Fe to produce and market a unique set of research reports covering over 200 publicly traded oil and gas companies. This was done at first through his own company and then in conjunction with an investment banking boutique based in Denver, Colorado, that specialized in the oil and gas industry. In 1992, through this work, Mr. Howard joined Sprott and built and serviced the largest client group at Sprott Global, and acted as CEO for the Investment Manager for nearly nine years.

Jason Stevens. Jason J. Stevens began his career with Global Resource Investments Ltd., the predecessor of Sprott Global, in 2002. Originally hired onto Sprott's trading desk, he has a robust understanding of the domestic and foreign equity, commodity, and currency markets. Alongside his investing and trading experience in the public markets, Mr. Stevens has spent over a decade advising clients on private equity and debt investments in natural resources-related businesses and partnerships. Mr. Stevens also acts as Portfolio Manager of the Sprott Real Asset Value+ Strategy.

Mr. Stevens is currently a Level III Candidate in the Chartered Financial Analyst (CFA®) Program and is a member of both the CFA Society of San Diego and the CFA Institute; additionally, he holds the Series 7, Series 63 and Series 65 securities licenses. Jason has been featured on industry websites such as Reuters, ProActive Investors, and Financial Poise.

Sam Broom. Sam Broom joined Sprott in early 2016 having spent his early career working as an engineering geologist in the consulting industry, both in his native New Zealand and in Australia. During his time in Australia, Sam became heavily involved in the mining industry and gained extensive experience across a wide range of industry sub-sectors.

It was during his time in the Australian mining industry that Mr. Broom gained a passion for both the natural resources industries and the markets that support them. Now, he leverages his practical, firsthand knowledge of how these industries operate with his geological expertise and analytical skills honed through years working in the engineering sector, to find the best investment opportunities around the globe.

Mr. Broom also has a keen interest in charting and other forms of technical analysis, a discipline he believes is particularly useful when dealing with highly volatile junior mining stocks that are afflicted by extreme

and rapid changes in sentiment. His investment philosophy focuses on combining a sound understanding of industry and company-specific fundamentals with technical analysis to fine-tune the timing of investment decisions in order to maximize portfolio returns.

Mr. Broom received his B.S. in Honors Geology from the University of Canterbury, Christchurch, New Zealand.

Justin Tolman. Justin Tolman joined Sprott in 2018 as an economic geologist. Prior to joining the Sprott, Justin spent 20 years in the mining and exploration industry working across a wide range of commodities, geographies and deposit styles. He specializes in technical project evaluations. Mr. Tolman has experience in all aspects of the exploration and mining value chain from grass-roots exploration and discovery, delineation drilling, resource estimation, engineering studies (PEA, PFS) and mine operations (both open-pit and underground). Before joining Sprott, Justin spent five years with global miner New Gold becoming the Manager, Generative Exploration. Before that he managed exploration projects for successful South American-focused junior explorer Exeter Resources between 2008 and 2012. The preceding decade Justin spent working across Australia for Normandy Mining, MIM Holdings and Newmont Mining, in increasingly senior roles; highlights from this period include being part of the discovery team on a multi-million ounce gold deposit in New South Wales and leading a multi-disciplinary generative team in a regional targeting study.

Mr. Tolman holds a BSc with 1st Class Honors in Economic Geology from James Cook University (Queensland), and an MBA from La Trobe University (Victoria). He is a Fellow of the Society of Economic Geologists, the Australian Institute of Geoscientists and is a registered Professional Geologist with the APGO.

TERMS OF THE OFFERING

Plan of Distribution

Interests in the Partnership are being offered privately in the United States through Sprott Global Resource Investments Ltd. ("Sprott Global"), a broker-dealer registered with the U.S. Securities and Exchange Commission and member of the Financial Industry Regulatory Authority, Inc. Sprott Global is an affiliate of the General Partner, and certain of its registered representatives also are associated with the General Partner.

The Interests will not be registered under the Securities Act in reliance on the exemption from registration provided by Section 4(a)(2) thereof for "transactions by an issuer not involving any public offering." In order to establish the availability of such exemption, the Partnership intends to rely on Rule 506 of Regulation D under the Securities Act, which provides that an offering made in accordance with all its conditions is deemed exempt from such registration.

Investor Qualifications

Interests are being offered to individual and institutional investors that qualify as "accredited investors" as defined in Regulation D under the Securities Act and who are also "qualified clients" as that term is defined under the Advisers Act and the regulations thereunder. A more detailed description of the "accredited investor" and "qualified client" and requirements for individuals and entities are set forth in the Subscription Agreement.

Each prospective investor is urged to consult with his, her or its own advisers to determine the suitability of an investment in Interests, and the relationship of such an investment to the investor's overall investment program and financial and tax position.

Capital Contributions; Subscription for Interests

Interests in the Partnership are being offered privately in the United States through Sprott Global. Sprott Global is an affiliate of the General Partner, and certain of its registered representatives are also associated with the General Partner. Sprott Global may receive a portion of the Management Fee (as defined below) and Incentive Allocation (as defined below) as compensation for selling Interests in the Partnership, as described in further detail below.

It is intended that the Partnership will hold its initial closing on or about December 31, 2021; provided that the General Partner may hold the initial closing at an earlier or later date in its discretion. The Partnership may admit additional Limited Partners at any time after the initial closing.

Each Subscriber must indicate in the Subscription Agreement the total amount its Commitment, rounded to the nearest $1,000. The General Partner may reject a subscription for an Interest for any reason or for no reason in its discretion. If a subscription is rejected, the payment remitted by the investor will be returned without interest.

"Business Day" means any day (other than a Saturday or Sunday or any other day on which banks are closed in New York, New York) or any other day determined by the General Partner, in its discretion.

As a condition to purchasing Interests, each Subscriber will be required to complete the Subscription Agreement. The Subscription Agreement requires each Subscriber to indicate the amount of its Capital Contribution, to provide information necessary to determine whether the Subscriber meets the Partnership's eligibility and suitability standards, and to make certain customary "private placement" representations, including representations that it (1) is both an "accredited investor" and a "qualified client," (2) is acquiring the Interests for its own account for investment purposes only and not with a view to a distribution thereof, (3) is aware the Interests may not be transferred or resold, (4) has received a copy of this Memorandum and (5) has been given the opportunity to obtain additional information regarding the Partnership and has been offered access to all further information it has deemed relevant to a decision to invest in the Partnership.

INCENTIVE ALLOCATIONS

Incentive Allocation

In respect of each Limited Partner, the General Partner will be entitled to an Incentive Allocation on each Incentive Allocation Date (as defined below), equal to twenty percent (20%) of the excess (if any) of (i) the increase in the Net Asset Value of such Limited Partner's Capital Account with respect to the Investment Allocation Period (as defined below) ending on such Incentive Allocation Date, over (ii) any balance remaining in such Limited Partner's Loss Recovery Account (as defined below) as of the beginning of such Incentive Allocation Period.

The Incentive Allocation in respect of an Interest held by a Limited Partner, if any, shall be allocated as of the last day of June and December of each calendar year or, in connection with a mid-year redemption, the date of such redemption (each, an "Incentive Allocation Date").

"Incentive Allocation Period" means, with respect to an Interest held by any Limited Partner, the period commencing on the day after the end of the immediately preceding Incentive Allocation Period (or, in respect of the initial Incentive Allocation Period, commencing on the date that the Limited Partner made the capital contribution in respect of such Interest) and ending on the immediately following Incentive Allocation Date.

The General Partner, in its sole discretion, may elect to reduce, waive, assign, or otherwise share the Incentive Allocation with respect to any Limited Partner without providing notice to or obtaining the consent of any Limited Partner.

REDEMPTIONS; FUND LEVEL GATE; SUSPENSIONS

Redemptions

Each Interest in the Partnership will be subject to a lock-up period ("Lock-Up Period") of twelve (12) months from the date of the Commitment made to acquire such Interest.

Upon the termination of the Lock-Up Period in respect of an Interest and subject to the Fund Level Gate (as defined below), the Limited Partner will have the right to redeem all or part of such Interest on last business day of each calendar quarter (each, a "Redemption Date") on no less than 90 days' prior written notice to the General Partner.

The amount payable, by the Partnership, for a redeemed Interest of a Limited Partner, or part thereof, will equal such Limited Partner's Capital Account balance (or part thereof attributable to the amount redeemed) related to the Partnership immediately after the close of business on the applicable Redemption Date, which Capital Account balance will be reduced by (i) any Management Fee or Incentive Allocation to be allocated to such Limited Partner's Capital Account as of such time and (ii) any fees or expenses associated with such redemption, as determined by the General Partner in its discretion (the "Redemption Price").

A Limited Partner redeeming less than 90% of his, her or its Capital Account balance generally will be paid the Redemption Price within 30 calendar days after the effective Redemption Date. A Limited Partner redeeming at least 90% of his, her or its Capital Account balance generally will be paid the Redemption Price as follows: (i) 90% of the estimated Redemption Price will be paid within 30 calendar days after the effective Redemption Date, and (ii) the balance of the Redemption Price will be paid, without interest, within 30 calendar days following, or as soon as practicable after, completion of the Partnership's annual audit for such Fiscal Year (or such Limited Partner will be obligated to repay the Partnership the excess, if any, of the amount previously paid over the amount to which such Limited Partner is entitled).

In the event the Partnership does not have cash available to make some or all such redemption payments, or the General Partner determines that it is prudent to retain cash on hand for other purposes, redemption payments may be made in-kind and/or delayed in full or in part until there is sufficient cash to fund all such redemption payments.

A Limited Partner may not make a redemption request for a partial redemption (i) of less than $250,000, or (ii) if, after implementation thereof, such Limited Partner would have a Capital Account balance of less than $250,000. Once sent, a redemption request cannot be revoked without the General Partner's consent, which may be withheld in its discretion.

The General Partner may establish such holdbacks or reserves ("Reserves") as it deems necessary, in its discretion, for contingent liabilities and other matters relating to the Partnership (even if such Reserves are not otherwise required by generally accepted accounting principles, consistently applied, in the United

States ("GAAP")), and the Redemption Price that the Partner receives upon redemption will be reduced by such Reserves. The unused portion of any Reserves will be re-invested or distributed, without interest, at such time as the General Partner has, in its discretion, determined that such Reserves are no longer required by the Partnership.

Notwithstanding the foregoing, distributions and redemptions payments may be made in cash, in-kind and/or any combination thereof, as determined by the General Partner in its discretion.

The General Partner may redeem all or a portion of its Capital Account or the Capital Account of any affiliate at any time in its discretion and may waive any of the foregoing redemption restrictions with respect to any Limited Partner in its discretion.

The General Partner may, in its discretion, for any reason or for no reason, cause the Partnership to redeem all or part of any Partner's Interest without prior notice.

The General Partner may, in its discretion, waive notice or other requirements relating to redemptions and may permit redemptions to be made under such other circumstances and on such conditions as the General Partner, in its discretion, deems appropriate.

Fund Level Gate

In the event that the aggregate redemptions requested by the Partners with respect to a specific Redemption Date exceed twenty-five percent (25%) of the Partnership's Net Asset Value, the General Partner shall be entitled to reduce the redemption requests of the Partners on a pro rata basis so that the redemptions being made in respect of such Redemption Date do not exceed twenty-five percent (25%) of the Partnership's Net Asset Value (the "Fund Level Gate"). In the event a Partner's requested redemption amount is reduced due to the application of the Fund Level Gate, such redemption request shall be carried forward to the immediately following Redemption Date.

Suspensions

Notwithstanding the general provisions set forth above, redemptions may be suspended by the General Partner upon the General Partner's determination that market factors make the liquidation of assets in connection with a redemption impracticable (a "Suspension"). Such market factors include, but are limited to, the following force majeure events: nationalization, change in law, governmental intervention, primary securities exchange closure, clearing house closure, market-wide pricing disruption, pricing disruption, security settlement disruption or any other event that results in the liquidation of the Partnership's assets impracticable, as determined by the General Partner in its discretion. In addition, the General Partner may, in its discretion, defer a redemption to a later date determined in its discretion. Upon any such deferral, the Capital Account balance pertaining to that deferred redemption will remain at risk until the date it is redeemed, which will be the effective redemption date with respect to such deferred amounts. The General Partner will provide notice to all Limited Partners as soon as reasonably practicable after the commencement of a Suspension.

RISK FACTORS

The purchase of an Interest in the Partnership involves a high degree of risk that should be considered before making any investment. There can be no assurance that the Partnership's investment objective will be achieved. The possibility of partial or total loss of capital will exist and Limited Partners must be

prepared to bear capital losses that could result from investments in the Partnership. Potential investors should carefully consider the risks of an investment in the Partnership, which include, but are not limited to, the following:

Risks Relating to the Natural Resources Sector

Natural Resources and Physical Commodities

Since the Partnership invests in securities of companies engaged in natural resources activities, the Partnership may be subject to greater risks and market fluctuations than funds with more diversified portfolios. The value of the Partnership's securities will fluctuate in response to market conditions generally, and will be particularly sensitive to the markets for those natural resources in which a particular issuer is involved. The values of natural resources may also fluctuate directly with respect to real and perceived inflationary trends and various political developments. In selecting the Partnership's Investments, the Investment Manager will consider each company's ability to exploit its natural resources and secure any necessary regulatory approvals. A company's failure to perform well in any one of these areas, however, could cause its stock to decline sharply.

Natural resource industries throughout the world may be subject to greater political, environmental and other governmental regulation than many other industries. Changes in governmental policies and the need for regulatory approvals may have an adverse effect on the products and services of natural resources companies. For example, many natural resource companies have been subject to significant costs associated with compliance with environmental and other safety regulations. Such regulations may also hamper the development of new technologies. The direction, type or effect of any future regulations affecting natural resource industries are virtually impossible to predict.

Volatility of Commodity Prices. The performance of certain of the Partnership's Investments may be substantially dependent upon prevailing prices of gold, silver, copper, oil, uranium and other commodities. Commodity prices have been, and are likely to continue to be, volatile and subject to wide fluctuations in response to any of the following factors: (i) relatively minor changes in the supply of and demand for each commodity; (ii) market uncertainty; (iii) political conditions in international commodity producing regions; (iv) the extent of domestic production and importation of oil, gas, coal or metals in certain relevant markets; (v) the foreign supply of precious, base and industrial metals; (vi) the price of foreign imports; (vii) the price and availability of alternative fuels; (viii) the level of consumer demand; (ix) weather conditions; (x) (xi) the effect of regulation on the production, transportation and sale of commodities; (xii) overall economic conditions; and (xiii) a variety of additional factors that are beyond the control of the Partnership.

Precious Metal-Related Securities. The Partnership may invest in the equity securities of companies that explore for, extract, process or deal in precious metals (*e.g.*, gold, silver and platinum), and in asset-based securities indexed to the value of such metals. Such securities may be purchased when they are believed to be attractively priced in relation to the value of a company's precious metal-related assets or when the values of precious metals are expected to benefit from inflationary pressure or other economic, political or financial uncertainty or instability. Based on historical experience, during periods of economic or financial instability the securities of companies involved in precious metals may be subject to extreme price fluctuations, reflecting the high volatility of precious metal prices during such periods. In addition, the instability of precious metal prices may result in volatile earnings of precious metal-related companies, which may, in turn, adversely affect the financial condition of such companies.

Use of Derivatives and Other Specialized Techniques. Companies in the natural resources sector often engage in derivatives transactions to insulate against changes in commodities prices, and the Partnership or the companies in which it holds an interest may engage in other derivative or similar transactions. These

transactions may involve the purchase and sale of commodities or commodity futures, the use of forward contracts, swap agreements, put and call options, floors, collars, bilateral agreements or other arrangements. Such instruments may be difficult to value, may be illiquid and may be subject to wide swings in valuation caused by changes in the price of commodities or other underlying assets. Derivative instruments may trade on markets organized outside the United States, markets for such instruments may be illiquid, highly-volatile and subject to interruption and suitable hedging instruments may not continue to be available at reasonable cost.

The investment techniques related to derivative instruments are highly specialized and may be considered speculative. Such techniques often involve forecasts and complex judgments regarding relative price movements and other economic developments. The success or failure of these investment techniques may turn on small changes in exogenous factors not within the control of companies or the Partnership. Moreover, derivative agreements and contracts entered into by companies may be subject to the risk that one or more counterparties thereto would default on their payment obligations to the companies, due to such counterparty's insolvency, bankruptcy or other factors that are outside of the control of the Partnership, the Investment Manager, the General Partner and the companies in which the Partnership invests. For all the foregoing reasons, the use of derivatives and related techniques can expose the Partnership and its investments to significant risk of loss.

Regulatory Risk. As a general matter, the natural resources sector can be subject to comprehensive regulations, whether in the United States or non-U.S. jurisdictions. Present, as well as future, statutes and regulations could cause additional expenditures, decreased revenues, restrictions and delays that could materially and adversely affect companies in which the Partnership invests and the prospects of the Partnership. There can be no assurance that (i) existing regulations applicable to companies in which the Partnership obtains an interest will not be revised or reinterpreted; (ii) new laws and regulations will not be adopted or become applicable to such companies; (iii) the technology and equipment selected by such companies to comply with current and future regulatory requirements will meet such requirements; (iv) such companies' business and financial conditions will not be materially and adversely affected by such future changes in, or reinterpretation of, laws and regulations (including the possible loss of exemptions from laws and regulations) or any failure to comply with such current and future laws and regulations; or (v) regulatory authorities or other third parties will not bring enforcement actions in which they disagree with regulatory decisions made by other regulatory authorities.

Regulatory Approvals. The Partnership may invest in companies it incorrectly believes have obtained, or expect to obtain, all material approvals. There can be no assurance that a company in which the Partnership invests will be able to (i) obtain all required regulatory approvals that it does not yet have or that it may require in the future; (ii) obtain any necessary modifications to existing regulatory approvals; or (iii) maintain required regulatory approvals. Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals, or amendments thereto, or delay or failure to satisfy any regulatory conditions or other applicable requirements, could prevent operation of the company or sales to third parties or could result in additional costs to a company.

In addition, the Partnership may require the consent or approval of applicable regulatory authorities in order to acquire or hold particular Investments. There is no guarantee that the Partnership will be able to obtain such necessary approvals.

Uncertainty of Estimates. Estimates of natural resources reserves (*e.g.*, hydrocarbon reserves or mineral reserves) by qualified engineers are often key factors in valuing certain natural resource companies. The process of making these estimates is complex, requiring significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data for each reservoir or reserve. These estimates are subject to wide variances based on changes in commodity prices and certain

technical assumptions. Accordingly, it is possible for such estimates to be significantly revised from time to time, creating significant changes in the value of the company owning such reserves.

Cyclicality of Natural Resource Markets. The markets for natural resources and entities whose businesses are dependent on natural resources and related activities are cyclical and, in many circumstances, dependent upon a variety of macroeconomic and political factors, some or all of which will be beyond the control of the managers of the companies in which the Partnership may invest, especially recessionary or inflationary economies and inflationary expectations in the United States and other countries. The values of mining and mining-related businesses are affected by changes in the supply and demand of the markets, both domestic and international. Supply and demand can fluctuate significantly over a short period of time due to changes in, for example, weather, international politics (including developments in Russia and surrounding areas and the Middle East), , the rate of economic growth in the Pacific Rim (particularly in China and India), conservation, the regulatory environment, governmental tax policies and the economic growth and stability of countries that consume or produce large amounts of energy resources. Interest rates, currency fluctuations, real or perceived market shortages, global conflicts, acts of terrorism, overproduction or overcapacity are additional factors that may result in price distortions. Such distortions may last for extended periods, thereby limiting investment opportunities as well as opportunities to exit previously consummated Investments at reasonable valuations.

Environmental Matters. Environmental laws, regulations and regulatory initiatives play a significant role in the natural resources sector and can have a substantial impact on investments in this industry. For example, global initiatives to minimize pollution have played a major role in the increase in demand for natural gas and alternative energy sources, creating numerous new investment opportunities. Conversely, required expenditures for environmental compliance have adversely impacted investment returns in a number of segments of the industry.

The natural resources sector will continue to face considerable oversight from environmental regulatory authorities and significant influence from non-governmental organizations and special interest groups. The Partnership may invest in Investments that are subject to changing and increasingly stringent environmental and health and safety laws, regulations and permit requirements. New and more stringent environmental and health and safety laws, regulations and permit requirements or stricter interpretations of current laws or regulations could impose substantial additional costs on Investments or potential Investments. Compliance with such current or future requirements does not ensure that the operations of the Partnership's Investments will not cause injury to the environment or to people under all circumstances or that the Partnership's Investments will not be required to incur additional unforeseen expenditures. Moreover, failure to comply with any such requirements could have a material adverse effect on a company in which the Partnership invests, and there can be no assurance that such companies will at all times comply with all applicable laws, regulations and permit requirements. Past practices or future operations of such companies could also result in material personal injury or property damage claims.

Under certain circumstances, environmental authorities and other parties may seek to impose personal liability on the limited partners of a partnership (such as the Partnership) subject to environmental liability.

Sovereign Risk. The right of certain companies in which the Partnership invests to extract mineral resources or related actions may be granted by or derive from approval by governmental entities and is subject to special risks, including the risk that the relevant governmental entity will exercise sovereign rights and take actions contrary to the rights of the Partnership or the relevant company under the relevant agreement. There can be no assurance that the relevant governmental entity will not legislate, impose regulations or change applicable laws or act contrary to the law in a way that would materially and adversely affect the business of any Investment.

Technical Risk. Investments in the natural resources industry may be subject to technical risks, including the risk of mechanical breakdown, spare parts shortages, failure to perform according to design specifications and other unanticipated events that adversely affect operations. While the Partnership intends to employ strategies to mitigate risk, there can be no assurance that any or all such risk can be mitigated.

Catastrophe Risk. The operations of natural resources companies are subject to many hazards inherent in the transporting, processing, storing, refining, distributing, mining and marketing a wide range of commodities and natural resources, such as: damage to equipment and surrounding properties caused by hurricanes, tornadoes, floods, fires and other natural disasters or by acts of terrorism, inadvertent damage from construction and farm equipment, leaks of natural gas, natural gas liquids, crude oil, refined petroleum products or other hydrocarbons; and fires and explosions. These risks could result in substantial losses due to personal injury or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage and may result in the curtailment or suspension of related operations. There can be no assurance that each company in which the Partnership invests will be fully insured against all risks inherent to their businesses. If a significant accident or event occurs that is not fully insured, it could adversely affect a company's operations and financial condition.

Construction Risk. In connection with any new development project or an expansion of a facility, an Investment may also face construction risks, including, without limitation, (i) labor disputes, shortages of material and skilled labor or work stoppages, (ii) slower than projected construction progress and the unavailability or late delivery of necessary equipment, (iii) adverse weather conditions and unexpected construction conditions, (iv) accidents or the breakdown or failure of construction equipment or processes, and (v) catastrophic events such as explosions, fires and terrorist activities and other similar events beyond the Partnership's control. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of construction activities once undertaken, any of which could have an adverse effect on the Partnership. Construction costs may exceed estimates for various reasons, including inaccurate engineering and planning, labor and building material costs in excess of expectations and unanticipated problems with project start-up. Delays in project completion can result in an increase in total project construction costs through higher capitalized interest charges and additional labor and material expenses and, consequently, an increase in debt service costs and insufficient funds to complete construction. Delays may also result in an adverse effect on the scheduled flow of project revenues necessary to cover the scheduled debt service costs and/or result in lost opportunities, increased operations and maintenance expenses and damage payments for late delivery. Investments under development or Investments acquired to be developed may receive little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion. In addition, market conditions may change during the course of development that make such development less attractive than at the time it was commenced. In addition, there are risks inherent in the construction work that may give rise to claims or demands against a company from time to time.

Risks Relating to Foreign and Emerging Market Investment

Investments by the Partnership in foreign securities may involve greater risks than investing in domestic securities because the Partnership's performance may depend on factors other than just the performance of a particular company.

Non-U.S. Investments. It is expected that the Partnership will invest the majority of its assets outside of the United States. Investments in non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which the Partnership's non-U.S. Investments are denominated, and costs associated with conversion of investments from one currency into another; (ii) differences between the U.S. and non-U.S. securities markets, including

potential price volatility in and relative illiquidity of some non-U.S. securities markets; (iii) the absence of uniform accounting, auditing, and financial reporting standards, practices and disclosure requirements, and less government supervision and regulation; (iv) certain economic and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, the risks of political, economic, or social instability and the possibility of expropriation or confiscatory taxation; and (v) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities. Additionally, certain countries in which the Partnership may invest (such as emerging market countries) have in the past, and may in the future, experience political and social instability that could adversely affect the Partnership's investments in such countries. Such instability could result from, among other things, popular unrest associated with demands for improved political, economic and social conditions and popular unrest in opposition to government policies that facilitate direct foreign investment. Governments of certain of these countries have exercised and continue to exercise substantial influence over many aspects of the private sector. The Partnership generally does not intend to obtain political risk insurance.

While the General Partner intends, where deemed appropriate, to manage the Partnership in a manner that will minimize exposure to the foregoing risks, there can be no assurance that adverse developments with respect to such risks will not adversely affect the assets of the Partnership that are held in certain countries. See "*Tax Considerations.*"

Undeveloped Infrastructure. In certain countries in which the Partnership may invest, capital and advanced technology may be limited. Delays in local postal, transport, banking or communications systems could cause the Partnership to lose rights, opportunities, entitlements or funds, and expose them to currency fluctuations.

Ability to Enforce Legal Rights. The effectiveness of the judicial systems may vary in the countries in which the Partnership may invest. As a result, the Partnership may have difficulty in successfully pursuing claims in the courts of such countries, as compared to those of the United States or other developed countries. Further, to the extent that the Partnership may obtain a judgment but is required to seek its enforcement in the courts of one of these countries, there can be no assurance that such a court will enforce such a judgment.

Foreign Market Financial Disclosure. As compared to U.S. companies, foreign issuers generally may disclose less financial and other information publicly and may be subject to less stringent and less uniform accounting, auditing and financial reporting standards. Foreign countries typically impose less thorough regulations on brokers, dealers, stock exchanges, corporate insiders and listed companies than does the United States, and foreign securities markets may be less liquid and more volatile than domestic markets. Investment in foreign securities involves higher costs than investment in U.S. securities, including higher transaction and custody costs as well as the imposition of additional taxes by foreign governments. In addition, security trading practices abroad may offer less protection to investors. Political or social instability, civil unrest, acts of terrorism and regional economic volatility are other potential risks that could impact an investment in a foreign security.

Emerging Market Risks. Investing in emerging markets around the world ("Emerging Market Countries"), involves substantial risk due to higher brokerage costs in certain countries; different accounting standards; thinner trading markets as compared to those in developed countries; the possibility of currency transfer restrictions; and the risk expropriation, nationalization or other adverse political economic developments. Political and economic structures in some Emerging Market Countries may be undergoing significant evolution and rapid development, and such countries may lack the social, political and economic stability characteristics of developed countries. Some of these countries have in the past failed to recognize private property rights and have nationalized or expropriated the assets of private companies. The securities

markets of Emerging Market Countries can be substantially smaller, less developed, less liquid and more volatile than the major securities markets in the United States and other developed nations. The limited size of many securities markets in Emerging Market Countries and limited trading volume in issuers compared to the volume in U.S. securities or securities of issuers in other developed countries could cause prices to be erratic for reasons other than factors that affect the quality of the securities. In addition, Emerging Market Countries' exchanges and broker-dealers are generally subject to less regulation than their counterparts in developed countries. Brokerage commissions, custodial costs and other transaction costs are generally higher in Emerging Market Countries than in developed countries. As a result, funds that invest in Emerging Market Countries, such as the Partnership, have operating costs that are higher than funds investing in other securities markets. Some Emerging Market Countries have a greater degree of economic, political and social instability than the United States and other developed countries. Such social, political and economic instability could disrupt the financial markets in which the Partnership invests and adversely affect the value of its portfolio of Investments.

Emerging Market Currencies. Currencies of Emerging Market Countries have experienced devaluations relative to the U.S. dollar, and major devaluations have historically occurred in certain countries. A devaluation of the currency in which Investments are denominated will negatively impact the value of those securities in U.S. dollar terms. Emerging Market Countries have and may in the future impose foreign currency controls and repatriation controls. Depositary receipts are subject to many risks associated with investing directly in foreign securities including political and economic risks.

Other Foreign Market Risks. Other potential foreign market risks include exchange controls, difficulties in valuing securities, defaults on foreign government securities, and difficulties of enforcing favorable legal judgments in foreign courts. Moreover, individual foreign economies may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, reinvestment of capital, rate of inflation, capital reinvestment, resource self-sufficiency, and balance of payments position. Certain economies may rely heavily on particular industries or foreign capital and are more vulnerable to diplomatic developments, the imposition of economic sanctions against a particular country or countries, changes in international trading patterns, trade barriers, and other protectionist or retaliatory measures. Foreign securities markets, while growing in volume and sophistication, are generally not as developed as those in the United States. Foreign countries may not have the infrastructure or resources to respond to natural and other disasters that interfere with economic activities, which may adversely affect issuers located in such countries.

Foreign Currency Risk. Companies such as the Partnership that invest in foreign companies are subject to currency risk. Investments in foreign currencies are subject to the risk that those currencies will decline in value relative to the U.S. dollar. Currency exchange rates may fluctuate significantly over short periods of time. A decline in the value of foreign currencies relative to the U.S. dollar will reduce the value of securities held by the Partnership and denominated in those currencies. Foreign currencies are also subject to risks caused by inflation, interest rates, budget deficits, political factors and government controls. Further, foreign currencies are subject to settlement, custodial and other operational risks. Currency exchange rates can be affected unpredictably by intervention by U.S. or foreign governments or central banks, or the failure to intervene, or by currency controls or political developments in the United States or abroad. Costs are incurred in connection with conversions between currencies. The Partnership may, but is not required, to hedge against such currency risk.

Risks Relating to the Partnership's Investments

Private Investment in a Public Entity ("PIPE") Transaction. PIPE investors purchase securities directly from a publicly traded company in a private placement transaction, typically at a discount to the market price of the company's common stock. Because the sale of the securities is not registered under the

Securities Act, the securities are "restricted" and cannot be immediately resold by the investors into the public markets. Until the Fund can sell such securities into the public markets, the Fund's holdings of such stock will be less liquid, and any sales will need to be made pursuant to an exemption under the Securities Act (and thus may only be sold at a discount to the public market price).

No Assurance of Investment Return. The Partnership cannot provide assurance that it will be able to choose, make, and realize investments in any particular company or portfolio of companies. There can be no assurance that the Partnership will be able to generate returns for its Limited Partners or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. There can be no assurance that any Limited Partner will receive any distribution from the Partnership. Accordingly, an investment in the Partnership should only be considered by persons who can afford a loss of their entire investment.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing attractive investments that fall within the Partnership's investment objective and investment strategies is highly competitive and involves a high degree of uncertainty and will be subject to market conditions. The Partnership will be competing for investments with other investment funds, as well as individuals, companies, financial institutions and other investors. Further, over the past several years, a number of investment funds have been formed (and many existing funds have grown in size) for the purpose of investing (or that may otherwise invest) in natural resources companies. Additional funds with similar investment objectives may be formed in the future. There can be no assurance that the Partnership will be able to locate, complete and exit investments that satisfy the Partnership's investment objective, or realize upon their values, or that it will be able to fully invest its capital.

Reliance on Management Team. All decisions regarding the management and affairs of the Partnership will be made by the Investment Manager. As such, the success of the Partnership will depend substantially upon the skill and expertise of the investment professionals identified in this Memorandum. Accordingly, no person should purchase an Interest unless such person is willing to entrust the management of the Partnership and its Investments to such investment professionals. In addition, the loss of one or more of these investment professionals could have a substantial impact on the ability of the Partnership to successfully execute the Partnership's investment strategy and objective. See "*Management.*"

Reliance on Company Management. The day-to-day operations of each Investment the Partnership makes in a company will be the responsibility of the management team of such company. Although the Investment Manager will be responsible for monitoring the performance of each Investment and intends to attempt to identify strong management teams, there can be no assurance that the existing management team, or any successor, will be able to operate the company successfully. Additionally, companies may need to attract, retain and develop executives and members of their management teams. The market for executive talent can be extremely competitive. There can be no assurance that companies will be able to attract, develop, integrate and retain suitable members of its management team. As a result, the Partnership may be adversely affected.

Control Person Liability. The Partnership, as well as affiliates of the Partnership, may have controlling interests in a few companies. The exercise of control over a company may impose additional risks of liability for environmental damage, defects, failure to supervise management, violation of laws and governmental regulations (including securities laws) and other types of liability for which the limited liability characteristic of business ownership may be ignored. If these liabilities were to arise, the Partnership may suffer significant losses. The exercise of control over a company could expose the assets of the Partnership to claims by the security holders and/or creditors of such company. While the Investment Manager intends to manage the Partnership to minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Risk of Limited Number of Investments; Concentration of Investments in the Natural Resources Sector. The Partnership's portfolio may not be diverse. Accordingly, the aggregate return of the Partnership may be substantially adversely affected by the unfavorable performance of even a single Investment. To the extent the Partnership concentrates Investments in a particular issuer, security or geographic region, its Investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto.

Non-Controlling Investments. The Partnership is expected to hold a non-controlling interest in a number of companies and, therefore, may have a limited ability to protect its position in such Investment. In circumstances where the Partnership holds a non-controlling Investment, the Partnership will typically be significantly reliant on the existing management team and it is possible that the Investment Manager will not have any ability to influence the management of the company.

Investments with Third Parties. The Partnership may co-invest with third parties through joint ventures or other entities. Such Investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-investor may have financial difficulties, resulting in a negative impact on such Investment, may have economic or business interests or goals that are inconsistent with those of the Partnership, or may be in a position to take (or block) action in a manner contrary to the Partnership's investment objective. In addition, the Partnership may in certain circumstances be liable for the actions of its third-party co-investors. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such Investments, including incentive compensation arrangements.

Unspecified Investments. As of the date the Partnership commences operations, the Partnership will not have identified any of its potential Investments. Therefore, investors are relying upon the ability of the Investment Manager to identify, structure and implement Investments consistent with the Partnership's investment objective and policies. The Investment Manager may be unable to find a sufficient number of attractive opportunities to meet the Partnership's investment objective. The success of the Partnership will depend on the ability of the Investment Manager to identify suitable Investments, to negotiate and arrange the closing of appropriate transactions and to arrange the timely disposition of Investments.

Illiquid and Long-Term Investments. The return of capital and the realization of gains, if any, from an Investment generally will occur only upon the partial or complete disposition of such Investment. While an Investment may be sold at any time, it is not generally expected that this will occur for one or more years after the Investment is made. Although most Investments are anticipated to be publicly traded, there may not be a public market for certain Investments held by the Partnership. Therefore, no assurance can be given that, if the Partnership is determined to dispose of a particular Investment held by the Partnership, it could dispose of such Investment at a prevailing market price, and there is a risk that disposition of such Investments may require a lengthy time period or may result in distributions in kind to investors. In some cases, the Partnership may be prohibited by contract or legal or regulatory reasons from selling certain securities for a period of time. As a result, and notwithstanding the redemption rights of the investors, each investor must be prepared to bear the risks of owning Interests for an extended period of time without receiving a return of capital and/or redemption proceeds

Risks Relating to Due Diligence of and Conduct at Companies. Before making Investments, the Investment Manager will typically conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each Investment. Such due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. When conducting due

diligence and making an assessment regarding an Investment, the Investment Manager will rely on the resources available to it, including information provided by the target of the Investment and, in some circumstances, third-parties. The due diligence investigation that the Investment Manager carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the Investment being successful.

Change of Law Risk. In addition to the risks regarding regulatory approvals, it should be noted that government counterparties or agencies may have the discretion to change or increase regulation of a company's operations, or implement laws or regulations affecting the Investment's operations, separate from any contractual rights it may have. A company also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company. Governments have considerable discretion in implementing regulations, including, for example, the possible imposition or increase of taxes on income earned by a company or gains recognized by the Partnership on its Investment in such company that could impact the company and, as a result, Partnership's return on its Investment. Because the Partnership intends to invest in natural resource companies operating outside the United States, there is a risk that a foreign government may make decisions or enact laws that adversely affect the Partnership and its Investments.

Financial Leverage. The Partnership's Investments are expected to include companies whose capital structures may have significant financial leverage. These companies may be subject to restrictive financial and operating covenants. The leverage may impair these companies' ability to finance their future operations and capital needs. The leveraged capital structure of such Investments will increase the exposure of the companies to adverse economic factors such as rising interest rates, downturns in the economy, or deteriorations in the condition of the company, or its industry. Moreover, any rise in interest rates may significantly increase interest expense, causing losses and/or the inability to service its debt obligations. If a company cannot generate adequate cash flow to meet debt obligations, the Partnership may suffer a partial or total loss of capital invested in the company.

In addition to any leverage used by the Partnership's underlying Investments, the Partnership may use leverage, including borrowing to buy securities on margin or make other investments. Although borrowings by the Partnership have the potential to enhance overall returns that exceed the Partnership's cost of funds, it will further diminish returns (or increase losses on capital) to the extent overall returns are less than the Partnership's cost of borrowing. In the event of a sudden, precipitous drop in value of the Partnership's assets occasioned by a sudden market decline, the Partnership might not be able to liquidate assets quickly enough to meet its margin or borrowing obligations.

Contingent Liabilities on Disposition of Companies. In connection with the disposition of an Investment, the Partnership may be required to make representations about the business and financial affairs of the company typical of those made in connection with the sale of any business and may be responsible for the content of disclosure documents under applicable securities laws. It may also be required to indemnify the purchasers of such Investment or underwriters to the extent that any such representations or disclosures ultimately prove to be inaccurate.

Uncertainty of Estimates and Financial Projections. Estimates or projections of market conditions, commodity prices and supply and demand dynamics are key factors in evaluating potential investment opportunities and the Partnership's Investments and related assets. These estimates are subject to wide variances based on changes in underlying commodity prices and technical assumptions. The capital structure of a company will generally be structured on the basis of financial projections for such company. Projected operating results will often be based on management judgments. In all cases, projections are only

estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.

General Economic and Market Conditions. The success of the Partnership's investment activities will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political, environmental and socioeconomic circumstances. Furthermore, a sustained downturn in the United States or global economy (or any particular segment thereof) could adversely affect the Partnership's profitability, impede the ability of the Partnership's Investments to perform under or refinance their existing obligations, and impair the Partnership's ability to effectively exit Investments on favorable terms. Any of the foregoing events could result in substantial or total losses to the Partnership in respect of certain Investments, which losses will likely be exacerbated by any use of leverage by the Partnership and any leverage in the capital structure of a company in which the Partnership may invest.

Pandemic or other Emergency. The emergence of a pandemic or emergency, like the one that has accompanied the spread of the virus known as COVID-19, could have a material adverse effect on the Partnership and the performance of the Partnership's investments. Pandemics and health emergencies, as well as other types of unforeseen incidents and emergencies, could impact the Partnership and companies in which it seeks to invest in a number of ways, which could reduce the value of Partnership assets and undermine the ability of the Partnership to return capital to Limited Partners.

Investments in Less Established Companies. The Partnership will invest a portion of its assets in the securities of less established companies. Investments in such early stage companies may involve greater risks than generally are associated with Investments in more established companies. Such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. There can be no assurance that any such losses will be offset by gains (if any) realized on the Partnership's other Investments.

Public Company Holdings. The Partnership's investment portfolio is expected to contain securities issued by publicly held companies. Such Investments may be subject to risks including, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Partnership to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members and increased costs associated with each of the aforementioned risks.

Additional Capital. Certain of the Partnership's Investments, especially those in a development or "platform" phase, may be expected to require additional financing to satisfy their working capital requirements or acquisition strategies. The amount of such additional financing needed will depend upon the maturity and objectives of the particular company and the then current state of financing markets. Each such round of financing is typically intended to provide a company with enough capital to reach the next major corporate milestone. If the funds provided are not sufficient, a company may have to raise additional capital at a price unfavorable to the existing investors, including the Partnership. In addition, the Partnership may need to make additional investments or exercise warrants, options, or convertible securities that were acquired in the initial Investment in such company in order to preserve the Partnership's proportionate ownership when a subsequent financing is planned, or to protect the Partnership Investment when such company's performance does not meet expectations. The availability of capital is generally a

function of capital market conditions that are beyond the control of the Partnership or any company. There can be no assurance that companies will be able to predict accurately the future capital requirements necessary for their success or that additional funds will be available from any source when needed.

Legal and Regulatory Environment for Private Investment Funds and their Managers. The legal, tax and regulatory environment worldwide for private investment funds (such as the Partnership) and their managers is evolving, and changes in the regulation of private investment funds, their managers, and their trading and investing activities may have a material adverse effect on the ability of the Partnership to pursue its investment program and the value of investments held by the Partnership. There has been an increase in scrutiny of the alternative investment industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by regulators that restrict the ability of the Partnership to pursue its investment program or employ brokers and other counterparties, which could have a material adverse effect on the Partnership and the Limited Partners' investments therein. In addition, the Investment Manager may, in its discretion, cause the Partnership to be subject to certain laws and regulations if the Investment Manager believes that an investment or business activity is in the Partnership's interest, even if such laws and regulations may have a detrimental effect on one or more Limited Partners.

Volatility and Liquidity in Global Financial Markets. The financial crisis in the United States and global economies over the past several years, including the European sovereign debt crisis, has resulted, and may continue to result, in an unusually high degree of volatility in the financial markets and the economy at large. Both domestic and international equity and fixed income markets have been experiencing heightened volatility and turmoil, with issuers that have exposure to the real estate, mortgage and credit markets particularly affected. It is uncertain how long these conditions will continue.

In addition, any reduced liquidity in credit and fixed income markets may negatively affect many issuers worldwide. Illiquidity in these markets may mean there is less money available to purchase raw materials, goods and services, which may, in turn, bring down the prices of these economic staples. It may also result in issuers having more difficulty obtaining financing and ultimately a decline in their stock prices. The values of some sovereign debt and of securities of issuers that hold that sovereign debt have fallen. These events and the potential for continuing market turbulence may have an adverse effect on the Partnership. In addition, global economies and financial markets are becoming increasingly interconnected, which increases the possibilities that conditions in one country or region might adversely impact issuers in a different country or region.

This reduced liquidity also may result in more difficulty in obtaining financing by the Partnership and the companies in which it invests. In addition, these conditions could lead to reduced demand for the securities in which the Partnership invests, which may in turn decrease the value of the Partnership's assets.

The U.S. federal government and certain foreign central banks have acted to calm credit markets and increase confidence in the U.S. and world economies. Certain of these entities have injected liquidity into the markets and taken other steps in an effort to stabilize the markets and grow the economy. The ultimate effect of these efforts is not yet known. Changes in government policies may exacerbate the market's difficulties and withdrawal of this support, or other policy changes by governments or central banks, could negatively affect the value and liquidity of certain securities.

The situation in the financial markets has resulted in calls for increased regulation, and the need of many financial institutions for government help has given lawmakers and regulators new leverage. The U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") has initiated a dramatic revision of the U.S. financial regulatory framework that is now expected to unfold over several years. The Dodd-Frank Act covers a broad range of topics, including (among many others) a reorganization of federal financial regulators; a process intended to improve financial systemic stability and the resolution

of potentially insolvent financial firms; new rules for derivatives trading; the creation of a consumer financial protection watchdog; the registration and additional regulation of private fund managers; and new federal requirements for residential mortgage loans. Instruments in which the Partnership may invest, or the issuers of such instruments, may be affected by the new legislation and regulation in ways that are unforeseeable. Many of the implementing regulations have not yet been finalized. Accordingly, the ultimate impact of the Dodd-Frank Act is not yet certain.

Because the situation in the markets is widespread and largely unprecedented, it may be unusually difficult to identify both risks and opportunities using past models of the interplay of market forces, or to predict the duration of these market conditions.

Emerging and Third-World Markets. The Partnership may invest in companies located in emerging markets and/or third-world countries. Many emerging and/or third-world countries have experienced substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have very negative effects on the economies and securities markets of certain emerging and third-world countries.

Economies in emerging and third-world markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values, and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of these countries also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. The economies of countries with emerging markets may also be predominantly based on only a few industries or dependent on revenues from particular commodities.

In many cases, governments of emerging and third-world countries continue to exercise significant control over their economies, and government actions relative to the economy, as well as economic developments generally, may affect companies doing business in these jurisdictions. In addition, there is a heightened possibility of expropriation or confiscatory taxation, imposition of withholding taxes on interest payments, or other similar developments that could affect investments in those countries. There can be no assurance that adverse political changes will not cause the Partnership to suffer a loss of any or all of its investments.

Many emerging and third-world countries are undergoing important political and economic changes that are making their economies more free-market oriented. However, there could be future political and economic changes that may return the situation to closed and centrally controlled economies with price and foreign exchange controls. Many of these countries lack the legal, structural and cultural basis for the establishment of a dynamic, orderly, market-oriented economy. Many of the promising changes that are being seen at present could be reversed, causing a significant impact on the Partnership's investment returns.

The laws and regulations of many emerging and/or third-world countries can be subject to frequent changes as a result of economic, social and political instability. The level of legal protections customary in countries with developed securities markets may not be available or, where the legal and regulatory framework is in place, enforcement may be inadequate or insufficient. There can be no assurance that adverse changes in laws and regulations will not cause the Partnership to suffer a loss of any or all of its Investments.

U.S. Dollar Denomination of Interests. Interests are denominated in U.S. dollars. Investors subscribing for the Interests in any country in which U.S. dollars are not the local currency should note that changes in the value of exchange between U.S. dollars and such currency may have an adverse effect on the value, price or income of the investment to such investor. There may be foreign exchange regulations applicable to investments in foreign currencies in certain jurisdictions where this Memorandum is being issued. Each

prospective investor should consult with his or her own counsel and advisors as to all legal, tax, financial and related matters concerning an investment in the Interests.

Redemptions Paid In-Kind. Redemption payments may be paid by the Partnership to a redeeming Partners in the form of securities, in lieu of cash, in certain circumstances. The risk of loss and delay in liquidating these securities will be borne by the redeeming Partner, with the result that they may receive less cash than they otherwise would have received on the date of the withdrawal.

Other Risks. Upon termination of the Partnership, certain Investments of the Partnership may be distributed in kind. Widespread holding of investments may entail a significant administrative burden. In addition, the direct holding of certain investments may subject the holder to suit or taxes in jurisdictions in which such investments are located. There can be no assurance that Limited Partners will be able to dispose of any securities or instruments distributed in-kind or that the fair value of such securities or instruments determined by the Partnership for purposes of the determination of distributions and the calculation of the Carried Interest ultimately will be realized. In addition, if the Partnership receives distributions in-kind from any Investment, the Partnership may incur additional costs and risks in connection with the disposition of such assets.

Taxation in Non-U.S. Jurisdictions. Because the Partnership makes Investments in a jurisdiction outside the United States, the Partnership or the Limited Partners may be subject to income or other tax in that jurisdiction. Additionally, withholding tax or branch tax may be imposed on earnings of the Partnership from Investments in such jurisdictions. Local tax incurred in non-U.S. jurisdictions by the Partnership or vehicles through which it invests also may not be creditable to or deductible by a Limited Partner under the tax laws of the jurisdiction where such Limited Partner resides.

Legal and Structural Risks

OFAC and FCPA Considerations. Economic sanction laws in the United States and other jurisdictions may prohibit the Partnership, the General Partner, the Investment Manager and its professionals from transacting with or in certain countries and with certain individuals and companies. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers and enforces laws, Executive Orders and regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. These entities and individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs. The lists of OFAC prohibited countries, territories, persons and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list may be amended from time to time, can be found on the OFAC website at http://www.treas.gov/ofac. In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. These types of sanctions may significantly restrict the Partnership's investment activities in certain emerging market countries.

In some countries, there is a greater acceptance than in the United States of government involvement in commercial activities, and of corruption. Each of the General Partner, the Investment Manager and the Partnership are committed to complying with the U.S. Foreign Corrupt Practices Act ("FCPA") and other anti-corruption laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, the Partnership may be adversely affected because of its unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations may make it difficult in certain circumstances for the Partnership to act successfully on potential Investments and for Investments to obtain or retain business.

In recent years, the U.S. Department of Justice and the U.S. Securities and Exchange Commission have devoted greater resources to enforcement of the FCPA. In addition, the United Kingdom has significantly expanded the reach of its anti-bribery laws. While the General Partner and/or the Investment Manager has developed and implemented policies and procedures designed to ensure compliance by it and its personnel with the FCPA, such policies and procedures may not be effective in all instances to prevent violations. In addition, in spite of the General Partner's and/or the Investment Manager's policies and procedures, affiliates of companies in which the Partnership may invest, particularly in cases where the Partnership or another sponsored fund or vehicle does not control such company, may engage in activities that could result in FCPA violations. Any determination that the General Partner, the Investment Manager or the Partnership has violated the FCPA or other applicable anti-corruption laws could subject the General Partner, the Investment Manager, the Partnership and their principals to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect the General Partner's and/or the Investment Manager's business prospects and/or financial position, as well as the Partnership's ability to achieve its investment objective and/or conduct its operations.

Indemnification; Absence of Recourse. To the fullest extent permitted by applicable law, including ERISA, the Partnership is required to indemnify Indemnified Persons from and against any and all liabilities, losses, expenses, damages, judgments, settlements, costs, claims, fees and related expenses (including attorneys' fees and expenses), as incurred, in connection with their activities on behalf of, or their associations with, the Partnership or any Investment; provided that such Indemnified Person acted in a manner believed to be in or not opposed to the best interests of the Partnership and such conduct did not constitute fraud, gross negligence, willful misconduct or a willful breach of any material provision of the Partnership Agreement. Such liabilities may be material and have an adverse effect on the returns to the Limited Partners. The indemnification obligation of the Partnership would be payable from the assets of the Partnership. Furthermore, as a result of the provisions contained in the Partnership Agreement, the Limited Partners may have a more limited right of action against the Indemnified Persons in certain cases than they would in the absence of such limitations. It should be noted that the General Partner may cause the Partnership to purchase insurance for the Partnership, the General Partner, the Investment Manager and their respective members and employees.

No Operating History. The Partnership is a newly formed entity with no operating history upon which to evaluate its likely performance. There can be no guarantee of the Partnership's success and/or ability to implement its investment objective. Accordingly, an investment in the Partnership should only be considered by persons who can afford a loss of their entire investment.

Absence of Regulatory Oversight. Although the Investment Manager is registered as an investment adviser under the Advisers Act, the Partnership will not be registered as an investment company under the Investment Company Act in reliance on Section 3(c)(1) thereof. Accordingly, Limited Partners are not afforded the protections of the Investment Company Act.

No Market for Interests; Restrictions on Transfers. The Interests have not been registered under the Securities Act, the securities laws of any U.S. state or the securities laws of any other U.S. or foreign jurisdiction, and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and any other applicable securities laws, or an exemption from such registration thereunder is available. It is not contemplated that registration under the Securities Act or other securities laws will ever be affected. There is no public market for the Interests and one is not expected to develop. A Limited Partner will not be permitted to assign, sell, exchange, mortgage, pledge or transfer any of its interest, rights, or obligations with respect to its Interest, except by operation of law, without the prior written consent of the General Partner. **Except in extremely limited circumstances, withdrawals from the Partnership will not be**

permitted. Limited Partners must be prepared to bear the risks of owning Interests for an extended period of time.

Reliance on the Investment Manager. The Investment Manager will have exclusive responsibility for the Partnership's investment activities and the Limited Partners will not be able to make investment or any other decisions concerning the management of the Partnership. Limited Partners have no rights or powers to take part in the management of the Partnership or make investment decisions and will not receive any of the underlying Investment's financial information that is generally available to the General Partner and the Investment Manager. The Investment Manager will generally be responsible for structuring, negotiating and purchasing, financing and eventually divesting Investments on behalf of the Partnership. Accordingly, no person should purchase an Interest unless such person is willing to entrust all aspects of the management of the Partnership to the Investment Manager.

Potential Conflicts of Interest

Investors should be aware that there will be occasions when the General Partner, the Investment Manager and their respective affiliates may encounter potential conflicts of interest in connection with the Partnership's activities. By acquiring an Interest in the Partnership, each Limited Partner will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest and to have waived, to the fullest extent permitted by law, any claim with respect to any liability arising from the existence of any such conflict of interest. The following discussion enumerates certain potential conflicts of interest that should be carefully evaluated before making an investment in the Partnership.

Allocation of Personnel. The General Partner, the Investment Manager and their respective affiliates will devote such time as will be necessary to conduct the business affairs of the Partnership in an appropriate manner. However, in addition to managing the Partnership and their other responsibilities, the General Partner and the Investment Manager also have ongoing responsibilities to manage the business and affairs of certain pre-existing limited partnerships and other clients and relationships, and, therefore, conflicts may arise in the allocation of personnel.

Incentive Allocation. The Incentive Allocation may create an incentive for the Investment Manager to cause the Partnership to make Investments that are riskier or more speculative than the Investment Manager might otherwise select for investment by the Partnership. The Incentive Allocation (as well as the Management Fee) was determined without negotiations with any third party.

Service Providers. The Partnership's service providers (including brokers and attorneys) may be investors in the Partnership and/or sources of Investment opportunities and counterparties therein. This may influence the General Partner and/or the Investment Manager in deciding whether to select such a service provider.

Allocation of Investment Opportunities. The General Partner and the Investment Manager have ongoing responsibilities to certain other existing or to-be-formed vehicles and accounts, some or all of which may seek to invest in the same or similar types of securities as the Partnership. It is the policy of the Investment Manager to allocate investment opportunities fairly and equitably among the Partnership and other investment partnerships, where applicable, to the extent possible over a period of time. The Investment Manager, however, will have no obligation to purchase, sell or exchange any investment for the Partnership which the Investment Manager may purchase, sell or exchange for one or more other investment partnership if the Investment Manager believes in good faith at the time the investment decision is made that such transaction or investment would be unsuitable, impractical or undesirable for the Partnership. Investment opportunities that are sourced by the Investment Manager and its affiliates that are suitable for the Partnership and other investment vehicles and/or accounts managed by the Investment Manager and/or an

affiliate will be allocated among the Partnership and such other vehicles and/or accounts in accordance with the Sprott Inc. Global Allocation Policy.

***Co-Investments Generally*.** The Partnership may (i) elect to co-invest in a company alongside one or more other investors, (ii) allocate a portion of any investment opportunity to one or more third parties (including affiliates of the General Partner and Limited Partners that are retail customers of Sprott Global) if the Investment Manager determines that such allocation is in the best interests of the Partnership, or (iii) offer co-investment opportunities alongside the Partnership to third parties (which may include affiliates of the General Partner and Limited Partners that are retail customers of Sprott Global) in circumstances where an excess investment opportunity exists after the Partnership has invested an appropriate amount (as determined by the Investment Manager based upon diversification considerations and other factors deemed relevant by the Investment Manager). These agreements are informal and, without such third party participation, these investment opportunities may not be made available to the Partnership.

Co-Investments by Limited Partners. As described above, one or more Limited Partners in the Partnership that are also retail customers of Sprott Global may be permitted to co-invest in a particular asset in which the Partnership will invest. The interests of such Limited Partner and the Partnership may be adverse with respect to the Limited Partner's direct investment in that asset. The General Partner, the Investment Manager and their affiliates will have no obligation to offer to any Limited Partner the opportunity to invest directly in any asset and, in the event of any such direct investment by a Limited Partner, the General Partner, the Investment Manager and their affiliates will have no obligation to advise or take into consideration the interests of such Limited Partner with respect to its direct investment.

Principal Transactions and Cross Trades. A principal transaction generally occurs when an investment adviser, acting for its own account or the account of an affiliate, trades with a client's account. A cross trade is generally defined as the matching of buy and sell orders between any accounts managed by an investment adviser. The General Partner and the Investment Manager currently do not engage in principal transactions or cross trades between accounts for which the General Partner, the Investment Manager or any affiliate of the foregoing is compensated. To the extent that the General Partner intends to engage in a principal transaction or a cross trade, the General Partner will comply with the applicable disclosure and consent requirements of Section 206(3) of the Advisers Act.

Affiliated Placement Agent

Registered representatives of Sprott Global, an affiliate of the General Partner, may have a conflict of interest in recommending the Interests to their clients. Since such registered representatives are compensated based on an investor's decision to purchase an Interest in the Partnership, there exists a potential conflict of interest when any such registered representative advises an investor to purchase or retain an Interest in the Partnership.

Brokerage Commissions and Other Transactional Fees

Sprott Global, a registered broker-dealer affiliated with the General Partner, serves as an introducing broker on behalf of the clients and routes certain Partnership securities transactions to various third-party executing brokers. Sprott Global receives normal and customary commissions for effecting such transactions. This involves a conflict of interest in that the General Partner and/or the Investment Manager have an incentive to favor its own execution capabilities over those of a competitor with which the Partnership would otherwise trade.

The Partnership may also purchase privately placed securities for which Sprott Global serves as a finder. In connection with such transactions, Sprott Global will receive normal and customary compensation from

the issuing company (including finder's fees and/or securities of the issuing company). This compensation creates an incentive for the Investment Manager to make investments for reasons other than the Partnership's best interests. In order to address such potential conflicts of interest, the General Partner's and/or the Investment Manager's Chief Compliance Officer monitor these transactions and advise as needed.

Valuation Matters. The fair value of all Investments or of property received in exchange for any Investments will be determined by the General Partner, the Investment Manager or its delegate in accordance with the Partnership Agreement. Accordingly, the carrying value of an Investment may not reflect the price at which the Investment could be sold in the market, and the difference between carrying value and the ultimate sales price could be material. See "*Other Features of the Partnership – Valuation*."

Best Execution. As described above, the General Partner and/or the Investment Manager may utilize Sprott Global as introducing broker; however the General Partner selects the executing brokers to which Sprott Global routes trade orders. The General Partner and/or the Investment Manager will consider a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and error resolution, and offering on-line access to computerized data regarding a client's accounts. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the General Partner need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the General Partner's and/or the Investment Manager's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. Sprott's Best Execution Oversight Committee meets periodically to evaluate the broker-dealers used by the Partnership to execute client trades using the foregoing factors.

The Investment Manager does not intend to receive research or other products or services other than execution from a broker-dealer in connection with client securities transactions. This is known as a "soft dollar" relationship. However, the Investment Manager may determine to utilize "soft dollars" in the future and, if so, the Investment Manager intends to limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (*i.e.*, connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

If the Investment Manager uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Sprott's Best Execution Oversight Committee will meet periodically to review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products

and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Investment Manager's overall responsibilities to the accounts or portfolios over which the Investment Manager exercises investment discretion.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Investment Manager would not have to pay for the products and services themselves. This would create an incentive for the Investment Manager to select a broker-dealer based on its interest in receiving those products and services.

In the future, the Investment Manager may cause the clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs for such clients.

Research and brokerage services obtained by the use of commissions arising from a client's portfolio transactions may be used by the Investment Manager, respectively, in its other investment activities, including, and for the benefit of other client accounts. The Investment Manager does not intend to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

Diverse Limited Partner Group. The Limited Partners may have conflicting investment, tax, and other interests with respect to their investments in the Partnership. The conflicting interests of individual Limited Partners may relate to or arise from, among other things, the nature of Investments made by the Partnership, the structuring or the acquisition of Investments, and the timing of disposition of Investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Investment Manager, including with respect to the nature or structuring of Investments, which may be more beneficial for one Limited Partner than for another Limited Partner, especially with respect to Limited Partners' individual tax situations. In addition, the Partnership may make Investments that may have a negative impact on related Investments made by the Limited Partners in separate transactions. In selecting and structuring Investments appropriate for the Partnership, the Investment Manager will consider the investment and tax objectives of the Partnership and its Partners as a whole, not the investment, tax, or other objectives of any Limited Partner individually.

Additional Potential Conflicts. The officers, directors, members, managers, and employees of the General Partner and/or the Investment Manager may trade in securities for their own accounts, subject to restrictions and reporting requirements as may be required by law or otherwise determined from time to time by the General Partner and the Investment Manager.

Legal Representation. K&L Gates LLP will act as counsel to the General Partner in connection with this offering of Interests. In connection with this offering of Interests and ongoing advice to the General Partner, K&L Gates LLP will not be representing the Partnership or the Limited Partners. No independent counsel has been retained to represent the Partnership or the Limited Partners. K&L Gates LLP may be removed by the General Partner at any time without the consent of, or notice to, the Limited Partners. In addition, K&L Gates LLP does not undertake on behalf of or for the benefit of the Limited Partners to monitor the compliance of the Partnership, the Investment Manager, the General Partner and its affiliates with the investment program, investment strategies, investment restrictions and other guidelines and terms set forth in this Memorandum and the Partnership Agreement, nor does K&L Gates LLP monitor on behalf of or for the benefit of the Limited Partners compliance with applicable laws.

Tax Risks

General. The General Partner intends that the Partnership will be classified as a partnership for U.S. federal tax purposes. Each Partner must take into account its allocable share of the partnership items of the Partnership. The Partnership, like all entities classified as partnerships for federal tax purposes, is subject to a risk of audit by the U.S. Internal Revenue Service (the "IRS"). Any adjustments made to the Partnership's information return produced by such an audit might result in adjustments to Partners' tax returns, with respect not only to items related to the Partnership but also to unrelated items. Furthermore, U.S. federal, state and local tax laws are subject to change, and Partners could incur substantial tax liabilities as a result of changes thereto. Finally, various aspects of income taxation, including U.S. federal, state and local taxation and the alternative minimum tax, produce tax effects that can vary based on each taxpayer's particular circumstances. **THEREFORE, INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISERS TO DETERMINE THE TAX EFFECTS OF AN INVESTMENT IN THE PARTNERSHIP, ESPECIALLY IN LIGHT OF THEIR PARTICULAR FINANCIAL SITUATIONS.**

Tax Liability. The Limited Partners will be required to take into account their allocable shares of the Partnership's items of income, gain, loss, deduction, and credit, without regard to whether they have received or will receive any distributions from the Partnership. Thus, each Limited Partner will be taxed on its distributive share of the taxable income of the Partnership regardless of whether such Limited Partner receives any actual cash distributions from the Partnership. Accordingly, a Limited Partner's tax liability for any taxable year associated with an investment in the Partnership may exceed (and perhaps to a substantial extent) the cash distributed to that Limited Partner during the taxable year.

Certain Deductions and Allocations. The IRS could challenge the deductibility of expenses the Partnership incurs, including the Management Fee, for several reasons, including that those expenses constitute capital expenditures that, among other things, should be added to the Partnership's cost of acquiring its investments and amortized over a period of time or held in suspense until the Partnership liquidates or dissolves. In addition, certain expenses the Partnership incurs, including the Management Fee, may constitute "miscellaneous itemized deductions," the deductibility of which by individual taxpayers is subject to certain limitations.

Tax-Exempt Investors. The Partnership may employ leverage or engage in borrowing, which may result in the recognition of UBTI by tax-exempt organizations that invest in the Partnership. There can be no assurance that the Partnership's investment activities will not result in UBTI.

Non-U.S. Investors. The Partnership anticipates, although there can be no assurance, that it will not be considered to be engaged in a U.S. trade or business, and therefore that its net income and gains will not subject a non-U.S. Limited Partner to U.S. federal income tax. If the Partnership were considered to be engaged in a U.S. trade or business, a non-U.S. Limited Partner would be required to file a U.S. federal income tax return and pay U.S. tax in the same manner as a U.S. person (plus, in the case of a non-U.S. corporation, a 30% branch profits tax) on its allocable share of the Partnership's income that was treated as effectively connected with that U.S. trade or business.

Delayed Schedule K-1. It is likely that the Partnership will not be able to provide final Schedules K-1 to Partners for any given fiscal year until after April 15 of the following year. The General Partner will endeavor to provide the Limited Partner with estimates of the taxable income or loss allocated to their investment in the Partnership on or before such date, but since final Schedules K-1 may not be available, Partners may be required to obtain extensions of the filing date for their income tax returns at the U.S. federal, state and local levels.

Withholding Taxes. To the extent that the Partnership is required to withhold and pay certain amounts to taxing authorities on behalf of or with respect to its Limited Partners (i) if the amount required to be

withheld or paid by the Partnership on behalf of or with respect to a Limited Partner exceeds the amount available for distribution to such Limited Partner at any given time, such Limited Partner will be obligated to repay the amount of such excess, which shall be considered a loan from the Partnership to such Limited Partner until discharged by such Limited Partner by repayment, together with interest at an annual rate of the Prime Rate, but not in excess of the maximum rate of interest permitted by applicable law, and which repayment will be made out of distributions to which such Limited Partner would otherwise be subsequently entitled; and (ii) each Limited Partner will indemnify the Partnership and the General Partner, and hold them each harmless, for any liability with respect to taxes, penalties, or interest required to be withheld or paid to any taxing authority by the Partnership or the General Partner.

Possible U.S. Tax Legislative Changes. Given the current political landscape in the United States, it is possible that changes to the U.S. federal income tax laws will be made that will be designed to increase U.S. federal tax revenues. No predictions can be made as to scope or impact of any legislative proposal along these or similar lines that may be introduced, whether any such legislative proposals will be enacted into law, or, if so, when any resulting legislative changes might become effective.

FATCA. Limited Partners may need to provide additional certifications to the Partnership to avoid a 30% U.S. withholding tax that applies under legislation commonly referred to as the U.S. "Foreign Account Tax Compliance Act" or "FATCA."

OTHER FEATURES OF THE PARTNERSHIP

The following summary does not purport to be complete and is qualified in its entirety by reference to the Partnership Agreement. If there is any discrepancy between the Partnership Agreement and this summary, the terms of the Partnership Agreement will prevail. This section does not summarize provisions of the Partnership Agreement that are described elsewhere in this Memorandum.

Limited Liability

The Partnership has been established as a Delaware limited partnership pursuant to the Delaware Revised Uniform Limited Partnership Act ("Delaware Act"). The Delaware Act provides that Limited Partners will have limited liability with respect to the Partnership and third parties, except to the extent otherwise provided in the Delaware Act or the Partnership Agreement.

Limited Redemptions; Lack of Liquidity

There are significant restrictions on a Limited Partner's right to redeem all of part of his, her or its Interest, transfer his, her or its Interest and pledge or otherwise encumber his, her or its Interest. Interests may not be transferred or pledged except in compliance with significant restrictions on transfer as required by federal and state securities laws and as provided in the Partnership Agreement. The Partnership Agreement does not permit a Limited Partner to transfer or pledge all or any part of its Interest to any person without the prior written consent of the General Partner, the granting of which is in the General Partner's discretion. These limitations, taken together, will significantly limit a Limited Partner's ability to liquidate an investment in the Partnership quickly. As a result, an investment in the Partnership would not be suitable for an investor who needs liquidity.

No Distributions

The Partnership does not intend to make any distributions to the Limited Partners, but intends to reinvest substantially all of the Partnership's income and gain. Therefore, Limited Partners will need to redeem their Interest (or a part thereof) in accordance with terms set forth in this Memorandum to receive cash with respect to their Interest.

Required Withdrawal

The General Partner may require a Limited Partner to redeem all or a portion of its Interests at any time in accordance with the Partnership Agreement.

Amendments to the Limited Partnership Agreement

The Partnership Agreement may be modified or amended at any time and from time to time with the written consent of the General Partner and either (i) the written consent of the Limited Partners representing more than 50% of the Percentage Interests of all Limited Partners (or such higher percentage required therein) or (ii) the "negative consent" of Limited Partners, which will be obtained if the General Partner delivers a notice specifying the proposed amendment to the address of record (or email address of record, if a Limited Partner consents to electronic delivery of communications) of each Limited Partner and Limited Partners who represent more than 50% of the Percentage Interests of all Limited Partners (or such higher percentage required therein) do not object to such amendment in writing within 30 days of the date of such notice.

Notwithstanding the foregoing, the General Partner may amend the Partnership Agreement at any time and without the consent of any Limited Partner in order to: (i) reflect the admission of new Limited Partners or the withdrawal of existing Limited Partners in accordance with the provisions of the Partnership Agreement and changes validly made in the Capital Accounts and Percentage Interests of the Limited Partners, (ii) reflect a change in the name of the Partnership, (iii) make a change that is necessary or, in the opinion of the General Partner, advisable to qualify the Partnership as a limited partnership in which the Limited Partners have limited liability under the laws of any state, or ensure that the Partnership will not be taxable as a corporation for income tax purposes, (iv) make a change that, in the General Partner's opinion, is necessary or desirable to cure any ambiguity, to correct or supplement any provision in the Partnership Agreement that would be inconsistent with any other provision in the Partnership Agreement, in each case so long as such change is made in a manner which minimizes any adverse effect on the Limited Partners, (v) make a change that, in the General Partner's opinion, is necessary or desirable to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, statute, ruling or regulation of any federal or state entity, so long as such change is made in a manner which minimizes any adverse effect on the Limited Partners, (vi) make a change in any provision of the Partnership Agreement that requires any action to be taken by or on behalf of the General Partner or the Partnership pursuant to the requirements of applicable Delaware law if the provisions of applicable Delaware law are amended, modified or revoked so that the taking of such action is no longer required, (vii) prevent the Partnership or the General Partner from in any manner being deemed an "investment company" subject to the provisions of the Investment Company Act, (viii) if the Partnership is advised that any allocations of income, gain, loss or deduction provided therein are unlikely to be respected for U.S. federal income tax purposes, to amend or modify the allocation provisions thereof, on advice of legal counsel, to the minimum extent necessary to effect the plan of allocations and distributions provided therein, (ix) as permitted or contemplated by Sections 6.2(b)(xx) or 14.12 of the Partnership Agreement, or (x) make any amendment, modification or supplement that does not adversely affect the Limited Partners.

Notwithstanding any other provision in the Partnership Agreement to the contrary, if, after the date of the Partnership Agreement, any statute, rule or regulation is enacted or promulgated (or if the General Partner determines that such enactment or promulgation is imminent) or the IRS issues any notice or announcement that affects the U.S. federal income tax treatment of the General Partner and/or its members in respect of

their rights to Incentive Allocations under the Partnership Agreement, then the General Partner may amend the Partnership Agreement in any manner, without the consent of any Limited Partner; provided, however, that the General Partner will not be permitted to amend the Partnership Agreement pursuant to this paragraph in any manner that would adversely affect such Limited Partner's economic interest in the Partnership without prior written consent of such Limited Partner.

Notwithstanding any of the other amendment provisions of the Partnership Agreement to the contrary, and except where approval of the Partners is specifically provided for elsewhere in the Partnership Agreement, without the approval or written Consent of each of the Partners adversely affected thereby, no amendment will cause the Partnership to become a general partnership, alter in an adverse manner the liability of any Partner, change the term of the Partnership or the Partnership Year, alter in an adverse manner any Partner's percentage interest in Profits and Losses or distributions or payment of Management Fees or alter in an adverse manner the amendment provisions of the Partnership Agreement.

Valuation

The General Partner will utilize the following methodology to value securities in the Partnership:

- All exchange traded securities are valued using the last trade or closing sale price from the primary publicly recognized exchange. If no current closing sale price is available the mean of the closing bid and ask price (mid-price) will be taken. If no current day price is available the previous business day's closing will be used.

- The value of any security with limited or restricted resale conditions will be discounted by a percentage of the market value of the same class with no restricted resale conditions. The percentage discount for illiquidity is equal to 2% per month to a maximum of 12%

- Private companies are valued at cost and adjusted based on the last known transaction (e.g. subsequent issue price disclosed by the company, subsequent purchase/sale of the security) as well as other available qualitative and quantitative information

- Subscription receipts are valued based on the underlying security's market price as at trade date for the period between trade date and conversion date

- Listed warrants are valued using last trade or closing price from the primary exchange. If no current closing price is available, the mean of the closing bid and ask price will be taken. If no current day price quotation is available, the previous business day's closing price will be used.

- Unlisted warrants are priced using Black Scholes pricing model. The model utilizes the security's underlying price valued at last trade or closing price from the primary exchange. If no current closing price is available, the mean of the closing bid and ask price will be taken. If no current day price quotation is available, the previous business day's closing price will be used.

TAX CONSIDERATIONS

The following discussion is for informational purposes only. Each prospective Limited Partner should consult with, and must rely upon, its own tax advisors regarding the tax consequences of an investment in the Partnership.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion sets forth the material U.S. federal income tax considerations of general application to a U.S. Limited Partner (as defined below) associated with an investment in the Partnership. The following discussion is based upon the Code, existing and proposed regulations promulgated thereunder, reports of congressional committees, judicial decisions, and current administrative rulings and practices. Any of these authorities could be repealed, overruled, or modified at any time after the date hereof. Any such change could be retroactive and, accordingly, could modify the tax considerations discussed herein. No ruling from the IRS with respect to the matters discussed herein has been requested. Furthermore, there can be no assurance that the IRS or the courts would agree with the conclusions set forth in this discussion. This discussion is for general information only and addresses only the material federal income tax consequences of general application to U.S. Limited Partners with respect to the purchase of an interest in the Partnership as more fully described elsewhere in this Memorandum. This discussion does not address all aspects of federal income taxation that may be relevant to particular Limited Partners in light of their individual circumstances or to certain types of Partners (such as, for example, dealers in securities, insurance companies, financial institutions, governmental entities, pension funds, persons subject to alternative minimum tax and, except to the extent specifically provided herein, tax-exempt organizations) who may be subject to special treatment under the U.S. federal income tax laws. This discussion also does not address the effect of any foreign, state (other than certain aspects of California tax laws), or local tax law, which effect may be significant.

For purposes of this discussion, a "U.S. Limited Partner" is a Limited Partner that is for U.S. federal income tax purposes a U.S. person, which is defined as:

- an individual who is a U.S. citizen or U.S. resident alien;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, that was created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or that has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

A "Non-U.S. Limited Partner" is a Limited Partner in the Partnership that is not a U.S. person.

The tax considerations applicable to a partner of a partnership that is a Limited Partner will generally depend upon the status of the partner and the activities of the partnership. Such persons should consult their own tax advisors about the U.S. federal income tax consequences applicable to them.

Classification as a Partnership

For U.S. federal income tax purposes, the Partnership is expected to be treated as a partnership and not as an association taxable as a corporation, or a "publicly traded partnership" within the meaning of Section 7704 of the Code. No ruling has been or will be requested from the IRS with respect to the foregoing conclusion, and no assurance can be given that the IRS or the courts will agree that the Partnership should

be treated as a partnership for U.S. federal income tax purposes or will concur with the discussion of the tax consequences set forth below.

The remainder of this discussion assumes that the Partnership will be treated as a partnership for U.S. federal income tax purposes.

Partners, Not Partnership, Subject to Tax

An entity classified as a partnership for federal income tax purposes is not a taxable entity for such purposes. Rather, its partners are required to take into account their allocable shares of the partnership's items of income, gain, loss, deduction, and credit, without regard to whether they have received or will receive any distributions from the partnership. Situations in which taxable income attributable to a Limited Partner might exceed its distributions from the Partnership include, for example, use by the Partnership or investment entities in which the Partnership holds an interest of cash flow to effect repayment of debt, ownership of debt obligations whose issue or purchase price is less than the face amount payable at maturity, and investments by the Partnership in certain domestic or foreign entities whose income is taxable to the Partnership whether or not distributed or whose stock is subject to the rules regarding deemed or actual taxable stock dividends. Accordingly, each Limited Partner will be taxed on his distributive share of the taxable income of the Partnership regardless of whether such Limited Partner receives any actual cash distributions from the Partnership. Therefore, each Limited Partner should be aware that the tax liability associated with an investment in the Partnership during one or more taxable years may exceed (and perhaps to a substantial extent) the cash distributed to that Limited Partner during any such taxable year or years.

Taxation of Operations

The tax consequences to Limited Partners of the Partnership's activities are complex. Partnership prospective investors should consult with tax advisors who have substantial expertise with this aspect of the tax law.

The Partnership may own Investments in foreign jurisdictions. Such Investments could present U.S. federal income tax issues for Limited Partners including issues resulting from the application of the "controlled foreign corporation" or "passive foreign investment company" rules, information reporting obligations with respect to such foreign Investments, and the recognition of foreign currency gains and losses. These rules are very complicated and may substantially increase a U.S. Limited Partner's U.S. federal income tax obligations. All prospective investors should consult with their own tax advisors regarding the consequence of these rules if such investor becomes a Partner.

Organization Expenses

The Partnership will bear or reimburse the General Partner for certain organization expenses. Organization expenses may be subject to capitalization and amortization over a 60-month period.

Allocations of Income, Gain, Loss, Deduction, and Credit

The Partnership Agreement provides for the allocation of income, gain, loss, deduction and credit from operations and other activities. Those allocations will be respected for federal income tax purposes provided that they either have substantial economic effect within the meaning of Section 704(b) of the Code and the Treasury Regulations promulgated thereunder or are (or are treated as being) in accordance with the Partners' interests in the Partnership. In general, items of income, gain, loss, and deduction will be allocated pursuant to the Partnership Agreement such that a liquidation of the Partnership in accordance

with the positive capital account balances of the Partners would result in a distribution that is as consistent as possible with the applicable distribution provisions of the Partnership Agreement.

If an allocation under the Partnership Agreement is not respected for U.S. federal income tax purposes, the item subject to the allocation will be reallocated in accordance with the Partners' interests in the Partnership. A partner's interest in a partnership is determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. Any such reallocation of an item of income, gain, loss, deduction, or credit of the Partnership could be less favorable to the Limited Partners than the allocation of such item set forth in the Partnership Agreement.

Under the Partnership Agreement, the General Partner has the discretion to follow an industry accounting convention of specially allocating the Partnership's realized gains and losses, for federal income tax purposes, to a Partner who redeems all of its Interest to the extent the Partner's Capital Account balance is more or less, respectively, than its basis for the redeemed Interest. There can be no assurance that the IRS will accept any such special allocation. If the IRS successfully challenged such an allocation, the Partnership's gains and losses allocable to the remaining Partners could change.

Limitations on Losses

In the event the Partnership does have deductions in excess of income in a taxable year, a number of provisions of the Code would limit a Limited Partner's ability to deduct its allocable share of the Partnership's losses. For example, Section 704(d) provides that a partner is not entitled to deduct a loss to the extent it exceeds its adjusted tax basis in its partnership interest until such time as that loss would not reduce its adjusted tax basis below zero.

Limited Partners who are individuals, estates, trusts, personal service corporations, or certain closely held corporations should be aware that they will be subject to various other limitations on their ability to deduct their allocable shares of the deductions, losses, and credits of the Partnership and their ability to deduct certain expenses associated with their investments in the Partnership. For example, Section 465 of the Code provides that such a Limited Partner will not be entitled to deduct a loss to the extent the loss exceeds its "at risk" amount. In addition, Section 469 of the Code provides that such a Limited Partner who does not materially participate in the activities of the Partnership generally may not deduct a loss from the Partnership against income that is not passive. Further, such a Limited Partner is subject to limitations on its ability to deduct "investment interest" under Section 163(d) of the Code, "miscellaneous itemized deductions" for investment expenses under Section 67 of the Code, and itemized deductions more generally under Section 68 of the Code.

Additionally, the ability of a Limited Partner to deduct capital losses in excess of capital gains is limited.

Prospective investors should consult with their own tax advisors regarding the application of these rules (and any other rules limiting their ability to deduct losses or expenses associated with their interests in the Partnership) to them.

Adjusted Tax Basis

A Limited Partner's adjusted tax basis in an interest in the Partnership generally will be equal to (A) the sum of (i) the amount of cash contributed by such Limited Partner to the Partnership, (ii) the Limited Partner's allocable share of the income of the Partnership, and (iii) the Limited Partner's allocable share of the indebtedness of the Partnership, reduced, but not below zero, by (B) the sum of (x) the Limited Partner's allocable share of the deductions and losses of the Partnership, and (y) the amount of money and the basis of any other property distributed to the Limited Partner by the Partnership, including constructive

distributions of money resulting from a reduction in the Limited Partner's share of the indebtedness of the Partnership.

Distributions

A Limited Partner generally will not recognize gain or loss on the receipt of a distribution of property from the Partnership. A Limited Partner, however, will recognize gain on the receipt of a distribution of money from the Partnership (including any constructive distribution of money resulting from a reduction in the Limited Partner's share of the indebtedness of the Partnership) to the extent such cash distribution exceeds such Limited Partner's adjusted tax basis in its Interest in the Partnership. A Limited Partner generally will recognize gain or loss on the complete liquidation of its Interest in the Partnership to the extent the amount of money received differs from its adjusted tax basis in its Interest in the Partnership.

Sale of Interest

In the event a Limited Partner sells or exchanges an Interest in the Partnership, Section 706 of the Code provides that the items of income, gain, loss, and deduction allocable to that Interest for the taxable year in which the sale occurs must be allocated between the Limited Partner and the transferee. The Partnership Agreement provides that any reasonable method of allocating income in respect of Interests transferred that complies with Section 706 of the Code may be utilized in the discretion of the General Partner.

A Limited Partner will recognize gain or loss on the sale of an Interest in the Partnership in an amount equal to the difference between the amount realized on the sale and its adjusted tax basis in such Interest. The amount realized on the sale will equal the amount received in exchange for the Interest increased by any resulting reduction in the Limited Partner's share of the liabilities of the Partnership (to the extent such Limited Partner's share of liabilities of the Partnership are included in the Limited Partner's adjusted tax basis in its Interest in the Partnership). Such gain or loss generally will be treated as a capital gain or loss. A Limited Partner, however, will recognize ordinary income on the sale of an Interest in the Partnership to the extent (A) the portion of the amount realized attributable to unrealized receivables or inventory items of the Partnership (as specially defined for this purpose) exceeds (B) the portion of the Limited Partner's adjusted tax basis allocable to those items (which generally will be zero). A Limited Partner will be required to recognize the full amount of any such ordinary income even if that amount exceeds the overall gain on the sale and even if the Limited Partner recognizes an overall loss on the sale. It should be noted that capital losses generally cannot be used to offset ordinary income, although individual taxpayers may use capital losses to offset up to $3,000 of ordinary income per taxable year.

In general, Section 6050K of the Code requires any Limited Partner who sells an Interest in the Partnership to notify the Partnership of the sale and to attach a statement to his U.S. federal income tax return reflecting the sale. Such notice must be given in writing within 30 days of the sale (or, if earlier, by January 15 of the calendar year following the calendar year in which the sale occurred) and must include the names and addresses of the buyer and the seller, the taxpayer identification numbers of the seller and buyer (if known) and the date of the sale. A Limited Partner who fails to comply with these information reporting requirements may be subject to penalties.

Special Considerations Applicable to Taxable U.S. Investors

Limitations on Allowable Deductions. The Code and U.S. Treasury Regulations may limit the ability of U.S. Partners to utilize their shares of deductions that arise from the Partnership's activities. For taxable years beginning on or after January 1, 2018 and before January 1, 2026, non-corporate U.S. taxpayers are precluded from claiming a deduction for certain miscellaneous expenses (*e.g.*, investment advisory fees, tax preparation fees and unreimbursed employee expenses), and for taxable years beginning after 2025 non-

corporate taxpayers may deduct such miscellaneous expenses only to the extent that these deductions exceed, in the aggregate, 2% of the taxpayer's adjusted gross income. Further, for taxable years beginning after 2025, the Code separately disallows itemized deductions otherwise allowable to non-corporate taxpayers whose adjusted gross income exceeds certain inflation-adjusted thresholds. Finally, miscellaneous itemized deductions are not allowed for purposes of the alternative minimum tax. Part or all of the Partnership's expenses allocated to any non-corporate Limited Partner (including that Limited Partner's share of the Management Fee) may be disallowed under these provisions, although corporate and tax-exempt Limited Partners will not be affected. These limitations on miscellaneous itemized deductions could cause the amount of taxable income from the Partnership with respect to a Limited Partner to be significantly higher than his, her or its share of Fund net profits. Prospective non-corporate Partners thus should consider, in the context of their own personal circumstances, the extent to which these limitations may reduce or even eliminate the deductibility of the Partnership's expenses.

Further, Section 68 of the Code separately disallows certain deductions otherwise allowable to taxpayers who are individuals; the amount disallowed varies based on the taxpayer's adjusted gross income. Part or all of the Partnership's expenses allocated to a U.S. Partner who is an individual (including expenses attributable that Partner's share of the Management Fee) may be disallowed under these provisions, although tax-exempt U.S. Partners generally will not be affected. In addition, certain expenses (including the fees and expenses of placement agents, if any) incurred in connection with the offer and sale of the Interests are not deductible by any U.S. Partner.

Limitation on Deductibility of Excess Business Losses. For taxable years beginning on or after January 1, 2018 and before January 1, 2026, limitations are imposed on currently deducting aggregate losses from a taxpayer's trades or businesses. Aggregate losses are determined after applying the passive loss limitations (previously discussed). In this regard, any "excess business loss" (as defined in Section 461) is not currently deductible. Instead, the "excess" loss is carried forward and treated as a "net operating loss" available to offset income in future tax years. This loss limitation rule generally allows a taxpayer to currently deduct business losses up to $500,000 (if filing jointly) or $250,000 (in all other cases).

Limitation on Deductibility of Investment Interest and Business Interest. Prospective Limited Partners should consult their own tax advisors regarding the deductibility of capital losses, as well as the limitations on a non-corporate taxpayer's deductibility of interest paid or accrued on indebtedness allocable to property held for investment (whether by the Partnership with respect to its investments or by the Limited Partner with respect to an Interest). In addition, Section 163(j) of the Code generally limits the deductibility of "business interest" (which generally includes any interest paid or accrued on indebtedness attributable to a trade or business) to the sum of the taxpayer's "business interest income" plus 30% of the taxpayer's "adjusted taxable income." In the case of a partnership, the business interest limitation is applied at the partnership level.

Surtax on Net Investment. Income. Section 1411 of the Code imposes a 3.8% surtax on the "net investment income" of certain U.S. citizens and resident individuals, and on the undistributed "net investment income" of certain U.S. estates and trusts. Among other items, "net investment income" generally would include a U.S. Partner's allocable share of the Partnership's net gains and certain other income such as interest and dividends, less deductions allocable to such income. In addition, "net investment income" may include gain from the sale, exchange or other taxable disposition of an Interest, less certain deductions. U.S. Partners potentially subject to the surtax should consult their own tax advisors concerning its potential applicability to their individual circumstances.

Passive Foreign Investment Companies. A portfolio investment by the Partnership in a non-U.S. corporation that is classified as a "passive foreign investment company" ("PFIC") may cause taxable U.S. Partners to be subject to taxation under Sections 1291 through 1298 of the Code. In general, a non-U.S.

corporation will be classified as a PFIC if 75% or more of its gross income for the taxable year constitutes "passive income" (generally, interest, dividends, royalties, rent and similar income, and gains on the disposition of assets that generate such income) or 50% or more of its assets (by value or, in certain situations, by adjusted tax bases) produce passive income or are held for the production of such income. Under the PFIC rules, gain attributable to a disposition of PFIC stock, as well as income attributable to certain "excess distributions" with respect to that PFIC stock, is allocated ratably over the shareholder's holding period for the stock. Gain allocated under this rule to (i) the year in which the shareholder disposes of the PFIC stock and (ii) any year prior to the time the non-U.S. corporation first satisfied the PFIC income or assets test, as well as income attributable to any excess distribution on PFIC stock allocated to those years, is subject to U.S. federal income tax (as ordinary income) at the U.S. federal income tax rates applicable to the shareholder for the year in which the disposition occurs. Disposition gain attributable to years included in the shareholder's holding period — other than those described in the preceding clauses (i) and (ii) — and income attributable to excess distributions allocated to each such other year is subject to U.S. federal income tax (as ordinary income) at the maximum U.S. federal income tax rate applicable to the shareholder for the year in which the income is treated as realized, and also to an interest-like charge on the shareholder's "deferred" payment of this U.S. federal income tax liability that accrues generally from the year of deemed realization through the due date of the shareholder's U.S. federal income tax return for the year of disposition or distribution (determined without regard to extensions). A U.S. Partner effectively will be treated as a U.S. shareholder with respect to its proportionate share of any PFIC stock owned by the Partnership. If, however, that PFIC is also a "controlled foreign corporation" in which the Partnership is a "United States Shareholder" (as defined below), the PFIC rules generally will be superseded by the rules discussed below dealing with controlled foreign corporations.

The PFIC rules are highly technical and it is possible that a non-U.S. corporation in which the Partnership makes an investment will be classified as a PFIC. If the Partnership invests in the stock of a portfolio company classified as a PFIC, and that company agrees to provide the Partnership and, if necessary, the IRS with certain financial information, the Partnership may elect to treat that company as a "qualified electing fund" ("QEF"). If the Partnership holds stock of a non-U.S. corporation with respect to which a QEF election has been made for the first taxable year in the Partnership's holding period for which the non U.S. corporation is a PFIC, each U.S. Partner will be subject to U.S. federal income tax currently on its proportionate share of certain earnings and net capital gain of that non-U.S. corporation — regardless of whether that corporation actually distributes cash or other property to the Partnership — but generally will not be subject to the tax regime described in the preceding paragraph with respect to its investment in that corporation. Alternatively, if such PFIC stock is publicly traded, the Partnership may be eligible to value the stock annually on a "mark-to- market" basis so that the Partnership may treat any resulting gain or loss as ordinary income or loss to avoid the PFIC tax.

The preferential U.S. federal income tax rate that currently applies to certain dividends paid by certain corporations does not apply to dividends paid or deemed paid by a non-U.S. corporation that is a PFIC or to amounts that a PFIC shareholder includes in income as a result of a QEF or mark-to-market election in respect of such PFIC as described above.

If the Partnership invests directly or indirectly in a company that is a PFIC, taxable U.S. Partners may be required to file IRS Form 8621 ("*Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund*") on an annual basis to report their indirect investment in such PFIC regardless of whether the Partnership or such U.S. Partner has received a distribution from, disposed of an interest in, or made an election in respect of such PFIC. However, the above PFIC rules (including the rules pertaining to QEF or other elections) generally should not affect tax-exempt Partners.

The Partnership cannot predict with any certainty at this time whether any non-U.S. portfolio company in which the Partnership invests may be subject to the PFIC regime, whether a timely QEF election can or

will be made or maintained, or the effect or availability of any applicable elections made by the Partnership. The rules applicable to PFICs are complex, and the foregoing summary of U.S. federal income taxation of U.S. Partners indirectly owning an interest in a PFIC is general in nature. It is possible that U.S. Partners may be subject to tax currently under the PFIC regime on their proportionate shares of certain earnings of a non-U.S. corporation in which the Partnership holds an interest and/or may incur nondeductible interest-like charges on tax liability deferred under the PFIC regime without receiving from the Partnership distributions sufficient to satisfy any such obligations.

Controlled Foreign Corporations. Under Sections 951 through 971 of the Code, special rules apply to U.S. persons who own, directly or indirectly and applying certain attribution rules, 10% or more of the total combined voting power of all classes of stock of a non-U.S. corporation (each, a "United States Shareholder") that is a "controlled foreign corporation" ("CFC"). For this purpose, the Partnership will be treated as a United States Shareholder of any non-U.S. corporation in which the Partnership's share ownership reaches this 10% threshold. A non-U.S. corporation generally will be a CFC for a taxable year if United States Shareholders collectively own more than 50% of the total combined voting power or total value of the corporation's stock on any day during such taxable year. United States Shareholders of a CFC generally must include in their gross income for U.S. federal income tax purposes their pro rata shares of certain earnings and profits of the CFC. Further, under Section 1248 of the Code, if a U.S. person sells or exchanges stock of a non-U.S. corporation and that person is or was a United States Shareholder at any time during the five- year period ending on the date of such sale or exchange during which that non-U.S. corporation was a CFC, that U.S. person generally will be required to treat a portion of the gain recognized upon such sale or exchange as a dividend to the extent of the earnings and profits of the CFC attributable to such stock. Under U.S. federal income tax rules, the Partnership itself is a U.S. person and, if the Partnership becomes a United States Shareholder of a CFC, taxable U.S. Partners will be subject to the Section 1248 recharacterization rule described above. In addition, if the Partnership is a United States Shareholder of a CFC and a U.S. Partner disposes of its Interest, that Partner generally will recognize income under Section 751 of the Code equal to its distributive share of the Section 1248 income that would have been triggered if the Partnership had sold its interest in the CFC at fair market value. The maximum rate of tax imposed on certain dividend income and certain long-term capital gains attributable to dispositions of securities currently is 20% (not including any additional tax that may apply under Section 1411 of the Code), so that a recharacterization of gain under Section 1248 might not increase that U.S. Partner's U.S. federal income tax liability. In addition, income of a CFC subject to income tax in a country other than the United States at an effective rate greater than 90% of the maximum U.S. corporate income tax rate is not taxable to a United States Shareholder under the CFC rules if the United States Shareholder so elects.

The rules applicable to CFCs are complex, and the foregoing summary of the U.S. federal income taxation of U.S. Partners indirectly owning an interest in a CFC is general in nature. The General Partner cannot provide any assurance that the Partnership's portfolio companies will not be CFCs. The CFC rules, however, generally should not affect tax-exempt U.S. Partners.

Additional Information Relating to Offshore Entities. As noted above, the General Partner anticipates that the Partnership may invest in organized in corporations outside the United States that are PFICs. A shareholder of a PFIC or, in the case of the Partnership, its Partners, generally will be subject to federal income tax payable at the highest rate plus an interest charge thereon for certain distributions it receives or on certain gains it realizes on the disposition of the PFIC stock, unless certain elections are made that generally require a shareholder to include amounts in income currently, whether or not any amounts are currently distributed to such shareholders.

In addition to the rules relating to PFICs, the Code sets forth another taxing regime that has the effect of taxing U.S. persons currently on some or all of their *pro rata* share of the income of a foreign corporation,

even though such income has not actually been distributed to them. This regime involves the taxation of U.S. shareholders of CFCs. A "U.S. shareholder" (as defined below) of a CFC generally must include in income currently its *pro rata* share of, among other things, the CFC's "Subpart F income," whether or not currently distributed to such shareholder. "Subpart F income" generally includes various types of passive income, including dividends, interest, gains from the sale of stock or securities, gains from certain futures transactions in commodities and certain sales and services income. A U.S. shareholder in a CFC is generally also required to include its share of the CFC's "global intangible low-taxed income" or GILTI (which can include non-passive income earned by a CFC), regardless of whether cash distributions are made from the CFC. A "U.S. shareholder" is generally defined as any U.S. person (including a U.S. partnership) that owns (or, after the application of certain constructive stock ownership rules, is deemed to own) 10% or more of the total combined voting power or value of all classes of stock entitled to vote of the foreign corporation, however a U.S. Limited Partner that invests in the Partnership will only recognize Subpart F Income or GILTI if the investor (indirectly through the Partnership) owns at least 10% of the CFC. "Subpart F income" of a CFC that is currently taxed to a "U.S. shareholder" is not subject to tax again in its hands when actually distributed to such shareholder. A foreign corporation will be treated as a CFC if more than 50% of the stock of such foreign corporation, determined by reference to either vote or value, is owned (or after the application of certain constructive stock ownership rules, is deemed to be owned) by "U.S. shareholders." In addition, a corporation will not be treated with respect to a shareholder as a PFIC during the "qualified portion" of such shareholder's holding period with respect to stock in such corporation. Generally, the term "qualified portion" means the portion of the shareholder's holding period during which the shareholder is a "U.S. shareholder" and the corporation is a CFC. Prospective Partners are urged to consult with their own tax advisers with respect to the federal income tax consequences of PFICs and CFCs.

Dividends and interest received, and gains realized, by the Partnership or entities in which the Partnership invests on foreign securities may be subject to income, withholding or other taxes imposed by foreign countries and U.S. possessions that would reduce the total return on its investments. Tax conventions between certain countries and the United States (or the jurisdiction of the Investment Corporation) may reduce or eliminate these foreign taxes, however, and many foreign countries do not impose taxes on capital gains in respect of investments by foreign investors. A Limited Partner might be able to claim a foreign tax credit with respect to any foreign income taxes paid by the Partnership (or an Investment Partnership) that are not refunded, or might deduct those taxes, in determining the Limited Partner's federal income tax liability. If a Limited Partner claims a foreign tax credit, there can be no assurance, however, that the Service will accept such claim, in whole or in part.

U.S. Foreign Tax Credits. The Partnership may make investments in entities that are formed and operating under the laws of countries other than the United States. The countries in which these entities are organized and operate may impose taxes on the income of, and distributions or other payments made by, these entities. In addition, the Partnership and/or the Partners may be required to file tax or information returns in such non-U.S. jurisdictions. U.S. Partners may be entitled, under certain circumstances, to a reduced rate of non-U.S. tax on their shares of such income or distributions under tax treaties between the United States and the non-U.S. jurisdictions imposing such tax, or may, in certain circumstances, be entitled under such treaties to file tax returns in such jurisdictions and claim refunds of any amounts of non-U.S. tax over-withheld.

Subject to applicable limitations on foreign tax credits, a U.S. Partner that is subject to U.S. federal income taxation generally should be entitled to elect to treat foreign taxes withheld from such Partner's share of the Partnership's dividend and interest income as foreign income taxes eligible for credit against such Partner's U.S. federal income tax liability. Similarly, each U.S. Partner's share of any foreign taxes which may be imposed on capital gains or other income realized by the Partnership generally should be treated as creditable foreign income taxes. Capital gains realized by the Partnership, however, may be considered to be from sources within the United States, which may effectively limit the amount of foreign tax credit allowed to a U.S. Partner. Other complex tax rules may also limit the availability or use of foreign tax

credits, depending on each U.S. Partner's particular circumstances. Because of these limitations, U.S. Partners may be unable to claim a credit for the full amount of their proportionate shares of any foreign taxes paid by the Partnership.

U.S. Partners that do not elect to treat their shares of foreign taxes as creditable generally may claim a deduction against U.S. taxable income for such taxes (subject to applicable limitations on losses and deductions). Foreign tax credits or deductions generally will not provide any benefit to tax-exempt U.S. Partners unless such Partners' distributive shares of the income or gains on which the related foreign income taxes are imposed constitute "unrelated business taxable income" and certain other conditions are satisfied. However, since the availability of a credit or deduction depends on the particular circumstances of each U.S. Partner, Partners are advised to consult their own tax advisors.

Foreign Currency Issues. The "functional currency" of the Partnership is the U.S. dollar. A U.S. Partner's distributive share of profits or losses realized by the Partnership on the conversion of non-U.S. currency into U.S. dollars generally will be treated as ordinary income or loss rather than capital gain or loss. Further, if the Partnership acquires, or becomes the obligor under, a debt instrument or enters into certain other transactions, any of which is denominated in terms of a currency other than the U.S. dollar, fluctuations in the value of that currency relative to the U.S. dollar generally will result in foreign currency gain or loss. Any foreign currency gain or loss realized by the Partnership generally will be treated as ordinary income or loss rather than capital gain or loss, and any taxable U.S. Partner will be subject to U.S. federal income tax on its allocable share of such income or loss.

U.S. Reporting by U.S. Partners That Are Owners of Non-U.S. Entities. U.S. persons may be subject to U.S. tax reporting requirements with respect to any non-U.S. entities in which the Partnership invests. For example, U.S. tax rules impose information reporting requirements on U.S. persons that own, either directly or indirectly under stock attribution rules, more than certain threshold amounts of stock in a foreign corporation; these persons must disclose, among other things, various transactions between themselves and those foreign corporations. For purposes of these information reporting requirements, stock ownership is determined with regard to certain stock attribution rules, and each U.S. Partner is treated as owning part or all of the stock owned directly or indirectly by the Partnership. Similar reporting requirements apply to U.S. persons that (i) own, directly or indirectly, more than certain threshold amounts of certain foreign financial assets including, but not limited to stocks, securities and partnership interests in non-U.S. entities or (ii) contribute, in their capacity as Partners, more than a certain threshold amount to a non-U.S. partnership during a 12-month period. In certain circumstances, these rules may require U.S. Partners to file reports annually. U.S. Partners generally will be responsible for satisfying these information reporting requirements.

Special Considerations Applicable to Tax-Exempt Investors

In general, income recognized by a tax-exempt investor is exempt from U.S. federal income tax, except to the extent of the entity's UBTI. With exceptions for certain types of entities, UBTI is generally defined as income from a trade or business regularly carried on by a tax-exempt entity that is unrelated to its exempt purpose (including an unrelated trade or business regularly carried on by a partnership of which the entity is a partner) and "unrelated debt-financed income." Unrelated debt-financed income generally consists of income or gain derived (directly or through a partnership) by a tax-exempt entity from property with respect to which there is "acquisition indebtedness." A tax-exempt Limited Partner will generally be subject to tax on its allocable share of income earned by the Partnership that would be considered UBTI if earned directly by such Limited Partner. However, the investment strategy of the Partnership is not expected to result in the recognition of UBTI because the Partnership will not utilize leverage (other than short-term liquidity borrowing) and because it is not expected to invest in partnerships or other pass-through entities.

However, there is no absolute guarantee that a tax-exempt Limited Partner will not derive UBTI in connection with its investment in the Partnership and the General Partner is not obligated to structure the Partnership's investments or take any other action to prevent or minimize UBTI.

Special Considerations Applicable to Non-U.S. Investors

Unless the Partnership engages in a trade or business within the United States, none of the income it earns or gains it realizes (except as noted below) will subject a non-U.S. Limited Partner to U.S. federal income tax. A fund such as the Partnership could be treated as being engaged in a trade or business within the United States based on its own activities or on the activities of another flow-through entity in which it invests. The General Partner does not intend to have the Partnership engage (directly or indirectly) in a trade or business, or enter into any relationship that would be deemed to be a trade or business, within the United States. Accordingly, the Partnership anticipates, although there can be no assurance, that its net income and gains will not subject a non-U.S. Limited Partner to U.S. federal income tax. If the Partnership were considered to be engaged in a U.S. trade or business, a non-U.S. Limited Partner would be required to file a U.S. federal income tax return and pay U.S. tax in the same manner as a U.S. person on its allocable share of the Partnership's income that was treated as effectively connected with that U.S. trade or business. In the case of a non-U.S. Limited Partner that is a foreign corporation, an additional 30% branch profits tax would be imposed in certain circumstances. In addition, in such event the Partnership would be required to withhold taxes from the income or gain allocable to such non-U.S. Limited Partner. Any amounts so withheld would reduce amounts otherwise distributable to such non-U.S. Limited Partner.

A non-U.S. Limited Partner's allocable share of income from U.S. sources of any dividends and any interest, which is not either paid with respect to an obligation with an original maturity of 183 days or less or "portfolio interest," will be subject to 30% U.S. federal withholding tax, unless such rate is reduced under an applicable tax treaty and such non-U.S. Limited Partner establishes that it is entitled to the benefits of such treaty. Portfolio interest is any interest paid by a U.S. person on a debt obligation in registered form, provided that (1) in the case of debt issued by a corporation, the Limited Partner does not actually or constructively own 10% or more of the total combined voting power of all classes of the issuer's stock that are entitled to vote, (2) in the case of debt issued by a partnership, the Limited Partner does not actually or constructively own a 10% or more capital or profits interest in the issuer and (3) the non-U.S. Limited Partner provides the Partnership with certain documentation as to its non-U.S. status, including IRS Form W-8BEN or a suitable substitute therefor.

A non-U.S. Limited Partner will not be subject to U.S. federal income tax on its allocable share of gains the Partnership recognizes on the sale or exchange of stock and other securities. Special rules may apply to a non-U.S. Limited Partner that (1) has an office or other fixed place of business in the United States to which such gain is attributable or (2) is a former citizen or resident of the United States, a controlled foreign corporation, a foreign insurance company that holds Interests in connection with its U.S. business, a passive foreign investment company, or a corporation that accumulates earnings to avoid U.S. federal income tax, or (3) in the case of an individual non-U.S. Limited Partner, is present in the U.S. for 183 days or more in the year of such sale, exchange or redemption and certain other requirements are met. These persons in particular are urged to consult their U.S. tax advisers before investing in the Partnership.

FATCA

Under legislation enacted on March 18, 2010, commonly referred to as the U.S. "Foreign Account Taxpayer Compliance Act" or "FATCA," and Treasury guidance implementing such legislation, the Partnership may be required to withhold 30% of "withholdable payments" received by the Partnership that are distributable to certain non-U.S. Limited Partners. This 30% withholding tax will apply to withholdable payments made to a "foreign financial institution" ("FFI") unless the FFI enters into an agreement with the IRS to collect

and provide to the IRS on an annual basis substantial information regarding its United States accounts (which include certain equity and debt holders, as well as certain account holders that are foreign entities with U.S. owners), qualifies as deemed-compliant under an intergovernmental agreement entered into by the country in which it is resident and the United States, or otherwise qualifies for an exception. An FFI includes any foreign entity that is a depositary institution, custodial institution, insurance company issuing cash-value life insurance or annuity contracts, or collective investment vehicle. The 30% withholding tax will also apply to withholdable payments made to a foreign entity that is not a FFI (a non-financial foreign entity or "NFFE") unless the entity provides the withholding agent with a certification identifying itself and, in certain cases, its substantial U.S. owners, which generally includes any U.S. person who directly or indirectly owns more than 10% of the entity, or an exception applies. The term "withholdable payment" includes any payment of interest, dividends, and, beginning January 1, 2019, the gross proceeds of a disposition of stock (including a liquidating distribution from a corporation) or debt instruments, in each case with respect to any U.S. investment; however, proposed U.S. Treasury Regulations, which may be relied upon by taxpayers, eliminate FATCA withholding on payments of gross proceeds. Each investor will agree, as part of its subscription for Interests, to provide any information and/or documentation requested by the Partnership to comply with FATCA and to bear any FATCA withholding taxes that apply with respect to such investor's Interest as a result of its failure to comply with FATCA and/or provide correct documentation. The Partnership will use reasonable efforts to ensure that any non-U.S. entity in which it invests has complied with FATCA so that the Partnership does not indirectly bear FATCA withholding taxes with respect to U.S.-source withholdable payments earned by that entity.

Elections, Returns, Administrative Proceedings

Under the Partnership Agreement, the General Partner has discretion to make certain elections under the Code. For example, the General Partner may make an election under Section 754 of the Code. If the General Partner makes such an election, the basis of assets owned by the Partnership must be adjusted in the event of a sale by a Partner of an interest in the Partnership or upon certain other events. Because such an election once made cannot be revoked without the consent of the IRS and because of the accounting complexities that may result from such an election, there can be no assurance that the General Partner will make an election under Section 754 of the Code.

The Partnership generally will be required to adjust the basis of its assets in the same manner as if a Section 754 election were in effect upon transfers of Interests in the Partnership at a time when (i) the adjusted tax basis of the Partnership's assets exceeds their fair market value by more than $250,000 or (ii) the transferee Partner would be allocated a loss of more than $250,000 (assuming the partnership assets were sold for cash at fair market value immediately following such transfer). In lieu of the adjustment described in clause (i) of the preceding sentence, if the Partnership qualifies as an "investment partnership," as defined in Section 743 of the Code, the Partnership could elect to preclude the transferee of the Interest in the Partnership from deducting its allocable share of any loss realized by the Partnership on the sale or exchange of Partnership assets to the extent the transferor Partner realized a loss on the original transfer of its Interest in the Partnership. Although the Partnership expects that it will qualify as an "investment partnership," there can be no assurance that it will be able to do so. In addition, because of the limited relief provided by such election and the complexity required to determine the amount of loss that the transferee partner could not deduct, the Partnership may determine that such election should not be made.

The Partnership will be required to file informational income tax returns with the IRS. The Partnership will provide a final Schedule K-1 to each Partner as soon as practicable following the close of the taxable year for the Partnership.

The General Partner will be the "partnership representative" of the Partnership. As such, the General Partner will decide how to report certain items on the tax returns filed by the Partnership. Limited Partners

generally will be required under the Code to treat those items consistently on their returns, unless they file a statement with the IRS disclosing the inconsistency. Any informational return filed by the Partnership is subject to audit by the IRS. Any such audit could lead to adjustments to the return filed by the Partnership and, ultimately, to the Partners' returns. An audit by the IRS of items of income, gain, loss, and deduction of the Partnership must be conducted at the partnership level, rather than the partner level.

The General Partner, as the tax partnership representative of the Partnership, will have considerable authority to make decisions affecting the tax treatment and procedural rights of all Limited Partners. For example, the General Partner will have the right on behalf of the Limited Partners to extend the statute of limitations relating to the Limited Partners' tax liabilities attributable to their investment in the Partnership. In addition, Limited Partners in some cases may be bound by a determination made by the IRS or a court of competent jurisdiction at the Partnership level even though they did not participate in such action.

Reportable Transactions

Taxpayers engaging in certain transactions, including certain loss transactions above a threshold, may be required to include tax shelter disclosure information with their annual U.S. federal income tax return. It is possible the Partnership may engage in transactions that subject the Partnership and potentially its Partners to such disclosure. A Partner disposing of an Interest in the Partnership at a taxable loss may also be subject to such disclosure. Although the Partnership does not expect to engage in transactions solely or principally for the purpose of achieving a particular tax consequence, there can be no assurance that the Partnership will not engage in transactions that trigger these reporting rules. Potential investors should consult their own tax advisers regarding such reporting requirements.

An excise tax and additional disclosure requirements may apply to certain tax-exempt entities that are "parties" to certain types of reportable transactions (referred to as "prohibited tax shelter transactions"). A notice issued by the IRS provides that a tax-exempt investor in a partnership will generally not be treated as a "party" to a prohibited tax shelter transaction, even if the partnership engages in such a transaction, if the tax-exempt investor does not facilitate the transaction by reason of its tax-exempt, tax indifferent or tax-favored status. There can be no assurance, however, that the IRS or Treasury Department will not provide guidance in the future, either generally or with respect to particular types of investors, holding otherwise.

A tax return preparer may not sign a return without itself incurring a penalty unless either in its view each position taken on such return is more likely than not to be sustained if challenged by the IRS or such position is separately disclosed on the return. The Partnership may adopt positions that require such disclosure, which may increase the likelihood the IRS will examine the Partnership's tax returns, or may forego otherwise valid reporting positions to avoid such disclosure, which may increase the tax payable by a Partner. Prospective investors should consult their own tax advisors regarding such legislation.

Future Legislation

The U.S. federal income tax consequences attendant to an investment in the Partnership may be modified by legislative, judicial, or administrative action at any time, including by way of amendments to legislation presently pending before Congress. Any such change may be retroactive and could adversely affect the Partnership or the U.S. federal income tax consequences associated with an investment in the Partnership.

THE FOREGOING DISCUSSION ADDRESSES ONLY THE FEDERAL INCOME TAX CONSEQUENCES OF GENERAL APPLICATION TO AN INVESTMENT IN THE PARTNERSHIP. THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF INTERESTS IN THE PARTNERSHIP ARE COMPLEX AND, IN SOME CASES, UNCERTAIN. SUCH

CONSEQUENCES ALSO MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH PARTNER. ACCORDINGLY, PARTNERS ARE URGED TO CONSULT, AND MUST RELY UPON, THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES TO THEM OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF INTERESTS IN THE PARTNERSHIP, INCLUDING THE APPLICABILITY OF ANY STATE, LOCAL OR FOREIGN TAX LAWS AND ANY PENDING OR PROPOSED LEGISLATION.

OTHER TAX CONSIDERATIONS

State and Local Taxes

In addition to the U.S. federal income tax consequences discussed above, prospective investors should consider the state and local tax consequences to them of an investment in the Partnership. A Limited Partner's distributive share of the Partnership's taxable income or loss generally will be required to be included in determining the Limited Partner's taxable income for state and local tax purposes in the jurisdiction in which it is resident. However, state and local laws may differ from the federal income tax law with respect to the treatment of specific items of income, gain, loss, and deduction from a partnership.

The General Partner of the Partnership is located in California. California generally exempts from personal income tax income derived from "qualifying investment securities" of an "investment partnership" by an individual partner who is not a resident of California. The Partnership intends to qualify as an "investment partnership" and intends to invest predominately in "qualifying investment securities." However, it is possible that income from certain investments may not qualify as income derived from "qualifying investment securities." Accordingly, there is no assurance that an individual Limited Partner who is not a resident of California would be exempt from California personal income tax with respect to his share of the Partnership's income.

Prospective investors should consult their own tax advisors with respect to the potential state and local tax implications to them of an investment in the Partnership.

Foreign Taxes in General

It is anticipated that the Partnership will make certain investments outside of the United States, as discussed in more detail elsewhere in this Memorandum. The General Partner intends to use commercially reasonable efforts to structure the Partnership's investments in non-U.S. jurisdictions to reduce the host country and overall foreign tax burden on the Limited Partners' returns on such investments. For example, the General Partner may utilize subsidiaries of the Partnership through which all or a portion of the Partners' capital will be funded. However, given the potential diversity of host country tax considerations and/or the particular tax attributes of one or more of the Limited Partners, there can be no assurance that the tax liability to one or more of the Limited Partners attributable to a particular Partnership investment will not be substantial.

Neither the General Partner nor the Partnership is providing tax advice with respect to the potential foreign tax implications of an investment in the Partnership. Prospective investors should consult their own tax advisors with respect to the potential foreign tax implications to them of an investment in the Partnership. A non-U.S. person considering acquiring an Interest in the Partnership should consult his, her or its own tax advisors as to the United States federal, state and local tax consequences of an investment in the Partnership, as well as the tax consequences of an investment in the Partnership arising under the laws of his, her or its country of citizenship, residence or incorporation.

In addition, tax-exempt Limited Partners should consider the impact on investment returns due to their inability to benefit from credits for foreign taxes paid with respect to such tax-exempt Limited Partners' allocable shares of income (other than UBTI, if any) generated by foreign investments.

EMPLOYEE BENEFIT PLAN CONSIDERATIONS

THIS DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN. IT IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED BY ANY TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A TAXPAYER. A TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

General

The fiduciary responsibility standards and prohibited transaction restrictions of ERISA apply to most employee retirement and welfare benefit plans maintained by private corporate employers (hereinafter sometimes referred to as "ERISA plans"). Although ERISA does not (with certain exceptions) apply to certain types of plans, such as individual retirement accounts, plans covering only self-employed individuals (*i.e.*, sole proprietors and partners) and their respective spouses, or corporate plans covering only a corporation's sole shareholder and his or her spouse, these plans (as well as most ERISA plans) are subject to the prohibited transaction excise tax provisions of Section 4975 of the Code, which are substantially similar to the prohibited transaction restrictions of ERISA. Neither ERISA nor Section 4975 of the Code applies to employee benefit plans established or maintained by government entities, plans established and maintained by churches or certain entities associated with churches, plans maintained outside the U.S. primarily for the benefit of nonresident aliens, and certain other plans excluded by statute. However, certain employee benefit plans may be subject to laws or regulations that are substantially similar to ERISA or Section 4975 of the Code ("Similar Laws"). An investing employee benefit plan that is not a "benefit plan investor" will be required to represent whether or not such plan is subject to Similar Laws.

The following summary of certain aspects of ERISA and Section 4975 of the Code is based upon the statutes, judicial decisions, and regulations and rulings of the U.S. Department of Labor ("DOL") in existence on the date hereof. This summary is general in nature and does not address every issue under ERISA or Section 4975 of the Code that may be applicable to the Partnership or a particular investor. Accordingly, each prospective Limited Partner should consult with its own counsel in order to understand such issues affecting the Partnership or the Limited Partner.

Investment Considerations

The assets of the Partnership will be invested in accordance with the investment policies and objectives described in this Memorandum. Accordingly, an authorized fiduciary of an employee benefit plan proposing to invest in the Partnership should, in consultation with its advisors, consider whether the investment would be consistent with the terms of the plan's governing documents and applicable law. The fiduciary of an ERISA plan, for example, should give appropriate consideration to the role that an investment in the Partnership would play in the plan's portfolio, taking into consideration whether the investment is designed reasonably to further the plan's purposes, the risk and return factors associated with the investment, the composition of the plan's total investment portfolio with regard to diversification, the liquidity and current return of the plan's portfolio relative to its anticipated cash flow needs, and the projected return of the plan's portfolio relative to its objectives. Whether or not the plan is subject to ERISA, the fiduciary also should consider, among other things, (i) the fact that the Partnership may consist

of a diverse group of investors (possibly including taxable and tax-exempt entities) and that the General Partner necessarily will not take investment objectives of any particular Limited Partner that are not consistent with those of the Partnership into account in managing Partnership investments, (ii) limitations on the plan's right to withdraw or transfer Interests, (iii) the implications arising from whether or not the assets of the Partnership are treated as "plan assets" for purposes of ERISA and Section 4975 of the Code, and (iv) the tax effects of an investment in the Partnership.

As described elsewhere in this Memorandum, the General Partner will be entitled to receive Carried Interest Distributions. The appropriate fiduciary of an investing plan should satisfy itself that it understands the Carried Interest Distributions and the risks associated with them and that an investment in the Partnership is prudent and in the interests of the plan, taking the Carried Interest Distributions into account. The fiduciary of an investing plan will be required to represent, among other things, that it understands and agrees to the fee arrangements described in the Memorandum, including the Management Fee and the Carried Interest Distributions, and has obtained information (and has had the opportunity to request additional information) regarding such arrangements and the associated risks, as necessary to enable the fiduciary to conclude that such fee arrangements are reasonable and consistent with the interests of the plan.

NEITHER THE GENERAL PARTNER NOR THE PARTNERSHIP IS RESPONSIBLE FOR DETERMINING, AND NEITHER OF THEM MAKES ANY REPRESENTATION REGARDING, WHETHER A PURCHASE OF INTERESTS IS A PRUDENT OR SUITABLE INVESTMENT FOR ANY EMPLOYEE BENEFIT PLAN.

Prohibited Transactions

A purchase of an Interest by an employee benefit plan having a relationship with the General Partner or any of its affiliates outside the Partnership could, under certain circumstances, be considered a transaction prohibited under ERISA or Section 4975 of the Code or under a Similar Law or other federal, state, local, foreign or other law. In addition, the prohibited transaction restrictions of ERISA prohibit a fiduciary of a plan from causing the plan to engage in a transaction if the fiduciary knows or should know the transaction would involve a "party in interest" of the plan. "Parties in interest" of an ERISA plan include, among others, persons providing services to the plan and certain affiliates of such persons. Transactions between ERISA plans and parties in interest that are prohibited include, among others, any direct or indirect sale or exchange of property between the plan and a party in interest and any transfer of plan assets to, or use of plan assets by or for the benefit of, a party in interest. Section 4975 of the Code prohibits substantially similar transactions between plans subject to that Section and "disqualified persons" of such plans, defined to include substantially the same persons as parties in interest for ERISA purposes. Although the General Partner believes that the Partnership itself should not be considered a party in interest (or disqualified person) with respect to investing plans subject to ERISA or Section 4975 of the Code, the application of ERISA, Section 4975 of the Code, or applicable state laws depends upon the particular facts and circumstances of each situation.

If the General Partner or any of its affiliates serves as a fiduciary for a prospective investor that is an employee benefit plan subject to ERISA, or Section 4975 of the Code or a fund or other entity whose assets are deemed to include "plan assets" of such plans (see "- *Plan Assets*" below), a fiduciary for that plan or entity who is independent of the General Partner and its affiliates must make the decision to invest in the Partnership (without reliance on any investment advice provided by the General Partner) and must execute the Subscription Agreement on behalf of the plan or entity. Such fiduciary also will be required to represent that neither the General Partner nor any of its affiliates, agents, or employees (i) exercises any authority or control with respect to the management or disposition of assets of the plan used to purchase the Interest, (ii) renders investment advice for a fee (pursuant to an agreement or understanding that such advice will serve as a primary basis for investment decisions and that such advice will be based on the particular

investment needs of the plan), with respect to such assets of the plan, or has the authority to do so, or (iii) is an employer maintaining or contributing to, or any of whose employees are covered by, the plan. In addition, an authorized fiduciary of such plan may be required to represent, among other things, that the plan's purchase and holding of Interests will not constitute a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or under any Similar Law or other federal, state, local, foreign or other law applicable to the plan and its investments.

"Plan Assets"

ERISA and regulations issued by the DOL indicate that, if a plan subject to ERISA or Section 4975 of the Code acquires an "equity interest" (such as an Interest) in a private investment fund or similar entity (such as the Partnership), and if benefit plan investors in the aggregate hold 25% or more of the value of any class of equity interests in The Partnership, The Partnership's assets will be treated as "plan assets" for purposes of the fiduciary responsibility standards and prohibited transaction restrictions of ERISA and the parallel prohibited transaction excise tax provisions of Section 4975 of the Code. In such case, each investing plan subject to ERISA or Section 4975 of the Code will be considered to hold an undivided interest in each of The Partnership's underlying assets and, consequently, each investment The Partnership may make and each transaction in which The Partnership may engage will be treated as if the investment or transaction is made directly by or for each of the investing plans.

ERISA defines the term "benefit plan investor" for purposes of the 25% computation described above to include employee benefit and other plans subject to ERISA and/or Section 4975 of the Code, as well as private investment funds and other entities whose underlying assets are treated as "plan assets" of such plans. (In addition, assets of the general account of an insurance company may, in certain circumstances, be considered "plan assets.") ERISA and the regulations require that any equity interests held by a person having discretionary authority or control over the assets of the entity or providing investment advice for a fee with respect to such assets or any affiliate of such person (as defined in the DOL regulations), other than interests held by such person through a benefit plan investor, be disregarded in making the 25% computation.

The General Partner has the right, in its discretion, to permit or restrict investments in the Partnership by benefit plan investors. The General Partner presently intends to restrict investments by benefit plan investors so that the assets of the Partnership will not be treated as "plan assets" for purposes of ERISA or Section 4975 of the Code. Because the 25% limit described above (which excludes Interests held by the General Partner or certain affiliates of the General Partner, also as described above) is ongoing, not only may initial or additional investments by benefit plan investors be restricted, but existing benefit plan investors may be required to withdraw their Interests if other investors withdraw their Interests. Such rejections or mandatory withdrawals will be effected in such manner as the General Partner, in its discretion, determines to be reasonable and appropriate under the circumstances.

It is possible that benefit plan investor Limited Partners who are eligible to invest in a new issue may hold 25% or more of any such investment. In such case, depending on the particular circumstances, such new issue may be treated as "plan assets" of such benefit plan investors, regardless of whether the assets of the Partnership as a whole are treated as "plan assets." If any new issue is treated as a "plan asset" of a benefit plan investor, the General Partner will take such steps as it may determine to be necessary or advisable to manage the same in accordance with applicable requirements of ERISA and Code Section 4975.

Certain ERISA Considerations if Partnership Assets are "Plan Assets"

Although it is not anticipated that the assets of the Partnership will be treated as "plan assets," the General Partner, in its discretion, may choose not to restrict investments in the Partnership by benefit plan investors.

If at any time benefit plan investors are permitted to acquire 25% or more of the value of any class of Interests, the General Partner and any other person exercising discretionary authority over the Partnership or its assets will be a "fiduciary" (as defined by ERISA) with respect to investing plans subject to ERISA and will be subject to the obligations and liabilities imposed on fiduciaries by ERISA. The General Partner also would be subject to certain restrictions on self-dealing and conflicts of interest and would be required to avoid causing the Partnership to engage in transactions with parties in interest of investing ERISA plans and disqualified persons of investing plans subject to Section 4975 of the Code, unless an exemption applies. If and during any such time as the assets of the Partnership are treated as "plan assets," the General Partner will use commercially reasonable best efforts to discharge its duties consistent with applicable requirements of ERISA and Section 4975 of the Code.

Considerations for Non-Plan Investors

Prospective investors should note that this summary does not include a discussion of any laws, regulations, or statutes that may apply to prospective investors that are not employee benefit plans or that impose fiduciary responsibility requirements in connection with the investment of assets of governmental plans and other plans not subject to ERISA or Section 4975 of the Code. Such investors should consult their own professional advisers about these matters.

FIDUCIARIES OF EMPLOYEE BENEFIT PLANS SHOULD CONSULT WITH THEIR OWN COUNSEL AS TO THE CONSEQUENCES UNDER ERISA, SECTION 4975 OF THE CODE, OR OTHER APPLICABLE LAW OF AN INVESTMENT IN THE PARTNERSHIP.

THE SALE OF INTERESTS TO AN EMPLOYEE BENEFIT PLAN IS IN NO RESPECT A REPRESENTATION BY THE PARTNERSHIP OR THE GENERAL PARTNER THAT AN INVESTMENT IN THE PARTNERSHIP MEETS APPLICABLE LEGAL REQUIREMENTS WITH RESPECT TO INVESTMENTS BY EMPLOYEE BENEFIT PLANS GENERALLY OR ANY EMPLOYEE BENEFIT PLAN IN PARTICULAR.

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ADDITIONAL INFORMATION

The Partnership will make available to any prospective Limited Partner any additional information that the Partnership may possess, or can acquire without unreasonable effort or expense, to verify or supplement the information set forth herein.